

20 December 2022

## **Briefing: The Banks and Investors Backing Wintershall Dea's Russian and Global Business**

### **Methodology**

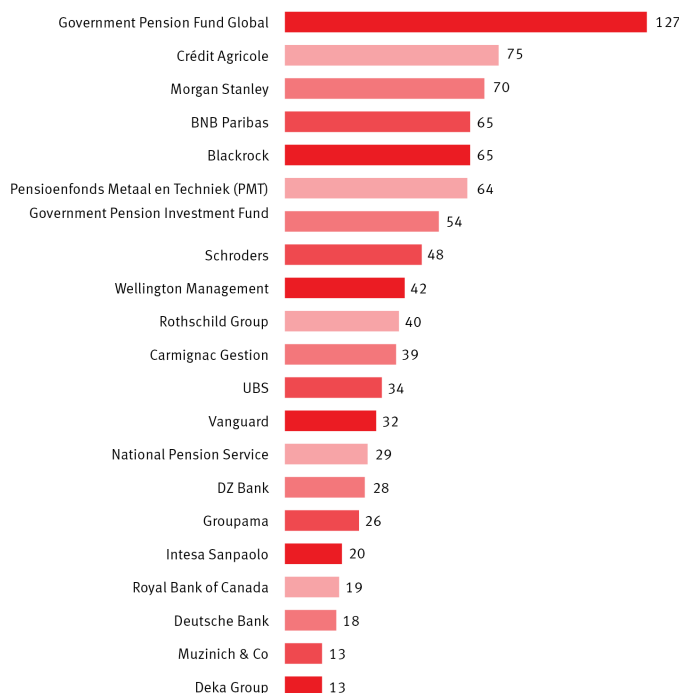
The research for this briefing was carried out by Profundo, a not-for-profit research company based in the Netherlands. Profundo used several financial databases, including Bloomberg and Refinitiv Eikon. Corporate loans and bond issuances (underwriting) are considered credit activities. They were analyzed for the time between January 2019 and June 2022. No credit activities were found after January 2021. Bondholdings were analyzed at the most recent filing date in September 2022. Shareholdings are not considered in this briefing as BASF holds 72.7% of the shares of Wintershall Dea, while LetterOne holds the remaining 27.3%.

### **Top Institutional Investors in Wintershall Dea-Bonds**

The main investor in Wintershall Dea-bonds is the Norwegian Government Pension Fund Global with US\$ 127 million<sup>1</sup>. It is followed by **Crédit Agricole** (France) with US\$ 75 million, **Morgan Stanley** (United States) with US\$ 70 million, **BNP Paribas** (France) with US\$ 65 million and **BlackRock** with US\$ 65 million.

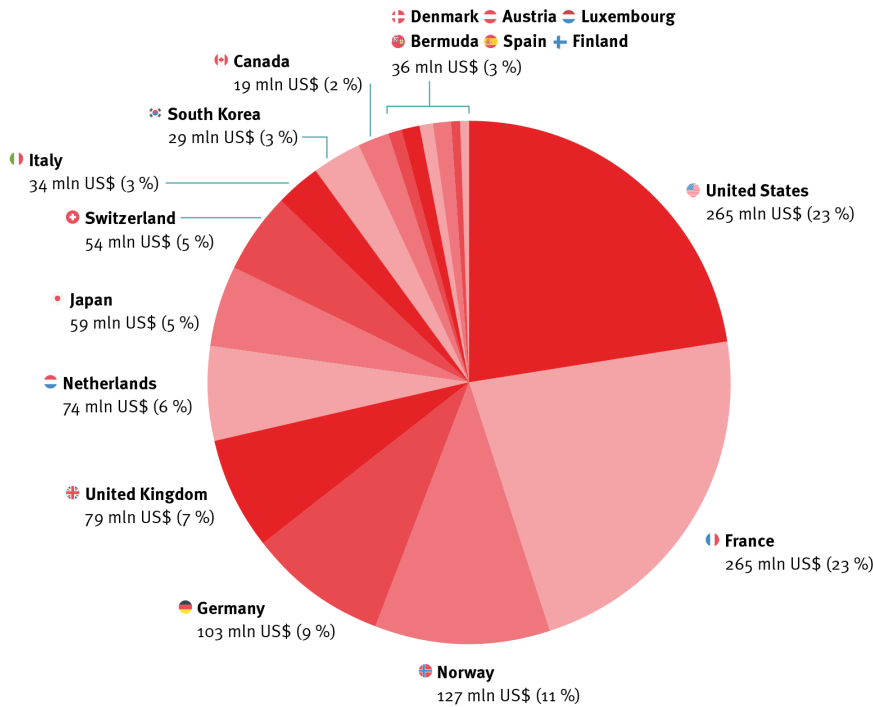
The largest German investor is **DZ Bank/Union Investment** with US\$ 28 million, followed by **Deutsche Bank/ DWS** (US\$ 18 million) and **Deka Investments** (US\$ 13 million). Germany, where Wintershall Dea is headquartered, accounts for 9% of the bondholding in the scope of this research.

**Top Bondholders of Wintershall Dea (latest filing date September 2022, US\$ mln)**



<sup>1</sup> According to its latest reporting, as of December 31, 2021.

**Bondholding of Wintershall Dea per country/investor headquarter  
(latest filing date September 2022, US\$ mln and %)**



**German Investors in Wintershall Dea bonds  
(Sept 2022; most recent filing date, in US\$ mln)**

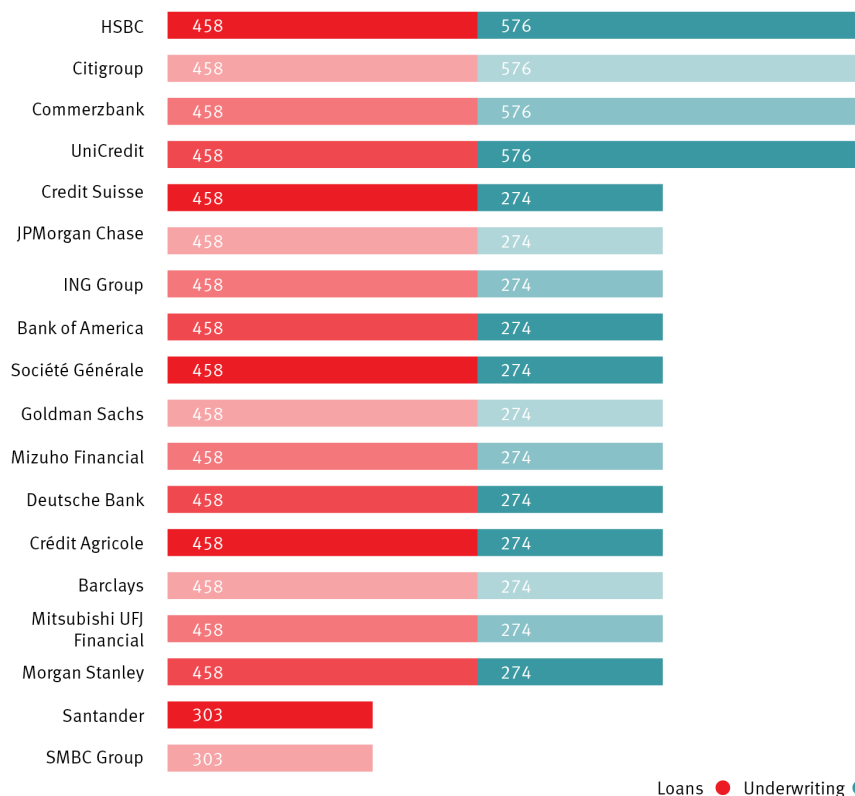
Investor Parent	Total in US\$ mln
DZ Bank	28
Deutsche Bank	18
Deka Group	13
Landesbank Hessen-Thüringen	11
Allianz	9
Siemens Financial Services	7
ACATIS Investment	4
BayernLB	3
Augmentum Finanz	3
Landesbank Baden-Württemberg (LBBW)	2
Signal Iduna Group	2
B. Metzler seel. Sohn & Co	2
Munich Re	1
Dr. Unger Investment	1
Berenberg Bank	0.4
<b>Total</b>	<b>103</b>

## **Biggest Lenders and Underwriters for Wintershall Dea**

From January 2019 to June 2022, the top lenders and/or underwriters for Wintershall Dea were **Commerzbank, Citigroup, HSBC** and **UniCredit** with US\$ 1,034 million each.

In 2021, Germany's **Deutsche Bank** as well as US banks **Morgan Stanley** and **Goldman Sachs** were involved in the preparation of Wintershall Dea's IPO (Initial Public Offering), which was then postponed. All three banks were also Wintershall lenders and underwriters with US\$ 732 million each during the research timeframe.

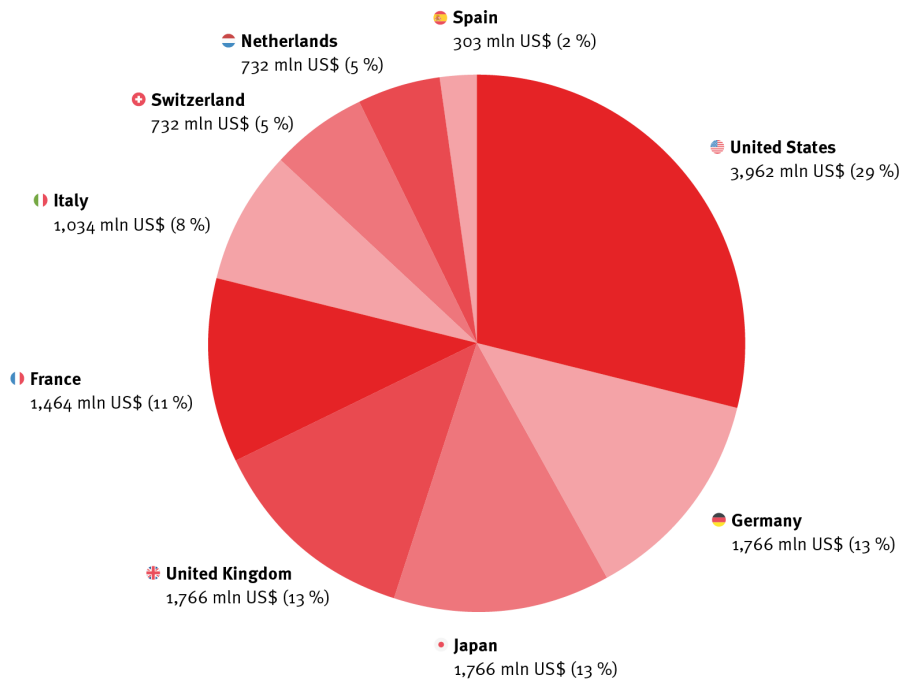
### **Loans and underwriting services to Wintershall Dea, by creditor (Jan'19-Jun'22, US\$ mln)**



*In March 2019, 16 of the 18 financiers identified in this research channeled loans worth US\$ 7.3 billion a.o. for the purpose of acquisition finance to Wintershall Dea.*

*In September 2019, Wintershall Dea issued four bonds with a total value of EUR 4 billion (US\$ 4.4 billion), with maturities in 2023, 2025, 2028 and 2031. Each bond totaled EUR 1 billion (US\$ 1.1 billion). In January 2021, Wintershall Dea issued two perpetual bonds for a total value of EUR 1.5 billion (US\$ 1.8 billion), at EUR 650 million (US\$ 787 million) and EUR 850 million (US\$ 1.0 billion).*

**Lending/Underwriting for Wintershall Dea per country/bank headquarter (Jan19-Jun22, US\$ mln and %)**



**Financial Institutions Must Finally Wake Up**

Urgewald, DUH and Razom We Stand, in collaboration with partner NGOs Reclaim Finance, ReCommon and Ecologistas en Acción, sent letters to 22 investors, creditors and underwriters of Wintershall Dea in France, Germany, Italy and Spain.<sup>2</sup> Nine investors responded. Several of them stated that they are in talks with Wintershall Dea regarding the allegations raised by *Der Spiegel* and *ZDF frontal* and that they take them very seriously (for details on the allegations, see ‘Background’ below).

The French insurer **AXA divested from Wintershall Dea** before the latest war crime allegations became public. The reason: AXA’s new oil and gas policy from October 2021<sup>3</sup> excludes companies deriving more than 10% of their exploration and production activities from the Arctic region (defined by AMAP and excluding the Norwegian coast). Investments in Wintershall Dea’s bonds amounted to about US\$ 55 million in August 2021.

<sup>2</sup> Germany: DZ Bank/Union Investment; DB, Deka, Helaba, Allianz, BayernLB, LBBW, Munich Re

Italy: UniCredit, Intesa Sanpaolo, BPER Banca, Ersel

France: Credit Agricole, Societe Generale, Rothschild Group, Carmignac Gestion, BNP Paris, Groupama, AXA

Spain: Santander, La Caixa, Banca March

<sup>3</sup> <https://www.axa.com/en/press/press-releases/axa-extends-its-oil-and-gas-exclusions-to-support-the-energy-transition>



A similar wording for the exclusion of Arctic drillers is used in BNP Paribas' "Climate Analytics and Alignment Report" **published in May 2022**.<sup>4</sup> However, BNP's investment arm has yet failed to implement the new group policy and is still holding bonds worth US\$ 65 million in Wintershall Dea according to the research. BNP Paribas replied to the letter sent by the NGOs that it is starting a review process in light of the new policy, including the investments in Wintershall Dea.

### **Background on Wintershall Dea's Russian business and likely links to Russian war crimes**

As first publicized by *Der Spiegel* and *ZDF frontal*, Wintershall Dea sells Gazprom large quantities of gas condensate, a liquid that can be used to produce jet fuel. Gazprom is Russia's largest producer of aviation fuel and a supplier to the Russian military. Gazprom supplies aviation fuel to a number of Russian air bases on the border with Ukraine. These bases host SU-34s, warplanes that have been implicated by human rights groups in war crimes - including attacks on civilians in Chernihiv and on the Mariupol theater in March 2022, where hundreds of people were killed, including many children.

According to Wintershall Dea, gas condensate is transferred to Gazprom "directly from the well". Wintershall Dea admitted to journalists from *Der Spiegel* and *ZDF frontal* that it has no influence on the further processing of the produced gas condensate and cannot guarantee that it will be used exclusively for civilian purposes.

Nearly half of Wintershall Dea's oil and gas is produced in Russia. This netted the group [€1.3 billion Euros in profit](#) between January and September 2022, a five-fold increase compared to the same period in 2021. For the first three quarters of 2022, Wintershall Dea paid €320 million income tax as well as €400 million royalties in Russia, as *Der Spiegel* and *ZDF frontal* point out.

Recent events have shown the financial risk of investing in Russian operations. In September 2022, [Global Witness and Le Monde](#) reported on alleged links between TotalEnergies' Russian gas production and jet fuel used by Russian bombers accused of war crimes in Ukraine – a fact pattern similar to that reported by *Der Spiegel* and *ZDF frontal* for Wintershall Dea's Russian operations. TotalEnergies subsequently [announced](#) its withdrawal from the Russian project on which Global Witness and Le Monde focused. The company is facing a [legal complaint](#) for complicity in war crimes in Ukraine.

In general, Wintershall Dea pursues an expansionist fossil fuel business model which is not in line with 1.5 degrees. 100% of its business is still based on fossil fuels. 58% of the company's oil and gas production comes from unconventional sources, mostly from arctic production. The company is the world's fourth-largest producer in the Arctic, uses fracking and is involved in high-risk offshore projects.

Urgewald research shows that Wintershall Dea plans to develop new oil and gas resources in the amount of 539.7 million barrels of oil equivalent (mboe) in the next few years. 74% of these

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<https://group.bnpparibas/en/press-release/bnp-paribas-unveils-its-first-climate-analytics-and-alignment-report-and-carbon-intensity-reduction-targets-by-2025>



additional fossil resources exceed the International Energy Agency's (IEA) NZE scenario and are in no way compatible with the goal of limiting global warming to 1.5 degrees (Paris Agreement).<sup>5</sup>

See a short briefing on Wintershall Dea here:

<https://www.urgewald.org/en/shop/10-reasons-why-investing-wintershall-dea-bad-idea>

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<sup>5</sup> <https://gogel.org/>