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# 2024 SUSTAINABILITY REPORT



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# ABBREVIATIONS AND ACRONYMS

<b>AAR</b>	Azerbaijan Aviation Regulations	<b>IATA</b>	International Air Transport Association	<b>SMS</b>	Safety Management System
<b>AOG</b>	Aircraft on Ground	<b>ICAO</b>	The International Civil Aviation Organization	<b>SOC</b>	Security Operations Center
<b>B.A.</b>	Bachelor of Arts	<b>IDS</b>	Intrusion Detection System	<b>tCO<sub>2</sub>e</b>	Tons of Carbon Dioxide Equivalent
<b>B.Sc.</b>	Bachelor of Science	<b>IPCC</b>	Intergovernmental Panel on Climate Change	<b>TLS</b>	Transport Layer Security
<b>CAMO</b>	Continuing Airworthiness Management	<b>IPS</b>	Intrusion Prevention System	<b>UN</b>	United Nations
<b>CANSO</b>	The Civil Air Navigation Services Organization	<b>ISMS</b>	Information Security Management System	<b>UN SDG</b>	United Nations Sustainable Development Goal
<b>CASK</b>	Cost per Available Seat Kilometer	<b>LLM</b>	Master of Laws	<b>UNGC</b>	United Nations Global Compact
<b>CEO</b>	Chief Executive Officer	<b>LTI</b>	Lost Time Injuries	<b>VCS</b>	Verified Carbon Standard
<b>CIS</b>	The Commonwealth of Independent States	<b>LTIFR</b>	Lost Time Injuries Frequency Rate	<b>WAF</b>	Web Application Firewall
<b>CJSC</b>	Closed Joint-Stock Company	<b>LTO</b>	Landings and Takeoffs		
<b>COI</b>	Conflict of Interest	<b>M.Sc.</b>	Master of Science		
<b>COP29</b>	29th meeting of the Conference of the Parties	<b>MBA</b>	Master of Business Administration		
<b>COSO</b>	The Committee of Sponsoring Organizations	<b>METU</b>	Middle East Technical University		
<b>CRM</b>	Customer Relationship Management	<b>MFA</b>	Multi-Factor Authentication		
<b>CRS</b>	Corporate Social Responsibility	<b>NAA</b>	National Aviation Academy		
<b>DdoS</b>	Distributed Denial of Service	<b>NGO</b>	Non-Governmental Organization		
<b>EASA</b>	The European Union Aviation Safety Agency	<b>NPS</b>	Net Promoter Score		
<b>EIA</b>	Environmental Impact Assessment	<b>OECD</b>	The Organization for Economic Cooperation and Development		
<b>EMS</b>	Environmental Management System	<b>OEM</b>	Original Equipment Manufacturer		
<b>ERP</b>	Enterprise Resource Planning	<b>OHS</b>	Occupational Health and Safety		
<b>ESG</b>	Environmental, Social, and Governance	<b>OJSC</b>	Open Joint-Stock Company		
<b>GAIN</b>	Green Aviation Insights	<b>PKI</b>	Public Key Infrastructure		
<b>GJ</b>	Gigajoules	<b>PPE</b>	Personal Protective Equipment		
<b>GHG</b>	Greenhouse Gas	<b>RFQ</b>	Request for Quote		
<b>GHG Protocol</b>	The Greenhouse Gas Protocol	<b>RPK</b>	Revenue Passenger Kilometers		
<b>GRC</b>	Governance, Risk, and Compliance	<b>RTK</b>	Revenue-Ton Kilometers		
<b>GRI</b>	Global Reporting Initiative	<b>SAF</b>	Sustainable Aviation Fuel		
<b>HSEQ</b>	Health, Safety, Environment and Quality	<b>SAFA</b>	Safety Assessment of Foreign Aircraft		
<b>HVAC</b>	Heating, Ventilation, and Air Conditioning	<b>SASB</b>	Sustainability Accounting Standards Board		



**MESSAGE FROM  
AZAL PRESIDENT**



# “ To Our Valued Stakeholders,



2024 marked a transformative year for “Azerbaijan Airlines” CJSC, as we advanced our commitment to operational excellence, innovation, and environmental stewardship.

In alignment with the national declaration of 2024 as the Green World Solidarity Year, and with Baku hosting COP29, AZAL took meaningful steps to enhance its sustainability performance and contribute to the global climate agenda.

Over the past year, AZAL strengthened its position as a regional connector. We operated more than 34,000 flights, expanding our network to 63 destinations - more than double the number served in 2022. Our passenger base grew to over 4 million, up from 2.9 million in 2023, reflecting our ongoing recovery and the growing trust of our travelers.

This growth was supported by strategic investments in fleet modernization. We continued executing our long-term fleet renewal strategy, securing agreements to integrate over 30 new-generation aircraft by 2032. These aircraft are optimized for fuel efficiency and lower emissions, supporting our decarbonization targets and sustainability commitments. As our network expanded, we prioritized enhancing the customer experience through digital transformation. In 2024, we introduced real-time flight tracking, seamless payment features, and improved booking options across

our upgraded website and mobile application. Our AZAL Miles program was restructured into five tiers - Classic, Silver, Gold, Platinum, and Elite - offering enhanced benefits such as priority services, free seat selection, and lounge access.

AZAL played an important role during COP29, co-hosting the high-level session “International Aviation and Climate Change” with IATA. This event provided a valuable platform to discuss global pathways for decarbonizing air transport. We were proud to ensure seamless travel for thousands of delegates, showcasing our operational readiness and our growing role in supporting climate diplomacy.

We also accelerated our environmental initiatives in 2024. AZAL launched a voluntary carbon offset program in partnership with Carbon Click, allowing passengers to support clean energy and ecosystem restoration projects. Beyond our own facilities, we expanded vegetation efforts on the Absheron Peninsula, protecting nearly 90,000 trees, and implemented energy-efficient lighting and HVAC systems across operations. These efforts reflect our commitment to the circular economy and biodiversity conservation.



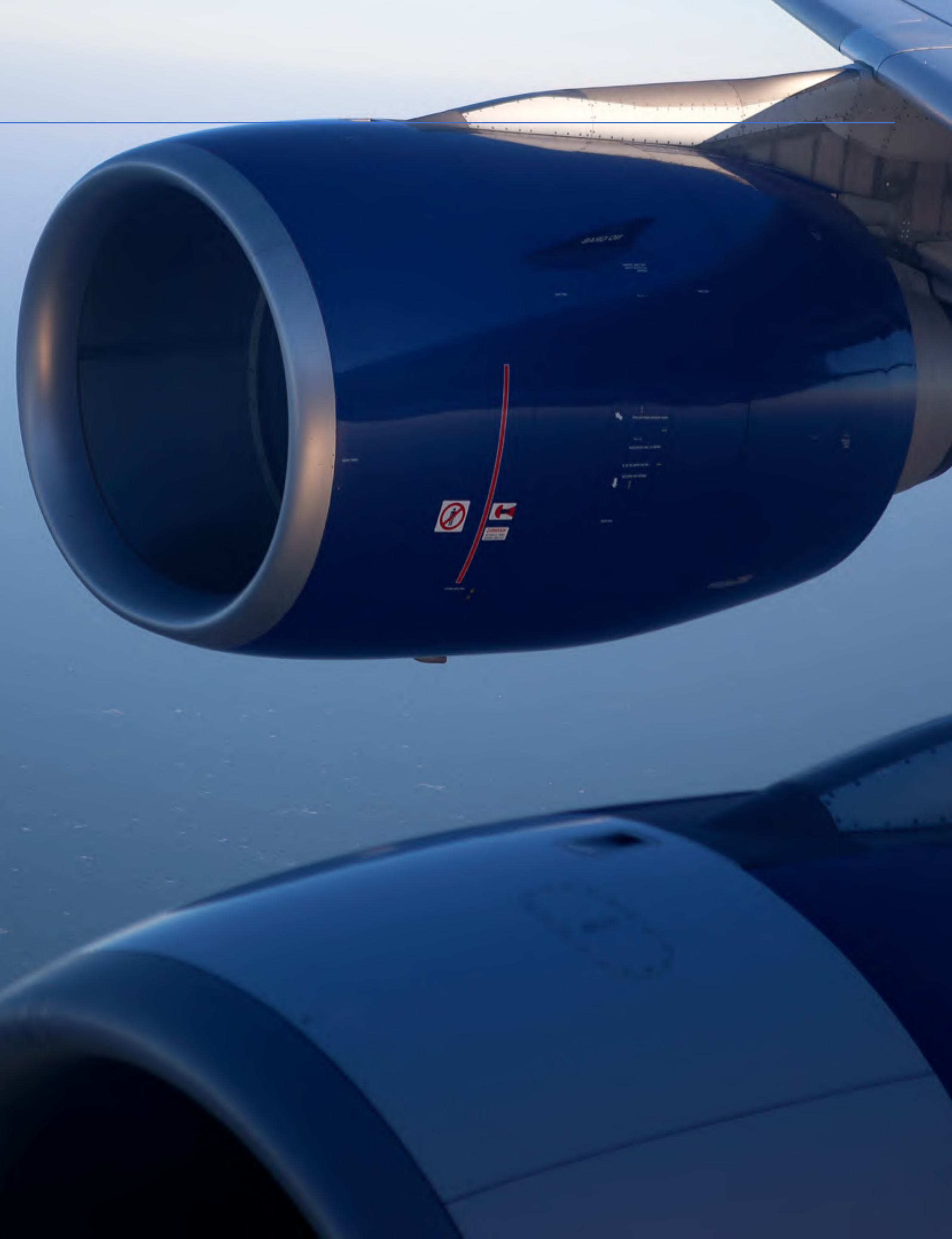
Sustainability is now embedded across our business. We are developing a comprehensive Net/Near Zero Emission Plan and ESG Strategy, structured around key pillars such as sustainable infrastructure, smart airflight and airport solutions, green finance, and emissions transparency. This report includes our full emissions assessment - Scope 1 and 2, with future integration of Scope 3 - reinforcing our alignment with science-based targets and international climate disclosure frameworks. AZAL is also advancing efforts to integrate Sustainable Aviation Fuel (SAF) by conducting feasibility studies in line with CORSIA, RefueLEU Aviation and exploring partnerships to adapt our infrastructure and regulatory framework. In parallel, we are engaging with international financial institutions to mobilize green finance, including sustainability-linked bonds and blended finance for climate-smart infrastructure and fleet investments.

Our efforts have been recognized globally. For the second consecutive year, AZAL was named the “Best Regional Airline in Central Asia and the CIS” by the Skytrax World Airline Awards, affirming our commitment to service excellence, safety, and sustainability.

Looking ahead, AZAL remains firmly committed to leading the region’s aviation energy transition. We will continue investing in digital innovation, sustainable infrastructure, and operational efficiency, while deepening our integration with global ESG standards and forging partnerships that multiply our positive impact.

This journey is made possible by the dedication of our employees, the trust of our passengers, and the collaboration of our partners. Together, we will continue shaping a more connected, resilient, and environmentally conscious future for aviation.

*Samir Rzayev,*  
President of “Azerbaijan Airlines” CJSC





# ABOUT THE COMPANY



# COMPANY OVERVIEW

Established in 1992, “Azerbaijan Airlines” Closed Joint Stock Company (AZAL) is the flag carrier of Azerbaijan. The main operational office is located at Heydar Aliyev International Airport (GYD) in Baku. Our primary focus is passenger transportation, connecting Asia, Europe, and the Middle East.

This year, AZAL continued to develop dynamically and to support the strategic vision of Azerbaijan for global connectivity and economic integration’s operations are central to the transportation infrastructure of the region, facilitating trade, tourism, and cultural exchange. In line with this mission, AZAL has achieved remarkable milestones over the year.

The Airline saw a notable increase in passenger numbers, operating over 34,000 flights and expanding its reach to 63 destinations worldwide. Financially, we recorded a solid increase in revenues and assets along with a rise in capital investments, reflecting our continued commitment to growth and modernization. These figures underscore AZAL’s role as a key driver of regional mobility and economic progress (Figure 1).

Figure 1. Performance overview

## REVENUES

**+1.20** billion AZN TOTAL REVENUES

**+1.03** million AZN TOTAL CAPITAL INVESTMENT

**+1.62** million AZN TOTAL ASSETS

**+1.2** million AZN ECONOMIC VALUE DISTRIBUTED

## ASSETS

**+34** thousand flights TOTAL NUMBER OF FLIGHTS

**63** destinations TOTAL NUMBER OF DESTINATIONS

**28** aircrafts TOTAL NUMBER OF AIRCRAFTS

**4.04** million passengers TOTAL NUMBER OF PASSANGERS



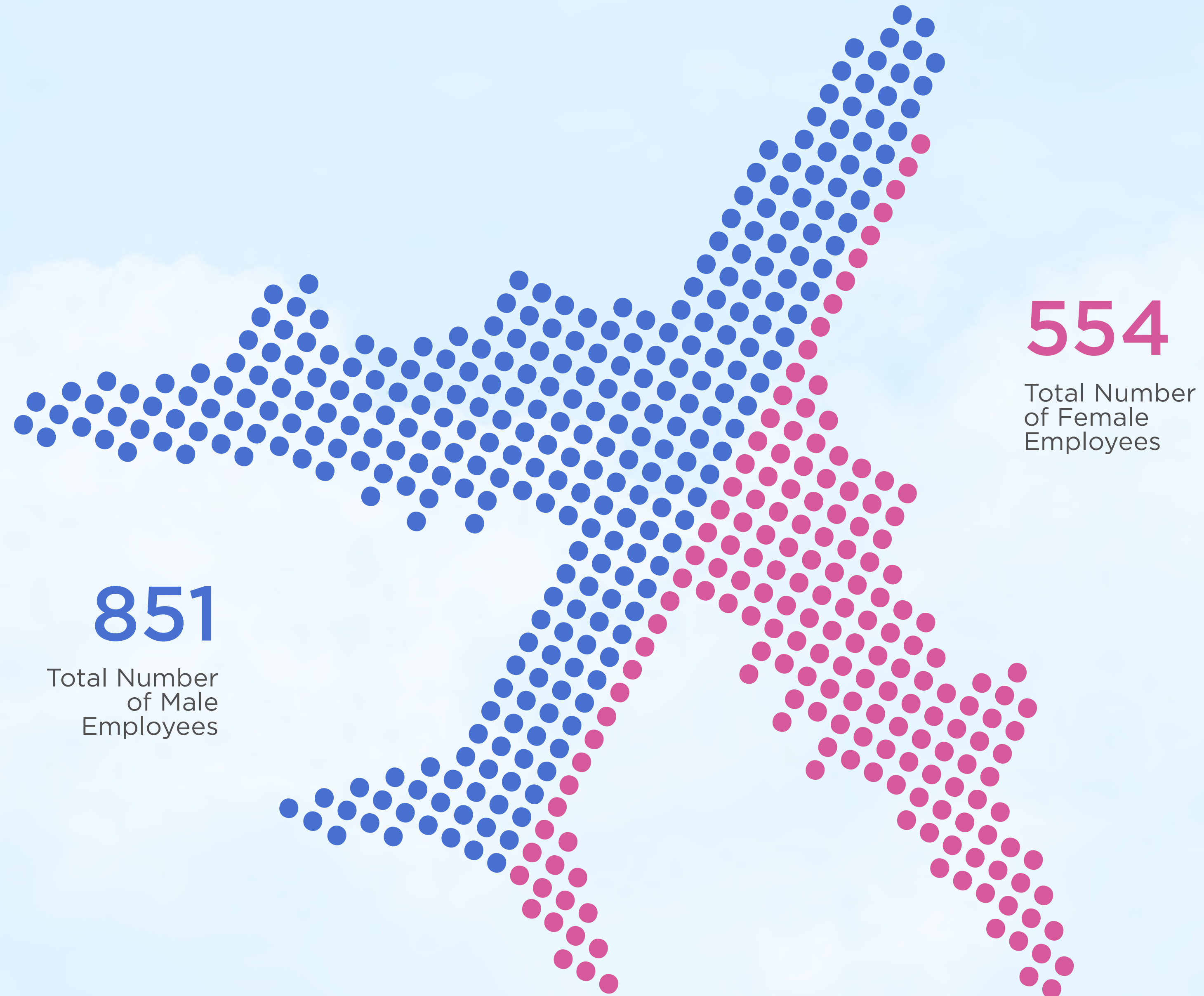


# COMPANY OVERVIEW

This reporting year, AZAL employed over 1,400 professionals, reflecting the steady growth of our workforce in line with the Airline's development.

Moreover, with 306 new hires during the year, we continue to invest in human capital, ensuring that we attract and retain talent capable of driving innovation, safety, and service excellence across all areas of our operations (Figure 2).

Figure 2. Employee overview





# KEY ACHIEVEMENTS AND AWARDS OF 2024



**“Best Regional Airline in Central Asia and CIS”**  
Awarded by Skytrax World Airline Awards 2024

This reporting year, AZAL reached new milestones, showcasing significant progress and reaffirming its commitment to excellence in aviation. AZAL earned the Best Regional Airline award for Central Asia and the CIS at the prestigious Skytrax World Airline Awards in London.



**UN Global Compact Member** — Committed to its Principles and advancing the UN Sustainable Development Goals (SDGs)

We successfully maintained our 4-Star Airline Rating from Skytrax, a recognition that underscores our consistent commitment to high standards. This rating specifically acknowledges the quality of AZAL’s onboard comfort, amenities, catering, in-flight entertainment, cleanliness, and staff professionalism.



**4+ Million** Passengers carried in 2024  
**34,000+** flights  
Across **63** destinations

Operationally, 2024 marked a year of significant expansion for AZAL. The airline transported over 4 million passengers and completed more than 34,000 flights. These strong operational results directly contributed to record-breaking revenue for the period (Figure 3). AZAL has joined the UN Global Compact, which is one of the most impactful partnerships of the year.

ing within the aviation sector but also position ourselves as a proactive contributor to broader environmental, social, and governance (ESG) objectives. This strategic partnership signifies a forward-thinking approach, indicating intent of AZAL to integrate these crucial principles into its long-term operational strategy and corporate identity.



Revenue performance marked a **38% increase** compared to 2023

This step demonstrates our dedication to the principles of sustainable development and responsible business practices on a global scale. By aligning with the UN’s framework, we not only enhance our international stand-



Figure 3. Awards and Recognitions in 2024



# CONTRIBUTING TO GLOBAL CLIMATE DIALOGUE: COP29

As the national carrier of Azerbaijan, AZAL actively participated in the 29th UN Climate Change Conference, hosted in Baku in November 2024. The event provided a global platform for governments, businesses, and civil society to advance climate action, and AZAL's involvement reflected its strategic role in supporting national and international sustainability goals. During COP29, AZAL contributed to the "Airport Climate Action" session, where it highlighted its ongoing efforts to reduce emissions and align with international environmental frameworks. The airline showcased progress in fleet modernization, supported by recent agreements with Airbus and Boeing for next-generation aircraft, which enables the expansion of its international route network while significantly improving fuel efficiency and reducing its carbon footprint.

AZAL also emphasized its commitment to sustainable aviation through initiatives such as the voluntary carbon offset program, compliance with CORSIA and EU/UK ETS requirements, and its investment in operational efficiency and digital transformation. These efforts are part of a broader strategy to integrate ESG principles across core business areas and to position AZAL as a modern, reliable, and climate-responsible airline. Participation in

COP29 marked a key milestone in AZAL's sustainability journey, reinforcing its leadership in the region's green aviation transition. The event enabled meaningful engagement with global stakeholders, opened new opportunities for climate finance and innovation, and reaffirmed AZAL's role in supporting Azerbaijan's ambition to become a regional hub for sustainable connectivity. As part of its communications efforts during COP29, AZAL's CEO Samir Rzaev was featured in the official COP29 podcast titled "Sustainability Now: Sustainable Aviation and Tourism". In this special episode, Mr. Rzaev discussed AZAL's vision for green aviation, its sustainability roadmap, and the critical role of digital innovation, fuel transition, and climate partnerships in shaping the future of regional air transport.

 Listen to the full episode here: [AZAL Podcast on YouTube](#)

These initiatives reflect AZAL's broader ESG strategy, which focuses on integrating ESG principles across its operations. COP29 served as a pivotal platform to engage with international stakeholders, explore climate finance and innovation partnerships, and promote regional cooperation in aviation decarbonization.





# **ABOUT THE REPORT**



# SCOPE AND BOUNDARIES

“Azerbaijan Airlines” CJSC, hereinafter referred to as “the Airline” or “AZAL,” is pleased to present its Sustainability Report, offering a comprehensive overview of the Airline’s performance from January 1, 2024, to December 31, 2024.

The Airline functions as a business unit under “Azerbaijan Airlines” Closed Joint-Stock Company (CJSC), aligning its activities with the broader corporate framework and strategic vision. This Sustainability Report, hereinafter referred to as “The Report” reflects ongoing commitments of AZAL to transparency and sustainable development. It highlights key achievements across domains, including, but not limited to, environmental, social, and operational. Relevant comparisons to previous years are provided to contextualize progress and milestones.

The scope of the Report is limited to AZAL as a standalone business unit. It encompasses all activities under the Airline’s direct control. In developing this Report, AZAL adhered to the principles of materiality and completeness to ensure that significant sustainability impacts, risks, and opportunities are thoroughly addressed.



# REPORTING STANDARDS

**GRI STANDARDS**

**IATA MEMBERSHIP**

**SASB FRAMEWORK**

**UN SDGS**

AZAL references the Global Reporting Initiative (GRI) Standards to enhance the transparency, consistency, and comprehensiveness of its sustainability disclosures. In parallel, we incorporate the Sustainability Accounting Standards Board (SASB) framework, focusing on material ESG topics relevant to the airline industry. This dual alignment assists in the reporting to meet the expectations of a diverse set of stakeholders, including regulators, investors, customers, and the broader community. At the same time, enabling comparability and decision-useful insights for financial audiences. As a member of the International Air Transport Association (IATA), AZAL adheres to aviation-specific sustainability best practices that support global efforts to reduce environmental impact and improve operational efficiency. In line with IATA’s Fly Net Zero by 2050 commitment, we are dedicated to achieving net-zero carbon emissions from our operations. Thus, in this report, we also communicate our progress towards this goal. The Report is aligned with the United Nations Sustainable Development Goals (UN SDGs), which serve as a framework for guiding our long-term contributions across environmental, social, and economic dimensions. We actively map our key initiatives to relevant SDGs to demonstrate how our operations support broader global priorities.



# ENGAGEMENT WITH STAKEHOLDERS

Stakeholder engagement is an important component of the operational development of AZAL. We engage consistently with key stakeholder groups to align our goals with their expectations and improve our performance based on their feedback.

Our stakeholders include government agencies, regulators, employees, customers, business partners, investors, local communities, and non-governmental organizations (NGOs). Continuous engagement is a key part of our approach. We actively support stakeholder input through surveys, interviews, and workshops to pinpoint and prioritize key material topics. This provides us with valuable feedback that directly shapes our priorities and ensures this Report addresses the issues most relevant to both our stakeholders and our business.

These relationships, built on open communication and mutual understanding, ensure that this feedback is integrated into our planning and decision-making processes. The Report serves as a platform to communicate our progress, challenges, and ambitions with all stakeholders (Table 1).



## STAKEHOLDER GROUPS

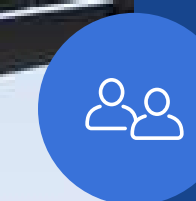
Stakeholder insights not only validate our performance but also provide direction for continuous improvement. As we grow, these voices remain essential in guiding us toward shared value creation and long-term impact



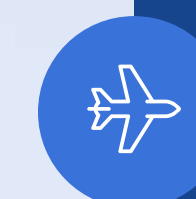
**GOVERNMENT AGENCIES**



**REGULATORS**



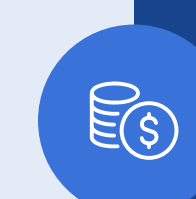
**EMPLOYEES**



**CUSTOMERS**



**BUSINESS PARTNERS**



**INVESTORS**



**LOCAL COMMUNITIES**



**NON-GOVERNMENTAL ORGANIZATIONS**



STAKEHOLDER GROUP	KEY INTERESTS AND CONCERNS	ENGAGEMENT METHODS	ENGAGEMENT FREQUENCY
REGULATORY AUTHORITIES AND GOVERNMENT BODIES	Compliance with local and international aviation laws, safety regulations, environmental requirements, and sustainable aviation goals.	<ul style="list-style-type: none"> <li>• Periodic meetings and timely compliance.</li> <li>• Reporting to regulatory bodies;</li> <li>• Policy development collaboration;</li> <li>• Participation in aviation forums and industry consultations.</li> </ul>	Timely manner
PASSENGERS AND CUSTOMERS	Flight safety, service quality, customer experience, and transparency in operations.	<ul style="list-style-type: none"> <li>• Customer feedback surveys and complaint resolution;</li> <li>• Social media engagement;</li> <li>• Public sustainability reports on ESG performance and initiatives.</li> </ul>	Daily basis
EMPLOYEES AND WORKFORCE	Workplace safety, career development, fair wages, diversity and inclusion, work-life balance, and well-being.	<ul style="list-style-type: none"> <li>• Employee engagement programs;</li> <li>• Training and professional development;</li> <li>• Internal newsletters and feedback mechanisms;</li> <li>• Townhalls and leadership Q&amp;A sessions.</li> </ul>	Daily basis
BUSINESS AND INDUSTRY PARTNERS	Supply chain sustainability, operational efficiency, investment opportunities, and collaborative projects.	<ul style="list-style-type: none"> <li>• Business roundtables and industry networking;</li> <li>• Joint sustainability initiatives;</li> <li>• Performance evaluations and supplier audits.</li> </ul>	Annual basis
INVESTORS AND FINANCIAL INSTITUTIONS	Risk management, financial stability, sustainability-linked, and governance transparency.	<ul style="list-style-type: none"> <li>• Annual reports and investor briefings;</li> <li>• ESG disclosures.</li> <li>• Dedicated investor relations team.</li> </ul>	Semi-Annual basis
LOCAL COMMUNITIES AND NGOS	Environmental impact, community development, corporate social responsibility (CSR), and employment opportunities.	<ul style="list-style-type: none"> <li>• Community engagement programs;</li> <li>• Environmental impact disclosures;</li> <li>• CSR initiatives, sponsorships, and partnerships;</li> <li>• Public forums &amp; stakeholder dialogues.</li> </ul>	Quarterly basis

Table 1. Stakeholder engagement approach



**TURNING PRIORITIES  
INTO PROGRESS**



# DETERMINATION OF MATERIAL TOPICS

In an industry as complex and far-reaching as aviation, identifying the material sustainability topics is essential to guiding responsible business practices.

This allows us to focus on the issues that have the greatest impact on our operations and are of the highest importance to our stakeholders. To this end, we conducted a thorough analysis of our performance, complemented by comprehensive peer benchmarking.

We also engaged key stakeholders, including representatives from both management and operational teams. Comparative analysis and stakeholder input helped us define material topics across environmental, social, governance, and economic dimensions. Our materiality assessment began with a comprehensive stakeholder mapping exercise, conducted in collaboration with internal teams and subject matter experts.

This process helped define the scope of the assessment and identify the stakeholder groups most relevant to our operations. We then engaged directly with key stakeholders through targeted interviews to gain insights into the business issues they consider most significant.

These perspectives informed the development of an initial list of potentially material topics (Figure 4). Each year, following a comprehensive materiality assessment, every topic is evaluated and prioritized based on its significance to both our business strategy and stakeholder interests (Figure 5). The final list of material issues was reviewed and validated by senior management to ensure alignment with AZAL's strategic objectives and commitment to responsible business practices (Table 2).





# DETERMINATION OF MATERIAL TOPICS

## 01. STEP 1. STAKEHOLDER MAPPING

Collaborated with internal teams and subject matter to plan the assessment, identify key stakeholder groups, and define the scope of relevant business issues.

## 02. STEP 2. ISSUE IDENTIFICATION

Conducted interviews with key stakeholders to identify and understand the business issues they consider most significant. This input helped us determine the list of potentially material topics.

## 03. STEP 3. ANALYSIS AND PRIORITIZATION

Analyzed stakeholder responses to assess the relative importance of each topic to the business. The final set of material issues was reviewed and validated.

## THE FINAL STEP

# MATERIAL TOPICS HAS BEEN REVIEWED

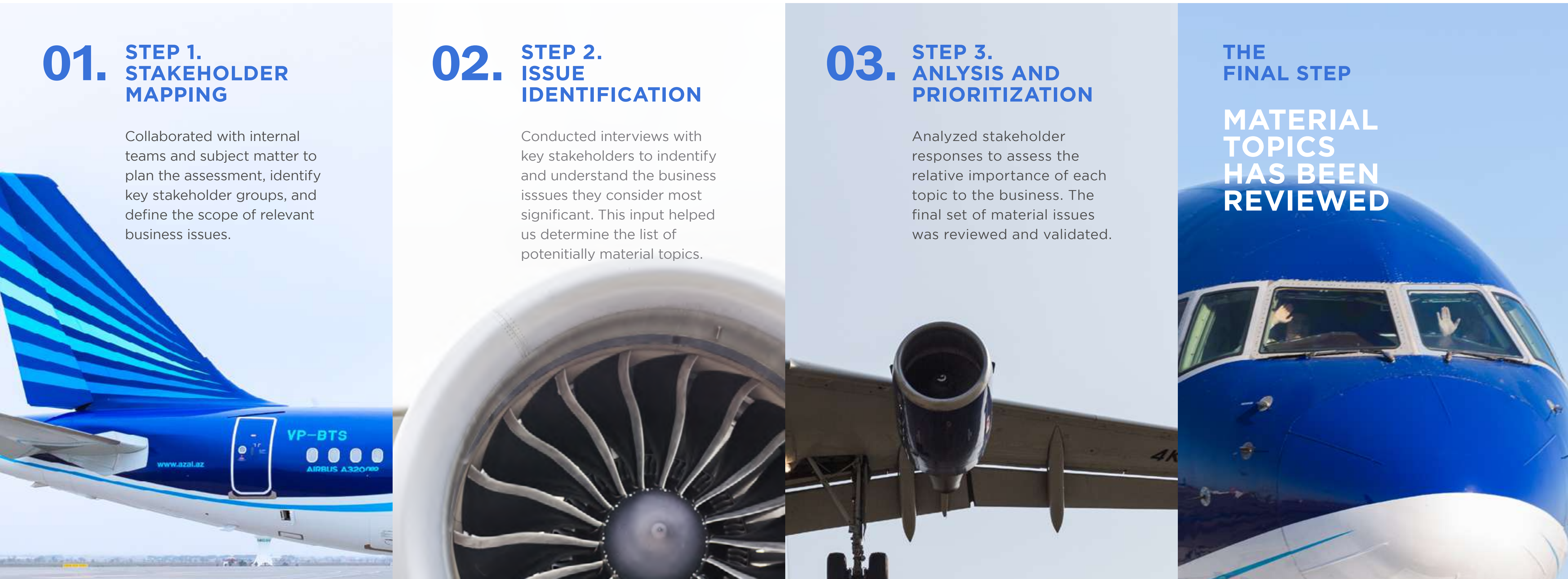


Figure 4. Materiality assessment process overview



# MATERIALITY MATRIX

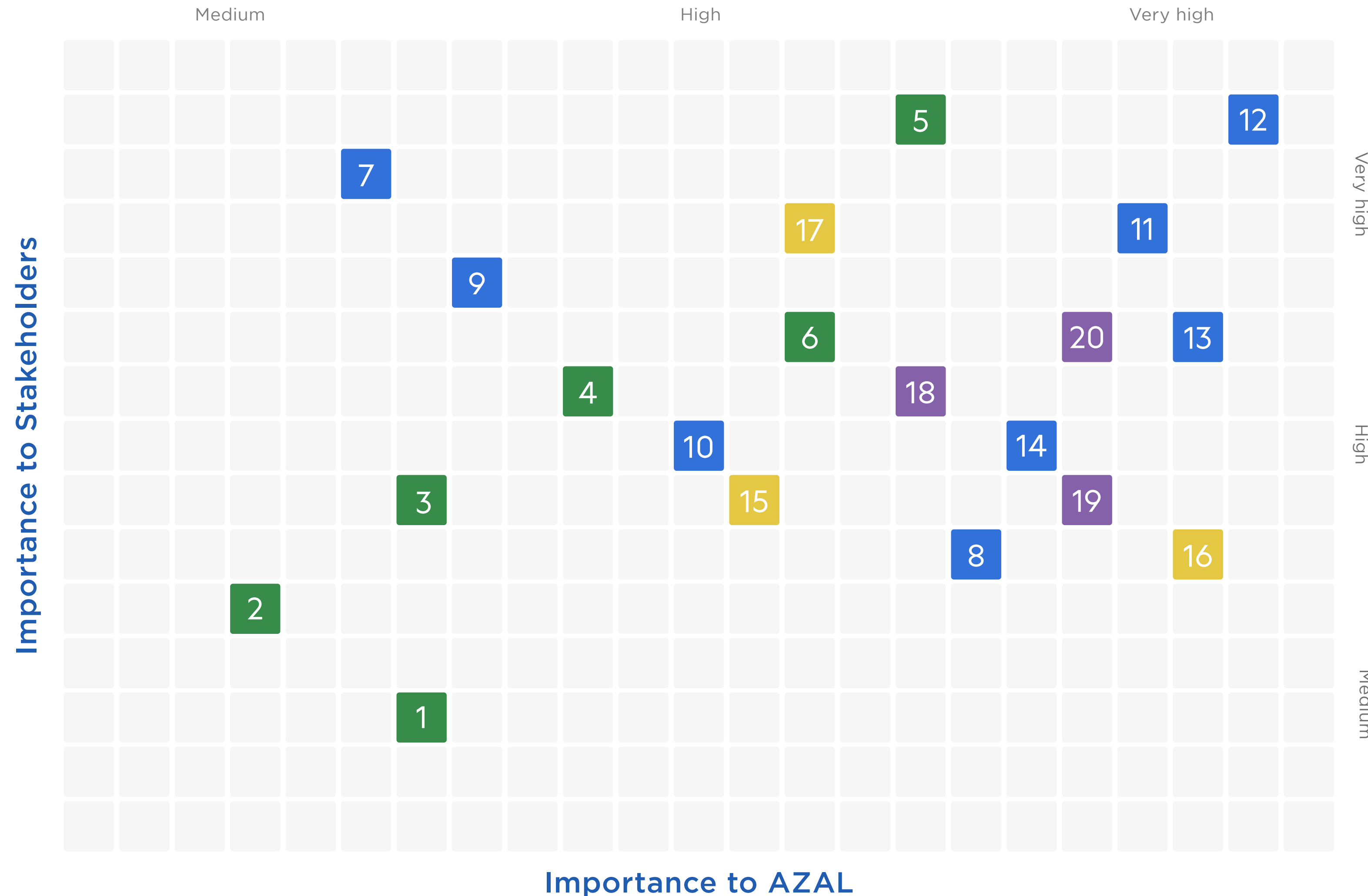


Figure 5. Materiality Matrix

- 1. Circular Economy
- 2. Water Management
- 3. Waste Management
- 4. Energy Use & Efficiency
- 5. GreenHouse Gas Emissions Management
- 6. Noise & Air Quality Management
- 7. Community Investment
- 8. Talent Development
- 9. Human Rights, Diversity, Inclusion & Equity
- 10. Employee Recruitment & Retention
- 11. Quality Management & Customer Satisfaction
- 12. Flight Security & Safety
- 13. Occupational Health & Safety
- 14. Digitlization & Cyber Security
- 15. Regulatory Compliance
- 16. Risk & Management
- 17. Supply Chain Management
- 18. Financial Resilience
- 19. Fleet Modernization & Development
- 20. Brand Managment & Reputation



# UNDERSTANDING THE SIGNIFICANCE OF MATERIAL TOPICS

Table 2. Understanding the significance of material topics

**CIRCULAR ECONOMY**

Airlines generate substantial waste. Transitioning to a circular economy can reduce waste, conserve resources, and improve cost-efficiency. Airlines can play a leading role in promoting sustainable practices within the transportation sector.



**WASTE MANAGEMENT**

Airlines generate a significant amount of waste that has an impact on the environment. Airlines should implement a waste management system that minimizes the amount and hazardous waste.



**GREENHOUSE GAS EMISSIONS**

The aviation industry is one of the major contributors to global GHG emissions, contributing to climate change. International agreements and potential carbon tax mechanisms will have a growing impact on airline operations and costs.

**WATER MANAGEMENT**

While not as central as other issues, airlines use water for various operations. Responsible water management is important, especially in regions that can experience water stress.

**ENERGY USE & EFFICIENCY**

Energy efficiency is critical for airlines to minimize environmental impact, improve finances, and support the global energy transition. This includes investing in modern, energy-efficient aircraft and optimizing flight operations.

**NOISE & AIR QUALITY MANAGEMENT**

Aircraft noise and local air pollution impact communities around airports. Managing these impacts is crucial for community health and quality of life, and maintaining the Airline's license to operate, especially around densely populated areas.



# UNDERSTANDING THE SIGNIFICANCE OF MATERIAL TOPICS

Table 2. Understanding the significance of material topics

## OCCUPATIONAL HEALTH & SAFETY

The well-being of employees is critical for operational efficiency and ethical reasons. Airlines must prioritize robust occupational health and safety measures to prevent injuries and illnesses, ensuring a healthy and productive workforce. This also contributes to positive employee relations and compliance with labor regulations.

## TALENT DEVELOPMENT

Given the specialized demands of the airline industry, prioritizing employee training and development is essential for achieving operational efficiency, ensuring safety, and delivering superior customer service.

## COMMUNITY INVESTMENT

Airlines impact communities around airports. Investing in these communities can build goodwill and support their social license to operate.

## FLIGHT SECURITY & SAFETY

The foundation of the airline industry rests on safety and security. Any lapse can have catastrophic consequences. Maintaining the highest security standards is paramount for all airlines.

## DIGITALISATION & CYBERSECURITY

Given extensive reliance on digital systems and the sensitive nature of passenger and operational data, airlines face significant cybersecurity vulnerabilities. Strong cybersecurity protocols are essential to protect passenger data, ensure the integrity of operational systems, and guarantee aircraft safety.

## QUALITY MANAGEMENT & CUSTOMER SATISFACTION

For airlines, prioritizing customer satisfaction and high service quality is essential for effective competition and passenger attraction.

## EMPLOYEE RECRUITMENT & RETENTION

Attracting and retaining qualified staff is vital for smooth operations and service quality. Airlines need to offer competitive employment conditions to secure the best talent.

## HUMAN RIGHTS, DIVERSITY, INCLUSION, & EQUITY

Ensuring fair treatment, equal opportunities, and a diverse workforce is increasingly important for ethical reasons, employee morale, and attracting customers.



# UNDERSTANDING THE SIGNIFICANCE OF MATERIAL TOPICS

Table 2. Understanding the significance of material topics

## REGULATORY COMPLIANCE

Given the critical importance of safety and security in air travel, the airline industry is subject to extensive regulation, mandated by both international aviation bodies and national legislative frameworks.



## SUPPLY CHAIN MANAGEMENT

Airlines rely on complex supply chains. Efficient and sustainable supply chain management is important for cost control, operational reliability, and minimizing environmental impact.



## RISK & CRISIS MANAGEMENT

Effective risk and crisis management is essential for business continuity and maintaining operational stability, especially for a globalized industry like air travel.

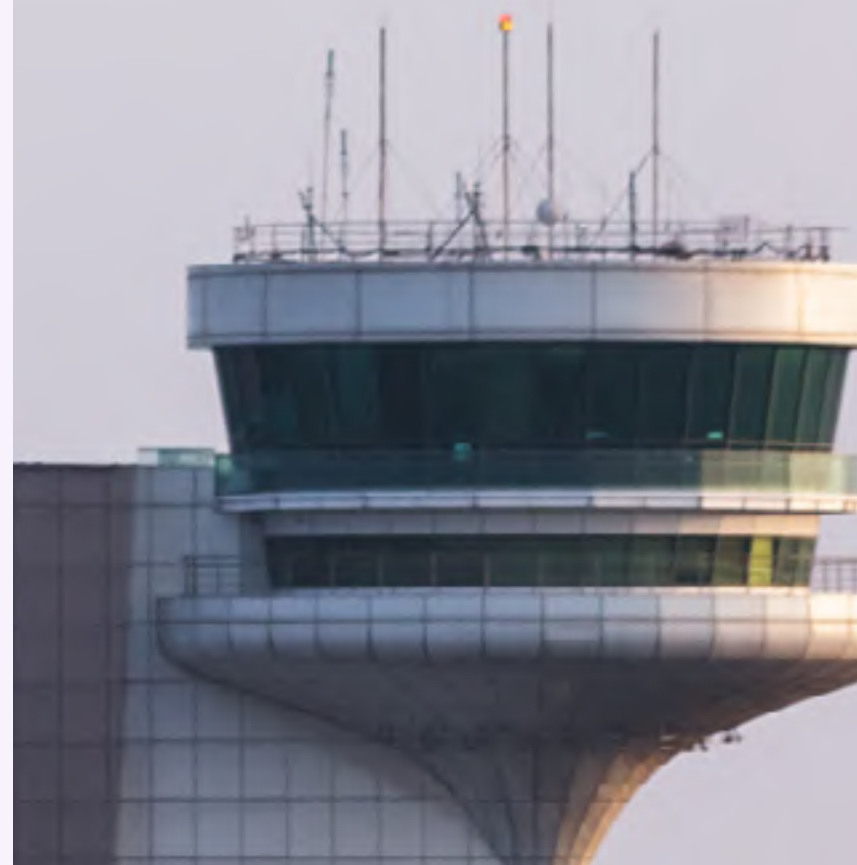


# UNDERSTANDING THE SIGNIFICANCE OF MATERIAL TOPICS

Table 2. Understanding the significance of material topics

## FINANCIAL RESILIENCE

The airline industry’s cyclical nature, influenced by economic trends and seasonal travel, highlights the necessity of financial resilience. This strength is vital for long-term survival during downturns and for enabling crucial investments in sustainable practices, ensuring the sector’s future viability.



## BRAND MANAGEMENT & REPUTATION

In the highly competitive airline industry, brand reputation is a key differentiator. Building a strong and trustworthy brand is therefore essential for attracting and retaining both domestic and international passengers, driving sustainable growth and market share.



## FLEET MODERNIZATION & DEVELOPMENT

Given that aircraft are major capital investments, strategically investing in modern, fuel-efficient fleets is crucial. This enhances competitiveness through lower costs, reduces emissions for environmental benefit, and improves the passenger experience, fostering greater customer satisfaction.



# ALIGNMENT WITH UN SDGS

Sustainability is a key pillar of our strategic decisions, guiding our efforts in environmental stewardship, responsible governance, and social inclusivity. This approach, highlighted in our sustainability policy, emphasizes reducing environmental impacts through initiatives such as fleet modernization with fuel-efficient aircraft, energy, and fuel efficiency in all activities, and introducing passenger participation in carbon offsetting via our partnership with CarbonClick.

The goal of this partnership is to promote more sustainable air travel by supporting responsible consumer choices that contribute to global climate action and help mitigate aviation’s environmental impact.

In 2024, we successfully implemented 25 Corporate Social Responsibility (CSR) projects, which had a positive impact on the environment, education, and social well-being. Guided by our CSR principles outlined in the Sustainability Policy, these projects, including planting over 600 trees, organizing blood donation campaigns, providing summer programs and excursions for children of martyrs, supporting individuals on the autism spectrum, and hosting educational tours for youth—reflect our commitment to the UN Sustainable Development Goals, particularly SDG 3 (Good Health

and Well-being), SDG 4 (Quality Education), SDG 10 (Reduced Inequalities), SDG 13 (Climate Action), and SDG 15 (Life on Land).

These initiatives were implemented in collaboration with NGOs and social agencies to align with community needs. Furthermore, our proactive involvement in global platforms, including the United Nations Global Compact (UNGC) and Green Aviation Insights (GAIN), reflects our dedication to aligning with international sustainability standards and best practices.

By embedding our sustainability policy, which encompasses environmental stewardship, social responsibility, and sound corporate governance, into our core business operations, we aim not only to enhance our operational efficiency but also to meaningfully contribute to broader societal and environmental goals, such as reducing greenhouse gas emissions, promoting employee well-being, and ensuring compliance with ethical standards. Aligned closely with global ambitions, our sustainability approach is firmly rooted in the framework provided by the United Nations Sustainable Development Goals (SDGs). These goals serve as a vital blueprint, guiding AZAL’s initiatives and shaping our long-term targets and actions to achieve meaningful and lasting impact (Figure 6).



**United Nations  
Global Compact**

Azerbaijan airlines actively contributes to the achievement of the 10 Sustainable Development Goals by integration global sustainability principles into its operations and strategic initiatives.



**AZERBAIJAN  
AIRLINES**



Azerbaijan Airlines supports the Sustainable Development Goals and aligns its operations with the principles of the United Nations Global Compact.



Figure 6. Our contribution to the UN SDGs



Health programs, workplace safety, mental wellness, and employee wellbeing.



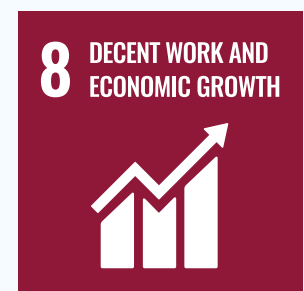
Aviation training, educational partnerships, and career development.



Gender diversity initiatives, "25by2025" pledge, and inclusive hiring.



Strong global partnerships (e.g., UNGC, COP29), public-private collaboration, and stakeholder engagement.



Contribution to productivity, passenger growth, and aviation sector development. Job creation and workforce empowerment.



Investment in fleet modernization, digital tools, and operational efficiency.



Energy-efficient aircraft, HVAC systems, and energy-saving technologies.



Waste and noise management near urban areas, air quality improvements.



Circular economy, recycling, and responsible consumption practices.



Carbon offset programs, emissions reduction, and COP29 engagement.





# GOAL 3. ENSURE HEALTHY LIVES AND PROMOTE WELL-BEING FOR ALL AT ALL AGES

## Business theme goals

- Expand access to essential health services.
- Promote mental well-being and reduce burnout.

## What is in the plan

- Expand safety training and wellness programs.

## Actions taken

- Participation in OHS training increased by 4% in 2024; 11% of employees have been trained.
- 30,240 AZN spent on PPE and 70,000 AZN to upgrade working conditions.
- Full medical insurance for 1,405 employees, including annual screenings, flu vaccinations, and mental health support.

## Targets covered

- 3.8: Achieve universal health coverage, including financial risk protection, access to quality essential health-care services, and access to safe, effective, quality and affordable essential medicines and vaccines for all.





# GOAL 4. ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION AND PROMOTE LIFELONG LEARNING OPPORTUNITIES FOR ALL

## Business theme goals

- Develop a future-ready aviation workforce by strengthening technical, leadership, and vocational skills.
- Enhance employer branding as a leading aviation education and training provider in the region.
- Ensure long-term operational excellence and safety through continuous, standards-based training.

## What is in the plan

- Continue delivering large-scale internal training programs across technical, operational, and leadership areas.
- Increase participation in aircraft-specific international training (Boeing and Airbus centers).
- Expand in-house maintenance training to improve technical self-sufficiency.
- Promote gender inclusion in all training initiatives, with focus on technical and leadership tracks.
- Expand international collaborations to integrate advanced training methodologies and best practices

## Actions taken

- Collaborations with the National Aviation Academy, Air Force School, and universities in Türkiye and the US.
- Use of full-flight simulators for multiple aircraft types and international training for pilots and maintenance staff.
- Educational tours and camps for children of martyrs and AZAL employees.

## Targets covered

- By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs, and entrepreneurship.





# GOAL 5. ACHIEVE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS

## Business theme goals

- Promote equal opportunities and eliminate gender-based discrimination across all levels of the organization, including recruitment, training, and leadership.
- Increase the representation of women in technical and leadership roles.

## What is in the plan

- Organize “Women in Aviation” forum (planned for 2025) to support and promote female advancement in aviation.
- Enhance inclusive succession planning to prepare more women for leadership and governance roles.
- Monitor and address gender representation gaps in recruitment, training, and promotions through data tracking and internal reviews.
- Support female participation in technical training programs and professional development pathways.

## Actions taken

- Signatory to IATA’s “25by2025” gender diversity initiative.
- The number of female employees grew from 431 (2022) to 554 (2024).
- Equal opportunity hiring practices and a zero-tolerance policy against discrimination.

## Targets covered

- 5.1: End all forms of discrimination against all women and girls everywhere.





# GOAL 7. ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

## Business theme goals

- Reduce fuel costs and improve operational efficiency by investing in next-generation, fuel-efficient aircraft.
- Enhance energy performance across facilities through smart infrastructure upgrades (e.g., HVAC, automated lighting).
- Position AZAL as a green aviation leader by accelerating readiness for Sustainable Aviation Fuel (SAF).
- Lower energy intensity per passenger to meet international energy efficiency benchmarks.
- Leverage clean energy practices as a competitive differentiator in ESG-driven markets and investment landscapes.
- Improve ground operations sustainability through electrification of support equipment and reduction of fossil fuel dependency.

## What is in the plan

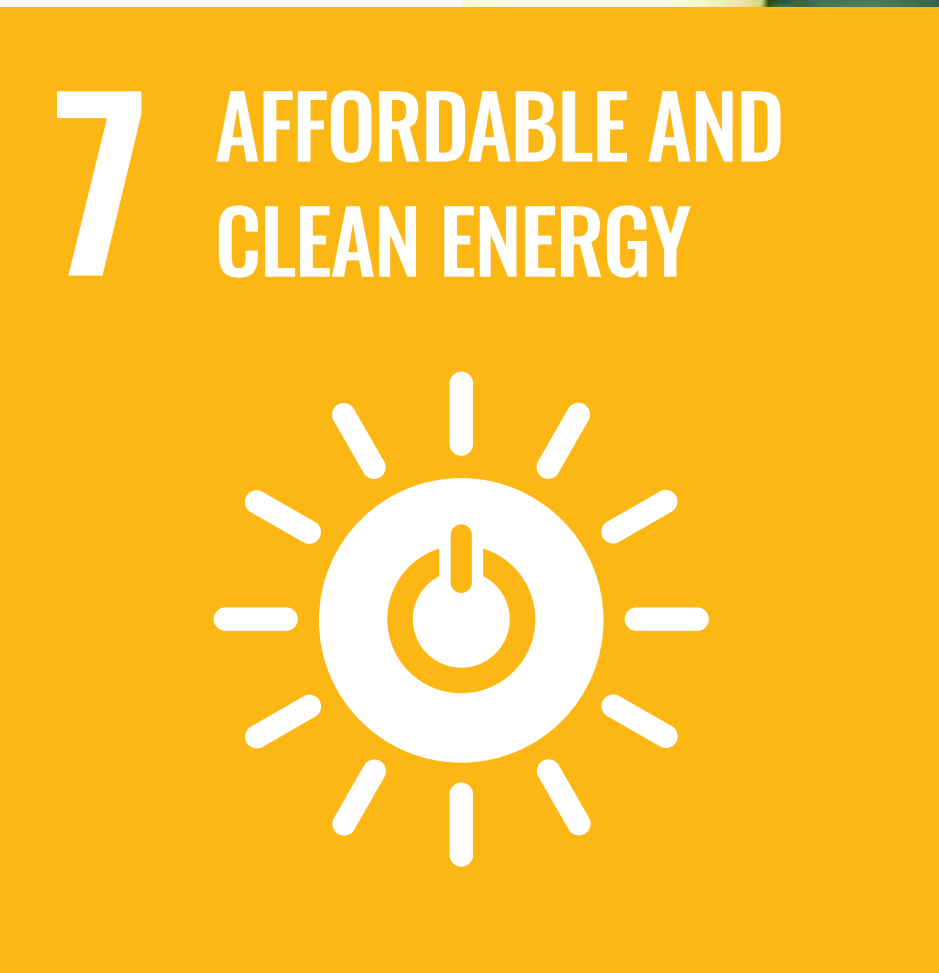
- Modernize the aircraft fleet with more fuel-efficient and SAF-compatible models (e.g., Airbus A320neo, Boeing 787 Dreamliner).
- Expand the use of electric ground support vehicles to reduce fossil fuel consumption in ground operations.
- Continue reducing energy use per passenger kilometer through improved flight planning and operational efficiency.
- Increase investments in energy-efficient infrastructure.

## Actions taken

- Introduction of automated lighting and optimized HVAC systems to improve energy efficiency.
- Nearly 50% reduction in gasoline and diesel use in ground operations in 2024 through adoption of electric vehicles.

## Targets covered

- 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix.
- 7.3: By 2030, double the global rate of improvement in energy efficiency.





# GOAL 8. PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL

## Business theme goals

- Enhance labor rights and safe working conditions.
- Increase OHS Training participation.
- Foster youth employment and generational renewal.
- Promote economic growth through operational expansion.

## What is in the plan

- Increase human capital investments.
- Continued development of in-house and international training capabilities, including simulators and maintenance centers.
- Increase Health and Safety Budget.
- Integrate data analytics for predictive risk management in occupational health.

## Actions taken

- The workforce grew by 52% (from 926 in 2022 to 1,405 in 2024).
- QR-based hazard reporting and compliance with IATA/ICAO safety standards.
- 110.7 million AZN invested in human capital in 2024; improved hybrid work models and overtime policies

## Targets covered

- 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.
- 8.8: Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.





# GOAL 9. BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

## Business theme goals

- Foster innovation by digitizing customer services and automating operational processes.
- Strengthen international and trans-border connectivity to position Azerbaijan as a regional aviation hub.
- Develop sustainable, reliable, and modern aviation infrastructure to support economic development and regional integration.

## What is in the plan

- Construct 9 new aircraft stands, 3 taxiways, and modernize Runway 17/35 to boost infrastructure resilience of GYD.
- Deploy advanced passenger services.
- Increase network connectivity from 63 to 80 destinations by 2030.

## Actions taken

- Operated 34,034 flights in 2024 (up from 18,196 in 2022) and increased destinations to 63.
- Integration of Airbus A320neo and Boeing 787s compatible with SAF; 8 new aircraft leased, average fleet age at 12.2 years.
- Website and mobile app upgrades, AI chatbot, digital refund systems, and CRM-driven personalization.

## Targets covered

- 9.1: Develop quality, reliable, sustainable, and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE





# GOAL 11. MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

## Business theme goals

- Promote smart mobility by enhancing flight frequency and regional accessibility to underserved destinations.
- Participate in urban environmental campaigns, such as tree-planting and clean-up efforts, to improve local ecosystems and community well-being.
- Support accessibility and inclusivity through community engagement programs and employment opportunities, especially for underrepresented groups.

## What is in the plan

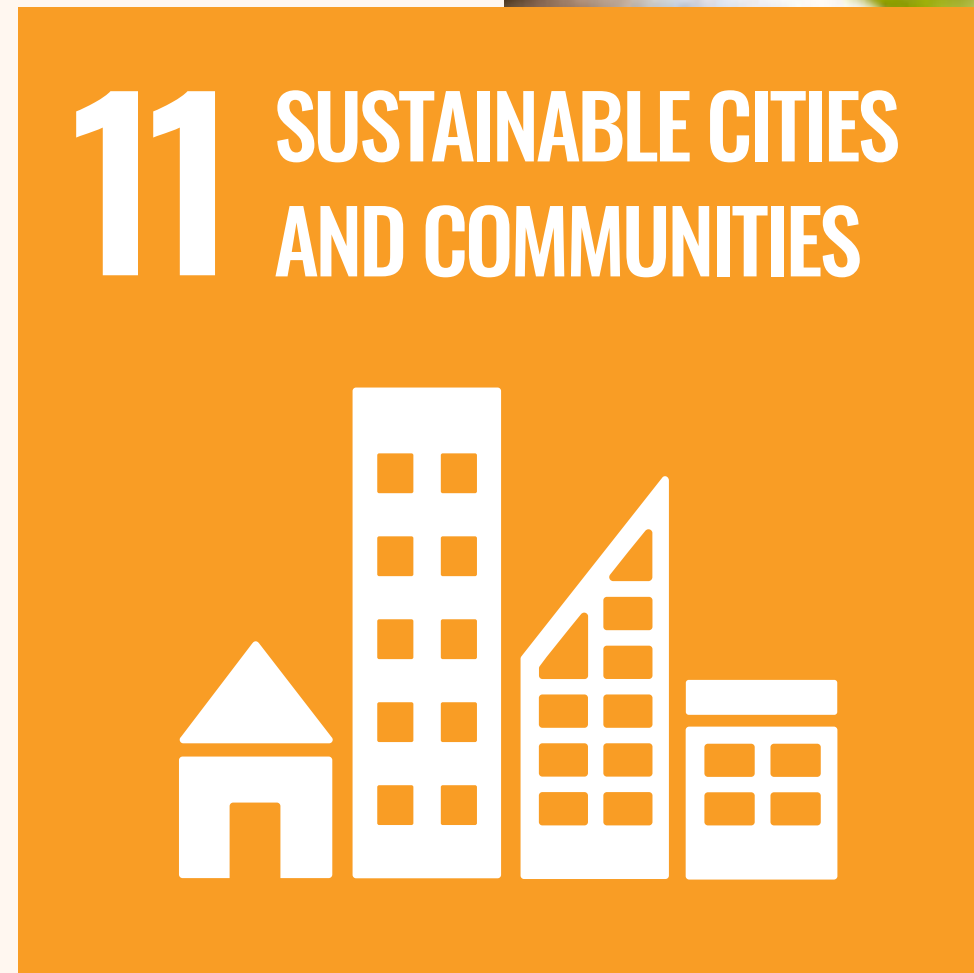
- Enhance regional and domestic air connectivity by increasing the number of destinations and flight frequencies, including underserved areas.
- Reduce environmental impacts near urban areas through the introduction of new-generation, quieter, and lower-emission aircraft.
- Invest in clean ground operations (e.g., electric vehicles, fuel-efficient equipment) to limit pollution near airport zones.

## Actions taken

- Over 600 trees planted in 2024; partnerships with local NGOs and social services.
- Support programs for children of martyrs, veterans' families, and individuals with autism (employment MoU signed)

## Targets covered

- 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons.
- 11.3: By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.





# GOAL 12. ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

## Business theme goals

- Enhance resource efficiency by adopting digital and paperless systems that streamline operations and reduce environmental footprint.
- Support circular economy practices to improve waste management and reduce reliance on non-renewable materials (e.g., plastics).
- Improve supply chain sustainability by integrating environmental and ethical standards into procurement and vendor evaluation.
- Build long-term resilience and stakeholder trust through responsible consumption policies and measurable ESG performance.

## What is in the plan

- Expand recycling programs throughout AZAL's facilities and operations.
- Monitor and manage waste streams, including hazardous and non-hazardous waste, with improved tracking systems.
- Strengthen regulatory compliance with all waste treatment requirements.
- Strive for a 50% increase in recycling volume by 2030.

## Targets covered

- 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.
- 12.6: Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

## Actions taken

- In 2024 recycled 9.86 tons (1.07%) of non-hazardous waste out of 921.86 tons generated.
- Transitioned to digital ticketing, completely cutting paper use.
- Aligned with GRI, SASB, IATA, ICAO; transparent disclosures of ESG efforts.





# GOAL 13. TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS

## Business theme goals

- Ensure long-term compliance with global climate regulations.
- Increase passenger engagement and brand loyalty through climate-conscious offerings.
- Lower the carbon intensity per passenger towards international carbon intensity benchmarks.
- Contribute to national and global climate goals while aligning business growth with low-carbon development.

## What is in the plan

- Implement strategies for a 10% reduction in overall fuel consumption.
- Target a 5% reduction in electricity consumption per flight through efficiency improvements.
- Enhance emissions tracking systems to ensure accurate Scope 1 and Scope 2 carbon accounting.

## Actions taken

- Launched voluntary carbon offset program with CarbonClick.
- Over 600 trees planted in Absheron Peninsula.
- Total GHG emissions in 2024 - 538,827 tCO<sub>2</sub>e.
- 25% reduction in emission intensity of aviation fuel compared to 2023.

## Targets covered

- 13.2: Integrate climate change measures into national policies, strategies, and planning.

**13 CLIMATE ACTION**





# GOAL 17. STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALIZE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

## Business theme goals

- Strengthen Azerbaijan Airlines’ global influence and reputation by actively participating in international sustainability alliances (e.g., UNGC, IATA, ICAO).
- Position Azerbaijan Airlines as a regional leader in sustainable aviation by forming cross-border partnerships that support capacity building and knowledge sharing.
- Foster innovation through public-private partnerships, particularly in digitalization, infrastructure, and environmental projects.

## What is in the plan

- Promote inclusive stakeholder dialogue through employee surveys, workshops, and forums to align sustainability priorities across sectors.
- Develop new strategic alliances with industry partners, airports, and tourism boards to enhance sustainable aviation and connectivity goals.

## Targets covered

- 17.17: Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships.

## Actions taken

- Joined the UNGC in 2024, aligning operations with its 10 principles on human rights, labor, environment, and anti-corruption.
- Active partnerships with IATA, ICAO and CarbonClick for aviation sustainability and carbon footprint reduction.
- Collaborations with educational institutions, Boeing and Airbus training centers.
- Co-implemented CSR projects with social organizations like “Birgə və Sağlam” for autism inclusion and with the Social Services Agency for support of children of martyrs.
- Played a central role in logistics and operational support during COP29, facilitating international participation and showcasing commitment to global climate cooperation.

**17 PARTNERSHIPS FOR THE GOALS**





**SOCIAL  
RESPONSIBILITY  
AT OUR CORE**



# WORKFORCE WELFARE AND INCLUSIVE CULTURE

At AZAL, we are deeply committed to providing an inclusive, ethical, and responsible workplace, fully aligned with international standards. As a proud participant in the UNGC since January 2024, we uphold its ten core principles encompassing human rights, labor practices, environmental responsibility, and anti-corruption.

These principles are not only aspirational but are actively embedded into our internal policies and day-to-day operations.

To provide fairness in recruitment, we adhere to a transparent and standardized hiring process in full compliance with national labor laws and aviation regulations. Recruitment begins with a departmental needs assessment, followed by public job postings across our official platforms. HR specialists screen applications against objective criteria, and shortlisted candidates advance through structured assessments, including written tests, interviews, and technical evaluations.

Specialized roles may require additional steps, such as psychological testing, background checks, and medical exams in accordance with aviation protocols. Final hiring decisions are made collaboratively between the HR and hiring departments, with all documenta-

tion retained for audit and compliance. Once onboarded, new employees participate in a comprehensive induction program lasting between three to six months.

This process includes job-specific training, organizational orientation, and briefings on ethics, safety, information security, and regulatory compliance. Cross-functional stakeholders, including IT, facilities, and department leads, support the onboarding process to ensure seamless integration. This structured approach prepares new team members to contribute effectively to AZAL's goals and strategic objectives from day one.

As part of this commitment to integration and long-term success, we also emphasize creating an inclusive and equitable work environment from the very start. We provide equal employment opportunities while fostering a diverse workforce that represents a wide range of backgrounds. By promoting diversity and fairness, we aim to build a resilient organizational culture that reflects our values and enhances our operational integrity. We maintain a strict zero-tolerance approach to discrimination, harassment, and unethical conduct, reinforcing our commitment to responsible corporate behavior.



At the leadership level, AZAL ensures that governance is reinforced through responsible and performance-driven remuneration practices. The compensation framework for our highest governing body and senior executives is designed to align with long-term organizational goals.

It integrates both financial and non-financial performance indicators, ensuring that leadership incentives reflect our broader mission of sustainable, ethical, and inclusive growth.

Performance-based bonuses are linked to key financial metrics such as revenue growth, profitability, and cost optimization, fostering accountability and strategic alignment across the organization. Moreover, we transparently disclose remuneration policies and align them with both organizational performance and ethical governance principles.



# WORKFORCE WELFARE AND INCLUSIVE CULTURE

AZAL's commitment to gender inclusivity is evidenced by consistent monitoring of workforce composition. From 2022 to 2024, our total workforce increased significantly from 926 to 1,405 employees – a 52% rise, due to the expansion of operations. Although the proportion of female employees declined during this period, from 47% in 2022 to 39% in 2024, the absolute number of women increased from 431 to 554 – a 28.5% growth.

## 52% RISE

From 2022 to 2024 our total workforce increased significantly due to the expansion of operations.

**926** employees → **1405** employees

## 28.5% GROWTH

The proportion of female employees declined from 2022 to 2022, but the absolute number of women increased.

**47%** employees → **39%** employees

**431** female → **554%** female

This indicates that more women joined AZAL in absolute terms, but the share decreased due to the even higher increase in male hires. This trend is partly explained by the fact that the majority of new roles were in operational and technical fields, where male specialists dominate the available talent pool. While employment grew across the board, this shift in role types influenced the overall gender composition of the workforce between 2022 and 2024. In 2024, women represented 39% of total employees, reflecting broader changes in hiring trends over the period (Figure 7).

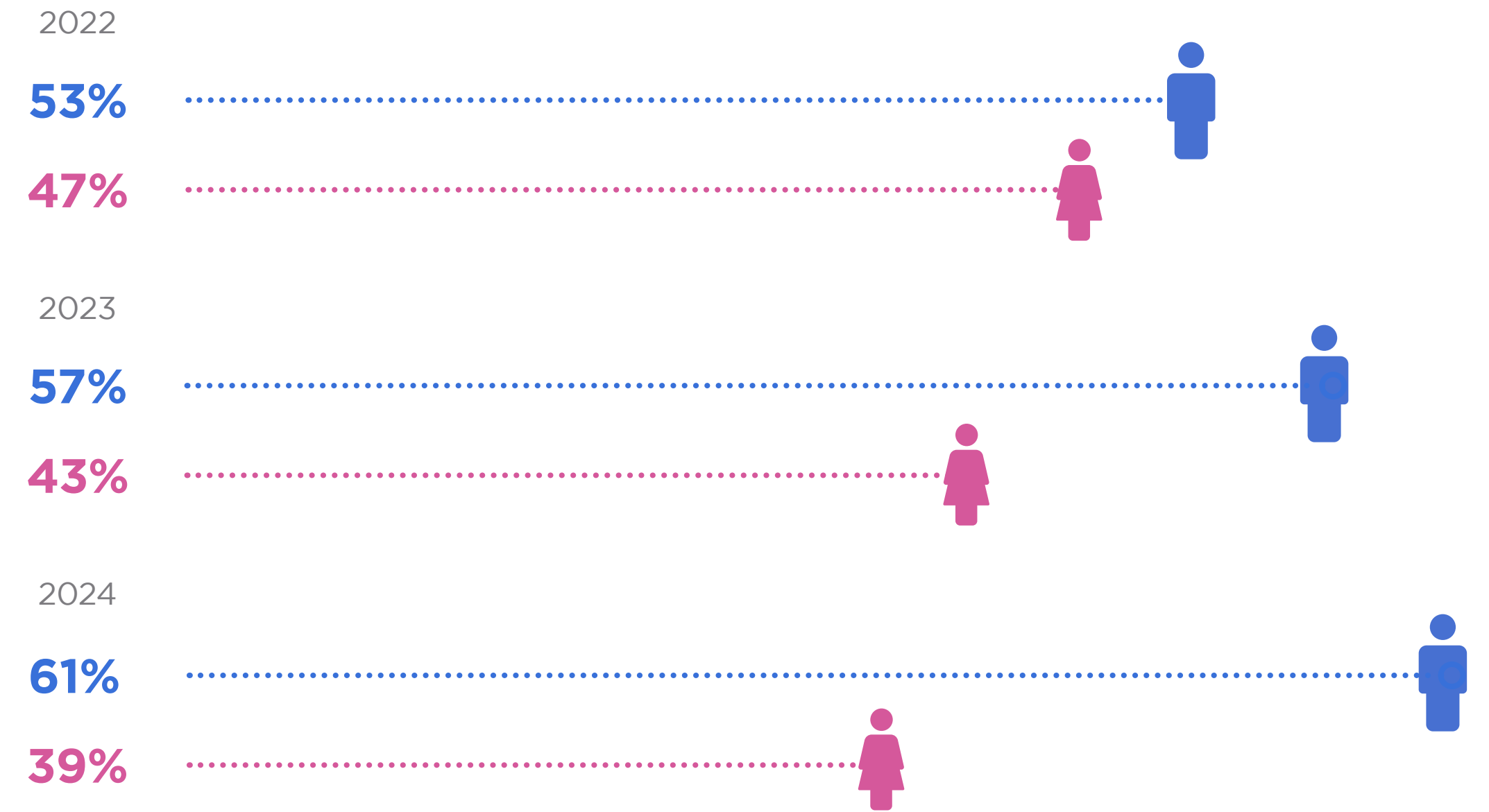


Figure 7. Gender distribution at AZAL

We recognize this decline in female representation as a challenge and an opportunity for focused improvement. While progress has been made, achieving a balanced representation remains an ongoing endeavor. To address this, AZAL has implemented targeted initiatives aimed at attracting and retaining female talent across all levels of the Airline. Efforts include creating supportive environments that encourage women to pursue careers in aviation, with a focus on leadership and technical positions. Recognizing that cultural and structural changes require time, AZAL is commit-

ted to sustaining these efforts to ensure long-term impact. A significant step in this journey is our participation in IATA's "25by2025" initiative. This global campaign seeks to increase the representation of women and underrepresented groups in leadership and technical roles within the aviation industry by 25% or up to a minimum of 25% by 2025. As a signatory, AZAL is dedicated to implementing strategies that promote an inclusive workplace culture. While we have seen some progress, the overall representation of women in governance roles remains low.



# WORKFORCE WELFARE AND INCLUSIVE CULTURE

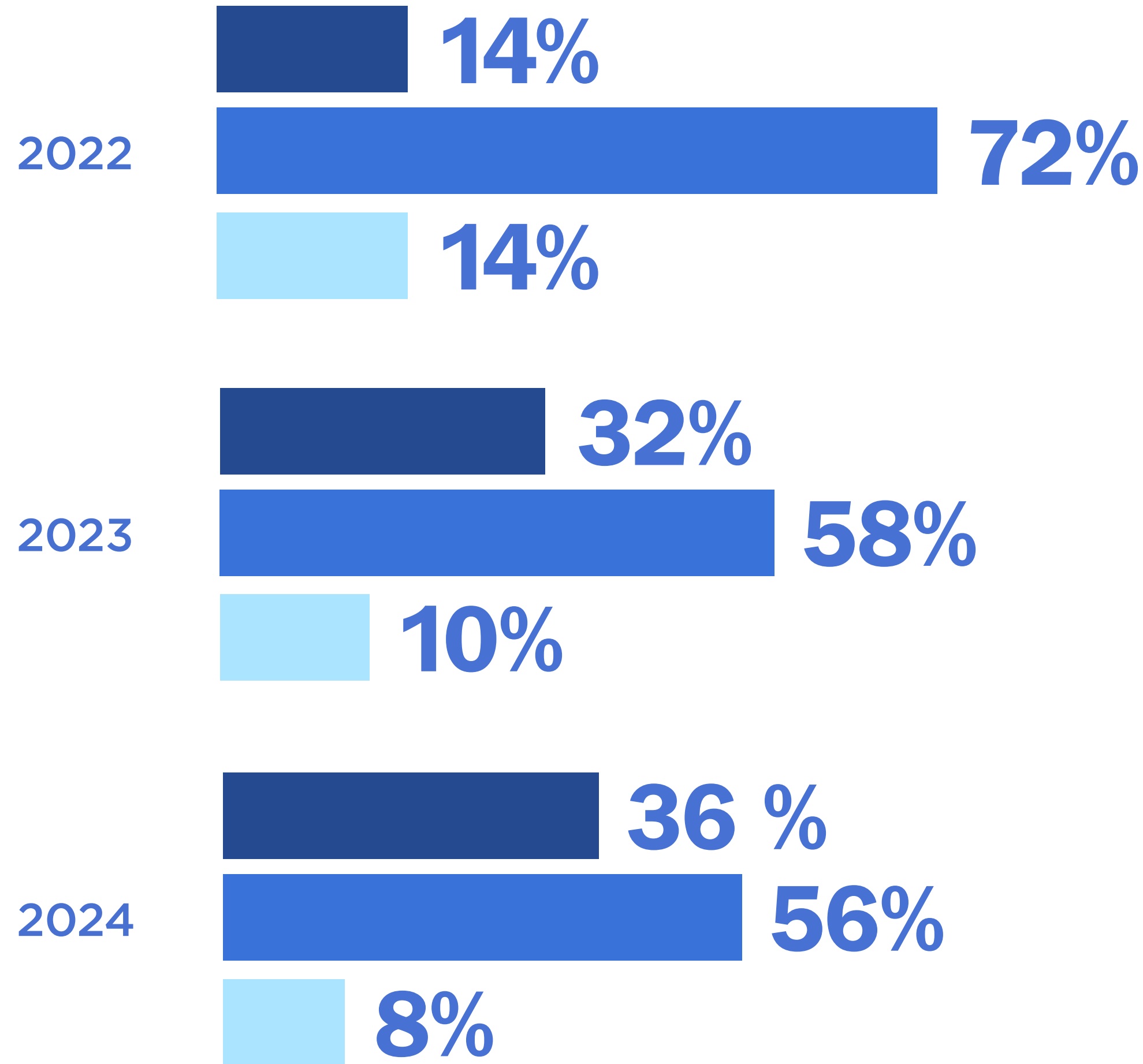


Figure 8. Employee age distribution, 2022-2024

This highlights the continued importance of our commitment to gender diversity at the leadership level. We are actively working to improve this through targeted development initiatives and inclusive succession planning. Additionally, the upcoming “Women in Aviation” forum in 2025 is being developed to further support female advancement across all levels.

These efforts encompass the development of mentorship programs, leadership training opportunities, and partnerships with educational institutions to inspire and support young women in pursuing aviation careers.

By aligning with industry-wide efforts and setting measurable goals, we aim to contribute to a more diverse and equitable aviation sector. Over the past three years, we have undergone a notable demographic shift in our workforce, indicating strategic workforce planning aligned with future growth and modernization. In recent years, the Airline’s workforce composition has seen a noticeable generational shift. Our age composition, once predominantly

mid-career professionals, has shifted significantly, with employees under 30 now representing 36% of our workforce in 2024, a notable increase from 14% in 2022 (Figure 8).

While experienced staff still form a significant part of the Organization, there’s a clear and consistent trend toward rejuvenation, marked by increasing representation of younger talent and a measured decline in the share of senior personnel. This evolution reflects a broader strategy to align the workforce with the dynamic demands of the aviation industry.

The data suggests a deliberate pivot towards younger talent, likely aimed at increasing adaptability, technological capability, and long-term growth potential. While experienced professionals still form the majority, AZAL is proactively investing in the next generation.

■ under 30   ■ 30-50   ■ over 50



# WORKFORCE WELFARE AND INCLUSIVE CULTURE

This year, we launched a company-wide Employee Engagement Survey as part of our ongoing commitment to strengthening organizational culture and prioritizing employee well-being. Designed to reach every corner of the Organization, the survey engaged with 5,150 employees across departments and was delivered via SMS text messages and email invitations, and was offered in both Azerbaijani and English to ensure inclusivity. The results told a compelling story—an impressive 83% Engagement Score reflected not only strong alignment with AZAL’s mission but also a workplace where people feel valued and motivated. With 59% of respondents identified as highly engaged and 73% expressing a strong intention to stay long-term, the findings underscored AZAL’s success in cultivating a cohesive, loyal, and energized workforce (Figure 9).

Open-ended responses highlighted employee pride in teamwork, organizational reputation, and job satisfaction. These insights reaffirm the positive impact of our employee-centric approach and underscore the importance of continuous dialogue between staff and leadership. Regular feedback is gathered through employee surveys and interactive platforms such as town hall meetings, ensuring that management remains responsive and agile in addressing workforce expectations.

In 2024, we launched “Life at AZAL”, an initiative across our social media channels where we showcase our vibrant corporate culture and employee activities. This campaign spotlights the diverse and authentic experiences of our employees, celebrates individual contributions, and provides a behind-the-scenes glimpse into our workplace culture. By sharing real stories and perspectives, the initiative enhances our internal sense of community while projecting a transparent and relatable image of AZAL to the broader public. It reinforces our dedication to highlighting the human element in our corporate narrative and recognizing the people who drive our success.

Maintaining a respectful and inclusive work environment is a continuing priority. AZAL has implemented clearly defined conflict resolution mechanisms in line with internal policies and national legislation, specifically the Law of the Republic of Azerbaijan “On Mediation.” Employees are encouraged to report concerns through accessible communication channels promptly. When appropriate, Human Resources facilitates structured dialogue to ensure equitable outcomes. Cases involving ethical violations or misconduct are escalated to internal compliance and oversight bodies for formal investigation and resolution, ensuring accountability and adherence to AZAL’s governance framework.





# EMPLOYEE ENGAGEMENT SURVEY

59%

Highly engaged

73%

Likelihood of remaining long-term

83%

Sustainable Engagement Score

The survey recorded a remarkable Sustainable Engagement Score of 83%, surpassing industry benchmarks and reflecting strong employee alignment with AZAL's mission.

In 2024, we conducted a comprehensive Employee Engagement Survey that reached over 5000 employees across all departments of all business units, offered in two languages and multiple digital formats.



Figure 9. Employee engagement survey



# EMPLOYEE HIRES AND TURNOVER 2024

To address the changing expectations of today's workforce, AZAL introduced hybrid work arrangements in late 2024. This flexible approach not only enables employees to balance professional responsibilities with personal well-being but also reflects AZAL's commitment to a thoughtful, holistic approach to employee well-being, nurturing both professional growth and personal fulfillment.

As a key pillar of our health and wellness initiatives, AZAL provides comprehensive medical insurance coverage that includes, but is not limited to, annual health screenings, flu vaccinations, and access to confidential counseling services. These are designed to support their physical and mental well-being.

Beyond core health coverage, AZAL also invests in a range of employee benefits that celebrate personal milestones, ease the demands of modern life, and promote work-life balance. One of them is the MyIDTravel platform, where staff and their families can enjoy discounted or complimentary standby flights, hotel deals, and car rental options.

This benefit is aimed at making travel more accessible to our employees. To encourage cultural engagement and employee wellbeing,

we provide annual cultural activity vouchers and gift cards to female employees on International Women's Day, as well as free access to the local educational entertainment park for children of employees on International Children's Day. AZAL values community and inclusion by providing seasonal bonuses during holidays to all employees. We also offer financial support on Victory Day to veterans, participants of military operations, and families

of fallen servicemen as a sign of respect and gratitude. Together, these initiatives reflect AZAL's commitment to creating a supportive, inclusive, and appreciative work environment where every employee feels valued, empowered, and cared for at every stage of their journey. AZAL's workforce data for 2024 reflects our growth, stability, and inclusive employment practices (Figure 10).

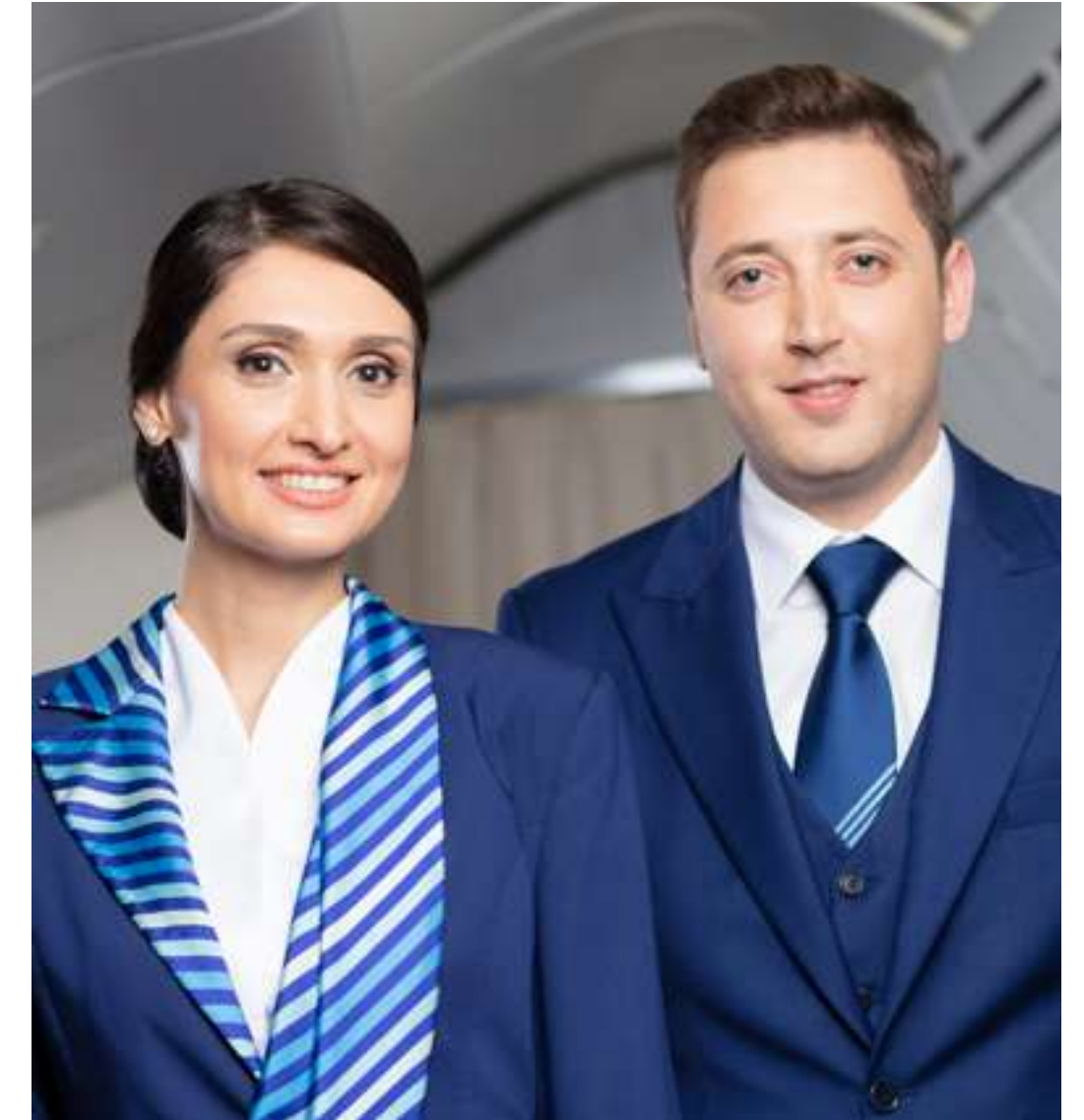
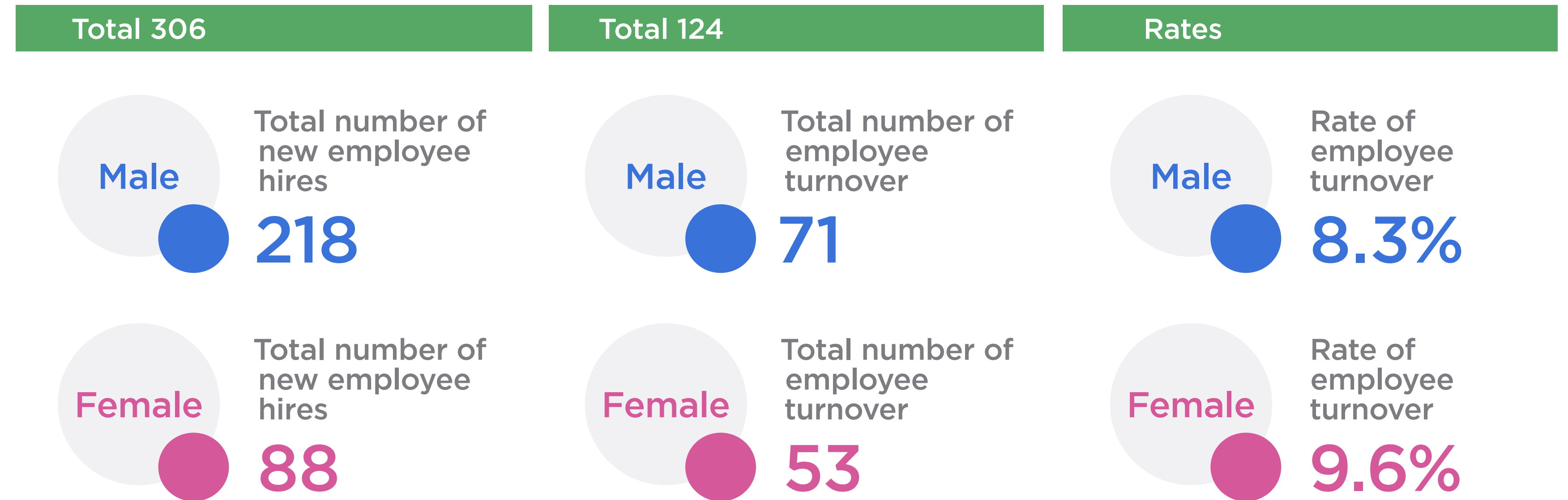


Figure 10. Employee hires and turnover 2024





# EMPLOYEE LEARNING AND GROWTH INITIATIVES

We place a high strategic priority on cultivating aviation professionals who embody technical excellence and international standards.

Our long-standing partnership with the National Aviation Academy (NAA), established in 1992 under AZAL CJSC's auspices, forms the cornerstone of civil aviation training in Azerbaijan. The NAA offers comprehensive educational programs that integrate theoretical instruction with hands-on experience, ensuring that graduates are fully prepared to meet both local and global aviation demands. Building on its longstanding collaboration with the NAA and international training centers, we expanded its in-house capabilities to deliver targeted instruction across core functions. One of the centers features state-of-the-art full-flight simulators for a range of aircraft, including the Airbus A320/A319, Boeing 757/767, Embraer E190, and ATR-42/72.

These simulators meet the highest international standards, offering immersive and highly realistic training environments. All training programs are fully aligned with both the Azerbaijan Aviation Regulations (AAR) and international aviation standards, ensuring that cadets are thoroughly prepared to meet the demands of modern aviation. This collaboration reflects

AZAL's vision to foster a knowledge-based workforce rooted in operational excellence and safety. To further enrich the learning process, AZAL collaborates with esteemed institutions such as the Azerbaijan Air Force School and Cappadocia University in Türkiye. These partnerships promote the exchange of best practices and introduce the latest training methodologies, reinforcing AZAL's commitment to continuous improvement. By expanding international collaboration, AZAL sustains a robust talent pipeline ready for the dynamic needs of global aviation.

In addition to local training infrastructure, AZAL ensures its pilots receive aircraft-specific instruction from world-class institutions. Boeing pilots train at Boeing Training Centers in the United States and the UK (Gatwick), while Airbus pilots attend programs at Airbus facilities in France.

These specialized trainings focus on safety, technical mastery, and operational adaptability, equipping our flight crew with the expertise needed for high-performance execution in complex flight environments. AZAL's commitment to safety and self-sufficiency is further demonstrated through our in-house aircraft maintenance training program.



Conducted in our advanced technical facilities, this hands-on program develops deep expertise in diagnostics, system overhauls, and mechanical troubleshooting. By investing in internal maintenance capabilities, AZAL achieves consistently high technical standards, improves operational flexibility, and reduces environmental impact by minimizing reliance on external providers.

This integrated approach ensures long-term fleet reliability, resource optimization, and enhanced safety outcomes.

AZAL expanded its workforce development efforts through a company-wide training approach focused on operational excellence and organizational resilience. This initiative strengthened our capacity to adapt to emerging regulatory, safety, and service standards across the aviation industry. Training programs were tailored to real-time operational readiness, standardized protocols, and risk-based scenario planning. A key focus was placed on practical learning through simulations and industry-specific case exercises, providing employees with the tools to respond confidently to evolving challenges.



# OVERVIEW OF THE TRAINING DELIVERY IN 2024

AZAL continues to champion diversity and gender inclusion across all training efforts. In 2024, we actively encouraged women to participate in both technical and leadership pathways, addressing underrepresentation in key aviation roles and fostering a more equitable workforce.

This commitment to inclusive development supports our broader goal of building a skilled, diverse, and adaptable team aligned with international expectations. With 13,989 trainings conducted this year, AZAL shows a clear dedication to keeping its teams prepared and up to date. This is not just about quantity, but also about consistent investment in people. Behind these sessions are 3,785 participants, each one stepping forward to learn, grow, and contribute to safer, more efficient operations. On average, each participant received approximately 16.5 hours of training, underscoring AZAL's commitment to meaningful professional development (Figure 11). As part of our commitment to strengthening internal capabilities and nurturing future leaders, we launched the "YeniSən" Career Development Program. This initiative is designed to identify, assess, and nurture employees with high leadership potential and readiness for accelerated career progression. The program plays a central role

in succession planning and strategic workforce continuity, ensuring that key positions are filled by capable internal candidates. Through a structured multi-phase evaluation, candidates are assessed using talent assessment verbal and numerical reasoning tests, personality and motivation surveys, and immersive simulations such as group discussions and analytical presentations. These tools measure participants' strategic thinking, communication skills, and decision-making under pressure (Figure 12).



Figure 11. Overview of the training delivery in 2024

# “YENİSƏN” CAREER DEVELOPMENT PROGRAM



## FROM FLIGHT TO GROUND SUPPORT, OUR WELL-TRAINED TEAM IS THE FOUNDATION OF OUR SUCCESS

The program attracted over 150 applicants, with final selections progressing through intensive evaluation stages. Participants who demonstrated the highest potential were invited to continue individual development paths. A total of 87 employees met the criteria and participated in the program. Of these, 77% were male and 23% were female, reflecting our ongoing efforts to ensure inclusive access to career advancement opportunities. These initiatives reflect AZAL's comprehensive and forward-thinking approach to workforce development. This integrated strategy builds the professional capacity required to thrive in a dynamic and competitive aviation environment, positioning AZAL as a talent-driven airline with a sustainable future.

Through investments in education, global partnerships, technical training, and leadership cultivation, we ensure our employees are prepared to uphold AZAL's values of safety, quality, and innovation.

### Executive Education

Enrollment in a six-month leadership and management course at Imperial College Business School in the UK.

### Career Advancement Opportunities

Opportunities for internal mobility and advancement into vacant leadership roles.

### Peer Mentorship Engagement

Peer mentorship participation to guide and inspire future program cohorts.

### Professional Leadership Coaching

One-on-one coaching from internally certified leadership professionals.



# HEALTH AND SAFETY OF EMPLOYEES

Prioritizing the health, safety, and well-being of employees is a core principle that is not compromised at AZAL. A safe and empowered workforce is essential to maintaining the continuity, reliability, and resilience of aviation services. This philosophy guides AZAL's comprehensive approach to occupational health and safety (OHS), which is deeply embedded in its strategic and day-to-day operations.

AZAL's safety practices are built upon internationally recognized occupational health and safety management frameworks, most notably the ISO 45001:2018 certification. In addition to this, AZAL adheres to the stringent regulations of the ICAO, the IATA, and national civil aviation authorities. Together, these standards form the backbone of AZAL's integrated Safety Management System (SMS), which proactively identifies hazards, mitigates risks, and monitors performance across the organization.

As part of our ongoing efforts, 8% of employees participated in OHS training in 2024, up from 5% in 2023, reflecting a 3% increase year-over-year. We have invested 70,000 AZN to improve working conditions across our facilities, including enhancements to workplace infrastructure and access to clean drinking water.

At the same time, more than 30,000 AZN has been allocated toward high-quality personal protective equipment to ensure our staff are properly equipped and protected on the job (Figure 13).

Figure 13. Highlights of occupational health and safety in 2024



**4% INCREASE**

in OHS Trainings led to the reduction of accidents and injuries



**400,000 AZN**

has been invested into improving working conditions

## Monitoring and Reporting for Safer Operations

While three fatalities \* occurred during the year, resulting in a fatality rate of 0.06, each case is being thoroughly reviewed, with corrective actions underway in line with international standards.

We also recorded 4 work-related injuries in 2024, up from 2 in 2023 — a reflection of enhanced transparency and stronger reporting systems.

In addition, we calculated our Lost Time Injury Frequency Rate (LTIFR) for the first time, which stood at 1.7 per 200,000 hours worked. These developments reaffirm our commitment to continuous improvement, accountability, and the protection of our employees' health and well-being.

## Engagement, Training, and Well-being

The Safety Management System is overseen by the Health, Safety, Environment, and Quality (HSEQ) Department, which ensures that safety protocols are consistently implemented and

improved upon. One of the cornerstones of this system is a robust and accessible reporting mechanism.

Employees can report safety concerns through various channels, including a dedicated hotline, email, on-site signage, and QR code systems.

The use of QR codes is especially impactful, as it allows for anonymous reporting and fosters a no-blame culture. All reports are actively tracked and addressed by HSE Coordinators, who conduct regular site inspections and follow-up assessments to close the feedback loop.



# ENGAGEMENT, TRAINING, AND WELL-BEING

Incident management at AZAL is governed by a structured process that requires all safety incidents to be reported within 24 hours and resolved within one month. Corrective measures are documented and verified through internal audits to ensure long-term effectiveness. This systematic approach has already led to a notable reduction in safety non-conformities, demonstrating improved organizational responsiveness and risk mitigation.

Education and training are central to AZAL's safety culture. All new employees and contractors must undergo a mandatory HSEQ induction program, while existing staff participate in regular refresher courses. Specialized training is provided for personnel in high-risk roles, such as those involved in ground handling, maintenance, or cleaning operations.

These sessions cover specific hazards like working at heights, entering confined spaces, and operating heavy equipment. Office-based staff also receive tailored safety briefings relevant to their work environments. Post-training feedback is collected to continuously refine training content and delivery.

AZAL places strong emphasis on employee engagement in safety initiatives. For instance,

before new personal protective equipment (PPE) is adopted, employees are invited to test and evaluate gear to ensure it meets both safety and comfort requirements. This collaborative approach fosters a sense of ownership and trust in safety decisions. Moreover, all third-party contractors and suppliers are required to complete safety briefings and demonstrate adherence to AZAL's internal procedures, ensuring uniform safety standards across the extended workforce.

Health and safety at AZAL extend beyond physical risks to include broader employee well-being. Annual medical screenings, seasonal flu vaccinations, and on-site medical services are provided free of charge.

Recognizing the importance of mental health, AZAL also offers confidential counseling services and resilience-building workshops to help employees manage stress and maintain emotional balance.

Fatigue, a critical concern in the aviation industry, is carefully monitored through shift reviews, mandated rest periods, and supervisory oversight. Employees are encouraged to report fatigue anonymously through the HSE platform, ensuring their concerns are

addressed promptly and sensitively. Looking ahead, AZAL is committed to continuous improvement in its health and safety practices. Planned initiatives include deeper integration of data analytics into safety monitoring systems to enable predictive risk management. The Airline also aims to broaden its wellness programs—both physical and psychological—and to expand behavioral safety training initiatives.

Through these sustained efforts, AZAL reaffirms its commitment to creating a safe, healthy, and resilient workplace where employees feel valued, protected, and empowered. This unwavering dedication to safety not only enhances employee satisfaction but also strengthens AZAL's ability to deliver reliable, world-class aviation services.





# COMMUNITY ENGAGEMENT AND CSR INITIATIVES

Sustainability is not simply about optimizing operations – it is equally about supporting the people and communities an organization touches. Our operation spans different regions and cultures. Therefore, supporting the communities within our operations, influence, and collaborations is our responsibility.

The core approach to CSR is based on the belief that the long-term sustainability of our operations is inseparable from the well-being of the communities around us.

Our initiatives are designed to reflect this interconnection, addressing social and environmental needs with the same sense of responsibility we apply to the safety and performance of our operation. CSR activities are built around five key focus areas, each reflecting a real-world need and our organizational values (Figure 14).

They positively contribute to the relevant SDGs that focus on improving health, providing quality education, promoting economic growth, and taking action on climate change.



**HEALTH & WELLBEING**



**EDUCATION & AWARENESS**



**SUPPORT FOR VULNERABLE GROUPS**



**ENVIRONMENTAL PROTECTION**

Our approach to CSR is a collection of acts that reflect who we are and how we view our role in the well-being of communities. As we continue to grow as an airline, we remain committed to evolving our social and environmental efforts with purpose, responsibility, and respect for the communities that enable our journey.



Figure 14. Directions of CSR activities of the AZAL in 2024



# DIRECTIONS OF CSR ACTIVITIES OF THE AZAL IN 2024



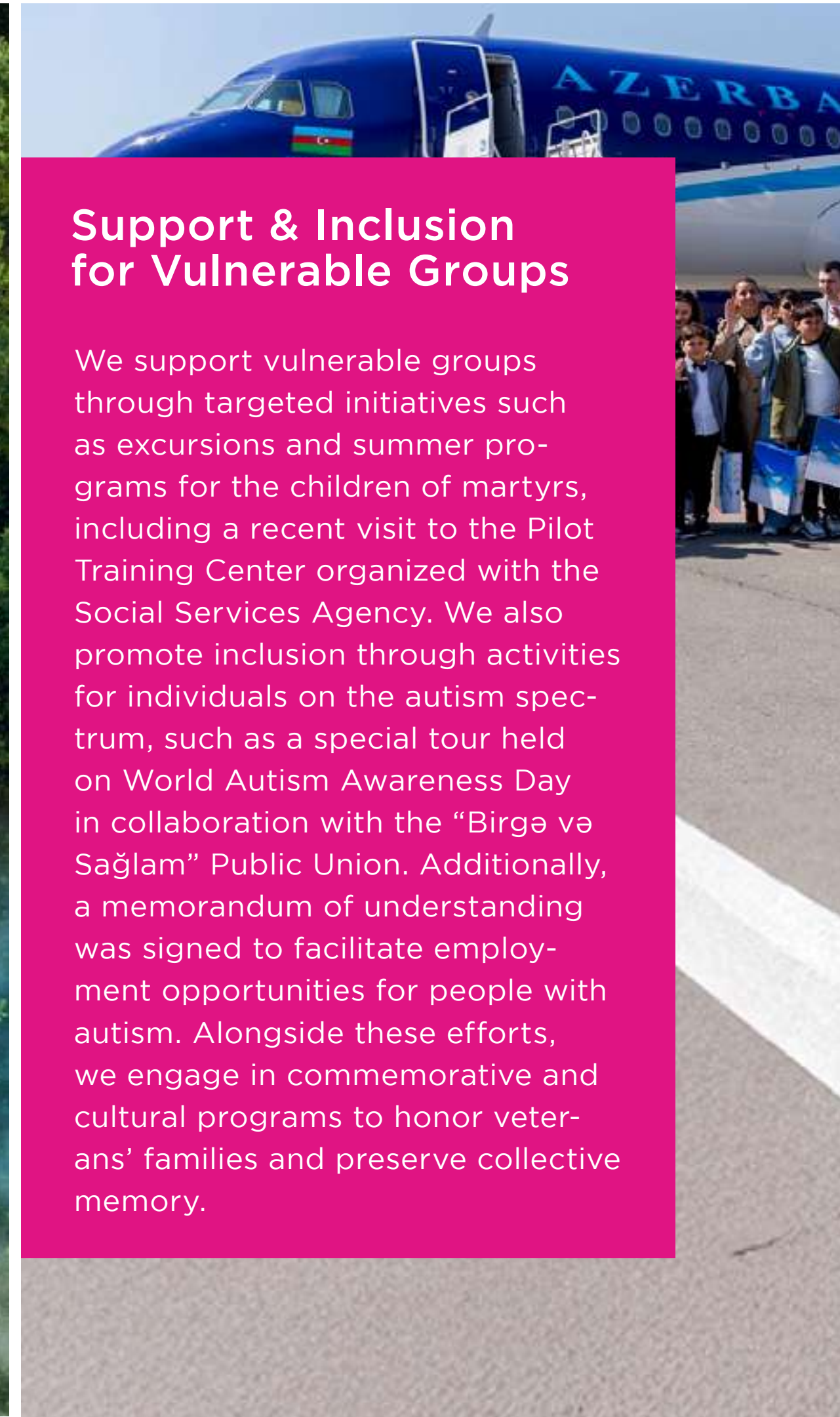
## Health & Wellbeing

We actively contribute to public health efforts through voluntary blood donation campaigns and health awareness initiatives. These programs are designed to support individuals in medical need, foster a spirit of volunteerism among employees, and reflect our dedication to human dignity and care.



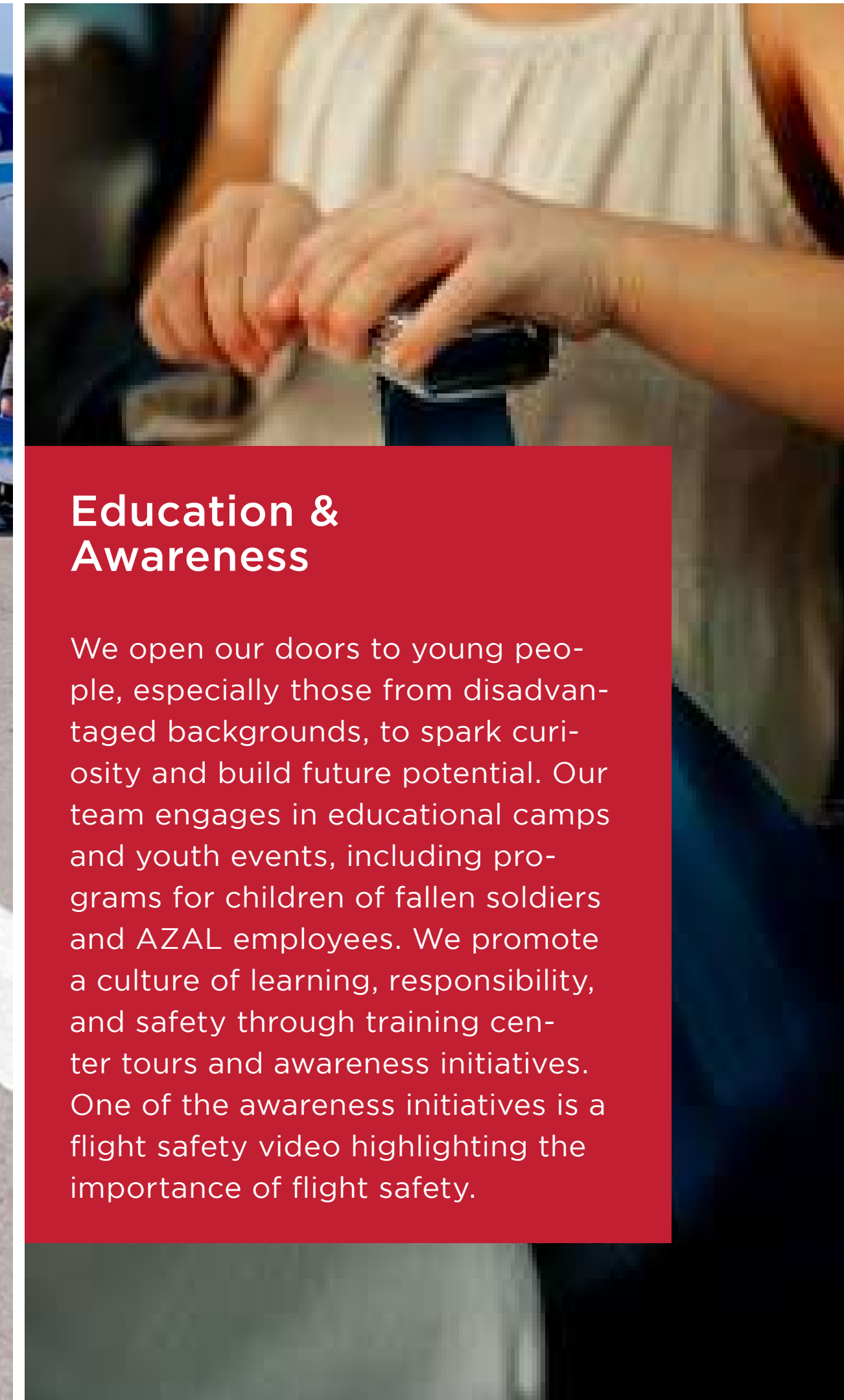
## Environmental Protection & Sustainability

We engage in hands-on environmental action — from tree-planting drives and battery recycling to coastal cleanups in ecologically sensitive areas. In 2024, we have planted more than 600 trees. These programs reflect our belief that environmental responsibility must be visible and tangible. They also serve as a platform for employee engagement and public awareness.



## Support & Inclusion for Vulnerable Groups

We support vulnerable groups through targeted initiatives such as excursions and summer programs for the children of martyrs, including a recent visit to the Pilot Training Center organized with the Social Services Agency. We also promote inclusion through activities for individuals on the autism spectrum, such as a special tour held on World Autism Awareness Day in collaboration with the “Birgə və Sağlam” Public Union. Additionally, a memorandum of understanding was signed to facilitate employment opportunities for people with autism. Alongside these efforts, we engage in commemorative and cultural programs to honor veterans’ families and preserve collective memory.



## Education & Awareness

We open our doors to young people, especially those from disadvantaged backgrounds, to spark curiosity and build future potential. Our team engages in educational camps and youth events, including programs for children of fallen soldiers and AZAL employees. We promote a culture of learning, responsibility, and safety through training center tours and awareness initiatives. One of the awareness initiatives is a flight safety video highlighting the importance of flight safety.



# OUR OPERATIONAL COMPASS



Flights  
**34,034**



Domestic Flights  
**21%**



Passengers  
**+4 MILLION**



International Flights  
**79%**



Destinations  
**63**

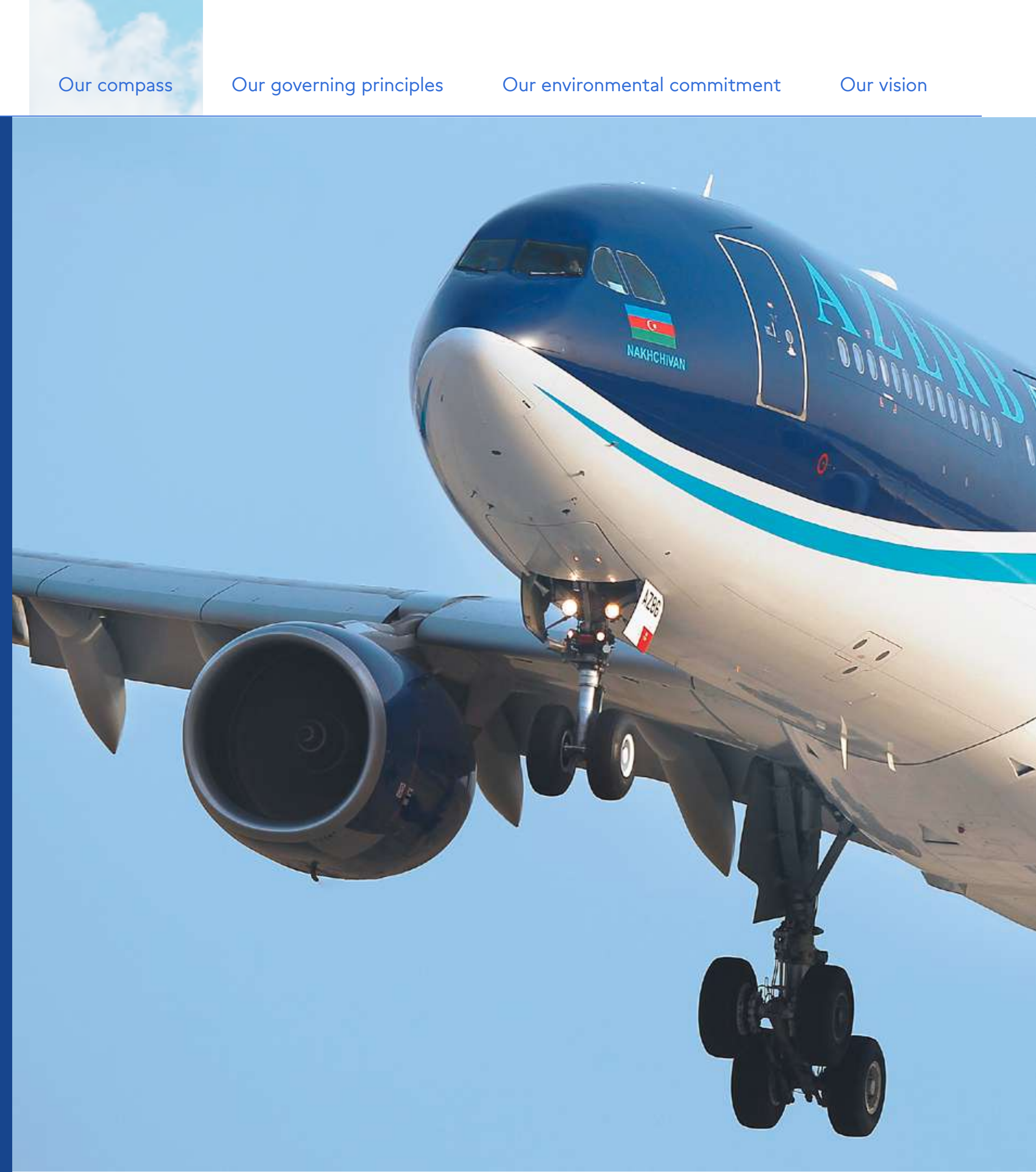


Aircrafts  
**28**

Figure 15. Operational highlights of AZAL in 2024

AZAL plays a crucial role in the regional aviation sector, being the link between the East and West. As one of the leading airlines in the region, we connect Azerbaijan to key international destinations, supporting tourism, trade, and business growth.

The Airline continues to advance aviation in the country and strengthen global connectivity without compromising safety and service excellence. As a result of our continuous efforts, 2024 saw our operations reach a historic milestone, with record numbers of passengers, flights, and destinations (Figure 15).





# NUMBER OF DESTINATIONS 2022-2024

Over the past few years, AZAL has made significant strides in operational performance, achieving several major milestones along the way.

We have expanded our route network (Figure 16), steadily upgraded, and grown our fleet. These efforts have been instrumental in transforming AZAL into a more connected, modern airline, poised for the future. As a result, the Airline have been able to enhance service quality, broaden its offerings, and meet the growing demand for air travel.

This progress culminated in a historic achievement, as AZAL served over 4 million passengers. This value is higher by 50% compared to 2019. This record-breaking performance serves as a clear indicator of the effective post-pandemic recovery and substantial growth of the Airline.

A key factor contributing to this success is the expansion of our flight network. In 2024, the Airline increased its destinations to 63, adding five new routes (Table 3). Motivated by the goal of enhancing connectivity and facilitating seamless travel, AZAL aims to further expand its destinations to 80 by 2030, strengthening Azerbaijan’s position as a regional aviation hub.

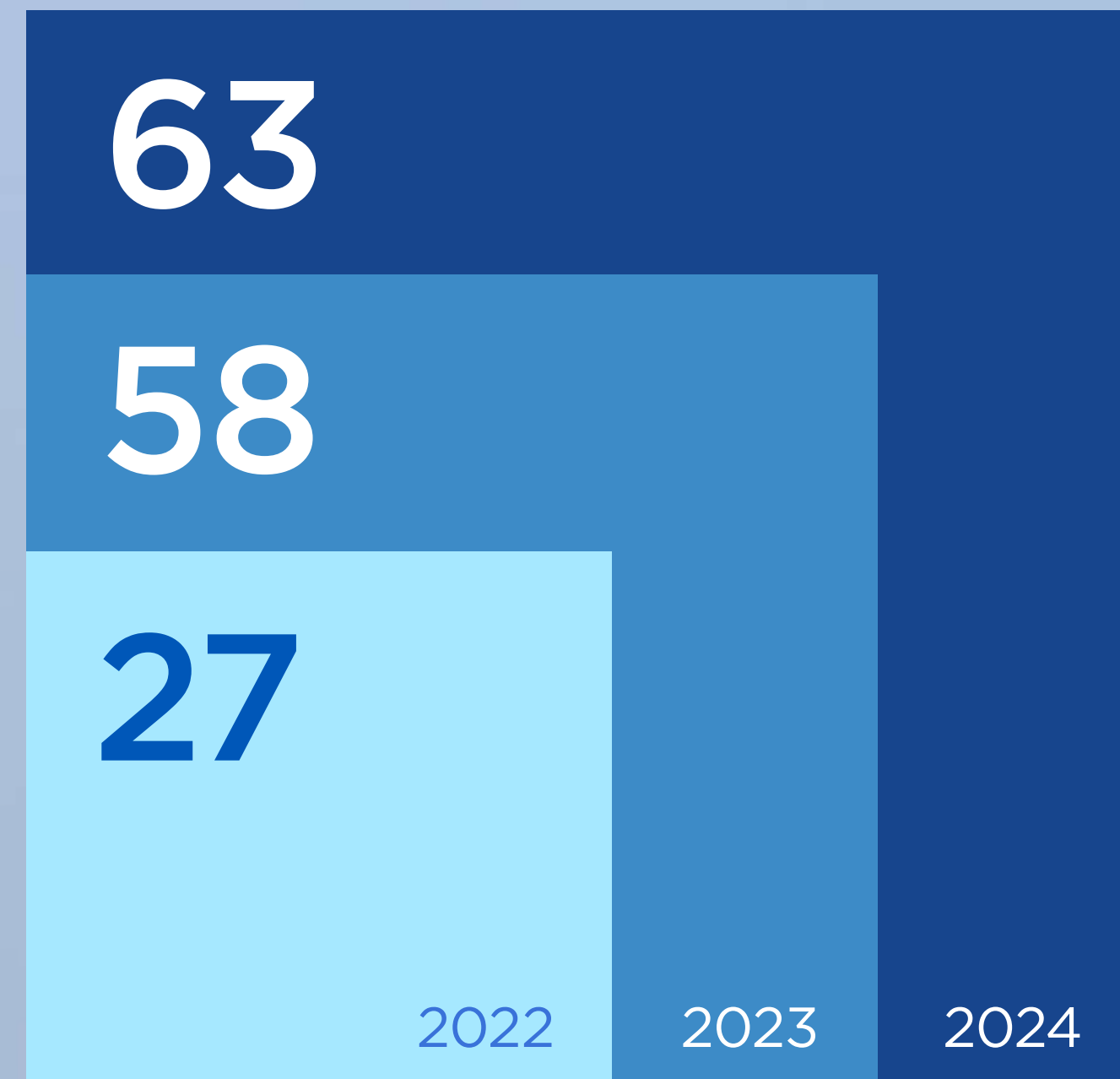


Figure 16. Number of destinations, 2022-2024



# FLIGHT OPERATIONS & NETWORK SCOPE

The five new destinations introduced are the Maldives, Dushanbe, Fuzuli, Sofia, and Bucharest. Additionally, we expanded our presence in the UK market by launching flights to London Gatwick Airport, complementing our existing operations at London Heathrow. Our route selection is based on several key factors. These efforts include analyzing demand patterns and connectivity, as well as assessing the potential for transfer traffic through Heydar Aliyev International Airport, which accounted for 19% of our total traffic in 2024. At the same time, we actively identify market opportunities, align with regional priorities, and leverage partnerships with other airlines and tourism authorities. This approach allows us to better understand customer preferences and foster impactful collaborations that enhance the overall travel experience. Reflecting these strategic efforts, our operational metrics have shown consistent growth over the past three years (Figure 17). The total number of flights grew from 18,196 in 2022 to 34,034 in 2024, with international flights increasing from 12,846 to 26,890 over the same period. Domestic flights also grew steadily, reaching 7,144 in 2024. The growth in operational scale was also driven by an increase in the total kilometers flown, from 27.8 million km in 2022 to 57.4 million km in 2024. This sustained growth underlines the effectiveness of our route planning approach and the strengthening of Baku's role as a regional transfer hub.

## Operational Performance

	Number of flights	International flights	Domestic flights	Number of departures	Number of destinations	Total distance flown	Total flight hours
<b>2022</b>	18,196	12,846	5,350	9,098	27	27,833,000	35,558
<b>2023</b>	26,266	20,530	5,736	13,133	58	42,425,000	54,063
<b>2024</b>	34,034	26,890	7,144	17,017	63	57,354,000	72,745

Table 3. Flight Operations & Network Scope

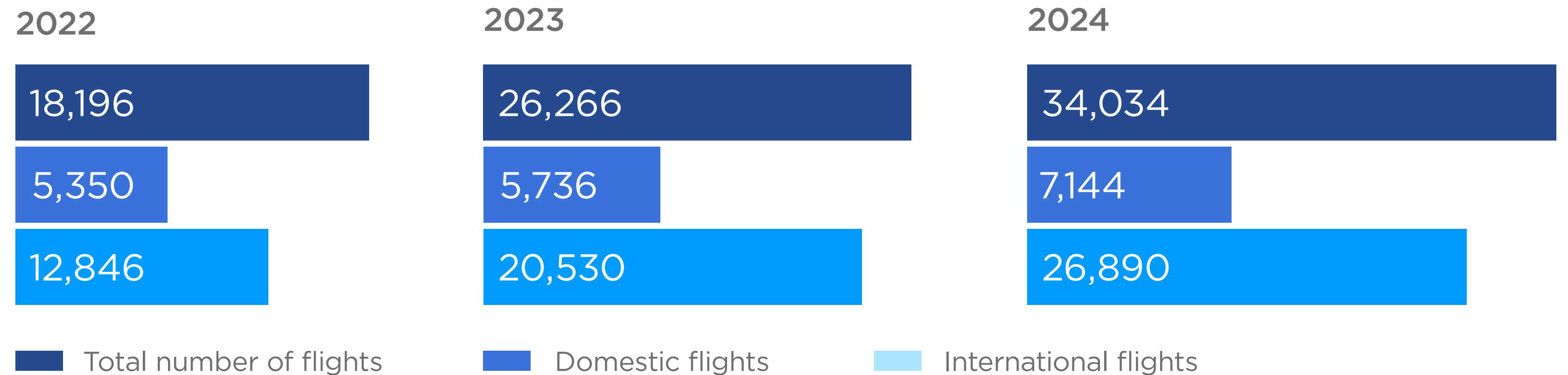


Figure 17. Number of flights in 2022-2024



# TECHNICAL SPECIFICATIONS OF THE AIRBUS 320 FAMILY AND BOEING 787

Recognizing the critical role of the fleet in our operations, we have prioritized upgrading our aircraft as a central element of our strategic plan for 2023-2030.

Currently, we operate a fleet of twenty-eight aircraft, with an average age of 13 years. In line with our modernization goals, we have focused on acquiring advanced and efficient aircraft models, specifically the Airbus A320 family and the Boeing 787 Dreamliner.

The Airbus A320, particularly the A320neo, is ideal for short- to medium-haul routes, offering cost-effective operations and enhanced flexibility. With improved aerodynamics and fuel-efficient engines, the A320neo significantly reduces fuel consumption and increases range.

It also features a quieter, more spacious cabin and cutting-edge technology that improves safety and reduces pilot workload (Figure 18).



The Boeing 787 Dreamliner is designed for long-haul travel, with a 20% reduction in fuel consumption. It offers improved passenger comfort with larger windows and better pressurization. Its composite fuselage lowers maintenance costs, and advanced wings ensure smoother flights while having higher fuel efficiency that resulting in a lower number of emissions per seat (Figure 18).

As a final key feature of these aircraft, their engines are compatible with SAF blending. Both aircraft are feasible for up to a 50% SAF blend. This makes the selection of these models not only operationally efficient but also a crucial step toward greater environmental sustainability.



# TECHNICAL SPECIFICATIONS OF THE AIRBUS 320 FAMILY AND BOEING 787

Figure 18. Technical Specifications of the Airbus 320 family and Boeing 787

## AIRBUS 320

Narrow-body design optimized for short-to medium-haul routes.



150-186 PASSENGERS

MAXIMUM TAKEOFF WEIGHT UP TO 79,000 KG

ENHANCED FUEL EFFICIENCY ~15% COMPARED TO OLDER MODELS

## BOEING 787

Wide-body design catering to medium-and long-haul routes.



210-248 PASSENGERS

MAXIMUM TAKEOFF WEIGHT UP TO 227,930 KG

ENHANCED FUEL EFFICIENCY ~20% COMPARED TO OLDER MODELS



# FLEET PROFILE OF AZAL 2022-2024

To support our fleet renewal strategy and expand our operational capacity during the transition period, we have also signed long-term wet lease agreements with Heston Airlines for four aircraft. We entered into dry lease deals with AerCap and CDB to introduce eight new Airbus aircraft into our fleet.

The Airbus 320 family aircraft will be leased in the framework of these partnerships. They will be used in our high-frequency routes to Dubai, Paris, Milan, Istanbul, and Izmir. These partnerships enable us to maintain operational continuity while accelerating the integration of next-generation aircraft, further aligning with our long-term vision for sustainable growth and operational excellence.

As of 2024, our fleet comprises eight aircraft with an average age of 12.2 years (Table 4). While this figure is slightly above the industry benchmark, we have made modernizing our fleet a core strategic priority. We are actively working to reduce the average age over time, ensuring we offer our passengers the most comfortable and contemporary flight experience. The fleet's efficiency is supported by long-term wet lease agreements with Heston Airlines for four aircraft and dry lease agreements with AerCap and CDB, which have

added eight new Airbus aircraft. This approach enhances aircraft utilization, with each aircraft averaging 10.8 flight hours per day, and improves on-time performance, which stands at 84%. As we continue to enhance the passenger experience through modernized aircraft and elevated onboard services, at the same time, we align with the highest standards of safety. This is the foundation of our operational excellence. A safe and secure travel environment is not only essential to passenger confidence but also critical to maintaining seamless daily operations across an expanding network. To that end, we have established a strong safety management system backed by international best practices. The Airlines regularly undergo audits by global aviation authorities, including ICAO and IATA, and have consistently achieved strong results.

**SAFA SCORE**  
Below 0.96

Particular attention is given to Safety Assessment of Foreign Aircraft (SAFA) indicators, where AZAL has maintained a safety score of below 0.96, well under the 2.0 threshold that may lead to regulatory action. This achieve-

ment reflects the Airlines' continuous efforts to optimize procedures, mitigate risks, and adapt to the fast-evolving demands of international aviation. This commitment to operational safety and preparedness was especially evident during COP29, where AZAL played a central role in supporting one of the most complex and high-profile events ever hosted in Azerbaijan.

**NOA** - Number of Aircrafts  
**AAA** - Averag Age of Aircrafts

	NOA	AAA
2022	25	10.6
2023	28	11.4
2024	28	12.2

Table 4. Fleet profile of AZAL, 2022-2024





# PREPARATION FOR COP29

In this reporting year, AZAL took on a critical role in supporting the operational needs of COP29, an event that brought thousands of high-profile international delegates to Azerbaijan. Recognizing the scale and importance of the summit, the Airline's, in close collaboration with its partners, worked diligently to meet the heightened demands of the event. This included completing 25 significant infrastructure and readiness milestones ahead of the summit (Figure 19).

Among these improvements were the installation of new aircraft stands and baggage systems, upgrades to ground handling equipment, and the implementation of enhanced security measures. These efforts were part of our mission to ensure that the Airline's operations would run smoothly and efficiently, regardless of the challenges posed by such a high-profile global gathering. Through careful planning and precise coordination, AZAL successfully ensured that its services were uninterrupted, providing a seamless experience for delegates and reinforcing its capability to handle large-scale international events. Throughout 2024, we sustained and notably enhanced our operational excellence, specifically by making air travel more accessible, convenient, and attuned to today's passenger needs. We

remain dedicated to these ongoing improvements. This was reflected in a major indicator for the airline industry. Our Revenue Passenger Kilometers (RPK) reached approximately 7.29 billion. This figure represents a remarkable and consistent growth from 3.36 billion in 2022, highlighting both the strength of our rebound and the enduring trust passengers place in our services. By building on our legacy and embracing modern solutions, we remain loyal to enhancing the travel experience and strengthening Azerbaijan's global connectivity. We will continue expanding our route network and investing in service quality as part of our long-term commitment to sustainable growth, delivering consistent value to our passengers.



## New Aircraft Stands and Baggage Systems

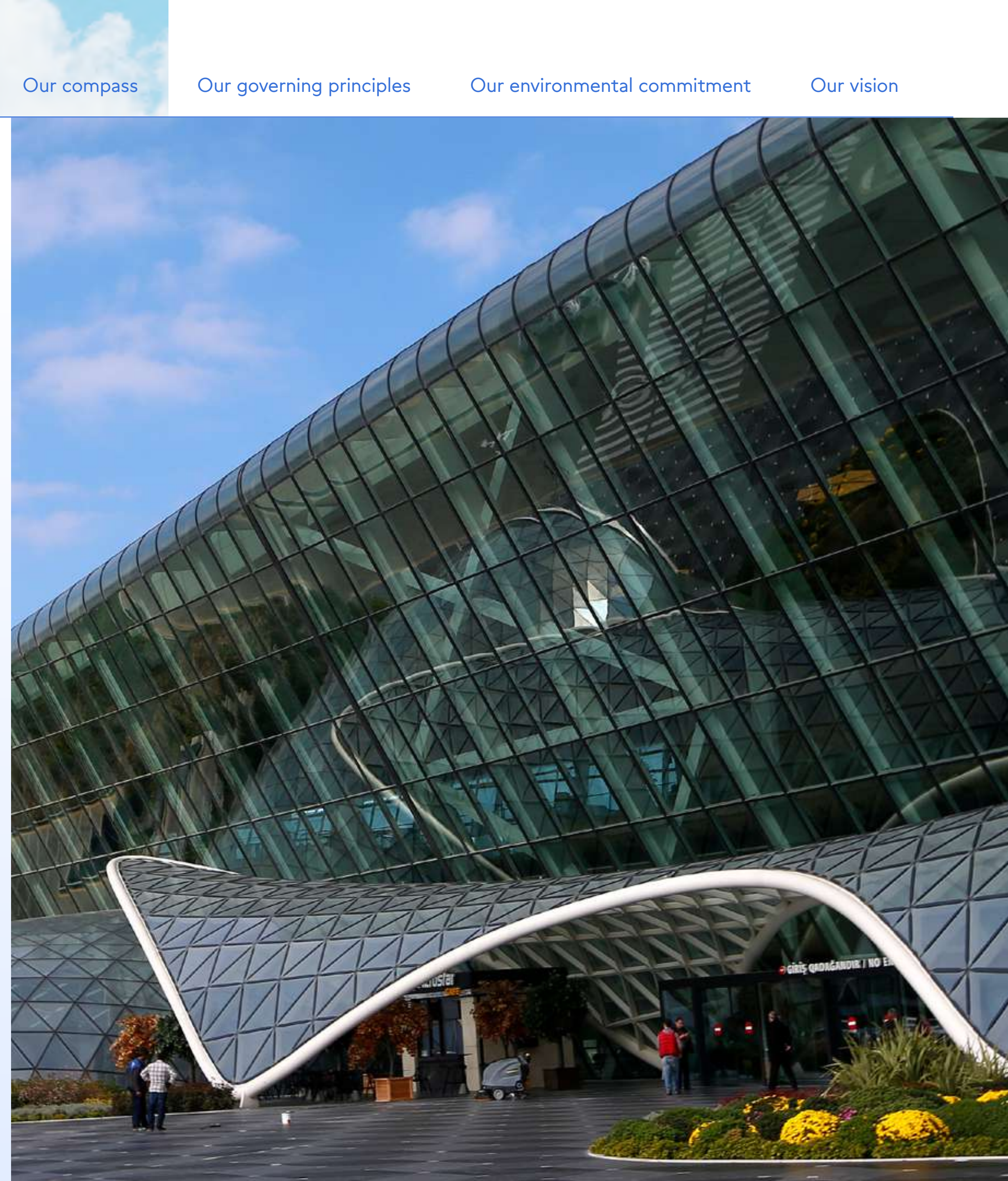


## Upgraded Ground Handling Equipment



## Enhanced Security Measures

Figure 19. Preparation for COP29





# CUSTOMER CENTRICITY

In recent years, our strategic focus has been on improving the customer experience. It includes digitalization of services, active e-commerce, and the adaptation of innovative technologies. In 2024, AZAL initiated a comprehensive overhaul of its digital services, aiming to elevate its online platforms and simplify the customer journey. This includes the modernization of the Airline’s website and mobile application, and meta-search options.

Over the past three years, AZAL has solidified its position with a significant increase in passenger preference. In 2022, we welcomed around 2.2 million passengers, and by 2024, this number had almost doubled to over 4 million. Most of our travelers flew in Economy Class, but the number of travelers in Business Class also grew in 2024.

## SUSTAINING PASSANGER GROWTH: STRATEGIC APPROACHES TOMARKET

# ANNUAL PASSANGER TRENDS AND LOAD PERFORMANCE

	2022	2023	2024
Total Number of Passengers	2,243,569	2,905,457	4,040,335
Economy Class Customers	2,156,300	2,823,732	3,915,781
Business Class Customers	87,269	81,725	124,554
Passanger Load Factor	79%	74%	82%

Table 5. Annual Passenger Trends and Load Performance

Alongside the increasing passenger numbers, we also improved how efficiently we filled our flights — our Passenger Load Factor, which measures how full our planes are, rose from 79% in 2022 to an impressive 82% in 2024 (Table 5). These results show not just more people flying with us, but also a growing trust in the quality of service we offer.

It is important to highlight that as our operations continue to expand and the demand for air travel grows each year, we have successfully achieved both a reduction and stability in the cost per available seat kilometer (CASK). This indicator decreased from 13.6 in 2022 to 12.6 in 2023 and remained steady at 12.8 in 2024.

Maintaining a stable CASK while expanding operations demonstrates our effective cost management, ensuring sustainable growth and safeguarding profitability. These results were driven by a combination of operational excellence and a customer-centric approach, which together have contributed to these positive outcomes.



# DIGITALIZATION OF SERVICES: A KEY PILLAR OF CUSTOMER SATISFACTION

Our digital transformation extends beyond just booking and payments. In response to the growing demand for easy, secure, and efficient travel services, the Airline has introduced several customer-centric innovations.

We introduced new core and additional features such as promo codes, ticket changes, and refunds. With the support of our Customer Relationship Management (CRM) team, we continuously analyze customer data to provide our customers with a seamless and personalized experience across all touchpoints. These efforts have led to a Net Promoter Score (NPS) of 42 points. This score is higher than the global benchmark and reflects our effective response to the dynamic demands of our customers. One of the major enhancements is the online ticket refund services. This allows passengers to request refunds directly through the website or mobile app, eliminating the need to visit a ticket office. This feature also supports partial refunds for specific flight segments, offering greater flexibility for passengers. In parallel, the introduction of the digital signature SIMA for purchasing tickets to Nakhichevan adds an extra layer of security and convenience. It enables passengers to ver-

ify their identity through the SIMA app (Figure 20). This is a crucial step toward enhancing data security and simplifying the ticketing process, particularly for Azerbaijani citizens. In September 2024, AZAL took a significant step forward by enhancing its customer account system as part of broader digitalization efforts. This update enhanced key online processes, including ticket purchases, booking management, and interactions with the AZAL Miles loyalty program.

These enhancements align with AZAL's broader strategy to elevate service quality and strengthen its position in the international market. By integrating innovative solutions, AZAL has simplified online interactions, ensuring a smoother experience for passengers. The impact of digitalization initiatives on customer experience is clear: Our digital tools are now faster, more efficient, and tailored to the needs of modern travelers. Passengers enjoy improved access to services like flight mile management, loyalty program features, and detailed travel information. One of the key contributors to our success is the use of digital channels to enhance customer engagement, particularly in collecting feedback.

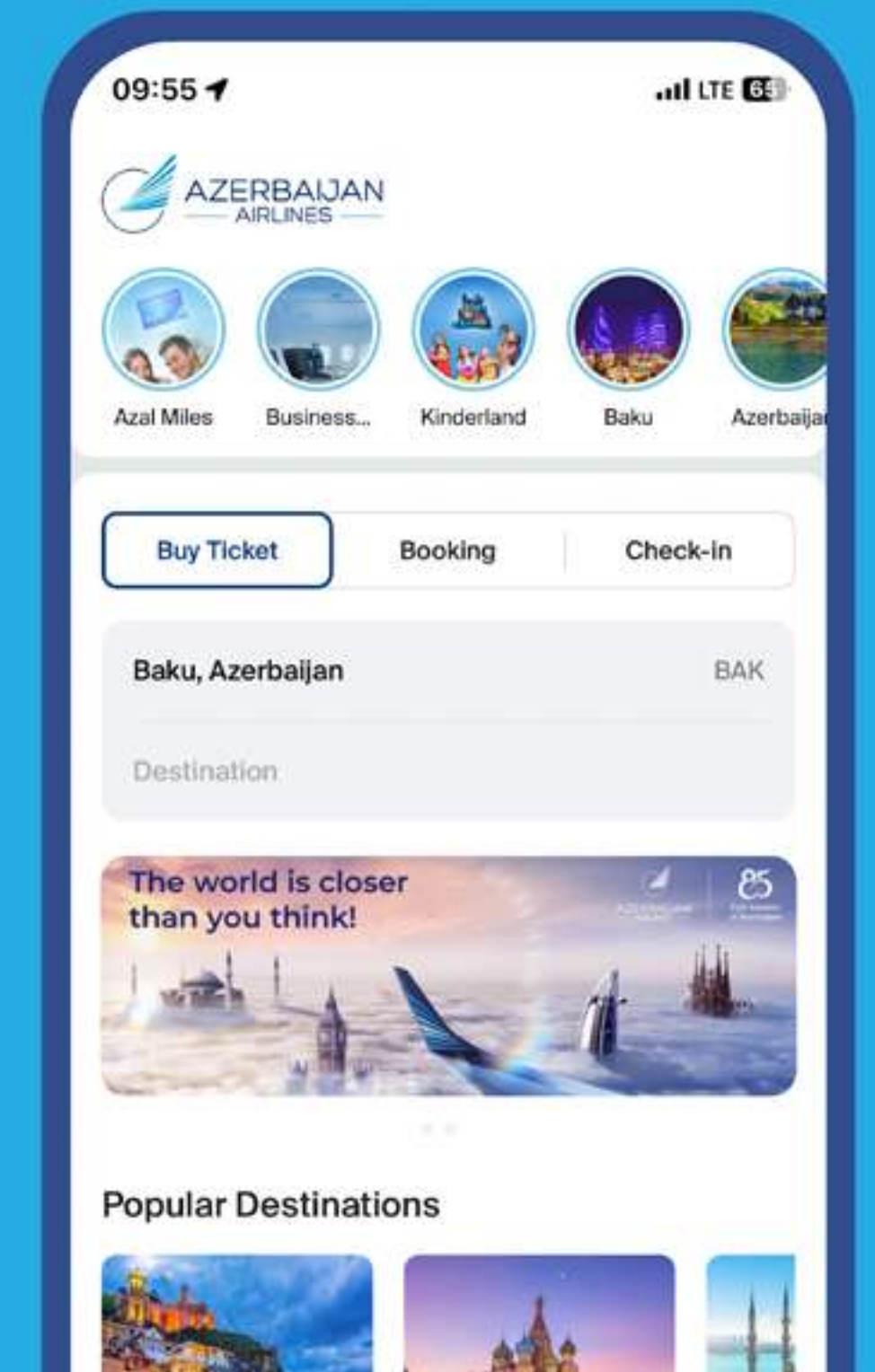
Recent improvements to our website and mobile application have significantly facilitated this process.

- ✓ Passengers can now check in online up to 48 hours before departure, an increase from the previous 24-hour window.
- ✓ Passengers flying between Baku and Nakhchivan can now use the SIMA digital signature system.
- ✓ Passengers can now access a detailed AZAL Miles section on the mobile app, enabling them to track miles, monitor their status, and enjoy perks like free seat selection and cabin upgrades.
- ✓ Passengers can book flights, manage bookings, purchase extra baggage, select on-board meals, and choose seats directly through the app.

Figure 20. Key enhancements to AZAL's Mobile Application 2024

Our website and mobile application are now - **FAST EFFICIENT, TAILORED TO THE NEEDS**

**Net Promoter Score 42** topping global benchmark of 28





# DYNAMICS IN THE COMPLAINTS FROM PASSENGERS

As a result, we observed an increase in the number of complaints received. However, this rise is not necessarily indicative of declining satisfaction—it primarily reflects how much easier it has become for customers to share their concerns through these digital platforms. This greater accessibility allows for more effective communication and more accurate analysis of customer input (Table 6).

This year, we collaborated with one of the major local banks, ABB, to introduce a new option to make air travel more accessible to a wider audience. Passengers can now purchase tickets using a TamKart credit card and pay in interest-free installments. This option is available for all AZAL destinations, allowing passengers to spread the cost of their ticket purchase over two or three months. To take advantage of this option, passengers simply need to choose their ticket and proceed to the payment stage, selecting TamKart as their preferred payment method. This initiative is part of AZAL's broader efforts to enhance the digital experience and provide flexible payment solutions to meet the diverse needs of its passengers. By integrating the TamKart credit card, AZAL offers a more convenient and accessible way for customers to book flights through both the Airline's website and mobile



	Total Number of Complaints from Passengers
2022	2,418
2023	2,654
2024	5,857

Table 6. Dynamics in the complaints from passengers

app. A significant step forward in 2025 will be the introduction of systematic payment solutions across multiple banks, aiming to provide a unified platform for transactions. We plan to launch tutorial videos on the website and app, helping users better navigate digital services. The introduction of an AI-powered chatbot and flight notifications for cancellations or schedule changes further enhances the Airline's customer interaction and service reliability. For customers to book flights through both the Airline's website and mobile app. A significant step forward in 2025 will be the introduction of systematic payment solutions across multiple banks, aiming to provide a unified platform for transactions.

We plan to launch tutorial videos on the website and app, helping users better navigate digital services.

The introduction of an AI-powered chatbot and flight notifications for cancellations or schedule changes further enhances the Airlines' customer interaction and service reliability. The cornerstone of customer trust that is never compromised is data privacy. In today's interconnected digital world, where personal data is constantly exchanged, the emphasis on this topic has never been stronger. Building on our commitment to enhancing customer services and enriching the passenger journey, robust data privacy practices are fundamental. We recognize that the secure collection, processing, and protection of personal data are not merely regulatory obligations but are vital for ensuring peace of mind for our passengers. We adhere strictly to national legislation and international standards like GDPR, ensuring that all customer information, from identity and flight details to special service requests and financial transactions, is managed with the highest level of confidentiality and responsibility. By prioritizing data integrity and respecting individual privacy rights, we reinforce the trust that underpins strong customer relationships and contribute to a sustainable, secure digital environment for all who fly with us.



# AZAL MILES: DRIVING CUSTOMER LOYALTY

## CLASSIC

- 1 EUR = 2 Flight Miles
- Birthday gift
- Pay Tax & Fees by miles
- Award ticket
- Claim flights

## SILVER

- 1 EUR = 3 Flight Miles
- Free Seat Selection
- Additional Baggage
- Convert flight miles to status points
- Buy status points

## GOLD

- 1 EUR = 4 Flight Miles
- Free Seat Selection
- Additional Baggage
- Priority check in/boarding
- Priority baggage

## PLATINUM

- 1 EUR = 5 Flight Miles
- Free Seat Selection
- Additional Baggage
- Priority check in/boarding
- Priority baggage
- Free exchange of award ticket

## ELITE

- 1 EUR = 6 Flight Miles
- Free Seat Selection
- Additional Baggage
- Priority check in/boarding
- Priority baggage
- Free exchange of award ticket
- Cabin upgrade
- Lounge access

Figure 21. Tiers of AZAL Miles

AZAL Miles is our frequent flyer program, thoughtfully designed to elevate the travel experience while fostering long-term customer loyalty. Whether traveling for business or leisure, the program appeals to both frequent and occasional flyers through a flexible system of earning and redeeming miles across a wide range of valuable benefits.

Members earn miles and status points based on the fare paid and the class of service, which can be redeemed for award flights, cabin upgrades, and a variety of travel perks with AZAL and its partners. At the core of AZAL Miles lies a tiered membership structure that rewards passenger loyalty with progressively enhanced privileges.

The program features five distinct levels: Classic, Silver, Gold, Platinum, and Elite (Figure 21), each tailored to match the evolving needs of travelers. As members progress through the tiers, they gain access to an expanding list of benefits, including award ticket flexibility, complimentary lounge access, increased baggage allowances, and expedited airport services. Status progression is based on the accumulation of status points within a set evaluation period. Qualification thresholds range from an initial sign-up for the Classic tier to 10,000 status points and two business-class flights for the Elite tier. Miles are earned at different rates depending on status level, starting from 2 miles per €1 for Classic members and reaching up to 6 miles per €1 for Elite mem-

bers. This proportional earning model ensures that both travel frequency and financial contribution are reflected in member advancement. Beyond flights, AZAL Miles integrates everyday travel needs through additional benefits such as birthday bonuses, welcome miles on the first flight, and the option to pool miles within Family Accounts for faster redemption.

Members can also transfer or purchase miles and, under certain conditions, recover expired ones. The program's flexibility empowers members to make free changes and exchanges to award tickets at specific tiers, adding greater convenience to the travel planning process. To further personalize the experience, members receive exclusive offers and promotions, while

those with higher activity are automatically upgraded to higher status tiers. The 2024 integration of Comarch Loyalty Management technology has introduced enhanced digital tools and personalization features, significantly improving user interaction and service delivery. This includes a redesigned online interface that allows members to seamlessly track and manage their miles, status points, and rewards. New members can register via the official website or mobile app and receive welcome miles after their first flight as an immediate incentive to engage. Recent updates have also extended the validity of miles for many members through August 2027, making rewards more accessible and long-lasting.



# PASSENGER EXPERIENCE ACROSS SERVICE CLASSES

Strategically positioned within the global loyalty landscape, AZAL Miles distinguishes itself through a blend of structural innovation, customer-centric benefits, and a strong digital foundation designed to meet the evolving expectations of the modern traveler.

We are committed to delivering an exceptional flight experience by offering a diverse range of service classes designed to cater to the unique needs and preferences of every traveler. With a strong emphasis on comfort, convenience, and quality service, the Airline provides four distinct service classes, ensuring that passengers can enjoy a personalized and seamless journey, whether they seek luxury, affordability, or a balance of both. A key driver of AZAL's continued success is our customer-centric approach to operations. This philosophy guides every aspect of our service, ensuring that we deliver an exceptional experience throughout the entire customer journey from the moment of online booking to the final stage of landing. This commitment was clearly demonstrated during high-demand periods such as COP29, where we successfully maintained service excellence despite peak traffic. This valuable experience reinforced our ability to manage increased demand not only efficiently but also sustainably, while continuing to meet and exceed our customers' expectations.





# ONBOARD EXPERIENCE

Premium Comfort Across All Classes

Figure 22. Passenger Experience Across Service Classes

## Business Class

### Exceptional Service and Luxury

Business Class redefines comfort with all the benefits of Premium Economy and more.



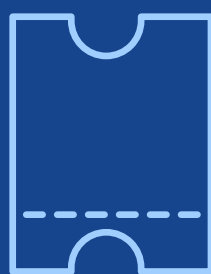
#### Enhanced Comfort:

More spacious seats with extra legroom



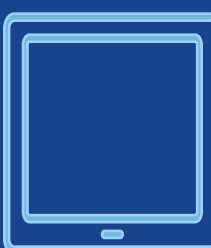
#### Gourmet Catering:

Drinks, including alcohol, are offered. Special meals require a 24-hour notice



#### Exclusive Lounge Access:

Additional convenience for travelers



#### Inflight Entertainment

Screens up to 10.6 inches

## Premium Economy Class

### A Step Above Comfort

For those seeking extra comfort and a more premium experience at an affordable price, Azerbaijan Airlines offers Premium Economy Class.



#### Increased Comfort:

Seats with extra legroom and wide-angle recline



#### Catering:

Hot towels are offered before meals. Special meals require 24-hour notice



#### Exclusive Long-haul Amenities:

Amenity kits and travel accessories



#### Inflight Entertainment

Personal screens for a wide range of media

## Economy Class

### Comfort and Value for Money

For passengers seeking an affordable yet comfortable travel option, Economy Class on Azerbaijan Airlines provides excellent value.



#### Increased Comfort:

Ergonomic seats with adjustable headrests for a relaxed journey



#### Meal Service:

Order special meals at least 24 hours before departure



#### Lounge Access:

Free baggage allowance depending on fare



#### Inflight Entertainment

Wi-Fi streaming or overhead screens on other aircraft

## Class Upgrade Service

### Flexibility for All Passengers

Economy passengers can also benefit from the Class Upgrade service, allowing them to move up to Premium Economy or Business Class, along with the benefits associated with the upgraded service, including access to Business Lounges and additional baggage allowance.



# OUR GOVERNING PRINCIPLES



# ORGANIZATIONAL GOVERNANCE SYSTEM

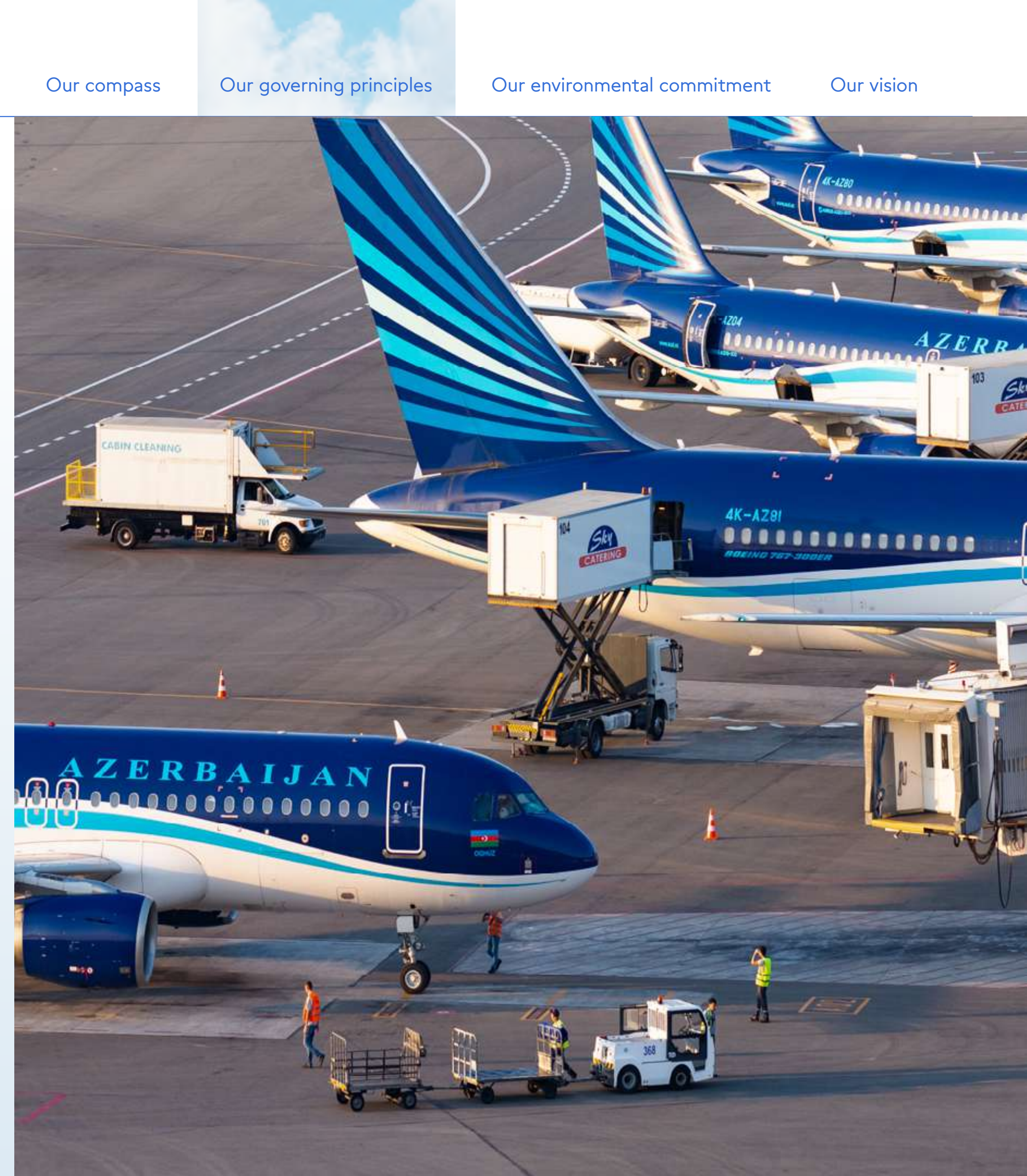
At “Azerbaijan Airlines” CJSC, we have strengthened our governance by establishing a clear structure for oversight, decision-making, and accountability to ensure all actions are aligned with our corporate values and long-term strategic goals.

Our governance system is built to support effective leadership and smooth operations, following well-established practices from the aviation industry. To ensure our operations are responsible and transparent, we comply with the laws of the Republic of Azerbaijan, international aviation regulations (including ICAO standards), and relevant corporate governance and industry best practices. The governance structure of “Azerbaijan Airlines” Closed Joint Stock Company is defined by the Order of the President of the Republic of Azerbaijan and formalized through the Charter approved by the Cabinet of Ministers (no longer in effect following AZCON, November 2024).

Our governance model ensures that high-level decisions are made responsibly and with accountability, aligning with the Organization’s long-term goals and values while fostering continued growth and trust among partners, passengers, and employees. When selecting members of senior management and gover-

nance committees, AZAL follows a structured nomination and selection process based on legal requirements, internal policy, and the Company’s Charter (Figure 23). These procedures are designed to uphold transparency, integrity, and public confidence in our leadership. Importantly, the chair of the highest governing body does not simultaneously hold an executive position, supporting a clear separation of roles and helping to prevent conflicts of interest.

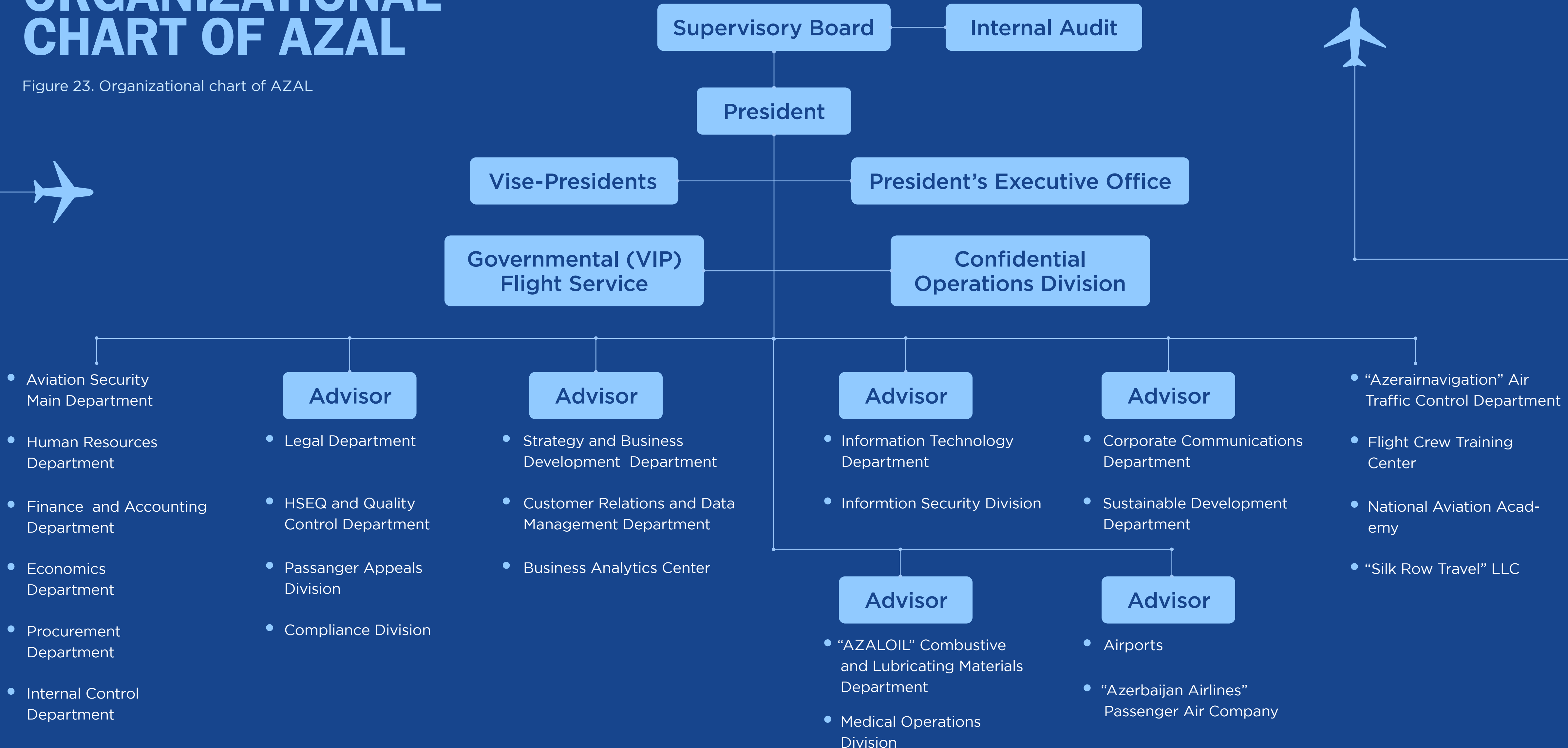
This strong governance foundation plays a critical role in supporting our long-term strategic direction. Guided by the Strategic Development Plan for 2022–2030, AZAL is undergoing a comprehensive transformation. The strategy focuses on key priorities such as enhancing aviation safety, renewing the aircraft fleet, expanding the route network, improving customer satisfaction, and accelerating digitalization. Strategic goals also include building a sustainable and competitive airline through investments in new aircraft, airport infrastructure, and advanced air navigation systems. This integrated approach reinforces AZAL’s commitment to disciplined management, stakeholder accountability, and long-term value creation.





# ORGANIZATIONAL CHART OF AZAL

Figure 23. Organizational chart of AZAL





# SUPERVISORY BOARD

The Supervisory Board plays a vital role in guiding the strategic direction of “Azerbaijan Airlines” CJSC and ensuring that the Company operates in line with its long-term objectives, ethical standards, and legal obligations. It is a collegial management body that fulfils general management and control over AZAL. Besides, at the present time there is the Management Board performing current management over AZAL at the same with the President. The structure and authority of the Board are defined by the Order of the President of the Republic of Azerbaijan and formalized in the Company’s Charter approved by the Cabinet of Ministers (no longer in effect following AZCON, November 2024).

In accordance with the AZCON’s Charter AZAL’s Supervisory Board members are appointed by AZCON’s Supervisory Board. Members bring deep expertise in areas such as aviation, finance, law, and public administration, supporting informed and balanced decision-making. By maintaining structured oversight and clear governance practices, the Supervisory Board helps foster trust among stakeholders and supports the Company’s continued growth as a reliable and internationally aligned airline (Figure 24).

Figure 24. The responsibilities of the Board



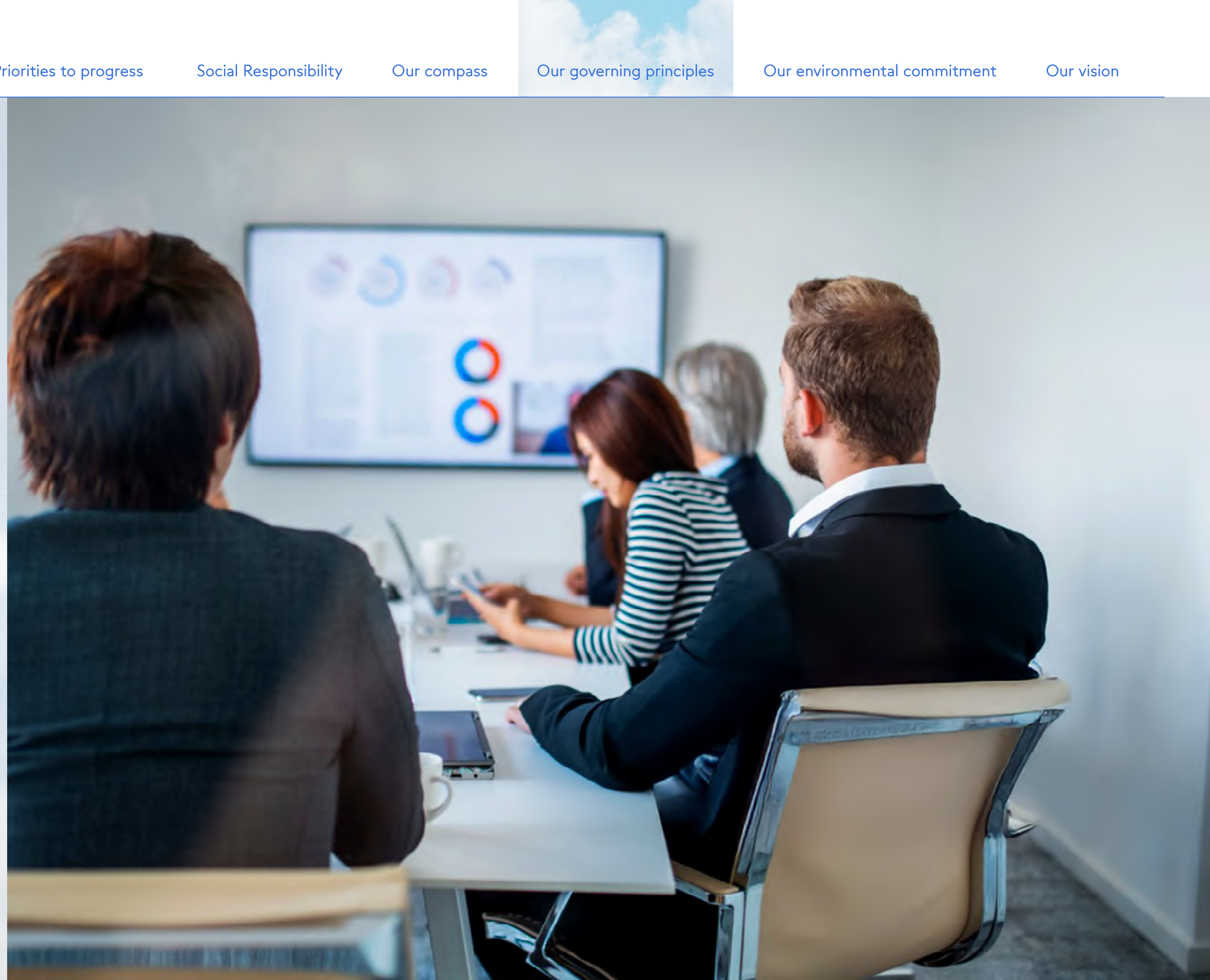


# COMMITTEES

AZAL has a strong corporate governance framework that provides transparency, accountability, and strategic oversight across all areas of operation. A key element of this framework is the Audit Committee, which reports directly to the Supervisory Board.

Committee plays an essential role in monitoring financial reporting, internal control systems, regulatory adherence, and risk management practices. Its evaluations and recommendations help shape key strategic decisions made by the Supervisory Board.

Recognizing the growing importance of ESG priorities, the Organization is actively exploring the establishment of a dedicated Sustainability Committee under the Supervisory Board. This potential committee would be tasked with providing focused oversight and strategic guidance on sustainability-related initiatives, ensuring integration of ESG considerations into the Company's long-term planning and performance monitoring.





# RISK MANAGEMENT AND ACCOUNTABILITY

We are committed to maintaining robust governance through a comprehensive risk management framework. Established in late 2023, the Risk Management Department has developed structured processes to identify, assess, and mitigate risks across all business units. The Board provides general oversight to ensure that risk management activities align with the Company's overall strategic priorities and support informed decision-making.

In 2024, the department identified 176 risks, categorized into areas such as market, financial, operational, and cyber risks. Among these, the top risks include cybersecurity, safety, market fluctuations, and currency volatility are closely monitored through detailed risk mapping that evaluates their potential impact and likelihood. We adhere to internationally recognized frameworks, including ISO 31000 and the Committee of Sponsoring Organizations (COSO) standards, to guide our risk management practices (Figure 25). Essential documents such as the risk register, risk policy, and risk roadmap have been developed and are regularly reviewed to ensure alignment with current risk landscapes. Risk coordinators within each business unit are responsible for monthly risk identification and reporting. In response to urgent or unforeseen risks, addi-

tional meetings are convened to facilitate prompt assessment and action. The risk register is continually updated to reflect the evolving business environment.

Sustainability and climate-related risks are recognized as an important part of our overall risk landscape and are considered alongside other operational and strategic risks within our broader risk management approach. In addition to routine monitoring by risk coordinators, emerging climate impacts, such as flight delays, scheduling disruptions, and on-time performance challenges, are assessed for their potential to disrupt operations and increase emissions. These risks are incorporated into entity-level reports and reviewed monthly. Carbon emissions are a central environmental concern for AZAL. In response, the acquisition of fuel-efficient Airbus A320 family aircraft reflects our proactive commitment to addressing this challenge, reducing environmental impact while enhancing the resilience and efficiency of our operations.

In parallel, financial risks, including liquidity management and debt coverage ratios, are closely monitored. During major events such as COP29, the Risk Management department demonstrated its capability to respond

swiftly by mitigating challenges such as terminal congestion, parking density, and temporary shortages of technical equipment. These were addressed through coordinated actions, including collaboration with the Ministry of Emergency Situations and internal contingency measures.

The Risk Management department remains dedicated to continuous improvement, strengthening internal procedures, adopting advanced tools, and maintaining open communication across the organization. Our efforts support both operational performance and sustainability objectives, ensuring resilience in a dynamic environment.

Figure 25. Risk management guiding frameworks





# ETHICAL BUSINESS PRACTICES

At AZAL, we recognize that ethical business conduct and strong compliance practices are fundamental to responsible governance. Our compliance framework is built on a foundation of key policies, including AZAL's Code of Conduct, Anti-Bribery and Corruption Guidelines, Conflict of Interest Guidelines, and Gift and Hospitality Guidelines—all drafted in late 2024.

These are designed to guide employee behavior, prevent misconduct, and support transparent decision-making across the Organization.

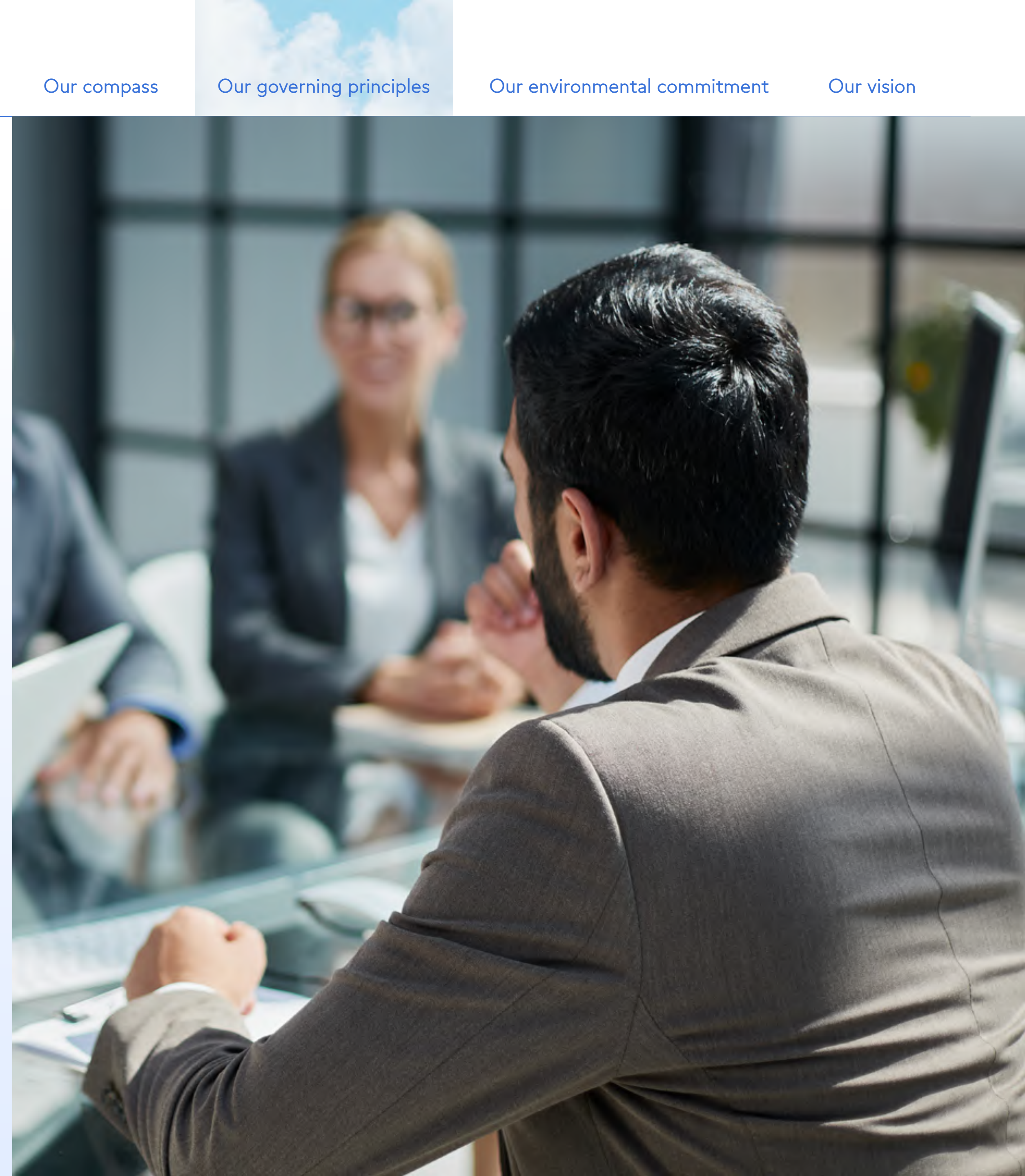
To further strengthen our ethical ecosystem and mitigate risks associated with external partnerships, we have introduced third-party due diligence procedures, effective from 2024. New and upcoming policies, such as our Human Rights Procedure and Supplier Code of Conduct, will be systematically communicated through internal campaigns and training programs. Moreover, our compliance risk assessment, completed and reassessed within the reporting period, supports a proactive approach to identifying and managing integrity risks across our operations and partnerships.

Cultivating a strong ethical culture through proactive internal engagement is a key priority. Last year, a company-wide awareness survey

reached over 3,000 employees, focusing on anti-bribery knowledge and experiences with fraud. In parallel, we maintain an open reporting environment through our “Speak Up” procedure, offering both named and anonymous reporting channels.

These are supported by regular internal communications and ongoing efforts to expand employee training and awareness initiatives, including a forthcoming Conflict of Interest (COI) disclosure process. AZAL has been recognized as one of five state-owned enterprises reviewed in the 2024 Organization for Economic Cooperation and Development (OECD) survey on integrity and anti-corruption practices, reflecting our growing commitment to international standards.

Upholding ethical conduct and robust compliance across all levels of our organization also extends to how we manage external relationships and operational dependencies. As we continue strengthening our internal governance structures, we place equal emphasis on transparency, accountability, and risk control throughout our value chain, particularly in procurement and supplier engagement processes.





# OUR ECONOMIC IMPACT AND FINANCIAL PERFORMANCE

Figure 26. Financial performance of AZAL in 2024



At the Airline, the past two years have been marked by proactive enhancements in service quality and operational excellence, contributing significantly to our strong financial results and sustainable growth. Driven by innovative strategic initiatives, we have attained solid financial performance, positioning ourselves firmly for ongoing success in sustainable aviation.

Our strong financial outcomes reflect significant investments and effective resource management, achieved through strategic allocation of capital towards fleet modernization, technological enhancements, and streamlined operational processes, underscoring our commitment to sustained growth and value creation for our stakeholders.

These results highlight the robust foundation we've established to support continued innovation and operational excellence. This is demonstrated by significant capital investments exceeding 1 billion AZN.

An expanded asset base and increased retained earnings further support our ability to make targeted investments in key areas: digital transformation, modernization of our aircraft fleet, and enhancement of operational processes (Figure 26).

Building upon this foundation, our revenue surpassed 1.2 billion AZN in 2024, driven by increased passenger demand, route expansion, and enhanced operational efficiency.

This represents significant growth compared to our 2023 revenue of approximately 882 million AZN. Our total assets similarly increased from 1.45 billion AZN in 2023 to 1.62 billion AZN by the end of 2024. The growth mirrors our substantial investments into fleet modernization, expanding our international connectivity, and advancing technological capabilities (Figure 27).



# OUR ECONOMIC IMPACT AND FINANCIAL PERFORMANCE

Figure 27. Financial performance comparison of 2023 and 2024, in million AZN

## Economic Value Distributed



## Capital Investment



## Total Revenue



This impressive financial growth significantly enhanced our ability to contribute to Azerbaijan’s economy. In terms of direct economic impact, the economic value we distributed within Azerbaijan’s economy reached 1.19 billion AZN in 2024, significantly increasing from 964 million AZN in 2023, representing an approximate increase of 23% (Figure 27).

This includes operating expenses, payments to local and international suppliers, and wages and benefits to our employees. Specifically, the Airline continuously enhanced employee benefits and wages, expanded our workforce, resulting in an increase in employee wages and benefits from 77.4 million AZN in 2023 to over 110.7 million AZN in 2024. This underscores our commitment to nurturing talent and investing in employee development and welfare. The substantial increase in our investment in human capital reflects not only our financial strength but also our strategic priority to build a resilient and future-ready organization. This financial footing has empowered us to direct significant resources toward transformative capital improvements, aligning financial sustainability closely with technological innovation and environmental responsibility. At AZAL, financial sustainability is fundamentally intertwined with innovation. Recognizing this,

we invested substantially in capital improvements—over 1 billion AZN across 2023 and 2024. These strategic investments directly reflect our broader vision for modernization and environmental sustainability. Financial performance is linked to how we reinvest. In 2024, AZAL placed notable aircraft orders: 8 Boeing 787-8 Dreamliners and 12 Airbus A320neo family jets to renew our fleet. These deals represent significant investments in sustainability and customer experience. The Boeing 787s will open new long-haul routes efficiently and boost inbound tourism, while the Airbus A320neos, according to Airbus, are projected to reduce fuel consumption by approximately 15%, compared to previous-generation aircraft.

This notable reduction in fuel use not only decreases operational costs significantly but also supports our financial strategy by enhancing overall cost efficiency and aligning our growth with sustainable aviation goals. These modern aircraft deliver both environmental benefits and improved economic efficiency, showcasing the advantages of strategic financial investments. Alongside fleet modernization, enhancing internal processes remained a critical focus. For us, financial sustainability is not just about aircraft, it encompasses efficient processes as well.



# OUR ECONOMIC IMPACT AND FINANCIAL PERFORMANCE

We reinvested profits into technology by launching a new ERP system, Microsoft Dynamics 365 for finance, consolidating data, and automating reports.

This significantly enhanced our efficiency, reducing the monthly financial closing process from 15 days down to 8, and freeing up considerable resources previously allocated to reconciliations for more strategic activities. Furthermore, the improved data capabilities allow the Airline to monitor fuel consumption and costs in real time, enabling the identification of inefficiencies and promoting waste reduction. As emphasized by our finance leadership, these advancements are not solely aimed at revenue generation but also strategically leverage our hub location to minimize our environmental footprint.

Our strengthened financial health is clearly demonstrated by key economic indicators from 2024, including significant growth in total revenue, total assets, retained earnings, capital investments, and economic value distributed. This robust financial foundation has enabled us to further enhance our internal governance and compliance frameworks, notably in tax management. Complementing this progress, our robust tax policies, guided by principles of

transparency, compliance, and integrity, have significantly contributed to our financial stability. We maintain comprehensive tax strategies and governance frameworks, including rigorous tax compliance policies and procedures, clear accountability overseen by our Chief Financial Officer and Head of Tax, and regular internal reviews to ensure accurate and timely reporting. By proactively managing tax risks through structured frameworks, ongoing assessments, and stakeholder engagement, we ensure that our tax practices support not only our business objectives but also our broader commitment to responsible corporate citizenship.

These advancements in financial management and sustainability integration positioned us well to navigate potential economic uncertainties. By proactively integrating sustainability into our financial strategy, we have developed greater clarity and responsiveness to potential economic challenges.

For instance, initiatives like our partnership with CarbonClick not only demonstrate our commitment to environmental responsibility but also enhance our reputation and attractiveness to environmentally conscious customers and stakeholders. This strategic advantage

helps stabilize customer demand and revenue streams even amidst economic fluctuations. Moreover, our investment in advanced technologies strengthens our internal financial processes by providing real-time data insights. This improved visibility allows us to swiftly detect inefficiencies, reduce waste, and respond proactively to external financial risks, such as foreign exchange volatility and changing market dynamics.

By embedding sustainability deeply into our operations, we are better positioned to manage and mitigate potential economic risks, thus ensuring sustained financial health and resilience for the long term. Understanding and managing financial risks remain crucial components of our strategy.

Ultimately, our strategic approach to financial sustainability translates into substantial benefits for the broader Azerbaijani economy. Our contributions extend beyond immediate operational impacts, such as payments to the state budget through taxes and fees, and substantial job creation. The Airline plays a significant role in national infrastructure projects, underscoring its commitment to Azerbaijan's long-term growth.

Furthermore, our operations significantly stimulate the tourism sector, creating economic benefits through increased tourist spending and cultural exchange opportunities facilitated by our expanding international network. AZAL is committed to sustaining financial discipline and strategic growth, aiming ambitiously to double passenger traffic by 2030 and expand our reach to 80 destinations. We also actively contribute to local workforce skill enhancement, thus fostering national competitiveness and economic resilience.

The Airline directly supports over 5,000 jobs within the organization and business units, and indirectly sustains numerous additional jobs across tourism, trade, and local supply chains. These contributions firmly position AZAL as a pivotal driver of socio-economic progress and community enrichment in Azerbaijan.

As we continue our journey, financial sustainability remains at the core of our vision, empowering us to invest further in our people, innovate for operational efficiency, and uphold our commitment to economic prosperity for Azerbaijan.



# DATA MANAGEMENT

Protecting customer data and flight information is a critical priority in the aviation industry. We recognize the importance of maintaining a secure digital environment to ensure passenger trust and uninterrupted operations. We have established a cybersecurity framework that safeguards sensitive information, supports regulatory compliance, and strengthens overall resilience. Our cybersecurity function is organized under a dedicated structure, with clearly defined responsibilities and experienced personnel managing key areas of digital risk.

The Information Security and GRC (Governance, Risk, and Compliance) teams lead activities such as risk assessment, compliance monitoring, incident response, and oversight of third-party providers.

Core responsibilities are distributed across functional teams. Risk assessment and management are carried out by the Head of the Information Security Division, the Head of the GRC Division, and supporting specialists. Threat detection and response are led by our Security Operations Center (SOC) specialists, while data security, access control, and endpoint protection are managed by dedicated cybersecurity and information security specialists. Additionally, red teaming, penetration

testing, cloud security, and vendor risk management are actively supported by qualified professionals across the relevant divisions. To guide these operations, we have adopted key cybersecurity policies, including our IT Incident Management Policy and Cyber Threat Management Procedure.

These documents are reviewed and updated at least annually or as needed to reflect evolving risks and operational changes. Our cybersecurity practices are aligned with international standards such as ISO/IEC 27001, ISO/IEC 27002, ISO 31000, and COBIT 2019. Compliance is ensured through well-defined control mechanisms, internal audits, and ongoing risk assessments managed by the IT risk management team.

data. An Information Security Management System (ISMS) is in place, providing a structured approach to risk identification, careful data classification, and adherence to personal data protection requirements. This system is supported by proactive measures such as regular audits, strong encryption protocols, and strictly enforced access restrictions, and cybersecurity awareness training all designed to secure both customer and employee data from unauthorized access. We

are actively documenting a comprehensive incident response plan to enhance our readiness in managing potential security breaches. While this work is ongoing, immediate threats such as Distributed Denial of Service (DDoS) attacks are mitigated through tools such as Cloudflare, Web Application Firewalls (WAFs), Intrusion Detection System (IDS)/Intrusion Prevention System (IPS) systems, and firewall protections. The effectiveness of our approach lies in its layered nature—combining real-time monitoring, advanced encryption (including Transport Layer Security (TLS), Multi-Factor Authentication (MFA), and Public Key Infrastructure (PKI), strong access control, continuous patching, and staff awareness training. Our commitment to sustainability includes the strong management and protection of our data. An Information Security Management System (ISMS) is in place, providing a structured approach to risk identification, careful data classification, and adherence to personal data protection requirements.

This system is supported by proactive measures such as regular audits, strong encryption protocols, and strictly enforced access restrictions, and cybersecurity awareness training all designed to secure both customer and employee data from unauthorized access.

Recognizing the interconnected nature of our digital environment, our IT cybersecurity strategy proactively addresses potential vulnerabilities from third-party relationships. Our cybersecurity and GRC teams actively assess the security controls of our vendors, ensuring that relevant obligations are clearly defined in contracts. Furthermore, we continuously monitor vendor performance through risk registers and adherence to the standards in our IT Risk Management Policy.

This proactive approach strengthens the security of our entire data landscape. Beyond prevention, our cybersecurity team is vital to our crisis management framework. In the event of a security incident, they lead threat detection, coordinate response activities, prioritize business continuity, and conduct in-depth digital forensic investigations.

The valuable insights gained from past incidents are systematically documented and incorporated into our policies and training initiatives, ensuring ongoing improvement and greater resilience.



# SUPPLY CHAIN

Reliable procurement and supply chain practices are vital to the safe, efficient, and uninterrupted functioning of airline operations. At AZAL, we are committed to strengthening our supply chain strategy to reduce operational risks, improve aircraft readiness, and build long-term resilience. This commitment has led to key improvements in supplier relationships, inventory availability, and response times for urgent maintenance needs.

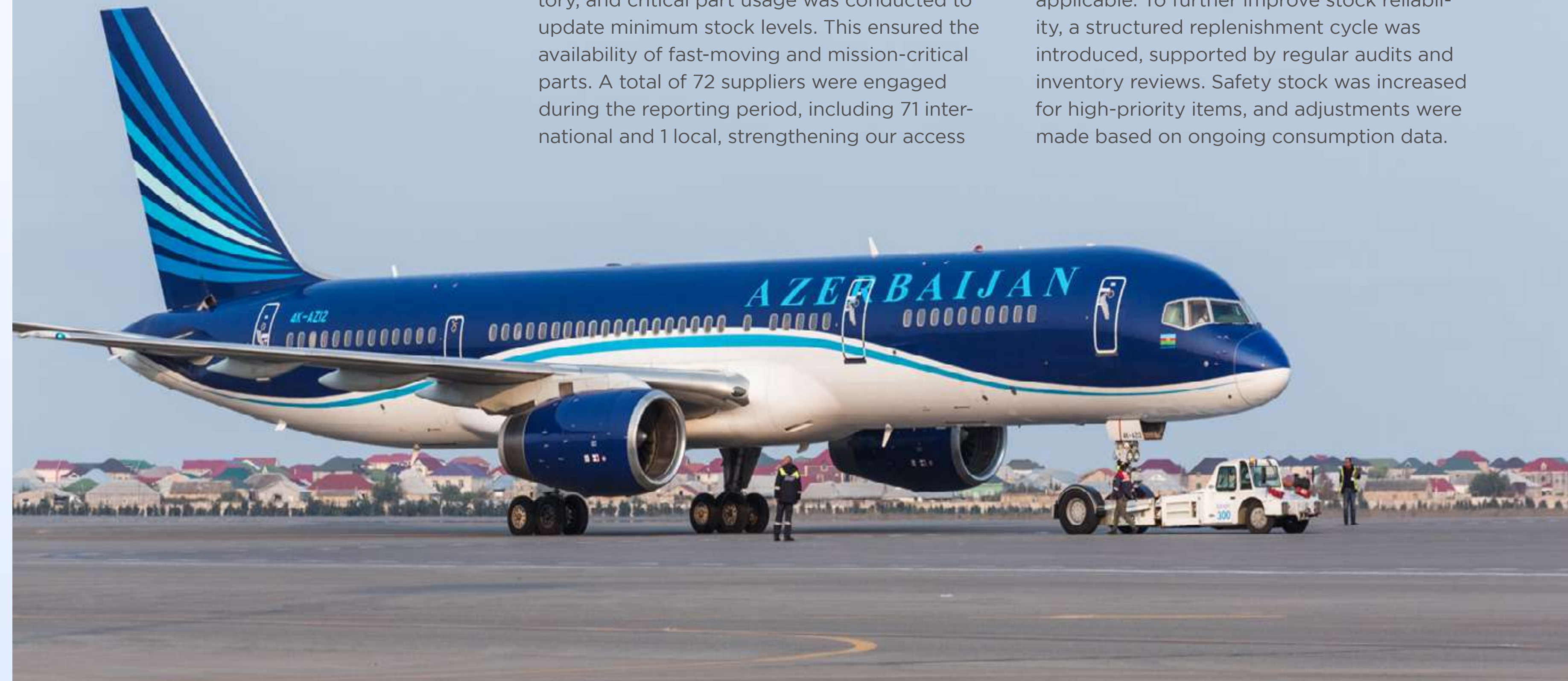
Our supply chain management plays a critical role in supporting uninterrupted and high-performing operations across the Airline. Through an integrated and centralized structure, we manage strategic planning, logistics coordination, inventory oversight, and end-to-end procurement. This approach enables us to maintain operational safety, reliability, and continuity while addressing the diverse needs of aviation technology, IT systems, and ground infrastructure. The supply chain team is responsible for managing the end-to-end flow of goods and services, from sourcing critical aircraft components and spare parts to overseeing vendor selection and facilitating customs clearance. The team also coordinates logistics, manages warehouse operations, monitors inventory levels, supports procurement planning and budgeting, and ensures

compliance with technical standards and regulatory requirements throughout the process. Given the highly regulated nature of the aviation industry, we adhere to stringent international standards, including compliance with ISO, CAMO, and aviation-specific certifications, when engaging with suppliers. Each supplier

undergoes a due diligence process, conducted in coordination with our Compliance Department, before being added to the approved vendor list.

In 2024, we introduced several improvements to our procurement approach. A detailed analysis of past consumption trends, repair history, and critical part usage was conducted to update minimum stock levels. This ensured the availability of fast-moving and mission-critical parts. A total of 72 suppliers were engaged during the reporting period, including 71 international and 1 local, strengthening our access

to certified Original Equipment Manufacturers (OEMs), stockists, and distributors. Procurement activities emphasized timely delivery, optimized lead times, and multi-year contractual agreements with strategic vendors. Requests for quote (RFQs) were issued with clear requirements for AOG responsiveness and vendor-managed inventory options where applicable. To further improve stock reliability, a structured replenishment cycle was introduced, supported by regular audits and inventory reviews. Safety stock was increased for high-priority items, and adjustments were made based on ongoing consumption data.





# SUPPLY CHAIN

To enhance efficiency and transparency, we have implemented Microsoft Dynamics 365 as our ERP system. This platform integrates procurement, logistics, and inventory processes into a unified digital environment.

It enables real-time tracking of orders, warehouse stock levels, contract execution, and financial settlements, minimizing operational delays and supporting data-driven planning. A key aspect of our supply chain function is close coordination with the Continuing Airworthiness Management Organization (CAMO).

Based on technical evaluations and scheduled maintenance plans, CAMO identifies parts requiring replacement or overhaul. In response, our supply chain team initiates sourcing procedures, launches tenders, and ensures timely delivery to maintain the safety and airworthiness of our fleet. Sustainability is integrated into our supply chain activities through a focus on resource efficiency, extending the lifecycle of components, and minimizing waste.

Where possible, we prioritize the repair and reuse of aircraft parts and systems. For components that have reached the end of their life cycle, we collaborate with licensed recycling partners to ensure environmentally responsi-

ble disposal in line with local and international regulations. All vendors are required to comply with our internal HSE protocols, including proper documentation and risk assessments for high-impact goods and services.

Risk management remains a central element of our supply chain strategy. We continuously monitor geopolitical dynamics, market volatility, and supplier performance to proactively mitigate potential disruptions.

We also implement structured cost control procedures — for example, purchases exceeding predefined thresholds are reviewed by internal committees and subject to formal budget validation processes. By combining operational resilience, digital integration, and sustainability-oriented practices, our supply chain ensures the reliable and responsible delivery of mission-critical goods and services that support our commitment to safety, efficiency, and environmental stewardship.





**OUR ENVIRONMENTAL  
COMMITMENT**



# OUR ENVIRONMENTAL COMMITMENT

Environmental responsibility is not simply a requirement for us — it is a defining principle that shapes how we operate and envision the future. It influences investment decisions, drives the adoption of cleaner technologies, informs policy development, and strengthens the partnerships that support our goals.

In an era where climate resilience has become a global imperative, the aviation sector stands at a critical crossroads. With the industry expected to double in passenger traffic over the next two decades, our shared responsibility to act has never been greater. We create long-term value by integrating environmental thinking into every decision and holding ourselves accountable through constant measurement and improvement.

## Understanding a unique challenge

The environmental impact of aviation is uniquely complex, with high-altitude emissions contributing not only to CO<sub>2</sub> levels but also to warming effects like contrails and artificial clouds. Although the sector accounts for around 2.5% of global CO<sub>2</sub> emissions, its true climate footprint is far greater. For AZAL, this means that traditional carbon offsetting is no

longer enough. Sustainability requires transforming how we fly through cleaner technologies, smarter operations, and better resource use. By embracing cleaner technologies and smarter operations, we are integrating sustainability into every flight and every decision, shaping a more responsible future for aviation.

## Turning Strategy into Impact

In 2024, we turned our environmental goals into real improvements across all operations. We introduced new systems to help plan flights more efficiently, saving fuel and reducing emissions.

On the ground, we updated procedures to limit the use of auxiliary power, helping cut fuel use while aircraft are parked. We also made our buildings more energy-efficient by adding motion-sensor lights and smart heating and cooling systems. In line with global best practices, we considered the Science Based Targets initiative (SBTi) and plan to further expand its application across our operations in the coming years.

As part of our waste reduction efforts, we enhanced the separation and tracking of recyclable and hazardous materials. These

improvements, along with measures to minimize single-use packaging and reduce food waste by returning unused items to storage, were supported through staff training and regular monitoring to ensure ongoing compliance and effectiveness. The changes made show that sustainability is becoming a natural part of how we work, not just a goal, but a new way of doing things.

These improvements mark significant progress and serve as a strong foundation for our future environmental goals. The operational efficiencies achieved in 2024 directly contribute to our targets of reducing fuel consumption by 10%, cutting electricity use per flight and water consumption by 5%, and increasing recycling volume by 50% over the coming years.

Collectively, these initiatives align with our long-term vision outlined in the Near Zero Emission Plan for 2030.





# STRENGTHENING ENVIRONMENTAL MANAGEMENT

At AZAL, environmental stewardship is a fundamental pillar of our strategic vision and operational excellence. We understand that sustainability is not a static goal but an evolving responsibility that requires continual innovation, informed decision-making, and a shared commitment at every level of the organization. We recognize the environmental implications of our industry and are determined to lead by example to minimize our impact across all areas of operations.

To support this mission, we have implemented a robust Environmental Management System (EMS) that provides the structure and oversight necessary to drive performance, ensure compliance, and foster a culture of continuous improvement. Our EMS serves as a practical and strategic framework for managing our environmental responsibilities, such as enhancing efficiency, promoting resource conservation, and embedding best practices in emissions control, waste management, and energy use throughout our operations.

Understanding environmental impact is essential to managing it responsibly and effectively. To support this, we have conducted compre-

hensive Environmental Impact Assessments (EIAs) across 13 key operational aspects of our activities. These assessments offer critical insights into how our operations interact with the environment and serve as the foundation for informed, strategic decision-making.

They ensure that risk reduction, sustainability, and resource efficiency remain central to our growth. Among the findings, four key impact areas emerged as priorities: raw material use, energy consumption, air emissions, and waste management. Each represents a vital opportunity to improve performance, reduce our footprint, and contribute meaningfully to a more sustainable aviation industry (Figure 28).

Figure 28. Key environmental impact areas



In 2024, our commitment was formally recognized with the attainment of ISO 14001:2015 certification—an internationally recognized standard for environmental management aimed at strengthening our environmental systems and reflecting our ongoing commitment to responsible operations and sustainable growth in aviation.

## Air Emissions

Lowering greenhouse gas and pollutant emissions by deploying electric vehicles, enhancing fleet efficiency, and streamlining flight operations.

## Process Improvements & Waste Reduction

Introducing structured waste segregation, recycling programs, and energy recovery initiatives to minimize waste generation and maximize resource recovery.

## Energy Consumption

Implementing advanced energy efficiency measures and technology upgrades to reduce overall consumption across all operations.

## Raw Material Use

Promoting sustainable alternatives and reducing dependency on nonrenewable materials through optimized procurement and process design.



# STRENGTHENING ENVIRONMENTAL MANAGEMENT

Moreover, our environmental approach is built on a strong governance framework that ensures consistency, compliance, and continuous improvement across all areas of our operations.

A set of our core internal policies and reference documents supports consistent implementation, performance monitoring,

and ongoing improvement by promoting accountability and adaptability to emerging challenges. In line with this framework, we maintain full compliance with national environmental regulations for addressing land pollution and hazardous waste disposal through a structured and proactive environmental management system (Figure 29).



Figure 29. Core internal policies and procedures for environmental management



# GHG EMISSIONS PERFORMANCE

We are strengthening our commitment to tackling greenhouse gas (GHG) emissions, a major challenge for the aviation industry and a key part of building a more sustainable future. In response to the increasing urgency of climate change and the specific decarbonization demands of the aviation sector, we are committed to implementing systematic and measurable actions across all facets of our value chain.

Our approach is aligned with IATA's Net Zero Carbon Emissions by 2050 commitment, which calls on the global aviation industry to achieve carbon neutrality through a combination of technological innovation, sustainable fuels, operational efficiency, and credible off-setting mechanisms. In line with this global ambition, AZAL is actively laying the groundwork for long-term emissions reduction while accommodating the realities of post-pandemic recovery and sustained route network expansion (Figure 30).

Figure 30. Key emissions reduction initiatives in 2024



## Modernizing the Fleet

Replacing older aircraft with next-generation models such as the Airbus A320 family and Boeing 787 Dreamliner—featuring advanced engines and lightweight design—resulting in lower fuel consumption per aircraft and contributing to overall reduction in flight-related CO<sub>2</sub> emissions.



## Smart Flight Optimization

Implementing the AI-powered SkyBreathe® platform to analyze flight data and guide more efficient procedures—including single-engine taxiing and optimized climb/descent—improving performance on hundreds of flights and reducing thousands of tons of CO<sub>2</sub> emissions annually.



## Greener Ground Operations

Replacing conventional ground vehicles with electric alternatives across airport logistics operations—cutting fuel use and achieving up to a 40% reduction in vehicle-related emissions, directly enabling low-carbon ground operations.



## Energy-Smart Infrastructure

Implementing LED lighting, motion-activated controls, and high-efficiency HVAC systems in administrative and operational buildings—optimizing electricity use, improving performance, and reducing emissions across facilities.



# TRACKING WHAT MATTERS

At AZAL, we maintain a comprehensive approach to monitoring emissions by focusing on Scope 1 emissions—direct emissions from jet fuel combustion during flight operations and fuel use by airport vehicles—and Scope 2 emissions, which account for indirect emissions from purchased electricity and heating used in airport buildings and infrastructure (Figure 31).

## Primary emission sources at AZAL

### Ground operations emissions Scope 1 & 2

Fuel and energy consumption in buildings, airport vehicles, and support infrastructure

### Aircraft emissions Scope 1

Jet fuel combustion during flight operations

Figure 31. Primary emission sources at AZAL.

	Scope 1			Scope 2	Total Emissions
	Gasoline	Diesel	Aviation fuel	Electricity	
<b>2022</b>	1,668	4.10	324,936	879	327,487
<b>2023</b>	1,140	2.00	465,361	903	467,405
<b>2024</b>	592	1.96	537,200	1033	538,827

Table 7. Emissions performance snapshot at AZAL

To ensure full transparency and regulatory alignment, we submit detailed emissions reports to the Ministry of Ecology and Natural Resources, as well as the State Statistical Committee of the Republic of Azerbaijan. Our monitoring practices adhere to globally recognized standards, including those outlined by the ICAO, IATA, the European Union Aviation Safety Agency (EASA), and the Greenhouse Gas Protocol (GHG Protocol).

The trajectory of our emissions performance over recent years reflects both the dynamic expansion of our flight operations and our progress in ground-level sustainability initia-

tives. Total emissions, accounting for 538,827 tCO<sub>2</sub>e in 2024, increased in line with operational growth, driven by a higher volume of flights, increased aviation fuel use, broader route coverage, and rising passenger activity (Table 7).

Scope 1 emissions remained the largest contributor, led by aviation fuel use, which rose in parallel with the scale of operations. The gradual transition to electric vehicle yielded measurable environmental benefits, enhancing both fuel efficiency and emissions performance across ground operations. Emissions from gasoline and diesel consumption

decreased by almost 50% compared to 2023. This reduction highlights the effectiveness of our strategy and reinforces our commitment to global climate targets.

Scope 2 emissions, primarily associated with electricity consumption, increased moderately by 14.3% in 2024, reflecting higher energy demand driven by the expansion of EV charging infrastructure and the implementation of modern, energy-efficient systems across facilities (Table 7).



# TRACKING WHAT MATTERS

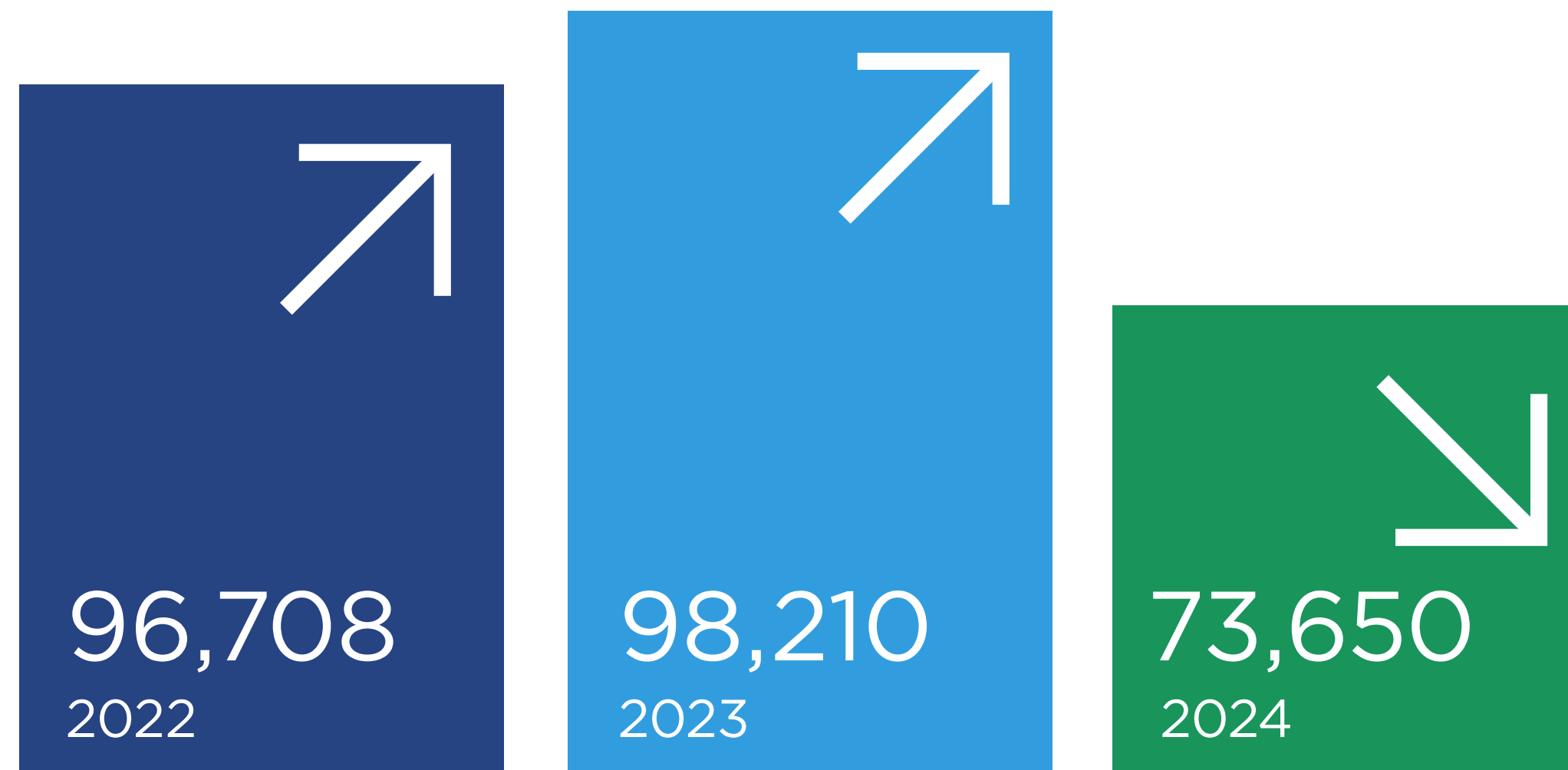
The 25% decline in intensity of aviation fuel intensity compared to 2023 levels further supports AZAL's decarbonization progress, demonstrating improved carbon efficiency across operations, despite a 15.3% increase in total emissions between 2022 and 2024.

The reduction in emissions intensity, supported by a 117% increase in RPK, reflects the effectiveness of AZAL's recent efforts to integrate sustainability into its expanding operations and demonstrates that environmental responsibility remains a core principle of our long-term development strategy (Figure 32)

## Empowering Every Passenger: The Carbon Offset Program



Figure 32. Emission intensity of aviation fuel (gCO<sub>2</sub>e/RPK), 2022-2024

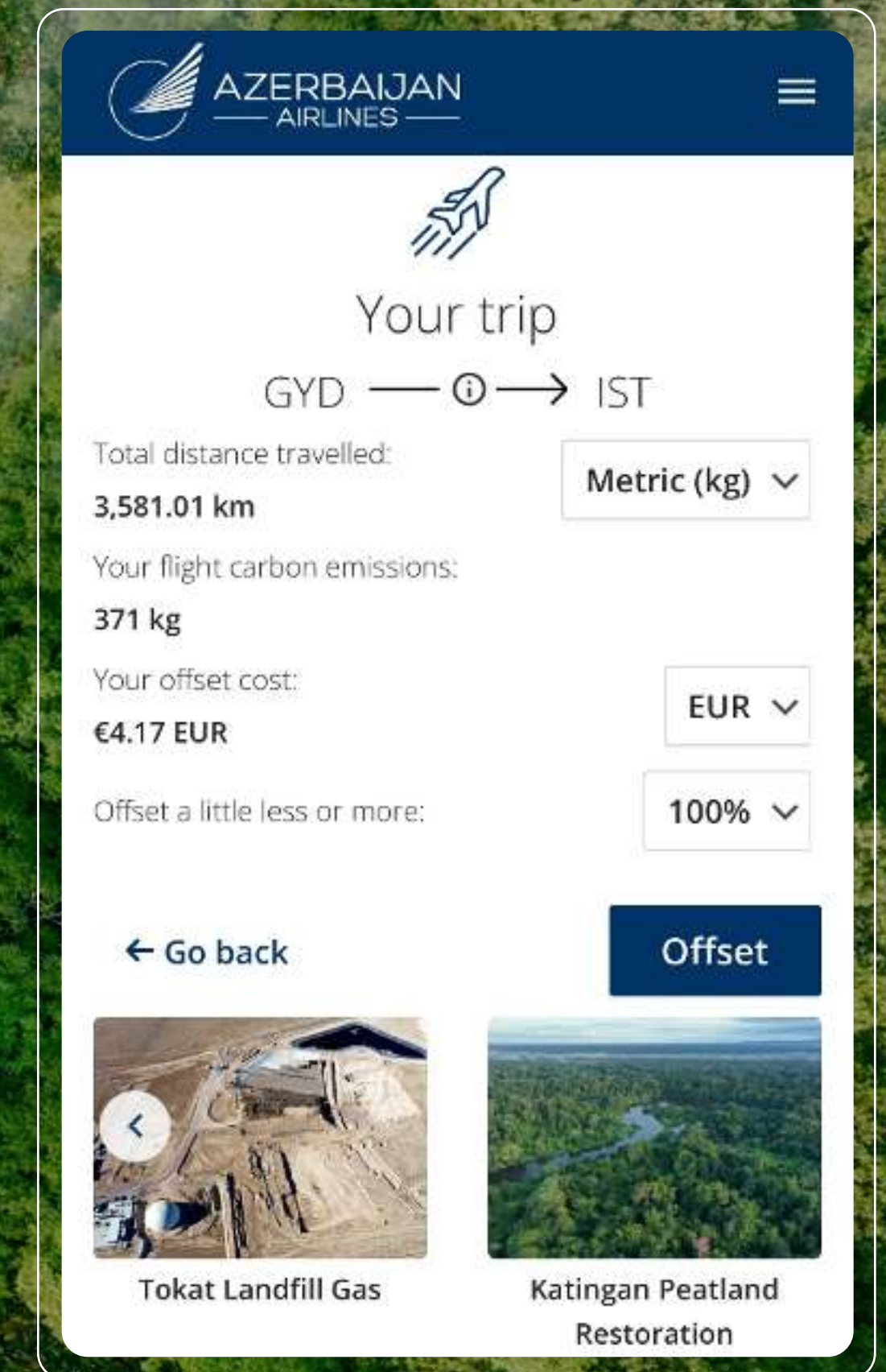


We believe that sustainability is a shared journey, and we invite our passengers to be part of it. As part of our broader commitment to environmental responsibility, we launched a voluntary carbon offset program to help reduce the climate impact of air travel.



Developed in partnership with a global leader in offset solutions, travelers can easily calcu-

late their flight emissions and decide to support certified green projects during or after the flight booking process. These certified projects support reforestation, clean energy, and biodiversity, verified by organizations like Gold Standard and VCS. Over the past year, AZAL's customers contributed 9,501 AZN toward carbon offset initiatives, marking a major achievement in our efforts to promote more sustainable air travel (Figure 33).



Carbon offset program platform



# ADVANCING TOWARD A SUSTAINABLE AVIATION FUTURE

AZAL's commitment to sustainable aviation has taken a decisive step forward through the development of a long-term decarbonization strategy, shaped by our engagement at COP29 and aligned with IATA's Net Zero 2050 goal.

Recognizing the critical role aviation must play in addressing climate change, this strategy reflects our ambition to lead in the transition toward low-carbon air transport, both regionally and globally. It builds on our operational growth and environmental responsibilities, setting a clear pathway to reduce emissions in line with international targets.

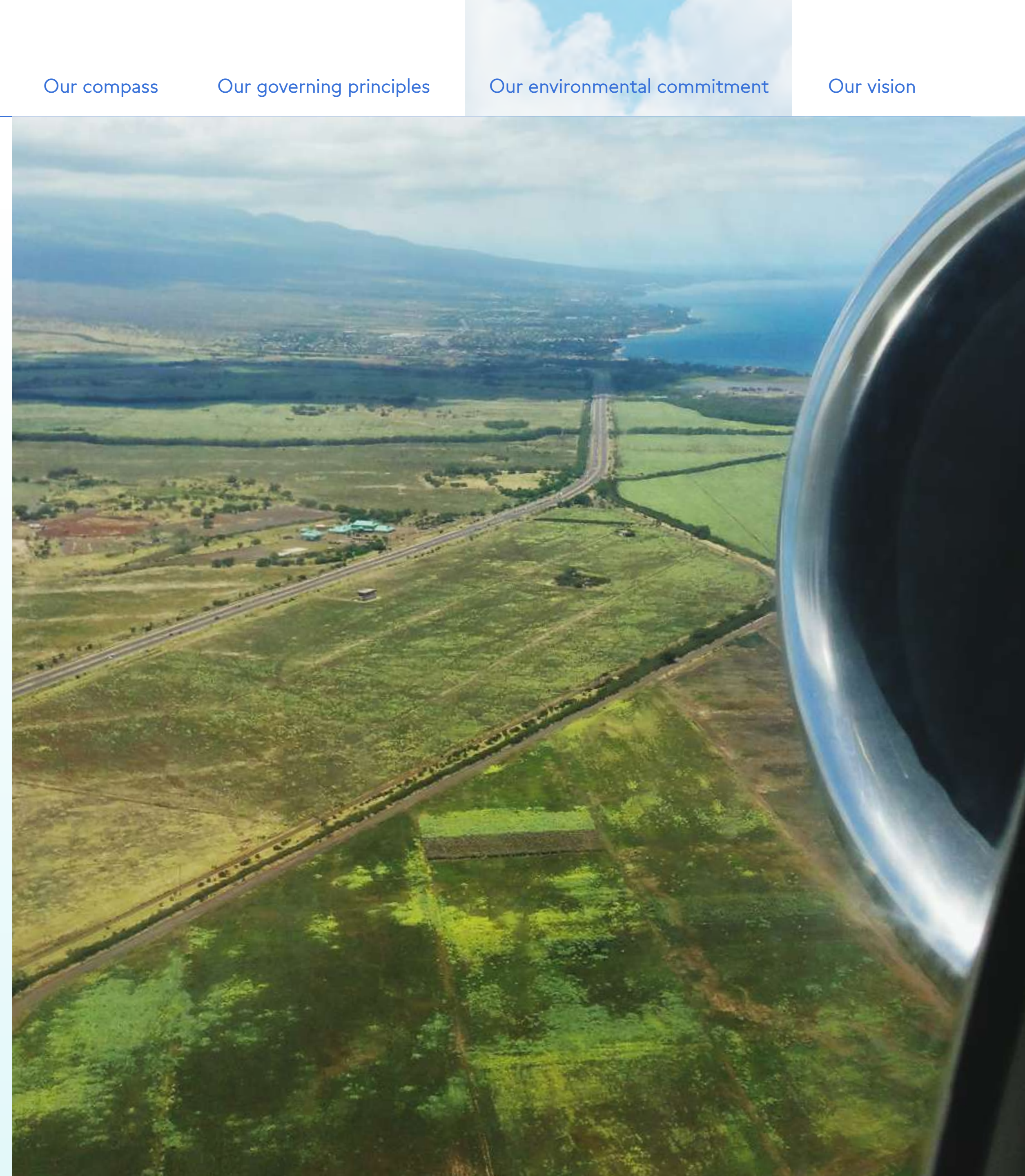
At the core of this strategy is the planned integration of SAF into our fleet by 2035. As a renewable alternative to conventional jet fuel, SAF offers up to an 80% reduction in lifecycle greenhouse gas emissions, positioning it as a key solution for reducing aviation's environmental impact.

In line with the Refuel EU Aviation initiative, AZAL is working toward achieving a minimum of 5% SAF usage by 2030, serving as a critical interim target on the path to broader SAF

adoption. To enable a successful transition, we are focused on ensuring infrastructure readiness, developing reliable local and international supply chains, evaluating cost efficiency, and complying with global certification standards. Our newly leased aircraft have been selected not only for performance, but for readiness to support this fuel transformation.

This is a long-term commitment that extends beyond operational change. It reflects our ambition to lead regional progress in sustainable aviation and to bridge the gap between global climate goals and local implementation.

With every step forward, we are reinforcing our role as a responsible airline that is preparing to meet the demands of the future while protecting the environment that connects us all.





# EFFECTIVE ENERGY MANAGEMENT

Energy consumption at AZAL spans multiple operational domains, ranging from electricity used in administrative offices and operational control centers, to aviation fuel powering our aircraft, and conventional fuels used across ground handling equipment and airport logistics. Each of these energy streams plays a vital role in supporting the safe, efficient, and timely delivery of our services. At the same time, they represent key areas of opportunity for environmental improvement and climate performance enhancement.

This commitment is supported by our certified EMS, which provides the framework for setting measurable targets, implementing efficiency measures, and tracking performance through structured reviews and continuous improvement cycles.

Through this system, we ensure that energy efficiency is embedded into both long-term planning and daily operations, from fleet renewal and smart infrastructure upgrades to AI-powered fuel analytics and electrification of ground transport.

By taking a comprehensive view of energy use and its impact on emissions, AZAL continues to advance toward a lower-carbon future while

maintaining the high standards of reliability and performance expected in the aviation industry. Fuel efficiency forms the cornerstone of AZAL's energy management efforts, particularly given that aviation fuel accounts for most of our operational energy use and Scope 1 emissions. Improving how we manage and consume fuel is therefore critical not only for cost-effectiveness and competitiveness but also for achieving long-term climate goals and supporting a more sustainable future for air travel. To address this, AZAL has prioritized a range of efficiency measures across both air and ground operations.

Our fleet modernization program has played a central role in this transition. Older aircraft are being replaced with next-generation models such as the Airbus A320 family and the Boeing 787 Dreamliner, which incorporate advanced aerodynamics, lighter composite materials, and high-efficiency engines.

These design improvements lead to significant reductions in fuel burn and associated CO<sub>2</sub> emissions per flight, aligning operational performance with our environmental targets. In parallel, we are leveraging digital technologies to further optimize fuel use.

	2022	2023	2023
Electricity	7,589.36	7,792.84	8,918.52
Gasoline	23,607.32	16,131.72	8,379.80
Diesel	59.15	28.66	28.21
Aviation Fuel	4,430,947	6,346,145	7,327,000
<b>Total</b>	<b>3,609,652.83</b>	<b>5,148,755.22</b>	<b>5,933,326.53</b>

Table 8. Total energy consumption in GJ

The SkyBreathe® fuel optimization platform, powered by artificial intelligence, analyzes flight data to identify precise opportunities for savings, such as optimizing flight paths, reducing auxiliary power usage, and promoting single-engine taxiing during ground operations. These insights are integrated directly into pilot briefings and flight planning procedures, translating data into actionable daily savings.

On the ground, AZAL has implemented equally impactful measures. We have intro-

duced electric vehicles into airport logistics fleets and upgraded support facilities with energy-efficient systems, which can lead up to less fuel usage and 40% drop in vehicle-related emissions (Table 7).

This transition not only reduces our environmental footprint but also reinforces a culture of sustainable energy use throughout the organization.



# EFFECTIVE ENERGY MANAGEMENT

We achieved a significant reduction in gasoline and diesel consumption in 2024, reflecting successful electrification and efficiency upgrades in ground operations. While aviation fuel use increased by approximately 15% in this reporting year due to expanded flight activity, fuel intensity per billion RPK improved by 26%, dropping from 0.031 to 0.023 between 2023 and 2024.

These results highlight the effectiveness of AZAL's energy conservation initiatives across both flight and ground operations and reinforce our commitment to reducing emissions in line with global aviation sustainability standards (Table 8, Table 9).

Complementing aviation and ground fuel efficiency efforts, AZAL has also made significant progress in managing electricity consumption, particularly Scope 2 emissions. As part of our shift toward smart energy use, our facilities are now equipped with automated systems for lighting, heating, and cooling, ensuring energy is used only when and where it is needed. Motion sensors, LED lighting, and high-efficiency HVAC systems are now standard across all administrative and operational zones, including corporate offices, control centers, and staff facilities. These technologies have

improved our overall energy efficiency while preserving service quality and operational resilience.

Electricity consumption rose gradually from 7,792 GJ in 2023 to 8,918 GJ in 2024, reflecting the natural expansion of operations and infrastructure. This trend reflects the growing need to further enhance energy efficiency measures and expand the use of smart technologies. Continued investment in system upgrades and optimization will be essential to ensure electricity consumption remains aligned with AZAL's long-term sustainability goals (Table 8). Together, these measures demonstrate a comprehensive and forward-thinking approach to energy management, spanning fuel and electricity, air and ground operations.

By reducing emissions at every level, AZAL continues to advance its commitment to responsible growth and long-term climate performance in line with international aviation sustainability standards.

## Fuel Intensity of Aviation Fuel (kg/km)

2022	3.69
2023	3.47
2024	2.96

## Aviation Fuel Intensity (kg/billion RPK)

2022	0.030
2023	0.031
2024	0.023

Table 9. Fuel intensity of Aviation Fuel, 2022-2024



# RESPONSIBLE WATER CONSUMPTION

Responsible water use is integral to AZAL's broader sustainability agenda, reflecting our commitment to operational efficiency and environmental stewardship. While aviation's direct reliance on water is limited compared to other sectors, the management of water across support facilities, offices, and green infrastructure plays a vital role in reducing our overall resource footprint.

AZAL's water conservation approach integrates both operational best practices and smart technologies to reduce consumption while maintaining service quality. All corporate, administrative, and operational facilities are now equipped with low flow plumbing systems, ensuring a consistent reduction in water demand without compromising functionality. These measures promote long-term efficiency gains across the organization.

We have deployed automated precision irrigation systems, including drip and smart sprinkler technologies for delivering water with maximum efficiency, significantly reducing consumption through targeted distribution and improved scheduling. In line with international water classification frameworks, AZAL's water use is fully categorized as Blue Water, as it is sourced entirely from municipal networks

or groundwater systems. Analysis of our usage patterns indicates that approximately 70–75% of this water is discharged as untreated sewage, classified as Grey Water, mainly from sanitary and domestic uses in our facilities.

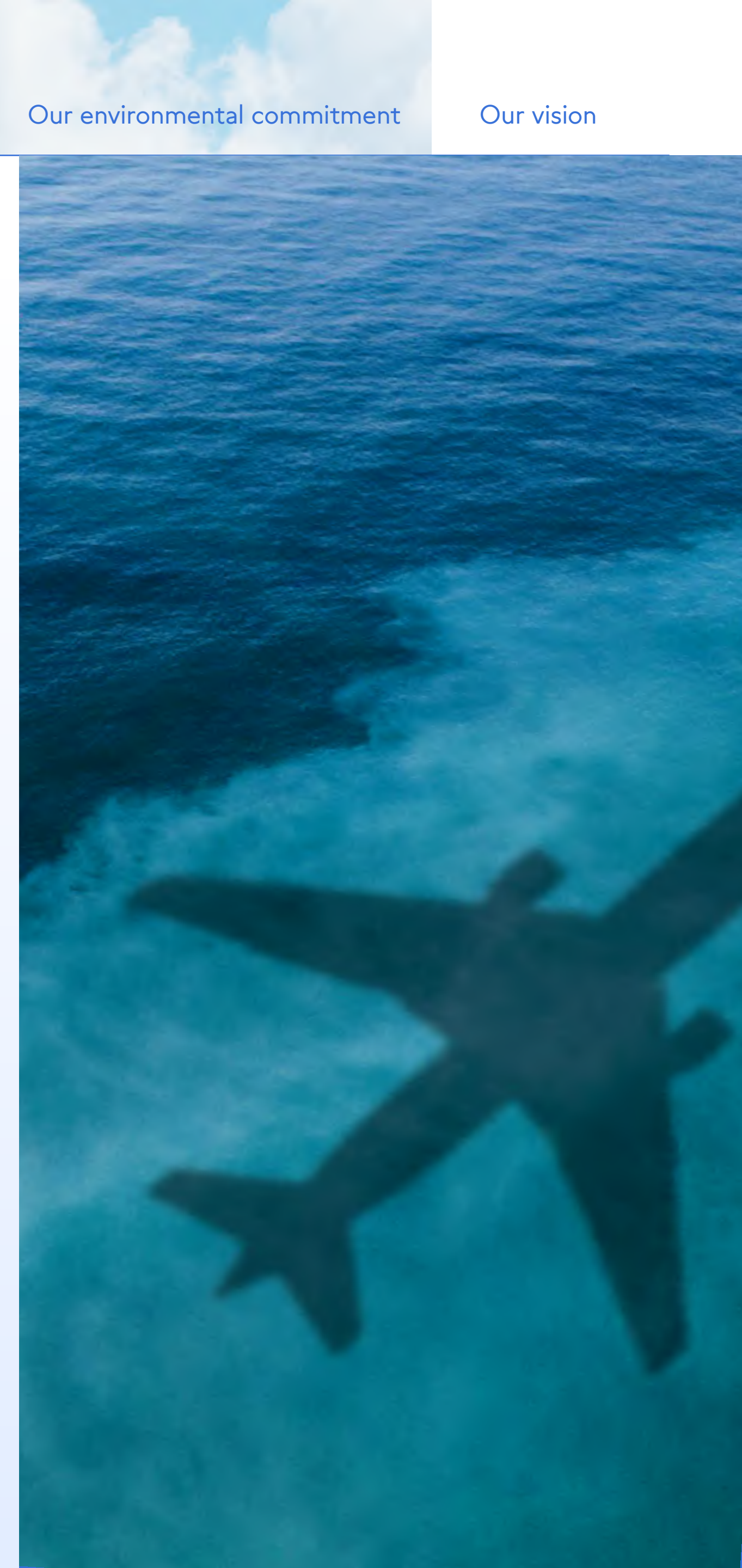
The remaining 25–30% is consumed in non-sewage activities, such as irrigation of landscaping and cleaning operations, with usage fluctuating seasonally, typically increasing during warmer months.

The close alignment between total water consumption and discharge volumes fur-

ther supports the accuracy of this classification, demonstrating that nearly all water used is ultimately returned to the environment through either sewage systems or surface application. Trends over the last three reporting years highlight the effectiveness of these efforts. While water consumption increased temporarily in 2023, primarily due to operational expansion and construction activities, it declined again in 2024, reflecting the broader impact of our environmental initiatives and the integration of water-saving features, along with increased awareness across operational facilities (Figure 34).



Figure 34. Water Management (m³)





# WASTE MANAGEMENT

At AZAL, we approach waste management by focusing on early planning and smart choices throughout the process. From daily operations to inflight services, we apply practical solutions that reduce waste, improve sorting, and ensure proper disposal, supporting our broader transition toward a circular economy.

Across all locations, waste is sorted into Our waste management system is built around a clear separation process. Across all locations, waste is sorted into general, recyclable, and hazardous categories.

Employees are trained to follow these procedures, ensuring consistent application throughout all departments. Regular audits help monitor performance and identify areas for improvement.

We take action to reduce waste generation at the source. This includes working with suppliers to reduce packaging and encouraging the use of reusable or recyclable materials.

In our catering services, unopened food and beverage items are returned to storage instead of being discarded, helping to reduce

waste and improve resource efficiency. Packaging materials have also been optimized in size and volume, resulting in less overall waste and more efficient logistics.

For the waste that is inevitably generated, we ensure responsible handling through proper segregation and disposal.



Hazardous materials such as used oil, batteries, and chemicals are collected separately and sent to licensed facilities for safe handling, disposal, or recycling. Recyclable materials, including paper, plastic, and packaging, are directed to certified recycling partners for appropriate processing and recovery (Figure 35).

## Waste Prevention at Source

- Minimization of waste generation through proactive planning
- Supplier engagement on sustainable packaging standards
- Reuse of unopened catering items to reduce material loss
- Optimization of packaging dimensions for material efficiency

## Waste Sorting and Handling

- Proper classification and management of waste streams
- Disposal of general waste through municipal services
- Segregation of recyclable materials for certified processing
- Controlled handling and transfer of hazardous waste to licensed facilities

## Responsible Partnerships and Compliance

- Assurance of regulatory compliance and effective waste processing
- Collaboration with certified recycling and recovery partners
- Compliance with hazardous waste treatment regulations
- Maintenance of waste documentation for auditing and reporting purposes

Figure 35. Waste management system



# WASTE MANAGEMENT

We conduct regular monitoring of waste volumes to support data-driven decision-making. As operational growth over the past few years has led to increased waste volumes, particularly in non-hazardous categories, we have reinforced our commitment to environmental responsibility by enhancing internal systems, engaging staff through targeted initiatives, and collaborating with partners to ensure effective and compliant waste management.

In recent years, improved tracking and segregation practices have resulted in a steady rise in recycling volumes, while the overall increase in non-hazardous waste reflects the broader

## Recycled non-hazardous waste (tons)

2022	N/A
2023	4.32
2024	9.86

Table 10. Waste Processing by Categories, 2022-2024

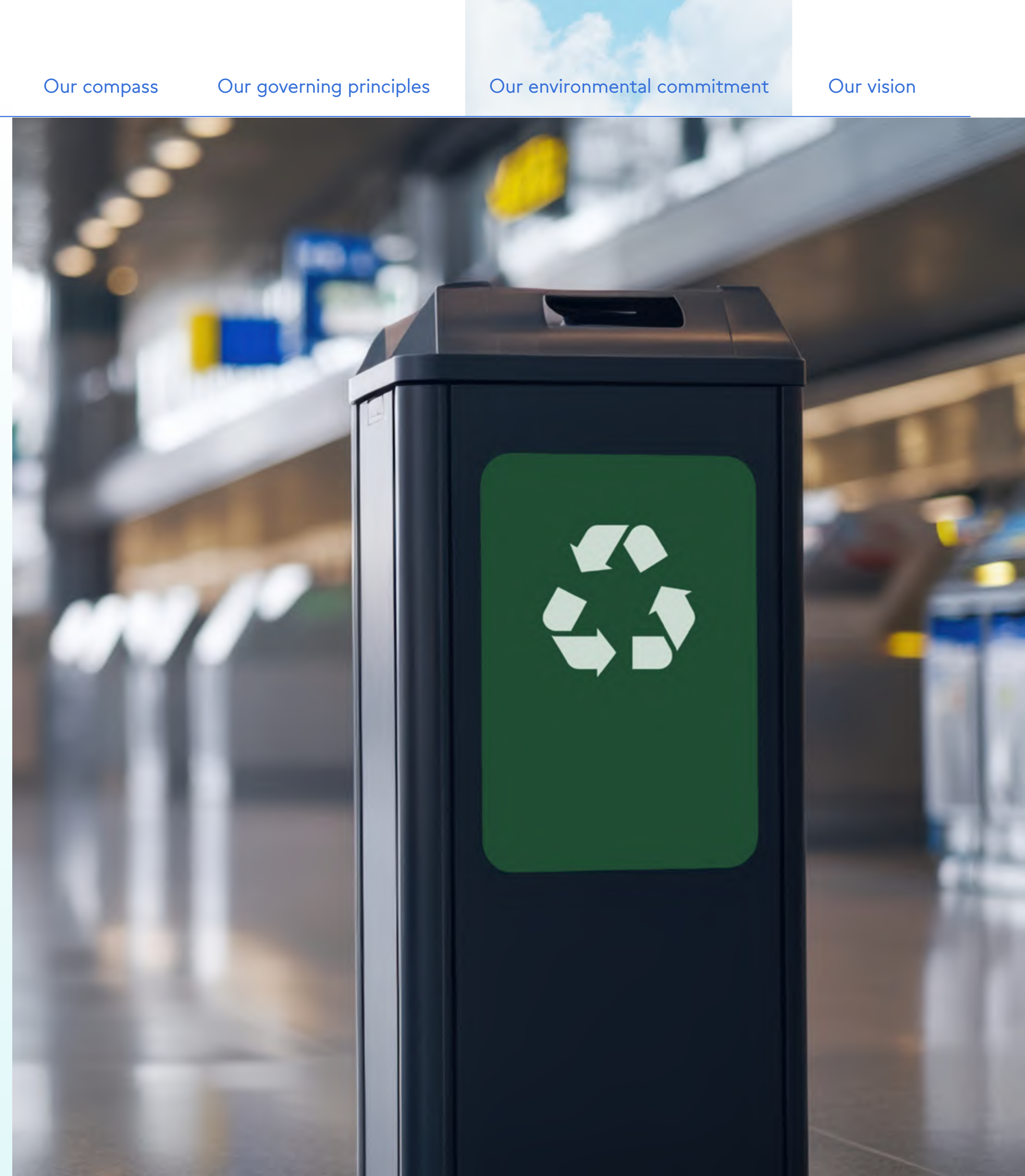
scale of AZAL’s operations. Implemented developments are essential for increasing the effectiveness of our current measures and further strengthening recovery and reduction efforts as operations continue to expand (Table 10).

## Non-hazardous waste directed to landfill (m³)

2022	648
2023	912
2024	2,118

## Hazardous waste directed to landfill (batteries) (m³)

2022	N/A
2023	N/A
2024	0.06





**OUR VISION FOR A  
SUSTAINABLE FUTURE**



# OUR VISION FOR A SUSTAINABLE FUTURE

AZAL's future direction is shaped by a clear understanding that sustainable growth must be both purposeful and integrated. As global priorities continue to evolve, our commitment is to align our business with the principles of environmental stewardship, social responsibility, and transparent governance.

In the years ahead, we will continue to align our strategic direction with global sustainability goals, embedding environmental considerations into every aspect of our planning and decision-making.

This includes preparing for a lower-carbon future, embracing cleaner technologies, and supporting national and international climate objectives through long-term innovation and investment. As part of this vision, a feasibility study on the use of Sustainable Aviation Fuel will be conducted, with plans to begin phased implementation within the next decade.

Additionally, we aim to expand our portfolio of official certifications, particularly in the areas of health and safety, environmental management, and operational excellence.

Equally, we recognize that social responsibility is integral to our long-term resilience. We

aim to foster a safe, inclusive, and future-ready workforce while expanding our role in supporting local communities. This includes improving working conditions, enhancing employee benefits, and ensuring that workplace safety standards are continuously strengthened.

AZAL is also committed to further promoting an inclusive culture across all levels of the organization, with a specific focus on advancing gender equality, such as supporting IATA's "25by2025" initiative to improve the representation of women in aviation leadership.

This people-first approach will also guide how we engage with our broader community of passengers and partners. Operational upgrades, together with improvements to our website and mobile app, will lay the groundwork for a more seamless, accessible, and user-focused travel journey.

These enhancements will support not only satisfaction and loyalty, but also AZAL's broader ambition to lead in service innovation. Enhancing the quality of service goes hand in hand with plans to expand our route network, strengthening regional connectivity and improving access for travelers. To support and sustain our efforts, we are enhancing gover-

nance practices through a robust ESG framework that strengthens accountability, improves data systems, and aligns with international reporting standards.

By embedding transparency and measurability into our approach, we ensure our goals are both credible and actionable. With a clear strategic direction and deep commitment to measurable sustainability, AZAL is preparing to lead the next era of responsible aviation, where growth is guided by innovation, equity, and long-term climate resilience.





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# ESG METRICS AND APPENDIX



# EMISSION CALCULATION METHODOLOGY



The general methodology for calculating emissions is based on the approach outlined here.

$$\begin{array}{c}
 \text{ACTIVITY DATA} \\
 \times \\
 \text{EMISSION FACTOR} \\
 = \\
 \text{EMISSIONS}
 \end{array}$$

Our methodology for calculating GHG emissions from our operations adheres to the globally recognized standards of the GHG Protocol, alongside specific guidelines issued by the Intergovernmental Panel on Climate Change (IPCC) and IATA. This approach provides both accuracy and international comparability to our methodology. All reported emissions in this report are expressed in metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e), encompassing both direct Scope 1 and indirect Scope 2 emissions.

At the core of our calculation framework is the principle that total emissions are derived by multiplying activity data by the corresponding emission factor.

## Scope 1

## Emissions from flight operations

$$\text{EMISSIONS, TCO}_2\text{E} = \frac{(\text{Jet Fuel at the Beginning} - \text{Jet Fuel Refueled} - \text{Jet Fuel Remaining}) \times \text{Emission Factor}}{1000}$$

## Company vehicles

$$\text{EMISSIONS, TCO}_2\text{E} = \text{Fuel Volume liters} \times \frac{\text{Emission Factor}}{1000} \frac{\text{ton CO}_2\text{e}}{\text{kWh}}$$

Figure 36. Calculation methodology of Scope 1 emissions

## Scope 2

## Electricity consumption

$$\text{EMISSIONS, TCO}_2\text{E} = \text{Electricity use (kWh)} \times \frac{\text{Grid Emission Factor}}{\text{kWh}} \text{ ton CO}_2\text{e}$$

Figure 37. Calculation methodology of Scope 2 emissions

Emission factor	Value	Unit
Jet fuel	3.16	kg CO <sub>2</sub> e per liter
Diesel	2.7	kg CO <sub>2</sub> e per liter
Gasoline	2.3	kg CO <sub>2</sub> e per liter

Table 11. Emission factors used for the calculation of GHG emissions

Scope 1 emissions include those from flight operations (jet fuel), as well as the use of company vehicles powered by gasoline and diesel. The emission factors used in the calculations were sourced from the IPCC and the GHG Protocol, in line with internationally recognized standards and best practices (Table 11). Scope 2 emissions, which account for indirect greenhouse gas emissions from the consumption of purchased electricity, were calculated using the location-based method in accordance with the GHG Protocol. This method reflects the average emissions intensity of the electricity grid in the region where the consumption occurs, providing a clear picture of the environmental impact based on local energy production sources. We are continuously working to develop and refine our emissions calculation methodology, basing it on internationally recognized standards and integrating them into the Airline's operational context. This ongoing effort includes establishing accurate organizational and operational boundaries, selecting the most reliable and representative emission factors, and advancing the methodology for calculating Scope 3 emissions.



# GRI INDEX

	Disclosure	Status	Location / Comment
General disclosures			
GRI 2: General Disclosures 2022	2-1 Organizational details	Disclosed	About the Company
	2-2 Entities included in the organization's sustainability reporting	Disclosed	Scope and boundaries
	2-3 Reporting period, frequency, and contact point	Disclosed	Scope and boundaries
	2-4 Restatements of information	Disclosed	There are no restatements of information
	2-5 External assurance	Disclosed	External assurance was not conducted during the reporting period
	2-6 Activities, value chain and other business relationships	Disclosed	Engagement with stakeholders Supply Chain Social Responsibility at Our Core
	2-7 Employees	Disclosed	Social Responsibility at Our Core Performance Tables

2-8 Workers who are not employees	Partially Disclosed	Social Responsibility at Our Core
2-9 Governance structure and composition	Disclosed	Our Governing Principles
2-10 Nomination and selection of the highest governance body	Disclosed	Our Governing Principles
2-11 Chair of the highest governance body	Disclosed	Our Governing Principles
2-12 Role of the highest governance body in overseeing the management of impacts	Disclosed	Our Governing Principles
2-13 Delegation of responsibility for managing impacts	Disclosed	Our Governing Principles
2-14 Role of the highest governance body in sustainability reporting	Disclosed	Our Governing Principles
2-15 Conflicts of interest	Disclosed	Ethical business practices
2-16 Communication of critical concerns	Disclosed	Social Responsibility at Our Core
2-17 Collective knowledge of the highest governance body	Not Disclosed	



2-18 Evaluation of the performance of the highest governance body	Not Disclosed	
2-19 Remuneration policies	Disclosed	Social Responsibility at Our Core
2-20 Process to determine remuneration	Not Disclosed	
2-21 Annual total compensation ratio	Partially Disclosed	Social Responsibility at Our Core
2-22 Statement on sustainable development strategy	Disclosed	Message from the President
2-23 Policy commitments	Disclosed	Our Governing Principles Social responsibility at Our Core
2-24 Embedding policy commitments	Disclosed	Our Governing Principles Alignment with UN SDGs
2-25 Processes to remediate negative impacts	Disclosed	Our Governing Principles
2-26 Mechanisms for seeking advice and raising concerns	Disclosed	Social responsibility at Our Core

	2-27 Compliance with laws and regulations	Disclosed	There were no instances of non-compliance with laws and regulations during the reporting period.
	2-28 Membership associations	Disclosed	About the Company Membership associations are referenced throughout the report.
	2-29 Approach to stakeholder engagement	Disclosed	Engagement with stakeholders
	2-30 Collective bargaining agreements	Not Disclosed	
	<b>Material topics</b>		
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Disclosed	Determination of material topics
	3-2 List of material topics	Disclosed	Determination of material topics
	<b>Economic performance</b>		
GRI 3: Material Topics 2021	3-3 Management of material topics	Disclosed	Determination of material topics



GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	Disclosed	Our Governing Principles
	201-2 Financial implications and other risks and opportunities due to climate change	Disclosed	Risk Management and Accountability
	201-3 Defined benefit plan obligations and other retirement plans	Disclosed	This is regulated by the Labor Code of the Republic of Azerbaijan
	201-4 Financial assistance received from the government	Not Disclosed	
Market presence			
GRI 202: Market Presence 2016	202-1 Ratios of standard entry-level wage by gender compared to local minimum wage	Disclosed	Performance Metrics
	202-2 Proportion of senior management hired from the local community	Disclosed	Performance Metrics
Indirect economic impacts			
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	Partially Disclosed	Turning Priorities into Progress Community Engagement and CSR Initiatives
	203-2 Significant indirect economic impacts	Not Applicable	

Procurement practices			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Not Disclosed	
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Disclosed	Our Governing Principles Performance Metrics
	205-2 Communication and training about anti-corruption policies and procedures	Disclosed	Our Governing Principles Performance Metrics
	205-3 Confirmed incidents of corruption and actions taken	Disclosed	Performance Metrics There were no incidents during the reporting period
Anti-competitive behavior			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, antitrust, and monopoly practices	Disclosed	Ethical Business Practices Performance Metrics
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	Partially Disclosed	Our Governing Principles Our Economic Impact and Financial Performance



	207-2 Tax governance, control, and risk management	Partially Disclosed	Our Economic Impact and Financial Performance
	207-3 Stakeholder engagement and management of concerns related to tax	Partially Disclosed	Our Economic Impact and Financial Performance
	207-4 Country-by-country reporting	Not Applicable	
	<b>Materials</b>		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	Disclosed	Our Environmental Commitment
	301-2 Recycled input materials used	Disclosed	Waste Management
	301-3 Reclaimed products and their packaging materials	Partially Disclosed	Waste Management
	<b>Energy</b>		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Disclosed	Effective Energy Management
	302-2 Energy consumption outside of the organization	Not Disclosed	
	302-3 Energy intensity	Disclosed	Effective Energy Management
	302-4 Reduction of energy consumption	Disclosed	Effective Energy Management

	302-5 Reductions in energy requirements of products and services	Disclosed	Effective Energy Management
	<b>Water and effluents</b>		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	Disclosed	Responsible Water Consumption
	303-2 Management of water discharge-related impacts	Not Disclosed	
	303-3 Water withdrawal	Disclosed	Responsible Water Consumption
	303-4 Water discharge	Not Disclosed	
	303-5 Water consumption	Disclosed	Responsible Water Consumption
	<b>Biodiversity</b>		
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not Disclosed	
	304-2 Significant impacts of activities, products, and services on biodiversity	Not Disclosed	
	304-3 Habitats protected or restored	Not Disclosed	



	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Disclosed	
	<b>Emissions</b>		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Disclosed	GHG Emissions Performance Performance Metrics
	305-2 Energy indirect (Scope 2) GHG emissions	Disclosed	GHG Emissions Performance Performance Metrics
	305-3 Other indirect (Scope 3) GHG emissions	Not Disclosed	
	305-4 GHG emissions intensity	Disclosed	GHG Emissions Performance Performance Metrics
	305-5 Reduction of GHG emissions	Disclosed	GHG Emissions Performance Performance Metrics
	305-6 Emissions of ozone-depleting substances (ODS)	Not Disclosed	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Not Disclosed	

	<b>Waste</b>		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	Partially Disclosed	Waste Management
	306-2 Management of significant waste-related impacts	Partially Disclosed	Waste Management
	306-3 Waste generated	Disclosed	Waste Management Performance Metrics
	306-4 Waste diverted from disposal	Partially Disclosed	Waste Management
	306-5 Waste directed to disposal	Disclosed	Waste Management Performance Metrics
	<b>Supplier environmental assessment</b>		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	Not Disclosed	
	308-2 Negative environmental impacts in the supply chain and actions taken	Not Disclosed	



Employment			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	Disclosed	Workforce Welfare and Inclusive Culture
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Disclosed	Workforce Welfare and Inclusive Culture
	401-3 Parental leave	Disclosed	Performance Metrics
Labor/management relations			
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	Disclosed	Performance Metrics
Occupational health and safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	Disclosed	Health and Safety of Employees
	403-2 Hazard identification, risk assessment, and incident investigation	Disclosed	Health and Safety of Employees
	403-3 Occupational health services	Disclosed	Health and Safety of Employees

	403-4 Worker participation, consultation, and communication on occupational health and safety	Disclosed	Health and Safety of Employees
	403-5 Worker training on occupational health and safety	Disclosed	Health and Safety of Employees
	403-6 Promotion of worker health	Disclosed	Health and Safety of Employees
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Disclosed	Health and Safety of Employees
	403-8 Workers covered by an occupational health and safety management system	Disclosed	Health and Safety of Employees
	403-9 Work-related injuries	Disclosed	Health and Safety of Employees
	403-10 Work-related ill health	Not Disclosed	



Training and education			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Partially Disclosed	Employee Learning and Growth Initiatives Performance Metrics
	404-2 Programs for upgrading employee skills and transition assistance programs	Disclosed	Employee Learning and Growth Initiatives
	404-3 Percentage of employees receiving regular performance and career development reviews	Not Disclosed	
Diversity and equal opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	Disclosed	Performance Metrics
	405-2 Ratio of basic salary and remuneration of women to men	Disclosed	Performance Metrics
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	Disclosed	No cases of discrimination were recorded in the reporting period

Freedom of association and collective bargaining			
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Disclosed	No such operations have been determined during the reporting year
Child labor			
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	Disclosed	AZAL is firmly opposed to child labor and adheres to both legal requirements and internal regulations to prevent its occurrence
Forced or compulsory labor			
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Disclosed	No such operations have been determined during the reporting year
Security practices			
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	Disclosed	All employees, regardless of their position, received the training on human rights
Rights of indigenous peoples			
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	Disclosed	No such incidents occurred during the reporting year



Local communities			
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	Disclosed	Engagement with Stakeholders Community Engagement and CSR Initiatives
	413-2 Operations with significant actual and potential negative impacts on local communities	Not Disclosed	
Supplier social assessment			
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Not Disclosed	
	414-2 Negative social impacts in the supply chain and actions taken	Not Disclosed	
Public policy			
GRI 415: Public Policy 2016	415-1 Political contributions	Not Disclosed	
Customer health and safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	Not Disclosed	

	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	Not Disclosed	
Marketing and labeling			
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Not Applicable	
	417-2 Incidents of non-compliance concerning product and service information and labeling	Not Applicable	
	417-3 Incidents of non-compliance concerning marketing communications	Not Applicable	
Customer privacy			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Disclosed	There were no incidents during the reporting year



# SASB INDEX

Topic	Code	SASB Metric	Category	Unit of Measurement	Disclosure Location or Response
Greenhouse Gas Emissions	TR-AL-110a.1	Gross global Scope 1 emissions	Quantitative	Metric tonnes CO2e	Our Environmental Commitment
	TR-AL-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and analysis of performance against those targets	Qualitative	Not Applicable	Our Environmental Commitment
Labor Practices	TR-AL-110a.3	(1) Total fuel consumed, (2) percentage alternative, (3) percentage sustainable	Quantitative	Gigajoules (GJ), Percentage (%)	Our Environmental Commitment Performance Metrics
	TR-AL-310a.1	Percentage of active workforce employed under collective agreements	Quantitative	Percentage (%)	Not Applicable
	TR-AL-310a.2	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, Days idle	Not Applicable

Competitive Behavior	TR-AL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	Quantitative	Percentage (%)	Not Applicable
Accident and Safety Mgmt	TR-AL-540a.1	Description of implementation and outcomes of a Safety Management System	Qualitative	Not Applicable	Social Responsibility at Our Core
	TR-AL-540a.2	Number of aviation accidents	Quantitative	Number	Health and Safety of Employees Performance metrics
	TR-AL-540a.3	Number of governmental enforcement actions of aviation safety regulations	Quantitative	Number	Not Applicable
Activity Metrics	TR-AL-000.A	Available seat kilometers (ASK)	Quantitative	ASK	-
	TR-AL-000.B	Passenger load factor	Quantitative	Rate	Our Operational Compass



Activity Metrics	TR-AL-000.C	Revenue passenger kilometers	Quantitative	RPK	Our Operational Compass Performance metrics
	TR-AL-000.D	Revenue tonne-kilometres (RTK)	Quantitative	RTK	-
	TR-AL-000.E	Number of departures	Quantitative	Number	Our Operational Compass
	TR-AL-000.F	Average age fleet	Quantitative	Years	Our Operational Compass

## PERFORMANCE METRICS

### SOCIAL

OHS <sup>3</sup>	2022	2023	2024
Number of hours worked	N/A	1,760,707	2,308,240
Number of fatalities	N/A	0	3
Fatality rate, per 100,000 workers	N/A	0	0,7
Number of recordable injuries	N/A	2	4
Injury frequency rate (per 200,000 hours worked)	N/A	N/A	N/A
Number of Lost Time Injuries (LTI)	N/A	2	4
LTI Frequency Rate (LTIFR) (per 200,000 hours worked)	N/A	1.3	1.7
Number of days lost due to injury/accident	N/A	10	38
LTI severity rate (per 200,000 hours worked)	N/A	N/A	N/A
Number of fatalities as a result of work-related ill health	N/A	N/A	N/A
Number of cases of recordable work-related ill health	N/A	N/A	N/A
Number of aviation accidents	N/A	N/A	1
Number of governmental enforcement actions of aviation safety regulations	N/A	N/A	N/A

<sup>3</sup> The OHS data pertains to the entirety of AZAL CJSC.



OHS Training	2022	2023	2024
Number of employees who received OHS training	N/A	4	10
Number of conducted OHS trainings	N/A	59	112
Percentage of employees who received OHS training	N/A	5.00%	8.00%
OHS training hours	N/A	16	40

OHS Investment	2022	2023	2024
Total investments into improving working conditions, AZN	N/A	50,000	70,000
Total investments into personal protective equipment, AZN	N/A	15,930	30,240

Employees by gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of employees, by gender and category <sup>4</sup>	495	431	677	501	851	554
Executive	146	16	177	20	192	18
Specialist	255	120	340	132	448	163
Other	94	295	160	349	211	373
Total number of employees by employment type	495	431	677	501	851	554
Total number of permanent employees	451	376	448	346	405	307
Total number of temporary employees	44	55	229	155	446	247
Total number of employees by employment contract	495	431	677	501	851	554
Total number of full-time employees	484	431	666	501	840	554
Total number of part-time employees	11	0	11	0	11	0

<sup>4</sup> Calculated total excludes internal mobility, leading to variance with reported total.



Employees by age	2022			2023			2024		
	<30	30-50	50<	<30	30-50	50<	<30	30-50	50<
Total number of employees, by age and by category	126	668	132	376	688	114	503	786	116
Executive	7	113	42	9	146	42	11	157	42
Specialist	37	291	47	126	303	43	210	358	43
Other	82	264	43	241	239	29	282	271	31

Minimum notice periods	2022	2023	2024
Minimum number of weeks' notice typically provided to employees and their representatives prior to the implementation of significant operational changes that could substantially affect them	4	4	4

Parental leave	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of employees that were entitled to parental leave, by gender	0	431	0	501	0	554
Total number of employees that took parental leave, by gender	0	7	0	26	0	25
Total number of employees that returned to work in the reporting period after parental leave ended	0	13	0	16	0	27
Total number of employees due to return to work after taking parental leave, by gender	0	13	0	16	0	27
Total number of employees that returned to work after parental leave ended, who were still employed 12 months after their return to work, by gender	0	13	0	15	0	25
Return to work rate of employees that took parental leave, by gender	N/A	100	N/A	100	N/A	100
Retention rate of employees that took parental leave, by gender	N/A	100	N/A	93.75	N/A	92.60



New employee hires and employee turnover, by gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of new employee hires	54	68	226	129	218	88
Total number of employee turnover	89	34	69	63	71	53
Rate of employee turnover	18.0%	7.9%	10.2%	12.6%	8.3%	9.6%

New employee hires and employee turnover, by age	2022			2023			2024		
	<30	30-50	50<	<30	30-50	50<	<30	30-50	50<
Total number of new employee hires	68	50	4	222	119	14	208	90	8
Total number of employee turnover	63	29	31	35	73	24	63	51	10
Rate of employee turnover, %	50.0	4.3	23.5	9.3	10.6	21.1	12.5	6.5	8.6

Senior management hired from the local community	2022	2023	2024
Percentage of senior management hired from the local community	100%	67%	0%
Senior management hired, total	1	9	1

Talent development <sup>5</sup>	2022	2023	2024
Total number of training hours	10,301	14,126	62,444
Average training hours	N/A	N/A	N/A

Diversity of employees	2022	2023	2024
Number of employees with disabilities	5	5	5

Ratio of salary, by gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Ratio of standard entry-level wage compared to local minimum wage, by gender	1.03	1.03	1.0	1.16	1.62	1.62
The ratio of the basic salary of women to men	1.00		1.16		1.00	

Annual total compensation ratio	2022	2023	2024
Ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all employees (excluding the highest-paid individual)	N/A	N/A	8.6
Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual)	N/A	N/A	0.46

<sup>5</sup> The data is not tracked.



Procurement indicators	2022	2023	2024
Total number of suppliers	0	344	72
Total number of local suppliers	-	-	1
Total number of foreign suppliers	-	-	71
Proportion of suppliers by location, % of total:			
Local suppliers	N/A	N/A	1%
Foreign suppliers	N/A	N/A	99%

## OPERATIONAL

Operational indicators	2022	2023	2024
Number of all flights	18,196	26,266	34,034
i. Domestic Flights	5,350	5,736	7,144
ii. International Flights	12,846	20,530	26,890
Total flight hours	35,558	54,063	72,745
Total distance flown	27,833,000	42,425,000	57,354,000
Number of departures	9,098	13,133	17,017
Number of destinations	27	58	63
Number of aircraft movements	18,196	26,266	34,034
Number of aviation accidents	0	0	1
Number of aircraft	25	28	28
Total Fleet Size	3	3	3
Fleet Age (Average Age of Aircraft)	10.6	11.4	12.2
Cost per Available Seat Kilometer	13.6	12.6	12.8
Load Factor (%) - Percentage of seats filled on flights, indicating efficiency in capacity utilization	79%	74%	82%
Number of Passengers Transported	2,243,569	2,905,457	4,040,335
Passenger Load Factor	79%	74%	82%
Revenue passenger kilometers (RPK)	3,359,958,514	4,738,408,364	7,293,859,917
Landings and Takeoffs (LTO)	18,196	26,266	34,034
On-time performance Rate (%)	90%	87%	84%
Number of bird strikes recorded	21	35	23



Operational indicator	2022	2023	2024
Business Class Customers	87,269	81,725	124,554
Economy Class Customers	2,156,300	2,823,732	3,915,781
<b>Carbon Offsetting:</b>			
i. Number of customers who purchased carbon offset	N/A	N/A	1,884
ii. Customer Spendings on Carbon Offsets, AZN	N/A	N/A	9,501
Total number of complaints from Passengers	2,418	2,654	5,857
Share of the resolved complaints, %	-	-	-

## GOVERNANCE

Diversity of governance bodies by gender	2022		2023		2024	
	Male	Female	Male	Female	Male	Female
Total number of individuals within the governance bodies, by gender	2	0	3	0	2	0

Diversity of governance bodies by age	2022			2023			2024		
	<30	30-50	50<	<30	30-50	50<	<30	30-50	50<
Number of individuals within the governance bodies, by age	0	2	0	0	2	1	0	1	1

Economic indicators	2022	2023	2024
Capital Investment, AZN	N/A	647,325	1,038,690
Total assets, AZN	N/A	1,449,403,845	1,622,051,770
Total capitalization, AZN	N/A	(102,671,133)	396,936,086
Total revenues, AZN	N/A	881,853,759	1,201,236,066
Economic value distributed	0	964,031,851	1,193,693,538
Operating expenses	N/A	803,517,221	1,138,389,495
Employee wages and benefits	N/A	77,443,542	110,699,987
Payments to the state budget, including	0	-	-



Income tax	N/A	-	-
Property tax	N/A	-	-
Withholding tax	N/A	-	-
Land tax	N/A	-	-
SSPF charges	N/A	-	-
Interest payments	N/A	159,699,590	42,398,930
Community investments, including	0	-	0
Contributions to charities, NGOs and research institutes (unrelated to the organization's commercial research and development)	N/A	-	-
Funds to support community infrastructure, such as recreational facilities	N/A	-	-
Direct costs of social programs, including arts and educational events	N/A	-	-
Other expenses	N/A	815,040	12,905,113
Forex (gain)/loss	N/A	6,737,619	5,143,547
Income from Investing Activities	N/A	(1,022,074)	(3,018,033)
Other non-operating (income)/loss	N/A	(3,257,648)	(19,366,825)
Economic value retained	N/A	(84,635,989)	24,783,839

Anti-competitive behavior indicator	2022	2023	2024
Amount of legal and regulatory fines and settlements associated with anti-competitive practice, AZN	0	0	0

Compliance with laws and regulations indicators	2022	2023	2024
Total number of significant instances of non-compliance with laws and regulations, including	0	0	0
i. Instances for which fines were incurred	0	0	0
ii. Instances for which non-monetary sanctions were incurred	0	0	0
Total monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, AZN	0	0	0

Compliance with laws and regulations indicators	2022	2023	2024
Number of legal actions pending regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	0	0	0
Number of legal actions completed during the reporting period regarding anti-competitive behavior and violations of anti-trust and monopoly legislation	0	0	0
Total number of received complaints regarding data privacy	0	0	0
Total number of identified leaks, thefts, or losses of customer data	0	0	0



Compliance with laws and regulations indicators	2022	2023	2024
Percentage of operations assessed for risks related to corruption	0	0	0
Total number of governance body members that the organization's anti-corruption policies and procedures have been communicated to	0	0	0
Percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to	0	0	0
Total number of employees that the organization's anti-corruption policies and procedures have been communicated to, by category	0	0	0
Percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, by category	0	0	0
Total number of business partners (e.g., suppliers) that the organization's anti-corruption policies and procedures have been communicated to	0	0	0
Percentage of business partners (e.g., suppliers) that the organization's anti-corruption policies and procedures have been communicated to	0	0	0
Total number of governance body members that have received training on anti-corruption	0	0	0
Percentage of governance body members that have received training on anti-corruption	0	0	0

Total number of employees that have received training on anti-corruption	0	0	0
Percentage of employees that have received training on anti-corruption	0	0	0
Total number of confirmed incidents of corruption	0	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	0	0	0
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	0	0	0



# ENVIRONMENT

Energy consumption	2022	2023	2024
Electricity, kWh	2,108,156	2,164,677	2,477,368

Fuel consumption		2022	2023	2024
Gasoline	tons	536.53	366.63	190.45
	GJ	23,607.32	16,131.72	8,379.80
Diesel	tons	1.30	0.63	0.62
	GJ	59.15	28.66	28.21
Aviation Fuel	tons	102,828	147,266	170,000
	GJ	4,430,947	6,346,145	7,327,000

Emission indicators (tCO2e)		2022	2023	2024
Total Emissions		327,487	467,405	538,827
Scope 1		326,608	466,502	537,794
i. Gasoline		1,668	1,140	592
ii. Diesel		4.10	2.00	1.96
iii. Aviation fuel		324,936	465,361	537,794
Scope 2		879	903	1033
i. Electricity		879	903	1033

Waste indicators	2022	2023	2024
Recycled non-hazardous waste (tons)	N/A	4.32	9.86
Non-hazardous waste directed to landfill (m <sup>3</sup> )	648	912	2,118
Hazardous waste directed to landfill (batteries) (m <sup>3</sup> )	N/A	N/A	0.06



# CONTACT INFO

We welcome your recommendations and comments and appreciate any suggestions that could significantly improve our report and performance.

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