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INVESTOR BRIEF

HIGH RISK, HEAVY TOLL:

WHY MUFG SHOULD RECONSIDER MEXICO PACIFIC'S SAGUARO LNG PROJECT

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About ClientEarth

ClientEarth is a non-profit organization that uses the law to tackle global issues such as climate change and biodiversity loss and create systemic change that protects the Earth. ClientEarth Americas is an independent 501(c)(3) organization that works in strategic partnership with ClientEarth Group, a UK-headquartered international group of entities. Visit us at https://www.clientearth.us.

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NRDC (Natural Resources Defense Council) is an international nonprofit environmental organization with more than 3 million members and online activists. Established in 1970, NRDC uses science, policy, law, and people power to confront the climate crisis, protect public health, and safeguard nature. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Bozeman, MT, Beijing and Delhi (an office of NRDC India Pvt. Ltd). Visit us at www.nrdc.org and follow us on Instagram @nrdc_org.

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TABLE OF CONTENTS

EXECUTIVE SUMMARY

Saguaro Energía Liquefied Natural Gas export terminal (Saguaro LNG)—led by Mexico Pacific Limited LLC (Mexico Pacific)—is a high-risk, high-emissions project that may undermine the sustainability standards and principles of its project financial advisor, Mitsubishi UFJ Financial Group (MUFG).

Saguaro LNG poses a profound and irreversible threat to the Gulf of California, one of the world's most ecologically rich marine ecosystems and home to a UNESCO World Heritage Site. The region's extraordinary biodiversity has thrived precisely because it has been **largely untouched by large-scale industrial infrastructure**. Introducing a megaproject would undermine conservation efforts, violate international biodiversity commitments, and damage MUFG's credibility as a signatory to environmental and social finance standards.

Moreover, the project carries significant financial risks; if it moves ahead, MUFG may be exposed to **billions of dollars' worth of potential stranded assets**, particularly as global gas demand is expected to **peak around 2035** and as clean energy alternatives rapidly scale up.[1]

Investors now face a pivotal choice: to support a just and credible clean energy transition or to help entrench decades of emissions, ecological degradation, and financial devaluation.

CALL TO ACTION

MUFG and its investors have both a legal and an ethical obligation to manage material environmental, social, and governance (ESG) risks. The Saguaro LNG project poses risks that are not just reputational but financial and structural in nature.

We urge MUFG shareholders to back the following actions by MUFG:

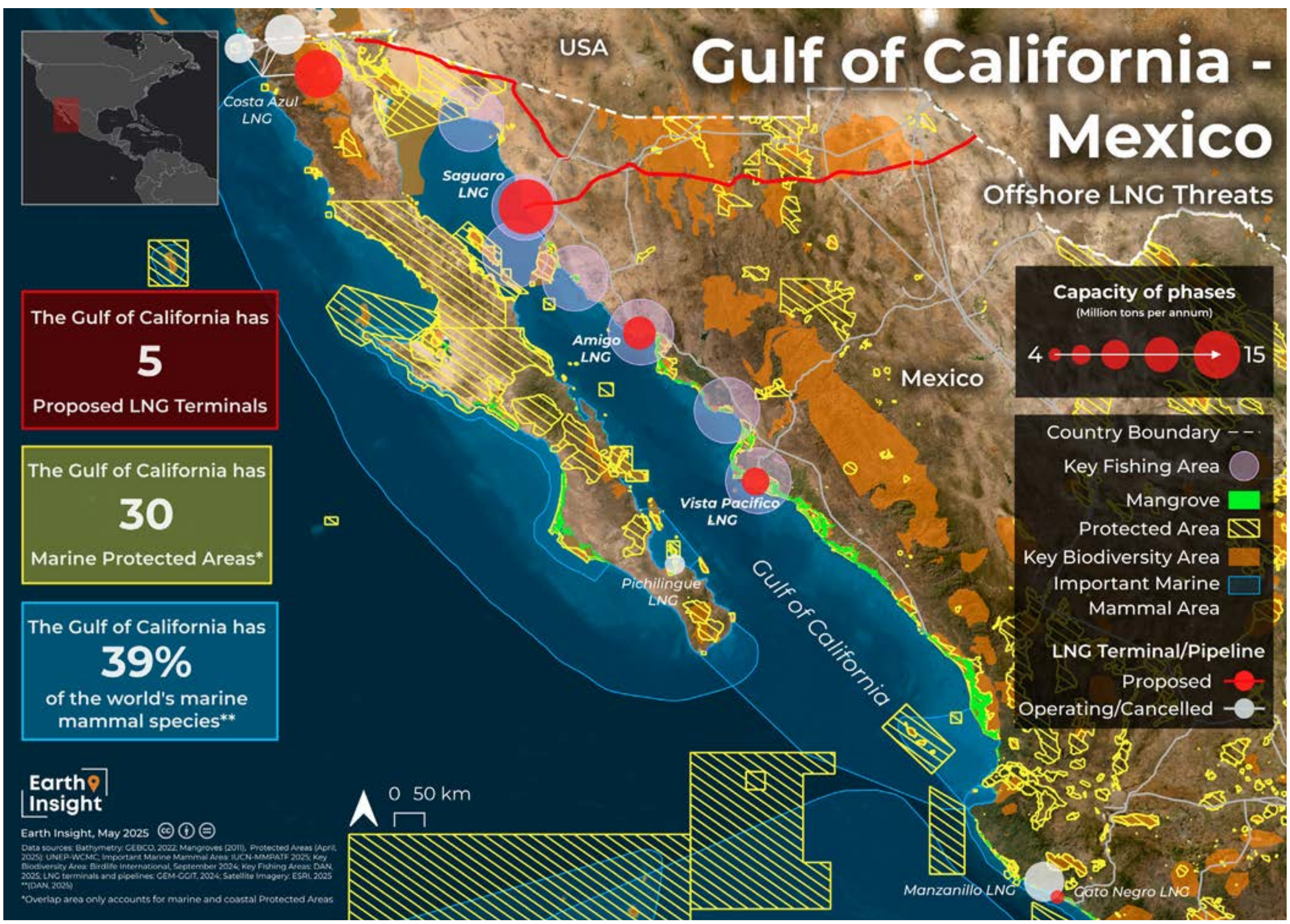
- **Request a full environmental impact assessment from Mexico Pacific for the liquefaction project and full transparency** from Mexico Pacific regarding offtake contracts, environmental approvals, legal risks, ownership and governance, and community and Indigenous people's consultation processes.
- **Engage directly with affected Indigenous and community groups as well as marine biologists** to understand impacts on the ground and in the marine environment.
- Without breaching any legal or contractual obligations, **decline any financing, underwriting, or advisory services for Mexico Pacific** until all environmental, financial, legal, and community concerns raised in this brief are fully addressed and mitigated.
- **Implement exclusion screening** for new LNG export infrastructure, including pipelines, as part of net-zero policies of MUFG.
- **Shift capital toward renewables and clean energy infrastructure opportunities** in Mexico and elsewhere in Latin America, where alignment with ESG goals and the energy transition is significantly higher.

CONTEXT

As global investors increasingly prioritize ESG performance, MUFG's support for the proposed Saguaro Energía Liquefied Natural Gas export terminal project (Saguaro LNG) should raise serious concerns for MUFG shareholders due to financial and reputational risks. Although marketed as a strategic link between U.S. natural gas supplies and Asian markets, the Saguaro LNG project threatens irreversible damage to a UNESCO World Heritage Site and carries significant risks to biodiversity, the global climate, local communities, and MUFG itself. These risks, in turn, could potentially harm MUFG's investors.

Saguaro LNG would be constructed near Puerto Libertad in the state of Sonora, Mexico, along the Gulf of California marine biodiversity hot spot. It would be the largest of three LNG export terminals that are currently proposed within the Gulf of California (see figure 1) after Vista Pacifico LNG was canceled earlier this year.[2] After the first phase of construction, Saguaro LNG would process 15 million metric tons per year (MTPA) of LNG for export to Asia, and its second phase would double the terminal's capacity to 30 MTPA.[3] The Saguaro LNG export terminal is projected to receive approximately 2.8 billion cubic feet per day of fossil gas from the U.S. Permian Basin through the proposed Saguaro Connector Pipeline in the United States and the Sierra Madre Gas Pipeline in Mexico. With an estimated capital cost of at least $15 billion for the liquefaction facility alone, the project represents a massive, long-term commitment to fossil gas infrastructure in a rapidly decarbonizing global economy where renewables are increasingly cheaper and more cost competitive.

FIGURE 1: GULF OF CALIFORNIA–MEXICO



Source: Earth Insight, "Ocean Frontiers at Risk: Fossil Fuel Expansion Threats to Biodiversity Hotspots and Climate Stability," 2025, https://earth-insight.org/report/ocean-frontiers-at-risk/. Vista Pacifico LNG was canceled in February 2026.

While Mexico Pacific has not disclosed full financing details, in 2020 it announced MUFG's subsidiary, MUFG Bank, as the lead financial adviser to the Saguaro LNG project.[4] **MUFG Bank is reported to be among the lead institutions involved in arranging the project's financing.**[5]

MUFG has publicly committed to several policies that should govern (and likely bar) their involvement in the Saguaro LNG project. MUFG Bank adopted the Equator Principles in 2005 "to ensure that the projects it finances and advises on are developed in a socially responsible manner and to establish good environmental management practices to minimize, mitigate, and/or offset environmental and social risks and impacts."[6] MUFG Bank's role as the financial adviser would trigger various obligations under the Equator Principles, including "guid[ing] and support[ing] the client through the steps required to apply the Principles."[7]

MUFG has separately committed to conducting environmental and social due diligence with respect to lending and underwriting, which would apply to any financial transaction with Mexico Pacific. Most notably, MUFG has pledged not to finance "transactions that negatively impact UNESCO designated World Heritage Sites."[8] In addition, in its financing portfolio MUFG has committed to achieving net-zero greenhouse gas emissions by 2050, and it has identified "natural capital and biodiversity restoration" as a priority issue for its sustainability management.[9] As detailed below, MUFG's support for Saguaro LNG may contradict these commitments.

MUFG was informed of these risks in detail on June 9, 2025, in the form of a letter from NRDC and ClientEarth to company leadership.[10] In the absence of evidence that MUFG has withdrawn from the project, NRDC and ClientEarth encourage all institutional investors currently holding shares in MUFG to immediately engage with the company and urge MUFG Bank to reassess any existing or future exposure to the Saguaro LNG project.[11]

This brief outlines how MUFG's involvement in the project likely conflicts with its stated environmental commitments, exposes the bank to stranded asset risk, and undermines both global climate goals and human rights.

CORE CONCERNS FOR INVESTORS: MATERIAL RISKS AND POTENTIAL POLICY VIOLATIONS

Large-scale LNG export projects like Saguaro LNG face converging commercial, regulatory, environmental, and geopolitical pressures that threaten their long-term viability. These pressures create material risks for financiers like MUFG and its investors, ranging from stranded assets and contract instability to human rights concerns and tightening ESG disclosure requirements.

The following sections (A–G) outline the most critical concerns with Saguaro LNG, drawing on market data, regulatory developments, and recent project-level events that together highlight why continued investment in this project carries elevated financial, legal, and reputational risk exposure.

A. BIODIVERSITY IMPACT: UNESCO WORLD HERITAGE SITE AT RISK

The proposed Saguaro LNG terminal is slated for development along the Gulf of California coastline, adjacent to the Islands and Protected Areas of the Gulf of California, a UNESCO World Heritage site recognized for its extraordinary biodiversity and concentration of marine species, including endangered whales, dolphins, and sea turtles whose migratory routes run through the area.[12] The project poses multiple environmental threats, including increased marine traffic, introduction of invasive species, dredging, light and noise pollution, and accidental fuel or chemical spills resulting from the anticipated surge in LNG tankers. These impacts are especially concerning given the area's role as one of the **world's primary calving and nursing grounds for gray and humpback whales** and its status as a critical migratory corridor for hundreds of marine mammal and bird species.[13]

Due to the Gulf of California's global ecological significance, international concern about LNG development in the region has intensified. In July 2025, the UNESCO World Heritage Committee affirmed its designation of the Gulf of California as a World Heritage Site in Danger, noting concerns about the proposed LNG development and its effect on the habitat of the critically endangered vaquita porpoise.[14] On September 2, 2025, nine U.N. special

© Steve Woods Photography/Getty Images

The Gulf of California is an important reproductive area for blue whales and humpback whales (pictured) that return for mating, calving and nursing.

rapporteurs expressed concerns about the environmental, climate, social, and human rights impacts associated with the LNG projects in the Gulf of California, noting in particular the substantial water pollution that could result from LNG transport and liquefaction.[15] In October 2025, the International Union for Conservation of Nature (IUCN) overwhelmingly approved Resolution 31, calling on the governments of Mexico and the United States to reconsider and oppose actions permitting LNG industrialization of the gulf.[16]

B. CLIMATE IMPACT: FOSSIL FUEL LOCK-IN

Saguaro LNG is fundamentally incompatible with global climate goals. It would further fossil fuel lock-in and likely exacerbate methane emissions.

The Saguaro LNG terminal itself is projected to emit approximately 5.7 million metric tons of carbon dioxide equivalent ($MTCO_2e$) annually, according to an analysis by the Private Equity Stakeholder Project.[17] The life cycle impact (which includes upstream production and transport of methane gas) is much larger: Iniciativa Climática de México (ICM), a nonprofit research organization specializing in Mexico's energy transition, found that Saguaro LNG and its associated pipelines would emit 73 $MTCO_2e$ per year, equivalent to putting 17.34 million additional vehicles on the road for a year.[18] This large climate footprint is driven in no small part by intended and unintended methane emissions from flaring and venting as well as leakage, which studies have identified as a persistent challenge across segments of the natural gas industry—particularly in the Permian Basin, where Saguaro LNG's gas will be sourced.[19]

In addition, the project would drive continued U.S. natural gas extraction during a period of unprecedented rollbacks in climate-related regulation in the United States, likely leading to historically high levels of upstream methane and carbon dioxide pollution.[20]

Financing the expansion of LNG infrastructure threatens to lock in high-carbon energy pathways well beyond mid century. The International Energy Agency (IEA) has made it clear that there is "no need for investment in new fossil fuel supply in our net zero pathway," given the development of clean energy and the need to rein in fossil fuel emissions.[21] Development of LNG export infrastructure in North America is incompatible with a net-zero scenario; industry experts acknowledge that such infrastructure would increase the production of gas in the United States.[22]

Gas imports into Japan are also expected to be subject to a carbon surcharge on fossil fuels starting in 2028, as part of the Green Transformation (GX) Policy.[23] This would favor clean energy over fossil fuel sources, making LNG investments a bad long-term bet.

C. COMMUNITY, INDIGENOUS, AND HUMAN RIGHTS RISK

The Saguaro LNG project and its associated infrastructure, particularly the Sierra Madre pipeline, pose serious risks to human rights, Indigenous land tenure, and local community well-being. These risks not only challenge the project's long-term viability but also expose MUFG to reputational damage, legal liability, and violations of global human rights standards.

- **Social License to Operate at Risk:** Local opposition to the project is broad based and growing. In Mexico, peaceful protests have already taken place, reflecting concerns about environmental harm, lack of consultation, and potential community displacement.[24] The Sierra Madre pipeline, designed to deliver fracked gas from the U.S. Permian Basin to the Saguaro LNG export terminal, crosses Indigenous territories in the Mexican states of Sonora and Chihuahua, where affected communities and activists have raised serious concerns about land rights violations and exclusion from prior consultation processes.[25]
- **Human Rights:** By financing or facilitating this project, private actors such as MUFG risk breaching their responsibilities under the U.N. Guiding Principles on Business and Human Rights, particularly regarding the duty to prevent, mitigate, and remedy adverse impacts on human rights.[26] Mexican law recognizes its citizens' human right to a healthy environment and the state's obligation to guarantee the population such an environment for its development and well-being.[27] The U.N. special rapporteurs have expressed serious concerns that "the alteration of the marine ecosystem and the pollution of ocean waters in the Gulf of California can adversely impact the livelihoods of entire communities who depend on fishery and have further negative consequences on human rights including the right to a clean, healthy and sustainable environment, health, and adequate standard of living,

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A sea lion near Espiritu Santo Island, Baja California, Mexico, Sea of Cortez.

The proposed Saguaro Connector Pipeline in the United States and the Sierra Madre Gas Pipeline in Mexico will cross numerous territories to reach the Saguaro LNG export terminal, exposing these areas to habitat destruction and operational risks.

food, development and cultural rights."[28] Moreover, Mexican courts have recognized public participation as one of the guiding principles of environmental law.[29] The Mexican Constitution also recognizes the rights of affected Indigenous communities to be consulted before proceeding with projects like this one, or to have their consent obtained in the case of projects that have a "high degree of impact."[30] Both of these rights are threatened by the Saguaro LNG project.

- **Workforce and Safety Vulnerability:** The Sierra Madre pipeline is expected to pass through regions of northern Mexico with documented histories of organized crime, land conflict, and weak labor protections.[31] This raises substantial safety concerns for workers and contractors. Inadequate enforcement of workplace standards in these high-risk zones not only increases the likelihood of labor rights violations but also elevates reputational, operational, and legal risks for project financiers.

D. LEGAL RISKS

In Mexico, the Saguaro LNG project is facing at least 10 legal challenges.[32] For example:

- One case is contesting the project's environmental authorization on the grounds of insufficient ecological safeguards and flawed consultation processes.[33] Civil society organizations lodged a constitutional case (known as an *amparo*) against the Mexican government claiming that the environmental impact authorization for Saguaro LNG covers only the construction and operation of a regasification plant and cannot be used to authorize the construction and operation of a liquefaction plant given the vastly different impacts and risks.[34]
- Another legal challenge involves a private landowner who obtained a provisional injunction halting pipeline construction across their property.[35] While the provisional injunction was lifted in early 2026, the case has yet to be resolved.
- The environmental impact statement (EIS) for the Sierra Madre pipeline is also being challenged by civil society organizations.

See the appendix for the full list of legal challenges. These lawsuits have already introduced uncertainty into the project timeline and could lead to significant delays in the construction of both the LNG export terminal and the Sierra Madre pipeline.

Additionally, the project faces regulatory hurdles in the United States. Under Section 3 of the Natural Gas Act (15 U.S.C. § 717b), Mexico Pacific is required to receive an export permit from the U.S. Department of Energy (DOE) due to the gas originating in the United States.[36] Despite the project's scale and transboundary implications—including methane supply pipelines extending from the United States into Mexico—DOE did not release a full EIS. Instead, in 2023 it released only a draft environmental assessment, which largely neglects impacts such as upstream emissions, water use, cross-border effects, and risks to biodiversity.[37] Most recently in April 2026, the DOE terminated the Environmental Assessment altogether due to the Trump administration's Executive Orders.[38] Mexico Pacific's authorization to export LNG has faced ongoing regulatory hurdles due to other deficiencies.[39]

E. STRANDED ASSET RISK IS EXACERBATED BY DELAYED FID AND WORSENING COMMERCIAL PROSPECTS

Saguaro LNG carries a high risk of becoming a **stranded asset**—a capital-intensive investment that may face premature devaluation or impairment before the end of its economic life—as Mexico Pacific is still unable to reach a final investment decision (FID).

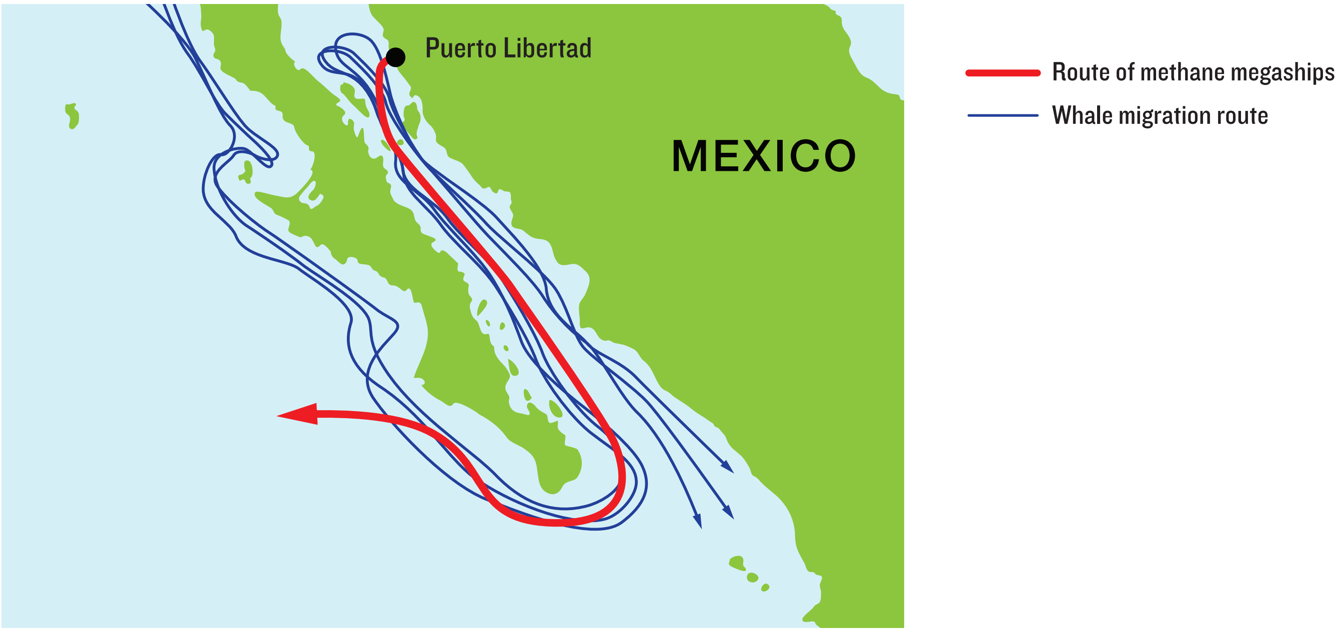
One reason for this delay is the ongoing regulatory challenges and lawsuits noted above. Mexico Pacific has repeatedly postponed its FID since receiving DOE authorization in 2018 to export U.S. gas through the Saguaro LNG terminal. Under its current export permits, the deadline for starting LNG exports was December 2025.[40] In a June 18, 2025, filing with the DOE, Mexico Pacific acknowledged it could not meet this export deadline.[41] The company formally requested a seven-year extension, citing "circumstances outside of its control," which could delay the project's start date to December 2032.[42] Further delays to Saguaro LNG's FID create greater uncertainty about whether Mexico Pacific could sustain long-term buyer agreements across its 20-year life-span.

According to the IEA, global fossil fuel demand is expected to peak around 2035 under announced climate policy pledges.[43] Additionally, the global LNG sector has experienced dangerous price swings due to geopolitical tensions and supply chain disruptions, raising concerns about overreliance on gas imports.[44] As there is greater impetus to shift toward reliable energy sources, it may diminish further prospects for sustained LNG demand in developing Asian economies.

- **Investors Face Regulatory Ambiguity and Trade Uncertainty:** The U.S. government temporarily paused approvals for new LNG export licenses in early 2024 to assess climate and economic impacts.[45] Though that pause was lifted in 2025, it highlights how large-scale fossil fuel projects are vulnerable to shifting political priorities. Meanwhile, the upcoming six-year review of the United States–Mexico–Canada Agreement in 2026 may further disrupt energy trade flows. Recent tariff tensions between the United States, Mexico, and Canada have already raised alarms about the stability of North American trade arrangements.[46] For projects like Saguaro LNG—which are dependent on stable cross-border regulatory environments—these evolving risks could impair investment security and project viability.
- **Rising Construction Costs Trigger Contract Renegotiations:** Mexico Pacific is facing serious cost inflation on the Saguaro LNG project. In 2024, the company finalized a revised project design following demands from its engineering, procurement, and construction contractor, Bechtel, to adjust for significantly increased costs of steel, aluminum, labor, and heavy equipment. These trends reflect broader global inflationary pressures affecting large-scale infrastructure projects.[47] In response, Mexico Pacific has approached existing offtakers to renegotiate commercial terms, specifically seeking to raise liquefaction tolling fees to offset higher capital expenditures.[48] Such renegotiations introduce commercial uncertainty into long-term contracts, potentially eroding buyer confidence and complicating efforts to secure financing.
- **Asia's Energy Market Is Moving Away from Long-Term LNG:** LNG demand in Asia fell by 5 percent in 2025 due to uncompetitive prices and trade tensions.[49] China, as Asia's top importer of LNG, halted all imports of U.S. LNG in early 2025, reportedly instructing state-owned and private energy firms not to sign new contracts with American suppliers.[50] This action reverberated across the global LNG market, casting a shadow over Mexican LNG export prospects to China.[51] Coupled with domestic gas production growth and increasing investment in clean energy, China's overall LNG imports declined by 12 percent in 2025. Although the country's imports may rebound slightly in 2026, they are expected to remain well below import levels in 2021, demonstrating the negative impact that price volatility can have on aggressive demand growth forecasts.[52]

FIGURE 2: PROPOSED LNG TANKER TRAFFIC OVERLAPS WITH WHALE MIGRATION ROUTES

The project poses multiple environmental threats, including increased marine traffic, light and noise pollution, resulting from the anticipated surge in LNG tanker traffic in the Gulf of California.



*This visualization is an approximation due to the lack of publicly available project data.

While Japan and South Korea are heavily reliant on LNG, they are accelerating their transitions to low-carbon energy systems.[53] Japan, formerly the world's largest LNG importer, has reduced its domestic demand from a peak in 2014.[54] Driven by tensions in the Middle East in early 2026, high global gas market volatility poses severe energy security risks to Japan, which imports roughly 87 percent of its energy.[55] Both nations are scaling up hydrogen, offshore wind, and nuclear power to meet energy security and climate goals, while South Korea is reassessing long-term LNG import commitments.[56] In Southeast Asia, cost pressures, debt constraints, and clean energy development are prompting delays or cancellations of LNG-to-power projects.[57] Considering that Mexico Pacific does not currently have long-term agreements with Japanese offtakers, MUFG's involvement in Saguaro does not serve the Japanese public interest.[58]

F. WEAK CORPORATE GOVERNANCE

Mexico Pacific, the owner-operator of the Saguaro LNG project, is experiencing significant instability in its financial and leadership structure. In February 2025, Mexico Pacific's principal backer, Quantum Capital Group, and other investors divested their stakes to Kronos Polo, LP, a newly formed business entity.[59] Further destabilizing the situation, Mexico Pacific laid off numerous employees in Houston, shifted its headquarters to Mexico City, and lost CEO Sarah Bairstow to a rival LNG developer.[60] Barely a month later, Kronos Polo transferred Mexico Pacific yet again, this time to a newly formed shell entity, Mexico Pacific Holdings, LLC, registered in Wilmington, Delaware.[61] This marked Mexico Pacific's fifth ownership turnover in just over five years, underscoring a pattern of chronic instability.[62]

The turbulence continued in August 2025, when Mexico Pacific filed a third supplement to its Change in Control notice with DOE.[63] That filing revealed the addition of three unidentified minority investors from Florida, a restructuring of its management committee, and the renaming of its controlling entity from "MP Holding" to *Windsor Cliff Sponsor*. While the company insists that these maneuvers do not amount to a formal change in control, they highlight persistent opacity and churn in its ownership and governance, amplifying concerns about transparency and long-term viability.[64]

G. MEXICO'S REGULATORY AND ECONOMIC CHALLENGES

In the context of competing priorities and infrastructure bottlenecks in Mexico, new LNG export projects like Saguaro face mounting logistical and commercial obstacles.

- **Delays Signaling Broader Mexican Market Instability and Regulatory Unpredictability:** Industry analysts and LNG market observers increasingly view the repeated delays in the Saguaro LNG project as symptomatic of deeper regulatory and political challenges facing Mexico's energy sector.[65] Regulatory unpredictability—including delayed permitting, contract revisions, and shifting fiscal rules—has led to lower investor confidence in new energy infrastructure projects.[66] LNG developers have also expressed concerns about the politicization of energy policy in Mexico, particularly in relation to cross-border gas supply agreements and infrastructure ownership.[67] In February 2026, Mexican legislators proposed that state agencies conduct further studies and advise on the climate and environmental impacts of the proposed LNG terminals. These delays—alongside recent lawsuits and rising regulatory uncertainty—reinforce concerns about the viability of Mexico as a reliable LNG export hub. The trend is not isolated: Vista Pacifico LNG, proposed by Sempra Infrastructure Partners, was recently denied a permit and ultimately canceled, while AMIGO LNG, a smaller project also located along the Gulf of California, recently postponed its FID target to 2028, explicitly citing heightened regulatory and geopolitical risks.[68]
- **Gas Supply Constraints:** Growing domestic demand for natural gas within Mexico—driven largely by the industrial and power generation sectors—is intensifying Mexico's energy security concerns because the gas is supplied predominantly by the United States.[69] Saguaro LNG also faces risk on the upstream supply side. The project depends on the construction and reliable operation of the Sierra Madre and Saguaro Connector pipelines, which would transport fracked gas from the U.S. Permian Basin to the terminal site in Sonora, Mexico.[70] However, the proposed Sierra Madre pipeline route crosses regions prone to wildfires, organized crime, and community opposition, all of which could compromise the pipeline's long-term operability.[71] If supply to the terminal is disrupted, Saguaro LNG could be left without adequate feedstock for the liquefaction process, jeopardizing its commercial viability.

The Gulf of California supports many local communities and industries, including tourism and fishing.

GLOBAL ESG TRENDS IMPACTING MUFG

Institutional investors and lenders are facing growing scrutiny over their exposure to high-carbon assets, especially as climate risks become more financially material and disclosure rules tighten worldwide. In this context, continued support for fossil gas infrastructure like Saguaro LNG may not only undermine ESG credibility but also expose financial institutions like MUFG to reputational, regulatory, and shareholder engagement risks.

- **Growing Divestment Trend:** An increasing number of global financial institutions, public pension funds, and sovereign wealth funds have adopted exclusion policies targeting new fossil gas infrastructure. BNP Paribas Asset Management has announced that it will no longer invest in bonds issued by oil and gas companies, while its parent bank has committed to not financing LNG export terminals.[72] ING has also pledged to stop providing new project financing for LNG export terminals in 2025.[73] Likewise, several Nordic and European pension funds have divested from LNG-linked equities and bonds due to climate risk concerns.[74] In this context, MUFG's association with the Saguaro LNG project could expose it to increased investor activism, reputational risk, and ESG-related shareholder resolutions.
- **Heightened ESG Disclosure Requirements:** Global momentum toward mandatory ESG disclosure is accelerating. In 2023, the International Sustainability Standards Board finalized new sustainability and climate-related reporting standards, which Japan has adopted in the form of disclosure standards developed by the Sustainability Standards Board of Japan.[75] These frameworks require companies and financial institutions to disclose exposure to high-carbon assets and associated risks and to articulate transition plans. Participation in Saguaro LNG could force MUFG and its investors to publicly report involvement in fossil gas expansion, potentially triggering reputational and regulatory risks under evolving ESG norms.[76]

ALTERNATIVES FOR RESPONSIBLE INVESTMENT IN THE MEXICAN ENERGY SECTOR

MUFG's support for the Saguaro LNG project contrasts with its consistent ranking as a global leader in financing for renewable energy projects. At the same time, if MUFG wants to invest in the Mexican energy sector, viable and sustainable alternatives to high-cost fossil gas projects are increasingly available in Mexico. In fact, utility-scale solar, wind, and battery storage projects provide more favorable ESG performance, accelerated development timelines, reduced regulatory risk, and stronger alignment with both Mexico's domestic climate strategy and its international obligations.[77] Renewable energy projects generally benefit from shorter construction timelines, reduced volatility in input costs, and eligibility for green bonds and concessional financing—features that fossil gas infrastructure lacks.[78]

Renewable energy infrastructure in Mexico presents opportunities for investments toward electrification and grid modernization across North America, such as these solar panels in Michoacan, Mexico.

The Mexican government set a target to generate 45 percent of its electricity from clean energy by 2030 and is expanding investment partnerships with international development banks to scale renewables.[79] But competition for capital between pipelines and liquefaction infrastructure is limiting Mexico's investments in transmission, battery storage, and renewables.[80] Switching from LNG investments to clean energy investments would benefit MUFG and Mexico alike.

CONCLUSION

We urge you, as shareholders and long-term investors in MUFG, to fulfill your fiduciary and stewardship duties by ensuring that the company lives up to its environmental and social commitments and mitigates the potential financial and reputational risks associated with the Saguaro LNG project. Through IUCN Resolution 31 and the U.N. special rapporteurs report, the global community has resoundingly supported the Gulf of California's biodiversity and its residents' human rights. Shareholders should urge MUFG to conduct more robust due diligence on the Saguaro LNG project and its developer Mexico Pacific; withdraw from the Saguaro LNG project if the risks and impacts are not resolved; and redirect capital toward lower-risk, sustainable infrastructure that delivers greater long-term value.

The Gulf of California, famously dubbed the "Aquarium of the World", is recognized as an area of global marine conservation significance. It hosts a third of the world's cetacean species, including the humpback whale (pictured).

SUGGESTED QUESTIONS FOR ENGAGEMENT WITH MUFG

Investors engaging with MUFG regarding the Saguaro LNG project may wish to consider the following questions to assess the company's alignment with its biodiversity, climate, and human rights commitments:

- **Climate and Market Risk Oversight:** How does the board of MUFG and/or MUFG Bank assess and manage climate-related risks and market risks associated with fossil fuel expansion projects such as the Saguaro LNG project? To what extent are these risks integrated into the company's overall business strategy and investment decisions?
- **Compliance with Internal Due Diligence Policies:** What governance and accountability mechanisms are in place—including at the director and officer levels—to ensure that MUFG adheres to the Equator Principles and its commitment to avoid financing projects that threaten UNESCO World Heritage Sites, particularly in relation to its current or planned involvement in Saguaro LNG?
- **Management of Reputational and Legal Risks:** Given the IUCN World Conservation Congress Resolution 31 and U.N. special rapporteur findings, what steps will MUFG undertake to ensure that its financing does not threaten the Gulf of California UNESCO World Heritage Site and is not linked to other social and environmental harms?
- **Portfolio Alignment with Net Zero:** Will the board of MUFG and/or MUFG Bank direct senior management to review and adjust the bank's energy financing portfolio to ensure compliance with its commitment to net-zero financing? How is this commitment reflected in MUFG's due diligence, client engagement, and financing practices?

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APPENDIX: LAWSUITS CHALLENGING SAGUARO ENERGÍA LNG PROJECT PERMITS AND FOSSIL GAS INFRASTRUCTURE IN THE GULF OF CALIFORNIA

File number	Plaintiff	Type of claim	Admission date	Summary of claims	Court
1562/2023	Affected ejidatario	Constitutional lawsuit (Amparo)	October 10, 2023	The plaintiff claimed that the following actions were unlawful: Official letter (number and date unspecified) of August 8, 2018, from the General Directorate of Industrial Process Management of the National Agency for Industrial Safety and Environmental Protection authorizing the change from a Liquid Natural Gas (LNG) Regasification Terminal to a Natural Gas Liquefaction Terminal.	14th District Court 5th Circuit State of Sonora
13/2024	Affected ejidatario	Constitutional lawsuit (Amparo)	January 17, 2024	The plaintiff claimed that the authorization for the modification to expand of the LNG Terminal of Puerto Libertad Sonora granted by means of official letter ASEA/UGI/DGGPI/2183/2023 of September 14, 2023, is unlawful as it was granted without an Environmental Impact Statement (EIS).	14th District Court 5th Circuit State of Sonora
408/2024	Affected ejidatario	Constitutional lawsuit (Amparo)	March 7, 2024	The plaintiff claimed that the authority acted unlawfully in its 1) failure to verify that the "Baseline Study for the Biotic Characterization of the Marine Environment in front of Puerto Libertad" and the "Environmental Monitoring Plan for Marine Noise" complied with the mitigation measures, in accordance with the first condition of the sixth term of the S.P.G.A./DGIRA.DDT.2277.06 letter authorized on November 16, 2006; 2) failure to verify that the conditions established in the authorization of the EIS had been met; and 3) failure to supervise, inspect and monitor that the regulated party had started the construction work, without giving notice of the start of such activities, as provided in the eighth term of the aforementioned official letter.	14th District Court 5th Circuit State of Sonora
1204/2024	Civil Associations	Constitutional lawsuit (Amparo)	June 28, 2024	The plaintiff claimed that the Agencia de Seguridad, Energía y Ambiente (ASEA) resolution to modify the 2006 Environmental Impact Authorization to change the project to one of liquefaction instead of regasification is unlawful as these are industrial activities with different environmental impacts. Therefore, the authority should have requested a new EIS and a corresponding Public Consultation and Public Hearing should have taken place.	14th District Court 5th Circuit State of Sonora
1285/2024	Unknown	Constitutional lawsuit (Amparo)	July 15, 2024	The plaintiff claimed that the following actions of the defendant authority were unlawful: 1) The omission to observe its own resolution dictated in the official letter of June 14, 2018. 2) Resolution (sic) issued on August 9, 2018, by means of official letter. 3) Resolution (sic) issued on September 14, 2023, in official letter.	14th District Court 5th Circuit State of Sonora
386/2025	Civil Associations	Constitutional lawsuit (Amparo)	July 1, 2025	The plaintiffs are claiming environmental human rights breaches resulting from violations in the environmental impact review process of the Sierra Madre Pipeline in the context of public participation.	6th District Court 17th Circuit State of Chihuahua
1956/2025	Civil Associations	Constitutional lawsuit (Amparo)	October 8, 2025	The plaintiffs argue that: 1. the environmental impact assessment process for the project and the EIS were incomplete and that ASEA therefore has the obligation to revoke the irregular permits granted to the project, 2. the authorities have failed to declare the Gulf of California as a critical habitat in accordance with national and international law, and 3. whales should be considered subjects of rights.	14th District Court 5th Circuit State of Sonora
2140/2025	32 Mexican citizens from coastal communities of the Gulf of California	Constitutional lawsuit (Amparo)	October 14, 2025	The lawsuit claims that the project´s permits should be revoked because ASEA granted them without evaluating the cumulative, synergistic and residual impacts of the project, as different components of the project (the terminal, temporary areas for the construction workers housing, a gas pipeline sub-branch and the Sierra Madre gas pipeline) were reviewed separately (segmentation), without considering their combined or long-term environmental impacts/effects.	14th District Court 5th Circuit State of Sonora
1740/2025	Civil Associations	Constitutional lawsuit (Amparo)	November 10, 2025	The legal action is based on two core arguments: • Violation of the Constitutional Right to petition: The Federal Government violated the constitutional right to petition by neglecting the formal request for a Moratorium and a comprehensive Strategic Environmental Assessment within the sensitive Gulf of California (GC). • Breach of Environmental Protection Duties: By failing to implement preventative measures against fossil gas projects as requested, the Federal Government violated the fundamental right to a healthy environment and abandoned its responsibility to protect the GC.	3rd District Court 1st Circuit Mexico City
1814/2025	Civil Associations	Constitutional lawsuit (Amparo)	November 19, 2025	The legal action is based on two core arguments: • Violation of the Constitutional Right to petition: The Federal Government violated the constitutional right to petition by neglecting the formal request for a Moratorium and a comprehensive Strategic Environmental Assessment within the sensitive Gulf of California (GC). • Breach of Environmental Protection Duties: By failing to implement preventative measures against fossil gas projects as requested, the Federal Government violated the fundamental right to a healthy environment and abandoned its responsibility to protect the GC.	5th District Court 1st Circuit Mexico City

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