



Corporate Governance Statement
As of 31 March 2022

Corporate Governance Statement

The Board of Directors (the “**Board**”) is committed to maintaining the highest standard of corporate governance and is responsible for establishing, maintaining and monitoring the Corporate Governance Framework of Thorn Group Ltd (“**Thorn**”; the “**Group**”; the “**Company**”). This statement outlines the main corporate governance practices in place for the year ended 31 March 2022. This statement has been approved by the Board.

Board of Directors

Role of the Board

The Board’s primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including:

- formulating its strategic direction;
- approving and monitoring capital expenditure and cash requirements;
- setting remuneration;
- appointing, removing and creating succession policies for Directors and Senior Executives;
- establishing and monitoring the achievement of management’s goals; *and*
- ensuring the integrity of risk management, internal controls, information system(s), legal, risk and compliance frameworks.

The Board is also responsible for approving and monitoring financial, regulatory and other reporting.

In order to ensure that the Board functions and responsibilities are clearly identified, the Company has adopted a formal Board Charter.

A copy of the Board Charter is located on the Company’s website: www.thorn.com.au/site/PDF/2780_0/boardcharternovember2019

The Board has delegated responsibility for operation and administration of the Company to the Chief Executive Officer and executive management. Responsibilities are delineated by formal Delegations of Authority.

The Company Secretary is accountable to the Board, through the Chair of the Board, on all matters relating to the proper functioning of the Board. The Company Secretary also acts as Secretary to all Board Committees.

Board Processes

To assist in the execution of its responsibilities, the Board has established an Audit Committee, a Risk & Compliance Committee, a Remuneration & Nomination Committee and such other ad-hoc committees as are deemed necessary to discharge the responsibilities of the Board.

These committees have written mandates and operating procedures, which are reviewed on a regular basis. The Board has also established a framework for the management of the Company including a system of internal control, an enterprise risk management framework and the establishment of appropriate ethical standards.

The Board holds a number of scheduled meetings each year in line with the requirements as set out in the Board Charter, as well as strategy meetings and any extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

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The agenda for Board meetings is prepared by the Company Secretary in consultation with the Chair and the Chief Executive Officer. Standing items include:

- business performance and financial operations;
- strategic matters;
- governance and policy; and
- continuous disclosure.

Board Papers are circulated in advance using a secure Board material distribution platform. The Board receives copies of all material market announcements before they are released to the market. Executives are regularly involved in Board discussions.

Director and Executive Education

Directors have the opportunity to visit the Company's premises and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge. The Company has a formal process to educate new Directors about the nature of the business, current issues, the corporate strategy, the culture and values of the Company, and the expectations of the Company concerning performance of Directors.

Independent Professional Advice and Access to Company Information

Each Director has the right of access to all relevant Company information and to the Company's executives and, subject to prior consultation with the Chair, may seek independent professional advice from a suitably qualified advisor at the Company's expense. The Director(s) must consult with an advisor suitably qualified in the relevant field, and obtain the Chair's prior approval of the fee payable for the advice before proceeding with consultation. A copy of the advice received by the Director(s) is made available to all members of the Board.

Statement of the Board

The names of the Directors of the Company in office at the date of this statement, specifying which are independent, are set out in the Directors' Report.

The composition of the Board is presently determined using the following principles:

- a minimum of three (3) Directors, with a broad range of expertise, including on ASX listed companies;
- the majority of Directors having in depth knowledge of the Company's industries, and/or extensive expertise in significant aspects of auditing and financial reporting, or risk management of large companies; and
- Directors are subject to re-election every three years.

The Board considers the mix of skills and diversity of Board members when assessing the composition of the Board.

The Board assesses existing and potential Directors' skills to ensure they have appropriate industry expertise in the Company's operating segments.

Board Composition

Independence

The Board has adopted the Corporate Governance Council's ("CGC") recommended criteria for assessing Directors' Independence and by applying the criteria, the Board is satisfied that the Deputy Chair, Mr Paul Oneile is an independent Director.

The Board recognises the CGC's recommendation that the Chair should be an independent Director. Mr Warren McLeland, the Chair of the Board, is not an independent Director and the Board does not currently comprise of a majority of independent Directors. However, the Board believes that Mr McLeland is the most appropriate person to lead the Board as Chair and that he is able to bring quality independent judgement to all relevant issues falling within the scope of the role of Chair and that the Company as a whole benefits from his long standing business experience.

The Board has recognised the present composition of Board is undersized and is continuing the process to recruit a further independent, suitably qualified Non-Executive Director.

Board Skills & Matrix

The Directors have been appointed by assessing their range of personal and professional experiences, skills and expertise. The Board seeks to achieve an appropriate mix of skills, diversity and tenures, including a significant understanding of the sectors in which Thorn operates, including any future strategic directions, as well as corporate management and operational, financial and regulatory matters.

The current Directors collectively have a range of skills, knowledge and experience necessary to direct the Company and drive shareholder value in addressing the issues affecting the Company. The following skills matrix set out the skills, knowledge, experience and capabilities of the Board of Directors.

Skills matrix

SKILLS AND EXPERIENCE	NUMBER OF DIRECTORS WITH EXCEPTIONAL / STRONG SKILLS IN THIS CATEGORY
Leadership	3
Listed Company Experience	3
Risk Management	2
Digital & Technology	2
Governance	2
Strategy/ Strategic & Commercial Acumen	3
Enhanced Customer Focus	3
People, Culture & Conduct	3
Industry Knowledge / Financial Services	3
Financial Acumen	3

The next review of the skills matrix will be conducted during FY23 in conjunction with the Board evaluation process.

Directors and Senior Executives

The Board considers advice from the Remuneration & Nomination Committee when identifying and recommending any potential Director appointment. Any Director appointed during the year to fill a casual vacancy or as an addition to the current Board, holds office until the next Annual General Meeting and is then eligible for re-election by the shareholders.

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New Directors are provided with a letter of appointment outlining their responsibilities and summarising important and relevant constitutional and statutory provisions. An induction program is available to new Directors that include individual sessions with Executive team members. In addition, the Directors responsibilities are addressed in the Company's constitution and in documented governance policies and procedures including the Board Charter, the Code of Conduct, the Securities Trading Policy and relevant ASX Corporate Governance documents. Members of the Senior Executive team have signed employment agreements with the Company.

Performance of the Board and Senior Executives

The Board Charter sets out performance evaluation requirements, including that the Board is to meet annually to review the performance of the Board, the Board Committees, the Chief Executive Officer, and specified Senior Executives. Each Director's continuing Board membership is subject to their performance and ongoing relevance of their skills and experience. The Chair conducted a review of the performance and contribution to the Board of each Non-Executive Director. The performance of the Board was discussed during several board meetings during the period, including the effectiveness of the Board's role in setting Thorn's strategic direction, in monitoring executives and management and providing support and advice to the Company. The Board also focussed on identifying board performance improvement opportunities and governance framework gaps.

The Board takes an active role in the performance evaluation of the Chief Executive Officer and Senior Executives. As part of the annual review of the Chief Executive Officer's performance, the Chief Executive Officer meets with the Board to consider formal documentation that outlines his view of the Company's performance, including financial performance, risk management and compliance, people leadership and professional conduct consistent with the Code of Conduct.

The Chief Executive Officer evaluates, at least annually, the performance of specified Senior Executives. Performance criteria vary according to the individual's role but include (as appropriate) financial performance, business and people leadership, business judgement as well as a general assessment of both financial and non-financial risks. The Chief Executive Officer reports to the Board and the Remuneration & Nomination Committee on the performance of specified Senior Executives and the Committee recommends individual senior executive remuneration for Board approval. A performance evaluation for Senior Executives has taken place during the year in accordance with the process described above.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee has a documented charter, approved by the Board.

The Remuneration & Nomination Committee assists the Board in its oversight responsibilities by monitoring and advising on:

- remuneration packages of senior executives, non-executive Directors and executive Directors;
- share option schemes and incentive performance packages (equity-based remuneration schemes);
- executive contracts;
- recruitment, retention and termination policies relating to the Board and senior executives; and
- monitoring the size and composition of the Board.

The Remuneration & Nomination Committee met twice during the 2021-2022 financial year and Committee members and their respective meeting attendances are set out in the Directors' Report. Thorn's Board met on an increased frequency basis during the period and remuneration related matters were also dealt with by the Board directly. The individual directors also held informal discussions with external consultants, the Chief Executive Officer and HR team on several matters, including performance evaluation and related remuneration considerations.

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The Board recognises the CGC's recommendation that the Remuneration & Nomination Committee should consist of a majority of independent Directors. The Committee is not presently comprised of a majority of independent Directors, however the Chair of the Committee is an independent Director and is not the Chair of the Board.

The Chief Executive Officer is invited to Remuneration & Nomination Committee meetings, as required, to discuss Senior Executives' performance and remuneration packages but does not attend meetings involving matters pertaining to himself.

From time to time, the Remuneration & Nomination Committee takes advice from external consultants to identify and recommend potential candidates for the Board to the Board.

The Remuneration Report (contained with the Directors' Report) contains a description of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current financial year. The Remuneration Report also sets out the senior executive contractual arrangements.

Audit Committee

The Audit Committee advises the Board on internal controls and appropriate ethical standards for the management of the Company.

The Audit Committee met six times during 2021-2022 financial year and attendance by the Audit Committee members are set out in the Directors' Report in our 2022 Annual Report.

The Board recognises the CGC's recommendation that the Audit Committee should consist of a majority of independent Directors. The Audit Committee is not currently comprised of a majority of independent Directors. The Chair of the Committee is an independent Director and is not the Chair of the Board. All members of the Audit Committee are Non-Executive Directors. The responsibilities of the Audit Committee include:

- reviewing the annual and half year financial reports and other financial information distributed externally;
- assessing management processes supporting external reporting;
- establishing procedures for selecting, appointing and if necessary, removing the external auditor;
- assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. Each reporting period the external auditor provides an independence declaration in relation to the audit or review;
- providing advice to the Board in respect of whether the provision of the non-audit services by the external auditor is compatible with the general standard of independence of auditors imposed by the Corporations Act 2001;
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board; and
- verify the integrity of any periodic corporate report the Group releases to the market that is not reviewed by an External Auditor.

The External Auditor, the Chief Executive Officer, the Chief Financial Officer and the General Counsel & Company Secretary / General Manager Risk & Compliance are invited to Audit Committee meetings at the discretion of the Committee.

The Company's External Auditor meets with the Audit Committee without management being present.

The Chief Executive Officer and the Chief Financial Officer have declared in writing to the Board that the financial records of the Company and the consolidated entity for the financial year have been properly maintained, the Company's financial reports for the financial year ended 31 March 2022 comply with accounting standards and

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present a true and fair view of the Company's financial condition and operational results. This statement is required annually.

The Audit Committee reviews the performance of the external auditors on an annual basis and meets with them during the year to:

- discuss the external audit, identifying any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed;
- review the half-year and preliminary final report prior to lodgement with ASX, and any significant adjustments required as a result of the auditor's findings, and to recommend Board approval of these documents, prior to announcement of results;
- review the draft annual and half-year financial report, and recommend Board approval of the financial report; and
- review the results and findings of the external audit, the adequacy of accounting and financial controls, and to monitor the implementation of any recommendations made.

The Chief Executive Officer and Chief Financial Officer are tasked with ensuring that Thorn has a sound system of risk management and internal control which operates effectively and ongoing governance reporting is provided to the Board or Committees. In light of the structural changes to the business over the last 12 months, Thorn is continuing to review and revise the processes Thorn employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes. Where required, the Company engages external consultants to assist with audit and advisory activity.

Risk & Compliance Committee

The Risk & Compliance Committee advises the Board on the establishment and maintenance of a framework of risk management for the Company. The identification and effective management of risk is viewed as an essential part of the approach of the Company to creating long-term shareholder value.

The Risk & Compliance Committee met three times during the 2021-2022 financial year and the Committee members and their respective meeting attendances are set out in the Directors' Report. Thorn's Board has continued to meet on an increased frequency basis since the COVID-19 pandemic and assumed a number of the responsibilities that would have otherwise been dealt with by the Risk & Compliance Committee.

The Board recognises the CGC's recommendation that the Chair should be an independent Director and that the Risk & Compliance Committee should consist of a majority of independent Directors. The Risk & Compliance Committee is not presently comprised of a majority of independent Directors and is not chaired by an independent Director.

The responsibilities of the Risk & Compliance Committee include:

- overseeing Thorn's risk management framework, including appropriate risk policies and mitigation plans for managing material risks;
- assist in setting the risk appetite for Thorn's operations;
- assessing the adequacy of the internal control framework and the Company's code of ethical standards;
- other compliance management framework, including compliance with legal requirements; and
- organising, reviewing and reporting on any special reviews or investigations deemed necessary by the Board.

The Chief Executive Officer, the Chief Financial Officer and the General Counsel & Company Secretary / General Manager of Risk & Compliance are invited to Risk & Compliance Committee meetings at the discretion of the

Committee.

Risk Management

Oversight of the Risk Management Framework

The Board oversees the establishment, implementation and review of the Company's Risk Management Framework. Management has established and implemented the Risk Management Framework for assessing, monitoring and managing material business risks for the consolidated entity with regard to the risk appetite set by the Board.

The Risk & Compliance Committee reviewed Thorn's Risk Management Framework during the financial year and it is satisfied that it is suitable with due regard to the size and complexity of the business.

Where required, the Company engages external consultants to assist with risk and advisory activity.

Risk Profile

Thorn's General Counsel / General Manager Risk & Compliance provides the risk profile to the Committee that outlines the material business risks to Thorn. Risk reporting includes the status of risks through integrated risk management programs aimed at ensuring risks are identified, assessed and appropriately managed. The Committee reports the status of material business risks to the Board on a regular basis.

Material business risks for the Company include strategic risk, credit risk, financial & funding risks (interest rate movements, liquidity and capital), operational risks, legal and compliance risk, regulatory risk, cyber & security risk, culture and conduct risk and emerging risks.

Economic, Environmental and Social Sustainability Risks

Thorn acknowledges its role as a responsible corporate citizen to the environment, the community in which it operates and to its people. The Company aims to protect the environment in a sustainable manner preventing or reducing any negative impact of Thorn's operations and activities. The Company's operations are not subject to significant environmental regulations under either Commonwealth or State legislation. The Directors are of the belief that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any of those environmental requirements as they apply to the consolidated entity. There is no material exposure to economic, environmental and social sustainability risks.

Conflicts of Interest

Directors are required to keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist Directors to disclose potential conflicts of interest. Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant Board papers and is not present at the meeting whilst the item is considered. Details of any direct or related entity transactions with the Company are disclosed in the financial statements.

Mission, Vision and Values Statement, Code of Conduct and Whistleblower Policy

All Directors and employees are expected to act with integrity and objectivity, constantly striving to improve the reputation and performance of the Company and consolidated entity.

Thorn's Mission, Vision and Values Statement communicates the Company's core values and objectives, and promote ethical and responsible decision making. The Mission, Vision and Values Statement is reviewed by the

Board.

The Code of Conduct, underpinned by our values, covers issues such as delivering shareholder value, managing conflicts of interest, confidentiality, fair and honest dealings, workplace health and safety, equal opportunity and compliance with laws.

The Company has advised Directors and employees that they must comply with the Code of Conduct. There are also processes in place to continually promote and communicate the Company's values to employees.

The Code of Conduct, under Business Integrity, provides "We will not directly or indirectly offer, pay, solicit or accept bribes, secret commissions or other similar payments or benefits in the course of conducting our business."

In line with the CGC's recommendations, Thorn has adopted an Anti-Fraud & Corruption Policy which includes a requirement that any material breaches are notified to the Board.

The Code also encourages the reporting of unethical behaviour. The Company has a Whistleblower Policy and internal confidential whistleblowing process which provides staff with an avenue to report suspected unethical, illegal or improper behaviour. All whistleblower incidents are reported to the Board.

Securities Trading Policy

Thorn has a Securities Dealing policy, which sets out the circumstances under which Directors, senior executives, employees and contractors of the Company and the consolidated entity may deal in securities.

Diversity and Inclusion Policy

The Board has established a policy regarding gender, age, ethnic and cultural diversity. The policy is located on the Company's website.

The Workplace Gender Equality Act 2012 (WGEA) places a focus on promoting and improving gender equality and outcomes for both women and men in Australian workplaces. In accordance with the requirements of the WGEA, Thorn Australia Pty Ltd (as the 'relevant employer' within the Group) lodged its annual public report with the Workplace Gender Equality Agency on 31 May 2022. The report is available on the Company's website.

The Code of Conduct also includes anti-discrimination provisions.

Communication with Shareholders

The Board provides shareholders with information using a Continuous Disclosure and Communications Policy which includes identifying matters that may have a material effect on the price of the Company's securities, notifying them to ASX, posting them on the Company's website and issuing media releases. The Continuous Disclosure and Communications Policy is available on the Company's website.

The Company provides information to shareholders via the Company's website, which has links to recent Company announcements and past annual reports, results presentations and various ASX pages, including the current share price. Shareholders have the option to receive communications from Thorn, with information on how to contact the relevant officer of the Company on periodic releases.

Shareholders can send communications electronically to the Company's share registry, Computershare Investor Services Pty Ltd.

Relevant details can be found on our website www.thorn.com.au/site/investor-information/shareholder-services.

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The Board supports full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Company's strategy and goals. The Board encourage this by ensuring the release of substantive documents relating significant material changes and resolutions. Important issues are presented to the shareholders as single resolutions.

Where necessary, Thorn ensures that it releases presentation materials to ASX.

Shareholder voting on substantive resolutions are conducted by a poll, facilitating secret ballot controls to ensure that voters are able to vote freely on resolutions.

Copies of the Constitution will be provided to any shareholder on request.

The Corporate Governance Statement is accurate and up to date as at 24 June 2022 and has been approved by the Board of Directors.