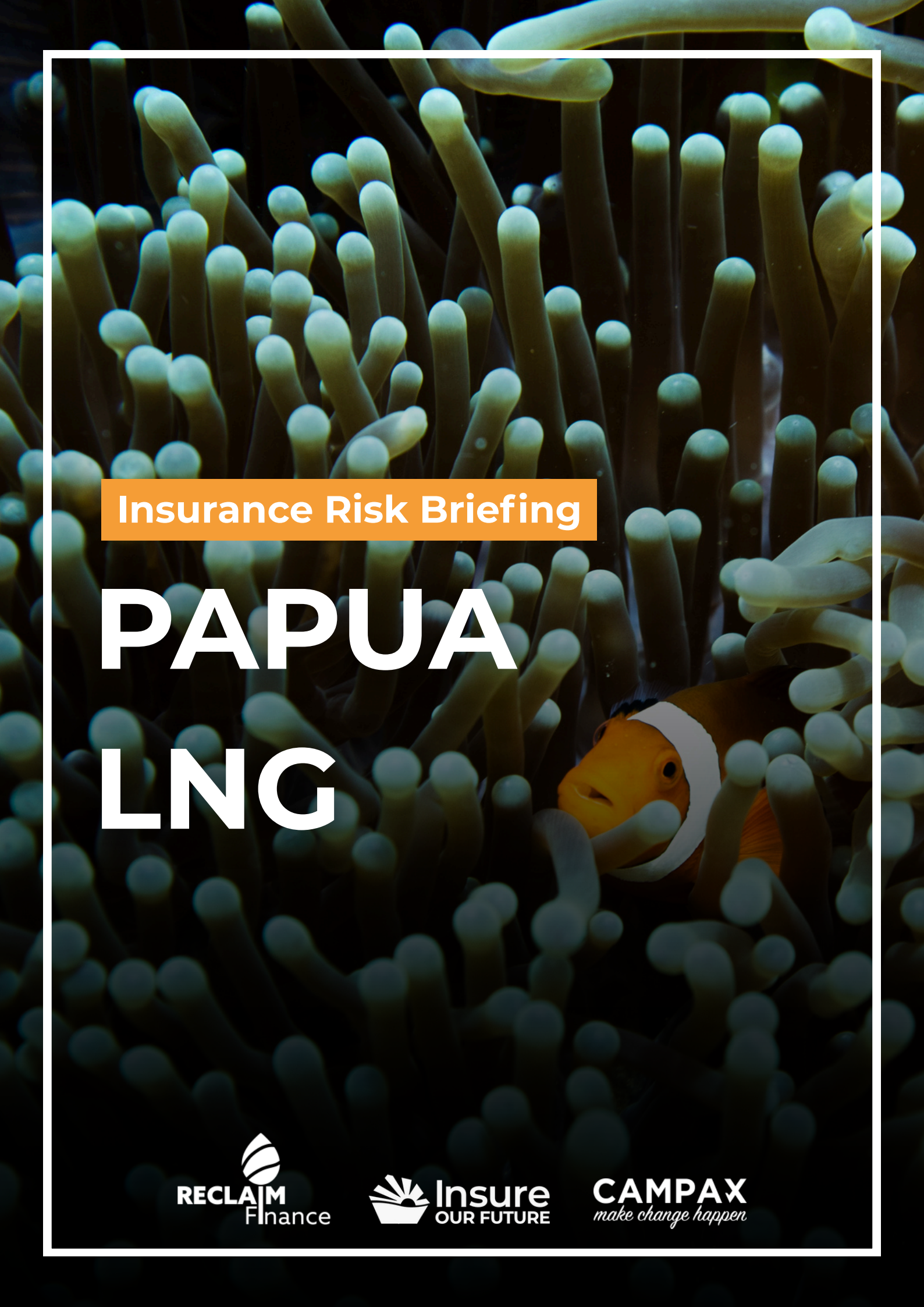


Insurance Risk Briefing

PAPUA LNG

RECLAIM Finance

Insure OUR FUTURE

CAMPAX make change happen

> THE PROJECT HAS A HISTORY OF UNCERTAINTY, POLITICAL TENSIONS AND LEGAL WOES.
>
> -INSTITUTE FOR ENERGY ECONOMICS AND FINANCIAL ANALYSIS (IEEFA)[4]

1. PROJECT OVERVIEW

The proposed Papua LNG project is Papua New Guinea's (PNG) second major fossil gas project. Initially led by French oil major TotalEnergies until the recent change of operator to ExxonMobil,[1] the $14–15 billion project comprises nine production wells, a 320 km pipeline traversing land and sea, and four liquefaction trains designed to export 5.6 mtpa.[2] The venture targets a final investment decision (FID) by the 15th December 2026, after missed targets in 2020 and 2025.

Labelled a "climate bomb",[3] the controversial development faces significant headwinds: more than 30 financial institutions have refused financing following unresolved issues around Free, Prior, and Informed Consent (FPIC) and severe biodiversity risks, including potential harm to endangered and newly identified species in the Gulf Province.[3,4]

THE DEVELOPMENT COMPRISES

- Greenfield development of the Elk and Antelope gas fields in Gulf Province, which is located roughly 360 km northwest of Port Moresby. This means tapping into previously unproduced reservoirs for the first time.[5]
- Central processing facility that treats raw gas and condensate to export standards, along with a 320 km pipeline network built to transport them to liquefaction and offshore storage.
- Papua LNG export terminal and associated infrastructure situated at Caution Bay, next to the existing PNG LNG site. This terminal and associated infrastructure will exclusively process gas from the as-yet-undeveloped Elk and Antelope gas fields.

CURRENT STATUS

- The existing five-year Petroleum Retention Licence (PRL15) for the Elk-Antelope gas fields supplying Papua LNG expires on 30 November 2026
- The signed agreement sets a 15 December deadline for the final investment decision for the project[6]
- Despite the project not yet having secured the consent of landowners, the PNG Government is currently convening the Papua LNG Development Forum in Port Moresby with affected landowners, provincial government, local level government, and the developer to discuss or negotiate the Benefit Sharing Agreement

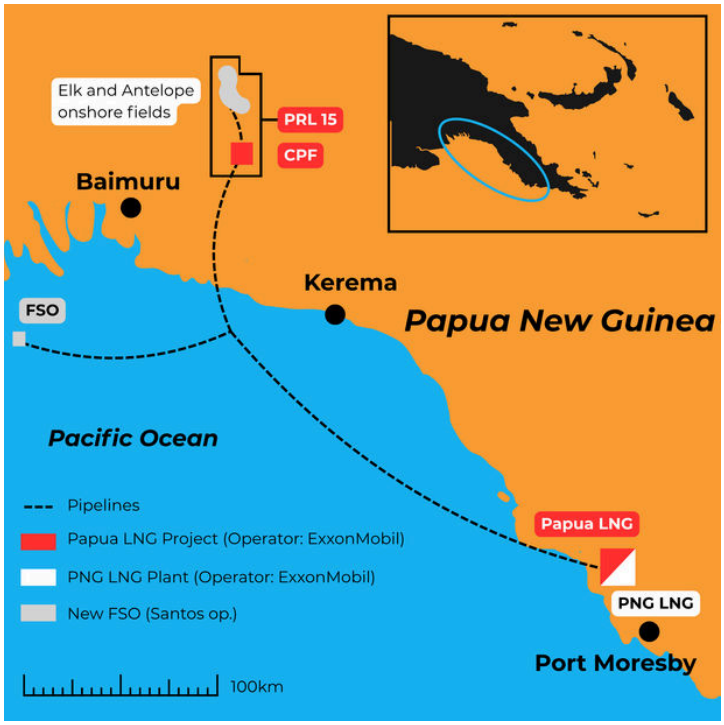


Fig. 1: Map of the Plans for the Papua LNG project. Own graphic based on Project Overview by Papua LNG[5]

> CARBON TRACKER WARNS THE PROJECT FAILS TO ALIGN EVEN WITH A 2.4°C "SLOW TRANSITION" PATHWAY.[25]

2. PAPUA LNG AND THE CORAL TRIANGLE

The Papua LNG project lies within the buffer zone of the Coral Triangle Scientific area,[7] also referred to as the "Amazon",[8] or "Nursery" of the seas.[9] This region spans Indonesia, Malaysia, the Philippines, Solomon Islands, Papua New Guinea and Timor-Leste; it is the world's most biodiverse marine region,[10] and one of the most climate-vulnerable.[11] It is a critical pillar of economic,[12] and climate resilience across Southeast Asia.[13,14] However, the rapid expansion of oil and gas infrastructure, including liquified natural gas (LNG) as well as associated infrastructure in this region is accelerating the degradation of this vital ecosystem and creating compounding systemic risks.

The development of the Papua LNG project would put additional pressure on the sensitive and vulnerable ecosystems of the Coral Triangle, whose resources benefit over 360 million people living in the region,[15] and faces a realistic possibility of collapse starting from 2030.[16]

A risk briefing about the Coral Triangle region overall has already been produced by Campax and the Insure Our Future coalition.[17]

3.RISKS

CLIMATE RISKS

Papua New Guinea is already among the world's most climate-vulnerable nations, ranking 176th out of 190 on the ND-GAIN index (summarising a country's "vulnerability to climate change and other global challenges in combination with its readiness to improve resilience") due to a high threat exposure to incidents such as floods, tropical cyclones, landslides, droughts and extreme precipitation, and low adaptation readiness.[19,20,21] The climate crisis poses severe risks for the country:

- Human Impact: Since 2000, extreme weather, including 15 major floods, 12 landslides, and 4 tropical cyclones, has affected over 650,000 residents, with coastal families in Gulf Province already forced to relocate. Over the past decade, rising sea levels alone have forced approximately 40,000 people to relocate from coastal areas, particularly around Pariva Beach.[21,22]
- Economic Impact: Climate hazards are projected to erode PNG's GDP by 15% by 2100, while worsening environmental stress risks heightening local political instability.[23,24]

Despite these local realities, Papua LNG is fundamentally misaligned with global energy transitions. Carbon Tracker warns the project fails to align even with a 2.4°C "slow transition" pathway.[25] Moreover the Papua LNG terminal is directly linked to the new Elk and Antelope gas fields, meaning the terminal would lock in new gas extraction, in contrast to the International Energy Agency's (IEA) Net Zero Emissions scenario, in which no new long lead-time conventional upstream projects are approved for development.[26]

BIODIVERSITY RISKS

Threatened species

The Papua LNG project poses severe biodiversity risks, operating within a critical habitat that supports at least 27 IUCN-listed species already at high or extreme risk of extinction, alongside 80 to 100 species that remain completely undescribed or new to external science. This unprecedented number of unstudied species makes it impossible to accurately assess or mitigate ecological impacts. The project puts numerous species at immediate risk:[27]

- **10 Endangered Species (Extreme Risk of Extinction):** Includes iconic wildlife such as the Pig-Nosed Turtle (Carettochelys insculpta), critically endangered migratory shorebirds like the Far Eastern Curlew and Great Knot, and multiple confirmed endemic plant species.
- **17 Vulnerable Species (High Risk of Extinction):** Includes threatened endemic mammals like the Lowland Tree Kangaroo (Dendrolagus spadix) and the Grey Dorcopsis (Dorcopsis luctuosa), along with six plant species confirmed to be in the area.
- **The Bulmer's Fruit Bat Exclusion:** The 2024 Upstream EIS Addendum quietly excluded the Bulmer's Fruit Bat (Aproteles bulmerae), one of the world's 100 most endangered mammals, from its 'very high sensitivity species' list. This decision relied on a single unevidenced sentence stating its presence was "unlikely," providing no supporting baseline surveys or scientific data.[28]

> BY DEVELOPING THIS FOSSIL FUEL PROJECT, TOTALENERGIES WOULD BE TAKING US EVEN FURTHER INTO NEW CLIMATIC, ENVIRONMENTAL AND SOCIAL RISKS.
>
> -CELCOR[3]

Protected Areas

According to recent complaints and civil society reports, the project fails to meet International Finance Corporation (IFC) Performance Standard 6 on critical habitats,[29] due to a lack of independent scientific assessments and adequate baseline studies.

- The project's area of influence overlaps with the Kikori Delta and Purari River in Gulf Province, a region recognized as an Important Marine Mammal Area (IMMA) and acknowledged as one of the most vital forest, riverine, and wetland ecosystems in the Asia-Pacific.
- The area of influence also overlaps with the Crater Mountain Wildlife Management Area, placing key infrastructure dangerously close to sensitive habitats, including the Herd base, situated just 160 meters from the Purari River and 1 kilometer from upstream Pig-Nosed Turtle nesting sites.[30]

Natural Resilience

As outlined, the project is close to protected and sensitive mangrove and coral habitats, which function as natural infrastructure protecting coastal areas. Coral reefs reduce wave energy by up to 97%,[31] providing a natural barrier to buffer storm hazards and coastal disasters which can prevent soaring adaptation costs. Meanwhile mangroves significantly reduce storm surge amplitudes by up to 86%.[32]

Nature loss directly increases disaster losses and sensitivity to climate change.

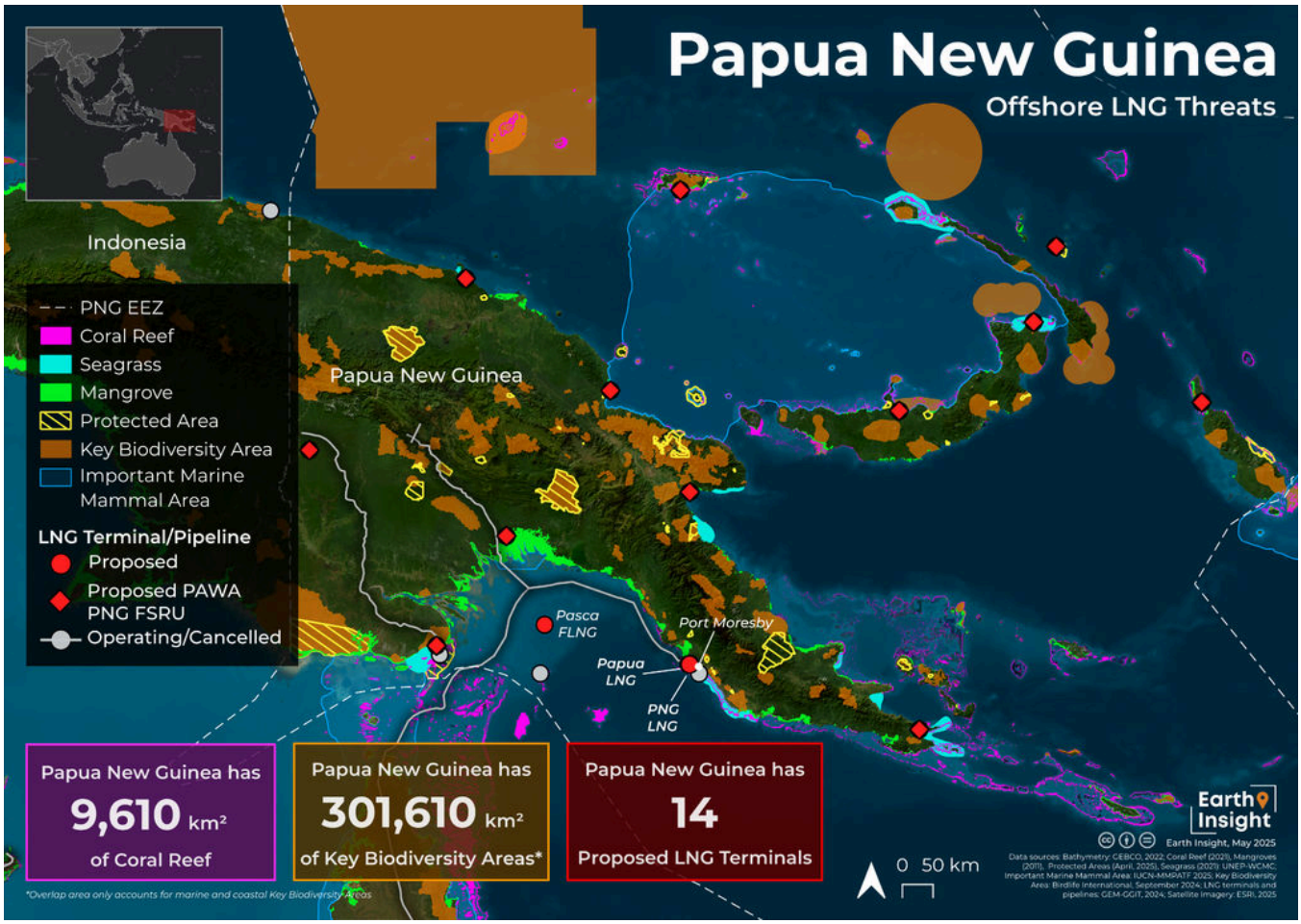


Fig. 2: Map of the Papua LNG Project and protected areas in the region (Earth Insight).

> FOSSIL FUEL OPERATIONS DISPROPORTIONATELY IMPACT INDIGENOUS PEOPLES.
>
> -UN SPECIAL RAPPORTEUR[33]

HUMAN RIGHTS AND FPIC VIOLATIONS

Human Rights

As highlighted by a UN Special Rapporteur, "fossil fuel operations disproportionately impact Indigenous Peoples".[33] Despite this warning, the Papua LNG project has failed to comprehensively evaluate the combined human rights impacts of current and proposed fossil fuel developments across Gulf Province. Severe human rights abuses linked to reports about the existing PNG LNG project demonstrate the critical risks facing local communities.[27,34,35,36]

Violations in Papua LNG's FPIC Process

While the project's Upstream Environmental Impact Statement talks about 12,700 affected people, the PNG government's estimate is 350% higher (45,082 people).[37] In Papua New Guinea, the vast majority of the population are legally recognized as Customary Landowners; as such, under international human rights frameworks for Indigenous Peoples, their right to Free, Prior, and Informed Consent (FPIC) is fundamental to the Papua LNG project, yet it has been systematically compromised:

- **Missing essential disclosures:** Civil society groups emphasize that the project lacks the basic disclosures in clear, plain language – including environmental permits and its terms and conditions, precise locations and routes of key project infrastructure, upstream decommissioning plans, landowner identification studies, resettlement plans, full human rights impact assessments, climate change risk assessments and economic modelling – needed to secure consent. Instead, official materials focus on administrative timelines or promotional public relations.[27]
- **Allegations that the project's FPIC processes did not respect core FPIC principles or may be illegal:** In July 2026, 11 gasfield clans of the PRL 15 lease area publicly stated that they withdrew from the project's FPIC process over a host of concerns and also informed then-operator TotalEnergies.[37] They stated that they were not anti-development but believed the process to be illegal and called for a new, independently overseen FPIC process. A community advocate has also raised that "exploratory drilling for the Papua LNG project began without the FPIC from community members".[38] The project processes for identifying landowners is not transparent and dozens of clans are asserting that they have been excluded, while others have filed formal appeals and at least one legal case leading to a court injunction (later overturned) and delays to project forums.[39]
- **Ignoring other potentially affected communities and cumulative risks:** Engagement does not seem to include other potentially affected Customary Landowners beyond Gulf and Central province. The project fails to assess the cumulative impacts of gas projects on the Gulf Province. The region is facing a rapid concentration of fossil fuel developments that risks turning it into a "sacrifice zone." [27]

As a result of the project's FPIC violations, Lucielle Paru, head of the Papua Native Landowners Association, declared in July 2026:

"The 11 clans of PRL 15 have withdrawn the current Free, Prior and Informed Consent (FPIC) process. This is more than a local dispute. It is a wake up call for every Indigenous community affected by the Papua LNG Project. (...) Our consent is not a formality (...) For too long, decisions have been made about us instead of with us. Landowners have too often been divided, excluded, under informed and expected to accept outcomes they did not shape. That must end."[37]

FINANCIAL INSTITUTIONS WHO'VE RULED OUT THE PROJECT

In total, 32 financial institutions have said they will not finance the project: private banks, public banks and export credit agencies.

This includes the Asian Development Bank, German public bank KfW, all major Australian, French and Italian banks, as well as the export credit agencies of Australia, Sweden, France and the UK.[3] French bank Credit Agricole withdrew as lead financial adviser in 2024 after being alerted to environmental and human rights risks from the project.

The most recent commitments came after a formal complaint was submitted to the banking industry risk standards body,[18] the Equator Principles, in December 2025. The reluctance of banks and export credit agencies to finance the project highlights the acute nature of the risks posed by the project and raises questions about its viability.

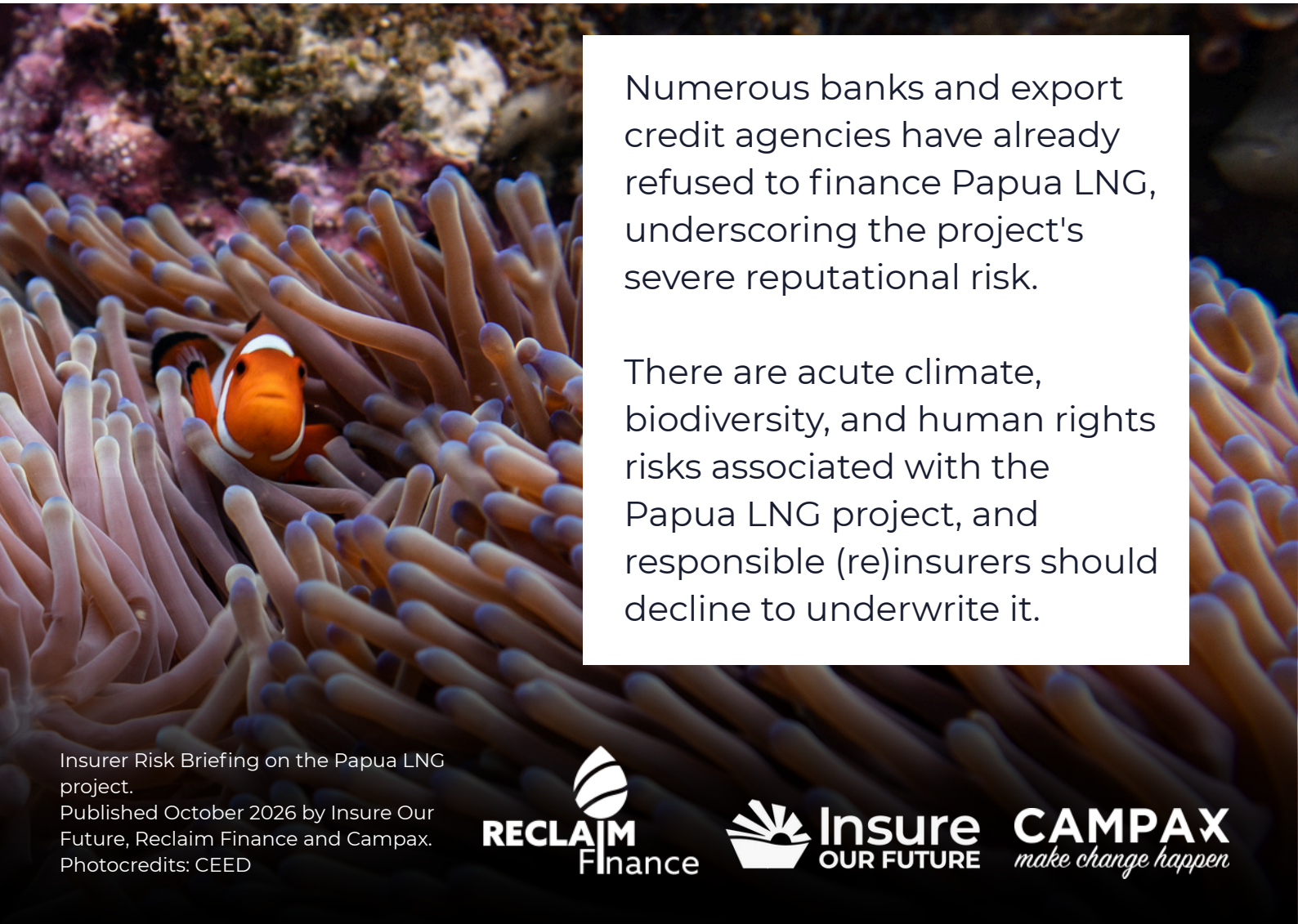
BREAKING ESG GUIDELINES

A 2024 assessment by Fair Finance Guide Japan found that the development fails to comply with numerous ESG guidelines:[40]

- the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP)
- the Equator Principles (EPs)
- the International Finance Corporation's Performance Standards (IFC PS)
- the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (OECD Guidelines)
- the Japan Bank for International Cooperation's Guidelines for Confirmation of Environmental and Social Considerations (JBIC Guidelines)

A 2025 complaint filed to the Equator Principles alleged breaches of 6 of the 10 Equator Principles and at least 4 IFC Performance Standards, as well as broader non-compliance with human rights, that is likely relevant to the UN Guiding Principles on Business and Human Rights.[27]

CONCLUSION



Numerous banks and export credit agencies have already refused to finance Papua LNG, underscoring the project's severe reputational risk.

There are acute climate, biodiversity, and human rights risks associated with the Papua LNG project, and responsible (re)insurers should decline to underwrite it.

Insurer Risk Briefing on the Papua LNG project.
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Photocredits: CEED

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