



Rovuma LNG Climate Change Risk Assessment

Summary Report

PREPARED FOR

MRV

Mozambique Rovuma Venture S.p.A

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Assumptions and Limitations

This assessment is based on assumptions and limitations that should be considered when interpreting the findings of this report.

- In preparing this report ERM has been reliant upon the information provided to it by MRV. We have assumed that information to be accurate.
- This Climate Change Risk Assessment provides a high-level screening of climate-related risks and opportunities.
- This report does not contain predictions or projections of the future or investment advice, and it should not be used as such.
- ERM is not responsible and cannot be held liable for any damages that may be incurred by any party as a result of climate-related impacts to the project.
- Conclusions and recommendations of this evaluation represent ERM's professional opinion and interpretation of data in response to potential lender requirements, and the results of this assessment should not be considered as a legal interpretation.
- Based on the latest EP4 CCRA guidance (Equator Principles 2023), if potential financial material risks are determined during the CCRA, a Phase 2 assessment of financial risks is recommended. Potential financial risk analysis of predicted risks and opportunities would require additional financial documentation. A financial risk assessment was not part of the scope of this CCRA.
- Information, methodologies, interpretation and application of applicable standards, and results included herein are for this specific project only and may be updated or changed as appropriate for future projects or reports. Third-party scenarios discussed herein reflect the assumptions and outputs of their respective authors; the inclusion herein is not an endorsement by the Project Participants of the underlying assumptions or the probability of such information. This report has been prepared by a third-party based on lenders' request; it is voluntary and has not been prepared to fulfill any required reporting framework under the laws of any jurisdiction or third-party organization. Additionally, it is not intended to communicate and does not contain any information that is considered material under U.S. securities laws.

BACKGROUND

ERM was engaged by Mozambique Rovuma Venture S.p.A. (MRV) to undertake a Climate Change Risk Assessment¹ (CCRA) of the Rovuma LNG Phase 1 Project facilities (the Project) for potential Project lenders in alignment with the Environment and Social standards applicable to the Project, including the Equator Principles. The Equator Principles Version 4 (EP4) require that a CCRA of the Project must be undertaken in alignment with the Taskforce for Climate-related Financial Disclosures (TCFD) and that all projects with Scope 1 and Scope 2 emissions expected to be more than 100,000 tonnes of CO₂ equivalent (tCO₂-e) annually must consider relevant climate transition and physical risks and opportunities. The risk assessment is in line with the *May 2023 Equator Principles Guidance Note on Climate Change Risk Assessment*. This document is a summary of the CCRA findings which included physical and transition risk assessments, National Climate Commitment (NCC) compatibility, and alternatives analysis—providing a comprehensive view of climate-related risks for the Project. This document is not intended as a substitute for the Synthesis Report containing the detailed findings of these assessments.

METHOD

Alignment with Equator Principle 4 (EP4)² necessitates an assessment approach that is framed by the concept of double materiality, requiring consideration of impact and financial materiality.

Impact materiality refers to the potential for a project to exacerbate direct climate change impacts through its operation. This was evaluated via a preliminary physical and transition NCC Compatibility Review.

Financial materiality refers to the risk that climate change may have on the financial performance of the project through potential physical and/or transition impacts on financial position and cash flows. The Physical CCRA, Transition CCRA and an Alternatives Analysis were used to inform an understanding of financial materiality.

For both the Physical and Transition CCRAs, risks and opportunities were considered over three time horizons: baseline (or present day), 2030 and 2050. For the Physical CCRA the IPCC scenarios SSP1-2.6, SSP2-4.5, and SSP3-7.0³ were applied. For the Transition CCRA, scenarios were adopted from the International Energy Agency's (IEA) World Energy Outlook 2024: Stated Policy Scenario (STEPS), Announced Pledges Scenario (APS) and Net Zero Emissions by 2050 Scenario (NZE)⁴. The applied risk rating scale was developed to be comparable with rating scales used for similar projects and assessment purposes.

It is important to note that the intent of the selected scenarios is not to endorse a specific scenario or predict what will happen in the future, but rather to stress test the Project against different potential scenarios. This approach enables an understanding of a range of potential risks and opportunities that might materialize in the future, recognizing that regulatory and market transition pathways are broad in nature, unpredictable, highly dynamic and

¹ This CCRA adopts the definition of risk put forward by ISO30100:2018: "the effect of uncertainty on objectives". This definition effectively covers potential negative impacts on objectives (risks), and potential positive impacts on objectives (opportunities).

² Equator Principles, May 2023 Guidance Note on Climate Change Risk Assessment
https://equator-principles.com/app/uploads/Guidance-CCRA_May-2023.pdf

³ IPCC, March 2023, Sixth Assessment Report of the Intergovernmental Panel on Climate Change
<https://www.ipcc.ch/assessment-report/ar6/>

⁴ IEA, October 2024, World Energy Outlook 2024,
<https://www.iea.org/reports/world-energy-outlook-2024>

geographically variable, and could impact (favorably or unfavorably) the Project's long-term financial performance.

KEY FINDINGS

IMPACT MATERIALITY

From a **physical risk** perspective, the Project was found to align with Mozambique's national adaptation commitments, as outlined in its Nationally Determined Contribution (NDC). The Project has integrated appropriate mitigation measures and design adaptations to address material physical risks, demonstrating readiness to operate under potentially more extreme climate conditions and supporting long-term physical resilience.

From a **transition risk** perspective, the NCC compatibility review found:

- The Project aligns with Mozambique's current NDC and near-term development and energy access goals. However, it introduces GHG emissions sources that may place pressure on the country's ability to align with Paris-compatible decarbonization pathways in the longer term.
- Partial alignment with global decarbonization pathways, considering Mozambique's specific circumstances as a Least Developed Country (LDC). Whether the Project is inconsistent with the Paris-aligned sector-specific decarbonization pathway (IEA NZE) for oil and gas will depend on how its production volume, emission intensity and country of origin compare against all other new and existing LNG producers in the market. More specifically, if the total production capacity of all LNG producers is greater than demand under IEA NZE, if emissions intensity were to be higher than other LNG producers, and/or if there is significant competition from LNG producers in developing economies, the project could be seen to be misaligned with IEA NZE.

FINANCIAL MATERIALITY

Physical risks are assessed to be relatively consistent through to 2050 across the assessed IPCC scenarios and contribute more towards the Project's overall risk profile than do transition risks. The primary risk drivers for the majority of the Project's assets are tropical cyclones (high and very high risks) and floods (low and medium risks), while the secondary risk driver is extreme heat (low and medium risks).

Transition risks and opportunities are expected to vary with time and across scenarios:

- Baseline market risk could be medium due to initial buy-side advantage until such time as contracts are finalized. Once the protections of such contracts come into force, market risks could drop to minimal to low across all three IEA scenarios by 2030, before rebounding to medium by 2050 under the IEA NZE scenario.
- The overall policy and legal risk for the Project in Mozambique ranges from minimal to medium for most time horizons and scenarios. Only in 2050 under the IEA NZE scenario do international carbon pricing and mandates on existing products and services push this risk rating to high.
- Reputational risks remain minimal to low across all scenarios but are expected to increase to medium post-2040 under IEA APS and NZE scenarios.
- The assessment indicates a high short-term opportunity in the potential to access new markets. This opportunity is expected to diminish to minimal over time, as projected declines

in demand under APS and NZE limit opportunities in the market with time. Under STEPS the opportunity is expected to decline to low by 2050.

- Beyond market access, opportunities in lower-emission energy sources and energy transition are expected to grow over time, particularly under APS and NZE scenarios, as policy incentives and technology advancements drive adoption. The **Alternatives Analysis** explored this matter and found that the Project has already incorporated advanced design measures and there are limited opportunities remaining for further resource efficiency, however, a minimal to low opportunity exists for carbon capture integration, particularly post-2030, as global decarbonization efforts could accelerate and markets could preference LNG with low production carbon intensity. Under NZE, Carbon Capture, Utilization and Storage (CCUS) could present a medium opportunity by 2050.

Across the assessed scenarios:

- The **Physical CCRA** found that effective engineering and planned design measures could potentially mitigate many of the potential financial impacts driven by the Project's susceptibility to the climate-related hazards.
- The **Transition CCRA** found that the Project's immediate risks are well-managed. Its long-term success will require consideration of appropriate contractual and marketing mechanisms to mitigate market risks, and evaluation of proactive adaptation to potential climate policy and technology trends and opportunities to invest in lower-carbon technologies and energy solutions that society may demand.

Overall, risks are projected to increase with time and opportunities are projected to diminish. In higher carbon futures, physical risks are more prominent. The faster the rate of global decarbonization, the more market uncertainties could drive transition risks to become more significant.