

Japanese Banks: JaCER Complaint (SEP 2024)
Submitted Sep 25, 2024

Mizuho

2-6 Case Details

Mizuho is the leading international private financier of LNG export terminals around the globe. They are a financier of NextDecade's Rio Grande LNG export terminal in Southern Texas, USA. NextDecade has refused consultation with the Carrizo/Comecrudo Tribe of Texas. NextDecade's recent permits for approval for the export terminal were rescinded by the District of Columbia appeals court. Mizuho has lacked appropriate due diligence on human rights in their relationship with NextDecade Rio Grande LNG.

Through novel partnerships and selling their majority stake, NextDecade secured a \$10.8 billion dollar loan for Rio Grande LNG, Phase I. The loan executed on July 12, 2023 moved NextDecade to final investment decision (FID) for the Rio Grande LNG.

The banks with leading roles in the \$10.8 billion loan, which was broken into four parts, known as tranches, are credited with the deal. Each of these banks is credited with \$1.08 billion. In addition to the \$10.8 billion loan, Mizuho bank provided \$1.177 billion (USD) to bring NextDecade's greenfield methane export terminal to fruition.

2-7 Case Details

The development of Rio Grande LNG, Enbridge's Rio Bravo pipeline & Texas LNG, in particular, poses a threat to Indigenous peoples, which NextDecade and Mizuho have failed to address.

The U.S. National Park Service, in its official comments to the US federal agency regulating the project, noted that "[t]he proposed Texas LNG terminal site contains one of the premier prehistoric archeological sites in Cameron County, TX, the Garcia Pasture Site. The Garcia Pasture Site (41CF8), which is listed on the National Register of Historic Places, has known burials, discrete shell working areas, and contact period artifacts."

One tribe, the Estok-Na, commonly referred to as the Carrizo/Comecrudo, has ancestral ties to the immediate region of the South Texas Rio Grande Delta where Texas LNG is proposed to be sited. This site is referred to as Garcia Pasture by archeologists and the National Park Service. The Garcia Pasture Site is the burial site of the Carrizo/Comecrudo Tribe's ancestors and therefore is culturally significant.

In 2022, the World Monuments Fund listed Garcia Pasture as one of the most irreplaceable, endangered sites around the world. The Carrizo/Comecrudo Tribe has requested the need to conduct cultural heritage data collection and archaeological surveys before the construction of Rio Grande LNG began, however, no surveys were carried out and Rio Grande LNG began

clear-cutting with heavy machinery in October 2023. Mizuho is a critical financier of Rio Grande LNG.

This is also concerning because, while Texas LNG did contact some Indigenous tribes for its Cultural Resources report, it failed to consult with the Carrizo/Comecrudo Tribe. International business and human rights standards include the right to Free, Prior, and Informed Consent by Indigenous Peoples on projects that impact their traditional lands. The International Finance Corporation (IFC) specifically names in their Performance Standard 7 (PS7), that the “PS7 seeks to ensure that business activities minimize negative impacts, foster respect for human rights, dignity and culture of indigenous populations, and promote development benefits in culturally appropriate ways.”

Mizuho Bank claims to be a leader in the adoption and implementation of the Equator Principles. The Equator Principles is a risk management framework adopted by financial institutions for determining, assessing and managing environmental and social risk in projects. It's primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making. The LNG projects proposed in Brownsville, TX are clearly subject to the Equator Principles because the proposed capital costs are well above \$10 million each, and the projects carry “potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.”

Financial institutions aligned with the Equator Principles should classify Rio Grande LNG and the Rio Bravo Pipeline as Category A, indicating the highest risk and requiring an enhanced assessment before committing to provide services. In fact, an assessment in 2019 found that none of the proposed terminals are likely to comply with the Equator Principles.

The protection of cultural sites is a human rights issue under the United Nations Declaration on the Rights of Indigenous Peoples. And yet, though the Garcia Pasture area is a culturally important sacred site, because the Carrizo/Comecrudo Tribe have not been granted federal recognition by the US Government, they have not been consulted by the energy companies developing the projects, regulatory agencies, financial institutions, and public officials in the matter of its development.

To date, Mizuho Bank has largely ignored letters and emails to bank representatives to discuss this project and their overall policies on the Equator Principles, Indigenous rights and climate impacts. The Tribal Chair of the Carrizo/Comecrudo Tribe of Texas will be in Tokyo in October. We are scheduled to meet with Mizuho in person during the Chair's visit.

2-9 Remedies you expect

We would expect a full series of consultation with the Carrizo/Comecrudo Tribe of Texas with Mizuho bank; enhanced due diligence on NextDecade, Glenfarne and Enbridge for these specific LNG projects and further business associations and evidence of compliance with the Equator Principles.

MUFG

2-6 Case Details

MUFG is the main financier of NextDecade's Rio Grande LNG export terminal in Southern Texas, USA. NextDecade has refused consultation with the Carrizo/Comecrudo Tribe of Texas. NextDecade's recent permits for approval for the export terminal were rescinded by the District of Columbia appeals court.

Through novel partnerships and selling their majority stake, NextDecade secured a \$10.8 billion dollar loan for Rio Grande LNG, Phase I. The loan executed on July 12, 2023 moved NextDecade to final investment decision (FID) for the Rio Grande LNG.

The banks with leading roles in the \$10.8 billion loan, which was broken into four parts, known as tranches, are credited with the deal. Each of these banks is credited with \$1.08 billion. In addition to the \$10.8 billion loan, Rio Grande LNG issued an \$800 million credit facility, backed by TotalEnergies. MUFG was the sole lender on this credit facility & the only bank that has put money into phase II of the Rio Grande LNG. As a result, MUFG alone lent nearly \$2 billion to see this greenfield export terminal to fruition.

2-7 Case Details

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MUFG claims to use the Equator Principles to identify, assess, and manage the environmental and social risks of large-scale projects. The LNG projects proposed in Brownsville, TX are clearly subject to the Equator Principles because the proposed capital costs are well above \$10 million each, and the projects carry “potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.”

Financial institutions aligned with the Equator Principles should classify Rio Grande LNG and the Rio Bravo Pipeline as Category A, indicating the highest risk and requiring an enhanced assessment before committing to provide services. In fact, an assessment in 2019 found that none of the proposed terminals are likely to comply with the Equator Principles.

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