

Foto: Maxim Shemetov/Pitzau Scanpix

Dmitry Mazepin, who according to experts sold fraudulent climate credits to Europe, visiting a Formula 1 race in Baku in 2019.

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**MORTEN SKJOLDAGER**  
Journalist



**CARL EMIL ARNFRED**  
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LÆS ARTIKLEN SENERE

Climate activists and Formula One enthusiasts rarely have much in common, but in plutocrat Dmitry Mazepin they may have found a mutual adversary.

In late October, the Danish racing driver Kevin Magnussen lost his position in the Haas F1 Team, which is now openly flirting with the idea of engaging the Russian driver Nikita Mazepin.

»Mr. Mazepin Sr. would like for his son to race in Formula One«, said the team principal at Haas, Günter Steiner, in October to the **German TV channel Sport1**.

»His son probably wants it even more«.

According to several sports media outlets, Haas' interest in Mazepin depends on his father, Dmitry Mazepin, investing a huge sum, up to several hundred million in Danish kroner, in the team. Politiken is now able to reveal how a substantial part of Mazepin's fortune – more than one billion Danish kroner, the equivalent of over 180 million euros – comes from the sale of climate compensation to over 400 European companies in 24 countries, in a scheme experts have characterized as fraud.

A full list of the companies, and how much they bought, can be found in **Politiken's Kyotodatabase**, which is publically available.

Now a portion of the father's fortune is set to be invested in Formula One, one of the worst sports in the world when looking at the carbon dioxide emissions – a sport that is struggling to become greener.

Climate experts have criticized the transaction, while the former Danish racing driver Jason Watt – who believes Mazepin cost Magnussen his job – finds the whole thing scandalous.

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million of Danish kroner in Haas for his kid to take over Kevin Magnussen's seat. It's destroying the sport. And if the way he acquired the money is destroying the climate, too, then that just makes it even more appalling», said Jason Watt.

## Dangerous greenhouse gasses

Dmitry Mazepin is a man who rarely speaks to the media. He declined interview requests with Politiken about the Formula One investments and his former company HaloPolymer, which between 2008 and 2015 sold more than 50 million climate credits to companies across Europe.

This is apparent from research carried out by Politiken on the basis of official EU data. Having bought these credits, these companies were allowed to emit more than 50 million tons of carbon dioxide extra into the atmosphere – more than Denmark's annual emissions.

In return, HaloPolymer was to reduce their emissions in Russia by the same amount. But HaloPolymer's climate projects were marked by fraud and exaggerated numbers, argues Lambert Schneider, who is research coordinator at the German Öko-Institut and a member of the UNFCCC Executive Board of the Clean Development Mechanism (CDM).

Together with his colleague Anja Kollmus, Schneider **analysed HaloPolymer's climate projects** in detail. As Politiken **reported in January**, the researchers found that the factories »artificially multiplied« their production of the highly potent greenhouse gasses HFC23 and SF6. Subsequently, the factories destroyed the same gasses whereby they received credits from the UN credit system.

Their findings were corroborated by a former project developer for HaloPolymer, Michael Yulkin. He told Politiken that he was approached by HaloPolymer about the scheme, but said he wanted nothing to do with it.

»There was a perverse incentive to increase the emission of greenhouse gasses«, Lambert Schneider says, »because the climate credits they received instead were worth far more money than the cost of destroying the gasses«.

In 2010 and 2011 alone, HaloPolymer made more than 1.46 billion Danish kroner by selling the artificially inflated climate credits, as stated in an annual financial statement, Politiken was provided by the investigative consortium OCCRP.

The trading of credits was so extensive that in 2011, it amounted to 39 percent of HaloPolymer's entire revenue – a large sum of money, which according to Lambert Schneider was earned by damaging the climate.

»It is worrying to see how much the selling of fake emission reductions increased the revenue and the profit in the balance sheets of HaloPolymer. As

## A real oligarch

It is unclear exactly when 52-year-old Dmitry Mazepin earned his first billion. But he appeared for the first time on the [Forbes list of billionaires](#) in 2015 with an estimated fortune of 8.3 billion Danish kroner.

The same year he sold off HaloPolymer to his business partner Mikhail Genkin. This is evidenced by a note in the reputable Russian [financial media outlet Kommersant](#), which cites a statement from HaloPolymer.

At Transparency International in Russia, deputy director Ilya Shumanov is certainly familiar with Dmitry Mazepin. He is »one of the oligarchs«, who built a fortune in the 1990s through the liquidation sale of the state-owned companies in the Soviet Union, said Shumanov.

Today Dmitry Mazepin is the main owner of the biggest fertilizer producers in Russia, Uralchem and Uralkali. As the 'fertilizer czar' of Russia, Mazepin have been in negotiations with several East African presidents for the past two years. According to Russian media outlets, the purpose has been to sell fertilizer and build factories in Kenya, Zimbabwe and Mozambique, among other countries.

»Mazepin has many scandals behind him, both personally and in his companies, where he has been accused of extorting his competitors. But Mazepin is also one of Russia's biggest philanthropist, who supports, among other things, sports and have bought school busses for poor regions«, said Shumanov.

When Dmitry Mazepin began to acquire fertilizer factories in Russia through Uralchem, these bulk purchases were, [according to Reuters](#), made possible by a loan of more than 5.4 billion Danish kroner from the state-owned bank Sberbank.

Sberbank also plays a part in the sale of climate credits to Europe. Extraordinarily, Russia appointed Sberbank as the official authority to issue Russian climate credits. In other industrialized countries, that role was typically assigned to an energy agency or a climate ministry.

Thus, Sberbank found itself in unusual circumstances: By 2015, the bank had issued more than 50 million climate credits to HaloPolymer, while at the same time, the owner of that company owed the bank billions.

Sberbank refused to comment on its relationship to Dmitry Mazepin, Uralchem or HaloPolymer. In a written statement, Sberbank answered that the bank's only task was to issue climate credits for projects which had been approved by the Russian ministry for financial development.

All credits had been verified by independent consulting agencies hired by

»Our technical functions being fulfilled under the international government procedures of approval and execution of carbon units transaction for Kyoto projects are separated from the bank's core operations«, said Maria Vorobyeva, head of foreign press relations, in an email.

## Many companies were duped

In January, Politiken reported how eight Danish companies had bought climate compensation from HaloPolymer's scandalized climate projects. The purchases allowed them to emit 2,615,563 tons of extra carbon dioxide between 2008 and 2012. This is equivalent to the carbon dioxide emissions of 217,963 Danes in one year.

But the Danish transaction made up only a small part of Mazepin's business operations. Politiken's research shows that a total of 447 companies in 24 countries bought climate compensation from HaloPolymer.

The buyers include some of the biggest emitters of greenhouse gasses in Europe: the cement producer Cementa AB (Sweden), the oil company ConocoPhillips (Norway), and the German steel giants Salzgitter AG, Rogesa, and ThyssenKrupp.

Politiken has shared the scientific criticism of the projects to the five companies, which in total bought more than 7.6 million credits from HaloPolymer. Swedish Cementa AB wrote in an email: »We very much regret if we have bought emissions rights which turn out to stem from a project not resulting in real climate change reductions«.

ConocoPhillips did not address the criticism of the climate credits bought to compensate the oil extraction from the Ekofisk oilfield in the North Sea. In an email, the company wrote that the credits were bought from a »respected global bank« and were approved by the independent agency Det Norske Veritas and the energy authorities of Switzerland.

The steel producer Dillinger Hütte, which owns Rogesa, wrote in an email that the company does not have any »official information, investigations or results to date concerning bogus and fraudulent emissions trading«. The company chose not to address the claims of fraudulent carbon credit generation at HaloPolymer, which Politiken had shared.

Salzgitter AG had no comments, while ThyssenKrupp answered that the company itself does not investigate projects, but relies on external verification.

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## Who is responsible?

None of the companies, Politiken reached out to, directly addressed the criticism levelled against HaloPolymer. None of them wanted to take responsibility for the extra emissions of greenhouse gasses which they contributed to, according to researchers.

John Nordbo, climate adviser at CARE Denmark, deems it outrageous:

»Each ton of carbon dioxide which has been released into the atmosphere as a result of this fraud counts just as much as a ton going into the atmosphere now. So it's not like the climate impact in 2012 or 2015 is less serious than it is today. The only thing that has changed is that it has become harder to reach the climate goals we have to reach because of the manoeuvres they have been doing«.

Out of the 447 companies who bought climate compensation from HaloPolymer, some are smaller combined heat and power plants. As the EU carbon market worked at the time, it is likely that many bought their credits through intermediaries. In those cases, the companies would be unaware of the origin of the compensation.

But large companies like Ørsted and the German steel giants, having bought millions of credits, ought to know better, John Nordbo argues. He highlights the fact that the Danish government, amongst others, pulled out of similar Chinese projects already in 2009 due to concerns about their quality.

The Danish Energy Agency also withdrew from all Russian projects because of »considerable uncertainty« regarding the credits.

»As for Ørsted, which at the time was called DONG, I know that they were aware of the problems with these projects. The reason why I am certain of this, is that we were several NGOs engaging in a dialogue with DONG at the time and warned them about it. And as far as the huge German steel giants are concerned, I refuse to believe that they should not also have been knowledgeable about the discussion regarding this type of credits, and why they weren't good for the climate«, said John Nordbo.

»It is possible that there is nothing to do legally in this case. But in terms of climate politics, this is irresponsible. Offensively irresponsible«.

Ørsted did not want to be interviewed about the case. But in an email, the head of corporate communication, Martin Barlebo, wrote that the company's

»That said, clearly we strongly take exception to all kinds of unlawful activities and fraud«.

»The key question is whether we learned anything from this case. And whether the lessons learned are taken into account in the ongoing negotiations on the rules for future carbon markets, which are part of the UN Paris Agreement. The negotiations are very controversial, and the draft rules are relatively vague when it comes to integrity and quality«.



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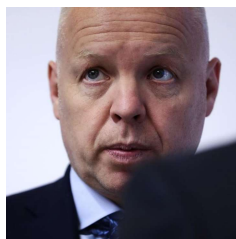
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The negotiations on a new climate credits market are planned to be held in connection with COP26 in Glasgow in November 2021. The Formula One team Hass expects to announce next year's drivers before the end of this year.

*Translation: Jakob Haff*

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