

DISCUSSION PAPER

Built to Burn:

War-fueled gains are lifting Liquefied Natural Gas. Is its top performer setting the sector up for a fall?

Published: April 23, 2026

Venture Global LNG has become the fastest-growing LNG exporter in North America, riding a wave of geopolitical demand and record market volatility.

Public records, however, show a pattern of operational irregularities, regulatory friction, and concentrated governance that has unfolded alongside that growth.

This paper examines whether those signals—viewed together—point to risks that are not yet reflected in market pricing.

A Note on Sourcing and Methodology

This paper draws on public regulatory filings, SEC disclosures, FERC dockets, community documentation, and financial market data.

Unless otherwise noted, financial data, operational metrics, and corporate disclosures attributed to Venture Global LNG, Inc. come from the company's filings with the U.S. Securities and Exchange Commission. Where other sources are used, they are identified in the footnotes.

All analysis is based on publicly available information. This paper is provided for informational purposes only and does not constitute investment advice or a legal opinion. Readers should consult their own advisors before making investment or credit decisions.

The term “control fraud” is used here as a term of art from academic literature, particularly the work of William K. Black. Its use does not allege fraud by any person or entity. Where more than one interpretation is possible, the analysis adopts the most conservative reading consistent with this framework.

Responsible Alpha has no financial interest in Venture Global LNG or any of its securities.

This is a discussion paper, not a verdict. Its purpose is to open the patterns documented here to scrutiny—by regulators, market participants, community advocates, and stakeholders. Responsible Alpha welcomes comment, correction, and counter-evidence, and will consider substantive responses in future versions.

Venture Global was provided with a summary of the findings in this paper in advance of publication and invited to respond. No response had been received by the time of publication.

About Responsible Alpha

Responsible Alpha is a certified minority-owned, B Corp certified, Delaware registered Public Benefit Corporation proudly owned by its staff, advisors, and board members. Responsible Alpha partners with all organizations on their transition to a net positive economy by 2050.

Grounded in strong values and a commitment to measurable impact using proven scientific, quantifiable, replicable processes, we partner with organizations to accelerate their energy transition and nature transition toward a net positive economy by 2050.

At Responsible Alpha, we believe every organization—across all sectors and geographies—can capture value by integrating sustainability into core strategy and investment decisions. We have created value for the organizations we have partnered with by supporting them through a process going from data to information to knowledge to strategy to action.

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Executive Summary

Venture Global LNG (NYSE: VG) is the fastest-growing exporter of liquefied natural gas (LNG) in North America, and it's on track to becoming the region's largest producer.¹

That rapid expansion, however, has come at a high price—one reflected in contract disputes, environmental violations, and allegations of operational and governance irregularities.

All of this is public. *Reuters* and *Bloomberg* have covered the arbitration disputes, while environmental groups and investigative outlets have documented emissions violations and community impacts.

Market participants have responded, but piecemeal. Analysts have modeled legal exposure; ratings agencies have adjusted credit outlooks; and the stock plunged after its IPO—only to rebound as tensions mounted in the Persian Gulf.²

What remains unpriced is the pattern. This paper looks at Venture Global through a Bayesian lens: operational irregularities, regulatory friction, and concentrated governance are not separate risks. They are signals—each updating the same underlying question about the institution itself.

Venture Global is the case study, but the dynamics extend across the LNG export sector.

Overview

As of December 31, 2025, Venture Global reported \$53.4 billion in total assets,³ \$134 billion in contracted revenue,⁴ and a project portfolio exceeding 100 million tons per annum (MTPA) of LNG export capacity.⁵ That portfolio spans operating facilities,

¹ Simons, Christopher. "Venture Global, America's Fastest-Growing Gas Exporter, Is Facing Its 'Slander' Era and It Isn't Afraid of Making Enemies Along the Way." *Fortune*, September 25, 2025.

<https://fortune.com/2025/09/25/venture-global-america-fastest-growing-073900024/> See also Venture Global, Inc., Fourth Quarter 2025 Investor Presentation, slide 5 (March 2, 2026): "Production capacity of 68 MTPA in operation or under construction positions Venture Global to be the largest LNG producer in North America and one of the largest in the world." https://s205.q4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

² Benoît Morenne and Collin Eaton, "U.S. Gas Exporters Stand to Be the Big Winners of the Energy Crisis," *Wall Street Journal*, March 20, 2026, last modified March 20, 2026, 1:47 pm ET, <https://www.wsj.com/business/energy-oil/u-s-gas-exporters-stand-to-be-the-big-winners-of-the-energy-crisis-c31f73a6>.

³ Venture Global, Inc., Fourth Quarter 2025 Investor Presentation, slide 5 (March 2, 2026). Total assets of \$53.4 billion as of December 31, 2025. https://s205.q4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

⁴ Venture Global, Inc., Fourth Quarter 2025 Investor Presentation, slide 9 (March 2, 2026). Total contracted third-party revenue is based on certain assumptions and is presented for illustrative purposes only; actual sales under VG's SPAs may differ materially. For methodology see "Certain Other Measures," slide 3 of the same presentation. https://s205.q4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

⁵ Venture Global, Inc., Fourth Quarter 2025 Investor Presentation, slide 5 (March 2, 2026). Targeted total production capacity from facilities in operation, under construction, or in development, including Calcasieu Pass, Plaquemines, CP2, and potential bolt-on expansions. https://s205.q4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

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projects under construction, and assets in development—all paid for by some of the largest project-finance syndications assembled in the energy sector.⁶

At the same time, public records—including regulatory filings, environmental compliance reports, arbitration disclosures, and securities litigation—document a pattern of operational irregularities, reporting revisions, and highly concentrated corporate governance.

All of these are red flags under a “control-fraud” framework.⁷

Control Fraud

A core premise of the control fraud framework, drawn from the work of Akerlof, Romer,⁸ and Black,⁹ is that institutions willing to cut corners in plain sight are often cutting bigger ones out of sight.

At Venture Global, the visible corner-cutting started early. In its first 133 days of operation, the facility flared gas on 91 days and filed five accident reports with state regulators—four of which were later revised downward, including one from more than 1,000 pounds of released gas to a single pound.^{10 11} During its first year, the company operated its flagship Calcasieu Pass facility for ten months without the automated system designed to ensure compliance with permitted pollution limits.¹²

⁶ Venture Global, Inc., Annual Report (Form 10-K), filed February 2026, Consolidated Balance Sheets and Note 11 – Debt. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>. See also Fitch Ratings (2024–2025), S&P Global, and Moody's Investors Service ratings.

⁷ Control fraud occurs when a trusted person in a high position of responsibility in a company, corporation, or state subverts the organization and engages in extensive fraud for personal gain. The term “control fraud” was coined by William K. Black to refer both to the acts of fraud and to the individuals who commit them.

⁸ George A. Akerlof and Paul M. Romer, “Looting: The Economic Underworld of Bankruptcy for Profit,” *Brookings Papers on Economic Activity* 1993, no. 2 (1993): 1–73, https://www.brookings.edu/wp-content/uploads/1993/06/1993b_bpea_akerlof_romer_hall_mankiw.pdf.

⁹ William K. Black, *The Best Way to Rob a Bank Is to Own One* (University of Texas Press, 2005); Black, “Control Fraud,” *The Oxford Handbook of White-Collar Crime* (2015). See also https://en.wikipedia.org/wiki/William_K._Black

¹⁰ Louisiana Bucket Brigade, *Speed Over Safety: Venture Global's Calcasieu Pass LNG Facility* (July 2022), p. 6. Flaring observation data compiled by John Allaire, a retired environmental engineer and resident of Cameron Parish, who documented flaring events at the Calcasieu Pass facility from his home through direct visual observation and photography over the facility's first 133 operating days (January–May 2022). <https://labucketbrigade.org/wp-content/uploads/2022/08/SpeedOverSafety.pdf>

¹¹ Louisiana Bucket Brigade, *Speed Over Safety*, p. 11. <https://labucketbrigade.org/wp-content/uploads/2022/08/SpeedOverSafety.pdf> LDEQ accident report filings, Calcasieu Pass LNG facility, February–March 2022. The four downward revisions are: February 4, 2022 (3,360 lbs. NOx revised to 126 lbs./hr. NOx); February 23, 2022 (43,489 lbs. natural gas revised to 529 lbs.); February 25, 2022 (1,000 lbs. natural gas revised to 831 lbs.); March 7, 2022 (>1,000 lbs. natural gas revised to 1 lb.). All revisions reduced reported quantities. The fifth accident report was not revised.

¹² Venture Global Calcasieu Pass, LLC, *LDEQ Title V Semiannual Monitoring Report (07/01/2022–12/31/2022)*, Permit No. 0560-00987-V4, filed March 31, 2023. “Before the facility's EMS was commissioned, turbine loads had to be manually adjusted.” <https://edms.deq.louisiana.gov/app/doc/view?doc=13795260>

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Timeline of Operational Failures

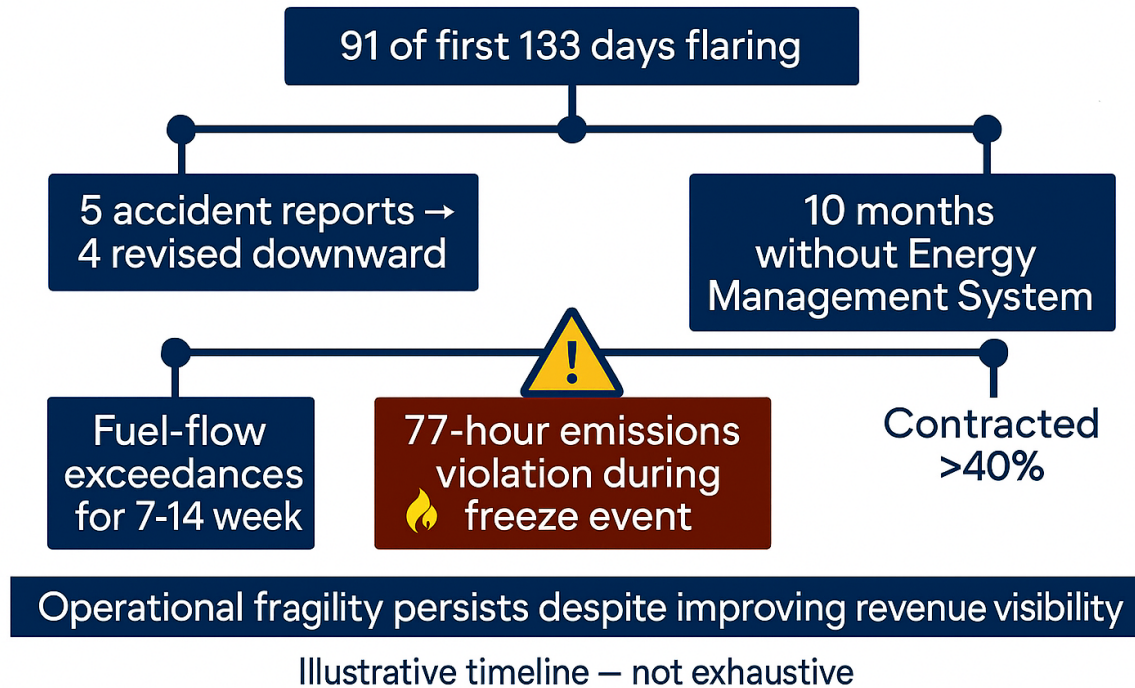


Figure 1: Timeline of operational failures at Calcasieu Pass (Responsible Alpha, sourced from LDEQ Title V semiannual monitoring reports and company SEC filings). The linear sequence makes the systemic nature of these failures difficult to dismiss as commissioning anomalies.

Regulatory Attenuation and Gatekeeper Capture

The pattern extends beyond operations into the structure of oversight itself. Within the control-fraud framework, this is “regulatory attenuation”: enforcement exists in form but is delayed, inconsistent, or weakened in practice. As a result, its deterrent effect erodes.

One example occurred on the facility’s first day, when a violation triggered an enforcement referral, but state regulators delayed action for more than a year—allowing noncompliance to persist in plain sight. Such delays are not incidental; they create the conditions for what this paper terms “gatekeeper capture,” where oversight mechanisms remain in place but fail in function.

This dynamic is reinforced by the broader institutional environment. In Louisiana, the Industrial Tax Exemption Program (ITEP) exempts manufacturers from up to 80% of their local property taxes for up to 10 years. This slashes the resources of public institutions—such as health boards, environmental monitors, and parish oversight bodies—tasked with holding developers accountable. As oversight capacity erodes,

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regulators rely more heavily on company-reported data—raising the risk that compliance is accepted without independent verification.

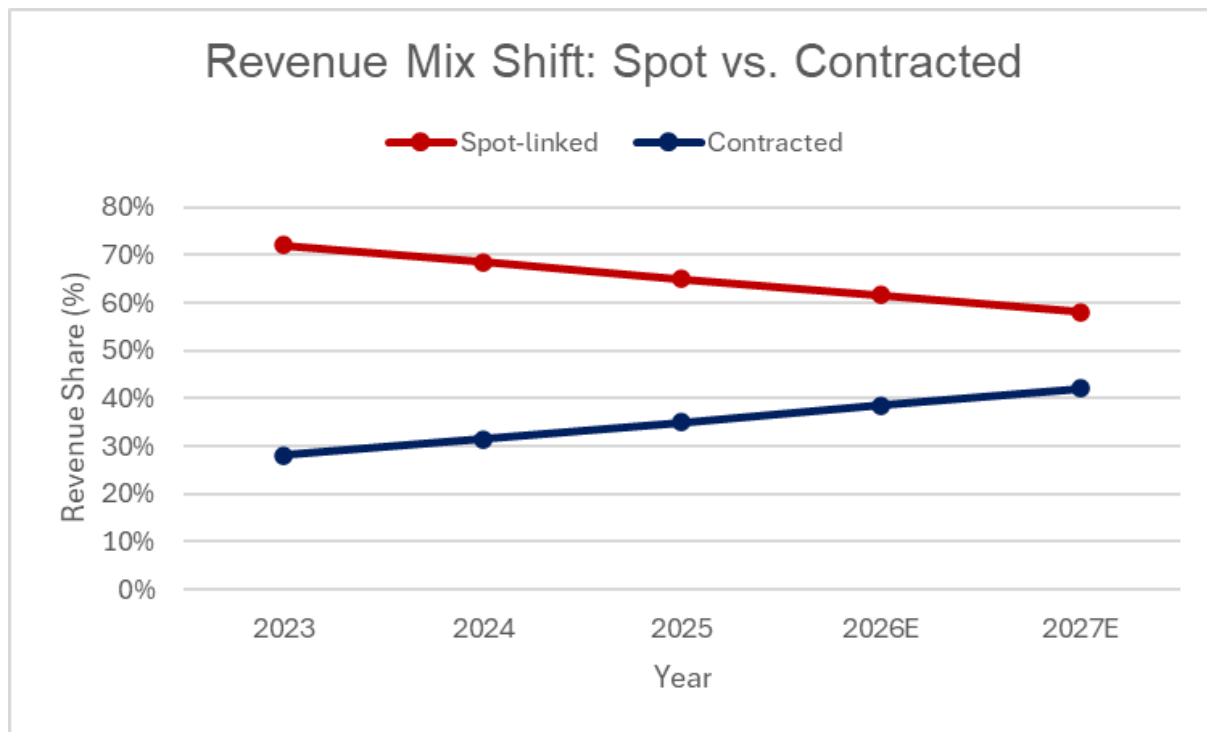
The same dynamic appears beyond regulators. In August 2025, a consultant retained by the company concluded that a dredging-related sediment spill caused no measurable harm—a finding later contradicted by state wildlife authorities.

Beneath this operational record sits a financial structure under increasing strain.

Finances and Legal Challenges

In its latest annual report, Venture Global carries \$34.8 billion in total outstanding debt—including \$33.4 billion in long-term obligations—against total equity of \$10.3 billion, implying a debt-to-equity ratio of roughly 3.2x.¹³ Free cash flow was negative \$6.8 billion in FY2025, meaning the company is spending roughly \$1.50 for every dollar it generates.

The concern is not the capital expenditure itself, but the revenue mix funding it. Fitch Ratings estimates that more than 60% of near-term cashflows (2023–2027) are commodity-linked spot sales rather than long-term contracts, leaving the buildout exposed to price volatility.



¹³ Venture Global, Inc., Annual Report (Form 10-K), filed February 2026, Item 8, Note 15 – Commitments and Contingencies: Arbitration Proceedings; and Consolidated Balance Sheets.

<https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

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Figure 2: Venture Global revenue mix shift, spot-linked vs. contracted, 2023–2027E (Responsible Alpha, sourced from Fitch Ratings, company filings). Spot-linked revenues are projected to decline from 72% to approximately 58%, but deleveraging depends on executing the same construction-to-operations transition already mismanaged at Calcasieu Pass.

The trajectory matters as much as the snapshot.

Spot-linked revenues are projected to fall from about 72% in 2023 to 58% by 2027. Over the same period, contracted revenues are expected to rise from 28% to 42%. On paper, that looks like a shift toward a more stable business model.

But that shift depends on execution. It requires the company to complete the same transition—from construction to steady operations—that it struggled with at Calcasieu Pass. Until that transition is demonstrated at Plaquemines, the improved revenue mix should be treated as conditional, not as a given.

The exposure is structural. During extended commissioning periods, the company has relied on spot sales, tying performance to short-term market conditions instead of long-term contracts.

Recent geopolitical events have reinforced that dynamic. The war in Iran has lifted the company's share price, but it has also increased volatility, raised shipping and insurance costs, and tightened financing conditions. These pressures amplify existing weaknesses in the business model and tie performance more closely to factors the company cannot control.

At the same time, the company faces substantial legal exposure, including disputes over whether it delayed contractual deliveries to sell cargoes on the higher-priced spot market.

The arbitration docket now includes BP's claim for damages of \$3.7 billion to potentially more than \$6.0 billion, along with additional pending claims totaling billions more.

Two class-action lawsuits also allege that the company's IPO disclosures failed to adequately warn investors of arbitration exposure and operational risks that had already materialized.^{14 15}

¹⁴ Sanders, Richard. "Levi & Korsinsky Launch Lawsuit Against Venture Global After IPO." *Lawyer Monthly*, April 4, 2025. <https://www.lawyer-monthly.com/2025/04/venture-global-levi-korsinsky-ipo-lawsuit/>

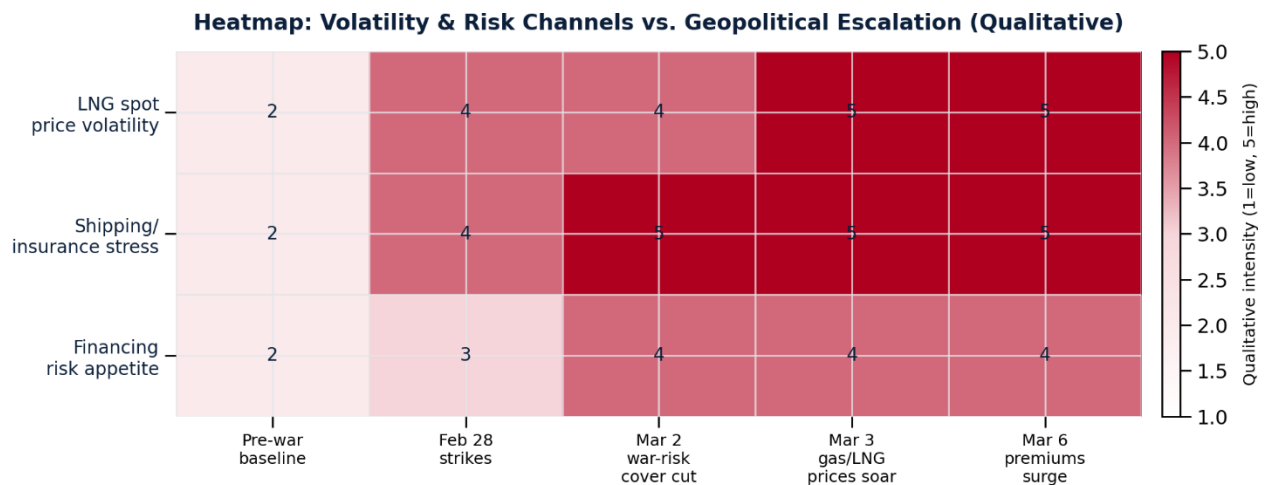
¹⁵ Kessler Topaz Meltzer Check LLP. "Venture Global, Inc. (NYSE: VG) Securities Fraud Class Action." Case No. 25-cv-04642. Accessed March 9, 2026. <https://www.ktmc.com/new-cases/venture-global-inc>

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Iran War amplifies VG's structural weaknesses



VG's spot-heavy model magnifies volatility; oversupply risk rising



Note: Heatmap uses qualitative scoring to reflect directional changes reported during escalation (not a price series).

Figure 3: Geopolitical escalation heatmap—volatility and risk channels vs. escalation events, pre-war baseline through March 2026 (Responsible Alpha, qualitative scoring). All three channels—LNG spot price volatility, shipping and insurance stress, and financing risk appetite—are correlated, not sequential.

Growth and Strain

FY2025 results show strong headline growth: \$13.8 billion in revenue (up 177%), \$6.3 billion in adjusted EBITDA, and \$2.3 billion in net income.

The growth, however, is paired with aggressive capital deployment and rising leverage: capital expenditures of \$13.4 billion consumed all operating cash flow, and the company issued \$16.3 billion in new debt.¹⁶

¹⁶ Venture Global, Inc., Q4 and Full Year 2025 Earnings Release (March 2, 2026). Net income attributable to common stockholders was \$2.260 billion for FY2025; total net income including minority interest was \$2.733 billion. Capital expenditure and new debt figures from the same release and VG 10-K FY2025.

https://s205.g4cdn.com/622838971/files/doc_news/Venture-Global-Reports-Fourth-Quarter-and-Full-Year-2025-Results-2026.pdf

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In the savings-and-loan cases Black examined, this combination of strong reported earnings alongside rapid debt accumulation often signaled underlying fragility rather than strength.

Since the IPO, Venture Global has added approximately 9.75 MTPA of new contracted volumes (Hanwha, Triguera, and others), which will reduce spot-market exposure over time. But it does not alter the underlying pattern: growth has been supported by capital intensity and exposure to spot-market volatility during extended commissioning periods.

Governance and Control

The governance structure is unusually concentrated. Co-founders Michael Sabel and Robert Pender control almost 98% of total voting power through a dual-class structure.¹⁷ Executive compensation is determined by a committee effectively controlled by the company's co-founders and not formally tied to disclosed financial performance metrics—limiting independent oversight.

In practice, this leaves public shareholders with limited influence over the composition of the board, executive pay, or corporate strategy. As a “controlled company” under NYSE rules, Venture Global is exempt from requirements that key committees—including compensations and nominations—include independent directors.

The result is circular: the individuals whose performance is being evaluated effectively control the mechanisms used to evaluate it.

Within the control-fraud framework, this structure reflects what this paper terms “governance insulation”—a system in which internal and external checks on decision-making are structurally limited.

In December 2025, the *Guardian* reported that a sitting US Senator called for an insider-trading investigation after each co-founder purchased approximately \$12 million in company shares following meetings with Trump administration officials.¹⁸ Both deny wrongdoing, and no finding has been made.

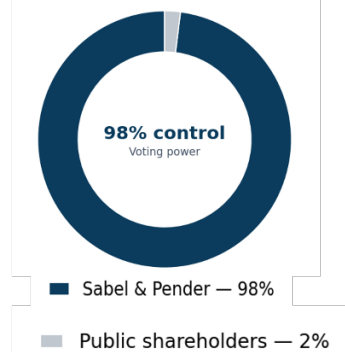
¹⁷ Venture Global, Inc., Annual Report (Form 10-K), filed February 2026, Item 12 – Security Ownership of Certain Beneficial Owners and Management; and Second Amended and Restated Certificate of Incorporation (January 27, 2025). <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

¹⁸ Lakhani, Nina, and Joseph Gedeon. “US Senator Calls for Insider Trading Inquiry over Trump Donors Buying \$12m Worth of Shares.” *The Guardian*, December 10, 2025. <https://www.theguardian.com/business/2025/dec/10/trump-donors-insider-trading-investigation-senate>

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Effective control rests almost entirely with controlling sponsors

Voting Power Distribution



Governance Heatmap: VG vs. Peers
(Tie-back to Operational/Governance pillar)

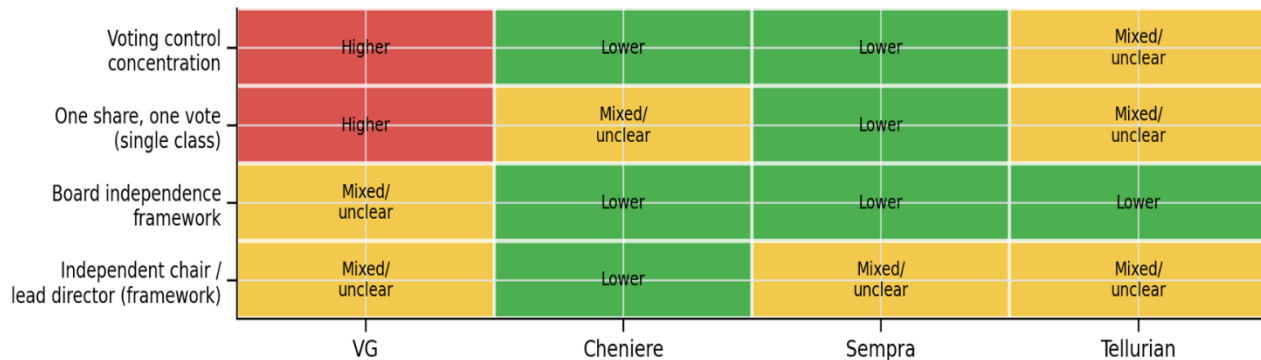


Figure 4: Governance peer comparison heatmap, Venture Global vs. Cheniere, Sempra, and Tellurian (Responsible Alpha, sourced from public filings). VG is the only company in the peer set rated 'higher risk' on voting control concentration. Green = lower governance risk; red = higher governance risk. Where the sources do not explicitly specify a feature (e.g., single-class voting), the heatmap flags it as "Mixed/unclear" rather than guessing.

The Parts and the Whole

The control-fraud framework suggests that when misconduct spans the domains of operations, reporting, and governance, the visible record will tend to understate the true level of risk. If that's the case—and the evidence shows it is—then the market appears to have priced individual incidents but not what they mean collectively.

This dynamic becomes especially consequential in a system that views competition as a form of self-regulation. Under such circumstances, competition forces even disciplined firms to bend rules in order to compete. The result is a race to the bottom instead of the top.

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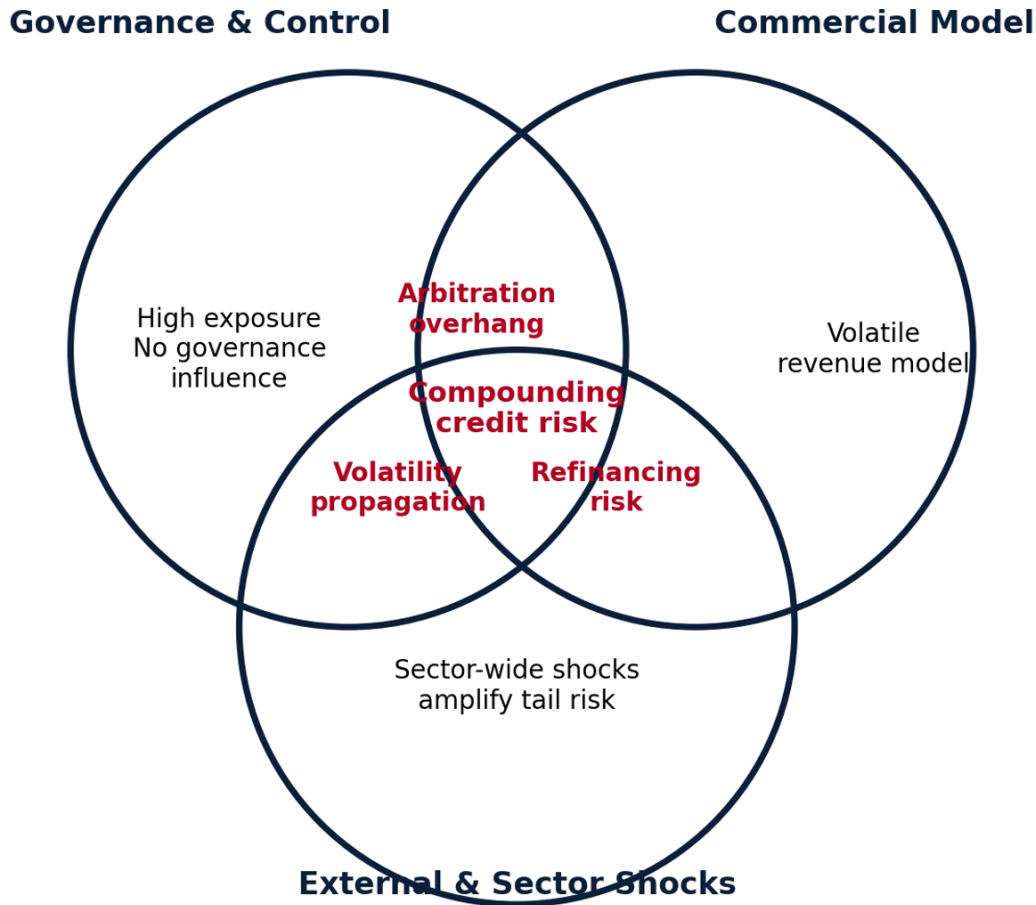


Figure 5: Overlapping risk factors creating compounding tail risk (Responsible Alpha). The three circles represent governance and control concentration, spot-linked commercial model, and external sector shocks. Overlapping zones show where risks interact and amplify rather than remain independent.

Many of the underlying features identified in this report—regulatory attenuation, gatekeeper capture, and governance insulation—exist to varying degrees across the LNG export sector. Venture Global is best understood not as an isolated case, but as an extreme example of what happens when structural features currently dispersed across the sector are concentrated in a single entity under a governance architecture designed to prevent external correction.

The question is what that concentration reveals—and what it predicts.

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Principal Findings

This paper documents the following patterns, each corresponding to a core element of the control-fraud framework applied in this report:

- **Environmental record.** All five accident reports filed during the facility's first 133 days were revised downward, including one reduced by 99.9%. The facility operated for ten months without its required automated emissions-control system. **(Section 2)**
- **Regulatory weaponization.** In June 2025, Venture Global filed with FERC to challenge a competitor's waterway safety assessment—an assessment its own representatives had helped produce three years earlier. The filing used the regulatory process as a competitive weapon rather than a safety mechanism. **(Section 2.5)**
- **Commercial operations dispute.** An International Chamber of Commerce tribunal found that Venture Global breached its obligation to declare commercial operations in a timely manner. BP is seeking up to \$6.0 billion or more in damages; total pending claims exceed \$10 billion. **(Sections 2–3)**
- **Financial structure.** Negative free cash flow in every year since operations began, with more than 60% of near-term revenue linked to volatile spot markets. Long-term debt-to-equity ratio of 3.2x. **(Section 3)**
- **Governance concentration.** Co-founders hold 98% of voting power. Executive compensation is set without disclosed performance metrics by a committee that is not independent. **(Section 4)**
- **Political and lobbying architecture.** The company and its lobbyists have cultivated relationships across the political spectrum, including through industry-funded advocacy organizations whose messaging omits the sector's compliance record. **(Section 5)**
- **Community and environmental justice impacts.** Residents of Plaquemines and Cameron Parishes bear the physical and economic costs of facility operations, including traffic gridlock, wetland loss, and documented harm to oyster reefs and fisheries. **(Section 6)**
- **Sector-wide enforcement gap.** All seven fully operational U.S. LNG terminals violated the Clean Air Act over the past five years. The EPA's own compliance database understates the actual violation count. **(Section 7)**
- **Ratings and insurer conflicts.** Current ratings methodology does not capture governance-control risk at the corporate level or environmental reporting reliability. Major insurers with climate commitments continue to underwrite LNG facilities with documented compliance failures. **(Section 7)**

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Key Metrics and Findings

| Finding | Details | Source |
|--|---|---|
| Environmental Record | | |
| Flaring rate, first year of operations | 91 of 133 days flaring observed (68%); 5 accident reports filed | LBB Speed Over Safety, 2022 |
| Emission report revisions | 4 of 5 accident reports revised downward; one: >1,000 lbs. → 1 lb. | LDEQ accident report filings |
| EMS non-operation | Energy Management System not commissioned until November 2022—10 months into operations | VG Title V Semiannual Monitoring Report, Jul–Dec 2022 |
| Financial Profile | | |
| FY2025 Revenue | \$13.8B (up 177% from \$5.0B in FY2024) | VG Q4 2025 Earnings Release |
| FY2025 Net Income | \$2.3B attributable to common stockholders | VG Q4 2025 Earnings Release |
| FCF margin FY2025 | –49.4% (operating cash flow \$6.6B less capex \$13.4B) | VG 10-K FY2025 |
| Outstanding debt | \$34.8B total (\$11.1B corporate + \$23.7B project-level); long-term debt \$33.4B—more than tripled since 2022 | VG 10-K FY2025 |
| Legal Exposure | | |
| Arbitration exposure | BP seeking \$3.7B–\$6.0B+; Shell/Repsol denied; ~\$3.9B+ remaining pending claims; aggregate SPA liability cap \$595M (disputed) | VG 10-K FY2025, Note 15 |
| Stock performance | –42% from IPO; two class action suits filed | Market data; court records |
| Governance | | |
| CEO compensation | \$36.29M (2024); 3.5× Exxon CEO base | VG 10-K April 2025 |
| Voting control | Sabel & Pender: ~98% via Class B shares | VG proxy statement |
| Insider trading inquiry | U.S. Senators called for review of insider share purchases when each co-founder bought ~\$12M after Trump meetings; no formal investigation disclosed | The Guardian, Dec 10, 2025 |
| Community and Subsidy | | |
| ITEP subsidy—Plaquemines | \$834M in property tax forgone over 10 years | Sierra Club ITEP analysis |

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Section 1: Analytical Framework—Operational Misconduct as Financial Signal

This paper asks a simple question: when operational misconduct is visible in plain sight, what does it signal about the institution behind it and the sector in which it operates?

The approach draws on the control-fraud framework developed by William K. Black in the Savings & Loan crisis of the 1980s and refined in his work on the 2008 financial collapse.¹⁹

The Economic Engine: “Looting” as a “Sure Thing”

Black's framework is grounded in the economic “looting” model pioneered by George Akerlof and Paul Romer.²⁰ Their premise is straightforward: If insiders can extract more value in the short term than the institution is worth in the long term, it makes more sense to extract than to build.

In the financial setting Black examined, the mechanism was accounting fraud—manipulating reported data to inflate current performance so the bosses could cash in while dumping long-term costs onto the firm and its stakeholders.

Akerlof and Romer called this a “sure thing” to distinguish it from legitimate risk-taking or speculation: not an activity exposed to genuine uncertainty, but a strategy structured to produce short-term gains regardless of future consequences.

In an industrial setting, the mechanism is different, but the logic is identical. The relevant misconduct is operational and regulatory—cutting corners on environmental compliance, diverting contracted cargoes to the spot market, operating without required monitoring systems.

Much of this conduct is legal; some of it may not be, but in this framework, legality is the shield, and *the pattern is the signal*.

This is where the framework departs from the way police work. The whole system relies on deterrence—making the cost of getting caught high enough that misconduct becomes unprofitable. But deterrence assumes that consequences can reach the decision-maker. When legal structures insulate the individuals making operational decisions from personal accountability—through dual-class voting control, controlled-company exemptions, and compensation committees they themselves sit on—the cost of getting caught falls not on the people who chose the conduct, but on the

¹⁹ William K. Black, *The Best Way to Rob a Bank Is to Own One* (University of Texas Press, 2005); Black, “Control Fraud,” *The Oxford Handbook of White-Collar Crime* (2015)

²⁰ George A. Akerlof and Paul M. Romer, “Looting: The Economic Underworld of Bankruptcy for Profit,” *Brookings Papers on Economic Activity*, no. 2 (1993): 1–73

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institution and its outside stakeholders. Deterrence, in that environment, does not deter. It simply confirms that the strategy works.

The analytical question, in other words, is not whether any particular act crosses a legal threshold. It is *what the pattern of conduct reveals about the institution*—whether, taken together, the visible record is consistent with an entity optimized for long-term value creation or short-term extraction.

In the classic looting model, extraction typically ends in an exit: insiders offload equity to the public and walk away. At Venture Global, the founders' decision to retain roughly 98% of voting power through a dual-class structure appears to break that pattern.

But in an industrial adaptation of the framework, exit is not required. Extraction can occur while insiders remain in control.

It can take the form of compensation untethered to disclosed performance metrics: \$36.29 million in CEO pay in a year when the company's stock fell 42% and its free cash flow margin was negative 232% (Section 4.2).

It can take the form of insider sales timed to moments of maximum informational asymmetry: \$130.5 million in executive share sales during a geopolitical price spike (Section 5.2.1).

And it can take the form of the spot-market revenue strategy itself, which an ICC tribunal found came at the direct expense of contractual counterparties (Section 2.3).

In this context, governance concentration does not contradict the extraction model. It enables it—by ensuring that no independent mechanism exists to challenge how value is allocated between insiders and the institution's other stakeholders.

The Mechanics of the Framework

Black's framework describes a self-reinforcing dynamic.

Control frauds thrive in what he calls "criminogenic environments"—settings where the system itself invites misconduct.²¹ They depend on the suborning of supposedly independent professional gatekeepers—appraisers, auditors, and rating agencies—who validate misleading data rather than challenge it.²² And they require that the

²¹ Black, "Epidemics of 'Control Fraud' Lead to Recurrent, Intensifying Bubbles and Crises" (2010), SSRN 1590447; Black, "Why Regulators Must Fight 'Control Fraud' Like Public Health Specialists" (2010), SSRN 1536527. Black identifies "criminogenic environments" as settings characterized by non-regulation, assets that lack verifiable values, and compensation systems that reward short-term results.

²² Black, "Epidemics of 'Control Fraud'" (2010), SSRN 1590447. Black describes how fraudulent CEOs "suborn supposed 'controls' (auditors, appraisers, attorneys, and credit rating agencies) so that they will 'bless' the CEO's frauds, lending their reputation as supposedly independent professionals." See also Black, testimony before the Financial Crisis Inquiry Commission, September 21, 2010.

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person committing the fraud controls the entity itself, using it as what Black calls a "weapon."²³

As a result, the most dangerous institutions often appear strongest: rapid growth, record earnings, and high executive compensation can coexist with—and even mask—underlying fragility.

Critically, Black's research shows that the absence of consequences for early misconduct is what allows the misconduct to scale. The S&L frauds did not begin as billion-dollar schemes. They began with smaller violations that regulators failed to act on, teaching the operators that the system would not stop them. Impunity, in this framework, is not merely a failure of enforcement—it is the mechanism through which fraud graduates from opportunistic to systematic.

In the financial setting Black examined, fraud was most visible in accounting—the same domain where the appearance of strength was manufactured. In the LNG setting, the pattern is different. The operational and environmental record cracks first, while the financial headlines continue to project strength.

In the case of Venture Global, some financial vulnerabilities have been repriced: the stock plunged after the IPO, ratings agencies have issued downgrades, and analysts have modeled the arbitration exposure.

But the environmental and regulatory misconduct has proceeded with near-total impunity—confirmed violations that took 17 months to reach enforcement, accident reports revised downward by as much as 99.9% without triggering investigation, ten months of operation without required automated emissions controls, and company-retained consultants contradicted by state agencies without regulatory consequence.

None of those things cost the company anything. The analytical question is whether that impunity is itself a marker for deeper institutional risk—whether, as this paper's evidence suggests, institutions that can act without consequence on one front are likely to be doing so on others.

Adaptation to the LNG Industrial Setting

In the LNG setting, the key “ledger” is not just financial—it is environmental and operational.

The language in this paper works on three levels. First are Black's own terms: “control fraud,” “criminogenic environment,” “Gresham's dynamic,” and “suborned gatekeepers.” These are used as he defined them.

²³ Black defines control fraud as occurring when “the person who controls a seemingly legitimate entity uses it as a 'weapon' to defraud.” Black, *The Best Way to Rob a Bank Is to Own One* (2005); see also Black, “Vulnerability and 'Control Fraud' Economics,” Emory University School of Law Workshop on Vulnerability (2015)

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Second are three adapted terms: “regulatory attenuation,” “gatekeeper capture,” and “governance insulation.” These apply Black’s ideas to an industrial setting. The concepts come from Black, but the names and definitions used here are ours.

Third are two new terms: “permit accommodation” and “downward revision.” These describe patterns that show up again and again in the LNG compliance record. Others have observed these patterns for years. What has been missing is a clear way to name and group them.

All five terms are defined below and used the same way throughout the paper.

- **Regulatory Attenuation** (adapted from Black) means enforcement exists on paper but is weak in practice. It may be delayed, uneven, or rarely applied. The result is that violations continue without real consequences.
- **Gatekeeper Capture** (adapted from Black) means outside experts—such as consultants or auditors—fail to act independently. Their findings tend to support the company they are supposed to assess.
- **Governance Insulation** (adapted from Black) means power is concentrated in a way that limits oversight. Shareholders, boards, and regulators have less ability to step in or correct problems.
- **Permit Accommodation** (new term) means regulators respond to repeated violations by raising the allowed limits instead of enforcing the existing ones. This pattern appears across the sector and is documented in Section 7.
- **Downward Revision** (new term) means companies revise accident reports to show much smaller impacts than first reported. This pattern appears in Venture Global’s filings and is examined in Section 2, with broader context in Section 7.

These five patterns appear throughout the evidence in Sections 2 through 7.

Gresham's Dynamic

Akerlof has long warned that dishonest dealings can drive honest players out of the market—a dynamic he explored most famously in his 1970 essay *The Market for “Lemons.”*²⁴

The logic is simple: when one player profits by cutting corners, competitors face pressure to do the same.

William K. Black calls this sort of contagious a “Gresham’s dynamic,” and it’s dangerous because the choice for more disciplined operators becomes stark: follow suit or lose market share to firms whose results are built on noncompliance.

²⁴ George A. Akerlof, “The Market for ‘Lemons’: Quality Uncertainty and the Market Mechanism,” *Quarterly Journal of Economics* 84, no. 3 (1970): 488–500. Black applies Akerlof’s insight—that “dishonest dealings tend to drive honest dealings out of the market”—to explain how control fraud becomes epidemic within an industry. See Black, “Epidemics of ‘Control Fraud’” (2010), SSRN 1590447

Conclusion

This paper applies a publicly described analytical framework, developed in the academic study of institutional misconduct, to publicly available data. The term “control fraud” is used in its technical sense, as coined by William K. Black, to describe patterns that signal institutional risk.

The presence of these patterns in the observable record does not establish that fraud has occurred, but it does identify conditions that warrant deeper scrutiny.

The evidence suggests that Venture Global’s operational record has direct implications for the reliability of its financial disclosures and the integrity of its governance.

For investors and regulators, the question is not whether Venture Global has a compliance problem, but whether its apparent success is driving a Gresham’s dynamic that could compromise the integrity of the broader U.S. LNG export sector.

Section 2: Environmental and Operational Record

The operational record at Calcasieu Pass provides a clear, multi-source view of how a newly commissioned LNG export facility performed in its first year. Regulatory filings, environmental compliance reports, contractual disputes, and local incident reports together create an unusually detailed public record.

The sections that follow examine that record, focusing on events that illustrate the patterns described in Section 1: operational divergence, oversight conflict, and regulatory friction.

The First Day and the First Year

The pattern appears from the outset.

On Jan. 18, 2022—one day before Venture Global announced the start of gas export production at its Calcasieu Pass facility in Cameron Parish, Louisiana—the facility released approximately 180,099 pounds of natural gas.

An inspection by the Louisiana Department of Environmental Quality (LDEQ), triggered by a community complaint filed by retired environmental engineer John Allaire, found the release was preventable and in violation of Louisiana Administrative Code Title 33, Part III, Section 905, which requires equipment to be maintained to prevent gas releases.²⁵

The violation was documented, confirmed by LDEQ’s own inspection, and referred for enforcement, but enforcement was slow to materialize. Instead, five days after Venture

²⁵ Louisiana Department of Environmental Quality (LDEQ), Office of LDEQ Environmental Compliance, Air Quality Inspection Report, Cameron Parish, 11 March 2022, EDMS Doc ID 13206986; confirming violation of LAC 33:III.905. <https://edms.deq.louisiana.gov/app/doc/view?doc=13206986>

Global submitted a permit application seeking authorization for a similar release from the same facility, LDEQ approved it.²⁶

Formal enforcement did not occur until June 2023—17 months later and after sustained public scrutiny and media coverage—when LDEQ issued a consolidated compliance order citing 139 emissions incidents during 2022. Venture Global requested a hearing to contest the order.²⁷

Independent observation during this period provides additional context. Allaire, a Cameron Parish resident and retired environmental engineer, had been documenting flaring at the facility from his home through direct visual observation and photography. Over the first 133 days of operation, he recorded flaring on 91 days—68% of all operating days.²⁸ Venture Global filed five accident reports with LDEQ during this same period.

The facility's Environmental Impact Statement, approved by the Federal Energy Regulatory Commission (FERC) as a condition of the project authorization, included commitments to limit flaring during night hours, low-visibility conditions, and peak migratory periods. Along the Gulf Coast, those periods typically run from March through May and September through November.²⁹ Allaire's documentation shows flaring occurred at night and during peak neo-tropical bird migration season throughout this period.

Four of the five accident reports were subsequently revised downward. While revisions are common as more accurate data become available, they typically move in both directions.

In this case, all revisions reduced the reported scale of the incidents—including one from more than 1,000 pounds to a single pound.

The magnitude of the revisions is difficult to attribute to normal measurement error. A revision from 43,489 pounds to 529 pounds—a 98.8% reduction—or from more than 1,000 pounds to a single pound is difficult to attribute to improved measurement

²⁶ On February 25, 2022, Venture Global submitted a permit application to LDEQ seeking authorization for gas releases from a north tank at the Calcasieu Pass facility. LDEQ approved the application on March 2. The permit authorized VGCP to release 2,052,000 cubic feet of natural gas over a 23-hour venting period on March 18–19; the pollutants discharged included 41.35 tons of methane and 1,033.64 tons of CO₂e. Source: Louisiana Bucket Brigade, *Speed Over Safety*, p. 15 <https://labucketbrigade.org/wp-content/uploads/2022/08/SpeedOverSafety.pdf>; LDEQ permit application and approval records, February–March 2022.

²⁷ Louisiana Department of Environmental Quality (LDEQ), Consolidated Compliance Order and Notice of Potential Penalty, Venture Global Calcasieu Pass, Cameron Parish, 29 June 2023, EDMS Doc ID 13873284 <https://edms.deq.louisiana.gov/app/doc/view?doc=13873284>. The order cited 139 incidents in which Calcasieu Pass exceeded hourly emissions limits during 2022, with potential civil penalties of up to \$32,500 per day of violation. Venture Global requested a hearing to contest. LDEQ subsequently amended the order to include deviations reported in 2023 and 2024. See Environmental Integrity Project, "Terminal Trouble" (October 2025).

²⁸ Vasudevan, Shreyas. *Speed Over Safety: Gas Export Spotlight: Venture Global Calcasieu Pass Facility Accidents*, page 6. Louisiana Bucket Brigade, 2022. <https://labucketbrigade.org/wp-content/uploads/2022/08/SpeedOverSafety.pdf>.

²⁹ Federal Energy Regulatory Commission (FERC), *Calcasieu Pass LNG Final Environmental Impact Statement*, Chapter 4 (2018). https://ferc.gov/sites/default/files/2020-05/volume-1_7.pdf

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accuracy. Preliminary estimates that overstate actual releases by a factor of 80 or 1,000 fall outside any normal range of measurement uncertainty.

| Date | Original Report | Revised Report | Reduction |
|----------------------------|---------------------------|-----------------------------|--|
| February 4, 2022 | 3,360 lbs. NOx reported | 126 lbs./hr. (unit changed) | Comparison prevented by unit change |
| February 23, 2022 | 43,489 lbs. gas released | 529 lbs. gas released | 98.8% reduction |
| March 7, 2022 | >1,000 lbs. gas released | 1 lb. gas released | 99.9% reduction (below reportable threshold) |
| April 27, 2022 | Reported emissions | Revised downward | Quantities not publicly disclosed |
| January 18, 2022 (initial) | 180,099 lbs. gas released | Not revised | Confirmed as LAC 33:III.905 violation |

These revisions have regulatory implications. Louisiana reporting thresholds determine when an incident triggers investigation. If a revised estimate falls below that threshold, the incident may no longer require regulatory follow-up.

The March 7 revision—from more than 1,000 pounds of released gas to just one pound—reduced the reported quantity below that threshold. As documented above, LDEQ did not initiate formal enforcement action until June 2023, seventeen months after the first violation and well after the sequence of downward revisions had been filed.

The Title V Semiannual Monitoring Record

Venture Global's Title V Semiannual Monitoring Report for the period July 1 through December 31, 2022 provides the most comprehensive official documentation of operational non-compliance available for Calcasieu Pass during its first year of operation.³⁰

Filed with LDEQ on March 31, 2023 under Title V Permit No. 0560-00987-V4, the report was certified as "true, accurate, and complete" by Andy Vaughan, Vice President of Operations for Venture Global Calcasieu Pass, LLC.

The same filing date also produced a revised version of the first-half 2022 report (covering January 1 through June 30, 2022). In its cover letter, Venture Global

³⁰ Venture Global Calcasieu Pass, LLC, *LDEQ Title V Semiannual Monitoring Report (07/01/2022–12/31/2022)*, Permit No. 0560-00987-V4, filed March 31, 2023. <https://edms.deq.louisiana.gov/app/doc/view?doc=13795260>

acknowledged that while preparing the second-half report, it had "discovered some of the deviations were incorrectly reported" in the original first-half filing.³¹

The company later filed a corrected version that removed some deviations and added others that had not been reported.³² The pattern is consistent: the facility's own compliance records were not just incomplete, but wrong—and required correction after the fact, by the company's own admission.

Under Title V regulations, facilities must disclose any "deviations" from their air permits. A deviation is a formal admission that the facility operated outside the conditions allowed by its permit.

The report's Deviation Summary spans 12 pages and documents dozens of violations across emission sources "EQT 0001 through EQT 0051"—designations assigned to individual emission sources including all 18 liquefaction trains plus associated equipment. The violations occurred throughout the period, with a concentration in November and December.³³

Several patterns stand out:

Delayed commissioning of the Energy Management System

The Energy Management System (EMS) is the automated system designed to regulate turbine loads and keep emissions within permitted limits. It was not commissioned until November 2022. Corrective-action entries across multiple emission sources (EQT 0001–0005) state this explicitly. As a result, the facility operated for roughly 10 months without its primary compliance-control system, despite holding an active Title V permit that assumed such controls were in place.

John Allaire, a petrochemical engineer and Gulf Coast environmental monitor who reviewed the Title V filings, offered a pointed assessment of this operational choice: "Running one of these plants without the computer system being operational is like trying to fly a modern fighter plane without computer assistance."³⁴

The analogy is apt. Modern LNG liquefaction trains (modular processing units that supercool gas into liquid) generate enormous volumes of data across hundreds of emission points; the EMS integrates that data in real time to keep turbine loads within permitted envelopes. Without it, operators must adjust loads manually—a process that, as the deviation logs confirm, repeatedly failed to prevent exceedances. The decision to begin producing and exporting LNG before commissioning the system

³¹ Venture Global Calcasieu Pass, LLC, Revised 1st Half of Reporting Year 2022 Title V Semiannual Monitoring Report, Cover Letter from Andy Vaughan, Vice President, Operations, to LDEQ Title V Program, March 30, 2023. Permit No. 0560-00987-V4, Agency Interest No. 194203.

³² Venture Global Calcasieu Pass, LLC, Revised Title V Semiannual Monitoring Report for the period 01/01/2022–06/30/2022, Permit No. 0560-00987-V4, filed March 30, 2023, posted to LDEQ EDMS. Full LDEQ EDMS document ID to be confirmed.

³³ Venture Global Calcasieu Pass, LLC, *LDEQ Title V Semiannual Monitoring Report (07/01/2022–12/31/2022)*, Permit No. 0560-00987-V4, filed March 31, 2023. <https://edms.deq.louisiana.gov/app/doc/view?doc=13795260>

³⁴ Email from John Allaire to Steve Zwick, April 1, 2026.

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designed to keep that production within legal limits is, within the control-fraud framework, a textbook instance of prioritizing revenue generation over compliance infrastructure.

Extended Emissions Violations

Multiple entries show emissions exceeding Maximum Emission Control Levels for prolonged periods in November and December. One event associated with equipment EQT 0051 lasted 77 hours, from December 23 to December 27, 2022. The stated corrective action was to wait for extreme weather conditions to pass before restoring compliance.³⁵

Systemic fuel-flow exceedances

Violations involving carbon monoxide and particulate matter across EQT 0006 through EQT 0009 are attributed to fuel flow rates “higher than the current permit basis.” This points to a recurring operating condition rather than isolated incidents. A corrective-action note references a March 17, 2023, permit-modification application, indicating the facility operated above permitted fuel-flow limits for months before seeking to revise them.³⁶

Reference to a separate emissions incident

The filing also cites a July 27, 2022, Unauthorized Discharge Written Report (EDMS Doc ID 13462522), indicating an earlier emissions event not detailed in the semiannual report itself.

Taken together, the first six months of 2022—documented through Louisiana Bucket Brigade (LBB) analysis—and the second six months, documented in Venture Global’s Title V filing, provide a continuous, source-based record of operational noncompliance across the facility’s first year.

That record raises a broader question. Despite the volume and duration of documented violations, the period saw no material enforcement consequences. As environmental and legal organizations have argued in federal proceedings, this absence of penalties is not unique to this facility. It reflects a wider enforcement gap across the LNG sector—a condition the control-fraud framework identifies as enabling misconduct to persist.³⁷ The sector-wide dimensions of this enforcement architecture are examined in Section 7.

³⁵ Venture Global Calcasieu Pass, LLC, *LDEQ Title V Semiannual Monitoring Report (07/01/2022–12/31/2022)*, Permit No. 0560-00987-V4, filed March 31, 2023. Page 12.

<https://edms.deq.louisiana.gov/app/doc/view?doc=13795260>

³⁶ *Ibid.*

³⁷ NRDC et al., Request for Rehearing, FERC Docket No. CP22-21-000 (July 29, 2024), pp. 3–4; see also Environmental Integrity Project, “Terminal Trouble” (October 2025), documenting sector-wide enforcement patterns. <https://environmentalintegrity.org/wp-content/uploads/2025/10/LNG-Report-nonembargoed-10.29.25.pdf>

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Commercial Operations Date (COD) Dispute

One of the most consequential disputes in Venture Global's history centers on the timing of the Commercial Operations Date (COD) at Calcasieu Pass. Under long-term sales and purchase agreements with buyers including Shell, BP, Repsol, Edison, Galp and Orlen, the company's delivery obligations begin once the facility enters commercial operation.³⁸

Venture Global declared engineering completion and began producing LNG in January 2022 but did not declare COD under its contracts for an extended period. During that time, the facility continued to produce cargoes that were largely sold on the spot market.

Several buyers argued the delay allowed Venture Global to sell commissioning cargoes at higher spot prices rather than delivering them under lower-priced long-term contracts.

BP and Shell raised the issue with FERC in Docket CP15-550, arguing the company was using the COD definition to delay contractual deliveries.^{39 40 41} FERC acknowledged the dispute but declined to intervene, finding the commercial terms of the contracts outside its jurisdiction and directing the parties to arbitration.⁴²

Separate environmental challenges related to Venture Global's expansion plans were also pending before FERC during this period. In Docket CP22-21-000, the Sierra Club filed a Petition for Review arguing that the Commission's environmental analysis for the proposed CP2 expansion failed to adequately evaluate cumulative impacts.⁴³ While this proceeding addressed environmental review rather than the COD dispute, it reflects the broader regulatory scrutiny surrounding the company's LNG development program.

³⁸ Venture Global LNG, Inc., Annual Report (Form 10-K) for fiscal year ended December 31, 2025, filed March 2, 2026. The six foundation customers under long-term SPAs at Calcasieu Pass are identified as Shell, BP, Repsol, Edison, Galp, and PKN Orlen.

³⁹ BP Gas Marketing Limited, Procedural Motion, FERC Docket CP15-550-000.

⁴⁰ Shell NA LNG LLC, Procedural Motion, FERC Docket CP15-550-000.

⁴¹ Williams, Curtis. "BP Wins Arbitration Case against Venture Global over LNG Cargoes." Energy. Reuters, October 10, 2025. <https://www.reuters.com/business/energy/bp-wins-arbitration-case-against-venture-global-over-lng-cargoes-2025-10-09/>.

⁴² Venture Global Calcasieu Pass, LLC, FERC Docket No. CP15-550-000, Notice Denying Late Intervention (May 3, 2023) (Accession No. 20230503-3094), *rehearing denied by operation of law*, 184 FERC ¶ 62,003 (July 3, 2023) (denying Repsol's motion to intervene in the CP15-550 proceeding to access commissioning filings). When BP filed a substantially similar complaint in December 2023, FERC again declined to act on the commercial dispute. See Newman, Chris. "BP Presses FERC to Open the Books on Venture Global's Prolonged Commissioning at Calcasieu Pass LNG." *Natural Gas Intelligence*, December 12, 2023. <https://www.naturalgasintel.com/news/bp-presses-ferc-to-open-the-books-on-venture-globals-prolonged-commissioning-at-calcasieu-pass-lng/>. Venture Global's January 2024 response to the BP complaint stated: "The commercial terms of Calcasieu Pass' contracts with its customers are outside the scope of the Commission's jurisdiction" (Accession No. 20240102-5202, filed January 2, 2024).

⁴³ Sierra Club et al., Petition for Review, FERC Docket CP22-21-000.

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The arbitration proceedings that followed have produced substantial potential financial exposure for the company, now documented in Venture Global's FY2025 Form 10-K.

- **BP arbitration:** A tribunal issued a partial final award finding that Venture Global Calcasieu Pass had breached its obligation to declare COD in a timely manner and to operate as a "Reasonable and Prudent Operator." BP is seeking damages estimated between \$3.7 billion and more than \$6.0 billion, plus interest and costs. The company has disclosed that the final award may not be subject to the contractual aggregate liability cap, meaning the exposure could be uncapped. A damages hearing is expected in 2026 or 2027.
- **Shell arbitration:** Shell sought approximately \$1.7 billion in damages. The International Chamber of Commerce tribunal denied the claim. Shell has filed an action in New York Supreme Court seeking to vacate the award.
- **Repsol arbitration:** Repsol's claim seeking more than \$400 million was denied by an ICC tribunal in January 2026.
- **Additional customer claims:** One mid-term customer's \$200 million claim has been settled without material impact. However, three additional arbitrations remain pending: one seeking \$1.5 billion (decision anticipated in 2026), another seeking more than \$400 million, and a further claim seeking damages exceeding \$2.0 billion.
- **Employee claims:** Separately, former employees have filed proceedings seeking \$181–\$280 million in aggregate damages related to stock option grant disputes.⁴⁴

Venture Global states that the aggregate seller liability cap across the remaining post-COD SPAs is \$595 million, although several counterparties are disputing whether these contractual limitations apply.⁴⁵

With Plaquemines Phase I targeting COD in Q4 2026, the commissioning-related revenue-recognition issues that underlie several arbitrations are expected to diminish in future projects.

Gatekeeper Capture

A clear example of what Section 1 describes as gatekeeper capture—the breakdown of independent oversight—emerged in August 2025, during dredging operations to deepen the Calcasieu Pass ship channel in preparation for CP2 construction.

During those operations, sediment surged into surrounding estuaries and channels south of Big Lake—an estimated 9,000 to 18,000 cubic yards, according to the

⁴⁴ Venture Global 2025 10-K Annual Monitoring Report <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

⁴⁵ Venture Global 2025 10-K Annual Monitoring Report <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

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Louisiana Department of Energy and Natural Resources (DENR).⁴⁶ Commercial fishermen reported buried crab traps, damaged oyster beds, and wildlife kills. To limit further contamination, the No-Name Weir was closed, disrupting shrimp migration and threatening the opening of the August shrimp season.^{47, 48} Delta Coastal Consultants, a third-party firm retained by Venture Global, concluded that conditions were consistent with normal late-summer patterns and that no increased mortality could be attributed to the sediment release.⁴⁹

The Louisiana Department of Wildlife and Fisheries (LDWF) reached a different conclusion. Staff biologist Josh Parks reported to the Cameron Parish Police Jury that his agency had found abnormal sediment deposits on multiple public oyster reefs in Big Lake, along with oyster mortality rates higher than expected.⁵⁰

Police Juror Mark Daigle stated publicly that he could take investigators by boat to locations where sediment was visible but did not appear on the consultant's maps. By February 2026, the Police Jury had formally requested that LDWF conduct a comprehensive study of oyster impacts, and a private oyster farm had filed suit against Venture Global.⁵¹

The sequence is consistent: an incident, a company-commissioned assessment minimizing harm, and subsequent findings by independent authorities that contradict it. Within the control-fraud framework, such patterns suggest a breakdown in the independence of external verification.

Regulatory Weaponization: The Commonwealth Waterway Filing

The gatekeeper-capture pattern documented in Section 2.4 operates defensively—minimizing the consequences of the company's own conduct. A June 2025 filing before the Federal Energy Regulatory Commission reveals the same institutional reflex operating offensively: Venture Global attempted to weaponize a federal

⁴⁶ The agency was known as the Department of Natural Resources (DNR) until January 2024 and was renamed the Department of Conservation and Energy (C&E) effective October 1, 2025. At the time of the August 2025 dredging incident, it operated as DENR.

⁴⁷ Cruice, Devin. "Dredging accident in Cameron Parish leaves fishermen angry and with questions," KPLC (August 8, 2025) <https://www.kplctv.com/2025/08/09/dredging-accident-cameron-parish-leaves-fishermen-angry-with-questions/>

⁴⁸ Cunningham, Nicholas. "Dredge Operation near Venture Global's CP2 Spills into Fish Habitat." *Gas Outlook*, August 26, 2025. <https://gasoutlook.com/analysis/dredge-operation-near-venture-globals-cp2-spills-into-fish-habitat/>. LDENR estimated the spill at 9,000–18,000 cubic yards of sediment.

⁴⁹ Cruice, Devin. "New LDWF Report Shows Sediment, Higher Mortality Rate on Oyster Beds in Big Lake." KPLC, September 26, 2025. <https://www.kplctv.com/2025/09/26/new-ldwf-report-shows-sediment-higher-mortality-rate-oyster-beds-big-lake/>.

⁵⁰ Cruice, Devin. "La. Wildlife and Fisheries Says Silt in Big Lake Is Affecting Oyster Population; Fishermen Say Venture Global Dredging Accident Is to Blame." KPLC. September 4, 2025. <https://www.kplctv.com/2025/09/04/la-wildlife-fisheries-says-silt-big-lake-is-affecting-oyster-population-fishermen-say-venture-global-dredging-accident-is-blame/>.

Sediment was documented on the 2009 cultch plant, 2023 cultch plant, Lambert's Cultch Plant, and Cheniere Reef.

⁵¹ Cruice, Devin. "Cameron Police Jury Asks LDWF to Perform Study on Oyster Impacts in Big Lake after Venture Global Dredging Spill." KPLC, February 10, 2026. <https://www.kplctv.com/2026/02/10/cameron-police-jury-asks-ldwf-perform-study-oyster-impacts-big-lake-after-venture-global-dredging-spill/>.

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regulatory process against a competitor on the Calcasieu Ship Channel, and was rebuked in terms that further exposed the company’s own credibility gap.

On June 30, 2025, Venture Global Calcasieu Pass filed comments with FERC in the Commonwealth LNG docket (CP19-502), urging the Commission to scrutinize Commonwealth’s Waterway Suitability Assessment (WSA) and related Coast Guard Letter of Recommendation (LOR) for LNG vessel transit on the Calcasieu Ship Channel. Commonwealth’s proposed terminal would sit directly across the channel from Calcasieu Pass. Venture Global argued that the WSA and LOR were “outdated and in need of revision” because they predated VC’s declaration of commercial operations in April 2025, and urged FERC to condition any further approvals on an updated assessment.⁵²

Commonwealth’s response, filed July 3, 2025, was devastating. Commonwealth demonstrated that the WSA had already been updated in April 2022—shortly after Venture Global began exporting commissioning cargoes—in a workshop attended by three Venture Global representatives who “actively participated.” Following that workshop, Commonwealth conducted additional navigational simulations and a second passing-vessel study at the Coast Guard’s request. The Coast Guard confirmed the LOR “current and valid” on December 12, 2022, and has reaffirmed that finding annually, including as recently as March 7, 2025.⁵³

Governance, Regulatory and Commercial Risk Comparison

Traffic-light assessment (green = lower risk, red = higher risk)

| Category | Commonwealth LNG | Venture Global LNG |
|----------------------|-------------------------|---------------------------|
| Regulatory posture | Cooperative | Adversarial |
| Arbitration exposure | None | >\$10bn |
| Disclosure quality | Standard | Opaque |
| Operational record | Pre-FID | Documented failures |
| Governance | Conventional | 98% insider control |
| Revenue model | SPA-driven | Spot-driven |

Figure 6: Governance, regulatory and commercial risk comparison—Commonwealth LNG vs. Venture Global (Responsible Alpha). Both companies operate under identical regulatory and financing regimes; the contrast demonstrates that Venture Global’s risk profile is issuer-specific, not sector-inevitable.

⁵² Venture Global Calcasieu Pass, LLC, “Comments of Venture Global Calcasieu Pass, LLC,” FERC Docket Nos. CP19-502-000 et al., Accession No. 20250630-5066, filed June 30, 2025.

⁵³ Commonwealth LNG, LLC, “Response of Commonwealth LNG, LLC to Comments of Venture Global Calcasieu Pass, LLC,” FERC Docket Nos. CP19-502-000, -001, -002, -003, filed July 3, 2025.

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The comparison is instructive precisely because Commonwealth and Venture Global operate under identical regulatory, commercial, and financing conditions. The contrast in outcomes demonstrates that Venture Global's risk profile is issuer-specific, not sector-driven—and that structural differences in governance architecture, commercial strategy, and regulatory posture, not industry headwinds, are the primary driver of the pattern documented in this paper.

While Commonwealth LNG is not necessarily an ideal peer in terms of scale or maturity, it compares to VG on 5 key specific dimensions:

1. Business model architecture

Both companies are U.S. Gulf Coast LNG developers pursuing multi-train export terminals financed through long-term SPAs and project-finance structures.

2. Regulatory posture

Both operate under the same federal and state regulatory regimes (FERC, DOE, LDEQ, USACE). This makes differences in compliance behavior meaningful.

3. Governance and disclosure practices

Both are private developers (Commonwealth pre-FID, VG post-IPO but still founder-controlled). This makes governance contrasts fair game.

4. Offtaker relationships and commercial strategy

Both seek long-term SPAs with global buyers. Comparing how each handles counterparties is legitimate.

5. Execution risk

Both face construction cost-overrun, and schedule-risk dynamics typical of U.S. LNG megaprojects.

Commonwealth's filing went further, noting that the LOR's operative language required revision upon VG's commencement of "operations"—not "commercial operations"—and that this trigger had been satisfied more than three years earlier, on March 1, 2022, when VG exported its first cargo. VG had since exported over 400 cargoes and, as of October 2023, had been authorized by FERC staff to operate above nameplate capacity. Commonwealth argued that nothing changed operationally after VG's April 2025 commercial operations declaration that would necessitate any revision.

Perhaps most telling was Commonwealth's observation that Venture Global had not contacted Commonwealth or the Coast Guard to inquire about the WSA's status before filing with FERC—a choice that, as Commonwealth put it, "not only casts serious

doubt on the purpose behind VGCP's Comments, but also unnecessarily burdens FERC Staff." ⁵⁴

Commonwealth also noted, in a pointed footnote, that VG's reliance on April 15, 2025 as the commencement date for its operations was itself "subject to a significant international dispute between VGCP and its long-term offtakers as to the actual commencement of operations date." Even a competitor recognized—and was willing to state on the record before a federal regulator—that VG's own COD claim lacked credibility. ⁵⁵

The episode also revealed a structural irony. If VG's legal theory were correct—that a commercial operations declaration triggers mandatory WSA revision for neighboring facilities—then VG's own affiliate, CP2 LNG, would face the identical problem. The CP2 LOR was issued in December 2021, months before VG's first exports and more than three years before the April 2025 COD declaration. ⁵⁶

Within the control-fraud framework, the filing is significant not for its legal merits—which proved negligible—but for what it reveals about institutional behavior. The same company that delayed its own COD declaration for years (at enormous cost to its contractual counterparties) attempted to leverage a competitor's regulatory process by insisting that its belated COD declaration created new obligations for others. The same company whose own environmental compliance record is among the worst in the sector sought to position itself as a champion of "safe vessel transit." And the same company whose governance structure is built to prevent external accountability used a federal regulatory docket to impose process costs on a rival—without first making the phone call that would have revealed the filing was unnecessary.

The broader context is also material. The Calcasieu Ship Channel is becoming one of the most congested LNG waterways in the United States, with Calcasieu Pass, Cameron LNG, and the planned CP2, Commonwealth, Louisiana LNG (Woodside), and Lake Charles LNG (Energy Transfer) projects all sharing or planned for the same corridor. Bloomberg reported in July 2025 that VG's filing "underscores a coming bottleneck for shipping space in an energy sector that the Trump administration is supporting for increased exports." ⁵⁷

The waterway congestion issue is real. VG's instrumentalization of it to burden a competitor is what the framework would predict.

Section 3: Financial Risk Analysis

The scale of capital deployment is significant but not, in isolation, unusual for LNG infrastructure. What distinguishes Venture Global's position is that free cash flow has

⁵⁴ Ibid, page 4.

⁵⁵ Ibid, page 3, footnote 3.

⁵⁶ Ibid, pages 3-4.

⁵⁷ Ruth Liao, "Tensions Are Starting to Brew Over Waterways for U.S. LNG Cargoes," Bloomberg, July 3, 2025.

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been negative for four consecutive years—with FCF margins of -232% in 2024 and -76% on a trailing twelve-month basis as of mid-2025—meaning debt has functioned as the residual funding source throughout the build-out. Long-term debt has tripled since 2022, reaching \$33.4 billion.

SLIDE 9 ADAPTATION

Figure 7: Cash flow (indexed, illustrative) and long-term debt accumulation indexed to 2022 (Responsible Alpha, sourced from VG SEC filings). Free cash flow has been negative for four consecutive years; long-term debt has tripled since 2022 as debt functions as the residual funding source.

Capital Structure and Leverage

Venture Global's consolidated balance sheet as of December 31, 2025 reflects total assets of \$53.4 billion against total liabilities of \$41.5 billion, with long-term debt (net) of \$33.4 billion, current portion of long-term debt of \$812 million, and total equity of \$10.3 billion—a long-term debt-to-equity ratio of approximately 3.24x. Total outstanding subsidiary debt was approximately \$34.8 billion, consisting of \$11.1 billion of corporate-level debt (primarily the VGLNG Senior Secured Notes) and approximately \$23.7 billion of project-level debt financing.

The company's liquidity position as of December 31, 2025 includes \$2.4 billion in unrestricted cash and cash equivalents, \$1.1 billion in restricted cash, and \$13.5 billion in available borrowing capacity across credit facilities—including the newly established \$2.0 billion VGLNG Revolving Credit Facility. Total cash and available borrowing capacity was approximately \$16.9 billion.⁵⁸ The VGLNG Revolving Credit Facility requires maintenance of a maximum total leverage ratio of no more than 6.00:1.00. Distribution covenants on the project-level debt continue to require a Debt Service Coverage Ratio (DSCR) above specified thresholds before cash can flow from project entities to the parent.

| Year | Long-Term Debt | YoY Change | FCF Margin |
|------|------------------------|------------|------------|
| 2022 | \$10.46B | — | -14.21% |
| 2023 | \$20.61B ⁵⁹ | +97.05% | -44.84% |
| 2024 | \$29.09B | +41.15% | -232.66% |
| 2025 | \$33.39B | +14.8% | -49.4% |

⁵⁸ Venture Global, Inc., *Annual Report* (Form 10-K), filed February 2026, Management's Discussion and Analysis: Liquidity and Capital Resources. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

⁵⁹ FY2023 figure from prior period filings. FCF = Operating Cash Flow minus Capital Expenditures.

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Construction Leverage in Context

Heavy project-finance leverage during construction is standard for LNG infrastructure. Cheniere Energy, now the sector's largest and most established exporter, carried comparable leverage ratios during the buildout of Sabine Pass and Corpus Christi before deleveraging as facilities transitioned to contracted cash flows.⁶⁰ Venture Global's \$134 billion in contracted revenue, if realized, provides a credible path to similar deleveraging once Plaquemines and CP2 achieve COD and begin delivering under long-term SPAs.⁶¹

But the company's own numbers illustrate how narrow that path is. Its 2026 EBITDA guidance of \$5.20–\$5.80 billion implies, at the midpoint, a debt-to-EBITDA ratio of approximately 6.3x—above the 6.00x maximum leverage covenant on its own revolving credit facility.⁶² In other words, the company's current earnings power, as projected by management, is not sufficient to satisfy its own lending covenants. Deleveraging depends not on what the company generates today but on EBITDA growth from Plaquemines and CP2 as they ramp—the same construction-to-operations transition that the company has already executed once, at Calcasieu Pass, with results that generated billions in arbitration exposure and a finding of contractual breach by an international tribunal.

The concern this paper identifies is not the leverage itself but the conditions under which it is being carried. The governance structure that produced the Calcasieu Pass outcome—the delayed COD declaration, the spot-market revenue strategy, the disputes with six foundation customers—remains entirely unchanged. The question is not whether the math works in a steady-state model, but whether the institution managing the transition has demonstrated the operational discipline and governance accountability that the math assumes.

Under the control-fraud framework, the combination of rapid reported revenue growth, accelerating debt issuance, and negative free cash flow is itself a potential marker. In the savings-and-loan institutions Black investigated, similar patterns of strong headline earnings and rapid expansion often masked underlying fragility—particularly when the institutions' governance structures insulated management from

⁶⁰ Cheniere Energy, Inc., Annual Report (Form 10-K) for fiscal years 2016–2020. During the construction and ramp-up of Sabine Pass Trains 1–6 and Corpus Christi Trains 1–3, Cheniere's consolidated long-term debt peaked at approximately \$30.5 billion (FY2020) against total equity of approximately \$1.6 billion—a debt-to-equity ratio exceeding 19x. Cheniere subsequently deleveraged as contracted cash flows ramped, reducing its ratio to approximately 5.7x by FY2024. See also S&P Global Ratings, Cheniere Energy credit history (2016–2025).

⁶¹ Venture Global, Inc., Fourth Quarter 2025 Investor Presentation, slide 9 (March 2, 2026). Total contracted third-party revenue is based on certain assumptions and is presented for illustrative purposes only; actual sales under VG's SPAs may differ materially. https://s205.q4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

⁶² Venture Global, Inc., Q4 and Full Year 2025 Earnings Release (March 2, 2026). 2026 EBITDA guidance of \$5.20–\$5.80 billion. The VGLNG Revolving Credit Facility requires maintenance of a maximum total leverage ratio of no more than 6.00:1.00 (VG 10-K FY2025, Note 11—Debt).

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external accountability. The governance structure at Venture Global, examined in Section 4, exhibits precisely this characteristic.

Revenue Model and Spot Market Risk

Venture Global's reported revenue grew from \$4.97 billion in FY2024 to \$13.8 billion in FY2025, with the Plaquemines Project driving the majority of growth as it ramped up LNG production throughout 2025. The company exported 380 cargoes and sold 1,409 TBtu of LNG in FY2025, up 181% from FY2024. Q4 2025 alone generated \$4.4 billion in revenue. However, this headline growth conceals a structural vulnerability: according to Fitch Ratings, more than 60% of cashflows available to Venture Global in 2023–2027 are expected to be commodity-linked spot market revenues.⁶³ The Calcasieu Pass facility achieved COD in April 2025⁶⁴ and began selling under its post-COD SPAs, which contributed to lower LNG sales prices (\$1.3 billion reduction) at that facility—illustrating the revenue compression that occurs when the company shifts from spot to contracted pricing.

As of FY2025, approximately 50% of revenue was concentrated across just three customers, with one customer representing approximately 23% of revenue. The company's 2026 EBITDA guidance of \$5.20–\$5.80 billion assumes a fixed liquefaction fee range of \$5.00–\$6.00/MMBtu for unsold cargoes, with a sensitivity of \$575–\$625 million per \$1.00/MMBtu change—underscoring the continued exposure to commodity price volatility.

TotalEnergies CEO Patrick Pouyanné told Reuters in February 2025 that he had rejected a long-term Calcasieu Pass supply contract, citing both suspiciously low pricing and the company's treatment of its existing contractual counterparties. "I don't want to deal with these guys, because of what they are doing," Pouyanné said—a statement remarkable for its directness and its source.⁶⁵

Since the IPO, Venture Global has added approximately 9.75 MTPA of new contracted volumes (Hanwha, Trafigura, and others), which will reduce spot-market exposure over time but does not alter the historical pattern of reliance on spot sales during commissioning.

Plaquemines Cost Overruns and Construction Risk

Plaquemines LNG's construction has involved significant capital deployment. The company reports that Plaquemines Project Phase I COD is targeted for Q4 2026, with Phase II COD in mid-2027. VG has proactively permitted and incorporated temporary

⁶³ Fitch Ratings, Venture Global LNG, Inc. Credit Assessment (2024–2025); S&P Global and Moody's Investors Service, Ratings Actions (2024–2025).

⁶⁴ Venture Global Fourth Quarter 2025 Investor Presentation, slide 5
https://s205.q4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

⁶⁵ Hernandez, America, and Curtis Williams. "Total CEO Says Company Rejected Venture Global as LNG Supplier over Lack of Trust" Reuters, February 6, 2025. <https://www.reuters.com/business/energy/total-ceo-says-company-rejected-venture-global-lng-supplier-over-lack-trust-2025-02-06/>.

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power to mitigate delays in power plant construction and facilitate start-up of all 36 trains.⁶⁶ In December 2025, Venture Global Plaquemines LNG, LLC closed a \$3.0 billion offering of senior secured notes and prepaid \$3.2 billion of construction term loan.⁶⁷ Total project-level debt financing at Plaquemines is included within the \$23.7 billion project-level debt total.

Venture Global's construction approach—an owner-led, multi-contractor strategy—differs from sector standard practice of engaging a single EPC contractor who assumes cost-overrun and completion risk. By retaining primary responsibility for construction management, VG retains primary exposure to additional cost escalation.

The risk is not hypothetical. At Calcasieu Pass, Venture Global's relationship with Kiewit, its EPC contractor, deteriorated into multiple legal disputes. The company's FY2025 10-K discloses that disagreements over “certain disputed costs and bonuses” were fully resolved in 2024, resulting in VG paying approximately \$320 million in aggregate to Kiewit.⁶⁸

But the cost dispute was not the only Kiewit litigation. On August 2, 2024, Venture Global filed suit and sought a temporary restraining order in New York State Supreme Court (Venture Global Calcasieu, LLC v. Kiewit Louisiana Co.), alleging that Kiewit had shared “thousands of pages of confidential documents” with Shell—one of the offtakers then suing VG over the delayed COD declaration. The confidential information allegedly included proprietary project development, design, and construction details of the Calcasieu Pass facility. The case settled eleven days later, on August 13, 2024, on undisclosed terms.⁶⁹

At the Gastech conference a month later, Kiewit Energy's president, Tom Shelby, confirmed the settlement but declined to say whether the Louisiana plant was “working properly,” calling it “a question for Venture Global.”⁷⁰

The Kiewit-Shell disclosure is analytically significant within the framework of this paper. The information Kiewit allegedly shared—detailed design and construction data—was directly relevant to the central question in the offtaker arbitrations: whether Calcasieu Pass was genuinely incapable of commercial operations or whether VG was strategically delaying its COD declaration to continue profiting from spot-market

⁶⁶ Venture Global Fourth Quarter 2025 Investor Presentation, slide 15

https://s205.g4cdn.com/622838971/files/doc_financials/2025/q4/VG-Quarterly-Investor-Presentation_4Q2025_vF.pdf

⁶⁷ Venture Global Q4 and Full Year 2025 Results, pg. 121

https://s205.g4cdn.com/622838971/files/doc_news/Venture-Global-Reports-Fourth-Quarter-and-Full-Year-2025-Results-2026.pdf

⁶⁸ Venture Global LNG, Inc., Annual Report (Form 10-K) for fiscal year ended December 31, 2025, filed March 2, 2026, Item 1A—Risk Factors, at 69.

⁶⁹ Venture Global Calcasieu, LLC v. Kiewit Louisiana Co., New York State Supreme Court, filed August 2, 2024. See Reuters, “Kiewit settles dispute with Venture Global LNG over construction disclosures,” September 19, 2024; see also Lando & Anastasi LLP, “What Happened in Venture Global v. Kiewit Underscores the Importance of NDAs,” November 14, 2024.

⁷⁰ Reuters, September 19, 2024 (Tom Shelby, President of Kiewit Energy, at Gastech conference: “There is no ongoing litigation, the matter has been resolved.” Shelby declined to comment on plant operational status).

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sales. VG's response was not to address the underlying plant-status question but to sue to suppress the flow of information to its contractual counterparties. The pattern—resist external verification, litigate to control information flow, settle when cornered—maps directly onto the control-fraud framework's prediction that entities engaged in visible misconduct will invest significant resources in maintaining informational asymmetry.

At Plaquemines, the EPC contractor is KZJV LLC, a joint venture whose co-owner, Zachry Industrial, Inc., filed for Chapter 11 bankruptcy protection in 2024. Zachry emerged from bankruptcy in 2025, but the episode forced VG to mitigate construction impacts during a critical phase of the build. The trajectory—a \$320 million arbitration payout and a confidentiality lawsuit at Calcasieu Pass, followed by contractor bankruptcy at Plaquemines—compounds the execution risk inherent in VG's decision to retain primary construction management responsibility rather than transferring it to a single EPC counterparty.

CP2, the company's third major liquefaction project (29.0 MTPA expected capacity, estimated cost of \$32.5–\$33.5 billion across two phases), is progressing, described as on budget and on track for first production in late 2027.

At CERAWEEK on March 23, 2026, Sabel stated that Venture Global expects CP2 to produce LNG at 150% of its 20 million metric ton per annum nameplate capacity—a claim that, if realized, would significantly increase uncontracted volumes available for spot or short-term sales during commissioning. Sabel also indicated the company could add 40 MTPA of capacity through proposed expansions at Plaquemines and CP2.⁷¹ These projections have not been reflected in SEC filings and represent forward-looking statements made at an industry conference. Sabel separately noted that despite receiving DOE authorization to increase exports, VG does not expect additional production beyond what was already planned for the remainder of 2026.⁷²

The company has filed applications with FERC to increase the peak authorized liquefaction capacity of both Plaquemines and CP2 to 35 MTPA each, and has separately filed for permitting and approval of a 31.0 MTPA bolt-on expansion at Plaquemines.⁷³ The scale of capital deployment across simultaneous mega-projects represents material construction and execution risk.

Arbitration Exposure

Venture Global's FY2025 Form 10-K provides the most detailed disclosure to date of the company's arbitration exposure arising from disputes with customers of the

⁷¹ Williams, Curtis. "Venture Global Holding Discussions to Settle Pending Arbitration Cases, CEO Says." *Reuters*, March 23, 2026

⁷² Ibid. See also U.S. Department of Energy, Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas, DOE/FECM Order No. 5264 (March 19, 2025).

⁷³ Venture Global Q4 and Full Year 2025 Results, page 11, footnotes 1, 3, 4.

https://s205.g4cdn.com/622838971/files/doc_news/Venture-Global-Reports-Fourth-Quarter-and-Full-Year-2025-Results-2026.pdf

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Calcasieu Pass LNG project. Several long-term LNG buyers have alleged that the company breached its contractual obligations by failing to declare the project's Commercial Operations Date (COD) in a timely manner under their Sales and Purchase Agreements (SPAs).

The arbitration outcomes to date have been mixed. However, the largest proceeding—the dispute with BP—resulted in a finding that Venture Global had breached its contractual obligations.

The BP Arbitration

The most consequential proceeding is BP's.⁷⁴

On October 8, 2025, an International Chamber of Commerce (ICC) tribunal issued a partial final award concluding that Venture Global Calcasieu Pass (VGCP) had breached its obligation to declare COD in a timely manner and to operate as a “Reasonable and Prudent Operator.”⁷⁵ The tribunal did not determine damages in this ruling. Instead, the amount of compensation will be decided in a separate damages hearing expected in 2026 or 2027.⁷⁶

BP is seeking damages ranging from \$3.7 billion to potentially in excess of \$6.0 billion, in addition to interest, costs, and attorneys' fees, according to the company's disclosure material, but some media reports cite a lower number. Venture Global has disclosed that it does not expect the final award to be subject to the contractual aggregate liability cap contained in the BP SPA, meaning the company's potential exposure in this case could be uncapped.⁷⁷

Resolved Customer Arbitrations

Two other major customer arbitrations have already been resolved in Venture Global's favor.

- **Repsol arbitration:** Repsol sought damages in excess of \$400 million. In January 2026, an ICC tribunal denied the claim in full and ordered Repsol to pay Venture Global's legal costs.
- **Shell arbitration:** Shell sought approximately \$1.7 billion in damages. The ICC tribunal denied the claim in August 2025, finding no breach of contract. Shell has since filed a petition in New York Supreme Court seeking to vacate the award.

⁷⁴ S&P Global Ratings. “Venture Global Calcasieu Pass Outlook Revised To Negative After Arbitration Ruling, ‘BBB-’ Rating Affirmed.” October 16, 2025. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/101651771>.

⁷⁵ Williams, Curtis. “BP Wins Arbitration Case against Venture Global over LNG Cargoes.” Energy. *Reuters*, October 10, 2025. <https://www.reuters.com/business/energy/bp-wins-arbitration-case-against-venture-global-over-lng-cargoes-2025-10-09/>.

⁷⁶ Venture Global FY2025 form 10-K, pg. 100

⁷⁷ Venture Global 2025 10-K, page 100 <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

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A fourth dispute with a mid-term customer seeking approximately \$200 million was settled in September 2025 with no material financial impact on the company.⁷⁸

Settlement Discussions

On March 23, 2026, at the CERAWEEK conference in Houston, CEO Michael Sabel publicly confirmed that Venture Global is holding discussions to settle the remaining pending arbitration cases.⁷⁹ Sabel characterized the company's record as mixed—winning against Shell and Repsol, losing against BP—and stated that VG is "open to settling the remaining arbitration cases."⁸⁰ The disclosure is notable both for its timing and its venue: a public industry conference rather than a regulatory filing. Whether settlement discussions reduce or merely restructure the company's contingent liabilities will depend on terms that have not been disclosed. For investors, the signal is ambiguous: willingness to settle may indicate a desire to remove legal overhangs ahead of Plaquemines COD, but it may also reflect a reassessment of litigation risk following the BP adverse finding.

Pending Customer Arbitrations

The annual report identifies several additional arbitrations that remain unresolved.

- One LCIA arbitration seeks approximately \$1.5 billion in damages, potentially subject to increase. A hearing was held in October 2024, and an award is expected in 2026.
- A second ICC arbitration seeks more than \$400 million. Hearings were completed in June 2025, with a decision also anticipated in 2026.
- A third arbitration, filed in December 2023, seeks damages exceeding \$2.0 billion.

Separately, former employees have filed claims related to stock-option grants seeking \$181–\$280 million in aggregate damages.⁸¹

Contractual Liability Caps

The annual report also states that the aggregate seller liability cap across the remaining post-COD SPAs—excluding BP—totals \$595 million. However, several counterparties dispute whether these contractual limitations apply and are pursuing damages well in excess of those caps.

⁷⁸ Venture Global 2025 10-K Annual Monitoring Report <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

⁷⁹ Williams, Curtis. "Venture Global Holding Discussions to Settle Pending Arbitration Cases, CEO Says." *Reuters*, March 23, 2026.

⁸⁰ Ibid.

⁸¹ Venture Global FY2025 10-K Annual Monitoring Report <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

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Because the BP tribunal has already determined liability and because that claim may not be subject to the contractual cap, the BP damages hearing represents the single largest contingent liability currently facing the company.

The table below summarizes the current status of all proceedings we are aware of:

| Counterparty | Status | Outcome/Exposure |
|------------------------------------|----------------------|---|
| BP Gas Marketing Ltd. | Partial award issued | Breach found. Damages hearing pending (2026/2027). BP seeking \$3.7B–\$6.0B+. Not subject to aggregate liability cap. |
| Shell NA LNG LLC | VG won | No breach found. Shell seeking to vacate in NY Supreme Court. Shell sought ~\$1.7B. |
| Repsol | VG won | No breach found (Jan 2026). Repsol sought >\$400M. Required to pay VG attorneys' fees. |
| Mid-term customer | Settled | Sought ~\$200M. Settled Sept 2025 with no material impact. |
| Long-term customer (LCIA) | Pending | Seeking ~\$1.5B (potentially subject to increase). Hearing Oct 2024; award anticipated 2026. |
| Long-term customer (ICC) | Pending | Seeking >\$400M. Hearing June 2025; award anticipated 2026. |
| Long-term customer (ICC, Dec 2023) | Pending | Seeking damages in excess of \$2.0B. |
| Former employees | Pending | Seeking \$181M–\$280M aggregate (stock option grant disputes). |

Note (March 23, 2026): The unnamed pending counterparties in the table above include some or all of Edison, Orlen, and Galp—the remaining Calcasieu Pass foundation customers identified in Reuters reporting as having filed arbitration cases in 2023.⁸² Sabel's CERAWeek remarks confirm active settlement discussions with these parties.

Stock Performance and Securities Litigation

Venture Global's stock declined approximately 42% from its IPO price through early 2026, but has since rebounded sharply—rising approximately 60% since the outbreak of the Iran conflict in February 2026, according to the *Wall Street Journal*.⁸³ As of March 23, 2026, VG shares were trading at approximately \$14.85,⁸⁴ reflecting a rapid recovery driven by the Qatar disruption. The stock has risen approximately 14.5% in a single

⁸² Williams, Curtis. "Venture Global Holding Discussions to Settle Pending Arbitration Cases, CEO Says." *Reuters*, March 23, 2026. Reuters identifies Shell, BP, Repsol, Orlen, and Edison as companies that filed arbitration cases in 2023. Galp is identified as a foundation SPA customer in VG's 10-K FY2025 filings but is not named in the Reuters report as a party to the CERAWeek settlement discussions.

⁸³ Morenne, Benoît, and Collin Eaton. "U.S. Gas Exporters Stand to Be the Big Winners of the Energy Crisis." *Wall Street Journal*, March 20, 2026.

⁸⁴ CNN Markets, VG stock quote, accessed March 23, 2026. <https://www.cnn.com/markets/stocks/VG>

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session following further reports of Ras Laffan damage. The recovery has been accompanied by significant insider selling—approximately \$130.5 million in executive share dispositions on March 19 alone⁸⁵—a development examined in Section 5.2.1. The stock remains below its IPO price as of this writing.

It trades at a P/E multiple of approximately 7x against an LNG sector average of 13.2x, with analyst consensus forecasting annual earnings declines of 7.7% against broader market growth of 11% per year.⁸⁶ Josef Schuster of Ipx Schuster characterized the offering as ranking at the bottom of performance for energy IPOs in the firm's database.

Two securities class action lawsuits have been filed.

The first, filed in the Southern District of New York in February 2025, names Sabel, Pender, and other executives specifically, alleging that investors purchased stock based on materially misleading information about VG's ability to fulfill SPA obligations.⁸⁷

The second, filed originally in the Eastern District of Virginia in April 2025 and subsequently transferred to the Southern District of New York, alleges that VG's IPO materials failed to disclose material risks—specifically the arbitration exposure—that had already crystallized before the IPO.⁸⁸

Market Assessment and Analytical Gaps

As of March 2026, fifteen sell-side analysts cover Venture Global. The consensus rating is Buy. Price targets range from \$5 to \$22 (Morgan Stanley), with a consensus average of approximately \$13 to \$15. The wide target dispersion indicates substantial disagreement about fundamental valuation—made more striking by the fact that the widest range now belongs to a single firm, Morgan Stanley, whose target moved from \$8 to \$22 in less than a month. Coverage is split: approximately 46% rate the stock Strong Buy or Buy, 38% Hold, and 16% Sell or Underweight.⁸⁹ The wide target

⁸⁵ SEC Form 4 filings for Jonathan Thayer, Keith D. Larson, and Sarah Blake (March 19, 2026). See also "Top Executives Quietly Unload Massive Blocks of Venture Global Stock," *TipRanks*, March 19, 2026.

<https://www.tipranks.com/news/insider-trading/top-executives-quietly-unload-massive-blocks-of-venture-global-stock-insider-trading-news>

⁸⁶ Simply Wall St, "Venture Global, Inc. Not Doing Enough for Some Investors as Its Shares Slump 26%" (December 16, 2025).

⁸⁷ U.S. District Court, Southern District of New York: *Complaint for Violations of the Federal Securities Laws*. Gerald Bowes v. Venture Global, Inc. et al. (No. 1:25-cv-01364). <https://www.bernlieb.com/wp-content/uploads/2025/02/20250219-11f62dc9d1be.pdf>

⁸⁸ FirstFire Global Opportunities Fund, LLC v. Venture Global, Inc. et al., No. 1:25-cv-04642 (S.D.N.Y.). <https://edge.sitecorecloud.io/labatonsuch7f2a-labaton3fb7-prod84fc-bc44/media/Project/Labaton/Master/Master-Site/Cases/Case-Materials/Ongoing-Cases/FirstFire-Global-Opportunities-Fund-LLC-v-Venture-Global-Inc/68925151f37711b4c7b87486Venture-Global-Inc.pdf>

⁸⁹ Analyst ratings and price targets from StreetInsider, TipRanks, MarketBeat, and Investing.com (accessed March 2026). Of fifteen covering analysts, approximately 46% rate Strong Buy or Buy, 38% Hold, and 16% Sell or Underweight.

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dispersion—a spread of nearly \$13, or more than 100% of the current share price—indicates substantial disagreement about fundamental valuation.

The bull thesis rests on three pillars: LNG demand growth (global LNG demand is projected to nearly double to 720 mtpa by 2050, per S&P Global Commodity Insights⁹⁰); Plaquemines ramp-up and margin expansion as commissioning volumes convert to contracted sales; and favorable arbitration outcomes, which analysts frame as removing legal overhangs and improving investor sentiment. Goldman Sachs, for example, reiterated its Buy rating in March 2026 specifically citing the New York Supreme Court's dismissal of Shell's appeal, characterizing it as a positive catalyst.⁹¹ Bank of America raised its price target from \$11 to \$13 in March 2026 on the basis of updated earnings forecasts and expanded margin expectations for 2026–2027.⁹²

Morgan Stanley's coverage of Venture Global illustrates the speed at which analyst frameworks can shift in response to geopolitical events—and the limitations of such frameworks. In February 2026, Morgan Stanley initiated coverage with an Underweight rating and an \$8 price target, the most bearish on the Street, citing margin risk: approximately 50% of VG's projected sales over 2026–2029 are exposed to market pricing, creating downside risk to consensus EBITDA if LNG spreads contract.⁹³ Less than a month later, on March 22, 2026, Morgan Stanley reversed course, upgrading VG to Overweight with a \$22 price target—citing the damage to Qatar's Ras Laffan hub and the resulting tightening of global gas markets.⁹⁴ The underlying margin sensitivity Morgan Stanley identified in February—each \$1 change in marketing margin impacting the firm's estimate by 18%, averaging 27% sensitivity over the forecast period—has not changed. What changed was the direction of the price move. This is precisely the dynamic the control-fraud framework identifies: when analysis is tethered to commodity price assumptions rather than institutional risk indicators, the same structural exposure is characterized as bearish or bullish depending on the direction of the exogenous shock.

JPMorgan downgraded VG from Overweight to Neutral in January 2026 on similar concerns about near-term commodity exposure.⁹⁵

⁹⁰ S&P Global Commodity Insights, Global LNG Demand Outlook (2024). Projection: global LNG demand rising from 361 mtpa (2020) to 720 mtpa (2050).

⁹¹ Goldman Sachs, analyst note on Venture Global, Inc. (NYSE: VG), March 3, 2026, reiterating Buy rating and \$15.00 price target following New York Supreme Court dismissal of Shell's appeal of August 2025 arbitration ruling. Reported by Investing.com.

⁹² Bank of America, analyst note on Venture Global, Inc. (NYSE: VG), March 3, 2026, raising price target from \$11 to \$13 and reiterating Buy. Reported by TheFly and Insider Monkey.

⁹³ Morgan Stanley, initiation of coverage on Venture Global, Inc. (NYSE: VG), February 24, 2026, Underweight rating, \$8.00 price target. Analyst: Devin McDermott. Reported by Investing.com and GuruFocus.

⁹⁴ "Why Venture Global, Inc. Class A Shares Are Sinking." *TipRanks*, March 22, 2026.

<https://www.tipranks.com/news/catalyst/why-venture-global-inc-class-a-shares-are-sinking-2>. See also "Venture Global Stock Jumps as LNG Disruption Bites," *TipRanks*, March 20, 2026.

<https://www.tipranks.com/news/catalyst/venture-global-stock-jumps-as-lng-disruption-bites>

⁹⁵ JPMorgan, downgrade of Venture Global, Inc. (NYSE: VG) from Overweight to Neutral, January 27, 2026, with price target raised from \$10 to \$11. Reported by TipRanks.

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Both the bull and bear cases acknowledge arbitration exposure and leverage as risk factors. These are standard disclosures in every initiation report. The dual-class share structure and controlled-company status are similarly catalogued. No analyst covering VG is unaware of these facts—they appear in the company's own S-1, 10-K, and proxy filings, and every initiation would have flagged them as risk factors.

What is absent from publicly available sell-side research—across both buy- and sell-rated coverage—is a systematic assessment of how these individually acknowledged risk factors interact as a governance system. Specifically:

The Governance-Operations-Arbitration Chain

Current coverage treats arbitration as a discrete legal risk: analysts model potential liability ranges and assign probabilities. Favorable outcomes are treated as catalysts.

What this approach fails to ask is *why* Venture Global faces simultaneous arbitration proceedings with multiple major counterparties—BP, Shell, Edison, Repsol, and others—on substantively similar allegations.

At the center of these cases is the same underlying conduct: selling commissioning cargoes at spot prices instead of delivering under long-term SPA obligations. That was not a one-off decision. It was an operational strategy.

That strategy, in turn, was enabled by the company's governance structure. Strategic authority is concentrated in two individuals who control roughly 98% of voting power, and executive compensation is not tied to disclosed performance metrics.

An integrated risk assessment connects these elements. Governance structure (Section 4) shapes operational behavior (Section 2), which drives arbitration exposure (Section 3.4), which in turn feeds into capital structure strain (Section 3.1). They are not separate variables, but links in a single risk chain.

Environmental Compliance as a Financial Risk Indicator

No analyst report reviewed for this paper incorporates the environmental compliance record documented in Section 2. That record includes LDEQ inspection findings, repeated downward revisions of emissions data, a ten-month period without an Energy Management System, and the findings of the Environmental Integrity Project's "*Terminal Trouble*" report.

This gap is not unique to Venture Global. As discussed in Section 7.5 and Appendix F.6, ratings agencies do not systematically account for environmental reporting reliability in their assessment of any LNG issuer.

The result is consistent across markets: equity research omits environmental risk, and credit analysis does the same.

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Compensation Opacity

Venture Global discloses that it “does not use any financial performance measures to link executive compensation to Company performance” (10-K, FY2024). This is a basic governance signal. Yet it does not appear in any publicly available analyst note as a risk factor.

In standard equity research, compensation structure is used as a proxy for alignment between management and shareholders. At Venture Global, that alignment is already limited: public shareholders hold roughly 2% of voting power. The absence of performance-based compensation compounds the problem, creating a level of misalignment more acute than at any publicly traded peer (see Appendix F).

Structural Incentives in Coverage Initiation

Sell-side coverage of newly public companies follows a well-documented pattern in academic finance. Analysts affiliated with IPO underwriters tend to issue more favorable ratings than independent analysts.⁹⁶

Venture Global fits that pattern. Goldman Sachs, J.P. Morgan, and BofA Securities served as joint lead book-running managers on its January 2025 IPO, and all three later initiated coverage with Buy or Overweight ratings.

This is not an allegation of bias. It is a structural dynamic that institutional investors routinely factor into their reading of sell-side research.

Information Asymmetry

The gap between the documented record in this paper and the risks reflected in sell-side consensus is itself a data point. It suggests that Venture Global’s governance risks are not fully priced.

This is not necessarily a failure of individual analysts. It reflects how the work is structured. Standard equity research separates governance, operational, environmental, and legal risks into distinct categories, rather than analyzing how they interact.

The control-fraud framework (Section 1) takes a different approach. It treats these elements as connected and asks a broader question: does the pattern of behavior across them point to an entity optimized for value extraction rather than long-term value creation? That is a question the sell-side framework is not designed to ask.

⁹⁶ Hsiou-wei Lin and Maureen F. McNichols, “Underwriting Relationships, Analysts’ Earnings Forecasts and Investment Recommendations,” *Journal of Accounting and Economics*, Vol. 25, No. 1 (February 1998), pp. 101–127. [https://doi.org/10.1016/S0165-4101\(98\)00016-0](https://doi.org/10.1016/S0165-4101(98)00016-0); Roni Michaely and Kent L. Womack, “Conflict of Interest and the Credibility of Underwriter Analyst Recommendations,” *Review of Financial Studies*, Vol. 12, No. 4 (July 1999), pp. 653–686. <https://doi.org/10.1093/rfs/12.4.653>. Note that both studies draw on pre-2003 data. The 2003 Global Analyst Research Settlement introduced structural reforms—including mandatory separation of research and investment banking compensation—that attenuated, though did not eliminate, the documented bias. The structural dynamic described here remains a recognized consideration in institutional interpretation of affiliated sell-side research.

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Geopolitical Shock: The U.S.-Israeli War and LNG Market Volatility

The outbreak of the U.S.-Israeli War against Iran in February 2026 has introduced a new layer of geopolitical and financial instability that materially affects Venture Global's near-term risk profile. While the company's FY2025 results reflect strong headline growth, the conflict has altered several of the macro-assumptions underpinning its credit outlook.

Maritime Risk Has Increased Sharply

Insurance premiums for LNG carriers transiting the Strait of Hormuz and adjacent corridors have risen significantly, and rerouting options add both cost and delay. For a company whose commissioning-phase revenues rely heavily on opportunistic spot sales, higher shipping and insurance costs directly compress margins.

Spot Market Volatility Has Intensified

The conflict has produced rapid, unpredictable swings in global LNG prices. This volatility amplifies the instability of Venture Global's revenue model, which Fitch Ratings has already identified as unusually dependent on commodity-linked spot sales during the 2023–2027 period. The war therefore compounds an existing structural exposure rather than creating a new one.

Financing Conditions Have Tightened

Lenders are reassessing exposure to energy infrastructure with high geopolitical sensitivity, particularly projects requiring multi-billion-dollar syndicated debt. For a company with \$34.8 billion in outstanding obligations and ongoing capital requirements for Plaquemines and CP2, higher risk premia translate into more expensive refinancing and reduced flexibility.

Qatar Capacity Loss Reshapes the Supply Outlook

On March 20, 2026, QatarEnergy disclosed that Iranian strikes had destroyed approximately 17% of its LNG export capacity at Ras Laffan. Repairs could take up to five years, with estimated annual revenue losses of \$20 billion.⁹⁷ Analysts say the world has lost nearly 12 billion cubic feet per day of natural gas supply—roughly one-fifth of global LNG flows.⁹⁸

S&P Global Energy estimates that the global LNG industry could theoretically add 2.3 to 2.8 million tons per month of additional cargoes from April through June, but that would cover less than half of Qatar's roughly 7 million monthly tons.⁹⁹

⁹⁷ Morenne, Benoît, and Collin Eaton. "U.S. Gas Exporters Stand to Be the Big Winners of the Energy Crisis." *Wall Street Journal*, March 20, 2026. <https://www.wsj.com/business/energy-oil/u-s-gas-exporters-stand-to-be-the-big-winners-of-the-energy-crisis-c31f73a6>

⁹⁸ Ibid

⁹⁹ Ibid., citing Ross Wyeno, analyst at S&P Global Energy.

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For Venture Global, the impact is immediate. The company holds uncontracted volumes that will now command significantly higher prices on the spot market—the same spot-market dependence that Fitch Ratings flagged as a structural vulnerability.

CEO Sabel told investors that "Venture Global stands ready to help keep the markets stabilized and supplied."¹⁰⁰ In effect, a known vulnerability—dependence on spot markets—has become a near-term bonanza.

But the underlying risk has not gone away. When the crisis eases or new supply comes online, that same exposure will work in reverse.

Specifically: the Iran war has tightened supply for now, but it also raises the risk of oversupply in the next phase. When Middle Eastern volumes return, they will hit a market already facing a major U.S. buildout, including Plaquemines, CP2, Rio Grande, and Port Arthur. That creates a risk of too much supply at exactly the time Venture Global needs stable cash flow to service its debt.

The Iran war created a temporary supply shock — but it *increases* the probability of medium-term LNG oversupply.



The Iran war delays supply but does not remove it. When Middle East volumes return, they collide with a massive U.S. buildout — creating oversupply risk precisely when VG needs stable cashflows

Figure 9: Oversupply risk—short-term shock (2026–2027), medium-term reality (2027–2030), and structural demand weakness (Responsible Alpha). The Iran war created temporary supply tightness but increases the probability of medium-term LNG oversupply as delayed Middle East volumes collide with a massive U.S. buildout.

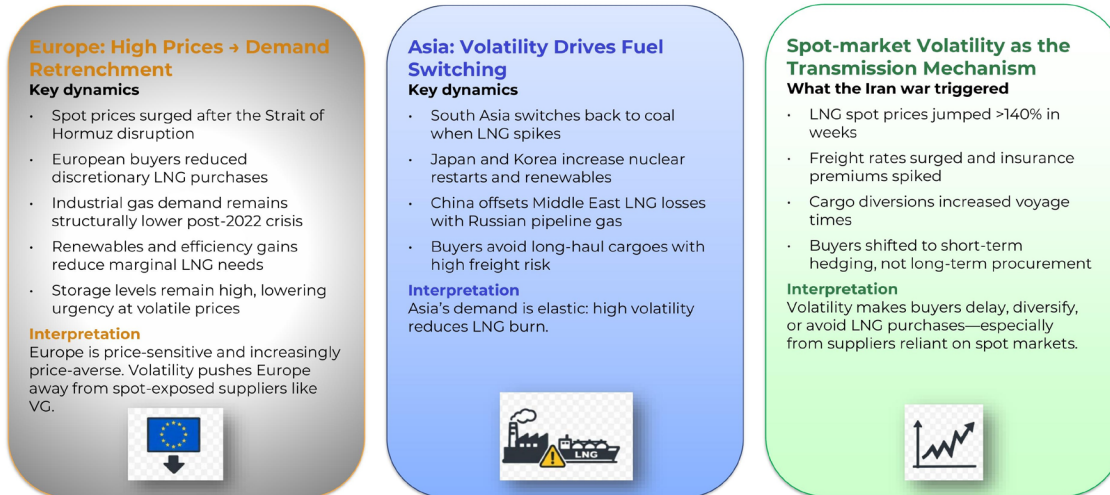
Demand trends reinforce this risk.

High prices driven by the Iran conflict are already reducing demand. In South Asia, buyers are switching back to coal in the short term. In Europe, buyers are cutting discretionary purchases and accelerating investments in efficiency and renewables. In China, lost Middle Eastern LNG is being replaced with Russian pipeline gas.

¹⁰⁰ Ibid., quoting Michael Sabel.

These shifts are driven by volatility in the spot market. Price spikes do not just affect supply—they also weaken demand over time.

Iran conflict-driven price shocks are prompting retrenchment, fuel switching, and short-term hedging over long-term procurement



Net effect: spot volatility transmits supply shocks into weaker LNG demand—via price sensitivity in Europe and fuel-switching in Asia.

Figure 10: Spot-market volatility reshapes LNG demand—Europe, Asia, and the transmission mechanism (Responsible Alpha). Iran conflict-driven price shocks are prompting demand retrenchment in Europe, fuel switching in Asia, and a buyer shift toward short-term hedging—all of which disadvantage spot-exposed suppliers.

The short-term tailwinds are real but asymmetric. Higher spot prices boost revenue from commissioning cargoes. U.S. Gulf Coast projects benefit from shorter shipping distances. Some European buyers are actively diversifying supply.

But all of these benefits depend on the conflict continuing.

The downside scenario does not. If the war ends, the market faces a different set of conditions: oversupply, falling prices, normalized demand, and expanding arbitration exposure as lower prices increase the cost of past decisions.

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The Iran war tightened supply — but it also destabilized demand. Europe and Asia are responding with caution, substitution, and strategic retrenchment. Spot-market volatility is the transmission channel

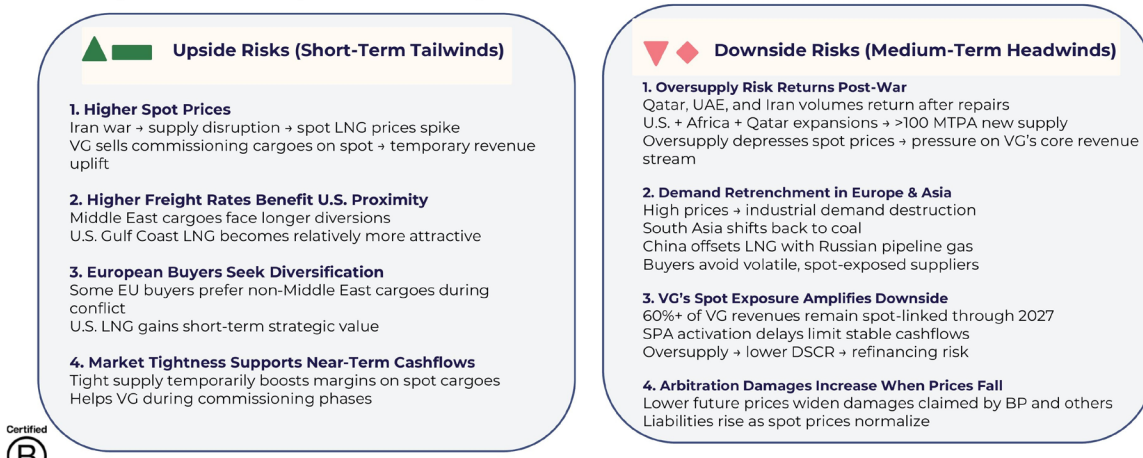


Figure 11: Supply and demand impacts from the Iran War on Venture Global—upside and downside risks. Short-term tailwinds are real but conditional on the conflict continuing; medium-term headwinds from oversupply, demand retrenchment, and arbitration exposure are structural.

Has Venture Global Captured the Rally?

A key question after the March 2026 rally is whether Venture Global locked in high LNG prices using derivatives. The company's FY2025 Form 10-K, filed March 2, 2026, is the main source for this—and what it shows is as notable for what it does not include as for what it does.¹⁰¹

The company reports only two types of derivatives:

1. Interest-rate swaps tied to variable-rate project debt, and
2. Natural gas supply contracts covering feedgas inputs.

It does not report any hedges tied to LNG sale prices (such as TTF or JKM), nor any hedges for shipping costs or rerouting risk. The only disclosed way it manages price exposure is through the "115% of Henry Hub" pricing formula in long-term sales contracts. This passes fuel cost changes to buyers, but it does not hedge the company's revenue.

¹⁰¹ Venture Global, Inc., Annual Report (Form 10-K) for fiscal year ended December 31, 2025, filed March 2, 2026. Item 7A (Quantitative and Qualitative Disclosures about Market Risk) discloses interest-rate-swap coverage of "between 50% to 97% of our variable rate debt" and describes commodity-price risk management as occurring through the SPA variable-commodity-fee formula rather than through derivative instruments on LNG sale prices. Note 12 (Derivative Instruments) reports outstanding interest-rate swaps with notional of \$13.552 billion across the CP2, Plaquemines, Blackfin, and Calcasieu Pass credit facilities, and natural-gas supply contracts with a notional of 3,613 million MMBtus as of December 31, 2025. No derivative instruments hedging LNG sale prices are disclosed.

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The 10-K was signed on March 2, 2026—two days after hostilities began on February 28, and eighteen days before the March 20 strike that cut roughly 17% of Qatar's LNG export capacity. As a result, the filing reflects the company's pre-war hedge position.

Based on current public disclosures, Venture Global appears to have kept its exposure to the price rally rather than hedging it. Gains from higher prices flow directly to its uncontracted spot sales, without any derivative protection—either on the upside or the downside. This has supported earnings through March 2026. If prices fall—due to a resolution of the conflict or new supply coming online—the same exposure would reduce earnings.

This creates a built-in information gap. Management can see the company's hedge position in real time, but outside investors cannot. That information does not appear in CFTC data or swap reporting and only becomes public in periodic SEC filings.

This gap is relevant in light of executive share sales. Three executives who adopted Rule 10b5-1 trading plans in late 2025 sold roughly \$130 million in shares on March 19, 2026 (Section 5.2.1). At that time, they had access to internal hedge information that the market will not see until the Q1 2026 Form 10-Q is filed in May.

Within the framework used in Section 1, this gap between real-time insider visibility and quarterly public disclosure is the architecture through which extractive conduct becomes possible in closely held, founder-controlled entities—and the architecture through which it remains invisible to the market until after the fact. The next key data point will be the Q1 2026 10-Q, which will show whether the company's pre-rally disclosure pattern has continued or changed.

Section 4: Governance Analysis

Control Structure

Venture Global is classified as a “controlled company” under NYSE listing standards. As of February 13, 2026, VG Partners owned 1,968,604,458 shares of Class B common stock—100% of all Class B shares—with ten votes per share, giving co-founders Michael Sabel and Robert Pender approximately 98% of voting power. Public investors hold 488,365,847 Class A shares with one vote per share, representing the remaining

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approximately 2% of total voting power—an example of governance insulation as defined in Section 1.¹⁰²

Controlled company status exempts VG from NYSE requirements mandating fully independent Compensation and Nominating Committees. The VG 10-K explicitly states: “Consistent with these exemptions, we do not have an independent compensation committee or an independent nominating and corporate governance committee.” Only the Audit Committee consists of fully independent directors.¹⁰³

Executive Compensation

CEO Michael Sabel received total compensation of \$36.29 million in FY2024, including a base salary of \$7.5 million.¹⁰⁴ Sabel's base salary alone is approximately 3.8 times the base salary of ExxonMobil's CEO Darren Woods, whose FY2024 base salary was \$1.96 million. Co-founder and Executive Co-Chairman Robert Pender received a base salary of \$3.5 million—approximately 1.8 times ExxonMobil's CEO base.¹⁰⁵

VG's own April 2025 proxy statement is explicit on the basis for compensation determination: the company states that it “does not use any financial performance measures to link executive compensation to Company performance” and relies instead on “a qualitative evaluation of individual and Company performance” by the Compensation Committee.¹⁰⁶ The Compensation Committee is composed of Sabel, Pender, and a single ostensibly independent director—who assessed his own independence on behalf of the board, with no external verification of the assessment.¹⁰⁷ Unlike dual-class structures at companies such as Alphabet or Meta, Venture Global also claims the NYSE controlled-company exemption, meaning its compensation committee is not required to be independent. As a result, the executives whose pay is being set also control the committee that sets it.

The Compensation Committee that sets Michael Sabel's compensation includes Michael Sabel. The independence assessment that qualified the third committee member was performed by the board that Sabel and Pender control. The metrics used to determine compensation are not disclosed. This is the control structure that

¹⁰² Venture Global, Inc., *Annual Report (Form 10-K)* (filed March 2, 2026), Items 1A and 12. Class B voting rights (10:1) <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf> “Controlled company” status verified per Second Amended and Restated Certificate of Incorporation (Jan 27, 2025) <https://www.sec.gov/Archives/edgar/data/2007855/000119312525013467/d907431dex31.htm>

¹⁰³ Ibid., Compensation Committee Disclosure; NYSE controlled company exemptions.

¹⁰⁴ Venture Global, Inc., Form DEF 14A Proxy Statement, fiscal year ended December 31, 2024, filed April 2025. Executive Compensation tables.

<https://www.sec.gov/Archives/edgar/data/2007855/000119312525071787/d906341ddef14a.htm>

¹⁰⁵ ExxonMobil Corporation, Form DEF 14A Proxy Statement, fiscal year ended December 31, 2024, filed April 2025. Summary Compensation Table. Woods' FY2024 base salary: \$1,969,000. Sabel's base salary of \$7.5 million represents approximately 3.8x this figure; Pender's base salary of \$3.5 million represents approximately 1.8x.

¹⁰⁶ Venture Global, Inc., Form DEF 14A Proxy Statement, fiscal year ended December 31, 2024, pp. 20 and 29. . <https://www.sec.gov/Archives/edgar/data/2007855/000119312525071787/d906341ddef14a.htm>

¹⁰⁷ Venture Global, Inc., Form S-1 Registration Statement, January 2025, p. 235. <https://content.edgar-online.com/ExternalLink/EDGAR/0001193125-25-004922.html>

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produced \$36.29 million in CEO pay in a year the company's stock fell 42% and its FCF margin was -232%.

Board Structure and Conflicts

Sari Granat sits on the VG board of directors.¹⁰⁸ She simultaneously serves on the board of Assurant, Inc. (NYSE: AIZ), a Fortune 500 specialty insurer and the market leader in lender-placed homeowners insurance—the coverage placed by mortgage servicers on properties when voluntary insurance has lapsed or been cancelled.¹⁰⁹ Assurant operates across all fifty states, including Louisiana, where an ongoing property insurance crisis driven in part by climate-related losses has left an estimated 120,000 homeowners scrambling for coverage since 2022.

VG's own disclosures identify the deterioration of Louisiana's insurance market as a material risk factor for the communities surrounding its facilities.¹¹⁰ Whether Granat's concurrent board service at a major insurer with direct exposure to that market was reviewed under VG's conflict-of-interest policy has not been disclosed. VG's governance documents do not address this relationship.

LSU Partnership

Venture Global has a sponsorship arrangement with Louisiana State University that includes VG branding on the 25-yard line of Tiger Stadium.¹¹¹ LSU's engineering and environmental science programs conduct research that may bear on regulatory assessments relevant to VG's facilities. The nature and scope of this sponsorship, and any conditions attached to it, have not been publicly disclosed by either party. Research institutions' independence is of particular concern where they may conduct, or be perceived to conduct, analysis relevant to a major sponsor's regulatory standing.

¹⁰⁸ Venture Global, Inc., Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2025, filed March 2, 2026, at 198 (listing Sari Granat as director).

<https://www.sec.gov/Archives/edgar/data/0002007855/000200785526000010/vginc10-kxye2025.htm>.

¹⁰⁹ Assurant, Inc., "Lender-Placed Insurance and Outsourcing Mortgage Services," <https://www.assurant.com/lender-placed-insurance> (accessed March 10, 2026). Assurant describes itself as a leading provider of lender-placed homeowners' insurance, offering hazard, flood, wind, and REO insurance coverage nationwide. See also Coverage Cat, "Assurant Insurance Review [Updated 2025]," <https://www.coveragecat.com/reviews/assurant> (accessed March 10, 2026) ("Assurant is the market leader in lender-placed insurance"). Granat's concurrent service on the Assurant board is a matter of public record; she is also listed on the boards of VideoAmp, Inc. See Assurant, Inc., 2025 Proxy Statement.

¹¹⁰ On the Louisiana insurance crisis, see Louisiana Department of Insurance, "Commissioner Temple Highlights Positive Trends in Louisiana Property Insurance Market," March 2025 (noting approximately 120,000 Louisiana property owners were displaced after providers exited the market in 2022–2023); Insurance.com, "Louisiana Homeowners Insurance Crisis: What You Need to Know," updated July 9, 2025, <https://www.insurance.com/home-and-renters-insurance/louisianas-property-insurance-crisis>. On VG's identification of Louisiana insurance market conditions as a material risk factor, see Venture Global, Inc., Annual Report on Form 10-K for the Fiscal Year Ended December 31, 2025, Risk Factors, filed March 2, 2026.

¹¹¹ "LSU Athletics Expands Partnership with Venture Global." Text. *LSU*, September 6, 2025. World.

<https://lsusports.net/news/2025/09/06/lsu-athletics-expands-partnership-with-venture-global/>.

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Section 5: Political Economy and Regulatory Context

The Quid Pro Quo Meeting

Venture Global's regulatory approvals have unfolded alongside a series of political contacts and financial transactions that have drawn scrutiny from Congressional investigators and U.S. lawmakers.

A bicameral, multi-committee Congressional investigation found that Michael Sabel attended a 2024 meeting at the Mar-a-Lago resort in which then-candidate Donald Trump offered to fast-track energy approvals and roll back regulations in exchange for \$1 billion in campaign contributions from oil and gas industry representatives.¹¹²

Sabel and VG subsequently declined to meet with committee staff and provided written responses that the investigation characterized as "woefully inadequate."¹¹³

Venture Global was subsequently reported to be among the top donors to Trump's January 2025 inauguration, contributing \$1 million.¹¹⁴

The Insider Trading Inquiry

SEC Form 4 filings show that between March 11 and March 14, 2025, Venture Global co-founders Michael Sabel and Robert Pender each purchased over one million shares of VG Class A common stock at prices ranging from approximately \$9.37 to \$10.53 per share—totaling roughly \$12 million each.¹¹⁵

The purchases followed meetings with senior Trump administration officials, including Energy Secretary Chris Wright.

Days later, the DOE granted Venture Global an export license critical to its CP2 expansion plans in Europe.¹¹⁶

In December 2025, Senator Jeff Merkley (D-OR), a senior member of the Senate Appropriations and Budget Committees, called for an investigation into the timing of

¹¹² House Committee on Oversight and Accountability and Senate Finance Committee, Bicameral Investigation into Quid Pro Quo Solicitations (2024); see also Congressional correspondence with Sabel, CEO of Venture Global LNG (May 23, 2024): <https://www.budget.senate.gov/imo/media/doc/05.23.2024%20Letter%20Whitehouse-Wyden%20to%20Venture%20Global%20LNG.pdf>

¹¹³ Congressional correspondence with Sabel (September 9, 2024): <https://oversightdemocrats.house.gov/imo/media/doc/9.9.2024%20Letter%20Whitehouse-Wyden-Raskin%20to%20Venture%20Global%20LNG.pdf>

¹¹⁴ "Venture Global was among the 'top donors' to Trump's inauguration, donating \$1m." Wall Street Journal, as cited in The Guardian, December 5, 2025.

¹¹⁵ SEC Form 4 filings for Michael Sabel and Robert Pender (March 11–14, 2025): <https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0002007855&type=4&dateb=&owner=include&count=40>

¹¹⁶ Lakhani, Nina, and Joseph Gedeon. "US Senator Calls for Insider Trading Inquiry Over Trump Donors Buying \$12M Worth of Shares." The Guardian, December 10, 2025.

<https://www.theguardian.com/business/2025/dec/10/trump-donors-insider-trading-investigation-senate>

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the trades, stating they "certainly merit investigation for potential conflicts of interest and insider trading."¹¹⁷

Within days, Senators Ron Wyden (D-OR), ranking member of the Senate Finance Committee, and Chris Van Hollen (D-MD), ranking member of the Appropriations subcommittee overseeing the SEC, joined the call. Van Hollen stated that the transactions "absolutely merit further investigation."¹¹⁸ No federal agency has announced an investigation, and no finding of wrongdoing has been made.

Sabel and Pender deny wrongdoing. A Venture Global spokesperson stated that the share acquisitions "fully complied with SEC rules and regulations" and that the company "strictly adhered to all laws, rules and regulations relating to our interactions with government officials."¹¹⁹ The matter has not been formally resolved as of the date of this publication.

The March 2026 Insider Sales

The March 2025 share purchases by Sabel and Pender are not the only insider transactions that have drawn attention. On March 19, 2026—as VG shares surged on the back of the Iran-driven LNG supply disruption—three senior executives collectively sold shares worth approximately \$130.5 million. SEC Form 4 filings show CFO Jonathan Thayer sold 3,222,223 shares valued at approximately \$50.6 million; General Counsel and Secretary Keith D. Larson sold 5,000,000 shares for approximately \$76.7 million; and SVP and Chief Accounting Officer Sarah Blake sold 200,000 shares for approximately \$3.2 million.¹²⁰

The sales were conducted under pre-established 10b5-1 trading plans, as confirmed by VG's Annual Report on Form 10-K filed March 2, 2026. Item 9B of that filing discloses that General Counsel Larson adopted his plan on November 19, 2025 (covering up to 10,000,000 shares); CFO Thayer adopted his on November 24, 2025 (up to 5,000,000 shares); and CAO Blake adopted hers on December 4, 2025 (up to 1,200,000 shares). All three plans expire December 31, 2026.¹²¹

¹¹⁷ Lakhani, Nina, and Joseph Gedeon. "Top Democrats Call for Investigation into Share-Buying Spree by Trump Allies." The Guardian, December 13, 2025. <https://www.theguardian.com/us-news/2025/dec/13/trump-fossil-fuels-allies-investigation>

¹¹⁸ Lakhani, Nina, and Joseph Gedeon. "Top Democrats Call for Investigation into Share-Buying Spree by Trump Allies." The Guardian, December 13, 2025. <https://www.theguardian.com/us-news/2025/dec/13/trump-fossil-fuels-allies-investigation>

¹¹⁹ Venture Global spokesperson statement

¹²⁰ SEC Form 4 filings for Jonathan Thayer, Keith D. Larson, and Sarah Blake (March 19, 2026).

<https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0002007855&type=4&dateb=&owner=include&count=40>. See also "Top Executives Quietly Unload Massive Blocks of Venture Global Stock," *TipRanks*, March 19, 2026. <https://www.tipranks.com/news/insider-trading/top-executives-quietly-unload-massive-blocks-of-venture-global-stock-insider-trading-news>

¹²¹ Venture Global, Inc., Annual Report (Form 10-K), filed March 2, 2026, Item 9B ("Other Information—Director and Officer Trading Plans"). The filing discloses 10b5-1 plan adoption dates of November 19, 2025 (Larson), November

The plan adoption dates add a layer of complexity to the analytical picture. On one hand, the plans were established in late November and early December 2025—months before the Iran conflict began disrupting global LNG supply in February 2026, and before the resulting stock price recovery. This would ordinarily suggest the sales were not a response to the geopolitical spike. On the other hand, the plans were adopted at a time when VG shares were trading well below their \$12 IPO price, during a period when insiders had unique visibility into the company’s operational trajectory, its arbitration exposure, and the potential upside embedded in any supply disruption—visibility the market did not share. The plans also authorized substantially more shares than were actually sold on March 19: Larson’s plan covers 10 million shares (he sold 5 million); Thayer’s covers 5 million (he sold approximately 3.2 million); Blake’s covers 1.2 million (she sold 200,000). Significant selling capacity remains under all three plans through year-end 2026.

Within the control-fraud framework, the relevant question is not whether the transactions were lawful—they were—but what the full sequence signals about the relationship between insider knowledge and the crisis-driven stock price. The March 2025 purchases preceded a favorable regulatory decision; the late-2025 plan adoptions preceded a geopolitical price spike; the March 2026 sales captured that spike. In each case, insiders transacted or positioned themselves at moments of maximum informational asymmetry. Whether this pattern reflects routine portfolio management or opportunistic extraction is a question the framework identifies but cannot resolve from public data alone.

The Cassidy Donation

Co-founder Robert Pender made a \$12,000 political contribution to Senator Bill Cassidy’s campaign committee and leadership PAC.¹²² Senator Cassidy serves on the Senate Committee on Energy and Natural Resources, which has jurisdiction over LNG export policy.¹²³ The contribution was made the day before the Department of Energy approved Venture Global’s CP2 plant application for new LNG exports. The timing of this contribution and the approval has not been formally investigated.¹²⁴

The Lobbying Architecture

24, 2025 (Thayer), and December 4, 2025 (Blake), with aggregate authorized share volumes of 10,000,000, 5,000,000, and 1,200,000, respectively. All plans expire December 31, 2026.

¹²² Federal Election Commission, Bill Cassidy for US Senate (C00543983) and Cassidy Leadership Fund (C00771543), April Quarterly Report (covering period through March 31, 2025), filed April 15, 2025. <https://www.fec.gov/data/committee/C00543983/>

¹²³ U.S. Senate Committee on Energy and Natural Resources, “Subcommittee on Water and Power.” <https://www.energy.senate.gov/water-power>.

¹²⁴ Federal Election Commission (FEC), *Bill Cassidy for US Senate*, “April Quarterly Report” (April 15, 2025); see also U.S. Department of Energy (DOE), *Order Conditionally Granting Long-Term Authorization to Export Liquefied Natural Gas to Non-Free Trade Agreement Nations*, DOE/FECM Order No. 5264 (March 19, 2025). <https://aglaw.psu.edu/wp-content/uploads/2021/02/Calcasieu-FERC-Order-LNG-Export-NFTA-3.9.15-.pdf>

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VG has retained Bryan Lanza of Mercury Public Affairs as a registered lobbyist. Mercury's most recently disclosed quarterly filing reports \$80,000 in lobbying income from VG for Q4 2025; the cumulative total since the engagement began in November 2024 should be confirmed by running the full LDA filing search.¹²⁵ Lanza served as Communications Director for the Trump Transition Team in 2016–2017 and as a senior adviser on the 2024 Trump presidential campaign.¹²⁶ His clients have included, as of late 2025, Lukoil's international division as it sought buyers for global assets following US sanctions—work that overlapped with his engagement on behalf of VG. Earlier clients include the chairman of EN+ Group, a company linked to Russian billionaire Oleg Deripaska, and Chinese telecommunications manufacturer ZTE.¹²⁷ Mercury also served as the firm that initially launched Natural Allies.¹²⁸ In August 2025, Mercury—including Lanza—was retained by the government of India in connection with tariff negotiations.¹²⁹

VG has also retained former Louisiana Senator Mary Landrieu through her lobbying practice at Van Ness Feldman, where she has lobbied Congress directly on VG's behalf. Landrieu co-chairs the Leadership Council of Natural Allies—a public relations organization launched by Mercury Public Affairs and financially supported by the methane gas industry, with VG confirmed as a named corporate funder alongside Williams Companies, EQT, Kinder Morgan, TC Energy, and Enbridge. Natural Allies presents itself as a bipartisan advocate for natural gas but commissions polling explicitly designed to produce favorable findings. Since its launch in 2020, Natural Allies has directed more than \$8.9 million of its spending to Omnicom, the parent company of Mercury Public Affairs. Its messaging promotes LNG exports as a contribution to lowering greenhouse gas emissions while making no disclosure of the sector's documented record of unauthorized GHG releases, incidents of toxin and

¹²⁵ Mercury Public Affairs, LLC, LD-2 Lobbying Disclosure Report, Q4 2025, client: Venture Global LNG, lobbyist: Bryan Lanza. Income for this reporting period: \$80,000. <https://lda.senate.gov/filings/public/filing/3ec56430-d846-4c16-aaf8-92b54b585127/print/> To confirm the cumulative total since November 2024, run the full LDA filing search at lda.senate.gov (registrant: Mercury Public Affairs; client: Venture Global; lobbyist: Bryan Lanza).

¹²⁶ "Bryan Lanza." *Mercury Public Affairs*. <https://www.mercuryllc.com/team/bryan-lanza/>.

¹²⁷ On Lukoil (2025): "Ex-Trump Campaign Adviser Now Consulting for Sanctioned Russian Oil Giant Seeking Buyer for Global Assets." *Euromaidan Press*, December 12, 2025. <https://euromaidanpress.com/2025/12/12/ex-trump-campaign-adviser-now-consulting-for-sanctioned-russian-oil-giant-seeking-buyer-for-global-assets/>. On EN+/Deripaska (2018): Murray, Sarah, and Sara Westwood. "Former Trump Campaign Aide Is Helping Russian Firm Shed Sanctions." *CNN Politics*, May 12, 2018. <https://www.cnn.com/2018/05/12/politics/washington-lobbying-trump-era>. On ZTE (2018): Eades, Mark C. "China's ZTE Hires Former Trump Aide to Lobby U.S. Government." *Foreign Policy Blogs*, June 7, 2018. <https://foreignpolicyblogs.com/2018/06/07/chinas-zte-hires-former-trump-aide-to-lobby-u-s-government/>. See also Barnes, Daniel, and Caitlin Oprysko. "Tech Manufacturer Hires Lanza amid Calls for US Ban." *Politico*, November 24, 2025. <https://www.politico.com/newsletters/politico-influence/2025/11/24/tech-manufacturer-hires-lanza-amid-calls-for-us-ban-00667748>.

¹²⁸ "Gas Industry Ramps Up Deceptive Effort to Influence Democrats." *Common Dreams / Public Citizen*, October 29, 2024. <https://www.commondreams.org/newswire/gas-industry-ramps-up-deceptive-effort-to-influence-democrats> Confirms VG as a named corporate funder of Natural Allies, alongside Williams Companies, EQT, Kinder Morgan, TC Energy, and Enbridge. Confirms Mercury Public Affairs (via parent Omnicom) as the firm that launched Natural Allies and received more than \$8.9 million of Natural Allies' spending over its first three years.

¹²⁹ Strumpf, Dan. "India Hires US Lobbying Firm With Trump Ties as Tariffs Loom." *Bloomberg.Com*, August 25, 2025. <https://www.bloomberg.com/news/articles/2025-08-25/india-hires-dc-lobbying-firm-with-trump-ties-as-tariffs-loom>.

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sediment discharge, and harm to wildlife—the noncompliance record that this paper addresses in detail.^{130 131 132}

LDEQ Regulatory Capture

The Louisiana Department of Environmental Quality's regulatory record at Calcasieu Pass displays a pattern that experts in regulatory capture would recognize. Following a documented LDEQ enforcement referral for the January 18, 2022 violation, the Enforcement Division received the referral and opened a case. LDEQ then approved VG's subsequent permit application for additional gas releases within eight days.¹³³ No enforcement action was taken. The emission report revisions described in Section 2—particularly the reduction from more than 1,000 pounds to 1 pound—did not trigger enforcement activity. LDEQ simultaneously continued to issue and approve air and water discharge permits for VG's expanding facilities.

The Clean Air Act complaint filed by community organizations (CAA Complaint FY23-265148-3714-CV, Regional Tip/Complaint, Louisiana) alleges inadequate state enforcement and requests EPA oversight.¹³⁴

Section 6: Community and Systemic Impacts

Community Life in the Shadow of LNG

Bishop Wilfret Johnson, senior pastor of Oakville Missionary Baptist Church in Belle Chasse, Plaquemines Parish, published an account in *The Lens* in August 2024 describing the everyday impact of VG's construction on his community.¹³⁵

"Earlier this month, I officiated a funeral for a local teacher. Hundreds of people came to pay their respects, and yet we had to rush unceremoniously through

¹³⁰ Landrieu's direct lobbying for Venture Global LNG is confirmed through LDA filings at Van Ness Feldman. On her Natural Allies co-chair role: Larson, Aaron. "Landrieu: Natural Gas Is 'Not the Enemy, It Is Part of the Solution' to Achieving Climate Goals." *POWER Magazine*, July 25, 2024. <https://www.powermag.com/landrieu-natural-gas-is-not-the-enemy-it-is-part-of-the-solution-to-achieving-climate-goals/>. See also Sludge / Truthout, "Oil Lobbyist Mary Landrieu's Foundation Connects Congress With Corporate Execs," December 30, 2021.

<https://truthout.org/articles/oil-lobbyist-mary-landrieus-foundation-connects-congress-with-corporate-execs/>

¹³¹ "Unnatural Alliances: Former Democratic Politicians Do the Fossil Fuel Industry's Bidding." *Public Citizen*, October 29, 2024. <https://www.citizen.org/article/unnatural-alliances-former-democratic-politicians-do-the-fossil-fuel-industrys-bidding/>. See section "Spending on Public Relations"

¹³² Natural Allies Internal Messaging Strategy Document obtained via public records request by the Energy and Policy Institute. https://www.documentcloud.org/documents/20983415-natural_allies_clean_energy/

¹³³ Louisiana Department of Environmental Quality, Office of Environmental Compliance, Air Quality Inspection Report, Cameron Parish, March 22, 2022, EDMS Doc ID 13206986.

<https://edms.deq.louisiana.gov/app/doc/view?doc=13206986>

¹³⁴ U.S. Environmental Protection Agency (EPA), *Regional Tip and/or Complaint, Louisiana*, Case No. FY23-265148-3714-CV.

¹³⁵ Bishop Wilfret Johnson. "Our Lives or LNGs?" *The Lens*, August 26, 2024. <https://thelensnola.org/2024/08/26/our-lives-or-lngs/>.

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her service so mourners could make it out before Venture Global's daily afternoon traffic jam. The Plaquemines Parish Sheriff's Office still needed to deploy deputies to deal with the congestion. It was gridlock."¹³⁶

This account is not merely anecdotal. Plaquemines Parish occupies a narrow spit of land at the mouth of the Mississippi River delta, with only one or two egress routes in or out. For more than 20,000 permanent residents, and a daily influx of approximately 8,000 construction workers accessing the VG facility by shuttle and heavy vehicle, evacuation in the event of a major hurricane—against which Louisiana has had barely three days of warning historically—would be impossible under current conditions.¹³⁷ Bishop Johnson's account also describes the facility as having displaced coastal wetlands, reducing storm surge absorption in a parish that sustained near-total destruction in Hurricane Katrina.

The physical and public-health consequences extend beyond traffic. Roishetta Ozane, founder of the Vessel Project of Louisiana—an environmental justice and mutual-aid organization based in Lake Charles—has documented the health toll on communities living near LNG facilities in the region, including elevated rates of cancer, skin rashes, and seizures. “LNG export facilities in our state have already sickened our children, caused water shortages, increased pollution and destroyed critical wetlands,” Ozane said. “Research has proven that pollution from these facilities causes premature deaths and costs billions in health costs.”¹³⁸ Those findings have not altered Washington's energy policy posture. In March 2025, Energy Secretary Chris Wright and Interior Secretary Doug Burgum—co-chairs of the newly formed National Energy Dominance Council—visited the Plaquemines facility alongside Governor Jeff Landry to celebrate CEO Mike Sabel's announcement of an \$18 billion third-phase expansion. “In the next several years,” Wright told the assembled workers, “Louisiana will become a larger exporter of liquified natural gas than any nation on Earth.”

ITEP: The Subsidy Architecture

Louisiana's Industrial Tax Exemption Program (ITEP) allows companies to reduce assessed property value for newly constructed industrial facilities by up to 80% for five years, with a possible renewal for an additional five years at full exemption. For large LNG facilities, the program has been deployed on a scale that transfers extraordinary

¹³⁶ Ibid.

¹³⁷ Cosse, Shaq. *Gridlock: How Venture Global Endangers Plaquemines Parish*. Louisiana Bucket Brigade, 2024 (pg. 2). <https://labucketbrigade.org/wp-content/uploads/2024/08/Gridlock-Report-R4-Print.pdf>. Note: the 8,000-worker figure cited in this report is attributed to “Barnes 2024,” a secondary source that LBB has not further identified. The figure should be confirmed directly with LBB before publication or treated as approximate.

¹³⁸ Dryfoos, Delaney. “Despite Spotty Track Record, Venture Global to Become Picture of New Federal ‘Energy Dominance.’” *The Lens*, March 11, 2025 (updated March 12, 2025). Ozane quotes and Wright quote sourced from this article. <https://thelensnola.org/2025/03/11/despite-spotty-track-record-venture-global-to-become-picture-of-new-federal-energy-dominance/>

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wealth from public education, law enforcement, and community services to private industrial beneficiaries.¹³⁹

Venture Global received ITEP approvals as follows:

- Calcasieu Pass: \$10.1 billion in cumulative forgone property taxes through 2038, of which \$3.7 billion would have gone to Cameron Parish schools and \$940 million to libraries.¹⁴⁰
- Plaquemines: \$834 million in property tax forgone over ten years—abatement granted in 2016—funds that would otherwise have supported local schools, libraries, and emergency services.¹⁴¹
- CP2 (proposed): Additional ITEP exemptions expected to total several billion dollars in forgone revenue.

VG's applications for Calcasieu Pass and Plaquemines slipped in under the wire before Louisiana's 2016 ITEP reforms, which gave local governments approval rights over exemptions. The company submitted advance-notice applications before Governor Edwards's reforms took effect on June 24, 2016, securing grandfathered eligibility for 100% abatements without local say. The exemptions were formally approved by Louisiana's Board of Commerce and Industry in December 2016—nearly five years before construction began on the Plaquemines facility.¹⁴²

The subsidy-to-jobs ratio is stark. VG's own project impact page reports 279 total employees at the Calcasieu Pass facility, 239 drawn from surrounding parishes.¹⁴³ Weighed against the \$10.1 billion in forgone Cameron Parish tax revenue through 2038, that yields approximately \$36 million in forgone public revenue per permanent job. The Sierra Club's broader analysis of nine Louisiana LNG terminals finds an average

¹³⁹ Louisiana Legislative Auditor. Industrial Tax Exemption Program Statistics and Fiscal Impact on Local Governments: Informational Brief. Baton Rouge: Louisiana Legislative Auditor, 2022.

[https://app2.lla.state.la.us/publicreports.nsf/0/cc7686f9911ead8b862588d80069d4bb/\\$file/00028368d.pdf](https://app2.lla.state.la.us/publicreports.nsf/0/cc7686f9911ead8b862588d80069d4bb/$file/00028368d.pdf). See also Dorner, Claire, Roddy Hughes, and Alison Kirsch. *The People Always Pay: Tax Breaks Force Gulf Communities to Subsidize the LNG Industry*. San Francisco: Sierra Club, December 2024. https://www.sierraclub.org/sites/default/files/2025-01/lng_taxabatment_report-1.pdf.

¹⁴⁰ Dorner, Claire, Roddy Hughes, and Alison Kirsch. *The People Always Pay: Tax Breaks Force Gulf Communities to Subsidize the LNG Industry*. San Francisco: Sierra Club, December 2024, iv, 6, 10. https://www.sierraclub.org/sites/default/files/2025-01/lng_taxabatment_report-1.pdf. Calcasieu Pass figures: \$10.1 billion forgone through 2038; \$3.7 billion to Cameron Parish schools; \$940 million to libraries. Nine-terminal average: \$6.7 million per job promised under ITEP.

¹⁴¹ Sneath, Sara. "Venture Global Could Be Taking More Than It Gives in Plaquemines Parish." *The Lens*, November 9, 2023 (updated November 14, 2023). <https://thelensnola.org/2023/11/09/venture-global-could-be-taking-more-than-it-gives-in-plaquemines-parish/>. On ITEP approval timing and grandfathering: Board of Commerce and Industry meeting summary, December 20, 2016, Louisiana Office of the Governor, Opportunity Louisiana. <https://www.opportunitylouisiana.gov/docs/default-source/boards-reports/MeetingCategory/louisiana-board-of-commerce-and-industry/12-20-16-c-amp-i-agenda-summary---dec-20-2016de3e35d131c642a1b2a97d2ff122e59c.pdf>.

¹⁴² *Ibid*

¹⁴³ Venture Global. "Calcasieu Project Impact." Accessed March 2025. <https://ventureglobal.com/about-us/safety-and-environment/calcasieu-project-impact/>. The page states the facility employs a total of 279 individuals, of whom 239 were hired from Allen, Beauregard, Calcasieu, Cameron, and Jeff Davis parishes.

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effective subsidy of \$6.7 million per job promised across the program.¹⁴⁴ At Plaquemines, the \$834 million ITEP abatement against an expected permanent workforce of approximately 300 implies a subsidy of roughly \$2.8 million per job.¹⁴⁵

Utility Costs and Energy Security Impacts

A 2024 Department of Energy report examining the domestic price effects of LNG exports found that Gulf Coast regions experience the greatest price pressure from LNG export activity.¹⁴⁶ Projected residential natural gas price increases attributable to LNG exports reach 4–7% by 2050,¹⁴⁷ with average household impacts estimated at \$118.37 annually.¹⁴⁸ Louisiana electric bills rose approximately 8% in July 2024 compared to July 2023.¹⁴⁹ The price effects are not evenly distributed: Louisiana ranked 43rd of 50 states by per capita personal income in 2024,¹⁵⁰ and energy cost burdens fall disproportionately on low-income households.¹⁵¹

Insurance Market Impacts

Louisiana homeowners' insurance markets experienced a severe crisis through 2024. Insurify projected a further 27% premium increase for 2025—the largest of any state—following average premiums rising from approximately \$10,964 to \$13,937. The Louisiana Department of Insurance's February 2026 market report confirmed that homeowners premiums continued to rise in 2025, though at a slower pace, with the broader market recording its first net rate decrease since 2020, 12% of Louisiana policyholders reported policy cancellations; 68% reported premium increases.¹⁵²

¹⁴⁴ Dorner, Claire, Roddy Hughes, and Alison Kirsch. *The People Always Pay: Tax Breaks Force Gulf Communities to Subsidize the LNG Industry*. San Francisco: Sierra Club, December 2024, iv, 6, 10. https://www.sierraclub.org/sites/default/files/2025-01/lng_taxabatement_report-1.pdf.

¹⁴⁵ Sneath, Sara. "Venture Global Could Be Taking More Than It Gives in Plaquemines Parish." *The Lens*, November 9, 2023 (updated November 14, 2023). <https://thelensnola.org/2023/11/09/venture-global-could-be-taking-more-than-it-gives-in-plaquemines-parish/> (citing Erin Hansen, *Together Louisiana*; \$834 million ÷ approximately 300 permanent jobs).

¹⁴⁶ U.S. Department of Energy, *Energy, Economic, and Environmental Assessment of U.S. LNG Exports* (December 2024), S-4, S-5, and Figure 6 on S-32. https://www.energy.gov/sites/default/files/2024-12/LNGUpdate_SummaryReport_Dec2024_230pm.pdf.

¹⁴⁷ *Ibid*

¹⁴⁸ *Ibid*

¹⁴⁹ Doherty, Ben. "Natural gas prices send Louisiana electricity bills higher amid peak summer heat." *Louisiana Illuminator*, August 6, 2025. <https://lailluminator.com/2025/08/06/louisiana-electricity-bills/> (reporting Louisiana Public Service Commission data showing average July 2024 residential bills 8% higher than July 2023).

¹⁵⁰ U.S. Bureau of Economic Analysis, *Regional Data: Per Capita Personal Income by State, 2024*.

https://apps.bea.gov/itable/index.html?appid=70&stepnum=40&Major_Area=3&State=0&Area=XX&TableId=600&Static=10&Year=2024&YearBegin=-1&Year_End=-1&Unit_Of_Measure=Levels&Rank=1&Drill=1&nRange=5.

¹⁵¹ Sierra Club, *The Vessel Project of Louisiana, and For a Better Bayou, Disproportionate Energy Burden Report: Louisiana* (2024). https://www.sierraclub.org/sites/default/files/2025-01/sc2406-06_sc_energyburdenfactsheet_louisiana_final.pdf.

¹⁵² Insurify, *2025 Home Insurance Market Outlook*; cited in Louisiana Department of Insurance (LDI), *2025 Annual Market Impact Report* (February 2026) <https://ldi.la.gov/news/press-releases/louisiana-insurance-market-shows-positive-rate-trends-in-2025-following-several-years-of-volatility>; see also Insurance Information Institute (III), "Issues

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Multiple insurers have withdrawn from the Louisiana residential market or reduced their exposure to the state.

The communities surrounding VG's facilities are among those most acutely affected by this crisis. The industrial facilities themselves remain insured; it is the residents who bear the coverage gap. This distributional consequence—commercial risk underwritten, community risk externalized—is not a legal violation, but it is a material feature of the regulatory and insurance architecture that governs Louisiana's LNG corridor.

Section 7: Sector-Level Analysis—Structural Risk Beyond Venture Global

This paper has documented a specific pattern of conduct at a single company. The question now is whether the conditions that made that pattern possible are unique to Venture Global—or common across the U.S. LNG export sector.

The answer is: both.

Some of the risks identified in this report are sector-wide. LNG facilities across the United States rely on self-reported emissions data, often with limited enforcement. Public subsidies shift costs onto local communities. Ratings agencies tend to evaluate project-level credit separately from corporate governance. And insurers continue to underwrite LNG expansion despite stated climate commitments. These are features of the system in which all LNG exporters operate.

Markets have begun to respond to these risks—but only in pieces. Ratings agencies track compliance. Analysts model arbitration exposure. Credit markets differentiate based on leverage. These mechanisms exist, but they are slow and incomplete.

What distinguishes Venture Global is not just the presence of these risks, but their concentration—and the structure governing them.

No other publicly traded U.S. LNG exporter that we know of combines this level of operational, regulatory, and financial risk with a governance structure that concentrates nearly all voting power in the hands of two individuals. Through its dual-class share structure, the company is exempt from NYSE requirements for independent board committees and sets executive compensation without disclosed performance metrics.

That governance structure is not separate from the problems documented in earlier sections. It is the mechanism that allows them to persist. It is what made it possible to delay the declaration of commercial operations, rely on spot-market sales during

Brief: Louisiana Market Stabilization" (December 2025) <https://www.iii.org/article/trends-and-insights-louisiana-insurance-market>.

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commissioning, accumulate large amounts of debt, and operate with repeated environmental compliance issues without effective internal or external constraint.

Markets have responded to each of those issues individually. They have not priced what they mean together.

The control-fraud framework offers a way to interpret that gap. When multiple forms of visible misconduct converge under a governance structure that limits oversight and concentrates control, the observed record may understate the true level of institutional risk. In other words, the pattern is not just a collection of problems—it is a signal.

Venture Global is not unique because these risks exist. It is unique because they are concentrated in a single issuer, under a governance structure that reduces the likelihood of correction. That combination is what the market has yet to fully recognize.

Sector risk is broad-based: compliance + enforcement + operational incidents + tightening insurance + geopolitics/volatility.

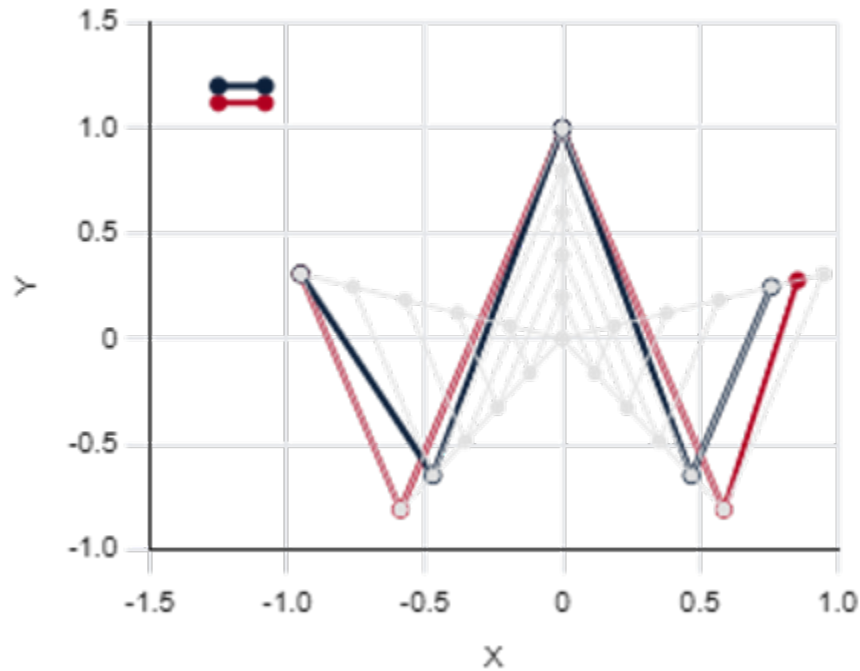


Figure 8: Sector risk radar chart—base case vs. stress scenario across five risk dimensions including (1) (Responsible Alpha). Environmental compliance and (2) geopolitical/price volatility are already at the outer bound in the base case, indicating structural rather than cyclical risk exposure.

Sector risk is broad-based, covering the following criteria:

- Environmental Compliance (5/5): All 7 U.S. LNG terminals violated the Clean Air Act in past 5 years.
- Regulatory Enforcement (4/5): Regulators often raise permit limits instead of enforcing them.
- Operational Safety (4/5): Freeport explosion shows operational risk is real.
- Insurance Market (4/5): Insurance markets tightening in Gulf Coast.
- Geopolitical & Price Volatility (5/5): Iran war → shipping risk, insurance cost spikes, LNG price volatility.

Chart Interpretation:

- The farther a line extends toward the edge, the higher the qualitative risk (1–5) in that category.

Blue Line = today's observable risk environment.

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Red Line= what happens if today's risks interact rather than normalize.

- Where red meaningfully exceeds blue, that category is a key stress amplifier for credit risk.
- Where both are already near the outer edge, risk is structural rather than cyclical.

The red line shows how already-elevated sector risks can compound under stress, even without additional leverage or demand shocks.

The Sector-Wide Compliance Record

The preceding sections showed how compliance failures appear at a single company. This section asks a broader question: how common are those failures across the LNG export sector?

A comprehensive answer comes from an October 2025 report by the Environmental Integrity Project (EIP), *Terminal Trouble: Pollution Violations at America's LNG Export Terminals.* It is the most detailed independent review of LNG facility compliance to date that we know of. Its central finding is straightforward: all seven LNG export terminals that were fully operational at the end of 2024 violated the Clean Air Act at some point over the preceding five years. Five of the seven also violated the Clean Water Act, with nearly 70 permit violations involving discharges of oil, grease, metals, and suspended solids into waterways.¹⁵³

These were not isolated incidents. They formed a pattern of repeated noncompliance across multiple facilities.

From October 2022 to July 2025, both Cheniere Energy's Sabine Pass terminal and Venture Global's Calcasieu Pass terminal were out of compliance with the Clean Air Act in every single quarter—twelve consecutive quarters without a clean record. Cameron LNG was out of compliance for eleven of twelve quarters, with at least 89 pollution release incidents between January 2019 and May 2025. These included repeated failures of thermal oxidizers that released thousands of pounds of benzene, a known carcinogen.

¹⁵³ Shaykevich, Alexandra, Tom Pelton, Kira Dunham, Dante Mack, and Griffin Bird. *Terminal Trouble: Pollution Violations at America's LNG Export Terminals.* Environmental Integrity Project, 2025.
<https://environmentalintegrity.org/wp-content/uploads/2025/10/LNG-Report-nonembargoed-10.29.25.pdf>.

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Across the Louisiana and Texas coasts, five LNG terminals reported at least 425 emission-related incidents—chemical releases, fires, explosions, and excessive flaring—resulting in more than 14,155 tons of air pollution.^{154 155 156 157}

The report also identified a gap in the official record. The Environmental Protection Agency's Enforcement and Compliance History Online (ECHO) database did not capture the full number of violations. To reconstruct the complete picture, researchers had to rely on state-level records. As a result, the compliance data most readily available to investors and ratings agencies understates the actual level of noncompliance.¹⁵⁸

For the purposes of this paper's analytical framework, two aspects of this record are Two implications follow for the analytical framework used in this paper.

First, the reliance on self-reporting—identified in Section 1 as a structural vulnerability—is not theoretical. At the sector level, it is producing a systematic understatement of compliance failures.

Second, the environmental performance data used by ratings agencies, lenders, and investors is less reliable than it appears. That limitation does not apply only to Venture Global. It is a feature of the sector as a whole.

Regulatory Accommodation as Sector Norm

The compliance record shows that violations are widespread. The next question is how regulators respond when those violations occur.

The control-fraud framework predicts that institutions engaged in visible misconduct require regulatory passivity—or active accommodation—to sustain their operating model. The LNG sector's regulatory record suggests this dynamic is well established.

Evidence of this pattern appears across multiple jurisdictions.

At Cheniere Energy's Corpus Christi terminal in Texas, the facility exceeded its permitted limits for soot, carbon monoxide, and volatile organic compounds hundreds of times after beginning operations in 2018. Rather than levying penalties, the Texas

¹⁵⁴ Ibid., pg. 17. <https://environmentalintegrity.org/wp-content/uploads/2025/10/LNG-Report-nonembargoed-10.29.25.pdf>

See also case study on page 30.

¹⁵⁵ Ibid., pg. 19. <https://environmentalintegrity.org/wp-content/uploads/2025/10/LNG-Report-nonembargoed-10.29.25.pdf>

¹⁵⁶ Sharon Kelly, "Major American LNG Exporters Habitually Break Air Pollution Laws," *DeSmog* (October 29, 2025) <https://www.desmog.com/2025/10/29/major-american-lng-exporters-habitually-break-air-pollution-laws-report-finds/>

¹⁵⁷ Burleigh, Emily. "Environmental Groups Call for Stricter Regulation Enforcement of LNG Facilities." *American Press*, November 4, 2025. <https://americanpress.com/2025/11/04/environmental-groups-call-for-stricter-regulation-enforcement-of-lng-facilities/>.

¹⁵⁸ Shaykevich, Alexandra, Tom Pelton, Kira Dunham, Dante Mack, and Griffin Bird. *Terminal Trouble: Pollution Violations at America's LNG Export Terminals*. Environmental Integrity Project, 2025. <https://environmentalintegrity.org/wp-content/uploads/2025/10/LNG-Report-nonembargoed-10.29.25.pdf> (pg. 40).

Analysis based on LDEQ (EDMS) and TCEQ (STEERS) databases compared against EPA ECHO data.

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Commission on Environmental Quality (TCEQ) granted Cheniere three permit amendments that doubled the facility's permitted level of volatile organic compounds and raised limits on four other pollutants by more than 40%.¹⁵⁹ When TCEQ opened an enforcement probe into 293 permit exceedances in 2020—resulting in 19 identified violations—all were resolved without financial penalties. TCEQ characterized the permit limit increases as “an acceptable resolution.”¹⁶⁰

A similar pattern appears in Louisiana. After Cheniere's Sabine Pass terminal exceeded permitted emissions limits for four pollutants, the Louisiana Department of Environmental Quality (LDEQ) approved a permit amendment in September 2017 that increased annual greenhouse gas emissions by more than 25%—approximately 2.2 million additional tons per year—along with significant increases in nearly every other regulated pollutant.¹⁶¹ As documented in Section 2, LDEQ followed a comparable approach at Venture Global's Calcasieu Pass facility: after hundreds of permit deviations were reported during its first year of operation, the agency approved a major permit modification increasing allowable emissions by approximately 17%.^{162 163}

In each instance, the regulatory response to noncompliance was not correction but accommodation: the legal thresholds were raised to align with observed behavior. This is the dynamic the control-fraud framework identifies at the institutional level—the rewriting of benchmarks to match behavior rather than requiring behavior to meet benchmarks—operating here at the level of regulatory systems.¹⁶⁴

Accommodation vs Revision

In this paper, we use two terms of art drawn more from the lead author's experience in Chicago politics than in academia.

¹⁵⁹ Groom, Nichola, Valerie Volcovici. “Insight: Texas Repeatedly Raises Pollution Limits for Cheniere LNG Plant.” Environment. *Reuters*, June 25, 2022. <https://www.reuters.com/business/environment/texas-repeatedly-raises-pollution-limits-cheniere-lng-plant-2022-06-24/>.

See also EIP, “Terminal Trouble,” p. 23.

¹⁶⁰ Groom, Nichola, Valerie Volcovici. “Insight: Texas Repeatedly Raises Pollution Limits for Cheniere LNG Plant.” Environment. *Reuters*, June 25, 2022. <https://www.reuters.com/business/environment/texas-repeatedly-raises-pollution-limits-cheniere-lng-plant-2022-06-24/>; see also TCEQ enforcement records analyzed in EIP “Terminal Trouble”

¹⁶¹ Environmental Integrity Project, “Terminal Trouble.” LDEQ permit amendment for Cheniere Sabine Pass LNG (September 2017)

¹⁶² Title V Renewal/Significant Modification Permit 0560-00987-V5 (March 12, 2025) Issued by the Louisiana Department of Environmental Quality to Venture Global Calcasieu Pass, LLC and TransCameron Pipeline, LLC. <https://edms.deq.louisiana.gov/app/doc/view?doc=14705484>

¹⁶³ Environmental Integrity Project, “Terminal Trouble”; see also Sharon Kelly, “Major American LNG Exporters Habitually Break Air Pollution Laws,” *DeSmog* (October 29, 2025). <https://www.desmog.com/2025/10/29/major-american-lng-exporters-habitually-break-air-pollution-laws-report-finds/>

¹⁶⁴ Black, William K. *The Best Way to Rob a Bank Is to Own One: How Corporate Executives and Politicians Looted the S&L Industry*. 1st ed. University of Texas Press, 2005.

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- **Permit Accommodation** is the sector-wide pattern documented in the preceding subsection: regulators change the rules in plain view, resolving noncompliance by raising allowable limits rather than changing behavior.
- **Downward Revision** is something different—more like amending your tax return so you fall below the audit threshold. It is a pattern in which releases initially reported at one level are later revised down to a fraction of the original figure.

The distinction matters. Permit Accommodation changes the rules. Downward Revision changes the record. Permit Accommodation is a passive failure: the system adjusts to fit observed behavior. Downward Revision is an active choice: reported events are later reduced to fall below regulatory thresholds.

Permit Accommodation reflects a failure of enforcement discipline, but the company continues to operate within a legally updated framework that remains part of the public record. At Venture Global, the Calcasieu Pass permit was modified in 2025 to increase allowable emissions by about 17%.

Alongside these public rule changes, the Downward Revision pattern appears in Venture Global's accident reporting. Four of the five accident reports filed in the facility's first 133 days follow this pattern, including one revised from more than 1,000 pounds to one pound, and another from 43,489 pounds to 529 pounds—a 98.8% reduction. This pattern has no publicly documented parallel among peer LNG facilities.

Using the terms from Section 1, Permit Accommodation reflects regulatory attenuation at the sector level—enforcement exists, but it is weakened in practice. Downward Revision reflects gatekeeper capture at the company level—the internal reporting process that should produce an independent record no longer does so, based on the pattern of revisions.

Both dynamics can occur together, and at Calcasieu Pass they do. But they signal different types of breakdown. The evidence in this paper suggests that markets and ratings frameworks do not yet distinguish between them.

The Freeport Explosion and Operational Safety Risk

The preceding sections show that compliance failures are widespread and often accommodated. This section asks a different question: what happens when those failures translate into physical risk.

On June 8, 2022, a pipe segment at the Freeport LNG terminal on Quintana Island, Texas, exploded after trapped cryogenic LNG warmed and expanded in an improperly isolated line. The resulting boiling liquid expanding vapor explosion produced a fireball

that some media reports described as reaching 450 feet into the air.¹⁶⁵ The fire burned for approximately 45 minutes,¹⁶⁶ and the facility was shut down for eight months.¹⁶⁷

An independent root cause analysis conducted by IFO Group, and reviewed by both PHMSA and FERC, identified the direct cause as the isolation of a piping segment containing cryogenic LNG without proper overpressure protection.¹⁶⁸ Contributing factors included the absence of a pressure safety valve testing procedure and the lack of a car seal program—a basic process-safety mechanism that ensures safety-critical valves remain in the correct position.¹⁶⁹ Worker fatigue from overtime was also identified as a contributing factor.¹⁷⁰ PHMSA found that continued operations without corrective measures posed an integrity risk to public safety, property, or the environment, and required a FERC review before any restart.¹⁷¹

The regulatory and enforcement record leading up to and following the incident provides additional context. TCEQ had identified 16 violations and issued four enforcement orders to Freeport between November 2020 and March 2022, prior to the explosion. An additional enforcement order was issued in 2024, with five more pending as of October 2025.¹⁷² Freeport initially declared force majeure but later withdrew that claim, acknowledging that the event resulted from human error rather than an unforeseeable external cause. In early 2025, the company agreed to pay a \$1.5 million fine.¹⁷³

Internal records further indicate that warning signs were present before the event. For at least two days prior to the explosion, Freeport personnel were attempting to diagnose a problem at the facility but did not halt operations. According to a consultant retained by the company, managers chose not to shut down the plant rather than acknowledge a potential issue.

¹⁶⁵ Federal Energy Regulatory Commission, "Freeport LNG Incident—June 2022 Investigation Summary" <https://www.ferc.gov/industries-data/resources/project-directory/freeport-lng-incident-june-2022>

¹⁶⁶ IFO Group RCFA June 8, 2022 – Loss of Primary Containment Incident Investigation Report (pg. 23). <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2022-11/IFO-Group-RCFA-Report-final-redacted.pdf>

¹⁶⁷ PHMSA, "Notice of Proposed Safety Order to Freeport LNG Development, L.P.," (June 30, 2022), CPF No. 4-2022-03-NOPSO <https://www.phmsa.dot.gov/news/phmsa-notice-proposed-safety-order-freeport-lng-development-lp>

¹⁶⁸ IFO Group - June 8, 2022 – Loss of Primary Containment Incident Investigation Report (October 30, 2022), pg. 52 <https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2022-11/IFO-Group-RCFA-Report-final-redacted.pdf>

See also PHMSA/FERC/USCG Feb. 11, 2023 Freeport LNG Incident and Regulatory Response Briefing slide deck https://www.phmsa.dot.gov/sites/phmsa.dot.gov/files/2023-02/PHMSA-FERC-USCG%20Feb%2011%202023%20Freeport%20Information%20Session%20Presentation%20%28002%29_0.pdf

¹⁶⁹ IFO Loss of Primary Containment Incident Investigation Report, pg. 23

¹⁷⁰ *Ibid.*, pg. 57

¹⁷¹ IFO Group LLC, *Root Cause Failure Analysis Report: Freeport LNG Liquefaction Plant* (filed with PHMSA November 2025); see also PHMSA, "Order Approving Restart of Freeport LNG" (February 2023). Report identifies absence of PSV testing and car seal programs.

¹⁷² Soraghan, Mike. "Texas LNG Plant Agrees to \$1.5M Fine for Explosion." POLITICO E&E News, February 6, 2025. <https://subscriber.politicopro.com/article/eenews/2025/02/06/texas-lng-plant-agrees-to-1-5m-fine-for-explosion-00202658>; see also Environmental Integrity Project,

¹⁷³ Ottis, Shaw. "Operator Response to Notice." January 17, 2025. [https://primis.phmsa.dot.gov/enforcement-documents/42024033NOPV/42024033NOPV_Operator%20Response%20to%20Notice_01172025_\(22-245663\).pdf](https://primis.phmsa.dot.gov/enforcement-documents/42024033NOPV/42024033NOPV_Operator%20Response%20to%20Notice_01172025_(22-245663).pdf).

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Taken together, these facts show that the explosion was not an isolated mechanical failure. It occurred in a setting where known operational issues, incomplete safety systems, and prior compliance problems overlapped.

Within the framework used in this paper, the significance of the Freeport explosion is not limited to the event itself. It demonstrates that the gap between operational speed and internal safety controls—identified at Venture Global in Section 2—can produce material consequences at the facility level.

The absence of basic process-safety procedures at Freeport is the industrial analogue of the missing Energy Management System at Calcasieu Pass. In both cases, facilities operated without the monitoring and control systems needed to verify that operations remained within safe and permitted limits.

The difference lies in the outcome. At Freeport, the result was an explosion that disrupted operations for eight months and caused a major safety incident. At Calcasieu Pass, the result was prolonged operation without verified emissions control.

Subsidy Architecture and Community Cost-Shifting

The preceding sections show that compliance failures are widespread, enforcement is often accommodating, and operational risks can be material. This section asks a final question: who bears the cost of that system.

In Louisiana, the answer is built into the structure of the Industrial Tax Exemption Program (ITEP). The program provides manufacturers with an 80% property tax abatement for up to ten years.¹⁷⁴

Every proposed or operating onshore LNG export terminal in Calcasieu and Cameron Parishes has secured ITEP exemptions covering at least 80% of its property tax liability.¹⁷⁵ If all proposed terminals proceed, communities in these two parishes alone will forgo an estimated \$20.2 billion in property tax revenue through 2040, with a combined \$21.1 billion forgone across all nine Louisiana-sited LNG terminals.¹⁷⁶ The effective cost amounts to approximately \$6.7 to \$7.7 million in forgone revenue per job promised under the program. Appendix F provides a facility-by-facility breakdown.¹⁷⁷

¹⁷⁴ *Industrial Tax Exemption Program Statistics and Fiscal Impact on Local Governments: Informational Brief*. Louisiana Legislative Auditor, 2022.

[https://app2.la.state.la.us/publicreports.nsf/0/cc7686f9911ead8b862588d80069d4bb/\\$file/00028368d.pdf?openelement&7773098](https://app2.la.state.la.us/publicreports.nsf/0/cc7686f9911ead8b862588d80069d4bb/$file/00028368d.pdf?openelement&7773098).

¹⁷⁵ Dorner, Claire, Roddy Hughes, and Alison Kirsch. *The People Always Pay: Tax Breaks Force Gulf Communities to Subsidize the LNG Industry*. Sierra Club, 2024 (pg. 4). https://www.sierraclub.org/sites/default/files/2025-01/lng_taxabatment_report-1.pdf.

¹⁷⁶ Sierra Club, *The People Always Pay*, pg. 6 and pg. 11.

¹⁷⁷ Sierra Club, "The People Always Pay: Tax Breaks Force Gulf Communities to Subsidize the LNG Industry" (December 2024, updated March 2025). See Appendix F, Table F.5 for facility-by-facility ITEP breakdown.

https://www.sierraclub.org/sites/default/files/2025-01/lng_taxabatment_report-1.pdf

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This structure is not unique to Venture Global. Cheniere’s Sabine Pass terminal is the single largest ITEP recipient, at approximately \$4.9 billion.¹⁷⁸

Taken together, these figures show that the economic costs of LNG development are not borne solely by project developers. They are systematically shifted onto local communities through reduced public revenue.

That shift has direct implications for oversight. Public institutions responsible for environmental monitoring, health, and local governance depend on the same tax base that the program reduces. As those resources decline, so does the capacity to detect, investigate, and respond to operational and environmental problems.

Within the framework used in this paper, this is not incidental. The concentration of gains alongside the externalization of costs is a structural condition that allows risk to persist. It weakens oversight precisely where it is most needed.

Ratings Methodology and Detection Gaps

Three ratings agencies cover Venture Global. S&P rates the corporate entity BB- with Negative Outlook (affirmed October 2025, outlook revised from Stable following the BP arbitration award); Fitch rates BB; Moody’s rates B1. At the project level, Calcasieu Pass carries BBB- from S&P (Negative Outlook); Plaquemines carries BB+ from S&P (Stable) and Ba2 from Moody’s. S&P has indicated it could downgrade further if the debt-to-EBITDA ratio remains above 7.0x or if support provided to Calcasieu Pass for arbitration damages is not offset by new equity or cash flow.¹⁷⁹

The gap between corporate-level and project-level ratings creates a structural misalignment that is standard across the LNG sector but particularly consequential where governance is concentrated. The project entities hold the assets and generate the cash flows, but the corporate entity controls governance, executive compensation, and the strategic decisions that determine how cash is allocated. Current ratings methodology does not fully capture this governance-control risk, nor does it systematically incorporate environmental reporting reliability as a financial risk indicator—for any LNG issuer, not only Venture Global.

The EIP report’s documentation of sector-wide compliance failures adds urgency to this gap. If all seven operating terminals have violated the Clean Air Act over the past five years, and if the EPA’s own compliance database understates the true violation count, then the environmental data feeding into credit assessments is systematically less reliable than the ratings framework assumes. This is not a Venture Global problem. It is a sector-level informational deficiency.

¹⁷⁸ Sierra Club, *The People Always Pay*. See Figure 2 (pg. 7).

¹⁷⁹ Venture Global LNG, Inc. credit ratings: S&P Global (BB-, Negative Outlook, affirmed October 16, 2025); Fitch Ratings (BB, confirmed 2024–2025); Moody’s Investors Service (B1, confirmed 2024–2025). S&P downgrade criteria cited in October 2025 rating affirmation.

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Responsible Alpha's analysis of the Galveston LNG Bunker Port (GLBP) project, developed in partnership with Equal Routes in the January 2026 investor letter, demonstrates through Value-at-Risk analysis that Henry Hub price volatility can reduce modeled DSCR from above 2.0x to as low as 0.08x under moderate stress—and to deeply negative values under high stress. This duration mismatch between short-term LNG contracts and long-term project debt is sector-wide, not VG-specific.¹⁸⁰

Insurer and Investor Conflicts

Despite documented governance and operational concerns across the LNG sector, major global financial institutions continue to provide capital to facilities with persistent compliance failures. Pacific Investment Management Company LLC (PIMCO)—a subsidiary of Allianz SE—is the largest institutional holder of Venture Global's Class A shares. Venture Global's dual-class share structure ensures that PIMCO and other institutional investors remain effectively passive participants, with little meaningful voting power over the company's strategic or environmental direction.¹⁸¹

For Allianz and PIMCO, this arrangement creates a growing tension with their public commitments under the Net Zero Asset Owner Alliance. By providing equity support to a company whose operating model has been characterized as prioritizing throughput over safety, these institutions face increasing reputational and social-license risks. The issue is particularly acute given the local health and environmental impacts associated with LNG infrastructure along Louisiana's Gulf Coast.

Research by Rainforest Action Network (RAN) and Reclaim Finance maps the broader network of insurers and investors that underpin not only Venture Global but the entire LNG export expansion. Their findings highlight a central contradiction: institutions that have pledged to align their portfolios with net-zero emissions pathways remain key financial supporters of an industry whose operating facilities are in near-continuous violation of federal environmental law. This contradiction is not specific to any single issuer—it is a structural feature of LNG sector financing.¹⁸²

What the Sector-Level Evidence Means

The evidence reviewed in this section supports a layered risk assessment. The first layer consists of risks that are sector-wide and that markets have begun to react to individually: environmental noncompliance (documented at all seven operating terminals), commodity exposure (reflected in analyst models and ratings agency DSCR triggers), and financial leverage (captured in corporate credit ratings and

¹⁸⁰ Responsible Alpha and Equal Routes, "Letter to Financial Intermediaries: Galveston LNG Bunker Port Value-at-Risk Analysis" (January 2026). Analysis demonstrates DSCR reduction to 0.08x under moderate stress.

¹⁸¹ Venture Global LNG, Inc., Annual Report (Form 10-K) (filed March 2, 2026). PIMCO institutional ownership and "passive" status per 2025/2026 proxy filings. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0002007855/ca17a44c-9ec6-43e4-98bd-a9773d5fd559.pdf>

¹⁸² Rainforest Action Network and Reclaim Finance, "Insurers and Investors in LNG Expansion" (2025 sector mapping report); see also Environmental Integrity Project, "Terminal Trouble" (October 2025).

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outlook revisions). These risks affect every U.S. LNG export facility. The pricing mechanisms are slow and incomplete—the EIP report demonstrated that even the EPA’s own compliance database understates actual violations—but they are directionally functional. The second layer consists of structural conditions that are sector-wide but have no natural correction mechanism: the ratings methodology gap between corporate and project-level entities, the ITEP subsidy architecture that defunds community oversight capacity, and insurer conflicts between climate commitments and LNG underwriting. The third layer is the one the control-fraud framework identifies as most consequential: at Venture Global specifically, all of these sector-wide conditions converge under a governance architecture—98% voting control, non-independent compensation committees, compensation untethered to disclosed performance metrics, controlled-company exemptions—that has no analogue among publicly traded peers. The framework says that when visible misconduct of this character converges at a single institution under governance of this concentration, the visible record is unlikely to represent the full picture. The market has priced the symptoms individually. It has not priced what the pattern means.

This is the analytical core of the control-fraud framework applied to Venture Global: the governance structure is not a separate risk factor alongside the environmental, financial, and operational problems. It is the mechanism through which those problems were produced. The delayed COD declaration that generated the arbitration exposure, the spot-market revenue strategy that created the commodity risk, the debt accumulation that strained the balance sheet, the environmental corner-cutting that produced the compliance record—these were all operational decisions made by two individuals who hold 98% of voting power, sit on the committee that sets their own compensation, and face no disclosed performance metrics. The market has reacted to the consequences of those decisions. It has not priced the institutional character that the framework says those consequences reveal. And the governance architecture that produced them remains entirely intact—not because the market has evaluated it and found it acceptable, but because the structure was specifically designed to ensure that neither shareholders nor independent directors can alter it. The question this analysis poses to investors, lenders, and regulators is whether the pattern documented here—the convergence of visible markers that the framework identifies as predictive of deeper institutional vulnerability—warrants the kind of independent scrutiny that the current governance structure is built to prevent.

Section 8: Recommendations

For Credit Ratings Agencies

- Incorporate environmental reporting reliability as a governance indicator in LNG sector methodology—specifically, the pattern of revision direction in self-reported emission data.

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- Narrow the rating gap between corporate entities and project-level entities where corporate governance deficiencies create material risk of misallocation of project cash flows.
- Require verified independent environmental compliance audits as a condition of maintaining investment-grade project ratings at facilities with documented Title V violations.
- Adopt explicit criteria for controlled company governance risk, including compensation committee independence and performance metric disclosure.

For Lenders and Debtholders

- Request independent operational and environmental compliance audits as a condition of participation in any new or renewed credit facilities.
- Conduct stress testing of DSCR projections against arbitration settlement scenarios, Plaquemines cost escalation, and commodity price normalization.
- Review distribution covenant protections against the risk of parent-level cash extraction that could impair project-level debt service.
- Engage ratings agency analysts with Responsible Alpha's recast financial analysis—particularly the gap between commodity-linked spot revenues and SPA-backed cashflows.

For Equity Investors with ESG Mandates

- Conduct independent governance review of VG positions, specifically addressing: controlled company exemptions, compensation committee independence, and absence of financial performance metrics in executive pay determination.
- Engage VG management and board with specific requests for: independent compensation committee establishment, financial performance metric disclosure, and independent environmental audit.
- Assess the insider trading inquiry, class action suits, and Congressional investigation as material governance risks not adequately reflected in current market pricing.

For Insurers

- Review the adequacy of environmental liability disclosure from VG as a condition of continued or renewed coverage, in light of the documented gap between self-reported and third-party-observed environmental conditions.
- Assess the conflict of interest between investment positions in VG (via affiliated entities) and insurance underwriting decisions for VG facilities.
- Apply climate commitment frameworks consistently to LNG infrastructure underwriting—commitments that exclude new fossil fuel projects should be examined for their application to LNG facility insurance.

For Regulators and Policymakers

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- LDEQ: Initiate a formal enforcement review of Calcasieu Pass violations documented in the Title V filings and the initial LDEQ inspection referral, and establish a public enforcement timeline.
- EPA: Expedite review of the pending Clean Air Act complaint (FY23-265148-3714-CV) and conduct independent verification of VG's self-reported emissions data.
- FERC: Incorporate community impact and cumulative emissions review into CP2 and future expansion proceedings; address the COD definition ambiguity that enabled the SPA diversion strategy.
- Louisiana Legislature: Conduct an ITEP performance audit for LNG facilities, including job verification against original ITEP applications, and establish clawback mechanisms for non-performance.
- Congress: The pending bicameral investigation should include full document production from VG regarding the quid pro quo meeting and the insider stock purchases.

Section 9: Conclusion

This report applies the control-fraud framework as an investigative lens—not to make a legal finding, but to ask a simpler question: what does it mean when multiple warning signals appear at the same institution at the same time?

At Venture Global, those signals are visible across operations, regulation, finance, and governance. The record includes repeated flaring, major downward revisions to incident reports, extended operation without required emissions controls, disputes in which state authorities contradicted company-retained consultants, significant arbitration exposure tied to delayed commercial operations, persistent negative free cash flow despite rapid expansion, and a governance structure that concentrates nearly all voting power in the hands of two individuals.

Individually, none of these elements is decisive. Together, they form a pattern.

Across the company's record, the same dynamics recur: regulatory attenuation, gatekeeper capture, and governance insulation. The analytical force of the framework lies in that convergence. It does not depend on any single event. It asks what it means when multiple indicators point in the same direction.

The evidence suggests that the market has reacted to individual symptoms—ratings downgrades, arbitration exposure, and stock volatility—but not to what those signals mean collectively. When operational irregularities, regulatory friction, and governance concentration appear together, the visible record may understate the underlying level of institutional risk.

This distinction extends beyond a single company. The structural conditions that enable these patterns—self-reported environmental monitoring, discretionary enforcement, regulatory accommodation, ratings methodologies that separate project-level credit from corporate governance, and subsidy regimes that weaken local oversight—exist across the U.S. LNG export sector.

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Venture Global is best understood as a concentration of those conditions within a single issuer.

Recent developments reinforce rather than resolve this tension. The March 2026 disruption of Qatari LNG supply temporarily turned the company's spot-market exposure into a source of earnings upside, lifting the share price and prompting a rapid shift in analyst sentiment.¹⁸³ At the same time, senior executives sold approximately \$130.5 million in shares, monetizing the rally even as Sabel was publicly positioning the company as a stabilizing force in global energy markets.¹⁸⁴

Whether those sales were pre-planned or opportunistic is secondary. The pattern is consistent: short-term gains can be realized even as the underlying structural conditions—governance concentration, compliance gaps, arbitration exposure, and reliance on commodity-linked revenue—remain unchanged.

The question is whether those conditions are isolated—or indicative of a broader dynamic within the sector.

That is the question this report raises for investors, lenders, ratings agencies, insurers, and regulators.

The recommendations that follow are intended to address both the issuer-specific risks identified here and the structural architecture that allows such patterns to emerge. As LNG export capacity expands into communities whose environmental and economic resilience depends on the integrity of regulatory oversight, independent scrutiny of the kind applied in this analysis becomes not optional, but necessary.

Appendix A: Primary Source Documents Referenced

All sources listed below are publicly available or available through public records requests. Document IDs and docket numbers are provided to enable independent verification.

| Source | Document | Relevance |
|--------|--|---|
| LDEQ | Title V Semiannual Monitoring Report, CP LNG, Jul-Dec 2022 (Permit 0560-00987-V4, AI No. 194203) | Deviation Summary: all 18 liquefaction trains; EMS non-commissioning; NOx, CO, PM, VOC violations |

¹⁸³ Morgan Stanley, initiation of coverage on Venture Global, Inc. (NYSE: VG), February 24, 2026, Underweight rating, \$8.00 price target. Analyst: Devin McDermott. Reported by Investing.com and GuruFocus. See also "Why Venture Global, Inc. Class A Shares Are Sinking," *TipRanks*, March 22, 2026, <https://www.tipranks.com/news/catalyst/why-venture-global-inc-class-a-shares-are-sinking-2> (reporting Morgan Stanley upgrade to Overweight with \$22 price target).

¹⁸⁴ SEC Form 4 filings for Jonathan Thayer, Keith D. Larson, and Sarah Blake (March 19, 2026).

<https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0002007855&type=4&dateb=&owner=include&count=40>. See also "Top Executives Quietly Unload Massive Blocks of Venture Global Stock," *TipRanks*, March 19, 2026, <https://www.tipranks.com/news/insider-trading/top-executives-quietly-unload-massive-blocks-of-venture-global-stock-insider-trading-news>

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| | | |
|---------------------------|--|---|
| LDEQ | Office of Environmental Compliance, Air Quality Inspection Report, Cameron Parish, 11 March 2022, EDMS Doc ID 13206986 | Confirms Jan 18, 2022 release was preventable; LAC 33:III.905 violation |
| Louisiana Bucket Brigade | "Speed Over Safety" (July 2022) | First 133 days flaring data; accident reports; Jan 18 violation; bird migration flaring |
| FERC | Commission Order CP15-550-003 | Commercial Operations Date determination; SPA dispute |
| FERC | BP Gas Marketing Ltd Procedural Motion, CP15-550-000 et al. | Buyer allegation of deliberate SPA diversion |
| FERC | Shell NA LNG LLC Procedural Motion, CP15-550-000 et al. | Second major buyer allegation |
| FERC | Sierra Club et al. Petition for Review, CP22-21-000 et al. | CP2 environmental review challenge |
| EPA | CAA Regional Complaint FY23-265148-3714-CV | Clean Air Act complaint; state enforcement adequacy |
| The Guardian | "US Senator Calls for Insider Trading Inquiry," Dec 10, 2025 (Lakhani & Gedeon) | Insider trading inquiry; co-founder stock purchases; Trump meeting context |
| VG / SEC | Form 10-K, Annual Report for fiscal year ended Dec 31, 2025, filed Feb 2026 | Financial statements; debt; arbitration; governance; segment reporting |
| VG / SEC | Form 10-K, Annual Report, filed April 3, 2025 | Executive compensation; controlled company status (FY2024 data) |
| VG / SEC | Form 8-K, filed March 2, 2026, and Q4/FY2025 earnings press release | Q4 results; 2026 EBITDA guidance; cargo outlook |
| VG / SEC | IPO Prospectus and subsequent SEC filings | Class action source documents; IPO materials |
| Fitch Ratings | VG LNG Inc. rating actions, 2024–2025 | Corporate: BB. Spot revenue risk; DSCR analysis |
| S&P Global Ratings | VG LNG, Inc. issuer credit ratings, 2024–2025 | Corporate: BB- (Neg Outlook, affirmed Oct 2025). CP: BBB- (Neg). Pla: BB+ (Stable) |
| Moody's | VG LNG, Inc. issuer credit ratings, 2024–2025 | Corporate: B1. Plaquemines: Ba2 |
| RAN / Reclaim Finance | VG Insurer Disclosure, 2025 | Chubb, AIG, Allianz, Swiss Re, AXA, Tokio Marine, Sompo, Munich Re, SCOR |
| The Lens / Bishop Johnson | "Our Lives or LNGs?" Aug 26, 2024 | Community impacts; traffic; evacuation; wetlands |
| Sierra Club | ITEP Analysis, Cameron and Calcasieu Parishes | Subsidy-to-jobs ratio; forgone tax revenue |

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| | | |
|-----------------------------|--|--|
| DOE | LNG Export Price Impact Study, 2024 | 4-7% residential gas price increase; Gulf Coast impact |
| RA / Equal Routes | GLBP Financial Risk Letter, Jan 8, 2026 | DSCR stress test; sector financial risk framework |
| Congressional Investigation | Bicameral Multi-Committee Report, 2024 | Sabel meeting; VG non-cooperation |
| Simply Wall St | VG Shares Analysis, Dec 16, 2025 | P/E 7x vs 13.2x industry |
| Cameron Parish Police Jury | Proceedings re: Aug 2025 dredging incident | Sediment damage; LDWF vs. VG consultant findings |

Appendix B: Key Financial Data Tables

Venture Global Revenue by Segment

Source: VG 10-K FY2025, Note 23 – Segment Information. Prior year figures reclassified to conform to current segment reporting structure.

| Segment | FY2025 | FY2024 | FY2023 | Notes |
|--------------------------|------------|----------|----------|--|
| Calcasieu Project | \$4,125M | \$4,916M | \$7,897M | Revenue declined 16% YoY as COD (April 2025) shifted sales to lower post-COD SPA prices. |
| Plaquemines Project | \$9,175M | \$23M | \$0 | Commenced LNG production Dec 2024; rapid ramp-up through 2025. Phase I COD targeted Q4 2026. |
| CP2 Project | \$1M | \$2M | \$0 | Under construction. Total Project Cost est. \$32.5-\$33.5B (Phases 1 & 2). First production late 2027. |
| Sales and Shipping | \$2,518M | \$329M | \$0 | New reportable segment FY2025. Includes LNG sales via VG Commodities and tanker operations. |
| Corporate, other & elim. | (\$2,050M) | (\$298M) | \$0 | Inter-segment eliminations, overhead, G&A, marketing. |
| Total | \$13,769M | \$4,972M | \$7,897M | 177% increase FY2024 to FY2025. |

Venture Global Debt Profile and Maturities

Source: VG 10-K FY2025, Note 11 – Debt and MD&A: Liquidity and Capital Resources. Total outstanding subsidiary debt as of Dec 31, 2025: ~\$34.8B (\$11.1B corporate + \$23.7B project-level).

Corporate-Level Debt (VGLNG)

| Obligation | Amount | Rate | Maturity | Notes |
|------------------|---------|--------|-----------|---|
| VGLNG 2028 Notes | \$2.25B | 8.125% | June 2028 | Inaugural high-yield offering (May 2023). |

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|------------------------|---------------|------------|-----------|--|
| VGLNG 2029 Notes | \$3.0B | 9.500% | Feb 2029 | Issued Oct/Nov 2023 (\$2.5B + \$0.5B add-on). |
| VGLNG 2030 Notes | \$1.5B | 7.000% | Jan 2030 | Issued July 2024. |
| VGLNG 2031 Notes | \$2.25B | 8.375% | June 2031 | Issued May 2023. |
| VGLNG 2032 Notes | \$2.0B | 9.875% | Feb 2032 | Issued Oct/Nov 2023 (\$1.5B + \$0.5B add-on). |
| VGLNG Revolving Credit | \$2.0B avail. | SOFR+2.50% | Nov 2030 | Entered Nov 7, 2025. Undrawn. Max leverage: 6.00x. |
| VGLNG Series A Pref. | \$3.0B | 9.000% | Perpetual | Issued Sept 2024. Not convertible. |

Calcasieu Pass Project Debt (VGCP)

| Obligation | Amount | Rate | Maturity | Notes |
|-------------------------|---------|-------------|----------|--------------------------------------|
| VGCP 2029 Notes | \$1.25B | 3.875% | Aug 2029 | Issued Aug 2021. |
| VGCP 2030 Notes | \$1.0B | 6.250% | Jan 2030 | Issued Jan 2023. |
| VGCP 2031 Notes | \$1.25B | 4.125% | Aug 2031 | Issued Aug 2021. |
| VGCP 2033 Notes | \$1.25B | 3.875% | Nov 2033 | Issued Nov 2021. |
| CP Working Capital Fac. | \$555M | SOFR+margin | Aug 2026 | \$279M available as of Dec 31, 2025. |

Plaquemines Project Debt (VGPL)

| Obligation | Amount | Rate | Maturity | Notes |
|-------------------------|----------------|-------------|-----------|---|
| Plaq. Constr. Term Loan | Remaining bal. | SOFR+margin | May 2029 | Orig. ~\$12.9B; partially prepaid with note proceeds. |
| VGPL 2030 Notes | \$1.75B | 6.125% | Dec 2030 | Issued Dec 2025. |
| VGPL 2033 Notes | \$1.25B | 7.500% | May 2033 | Issued April 2025. |
| VGPL Jan 2034 Notes | \$2.0B | 6.500% | Jan 2034 | Issued July 2025. |
| VGPL June 2034 Notes | \$1.25B | 6.500% | June 2034 | Issued Dec 2025. |
| VGPL 2035 Notes | \$1.25B | 7.750% | May 2035 | Issued April 2025. |
| VGPL 2036 Notes | \$2.0B | 6.750% | Jan 2036 | Issued July 2025. |
| Plaq. Working Cap. Fac. | \$2.1B | SOFR+margin | May 2029 | \$637M available as of Dec 31, 2025. |

CP2 Project Debt

| Obligation | Amount | Rate | Maturity | Notes |
|-----------------------|---------------|-------------|----------|---------------------------------------|
| CP2 Constr. Term Loan | ~\$12.2B fac. | SOFR+margin | TBD | \$9.39B available as of Dec 31, 2025. |

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| | | | | |
|-----------------------|-------------|-------------|-----|--|
| CP2 Working Cap. Fac. | \$740M fac. | SOFR+margin | TBD | \$740M available as of Dec 31, 2025. |
| CP2 Bridge Facilities | \$3.0B | Variable | TBD | Entered May 2025. Incl. \$175M interest reserve. |
| CP2 Holdings EBL Fac. | \$3.0B | Variable | TBD | Incl. \$191M interest reserve. |

Arbitration Exposure Summary

Source: VG 10-K FY2025, Note 15 – Commitments and Contingencies: Arbitration Proceedings.

| Counterparty | Status | Outcome / Exposure |
|--|------------------------------------|---|
| BP Gas Marketing Ltd. | Partial award issued (Oct 8, 2025) | Breach found: VGCP breached COD and “Reasonable and Prudent Operator” obligations. Damages hearing pending (2026/2027). BP seeking \$3.7B to potentially >\$6.0B, plus interest and costs. Company does not anticipate aggregate liability cap applies. |
| Shell NA LNG LLC | VG prevailed (Aug 12, 2025) | No breach found. Shell sought ~\$1.7B. Shell filed petition in NY Supreme Court to vacate (Nov 10, 2025). Final award required Shell to pay VG attorneys’ fees. |
| Repsol LNG Holding | VG prevailed (Jan 15, 2026) | No breach found. Repsol sought >\$400M. All claims denied in full. Repsol required to pay VG attorneys’ fees and costs. |
| Mid-term customer (ICC) | Settled (Sept 2, 2025) | Sought ~\$200M. Settled with no material impact on VG. |
| Long-term customer (LCIA) | Pending | Seeking ~\$1.5B (potentially subject to increase). Hearing Oct 2024. Award anticipated 2026. |
| Long-term customer (ICC) | Pending | Seeking >\$400M. Disputes force majeure. Hearing June 2025. Award anticipated 2026. |
| Long-term customer (ICC, filed Dec 2023) | Pending | Seeking damages in excess of \$2.0B. |
| Former employees | Pending (VA federal court) | Seeking \$181M–\$280M aggregate re: stock option grant agreements. |

Aggregate liability cap: VG states that remaining post-COD SPA seller aggregate liability caps total \$595 million across the relevant SPAs (excluding BP). Customers are disputing applicability of these limitations.

Executive Compensation Comparison

Source: VG 10-K filed April 3, 2025 (FY2024 data). FY2025 compensation details incorporated by reference to proxy statement, not yet filed as of this publication.

| Executive | Company | Base Salary (FY2024) | Total Compensation |
|---------------------|--------------------|----------------------|--------------------|
| Michael Sabel (CEO) | Venture Global LNG | \$7.5M | \$36.29M |

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| | | | |
|-------------------------------|--------------------|----------------|--------------------------|
| Robert Pender (Exec Co-Chair) | Venture Global LNG | \$3.5M | Not separately disclosed |
| ExxonMobil CEO (comparison) | ExxonMobil | ~\$2.1M (est.) | ~\$36M (for context) |
| Cheniere CEO (comparison) | Cheniere Energy | ~\$1.7M (est.) | ~\$19M (for context) |

Note: VG's April 2025 10-K states the company "does not use any financial performance measures to link executive compensation to Company performance." The Compensation Committee includes Sabel, Pender, and one ostensibly independent director whose independence was self-assessed.

Appendix C: Venture Global Identified Insurers (2025 Disclosure)

The following insurers were identified in a 2025 disclosure obtained by Rainforest Action Network and reported by Reclaim Finance. The disclosure states "among others," indicating additional insurers may be involved but were not publicly named. All insurers listed below have made public climate commitments that are being assessed for consistency with LNG underwriting activity.

| Insurer | Subsidiary/Entity | Climate Commitment Notes |
|--------------|---|---|
| Chubb | ACE American Insurance Company | Chubb has a methane policy; underwriting LNG raises scrutiny |
| AIG | National Union Fire Insurance Co. of Pittsburgh, PA | Major US fossil fuel insurer; withdrew from LA residential market |
| Allianz | Via PIMCO (Pacific Investment Management Co.) | Also VG's largest Class A shareholder; climate net-zero commitments |
| Swiss Re | — | One of world's largest reinsurers; climate commitments in place |
| AXA | — | Has fossil fuel restrictions; continues to underwrite LNG |
| Tokio Marine | Houston Casualty Company (HCC) | Major LNG and petrochemical underwriter |
| Sompo | Endurance Worldwide Insurance Ltd | Japanese insurer with global energy exposure |
| Munich Re | Great Lakes Insurance | Large reinsurer with public climate policies |
| SCOR | General Security Indemnity Co. of Arizona | French reinsurer; has fossil fuel guidelines |

Appendix D: Industrial Tax Exemption Program—LNG Sector Impact

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The following data is drawn from Sierra Club ITEP analysis and state records. Figures represent approved exemptions and projected forgone revenue through the exemption period. All figures are estimates based on assessed property values and approved ITEP terms.

| Facility | Parish | ITEP Forgone Revenue (Est.) | Schools Impact | Library Impact | Promised Jobs | Reported Jobs |
|--------------------------|--------------------|-------------------------------|----------------------------|------------------|------------------------|---------------|
| Calcasieu Pass LNG (VG) | Cameron | \$10.1B through 2038 | \$3.7B | \$940M | Not stated | 130 (website) |
| Plaquemines LNG (VG) | Plaquemines | \$834M over 10 years | Majority of parish revenue | Proportional | Not stated | Not disclosed |
| CP2 LNG (VG, proposed) | Cameron | TBD (pending ITEP) | TBD | TBD | 400 permanent (stated) | None yet |
| Other LNG (sector total) | Cameron/ Calcasieu | ~\$5.3B combined through 2038 | ~\$1.2B combined | ~\$303M combined | ~686 combined | Not verified |

The ratio of forgone property tax revenue to jobs created across VG's Louisiana facilities is approximately \$7.7 million per permanent job in Calcasieu Parish. For context, Louisiana's average annual wage is approximately \$52,000. The ITEP program contains no statutory clawback mechanism for job shortfalls.

Appendix E: Title V Deviation Summary—Key Entries (Jul-Dec 2022)

The following table summarizes selected entries from VG's Title V Semiannual Monitoring Report Deviation Summary Report, Permit 0560-00987-V4, filed March 31, 2023. The full deviation report spans 12 pages with dozens of separate entries. Selected entries below illustrate the pattern and scale of deviations; this is not an exhaustive list.

¹⁸⁵

| Source | Pollutant | Date(s) | Duration | Cause | Corrective Action |
|----------|-----------|----------|----------|--------------------------------------|-----------------------|
| EQT 0001 | NOx | 11/10/22 | 2 hrs. | Liquefaction train tripped; extended | High load transfer to |

¹⁸⁵ Venture Global Calcasieu Pass, LLC, LDEQ Title V Semiannual Monitoring Report (July–December 2022), Deviation Summary Report, filed March 31, 2023. Certified by Andy Vaughan, Vice President of Operations.

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| Source | Pollutant | Date(s) | Duration | Cause | Corrective Action |
|----------------------|-------------------|--------------------|--------------------------|--|--|
| | | | | lean-lean operating mode | CCCTI; restored to premix mode |
| EQT 0001 | NOx | 11/16/22 | 3 hrs. | Cold flare knockout drum tripped all 18 liquefaction trains; turbines dropped below MECL | Restored CCCTI to MECL |
| EQT 0001 | NOx | 11/17/22 | 5 hrs. | Extended startup after facility blackout | Restored CCCTI to MECL |
| EQT 0002 | NOx | 12/27-28/22 | 25 hrs. | Freeze event; facility blackout; turbine dropped to extended lean-lean; instrumentation issues | Restored after extreme weather passed |
| EQT 0005 | NOx | 12/23-27/22 | 77 hrs. (intermittent) | Freeze event; facility blackout; turbine tripped repeatedly; instrumentation issues | Restored after extreme weather |
| EQT 0006 | CO/PM/VOC | 8/31/22-11/22/22 | 7+ weeks (intermittent) | Fuel flow rate higher than current permit basis | Reduced fuel flow; applied for permit modification 3/17/23 |
| EQT 0008 | CO/PM/VOC | 9/7/22-12/16/22 | 14+ weeks (intermittent) | Fuel flow rate higher than current permit basis | Reduced fuel flow; applied for permit modification 3/17/23 |
| EQT 0013/0014 | Visible Emissions | 7/18/22 (multiple) | ~1.7 hrs. | Power outage; flare blowers inoperable; visible emissions from Warm and Cold Flares | Power restored to blowers |
| EQT 0034, 0035, 0036 | NOx/CO/VOC | 7/1/22-7/25/22 | Multiple, 1-4 hrs. each | Process upsets during commissioning of liquefaction | EMS manually adjusted; EMS not yet commissioned |

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| Source | Pollutant | Date(s) | Duration | Cause | Corrective Action |
|--------|-----------|---------|----------|------------------------------------|-------------------|
| | | | | facility; equipment tripping | |

Note: Corrective actions for EQT 0034, 0035, 0036 and other equipment explicitly state that the Energy Management System (EMS) was not yet commissioned and that turbine loads were being managed manually. The EMS became available in November 2022, approximately 10 months after facility operations began.

Appendix F: Sector Context—Structural Risk Indicators in U.S. LNG

This appendix evaluates whether the structural risk indicators identified in the Venture Global case are issuer-specific or reflective of broader LNG sector architecture. It compares publicly available compliance data, governance structures, financial profiles, and regulatory records across the seven U.S. LNG export terminals that were fully operational at the end of 2024.

This appendix does not assert that peer companies exhibit conduct identical to Venture Global’s. It assesses whether the structural conditions that enabled the documented patterns at Venture Global are present elsewhere in the sector—and whether the available compliance data shows those conditions producing observable effects.

The comparison relies on publicly available filings, ratings reports, regulatory records, financial disclosures, and the Environmental Integrity Project’s October 2025 report “Terminal Trouble: Pollution Violations at America’s LNG Export Terminals.” The analytical conclusions drawn from this data are developed in Section 7.

Environmental Compliance Record

All U.S. LNG export terminals operate under Clean Air Act permit requirements, with emissions compliance monitored through a combination of self-reporting and periodic state or federal inspection. In Louisiana, this regime is administered by LDEQ under Title V; in Texas, by TCEQ. In both states, emissions data is largely self-reported and enforcement is discretionary.

Table: Clean Air Act Compliance Record (October 2022 – July 2025)

| Facility | Operator | Quarters in CAA Noncompliance | Key Findings | Enforcement Actions |
|----------------------|-----------------|-------------------------------|---|-------------------------------------|
| Sabine Pass LNG (LA) | Cheniere Energy | 12 of 12 | Exceeded permitted emissions for 4 pollutants; permit | LDEQ enforcement; \$225,000 penalty |

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| | | | amendment raised GHG limits 25% (~2.2M tons/yr) | |
|-------------------------|---|-------------------------------------|--|--|
| Calcasieu Pass LNG (LA) | Venture Global | 12 of 12 | 100+ hourly exceedances in 2022; permit modification increased limits ~17% | LDEQ consolidated compliance order (June 2022); no penalty paid |
| Cameron LNG (LA) | Sempra / TotalEnergies / Mitsui / Mitsubishi JV | 11 of 12 | 89 emission incidents (2019–2025); thermal oxidizer failures released thousands of lbs. of benzene | LDEQ enforcement order (April 2024) |
| Corpus Christi LNG (TX) | Cheniere Energy | Continuous noncompliance documented | Hundreds of exceedances since 2018; VOC permit limit doubled; 4 other pollutants raised 40%+ | TCEQ probe: 293 exceedances, 19 violations, all resolved without penalty; \$45,900 net fine (2023) |
| Freeport LNG (TX) | Freeport LNG Development | Multiple quarters | 16 violations pre-explosion; June 2022 BLEVE; procedural/safety failures | TCEQ: 4 orders (2020–22), 1 order (2024), 5 pending; PHMSA Safety Order; \$1.5M fine (2025) |
| Elba Island LNG (GA) | Southern LNG / Kinder Morgan | Limited data | Lower violation count documented | Limited enforcement actions |
| Cove Point LNG (MD) | Berkshire Hathaway (Dominion) | Limited data | Lower violation count documented | Limited enforcement actions |

Sources: Environmental Integrity Project, “Terminal Trouble” (October 2025); EPA ECHO database; LDEQ EDMS; TCEQ STEERS database.

Observation

Noncompliance with federal air pollution law is widespread across the LNG sector. Section 7 identifies two distinct patterns in the compliance record and maps them to the analytical framework used in this paper. The table above provides the underlying evidence.

Permit Accommodation—documented at Sabine Pass, Corpus Christi, Cameron LNG, and Calcasieu Pass—takes the form of regulators raising permitted limits in response to repeated noncompliance, in one case by about 25% and in another by doubling the VOC limit. In the framework of Section 1, this is regulatory attenuation at the sector level.

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Downward Revision, by contrast, appears only at Venture Global. Calcasieu Pass has repeatedly revised its own accident reports downward by amounts that go beyond normal measurement error—including one revision from more than 1,000 pounds to one pound, and another from 43,489 pounds to 529 pounds, a 98.8% reduction. Four of the five accident reports filed in the facility's first 133 days follow this pattern. No comparable pattern is publicly documented at peer LNG facilities. In the framework of Section 1, this is gatekeeper capture at the company level.

The distinction matters because the risks are different. Permit Accommodation affects the whole sector and is already partly reflected in findings such as the Environmental Integrity Project's *Terminal Trouble* report. Downward Revision, by contrast, affects the reliability of the data itself. It raises questions not only about Venture Global's reporting, but about whether self-reported data across the sector can be taken at face value—especially when that data feeds credit ratings, covenant checks, and environmental risk assessments.

Safety Record

The June 8, 2022 explosion at Freeport LNG is the most significant safety incident at a U.S. LNG export terminal to date. An improperly isolated pipe segment containing cryogenic LNG over-pressurized, producing a boiling liquid expanding vapor explosion (BLEVE) and a fireball visible from nearby beaches. The independent root cause analysis found procedural failures including the absence of a pressure safety valve testing procedure and a car seal program. PHMSA blocked the facility from restarting, finding that continued operations posed an integrity risk to public safety. The terminal was shut down for eight months.

TCEQ had identified 16 violations and issued four enforcement orders to Freeport between November 2020 and March 2022—in the period before the explosion. An additional enforcement order was issued in 2024, with five more pending as of October 2025. In 2018, PHMSA separately ordered Cheniere Energy to shut down two LNG tanks at its Sabine Pass terminal for failing to address known leaks in its double-hulled tanks.

Observation

The Freeport explosion demonstrates that operational safety failures in the LNG sector are not hypothetical. Inadequate process-safety procedures—the industrial analog of the internal-control failures identified at Venture Global—have already produced catastrophic consequences at a peer facility. The pre-explosion enforcement record at Freeport indicates documented violations were accumulating before the event, consistent with the control-fraud framework's prediction that visible misconduct precedes larger hidden failures.

Governance Structure

Table: Governance Comparison

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| Feature | Venture Global | Cheniere Energy | Freeport LNG / Cameron LNG |
|--|--|------------------------------------|--|
| Ownership structure | Dual-class; ~98% voting via Class B | Dispersed public ownership | Freeport: private consortium. Cameron: JV (Semptra, TotalEnergies, Mitsui, Mitsubishi) |
| NYSE controlled-company status | Yes | No | N/A (private / JV) |
| Compensation committee independence | Not fully independent (controlled-company exemption) | Independent | N/A (private) / JV agreements |
| Executive comp linked to performance metrics | No disclosed linkage | Standard public-company disclosure | Limited / N/A |

Sources: Venture Global 10-K (2025–2026); Cheniere Energy proxy filings; public corporate disclosures.

Observation

Extreme voting concentration and controlled-company governance exemptions are more pronounced at Venture Global than at any publicly traded peer. The absence of governance transparency at private operators (Freeport) means the comparison is inherently incomplete. Unlike dual-class structures at companies such as Alphabet or Meta, Venture Global also claims the NYSE controlled-company exemption, meaning its compensation committee is not required to be independent. As a result, the executives whose pay is being set also control the committee that sets it.

Capital Structure and Leverage

LNG projects are commonly financed through long-term project debt backed by contracted revenue streams. Project-level debt structures are standard across the sector. Corporate-level leverage varies by issuer.

Venture Global Distinctions:

Debt-to-equity ratio of 3.24x (FY2025). 60% of projected cash flows commodity-linked (per Fitch). Total outstanding debt of \$34.8 billion (\$11.1 billion corporate + \$23.7 billion project-level), more than tripled since 2022. Free cash flow negative \$6.8 billion in FY2025. Arbitration exposure: BP seeking \$3.7–6.0 billion+; aggregate remaining pending claims approximately \$3.9 billion+; company-asserted SPA liability cap of \$595 million (disputed).

Most established U.S. LNG exporters rely predominantly on long-term SPAs for revenue stability. Spot market exposure varies but typically represents a minority share of contracted volumes at mature facilities. Arbitration exposure of the magnitude

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faced by Venture Global has not been publicly reported at comparable scale among peers.

Sources: Venture Global 10-K (FY2025); Fitch Ratings; S&P Global.

Observation

Long-duration project debt is sector-wide. The combination of elevated leverage, high spot exposure, and large arbitration exposure appears significantly more concentrated at Venture Global.

Subsidy Architecture (ITEP)

Louisiana’s Industrial Tax Exemption Program (ITEP) provides an 80% property tax abatement for up to ten years. Every proposed or operating onshore LNG export terminal in Calcasieu and Cameron Parishes has secured ITEP breaks for at least 80% of its property tax bill.

Table: Estimated ITEP Values by LNG Facility

| Facility | Operator | Estimated ITEP Value (10-year) |
|------------------------------------|--|--------------------------------|
| Sabine Pass LNG | Cheniere Energy | \$4.9 billion |
| Cameron LNG | Sempra / TotalEnergies / Mitsui / Mitsubishi | \$3.7 billion |
| Calcasieu Pass LNG | Venture Global | \$2.9 billion |
| CP2 LNG | Venture Global | \$2.7 billion |
| Louisiana LNG (formerly Driftwood) | Woodside Energy | ~\$2.8 billion (estimated) |
| Plaquemines LNG | Venture Global | \$834 million (2025–2034) |
| Commonwealth LNG | Commonwealth LNG LLC | \$746 million |

Estimated total forgone revenue: \$20.2 billion for Calcasieu and Cameron Parishes through 2040; \$21.1 billion across all nine Louisiana-sited terminals. Sources: Sierra Club, “The People Always Pay” (December 2024, updated March 2025); Gas Outlook (December 2024); DeSmog (May 2025); Louisiana Department of Economic Development.

Between 1998 and 2016, the Louisiana Board of Commerce and Industry approved 99.9% of approximately 12,000 ITEP applications. An IEEFA analysis found that 97% of projects seeking exemptions had already been completed when their applications were filed. The effective cost amounts to approximately \$6.7 to \$7.7 million in forgone revenue per job promised.

Observation

The ITEP subsidy architecture is entirely sector-wide. Cheniere’s Sabine Pass is the single largest ITEP recipient. The program systematically shifts economic costs from

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operators to communities, reducing local capacity to monitor or challenge operational failures.

Ratings Methodology

Ratings agencies commonly assign lower corporate ratings and higher project-level ratings to LNG issuers, reflecting structural separation between asset-holding project entities and the parent entity that controls governance, compensation, and capital allocation. Current methodologies do not explicitly incorporate governance concentration risk, compensation committee independence, or environmental reporting reliability as rating factors—for any LNG issuer.

Observation

The corporate/project ratings gap is sector-standard. The EIP report's finding that the EPA's own compliance database understates actual violations suggests the environmental data available to ratings analysts is systematically less reliable than the methodology assumes, across the sector.

Insurance and Financial Intermediation

Major global insurers and institutional investors participate in LNG infrastructure underwriting and financing across multiple issuers. Public net-zero commitments frequently coexist with continued LNG underwriting activity. This dynamic is not unique to Venture Global; it is a structural feature of LNG sector financing documented by Rainforest Action Network and Reclaim Finance.

Observation

The tension between climate commitments and LNG exposure is sector-wide. The specific combination of financial exposure without governance power—due to Venture Global's dual-class share structure—is more acute at Venture Global than at peers with standard ownership structures.

Summary of Sector Context

Sector-Wide Risks, Partially Priced

Sector-Wide Risks, Partially Priced (present at all or most operating terminals; market mechanisms exist but are slow and incomplete):

- Self-reported environmental compliance with minimal independent verification. Documented Clean Air Act violations at all seven fully operational terminals (2020–2025).
- Regulatory pattern of accommodating violations through permit amendments rather than enforcement.
- Long-duration project finance structures with corporate/project entity separation.

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These risks are partially recognized by existing market mechanisms: ratings agencies track compliance and covenant metrics, analysts model commodity exposure, and credit markets are beginning to differentiate among issuers on leverage and arbitration exposure. However, the EIP report's finding that the EPA's own compliance database understates actual violations means that the data feeding these mechanisms is systematically less reliable than assumed.

Sector-Wide Risks, Systematically Unpriced

Sector-Wide Risks, Systematically Unpriced (no natural correction mechanism within current market or regulatory structures):

- ITEP subsidy architecture shifting \$21+ billion in costs from operators to communities, reducing local capacity to monitor or challenge operational failures.
- Ratings methodology gap between corporate and project-level entities, which does not capture governance-control risk. Insurer and investor participation in LNG expansion despite stated climate commitments.
- Federal compliance databases that understate actual violation counts. These structural features affect the entire sector but have no pricing mechanism within current market architecture.

Venture Global-Specific, Unpriced Risk

Venture Global-Specific, Unpriced Risk (governance concentration with no analogue among publicly traded peers and no market correction mechanism):

- Extreme voting concentration (~98%) via dual-class share structure—unique among publicly traded U.S. LNG exporters. Executive compensation untethered to disclosed financial performance metrics.
- Compensation committee that includes the CEO and co-founder whose pay it sets, with independence assessed by the board they control. Controlled-company exemptions from NYSE governance requirements.
- Downward Revision of self-reported accident data—a pattern fundamentally different from the Permit Accommodation seen at peer facilities. Permit Accommodation changes the rules in public view; Downward Revision changes the record of what was reported to have occurred. In the framework of Section 1, Downward Revision is the clearest sign of gatekeeper capture at the company level. This pattern has no publicly documented parallel among other U.S. LNG exporters.
- Extended operation without key monitoring systems (10 months without commissioned EMS).

This governance architecture is not a separate risk category from the environmental and financial problems documented in this report. It is the mechanism through which those problems were produced. The control-fraud framework predicts that when visible misconduct of this character converges under governance of this

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concentration, the public record understates the actual institutional risk. No comparable governance architecture exists among publicly traded US LNG exporters.

Analytical Conclusion

The market has reacted to individual incidents documented in this report—ratings downgrades, stock declines, and analyst skepticism. It has not priced what the control-fraud framework says the pattern reveals about the institution.

At Venture Global, governance is not incidental to the environmental, operational, and financial issues documented here. It is the architecture that produced them—and the reason the visible record may understate the true level of risk. That architecture remains fully intact.

Whether similar vulnerabilities exist at private operators remains an open question, because their governance structures are not fully visible. But for the one publicly traded issuer where they are, the convergence of risk markers is more concentrated than at any peer—and the structure that would need to change to address them is designed to prevent that change.