

August 2024

Corporate Governance Statement

The Directors of Alliance Aviation Services Limited ("Alliance" or the "Company") are dedicated to operating the Company and its subsidiaries (the "Group") with integrity and in line with the highest corporate governance standards.

The Directors regularly review the corporate governance framework and practices to ensure they align with Alliance's commitment to sustainable performance and shareholder value. The Company has adopted and largely adheres to the ASX Corporate Governance Principles and Recommendations (4th Edition). This statement outlines the Company's corporate governance practices in place during the financial year ending 30 June 2024.

If any recommendations have not been met, the Company has provided explanations for these deviations.

Most of the Company's corporate governance policies and charters were established and approved by the Board when the Company was listed on the Australian Stock Exchange in 2011. All policies and charters are available on the Alliance website (<http://www.allianceairlines.com.au>) and are reviewed periodically.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board's role encompasses the following responsibilities:

- Representing and serving the interests of shareholders by overseeing and evaluating the Group's strategies, policies, and performance. This includes monitoring the financial and human resources available to meet the Group's objectives and assessing management performance.
- Protecting and optimising the Group's performance and building sustainable value for shareholders, in accordance with legal duties and obligations and the Group's constitution, within a framework of prudent and effective controls that allow for risk assessment and management.
- Setting, reviewing, and ensuring compliance with the Group's values and governance framework, including maintaining high ethical standards.
- Keeping shareholders informed about the Group's performance and major developments affecting its status.

The Board's responsibilities include:

- Selecting, appointing, and evaluating the performance of the Managing Director and the Managing Director's direct reports, determining their remuneration, and planning for succession.
- Contributing to and approving management's development of corporate strategy, including setting performance objectives and approving operating budgets.
- Reviewing, ratifying, and monitoring systems of risk management, internal control, and ethical and legal compliance. This includes reviewing procedures to identify the main risks associated with the Group's businesses and implementing appropriate systems to manage these risks.
- Monitoring corporate performance and the implementation of strategy and policy.
- Approving major capital expenditures, acquisitions, and divestitures, and overseeing capital management.
- Monitoring and reviewing management processes to ensure the integrity of financial and other reporting.
- Developing and reviewing corporate governance principles and policies.

- Promoting diversity at all levels within the Group.
- Performing other functions as prescribed by law or assigned to the Board.

PRINCIPLE 2: STRUCTURE OF THE BOARD TO BE EFFECTIVE ADD VALUE

The Board functions according to the principles outlined in its charter, which is available in the corporate governance section of the Company's website. The charter details the Board's composition and responsibilities.

Board Composition

- The Board is appointed by the shareholders. Non-executive directors are engaged through a letter of appointment.
- The Board determines its size and composition, subject to the Company's constitution.
- The Board should comprise directors with a diverse range of skills, expertise, and experience, including gender diversity.

The Board, along with the nomination and remuneration committee, reviews the skills represented by directors and determines if the composition and mix of those skills are appropriate for the Group's strategy, within the limits of the constitution and the terms served by existing non-executive directors.

Directors' Independence

- The Board regularly reviews the independence of each non-executive director based on disclosed information.
- Directors are considered independent if they are free from any management influence and any business or other relationship that could interfere with their independent judgment.
- The Board does not set an arbitrary limit on tenure. While tenure limits can bring fresh perspectives, they might also lead to the loss of valuable insights developed over time. Tenure is one factor among many when assessing a director's independence and contribution.

Guidelines for considering a director's independence include:

- They are not management (non-executive directors).
- They are not significant shareholders or officers associated with significant shareholders.
- They have not been employed in an executive capacity by the Company or another group member within the last three years.
- They were not appointed within three years of ceasing to be employed in an executive capacity by the Company.
- They have not been a principal or employee of a significant professional adviser or consultant to the Company within the last three years.
- They are not a significant supplier to or customer of the Company.
- They have no significant contractual relationship with the Company.
- They are free from any interest or relationship that could interfere with their ability to act in the best interests of the Company.

Materiality Thresholds

The Board determines materiality on a case-by-case basis, considering both quantitative and qualitative principles. Guidelines include:

- Determining the appropriate base (e.g., revenue, equity, or expenses) for each situation.
- Generally, a holding of 5% or more of the Company's shares is considered material.
- Affiliations accounting for less than 5% of the relevant base are typically deemed immaterial, but exceeding this threshold requires a review of the circumstances.
- Qualitative assessments override quantitative ones, focusing on factors that might affect a director's ability to act in the Company's best interests.

Board Members

Details about the Board members, including their experience, expertise, qualifications, term of office, relationships affecting independence, and independent status, are provided in the Directors' Report section of Alliance's Annual Report.

As of this revision, the Board comprises one executive director and five non-executive directors, four of whom are independent under the above principles. One Director, Mr. Padgett, is a substantial shareholder and is considered non-independent.

Chair and Non-Executive Directors

The Board has six Directors, five of whom are non-executives, and four of these are considered independent.

The Group complies with Recommendation 2.4, having a majority of independent Directors. The Board has assessed the Directors' experience, skills, contributions, and ownership interests and believes the Board can act in the Group's best interests.

Periodically, non-executive directors meet without executive directors or management present.

Term of Office

The Company's constitution requires all directors, except the Managing Director, to retire no later than the third annual general meeting following their last election. Retired directors can seek re-election.

Chair and Managing Director

The Chair leads the Board, ensures directors are well-informed, facilitates discussions, and manages the Board's relationship with senior executives. The Chair acknowledges the considerable time commitment and confirms other positions will not hinder their role.

The Managing Director is responsible for implementing group strategies and policies, aided by the Chief Executive Officer for day-to-day operations.

The Group does not comply with Recommendation 2.5 to have an independent Chair, as Mr. Padgett is not independent due to his substantial shareholding. However, the Board believes Mr. Padgett's experience is valuable for supporting the Managing Director and strategy matters, supported by four independent Directors who provide ongoing advice and support. Mr. Housden and Mr. Crombie chair the two Board Sub-Committees.

Role of the Company Secretary

The Company Secretary reports directly to the Board through the Chair, handling all Board business coordination, including agendas, board papers, minutes, regulatory communication, and statutory filings.

Conflict of Interests

Entities connected with the Chair, Mr. Padgett, and the Managing Director, Mr. McMillan, had business dealings with the Group during the year. These interests were declared, and the Directors took no part in related decisions or discussions. They also did not receive any relevant papers.

Independent Professional Advice

Directors and board committees can seek independent professional advice at the Company's expense, with prior written approval from the Chair, which will not be unreasonably withheld.

Performance Assessment

The Board conducts self-assessments of its performance, the Chair's performance, and its committees. The assessment includes induction, continuing education, and information access. Management is invited to contribute, and the process may be facilitated by an independent third party. Results and action plans are documented with specific performance goals for the coming year. The Chair assesses individual directors annually and discusses the assessments privately.

A review of senior management performance is conducted annually in August by the Managing Director, coordinated by the Head of Human Resources, and discussed with the Remuneration Committee and the Board.

Board Committees

The Board has two committees: Nomination and Remuneration, and Audit and Compliance. These committees, comprised entirely of non-executive directors, allow for detailed consideration of complex issues. The committee structure and membership are reviewed annually, and all directors typically attend committee meetings.

Each committee has a written charter outlining its role, responsibilities, composition, structure, and operation, available on the Company's website. Committee recommendations are submitted to the full Board, and committee meeting minutes are reviewed at subsequent board meetings.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following non-executive directors (a majority of whom are independent):

- D. Crombie (Chair)
- S. Padgett
- P. Housden

Directors' attendance at Nomination and Remuneration Committee meetings is detailed in the Directors' Report of the most recent annual report.

The committee operates under its charter, available on the Company's website. Its main responsibilities include:

- Reviewing and recommending the Board's size and composition, including succession plans for the Chairman and Managing Director, aiming for a diverse range of skills, expertise, and backgrounds.
- Recommending criteria for board membership, including necessary competencies and time commitment for non-executive directors.
- Recommending board membership, including re-election of directors (excluding self-recommendation), and identifying qualified individuals for board positions.
- Assisting in performance evaluations of the Board, its committees, and individual directors, and enhancing director competencies.
- Addressing corporate governance issues as requested by the Board.
- Periodically reviewing the Board charter and recommending amendments.
- Ensuring an effective induction process and reviewing its effectiveness.
- Annually reviewing the effectiveness of the Group's diversity policy.

PRINCIPLE 3: INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Code of conduct

The Board has implemented a code of conduct to uphold the highest standards of integrity and ethical practices within the Group. This code, available on the Company’s website, outlines the expected behaviour for all directors, management, and employees.

The code covers policies on various topics, including conflicts of interest, public and media communication, use of the Group’s resources, information security, discrimination and harassment, corrupt conduct, occupational health and safety, and insider trading.

In addition to their legal obligations under the *Corporations Act 2001 (Cth)* regarding inside information, all directors, employees, and consultants are required to maintain confidentiality concerning any inside information they possess.

Diversity Policy

Alliance is dedicated to fostering an inclusive workplace that values and promotes diversity.

The Company has an established "Equal Employment Opportunity and Diversity" policy that encompasses gender, ethnicity, disability, age, and educational experience. Employment opportunities are assessed on merit in conjunction with the EEO policy, which is integral to the Group’s induction process.

By encouraging diversity and inclusion, Alliance aims to attract and retain individuals with the best skills and attributes, thereby developing a workforce capable of delivering value to shareholders, customers, and the communities served.

Alliance’s approach to enhancing diversity and inclusion within the Group aims to achieve the following objectives:

- Developing a diverse and skilled workforce to improve service delivery and corporate goal achievement.
- Fostering a workplace culture with inclusive practices and behaviours benefiting all staff.
- Enhancing employment and career development opportunities for all staff.
- Valuing and utilising the contributions of employees with diverse backgrounds, experiences, and perspectives.
- Providing workplace flexibility to enhance work-life balance and promote inclusion.
- Raising awareness among all staff about their rights and responsibilities regarding fairness, equity, inclusion, and respect.

Alliance has implemented practices, strategies, and training to support these objectives.

The actual number of women employees in the organisation at 30 June 2024 was as follows:

	Number	%
Number of women employed in the whole organisation	530	36.08%
Number of women employed in senior executive positions	3	27.27%
Number of women on the Board	-	-

Environmental and Sustainability Risks

Alliance has a well-established and active Environmental Policy and Management Plan that guides the Company’s operations. Alliance is fully aware of its responsibility to meet community expectations and

legislative requirements concerning environmental and sustainability responsibility. The Company plans and manages its activities to minimise their environmental impact, ensuring that all operations align with these expectations.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN CORPORATE REPORTS

Audit and Compliance Committee

The Audit and Compliance Committee consists of the following non-executive directors:

- P Housden (Chair)
- D Crombie
- S Padgett

Details of these directors' qualifications can be found in the Directors' Report on pages 9 to 11 of the 2024 Annual Report.

All committee members are financially literate and possess a comprehensive understanding of the industry in which the Group operates.

The committee's main responsibilities are to:

- Oversee the Group's relationship with the external auditor and the external audit function.
- Oversee the preparation of financial statements and reports.
- Oversee the Group's financial controls and systems.
- Manage the identification and management process of financial risk.

The committee's key responsibilities and functions include:

- Assisting the Board in the reporting of financial information.
- Ensuring the appropriate application and amendment of accounting policies.
- Handling the appointment, independence, and remuneration of the external auditor.
- Providing a link between the external auditors, the Board, and the management of the Group.
- Proactively overseeing the Group's financial reporting and disclosure processes and reviewing the outputs to ensure accuracy and integrity.
- Assisting the Board in determining the reliability and integrity of accounting policies and financial reporting and disclosure practices.
- Reviewing financial statements to ensure they adhere to accounting standards and policies and overseeing the external audit results.
- Reviewing the appropriateness of the accounting policies adopted by management and assessing the management processes supporting external reporting.
- Establishing procedures for the receipt, retention, and treatment of complaints regarding accounting, internal controls, and auditing matters.
- Reviewing management processes supporting external reporting and any complaints or concerns raised internally regarding financial or accounting practices.

- Ensuring procedures are in place to verify the effectiveness of accounting and financial systems and other internal control systems related to financial risk management.
- Approving the scope of the audit.
- Reviewing the effectiveness of the annual audit, with emphasis on areas needing special attention.
- Reviewing the performance, independence, and objectivity of the external auditors.
- Reviewing the procedures for the selection and appointment of external auditors and the rotation of audit engagement partners.
- Assuming responsibility for the appointment, compensation, terms of engagement, and other contractual terms of the external auditors.
- Developing and overseeing the implementation of the Group's policy on the engagement of the external auditor to provide non-audit services and ensuring compliance with that policy.
- Advising the Board on the compatibility of non-audit services with general standards of independence and ensuring audit independence is not compromised, enabling the Board to make the required statements under the *Corporations Act 2001 (Cth)* for the Group's annual report.

The Company does not have an internal audit function due to its size. However, the Group has various controls and systems in place to mitigate risk, and the external audit plan is constructed with the recognition that there is no internal audit program.

External Auditors

The Company and the Audit and Compliance Committee have a policy to appoint external auditors who demonstrate quality and independence. The performance of the external auditor is reviewed annually, and applications for tender of external audit services are requested as deemed appropriate, considering performance, value, and costs. PwC has been the external auditor since 2011, with a policy to rotate audit engagement partners for listed companies at least every five years.

An analysis of fees paid to the external auditors, including a breakdown of non-audit services fees, is provided in the Directors' Report and in note J5 to the financial statements. The external auditor is legally required to provide an annual declaration of independence to the Audit and Compliance Committee.

The external auditor attends the annual general meeting each year and is available to answer shareholder questions about the audit's conduct and the audit report's preparation and content.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Company has established written policies and procedures for information disclosure, emphasising the continuous release of any information regarding the Group that a reasonable person would expect to significantly affect the price of the Company's securities. These policies and procedures also include measures to enhance communication with shareholders and encourage active participation at general meetings.

The Company Secretaries are designated as the primary contacts for communications with the Australian Securities Exchange (ASX). Their responsibilities include ensuring compliance with the continuous disclosure requirements of the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX, analysts, brokers, shareholders, the media, and the public.

All information disclosed to the ASX is promptly posted on the Company's website. When analysts are briefed on aspects of the Group's operations, the presentation materials are released to the ASX and made available on the Company's website.

The Company's Annual and Half-Yearly Reports are also posted on the Company's website, and shareholders have the option to receive a copy directly.

PRINCIPLE 6: RESPECT THE RIGHTS OF SECURITY HOLDERS

The Company offers several methods for Shareholders to access information necessary for exercising their rights as security holders. Key measures promoted by the Company include:

- **Continuous Disclosure:** Providing updates on current events, project developments, and business outlook.
- **Investor Briefings and Presentations:** Conducting individual presentations with large shareholders and those requesting discussions.
- **Annual General Meeting (AGM):** Encouraging all shareholders to attend.

Continuous Disclosure

The Company's disclosure policy and practices are designed to ensure timely access for all investors to information released under continuous disclosure rules. These practices include:

- Releasing all information, including media releases and investor briefing materials, first to the ASX.
- Posting this information on the Company's website immediately after release to the ASX.

The Company's management regularly meets to review continuous disclosure obligations. Unless the Board deems it necessary to make a statement on a specific matter, the Company's policy is not to respond to market rumours and media speculation.

Investor Briefings and Presentations

Twice a year, the Company prepares a detailed investor briefing pack in conjunction with the release of the Half Year Report and the Annual Report (including the Financial Statements). This pack outlines recent results, key messages about the Company's operations, and important points concerning the business outlook.

The Managing Director and the Chief Financial Officer offer presentations to shareholders or conduct telephone discussions around this time, providing an opportunity for shareholders to ask questions and speak directly with Management.

Annual General Meeting

The Company holds an Annual General Meeting each year, typically in September or October. All shareholders are encouraged to attend. The Company has adopted a hybrid meeting format, allowing shareholders to attend either in person, or electronically.

The AGM is attended by the Board and various members of Management, including the Managing Director, Chief Executive Officer, and Chief Financial Officer. The Chairman of the Board and the Managing Director typically deliver personal addresses.

Shareholders are encouraged to ask questions of the Board, Management, and the auditor, either formally during the meeting or informally afterward, subject to regulations and continuous disclosure. The Notice of the Meeting includes the process and requirements for asking questions at the AGM.

Management's addresses to the AGM and any materials used are available on the ASX website and the Company's website immediately after the meeting. Voting outcomes are also released to the ASX.

The Company invites the external auditor to the AGM to answer shareholder questions about the audit and the auditor's report.

The Board supports the calling of a poll on the results, subject to participation at the meeting.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Board ensures annually, or more frequently, if necessary, that management has developed and implemented a robust system of risk management and internal control. This task is delegated to management for detailed execution and is reviewed by the Board.

Management has established a comprehensive system for managing operational risks, including safety, quality assurance, environmental, and aviation regulatory compliance.

The Audit and Compliance Committee is tasked with ensuring adequate policies for financial risk management, compliance, and internal control systems. They monitor the Company's financial risk management by overseeing management's efforts in evaluating, managing, monitoring, and reporting material operational, financial, compliance, and strategic risks.

The committee's specific responsibilities regarding financial risk management include reviewing and reporting to the Board that:

- The Group's ongoing financial risk management program effectively identifies all areas of potential financial risk.
- Adequate policies and procedures have been designed and implemented to manage identified financial risks.
- A regular program of audits is conducted to test the adequacy of and compliance with prescribed policies.
- Proper remedial action is undertaken to address areas of weakness.

The committee's normal procedures for financial risk and compliance responsibilities include:

- Evaluating the adequacy and effectiveness of the management reporting and control systems used to monitor adherence to policies and guidelines and limits approved by the Board for balance sheet risk management.
- Assessing the adequacy and effectiveness of the Group's financial risk management control systems by reviewing risk registers and reports from management and external auditors.
- Evaluating the structure and adequacy of the Group's business continuity plans.
- Reviewing the structure and adequacy of the Group's insurances annually.
- Making recommendations on the effectiveness of the Group's financial risk management policies.
- Reviewing the Group's main corporate governance practices for completeness and accuracy.
- Advising the Board on the appropriateness of significant policies and procedures related to financial processes and disclosures and reviewing the effectiveness of the Group's internal control framework.

Management's Responsibilities

Management is responsible for designing, implementing, and reporting on the adequacy of the Company's risk management and internal control system and must report to the Board on the effectiveness of:

- The risk management and internal control system during the year.
- The Company's management of its material business risks.

Corporate Reporting

In accordance with recommendation 4.2 of the ASX Corporate Governance Principles and Recommendations, the Managing Director and Chief Financial Officer have certified to the Board:

- That the Group's Annual Report is complete and presents a true and fair view, in all material respects, of the financial condition and operational results of the Company and Group, in accordance with relevant accounting standards.
- That this certification is based on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board, and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects concerning financial reporting risks.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The nomination and remuneration committee consists of the following non-executive directors (a majority of whom are independent):

- D Crombie (Chair)
- S Padgett
- P Housden

The Nomination and Remuneration Committee operates in accordance with its charter, which can be accessed on the Company's website.

The committee advises the Board on remuneration and incentive policies and practices broadly, providing specific recommendations on remuneration packages and other terms of employment for executive directors, senior executives, and non-executive directors.

In fulfilling its responsibilities, the committee must adhere to the following policy objectives:

- Ensure the Group's remuneration structures are fair and aligned with the long-term interests of the Group and its shareholders, considering relevant group policies.
- Attract and retain talented executives.
- Design challenging short- and long-term incentives linked to sustainable shareholder returns.
- Justify and ensure appropriateness of any termination benefits.
- Maintain independence in determining executive remuneration.

The committee is also responsible for:

- Reviewing and recommending arrangements for executive directors and executives reporting to the Managing Director, including contract terms, annual remuneration, and participation in the Company's incentive plans.
- Reviewing and recommending remuneration arrangements for senior management, including contract terms, annual remuneration, and participation in short- and long-term incentive plans.
- Monitoring significant changes and developments in the Group's remuneration, recruitment, retention, and termination policies for senior management.
- Assessing major changes in remuneration policies, superannuation arrangements, personnel practices, and industrial relations strategies for the Group.
- Evaluating senior management performance assessment processes and outcomes to gauge alignment with business strategy.
- Approving short-term incentive strategies, performance targets, and bonus payments.

- Recommending to the Board major changes to the Company's employee equity incentive plans.
- Advising on offers under the Company's employee equity incentive plans for each financial year.

Regarding the Company's employee equity incentive plans:

- Setting performance hurdles for executive directors, executives reporting to the Managing Director, and senior management.
- Approving terms and authorising offers to eligible Group employees, including defining eligibility criteria annually.
- Authorising amendments to existing plans within plan parameters.
- Reviewing and approving terms of trust deeds related to the plans and any amendments thereto.
- Administering plan operations, including resolving disputes and interpreting plan provisions.
- Reviewing and recommending remuneration arrangements for the Chairman and non-executive directors, encompassing fees, travel, and other benefits.
- Ensuring the Board and management have adequate information and external advice for informed decision-making on remuneration matters.
- Reviewing and recommending the remuneration report for inclusion in the annual directors' report under the *Corporations Act 2001 (Cth)*.
- Facilitating engagement with shareholders and other stakeholders on the Company's remuneration policies and practices.

CONCLUSION AND SUMMARY OF COMPLIANCE WITH THE RECOMMENDATIONS

The Board acknowledges Alliance's adherence to the Recommendations while affirming the ongoing need for vigilance and enhancement in governance processes. Detailed explanations have been provided for any Recommendations not met, with continued monitoring planned. The Board conducts periodic reviews of Alliance's corporate governance framework to ensure its effectiveness and compliance with evolving internal and external requirements.

This Corporate Governance Statement is current as of 28 August 2024 and was approved by the Board on the same date.