

Further and Higher



AZAL's ESG Strategy and Sustainability Projects

By the Sustainable Development Department

10 December 2025



AZERBAIJAN
AIRLINES



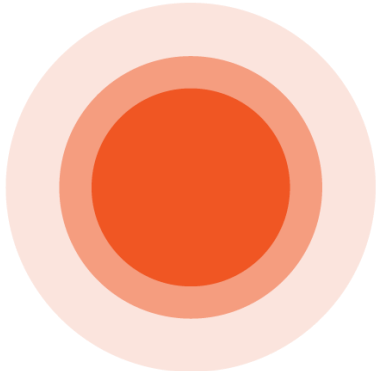
Azerbaijan Airlines supports the Sustainable Development Goals



airport
carbon
accredited
LEVEL 3



AZAL Group's Sustainability Strategy Focus



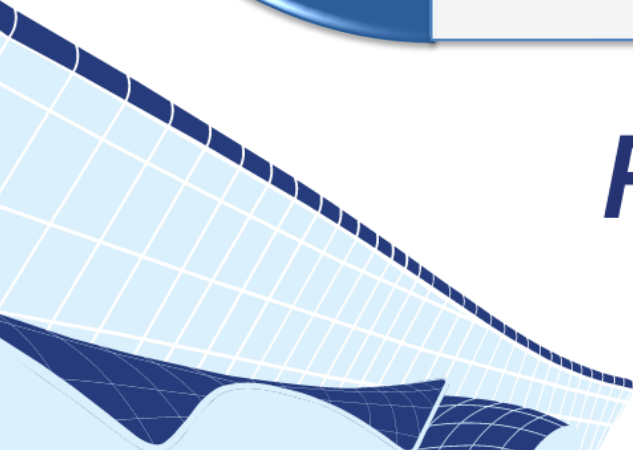
Vision • To be a safe, **sustainable**, and leading aviation ecosystem in Eurasia.

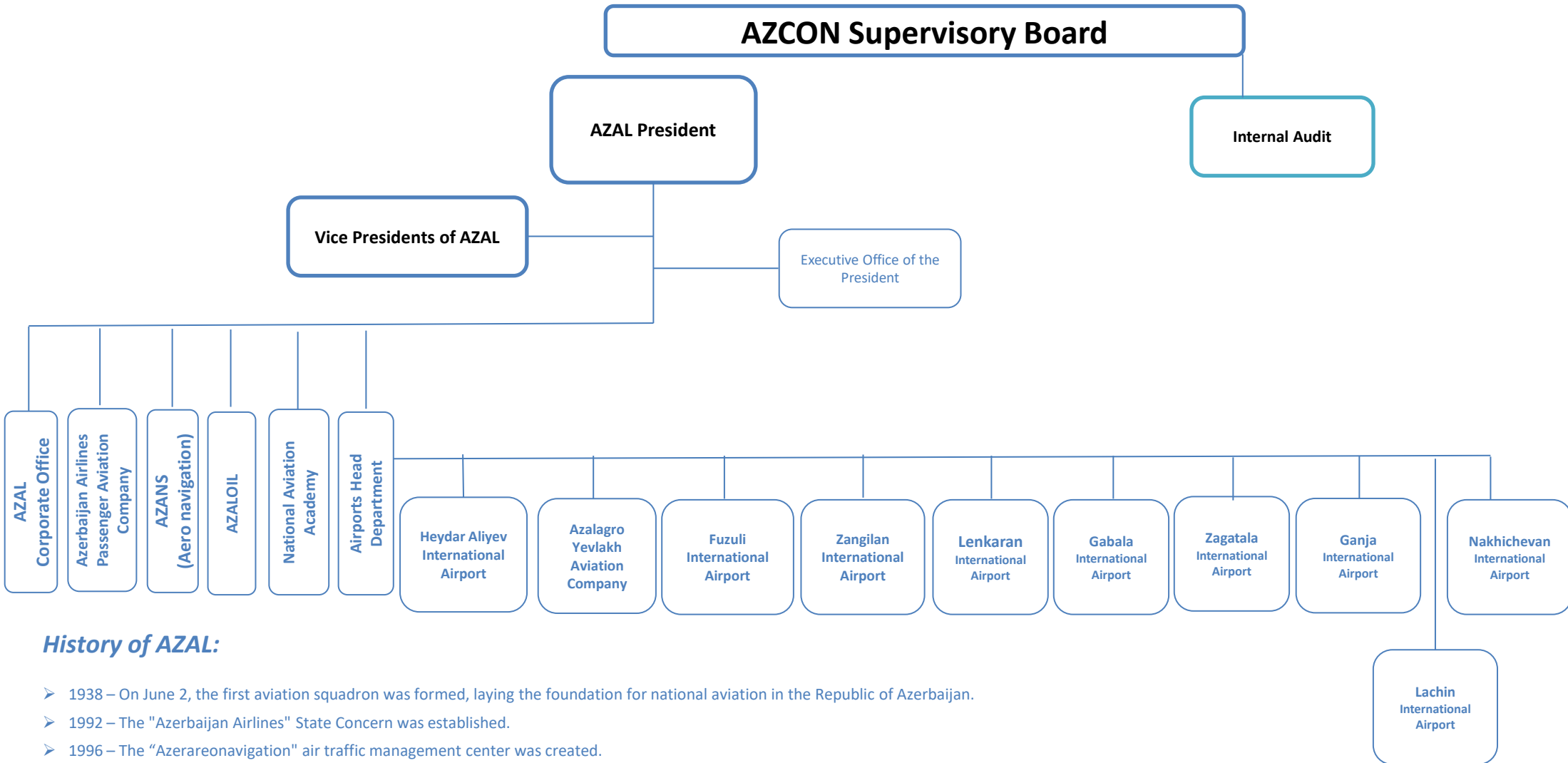
Mission •Continually developing one of **the region's best integrated aviation infrastructures**, professional capabilities, and organizational culture and enhancing the travel experience through customer focus, innovation, and **sustainable practices**.

Purpose •To enrich the lives and enhance the **prosperity** of our citizens and our region, by driving cultural exchange and opening doors to new opportunities to meet (our country's) evolving demand for aviation and related services.



Further and Higher

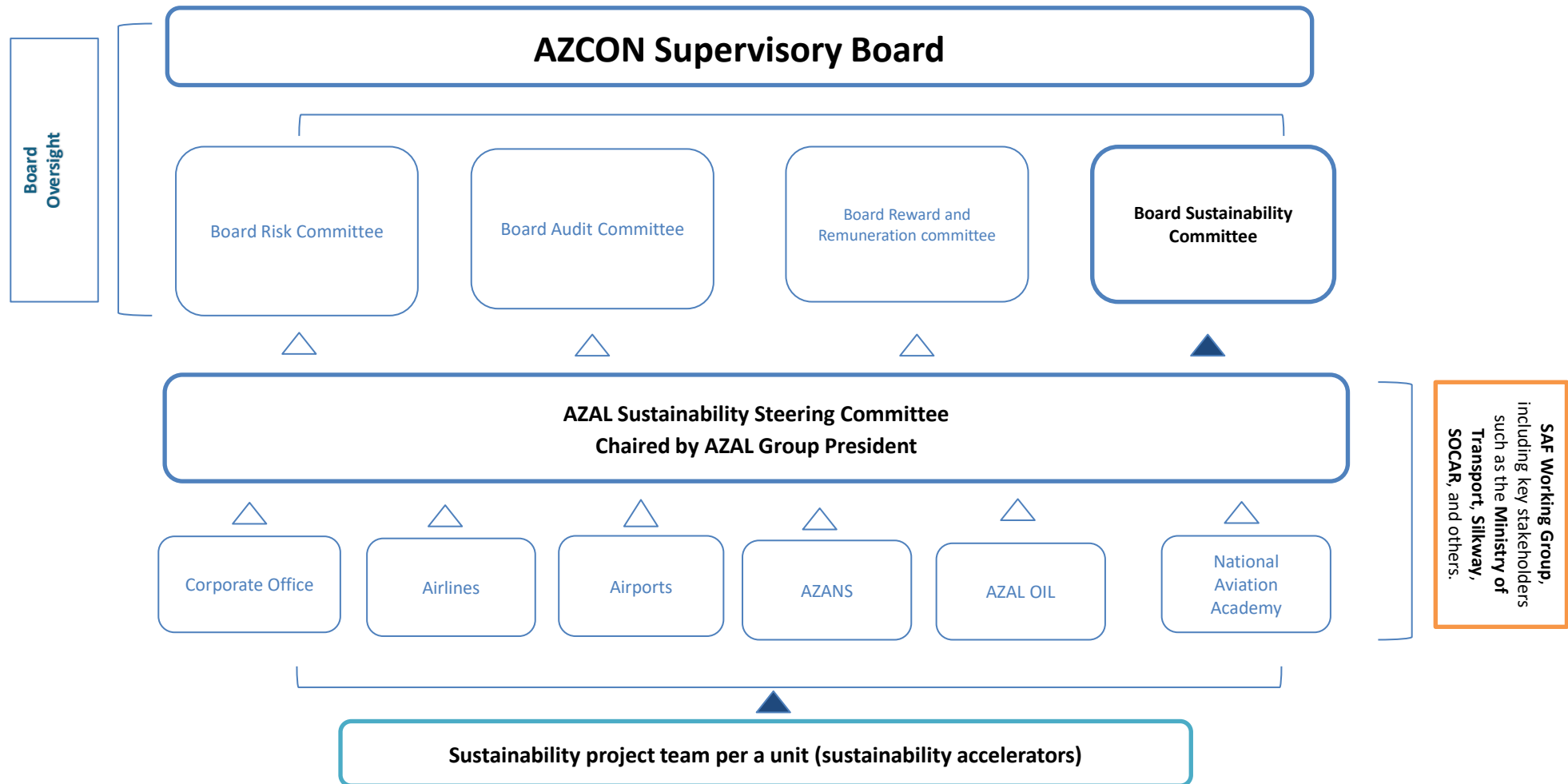




History of AZAL:

- 1938 – On June 2, the first aviation squadron was formed, laying the foundation for national aviation in the Republic of Azerbaijan.
- 1992 – The "Azerbaijan Airlines" State Concern was established.
- 1996 – The "Azerareonavigation" air traffic management center was created.
- 1997 – The AZALOIL company was established.
- 1999 – A new international terminal (Terminal 2) was opened at Baku Airport.
- 2004 – "Bina" Airport was renamed "Heydar Aliyev International Airport."
- 2008 – The "AZAL" state concern was restructured and renamed "Azerbaijan Airlines" CJSC.
- 2009 – Zagatala and Lenkaran airports received international status.
- 2014 – The new terminal complex (Terminal 1) of Heydar Aliyev International Airport was put into operation.
- 2021 – The opening of Fuzuli International Airport took place.
- 2022 – The opening of Zangilan International Airport took place.

SUSTAINABILITY GOVERNANCE STRUCTURE AT AZAL



KEY ACHIEVED SUSTAINABILITY MILESTONES (2015-2024)

In 2018

World Airport Awards 2018
Best Airport Russia & CIS
Baku Heydar Aliyev International Airport

World Airline Awards 2018
Best Regional Airline in Central Asia / India
Azerbaijan Airlines

5-Star Airport Skytrax Regional (May 2018)
Awarded to **Baku Heydar Aliyev International Airport**.

In 2020

4-Star Airline Skytrax
This is to certify that **Azerbaijan Airlines** is ranked as a 4-Star Airline (June 2020).

In 2023

World Airport Awards 2023
Best Airport Staff in Central Asia / CIS
Baku Heydar Aliyev International Airport

World Airport Awards 2023
Best Airport in Central Asia / CIS
Baku Heydar Aliyev International Airport

World Airline Awards 2023
Best Regional Airline in Central Asia / CIS
Azerbaijan Airlines

In 2023

Partnership building with IATA
AZAL collaborated with IATA on the National Airspace Strategy (NAS) during the reporting period of 2022-2023. The partnership focused on the preparation and implementation of Azerbaijan's NAS to enhance airspace efficiency and safety

In 2024

Airport Carbon Accreditation (ACA) Certification – Level 2

Heydar Aliyev International Airport has achieved Level 2 under the Airport Carbon Accreditation (ACA) program. Heydar Aliyev International Airport has been awarded the Level 2 (Reduction) Certificate under the global Airport Carbon Accreditation (ACA) Program (September, 2024)

In 2024

AZAL has **joined GAIN (Green Aviation Insights)** to accelerate sustainable aviation through data-driven efficiency improvements and collaborative benchmarking.

In 2024

Attending the COP29
At COP29, AZAL played a leading role in aviation sustainability discussions, hosting the "International Aviation and Climate Change" event with IATA and joining the **CANSO GreenATM** accreditation program to enhance green air traffic management.



COP29
Baku
Azerbaijan



WE SUPPORT



In 2024

ISO Certifications
Azerbaijan Airlines has successfully obtained

- ISO 9001:2015 - Quality Management Systems
- ISO 14001:2015 - Environmental Management Systems
- ISO 45001:2018 - Occupational Health and Safety Management Systems

In 2024

United Nations Global Compact Membership
Azerbaijan Airlines has become the member of the UNGC and aligned its operations with the global sustainable development goals (January, 2024)

In 2024

AZAL's sustainability report, marking a significant milestone in the company's journey toward transparency and accountability in ESG practices according to GRI, SASB, TCFD etc. standards.

In 2024

CSR initiatives
As part of our CSR, AZAL supported 25 initiatives in 2024, benefiting over 500 people, particularly children and youth, through education, sustainability, and social development projects.



In 2024

World Airline Awards 2024
Best Regional Airline in Central Asia / CIS
Azerbaijan Airlines

Heydar Aliyev International Airport, "Skytrax World Airport Awards 2024", has been recognized as **"Best Airport in Central Asia/CIS" for the seventh time**. Upon the nomination for "Best Airport Personnel in Central Asia/CIS" for the third time in a row.

In 2022

World Airport Awards 2022
Best Airport Staff in Central Asia / CIS
Baku Heydar Aliyev International Airport

World Airline Awards 2022
Best Low-Cost Airline in Central Asia / CIS
Buta Airways

World Airline Awards 2022
Best Regional Airline in Central Asia / CIS
Azerbaijan Airlines

In 2018

AZAL's first sustainability report, then followed by 2019 and 2021

In 2015

4-Star Airline Skytrax
This is to certify that **Azerbaijan Airlines** is ranked as a 4-Star Airline (June 2015)

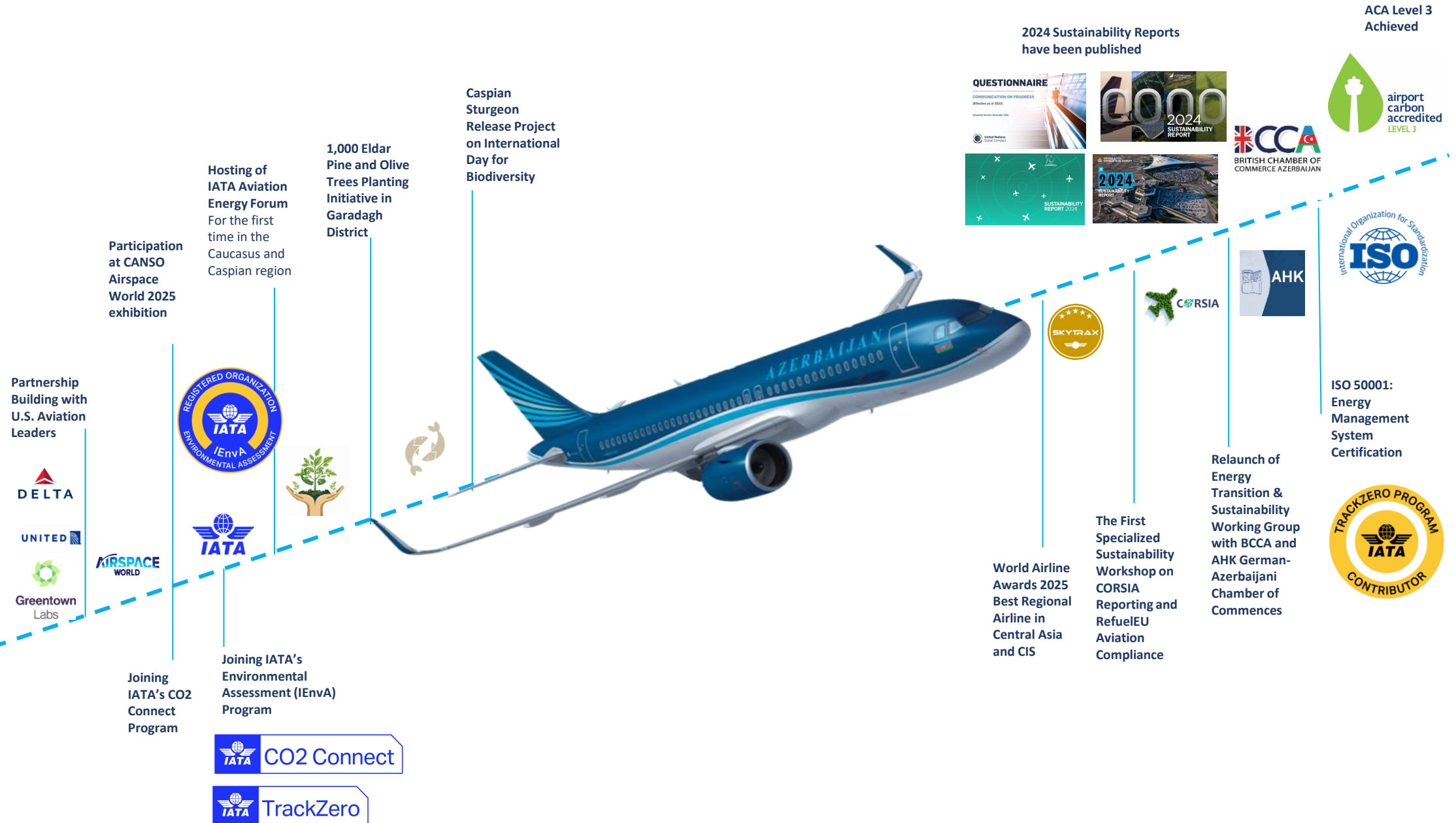
In 2019

World Airport Awards 2019
Best Airport Russia & CIS
Baku Heydar Aliyev International Airport

World Airline Awards 2019
Best Regional Airline in Central Asia / India
Azerbaijan Airlines



2025 KEY SUSTAINABILITY MILESTONES



AZAL'S ESG SUPPORTING IMPLEMENTATION DOCUMENTS

To ensure the successful realization of our ESG Strategy and Sustainability Objectives, AZAL will develop and attach the following key implementation plans as appendices:



Net/Near Zero Emissions (NZE) Plan:

A structured, time-bound roadmap that outlines AZAL's pathway to achieving Net/Near Zero Emissions, focusing on:

- Scope 1, 2, and 3 emission reduction targets
- Low-carbon fleet transition
- Carbon offsetting mechanisms and nature-based solutions
- Alignment with ICAO, IATA, and national commitments
- Green energy initiatives for Scope 1, 2, and 3 emission reduction

ESG Action (Implementation) Plan:

Operational blueprints to translate strategy into practice, including:

- Governance structure and working group mandates
- ESG KPIs and performance indicators
- Milestones, timelines, and deliverables
- Stakeholder engagement and reporting cycle
- Integration with risk and compliance management systems
- Data driven ESG reporting systems, integration of ESG principles into operations for excellence

Climate Reporting Frameworks for AZAL

Framework	Regulator / Jurisdiction	AZAL's Key Obligations	Deadline	Note	Status
CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation)	ICAO (Global)	- Maintain CORSIA-compliant EMP - Monitor CO ₂ emissions (Method B) - Submit verified emissions reports - Offset emissions above 2019 baseline	30 April every year	Monitoring started in 2019 Offsetting obligations started in 2024	2024 submitted
EU ETS (EU Emissions Trading System)	European Union / France Registry	- Maintain updated EMP - Monitor and report verified emissions for EU flights - Purchase and surrender allowances annually	30 April 2026	Ongoing compliance via French registry	Ongoing
UK ETS (United Kingdom Emissions Trading System)	UK Environment Agency	- Maintain UK-specific EMP - Monitor, verify, and report CO ₂ emissions - Surrender allowances for UK-relevant flights	30 April 2026	Ongoing – annual reporting obligations	Ongoing
RefuelEU Aviation	European Commission (EU-wide regulation)	- Prepare for SAF blending mandate (2% SAF by 2025, increasing over time) - Align procurement and fuel tracking systems - Report SAF usage accurately	30 January 2026	Pilot phase, Mandatory SAF blending starts 2025	Ongoing
Co2Connect	IATA (Global)	- Submit data for standardized CO ₂ emissions calculation - Support passenger-level emissions disclosures	13 July each year	Voluntary, for transparency and disclosure purposes	2024 submitted
TrackZero	Internal / Voluntary platform	- Upload fuel and operations data for verification - Address detected discrepancies - Review CORSIA files	13 July each year	Used for cross-check and error detection in CORSIA submission	2024 submitted
National Climate Obligations (e.g. Azerbaijan's NDC, Green taxonomy, Carbon credits)	Government of Azerbaijan (MoE, CBAR etc.)	- Support implementation of national GHG reduction targets - Align reporting where applicable under national frameworks	in 2027, this would be obligatory for the industries and businesses	Indirect, strategic alignment underway	Ongoing
GHG protocol	WRI / WBCSD (Global)	- Align corporate GHG reporting with international standards - Define Scopes 1, 2, 3 emissions for AZAL - Use for internal/external disclosures and consistency	N/A	Provides basis for full emissions inventory and strategy	2021, 2022, 2023, 2024 calculated

Sustainability Reporting

AZAL Sustainability Reports: Sustainability reports have been internally prepared since 2016, the **first professionally published report** was released in **2024**, covering the **2022–2023 and 2023–2024** reporting cycles. The 2022–2023 report was aligned with **GRI** and **SASB** standards and included **third-party assurance**, marking a milestone in transparency and accountability.

The **2024 Sustainability Report** represented a major advancement — an **exemplary publication** that placed strong emphasis on **climate action**, **alignment with the UN SDGs**, **clear business segmentation**, and **robust adherence to international standards**. It also introduced **comprehensive carbon emission calculations** and advanced performance indicators, reinforcing the company's commitment to measurable and data-driven sustainability practices.

UNGC Communication on Progress: Annual submission under the Ten Principles; **2025** report expands ESG disclosures and ISO alignment



United Nations
Global Compact



AZAL SUSTAINABILITY REPORT FOR 2024

AZAL: <https://lnkd.in/eHUccDxJ>

Airports: <https://lnkd.in/efzw8BuM>

AZANS: <https://lnkd.in/eX3SQXyJ>



QUESTIONNAIRE

COMMUNICATION ON PROGRESS

(Effective as of 2023)

Document Version: December 2021



United Nations
Global Compact

AZAL'S SUSTAINABILITY PROJECTS 2025-2026

Sustainable Infrastructure & Green Buildings

- Green Airport (Terminal 2) Master Plan
- Design & Integration of ESG & Sustainability elements into airport facilities

Climate Action & Decarbonization

- Near/Net Zero Emissions Plan Preparation
- Renewable Project to reduce Scop 1 carbon emission
- Sustainable Aviation Fuel (SAF) Collaboration
- Voluntary Carbon Offset Program
- GAIN (Green Aviation Insights) Membership
- Exploring Solar Energy & Airport Decarbonization

Circular Economy & Waste Management

- AZAL Circular Economy Project: Energy, Waste Reduction and Green Awareness Initiatives (Terminal 1, 2)

Water Management

- Water Footprint Reduction Planning: Waste Water Treatment, Optimization of Blue, Green, and Gray Water Sources
- Rain Drop Management System

Biodiversity & Nature-based Solutions

- Nature-based Solutions Projects, Biodiversity of Fish and Vegetation expansion

Mobility & Transportation

- Advancing Active and Micro Mobility at Heydar Aliyev International Airport (GYD)
- Gabala International Airport – Eco-Tourism Expansion

ESG Strategy, Capacity Building & Reporting

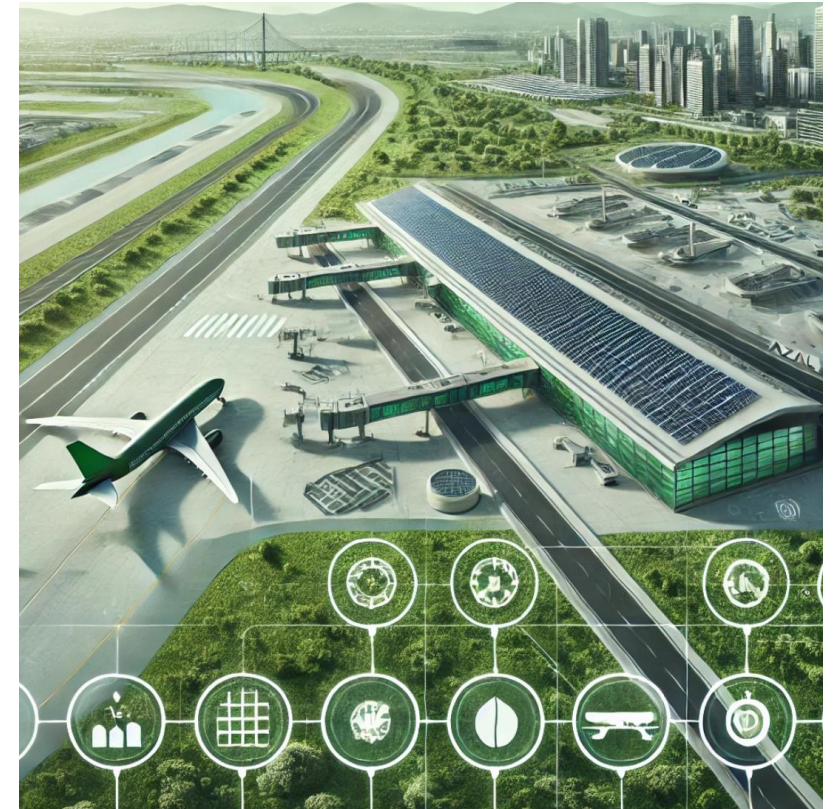
- Development of ESG Strategy and Action Plan for AZAL
- TA project in partnership with one of the financial institutions
- Digitalization Learning & Development Sustainability Landing Page (internal/external)
- 2024 Sustainability Reports (Airlines, Airports + AZALOIL, AZANS)

Environmental Compliance & Certifications

- ACA Level 3 Optimization
- IATA Environmental Assessment (IEnvA)
- Joint Projects – Sustainability-related ISO Certificates (GHG Accounting, Business Continuity)
- AZANS Participation in CANSO GreenATM

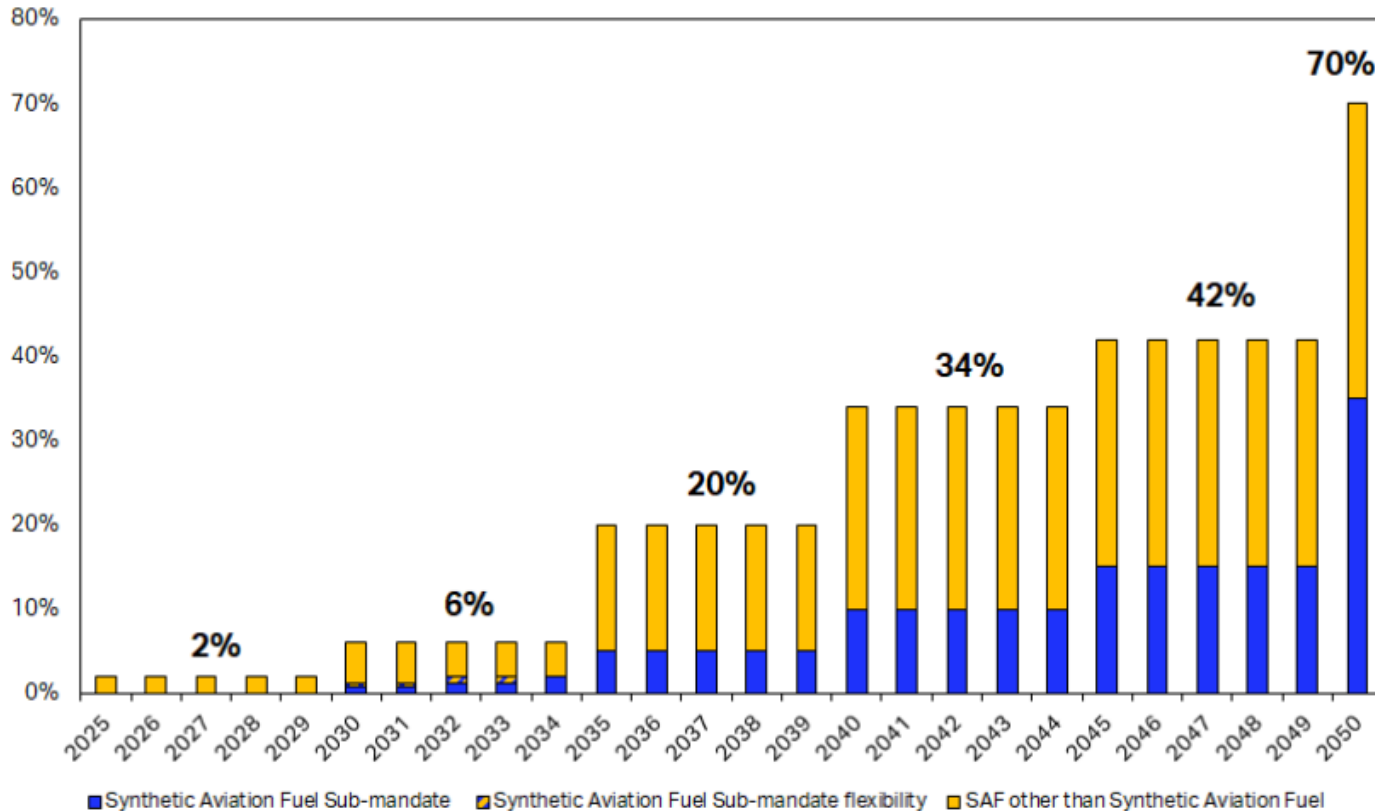
◇ Total Sustainability Projects: 21

◇ Key Focus Areas: 8 Strategic Categories



RefuelEU SAF Mandate Trajectory (2025–2050)

RefuelEU SAF mandate on fuel suppliers



Source: IATA Sustainability and Economics, Regulation (EU) 2023/2405

The RefuelEU Aviation Regulation (EU 2023/2405) sets progressively increasing SAF blending mandates for fuel suppliers at EU airports.

Starting in 2025 at just 2%, the mandate rises sharply to:

- 6% in 2030
- 20% by 2035
- 42% by 2045
- And peaks at 70% by 2050

Chart Breakdown:

- **Blue:** Synthetic Aviation Fuel (sub-mandate, RED II compliant).
- **Yellow:** Other SAF (e.g., used cooking oil, animal fats).
- **Orange outline:** Flexibility within the synthetic sub-mandate.

✂ Key Implications for Airlines like AZAL:

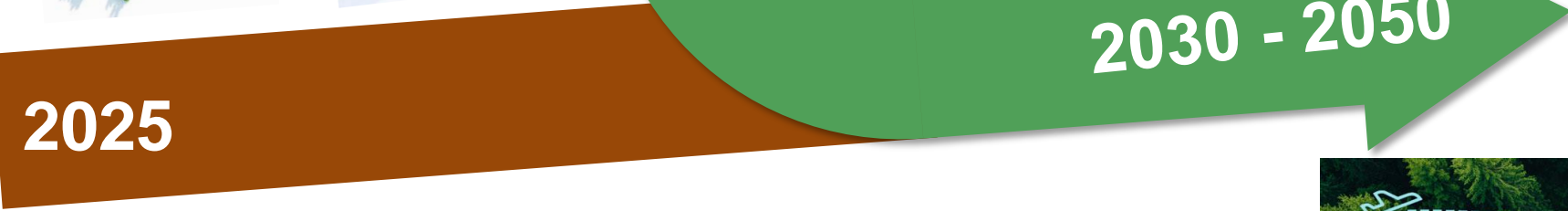
- Significant operational changes will be needed to align with fuel sourcing requirements when flying to/from EU airports.
- Long-term **procurement strategies, infrastructure planning, and SAF-blending partnerships** are essential.
- This chart illustrates the **urgency of early SAF integration** to ensure compliance and avoid penalties or competitive disadvantages in the EU market.

Pathway to Sustainable Aviation: ESG Milestones (2025–2050) TBC:

- Foundations for ESG: Endorse ESG strategy, establish Sustainability Committee, and SDGs team.
- Implement ISO certifications, CORSIA compliance, and 5% SAF usage by 2030.
- Build green airport facilities and enhance efficiency.
- Increase SAF usage to 30%; adopt hydrogen-powered technologies by 2040.
- Achieve Net/Near Zero emission with offsets and innovations by 2050
- Strengthen position as a green aviation leader in Eurasia.



- 2040–2050 TBC:**
- Transition to 60+% SAF TBC or zero-emission technologies.
 - Achieve full carbon neutrality with offsets and innovation.
 - Strengthen global collaboration under Paris Agreement.



2025



Envision becoming a safe, sustainable, and leading aviation ecosystem in Eurasia



Thank you for your attention!



Azerbaijan Airlines supports the Sustainable Development Goals