AON

Navigating El Niño in New Zealand

Helping Businesses Prepare.

El Niño conditions

El Niño conditions are now established across the Pacific – a climate event shaping up to have a major influence, with peak impacts likely over the 2026–27 summer. For New Zealand, this means a higher chance of:

- Stronger westerly winds and wetter conditions in the west and south and;
- Drier, hotter conditions in the east and north

For New Zealand, these patterns can quickly flow through to impacts for agriculture, property damage, supply chain disruption, workforce safety and can put pressure on insurance costs and coverage.

Pouring fuel on the fire of a warming world, El Niño impacts hit harder, travel farther and cross borders with devastating speed and, while it will begin in the Pacific, its impacts extend globally with potential to cascade through interconnected supply chains, infrastructure, operations and markets far from where the hazard strikes. This event is expected to intensify into one of the strongest on record.

As a foreseeable and preparable event, there is opportunity for businesses to act early. By treating El Niño as a planning trigger, organisations can:

- Understand where they are most exposed
- Strengthen resilience and business continuity
- Make better decisions on insurance and risk financing

Aon supports clients across the entire risk life cycle, helping identify these risks and determine their scope and consequence so leaders can move from uncertainty to making informed, confident decisions.

Decoding El Niño – What Is It?

El Niño is a naturally occurring climate pattern that warms the central and eastern Pacific Ocean, altering ocean currents and weather patterns globally. It’s impact will look like:

Stronger and more frequent winds: Increasing the risk of damage to assets, buildings, forestry, transport infrastructure, ports and power networks, while also amplifying coastal erosion and storm-surge impacts in exposed locations.

Reduced rainfall and drought across northern and eastern regions: Reducing soil moisture, constraining pasture growth and increasing the risk of prolonged drought. Reduced river flows and water storage levels place pressure on agriculture, industry and hydro generation, while contributing to electricity price volatility.

Source: EarthSciences, July 2026

Extreme heat and wildfire risk across the north and east: Together with marine heatwaves offshore, placing stress on people, workforces, livestock and crops, increasing energy demand and reducing productivity. Extreme heat is already having a persistent impact on public health systems, infrastructure and labour standards. Hot, dry and windy conditions also heighten wildfire risk to pasture, forestry and nearby assets.

Heavy rainfall and flooding toward the western and lower South Island: River, surface-water and flash flooding grow more likely, damaging assets, disrupting transport and operations, and isolating communities.

How El Niño Can Affect New Zealand Businesses

Impacts often reach well beyond direct physical damage, creating operational disruption, workforce pressures and supply chain impacts across organisations of all sizes.

Food, Agribusiness and Beverage

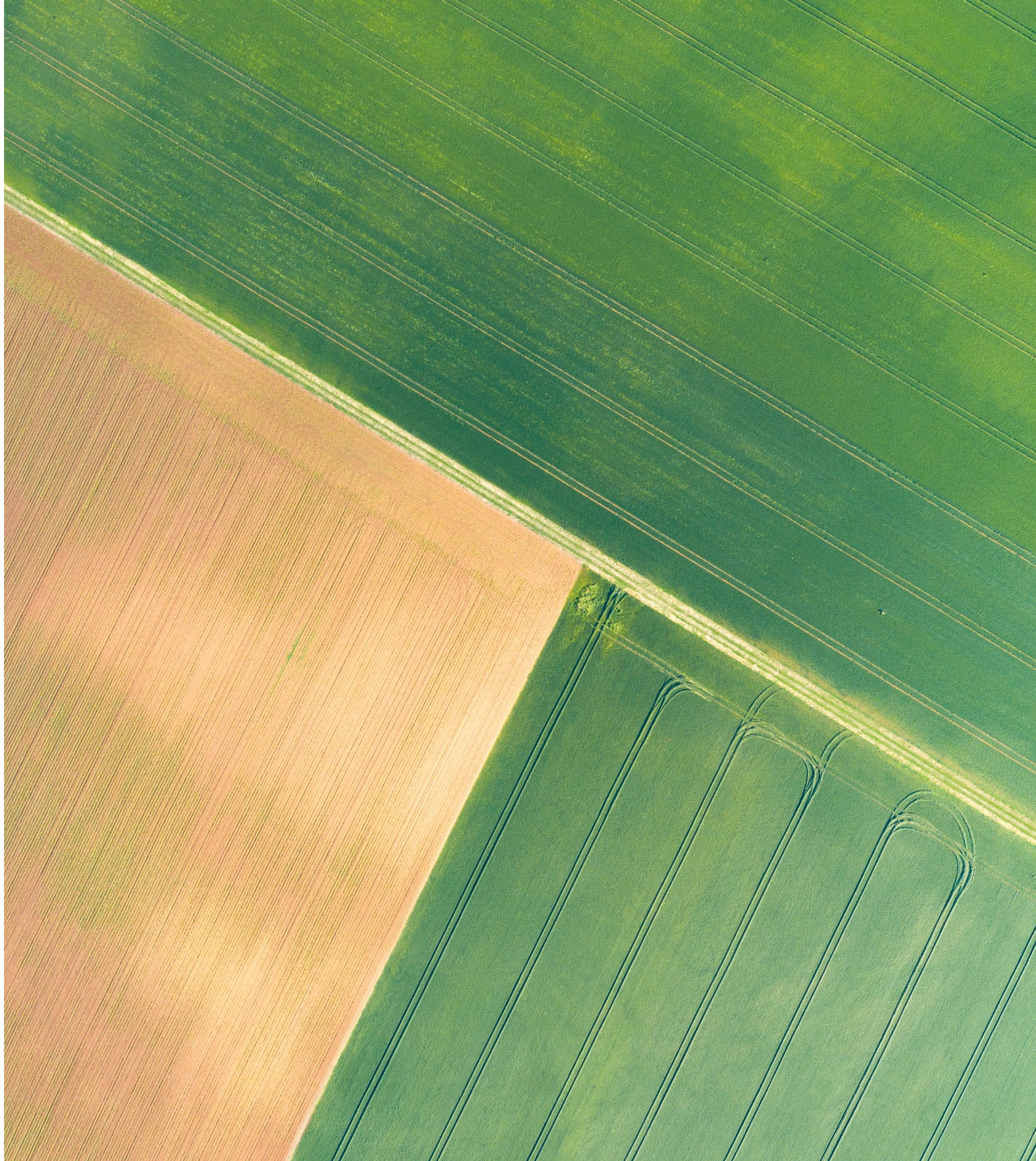
Drought, heat and dry soils may reduce agricultural yields, water availability, pasture growth and livestock, horticulture and viticulture productivity. Marine heatwaves can disrupt fisheries and aquaculture. Eastern regions, including Hawke's Bay, Canterbury and Marlborough may face irrigation stress, competing water demands and crop losses.

Telecommunications, Media and Technology

Storms and flooding can threaten lines, towers and site access, while heat, dryness and fire weather can increase outage, cooling and power-supply risks. Climate shocks can affect data centres and critical digital infrastructure.

Construction and Infrastructure

Wet, windy sites can face shutdowns and delays, while dry regions may face dust, water restrictions and fire-weather compliance costs. Flooding, landslips, heat and workforce productivity losses can disrupt schedules and increase contract, financing and insurance pressure.



How El Niño Can Affect New Zealand Businesses

Public Sector

Councils and agencies can face rising emergency response, roading and water services demand, with flooding and landslips in the west, and drought, water restrictions and fire risk in the east. Recovery costs may place additional pressure on ageing infrastructure and public services.

Transport and Logistics

Drought, heat and fire weather can disrupt road, port and air transport networks, while heavy rainfall may increase the risk of landslides and slips across key transport networks. Stronger winds and swells can affect shipping and aviation operations, while shifting production patterns can change freight volumes, storage requirements and workforce planning needs.

Tourism and Hospitality

Low snowfall and warmer winters can reduce ski-season revenue, while drought, heat, wildfire risk and water restrictions may affect alpine, rural and coastal destinations. Storms and flooding can disrupt travel and events, adding demand, workforce and insurance uncertainty.

Forestry

Hot, dry spells can increase fire danger, water stress, pest and biosecurity risks, while storms and strong winds can cause damage to assets, disruptions and worker safety risks. Harvesting and cartage constraints can restrict log flows and pressure export earnings.

Power and Energy

Uneven rainfall across hydro catchments can reduce inflows and hydro storage, increasing generation volatility and electricity price uncertainty. Low hydro storage and higher cooling demand can occur simultaneously, increasing supply concerns and reliance on thermal generation. Wind, flood and wildfire may also disrupt or damage generation, transmission and distribution assets.

For New Zealand businesses operating across multiple regions

Because El Niño affects different parts of New Zealand in different ways, businesses with national operations need to plan for both scenarios. This means:

- Tailoring water security, asset protection and fire management plans in drought prone regions
- Strengthening flood protection, drainage and access in wetter regions
- Building flexible supply chains and logistics that can shift as conditions change

Sources: NIWA / Earth Sciences New Zealand;
New Zealand Government / MPI; World Meteorological Organization.

Use El Niño as a Planning Trigger, Not a Wait And See Event

Any business with people, sites or supply chains in New Zealand should treat this El Niño as a trigger to test and strengthen resilience before impacts intensify. Practical steps include:

1 Understand your climate risk profile

- Map critical sites, assets and supply chains across New Zealand.
- Screen these locations against key climate hazards such as drought, heat, wildfire, flood, extreme rainfall and wind.
- Identify where climate risks are concentrated and which locations are most critical to operations.

2 Stress test operations and business continuity

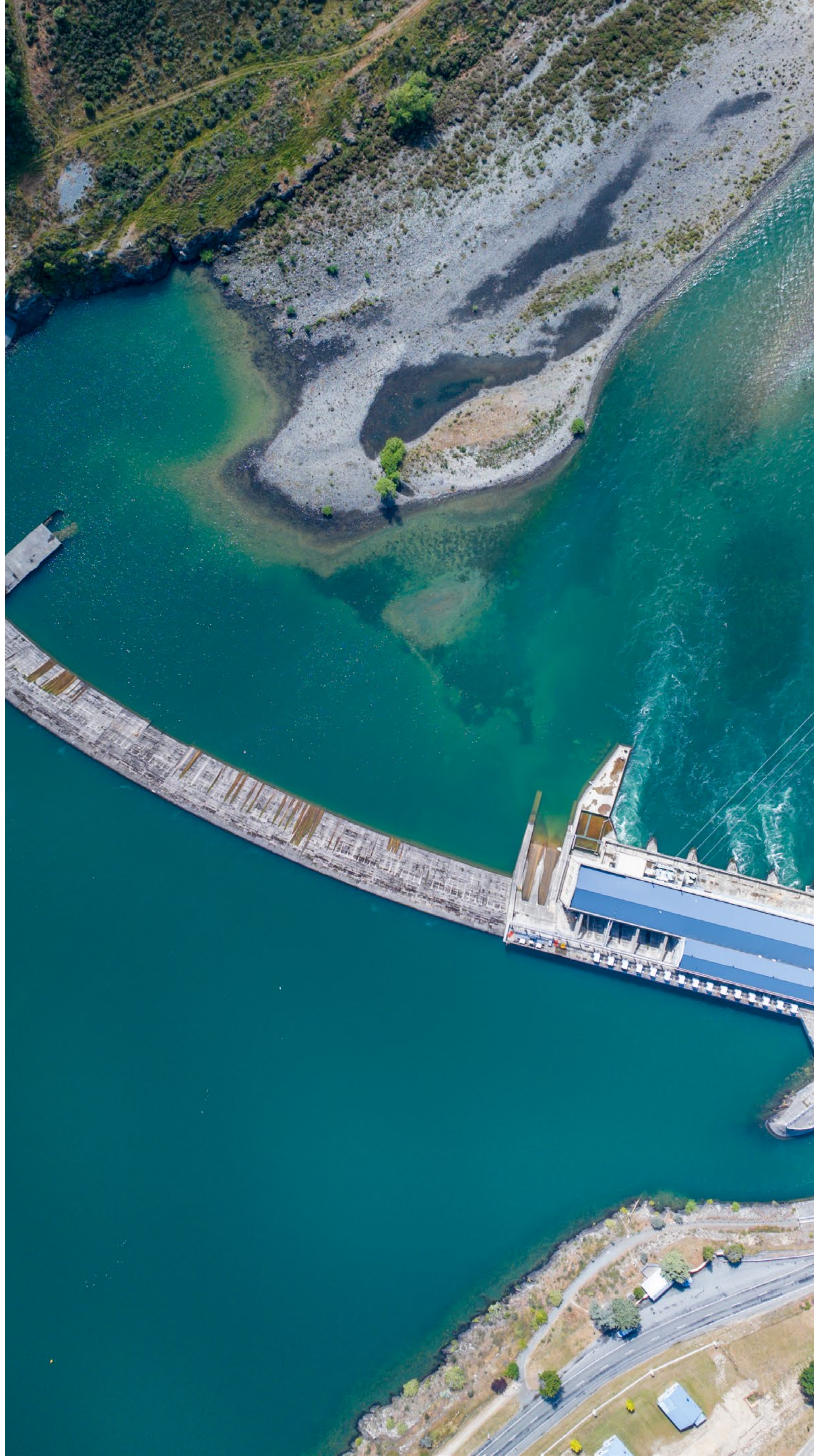
- Review how drought, wildfire, flooding and wind could disrupt operations, logistics, suppliers and customers.
- Assess dependencies on single sites, routes or suppliers and identify alternatives.
- Update business continuity and crisis plans to reflect El Niño driven scenarios.

3 Plan for people and safety

- Identify roles, sites and activities most exposed to heat, smoke, dust, flooding or wind.
- Review safe work procedures, heat policies, PPE and remote working arrangements.
- Ensure communication plans reach all workers, including contractors and remote staff.

4 Re examine insurance and risk financing

- Compare your current insurance programme to your climate risk profile.
- Check sub limits, exclusions, deductibles and business interruption indemnity periods for weather events.
- Explore options to optimise structure, limits and retentions while maintaining affordability.



How Aon can help

El Niño has the potential to materially shift the risk landscape for New Zealand businesses. Increased drought, wildfire, water scarcity, severe weather and regional climate variability can drive asset damage, business interruption, supply chain disruption, workforce safety and productivity impacts, higher claims costs and greater operational volatility. These impacts may also place pressure on insurance costs, insurer appetite, coverage availability and policy adequacy in highly exposed regions.

Because impacts are not uniform, organisations need to understand how exposure varies across their people, assets, operations and supply chains — and whether their resilience, business continuity and risk financing strategies remain fit for purpose. This is where Aon can help.

Aon's Risk Consulting team helps organisations make better decisions about climate-related risks by combining climate analytics, risk expertise and insurance insight.

- Understand climate risk profiles, exposures and vulnerabilities.
- Screen current and future climate scenarios across assets and portfolios.
- Bespoke loss modelling to understand risk concentration and financial exposure.
- Tailored review to understand and quantify Business Interruption exposures.
- Assess organisational climate risk maturity and risk appetite.
- Assess climate risks to meet disclosure obligations, due diligence or resilience planning
- Review insurance adequacy, policy and potential coverage gaps.
- Optimise risk financing and risk transfer strategies.

> In addition to advisory and bespoke modelling capabilities, Aon offers proprietary climate risk platforms, including Climate Risk Monitor, which provide an impact-based view of climate risk across assets, operations and portfolios.

Case Studies: Turning climate data into action

We share two short examples to show how New Zealand organisations are using climate risk insights to get ahead of El Niño type impacts.

1

Climate Impact Assessment for a National Logistics Network

A national logistics provider operated a network of processing centres, depots and distribution facilities across New Zealand. The client wanted to understand how climate hazards, including flooding, heat stress, drought, storms and disruptions to critical infrastructure, could affect operations, service delivery and long-term resilience across its network.

Aon's approach

Aon used the Combined Hazard Information Platform (CHIP) and the latest NIWA climate projections to assess critical sites across the network against a range of current and future climate hazards, including flooding, drought, extreme heat, storms, bushfire and sea-level rise.

This assessment helped to:

- Identify sites with the highest exposure to climate-related risks
- Understand potential impacts on logistics operations, facilities and service continuity
- Assess vulnerabilities associated with transport, telecommunications and utility disruptions
- Prioritise resilience measures and adaptation investments for critical locations
- Support short-, medium- and long-term climate resilience planning across the network

Impact for the client

The client gained a clearer view of where climate hazards could interrupt services and where investment would give the best return. This informed practical upgrades to critical sites, strengthened continuity plans and supported discussions with insurers about how the programme could better reflect the client's real risk profile.

2

Portfolio wide climate risk and insurance gap analysis

A diversified organisation with 323 locations across 48 countries and a portfolio value of NZ$572 million wanted to understand how climate change could affect its global assets and insurance arrangements. The leadership team needed a clearer picture of its evolving risk profile.

Aon's approach

Using Climate Risk Monitor, Aon screened the portfolio against multiple climate hazards, including tropical cyclone, flood, drought, wildfire, extreme rainfall and extreme heat.

We combined these results with an insurable risk profiling workshop to:

- Identify predominant climate hazards and portfolio level concentrations
- Compare existing insurance coverage against material climate risks
- Highlight potential insurance gaps and opportunities to align insurance coverage with the organisation's evolving risk profile or opportunities for insurance programme optimisation.

Impact for the client

Our analysis helped to:

- Make climate risk "visible" across the portfolio in a simple, comparable way
- Prioritise resilience measures at high risk sites
- Support an insurance gap analysis and validation of coverage relative to risk
- Improve stakeholder understanding of the value of resilience and insurance
- Informe decisions on optimising the insurance programme and wider risk financing strategy

Moving From Uncertainty to Informed Action

El Niño will not affect every business in the same way. Actual impacts will depend on where your people, assets and suppliers are located — and how prepared you are. What is consistent across organisations is the value of:

- A clear, data driven view of climate risk
- Pragmatic plans to keep people safe and operations running
- An insurance and risk financing strategy that reflects today's climate realities

Talk to Aon's Risk Management team today to see how our climate analytics and industry expertise turn climate data into a practical plan for El Niño resilience.

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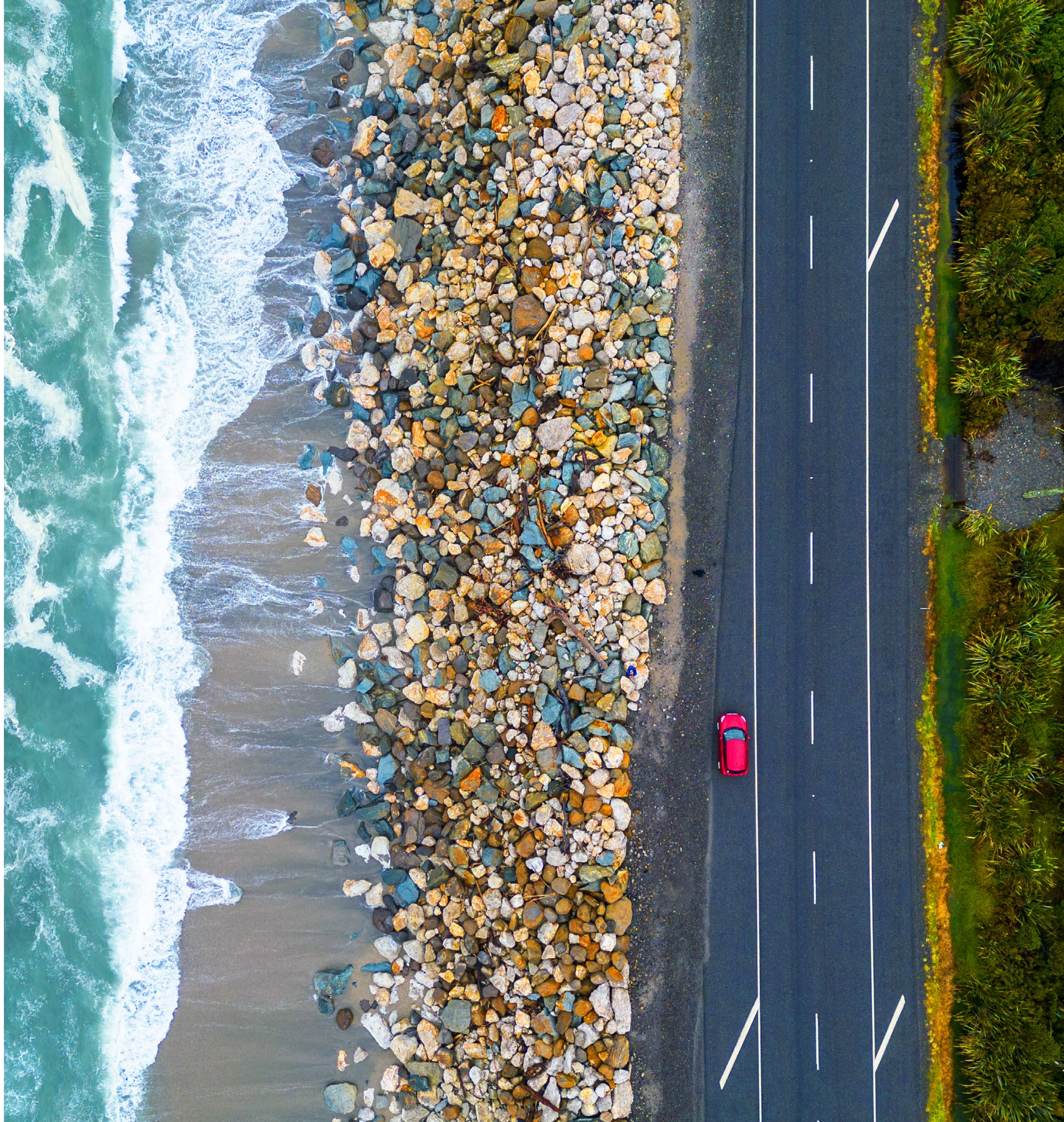

About Aon

Aon plc (NYSE: AON) exists to shape decisions for the better, to protect and enrich the lives of people around the world. Through actionable analytic insight, globally integrated Risk Capital and Human Capital expertise, and locally relevant solutions, our colleagues provide clients in over 120 countries with the clarity and confidence to make better risk and people decisions that help protect and grow their businesses.

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