# Equator Principles Fact Sheet:

# Financing for Rio Grande LNG by Two Japanese Megabanks: MUFG and Mizuho, May Violate International Standards Including the Equator Principles and Their Own Group Policies

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RAINFOREST ACTION NETWORK

## Summary

- Despite concerns raised by local communities and RAN, MUFG and Mizuho played key roles in the Final Investment Decision (FID) for Phase 2 of the Rio Grande LNG project in Texas, USA, as well as the Phase 1
- The area planned for Texas LNG overlaps with the sacred lands of the Carrizo/Comecrudo Tribe of Texas, an Indigenous People of the region. It is scheduled to reach FID in mid-2026, with Mizuho acting as financial advisor
- The Rio Bravo Pipeline project intends to acquire a part of land owned and used by the Carrizo/Comecrudo Tribe by exercising eminent domain
- The Carrizo/Comecrudo Tribe and local communities strongly oppose these 3 projects, and the project companies have not obtained their Free, Prior and Informed Consent (FPIC)
- MUFG and Mizuho's supports for these projects is considered to be violations of their group policies and the Equator Principles
- Regarding the complaints submitted to MUFG and Mizuho in 2024, no consultations have been held with the community delegation for remediations and corrective measures by the energy companies and banks financing the project.

## Rio Grande LNG Project

The Rio Grande LNG Project is a liquefied natural gas (LNG) export terminal currently under construction by NextDecade in the Rio Grande Delta region of Texas, United States. The project is planned to receive gas supply from the Rio Bravo Pipeline being planned by Enbridge. In July 2023, phase 1 - Trains 1 to 3 with an annual capacity of 17 million tons—reached Final Investment Decision (FID), securing $18.4 billion in project financing. Furthermore, the second phase - Train 4 and 5 with an annual capacity of 6 million tons each—reached their FIDs on September 9 and October 16, 2025, respectively, with approximately $6.7 billion in project financing. On November 24, NextDecade announced it had initiated the pre-filing process with the Federal Energy Regulatory Commission (FERC) for the third phase, Train 6, and plans to announce permit applications for Trains 7 and 8 within 2026. The company stated it possesses land capable of accommodating up to 10 Trains, indicating further expansion plans could be announced. Even with Trains 1 through 8 alone, the project plans to supply approximately 48 million tons of LNG annually. Upon completion of the construction, it will become one of the largest LNG export terminals in the US. Considering greenhouse gas (GHG) emissions across the entire LNG lifecycle including methane leakage, the planned eight trains alone will lock in GHG emissions equivalent to approximately 315.8 million tons of carbon dioxide ($CO^2$) annually—equivalent to **83 coal-fired power plants**— with no ending operations date in sight.

### Texas LNG Project and Rio Bravo Pipeline Project

Texas LNG is a 4 million metric tons per year liquefied natural gas (LNG) export terminal by Glenfarne, an American energy company, planned to locate next to Rio Grande LNG. It states that it has obtained

FERC approval, with construction scheduled to begin in 2024 and commercial operations starting in 2028. The construction site for Texas LNG directly overlaps with "**Garcia Pasture**", a sacred site of the Carrizo/Comecrudo Tribe of Texas, an Indigenous People of the Rio Grande Valley region. The Carrizo/Comecrudo Tribe, together with the local communities, are opposing the project, and Texas LNG has not obtained their "Free, Prior, and Informed Consent (FPIC)". The building of this LNG export terminal would destroy the Garcia Pasture. According to Glenfarne, **Mizuho is serving as the project's financial advisor**, with a plan to achieve FID in mid 2026. There is a comment from Rahul D. Shah, Managing Director at Mizuho, said Mizuho is "pleased to serve as financial advisor" of the project.

The Rio Bravo Pipeline Project is a natural gas pipeline project planned. It aims to connect a compressor station in Kleberg County to the Rio Grande LNG facility in Brownsville via a pipeline stretching approximately 137 miles, supplying up to 4.5 billion cubic feet of natural gas per day. An area of land that overlaps with the proposed pipeline route is owned by the Carrizo/Comecrudo Tribe, who practice beekeeping with native bee species. However, Rio Bravo Pipeline repeatedly sent notification stating that they "intend to exercise their right of eminent domain to acquire the Tribe's land" last year (Reference: Local group's SNS post). The Carrizo/Comecrudo Tribe, together with the local communities, are opposing the project, and their FPIC has not been obtained.


*Map showing the planned construction sites for Rio Grande LNG and Texas LNG, showing proximity to Wildlife Refuges and Space X*

## Involvement of Japanese private financial institutions

Rio Grande LNG, Phase 1, Train 1 - 3, 2023 (Reference)

Mitsubishi UFJ Financial Group (MUFG): **USD 1,642.92 million**

Mizuho Financial Group (Mizuho): **USD 1,222.92 million**

- Coordinating Lead Arranger, Joint Bookrunner, Syndication Agent, Documentation Agent, Global Coordinator, P1 Collateral Agent (Reference)

SOMPO Holdings (SOMPO) (Reference)

- Insurance underwriter for Phase 1

Rio Grande LNG, Preparation for Phase 2, 2024 (Reference)

MUFG: **USD 190 million**

Rio Grande LNG, Phase 2: Train 4, 2025 (Reference)

MUFG

- Intercreditor agent for USD 3.85 billion term-loan

Mizuho

- Collateral agent
- Financial advisor (Super FinCo) for NextDecade

Texas LNG, Phase 1 (Reference)

Mizuho

- Financial advisor

To date, French banks Société Générale and La Banque Postale, SMBC Financial Group (SMBC), and Swiss-registered U.S. insurer Chubb have withdrawn from Rio Grande LNG. SMBC initially served as NextDecade's financial advisor but is no longer involved in the project. French bank BNP Paribas cut ties with Texas LNG after implementing a new policy on oil & gas (for more details on the risks to financial institutions, please refer to this report).

## Opposition by local communities and civic groups

Due to NextDecade's inadequate response to regulatory authorities,opposition activities and lawsuits by local communities and civil society organisations, the project has faced repeated delays (for more details on the activities of local communities and civil society organisations through 2024, please refer to this fact sheet).

In November 2023, local communities, the local Indigenous People: Carrizo/Comecrudo Tribe of Texas, and civil society organisations jointly filed a lawsuit against the FERC decision in April 2023 approving the Rio Grande LNG, Rio Bravo Pipeline and Texas LNG, arguing that the decision failed to adequately assess the projects' impacts on the local communities and the environment. On August 6, 2024, the U.S. The Court of Appeals for the District of Columbia Circuit issued a ruling effectively revoking FERC's permits for the three proposed LNG projects in the Rio Grande region, finding they failed to sufficiently examine the environmental and social impacts on the area. This resulted in a victory for the local communities. However, under the current U.S. administration, FERC is again pushing forward with permitting for the LNG projects.

In September 2024, a delegation representing Rio Grande communities and the Rainforest Action Network (RAN) jointly submitted complaints against the project's financiers: MUFG and Mizuho, through the JaCER grievance platform, due to the lack of appropriate due diligence on human rights in their relationship with NextDecade, Rio Grande LNG. In October, a delegation of local communities and the Carrizo/Comecrudo Tribe of Texas, visited Japan to engage with the Japanese financial institutions involved in the project. Following these discussions, SOMPO, an international insurance company, introduced a new policy stating it would carefully consider when evaluating transactions for “projects that violate the human rights of Indigenous Peoples or local communities”. This new policy applies to both new and existing projects for their insurance underwritings and investments; and thus, the Rio Grande LNG is likely to be within the scope. Meanwhile, as of May 2026, over a year after the complaints were filed against MUFG and Mizuho, no progress has been made in the complaint handling process. JaCER's public records state that the companies are “dialogue with the claimant underway”; however, there was no single communication opportunity given to the delegation that could be called a “dialogue” as the banking groups exploit their “duty of confidentiality” regarding client information to withhold details.

## Adverse impacts

1) Violations of Indigenous People’s rights

The Carrizo/Comecrudo Tribe of Texas, an Indigenous People of the Rio Grande Valley region, have lived in the surrounding area for thousands of years, practicing hunting, gathering, and agriculture. Near the Rio Grande LNG site lies their sacred ground known as “**Garcia Pasture**”. Historical heritage sites, including village ruins and shell mounds, remain underground, within, and around the project site. The Carrizo/Comecrudo Tribe has requested NextDecade to conduct heritage surveys, but construction work is proceeding without any response. The protection of Indigenous archaeological sites is a recognized right under the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). While NextDecade lists a supportive comment from a tribe based in McAllen, Texas—over 100 km away from the project site—on its website, it has not obtained “Free, Prior, and Informed Consent (FPIC)” from the Carrizo/Comecrudo Tribe, which has deep historical and spiritual ties to the project area. The Carrizo/Comecrudo Tribe, together with the local communities, continues to oppose the project.

The United States has abandoned its duty to the Carrizo/Comecrudo Tribe because they are not listed as a federally registered Tribe with the US government. There are nearly 400 Native American Tribes that are not federally recognized in the U.S. While there are a myriad of reasons for tribes to be unrecognized, this does not invalidate their existence, culture, ancestral and current claims to the land and territories where they live. U.S. permitting agencies, like the FERC, and NextDecade have done an incomplete job in assessing the environmental and cultural impacts and risks to local communities in the Rio Grande Valley.

MUFG and Mizuho have adopted the International Finance Corporation's Performance Standards on Environmental and Social Sustainability (IFC Performance Standards) with the Equator Principles. These performance standards provide specific direction and consideration for industrial projects that may involve Indigenous Peoples and cultural heritage. Rio Grande LNG and Texas LNG have not engaged in consultation with the Carrizo/Comecrudo Tribe of Texas. Even with this incomplete analysis, NextDecade has raised over USD 5 billion from Japanese banks. The banking groups may be complicit in rights abuse by NextDecade and non-compliance with IFC Performance Standards through their provision of finance and / or financial services to Rio Grande LNG and Texas LNG.

2) Acceleration of climate change

Approximately 90% of LNG consists of **methane gas**, which has a greenhouse effect over 80 times greater than $CO^2$. There are valid concerns that massive methane gas leaks during processes such as extraction, liquefaction, and transportation will accelerate climate change. Considering emissions across the entire lifecycle, the annual $CO^2$ emissions from Rio Grande LNG Trains 1 to 8 alone are projected to be massive, equivalent to those from 83 coal-fired power plants. Furthermore, the proposal for the carbon capture and storage (CCS) project, which was the sole climate change countermeasure, has been withdrawn as it is not sufficiently developed at this time.

3) Destruction of habitats for endangered species

In the wetlands surrounding the planned site for this project, endangered species such as the ocelot, northern aplomado falcon, Kemp's ridley sea turtle and rice's whale have been confirmed to inhabit the area. Therefore, there are concerns that the construction of the LNG facility will destroy their habitats. Furthermore, once operated, the facility is expected to cause impacts such as noise pollution, light pollution, air and water pollution, and increased ship traffic. These impacts are noted as potentially causing permanent and significant harm to multiple endangered species.

4) Health issues for local residents

Rio Grande LNG site is located on the Gulf Coast, US, where the highest concentration of LNG facilities in the country occurs. It is concerned that the release of harmful chemicals such as benzene contained in natural gas has caused health hazards, including an increase in cancer rates among local residents (Reference). Even based on the current plans alone, this project is expected to become one of the largest LNG facilities in the United States. Should the project expand further in the future, serious health hazards for residents in the surrounding areas are a concern.

## Two megabanks' Compliance with the Equator Principles

MUFG and Mizuho have adopted the Equator Principles, an international standard for assessing environmental and social impacts when financing large-scale projects. The project is considered to fall under "Category A"[1], indicating that it involves significant environmental and social concerns. However, a review conducted by RAN based on publicly available and information provided by local communities, including the Carrizo/Comecrudo Tribe, revealed that the project developer may have failed to meet many requirements stipulated in Principles 5. Therefore, MUFG and Mizuho's financing of this project raises concerns about their compliance with the Equator Principles, and the extent to which MUFG and Mizuho undertook due diligence measures to confirm NextDecades's adherence to requirements under Principle 5. MUFG and Mizuho responded that it will refrain from making comments on the letter RAN sent regarding NextDecade's Stakeholder Engagement for the Rio Grande LNG project in alignment with the Equator Principles, Principle 5. NextDecade did not respond to the letter.

Table 1 Projected compliance status of MUFG and Mizuho with Equator Principles 5 "Stakeholder Engagement" based on information provided by Rio Grande communities

| Mizuho (Equator Principles) | MUFG | Compliance | Comments |
|---|---|---|---|
| For all Category A and Category B Projects the Financial Institution will require the client to demonstrate effective Stakeholder Engagement, as an ongoing process in a structured and culturally appropriate manner, with Affected Communities, Workers and, where relevant, Other Stakeholders. | MUFG Bank applies this Principle to all Category A and B projects. MUFG Bank shall confirm that the client has been having consultations with project affected communities, workers and, where relevant, other stakeholders as an ongoing process in a structured and culturally appropriate manner. | ❌ | Although some information was provided at an open house event organized by NextDecade, no opportunity for continuous and two-way consultations or communications has been provided. |
| For Projects with potentially significant adverse impacts on Affected Communities, the client will conduct an Informed Consultation and Participation process. The client will tailor its consultation process to: the risks and impacts of the Project; the Project's phase of development; the language preferences of the Affected Communities; their decision-making processes; and the needs of disadvantaged and vulnerable groups. This process should be free from external manipulation, interference, coercion and intimidation. | For projects with potentially significant adverse impacts on affected communities, MUFG Bank shall confirm that the ongoing consultations between the affected communities and the client constitute a sufficient Informed Consultation and Participation process. | ❌ | The August 6, 2024, court decision favoring the local residents effectively established that the operator's environmental and social impact assessments to date were not conducted appropriately, and therefore, information provided to the local communities cannot be considered sufficient. Furthermore, opportunities for consultation and participation have not been provided. |
| To facilitate Stakeholder Engagement, the client will, commensurate with the Project's risks and impacts, make the appropriate Assessment Documentation readily available to the Affected Communities, and where relevant Other Stakeholders, in the local language and in a culturally appropriate manner. The client will | MUFG Bank shall confirm that the assessment documentation, or non-technical summaries thereof, should be made available to the affected communities and other stakeholders when they are recognized to be relevant, based on sufficient information disclosure by the | ❌ | The August 6, 2024 court decision favoring the local residents effectively established that the operator's environmental and social impact assessments to date were not conducted appropriately. |

[1] Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented

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| take account of, and document, the results of the Stakeholder Engagement process, including any actions agreed resulting from such process. | client, for a reasonable period in the relevant local language and in a culturally appropriate manner. | | |
| Disclosure of environmental or social risks and adverse impacts should occur early in the Assessment process, in any event before the Project construction commences, and on an ongoing basis. | Disclosure of environmental and social risks and adverse impacts should occur early in the ESIA process, and in any event before the project construction commences, on an ongoing basis, and MUFG Bank shall confirm that the client documents the results of consultation with the stakeholders. | ❌ | Currently, site preparation has been completed at the project site and construction work is underway, but the results of a proper environmental and social impact assessment have yet to be disclosed. |
| Financial Institutions recognise that Indigenous Peoples may represent vulnerable segments of Project Affected Communities. All Projects affecting Indigenous Peoples will be subject to a process of Informed Consultation and Participation, and will need to comply with the rights and protections for Indigenous Peoples contained in relevant national law, including those laws implementing host country obligations under international law. IFC Performance Standard 7 paragraphs 13-17 detail the special circumstances that require the Free, Prior and Informed Consent (FPIC) of affected Indigenous Peoples, which include any of the following:<br>- Projects with impacts on lands and natural resources subject to traditional ownership or under the customary use of Indigenous Peoples,<br>- Projects requiring the relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use,<br>- Projects with significant impacts on critical cultural heritage essential to the identity of Indigenous Peoples, or<br>- Projects using their cultural heritage for commercial purposes. | All projects affecting indigenous Peoples will be subject to a process of ongoing consultations based on a sufficient Informed Consultation and Participation process and will comply with the rights and protections for indigenous Peoples contained in relevant national law, including those laws implementing host country obligations under international law. In addition, in the case of special circumstances described in IFC Performance Standard 7, projects with adverse impacts on indigenous Peoples will require their Free, Prior and Informed Consent (FPIC). IFC Performance Standard 7 paragraphs 13-17 detail the special circumstances that require FPIC, which include any of the following:<br>- Projects with impacts on lands and natural resources subject to traditional ownership or under the customary use of Indigenous Peoples,<br>- Projects requiring the relocation of Indigenous Peoples from lands and natural resources subject to traditional ownership or under customary use,<br>- Projects with significant impacts on critical cultural heritage essential to the identity of Indigenous Peoples, or<br>- Projects using their cultural heritage for commercial purposes. | ❌ | The Carrizo/Comecrudo Tribe of Texas, US, is a local indigenous People based on the definition of UNDRIP, and points out that historical heritage sites remain underground within the project area. There is also their sacred ground called "Garcia Pasture" near the project site and concerns exist regarding the adverse impact of this project on the surrounding environment. Representatives of Carrizo/Comecrudo Tribe claim that the operator has not provided sufficient information, consultation, or participation. The operator continues the construction work without obtaining their FPIC. The United States has abandoned its duty to the Carrizo/Comecrudo Tribe because they are not listed as a federally registered Tribe with the US government. The banking groups may be complicit in rights abuse by NextDecade and non-compliance with IFC Performance Standards through their provision of finance and / or financial services to Rio Grande LNG and Texas LNG. |

(Legend: ✓complied ❌Not complied)

## Lack of meaningful action by megabanks

Over a year has passed since the community delegation and RAN jointly submitted a complaint through JaCER, yet there has been no progress toward the remedies sought by the community. While JaCER's public documentation states the companies's status as "dialogue with the claimant underway", these banking groups exploit their "duty of confidentiality" regarding client information to withhold details about negotiations with client businesses or discussions on remedial measures. There was no single opportunity given to the delegation that could be called a "dialogue" with these banking groups in this regard. "Confidentiality obligations" are generally interpreted as the duty of financial institutions not to disclose information obtained in connection with transactions with customers to others without just cause. However, should addressing complaints regarding serious adverse impacts, such as violations of Indigenous Peoples' rights, not be considered a "just cause" in this context?

While the banking groups evade accountability for the negative environmental and social impacts caused by their financing, they continued to make money by supporting the expansion project. On the Rio Grande LNG project site, land preparation has been completed and construction is progressing. There are concerns about the destruction of Indigenous historical and cultural heritage buried underground, as well as adverse impacts on endangered species inhabiting the surrounding area. The destruction of Indigenous historical and cultural heritage carries a high risk of constituting a serious and irreversible rights abuse, demanding immediate action.

## Conclusion

This investigation revealed that while MUFG and Mizuho publicly committed to adhering to the Equator Principles, they provided financing and other financial services to Rio Grande LNG despite NextDecade failing to meet many requirements under Principles 5 and 6 regarding stakeholder engagement and grievance mechanisms. The rights violation of the Carrizo/Comecrudo Tribe is considered non-compliance of the IFC Performance Standards and the banking groups may be complicit in the rights abuse. Although financial services being a main business activities for these banking groups, they have never provided opportunity for a proper dialogue regarding the complaint of rights violations associated with their financial services, exploiting their "duty of confidentiality" regarding client information. Their actions fall short of what could be considered a sincere response. Their actions do not align with the expectations in international standards such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, which these banking groups publicly pledge to support and respect. To meet the expectations as responsible financiers, they should consider measures such as adding a clause to financial agreements requiring the disclosure of some client information required for remediation when violations or non-compliance occur, in this case, violation of the Equator Principles.

It also raises concerns of violations of their own social and environmental policies, including their policies on Indigenous Peoples' rights. Both banking groups have policies stating that they will carefully determine adverse impacts when they are considering providing financing to projects which have adverse impacts on Indigenous People's communities (Reference: MUFG and Mizuho policies). Their financing to the Rio Grande LNG project seems to be a violation of these policies. NGOs have reported many cases[2] of Japanese banks financing projects that may violate Indigenous Peoples' rights around the world, calling into question the very purpose of these policies. Nevertheless, since neither group has disclosed the

[2] 1) Saguaro Energia LNG Project、2) Papua LNG project、3) LNG Canada Project and Coastal Gaslink Pipeline Project

internal criteria used to make decisions regarding these policies, it is not possible to determine whether this is a case of non-compliance with the policies or a problem with the internal criteria themselves.

## Actions required from the banking groups

MUFG and Mizuho should to take the following measures:

1. To verify the adverse impacts, including violations of Indigenous Peoples' rights, and the mitigation measures taken by clients at the Rio Grande LNG, Texas LNG and Rio Bravo Pipeline projects
2. To immediately start consultations with community delegation regarding remediations and corrective measures for the adverse impacts of these projects, and to proceed with the complaint handling process submitted to JaCER in collaboration with client companies
3. To stop supporting to these projects and clients in the future, by taking into account of the severity of the client's non-compliance with policies
4. To include conditions in loan agreements to articulate that, should negative impacts arise due to non-compliance by client companies, certain information necessary for remediation will be disclosed
5. To disclose the internal criteria used to determine policy regarding support for 'projects that have negative impacts on indigenous communities' at MUFG and Mizuho
6. To introduce measures to strengthen governance functions, whereby independent audits are conducted under the supervision of the Board of Directors and/or the audit department in response to external reporting, such as complaints, regarding various policy violations determined by the executive department

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