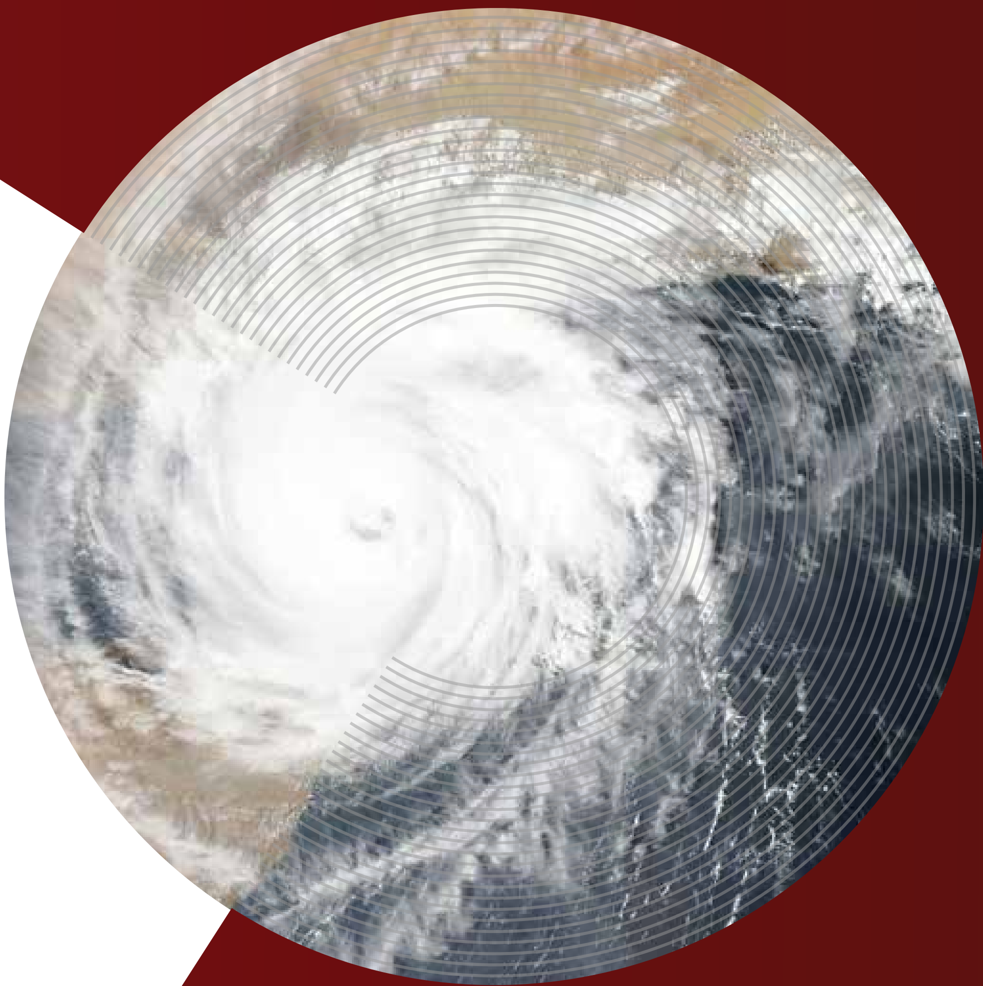
FLASH NEWS

BANK OF MOZAMBIQUE ISSUES CLIMATE RISK MANAGEMENT GUIDELINES



Areas of Interest:
- **Finance**
- **ESG**

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BANK OF MOZAMBIQUE ISSUES CLIMATE RISK MANAGEMENT GUIDELINES

Through Notice No. 6/GBM/2025, of 21 October ("the Notice"), the Bank of Mozambique established guidelines and/or guidance mechanisms to mitigate the impact of climate risks on financial and non-financial risk categories, i.e., applying respectively to credit institutions, financial corporations and all institutions that are generally supervised by the Bank of Mozambique.

The Notice's primary objective is to strengthen the resilience of the financial system in the face of the impacts of climate change, considering the specific vulnerabilities of Mozambique, with a view to promoting the integration of environmental and climate risk analysis into operations, credit assessment and banking supervision, encouraging a more sustainable and responsible approach, in line with the ESG (Environmental, Social and Governance) agenda, also in view of new global requirements.

In each Risk Management Programme, entities supervised by the Bank of Mozambique must include a climate risk management framework, which includes:

- Identification of risks with regard to, among other things, the impact on financial and operational performance.
- Implementation of a governance structure to measure and monitor the impact of climate risks on financial and non-financial risks, ensuring indicators and processes for improving the aggregation of risk information and reports.
- Establishment and update, on an annual basis, of a climate risk mitigation plan, describing the method used to establish the hierarchy of climate-related risks that may, in some way, affect its activities.
- Assessment and consideration of (also through internal audit) credit, liquidity , interest rate, exchange rate, commodity, operational, strategic , reputational , compliance and technology risks.
- Conduction of stress tests to identify the main risk factors and potential impacts to be considered in each sector, in order to create physical and transition risk scenarios that can estimate the extent of damage caused by climate events.

With regard to governance, institutions supervised by the Bank of Mozambique must establish a robust structure which, in addition to the points mentioned above, must be transparent, reporting and responding effectively and promptly to the effects of climate risks, as a general duty incumbent on management bodies.

Finally, it is worth noting that institutions supervised by the Bank of Mozambique are required to disclose market discipline reports and information on climate risks with an impact on financial and non-financial risks in the following areas:

(i) Governanceo,

(ii) Strategy,

(iii) Risk management,

(iv) Indicators, metrics and targets.

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