

**Public Information Summary  
Rovuma LNG**

Host Country:	Mozambique
Name of Insured Investor (Eligible Investor)	An entity to be formed (the “Insured Lender”)
Private Reinsurer Participation	To be determined
Project Description:	The Project is the development, construction, operation, and maintenance of an onshore natural gas liquefaction plant with two trains each having a nameplate capacity of 7.6 million tons per annum, inlet facilities, onshore feed gas pipelines and storage facilities, and includes rights of access to and usage of certain shared facilities (the “Project”).
Insured Investment:	Up to \$1,500,000,000
Investment Type:	Loan
Proposed Insurance and Amount:	Political Risk Insurance
Total Midstream Project Costs:	Up to \$21.86 billion
Foreign Enterprise:	Rovuma LNG S.A., a special purpose entity organized under the laws of Mozambique established for the purpose of constructing and operating the Project as well as the provision of gasification services.
<b>Policy Review:</b>	
Developmental Effects:	This Project is expected to have a highly developmental impact on Mozambique through an investment into the construction and operation of a natural gas liquefaction facility. This Project has the potential for a transformative impact in low-income Mozambique, with the monetization of the country’s offshore reserves, which are among the largest in the world. Mozambique has run a current account deficit every year for the past decade, which on average was over 30% of GDP for the past five years. This Project, the total investment of which is larger than the country’s GDP, has the potential to erase this deficit, and turn the country into an overall net exporter. Moreover, Mozambique through this Project, is expected to become a major global exporter of LNG. This Project will also result in billions in local procurement and is expected to create thousands of formal local construction jobs in a country where an estimated 90% of the population works in the informal sector.
Environmental & Social Impact:	<b>Environmental and Social Categorization and Rationale:</b> The Project has been reviewed against DFC’s categorical prohibitions and determined to be eligible. The Project has been screened as Category A because it has the potential for significant, adverse environmental and social impacts on the offshore and near shore marine environment and the onshore area surrounding the LNG

	<p>plant. In addition, this Project has been classified as Special Consideration due to heightened social risks associated with physical and economic displacement, regional unrest and security concerns, worker influx, and a significant, contracted workforce.</p> <p>Key offshore environmental impacts include impacts on the marine environment due to the discharge of drill cuttings, residual muds, and hydro-test water; increased marine traffic; and habitat modification.</p> <p>Key near shore environmental impacts include dredging; increased noise, introduction of alien invasive species; waste discharges; and loss of estuary and associated mangroves. The establishment of a security (exclusion) zone around the LNG facility and associated near shore infrastructure will impact artisanal fishermen.</p> <p>Key onshore environmental impacts include impacts due to process safety; air emissions and noise; and impacts on soil, surface water, groundwater, vegetation, reptiles, amphibians, birds, and mammals.</p> <p>The Project also has the potential to emit approximately 4.4 million tons CO<sub>2e</sub>/year.</p> <p>Key onshore social impacts include impacts due to physical and economic displacement; large, contracted workforce; impacts on tourism; impacts due to in-migration; impacts on community health; impacts on archaeology and other cultural heritage; and potential impacts related to regional security concerns.</p> <p><b>Applicable Environmental and Social Standards:</b> DFC's environmental and social due diligence indicates that the Project will have impacts that must be managed in a manner consistent with the following International Finance Corporation's (IFC) 2012 Performance Standards (PS):</p> <p>PS 1: Social and Environmental Assessment and Management Systems; PS 2: Labor and Working Conditions; PS 3: Resource Efficiency and Pollution Prevention; PS 4: Community Health, Safety, and Security; PS 5: Land Acquisition and Involuntary Resettlement; PS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources; and PS 8: Cultural Heritage.</p>
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	<p>No indigenous peoples have been identified at or near the Project sites, as confirmed by the Lender's Independent Environmental and Social Consultant (IESC). Therefore, Performance Standard (PS) 7 (Indigenous Peoples) is not triggered by the Project at this time.</p> <p>IFC's Environmental Health and Safety (EHS) Guidelines applicable to the Project include: General Environmental, Health, and Safety (EHS) (2007); Liquefied Natural Gas Production (2017); Offshore Oil and Gas Development (2015); Ports and Harbor Development (2017); and Thermal Power Plants (2008).</p> <p><b>Environmental and Social Risks and Mitigation Measures:</b> The Project and the Area 1 Operator will separately construct and operate their own respective onshore LNG liquefaction and offshore extraction facilities. The two operators will cooperatively develop, construct and operate a material offloading facility and an export jetty. The marine off-loading facility will include a pioneer dock and service harbor to accommodate the import of construction materials for the Project and Area 1. The two operators are also cooperating on biodiversity management, infrastructure impacts management, resettlement, security, stakeholder engagement, movement of population into the area and worker relations.</p> <p>The Project has an environmental and social management system, which has been designed to achieve consistency with the requirements of the 2012 IFC Performance Standards. The Project has put in place procedures consistent with internationally accepted good practices to address both occupational and community safety risks associated with the accidental release of methane and other Volatile Organic Compounds, fire, and explosion. The Project has developed a stakeholder engagement plan and external grievance mechanism appropriate for managing its relationships with its local and external stakeholders.</p> <p>The Project is expected to follow internationally recognized best practices in process safety and properly manage hazardous materials including methane. The Project will implement a comprehensive environmental and social management program (ESMP) which will address: process safety; accidental gas releases, fire and explosion; petroleum resource management; air emissions; wastewater treatment and sewage discharges; solid and hazardous waste disposal; emergency management; labor relations and working conditions; occupational health and safety;</p>
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	<p>spill response; monitoring; stakeholder engagement; community health, safety, and security; physical and economic displacement; biodiversity management; and cultural property management. The ESMP will also include an environmental and social action plan.</p> <p>The Project will implement its emergency response plan (ERP) to ensure that appropriate emergency response measures are in place including its own emergency service vehicles and responders. The Project will also implement its occupational health and safety plan and fire prevention and control plan both of which are designed to ensure workplace and community safety. Employees will be comprehensively trained on emergency response measures in addition to being trained on safety and environmental and social impacts management.</p> <p>The following presents a summary of mitigation measures for the identified major risks:</p> <p><u>Process Safety.</u> The major risks identified include the potential for fire and explosion. The Project will be designed and operated in accordance with the good international industry practices (GIIP) and IFC's EHS Guidelines to ensure process safety. A comprehensive hazard operations (HAZOP) assessment is being undertaken to identify all the major process safety risks and actions taken to implement all the recommendations of the HAZOP study. In addition, buffer zones have been established both near the LNG loading jetty and the onshore LNG plant to ensure community safety. Plant personnel will be comprehensively trained to ensure their safety. In addition, there will be process controls such as automatic shutdowns and pressure relieving devices to minimize the risk of explosion and fire.</p> <p><u>Marine Impacts.</u> The Project has been designed to ensure that all marine impacts are reduced to acceptable levels in accordance with IFC's PS 6. A Dredging Management Plan will be prepared to ensure that the dredging impacts are at acceptable levels. Dredging will avoid sensitive marine areas to the extent possible and will use dredging controls to minimize sediment suspension and deposition impacts.</p> <p>The Project will comply with International Maritime Organization requirements for ballast water discharges and measures will be taken to ensure that no invasive species are introduced during product shipping and other marine operations.</p>
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Air Emissions, Wastewater Discharges, Waste Disposal, and Hazardous Materials Management. The Project will be designed and operated to comply with the IFC's Guidelines for LNG Facilities, Ports and Harbor Development, Thermal Power Plants, and General EHS Guidelines. Air emissions, wastewater discharges, waste disposal, and hazardous materials storage and disposal will be properly managed in accordance with good international good international industry practices.

Greenhouse Gas Emissions. The Project has the potential to emit approximately 4.4 million tons of CO<sub>2e</sub>/year. The Project has committed to undertake cost-effective measures to reduce methane losses and will employ energy-efficient equipment in power generation. The Project's GHG emissions rate of 0.23 to 0.29 metric tonnes of CO<sub>2e</sub> per metric tonne of LNG is consistent with the best practices being followed by the recent LNG projects which are being undertaken worldwide.

Physical and Economic Displacement. As detailed in the Resettlement Plan approved in 2016, the Project will result in the physical displacement of 556 households and the economic displacement of a further 952 households and approximately 4,000 affected by the establishment of the marine exclusion zone. A resettlement village is under construction and replacement agricultural land has been identified. Household relocation commenced in mid-2019 and will continue under a multi-phased approach until 1Q2021.

Resettlement impacts are managed jointly by the Area 1 and Area 4 operators. A Resettlement Action Plan in accordance with PS 5 has been developed and is being implemented by the Area 1 operator in close coordination with the Project. Due to the scale of displacement, the Project has the potential for significant, adverse impacts on livelihoods. To address this, the Project has developed a robust livelihood restoration program including targeted fisheries and agricultural components. Third-party oversight will be provided by the Lenders' IESC and an external, third party monitoring committee.

To address loss of communal and natural resources, a Community Development Fund will be established, to the sum of approximately 550 million MZN over 5 years, dedicated to the resettlement-affected communities.

Community Health, Safety, and Security Impacts. Regional civil unrest will necessitate a large presence of public and private security forces in the Project Area. Use of public security forces presents major security and community safety risks for the Project. While the security risks are well identified, significant training and ongoing monitoring of public and private security forces as well as coordinated effort with the government and the Area 1 operator will be required to maintain effective and compliant security operations.

A joint MOU between Area 1 and Area 4 operators and the Government of Mozambique has been established and requires on-going training and monitoring as well as adherence to international principles on security and human rights. The Project will develop and implement a Security Management Plan and a Community Health, Safety, and Security Plan to ensure compliance with PS 4. A buffer zone has been established to ensure community safety and security and a perimeter fence will be established once resettlement has been completed.

Labor Management, Worker Relations, and Worker Influx. The Project requires a significant, contracted workforce during the construction phase, which may include up to 23,000 workers. During operations, the workforce is estimated at 1,000 workers. Effective management of the large, contracted workforce will be a challenge for the Project; however, the Project Sponsor does have experience in other comparable projects. An Employment and Worker Relations Plan sets out the core labor requirements that will be imposed on all Project Contractors and a Local Content Management Plan has been developed to govern local recruitment and procurement processes.

Due to its scale and high profile, the Project is likely to attract an influx of people seeking employment to the area. This could be a potential source of social unrest, and transparency in recruitment procedures and influx management is critical. The Project has developed a Project-induced In-migration Plan which sets out strategies for managing local expectations regarding recruitment in addition to control measures for worker accommodation camps.

Biodiversity Impacts. Construction activities in the onshore and nearshore areas will result in habitat modification, and in some cases habitat loss. Major impacts from these activities are loss of an estuary and its associated mangrove stand due to infilling, disturbance of warm-water coral reefs, and disturbance of

	<p>seagrass beds. These ecosystems are globally threatened and important habitats for local, regional and global biodiversity.</p> <p>The Project has the potential to also impact sensitive habitat for several birds, reptiles (including sea turtles), amphibians, and plants of internationally recognized conservation status. In addition, the Project will also affect habitat for several charismatic mammals, including hippopotamus, pangolins, lions, leopards and African wild dogs. While the Project does not affect critical habitat for these species, they are of particular stakeholder concern, and thus may warrant additional consideration in mitigation planning.</p> <p>The Project is implementing the mitigation hierarchy to avoid and minimize impacts on sensitive ecosystems and species. The Project has revised the onshore layout to avoid, to the maximum extent possible, sensitive habitats, primarily wetlands. The revised Project footprint reduces the area of sensitive terrestrial habitat to be disturbed from 2,340 hectares (ha) to 1,695 hectares (ha), effectively avoiding disturbance of 645 ha of sensitive habitat.</p> <p>Additional biodiversity risks include the introduction of both terrestrial and marine invasive species, hazardous materials spills, sedimentation, and marine habitat disturbance due to dredging. Control measures and management plans for these activities incorporate good international industrial practices.</p> <p>A Biodiversity Action Plan (BAP) is being developed to properly manage the biodiversity impacts and monitor compliance with IFC's PS6 requirements.</p> <p><b>Cumulative Impacts.</b> Rovuma is developing a plan to identify, assess and manage cumulative impacts from Area 4 and Area 1 Projects. Some of the major cumulative impacts are related to biodiversity management, infrastructure impacts management, and social impacts management. The Biodiversity Management System, Environmental &amp; Social Management Plan, and Community Impacts Management Plans have been designed to address the identified cumulative impacts. Other cumulative impacts related to the increase in marine traffic and the expansion of port are being addressed in management plans designed to specifically address these issues.</p> <p>The Project will be required to: (i) submit annual reports on its environmental and social performance; (ii) develop and</p>
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implement its Environmental and Social Action Plan; (iii) continue developing, implementing and improving their stakeholder engagement system, including the grievance redress mechanism; and (iv) conduct an independent audit of their environmental and social performance.

**Community Consultations:** Initial stakeholder engagement was carried out by Area 1 operators, starting in 2011. Public hearings were held in association with the ESIA development and disclosure during 2013 and 2015. These public hearings were attended by representatives of the potentially impacted communities and local authorities. The Ministry of Environment has confirmed that the Project has met all the national requirements for public consultation and disclosure.

The Project's community relations team is continuing to work with the Area 1 team to coordinate on its joint stakeholder engagement strategy and approach. The Project has in place a stakeholder engagement plan and grievance redressal procedures in line with the IFC 2012 Performance Standards.

**Site Visit:** DFC could not undertake an environmental and social due diligence site visit due to security concerns and travel restrictions to the region.

The Lenders' IESC conducted their final due diligence site visit in late September 2019 and DFC has reviewed the draft Report. A final report was delivered in November 2019.

**ESIA Disclosure:** The Project ESIA was disclosed on September 26, 2019 and one comment was received. The comment period closed on November 25, 2019. DFC will draft responses to all comments received prior to presentation of the Project to the Board.