

IJGlobal ESG Climate Transition Award – Mitsui & Co

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Mitsui & Co and its investment in Storegga Geotechnologies and the role it is playing on the Acorn Project – a major carbon capture and storage (CCS) development in the UK – has won the IJGlobal ESG Award for climate transition.

However, it was primarily the role that Mitsui is playing in the advancement of CCS as a technology that won it this award.

The judges were full of praise for the project that is led by a wholly-owned subsidiary of Storegga – Pale Blue Dot Energy – with support from Macquarie with a 21.5% shareholding, and GIC with 15.4%.

Mitsui is being recognised for taking a 15.4% stake in Storegga Geotechnologies in anticipation of the role it will play in significantly reducing the UK's carbon footprint in support of the country's 2050 net-zero emissions target.

They pointed out that “CCS is an important option” identifying it as “an evolving sector” and that it was “great to see a transaction in this space” as well as lauding “commitment from Mitsui to CCS” in a “new and interesting sector”.

One judge celebrates the direction taken: “As part of the transaction, Mitsui and Storegga have entered into a collaboration agreement of working together to identify and further develop CCS opportunities in Europe and Asia Pacific. This is in line with their respective commitments to sustainable projects that reduce climate change risks.”

Another adds caution while tipping a cap: “Carbon storage is not fully proven commercially but as a concept is a necessary technology in order to address the net zero planet targets, which cannot be achieved solely based on traditional technologies. Therefore, it will be the success of these transactions, with leading investor groups, that will assist us to progress further on the ambitions carbon reduction targets.”

The vital role of carbon capture struck a chord: “CCS is a necessary piece of the jigsaw puzzle to achieve our 2050 climate ambitions. Investment into transactions and supporting companies active in this sector is commendable particularly as the technology solutions are still developing.”

Another celebrated a “true transitional project” acknowledging that “emissions will inevitably be with us for some time to come” and that “CCS projects are an underdeveloped necessity”. The judge adds: “While FID is not scheduled until 2022, it is good to see progress towards this target.”

The praise is rounded off with: “The Mitsui Carbon Capture project is a major project that has the potential to transform the use of carbon capture and storage with all the climate benefits as carbon is locked away and so accelerate the transition to a climate friendly world. It can't come soon enough!”

The judges were unanimous in their admiration of Mitsui and its proactive approach to driving developments in this space saying “carbon storage is a key lever of decarbonization strategies” and celebrating a “combination of innovation with climate transition”.

Mitsui took a 15.4% share in Storegga which is developing the Acorn Project to inject and store CO2 emissions in depleted North Sea oil and gas reservoirs and reform natural gas into clean burning hydrogen. It is also collaborating on commercialising direct air capture technology – capturing CO2 directly out of the air.

As part of the transaction, Mitsui and Storegga have entered into a collaboration agreement to work together to identify and develop CCS opportunities across Europe and Asia Pacific. This is in line with their respective commitments to sustainable projects that reduce climate change risks.

Storegga is a leading name in the development of carbon capture and storage and hydrogen production. Investment in carbon reduction projects like the Acorn project will help create a more diversified global energy infrastructure network. This strategically important investment highlights Mitsui's commitment to sustainable projects that reduce climate change risks to drive net zero achievements.

Ashurst advised Mitsui on the negotiation of the new shareholder arrangements and the articles of association for Storegga, antitrust and UK National Security and investment issues. The firm also conducted legal due diligence.

It was for this reason that Ashurst senior associate Quentin Robinson (pictured above) picked up the award on Mitsui's behalf at the awards night.

The Ashurst team was led by partner Michael Burns and assisted by Quentin, associate Lester Lim Kok and trainee solicitor Michael Choi. The antitrust and UK NSI workstream was led by Steven Vaz and assisted by associates Hayden Dunnett and Antoine Accarain. Stronachs advised on Scottish law aspects.

Ashurst partner Tracy Whiriskey, client relationship partner for Mitsui was key to winning the mandate for the firm, using her Tokyo links to facilitate landing the transaction.



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