



The Legatum Group – Response to Mail on Sunday article 26 November 2017

Today the Mail on Sunday published an attack on the Legatum Group and one of our founders, Christopher Chandler, under the headline ‘Putin’s Link to Boris and Gove’s Brexit Coup’. The misleading and inaccurate nature of this article has left us with no option but to issue a response and a correction. For The Legatum Institute Foundation’s response to this article please see here.

Christopher Chandler

The Mail on Sunday article alleges that Christopher Chandler is a “tycoon based in Monaco, who became rich in post-Soviet Russia and netted millions in [a] Russian gas deal”.

These allegations are false and intentionally misleading.

- Mr Chandler is not Russian as the Mail on Sunday originally reported. He is a national of New Zealand. We note that later versions of the article have corrected this error with no reference to the original misapprehension.
- Mr Chandler is not based in Monaco as the Mail on Sunday reports.
- Mr Chandler and his brother did not “become rich” in post-Soviet Russia. Russia was just one chapter in a much longer story. Together with his brother, Mr Chandler built a global investment business, Sovereign Global Investment, which invested its capital in a range of different industries, sectors and nations over many years. Sovereign Global Investment’s wealth was already well established by the time it invested in Russia (principally through a long history of successful business operations and investment in New Zealand, Hong Kong and Brazil, and other markets subsequently).
- Mr Chandler did not net “millions from [a] Russian gas deal.” There was never any “gas deal,” and we have no idea what the journalist is referring to. What is well-known and publicly available is that Legatum’s predecessor entity, Sovereign Global Investment invested in the shares of Gazprom, a publicly-listed company whose shares trade on stock exchanges in both Moscow and London and are accordingly regulated in both jurisdictions. Gazprom shares were and are widely held by major institutional investors, government pension funds and retail investors around the world. **One is not in cahoots with Putin merely because one owns publicly-listed shares of a Russian company.**
- The Legatum Group is a global investment firm with a significant philanthropic mission, as is disclosed in great detail on our website at www.legatum.com. Mr Chandler and his partners at the Legatum Group are proud to participate, along with more than 40 other donors, in the funding of the broad and impactful work of the Legatum Institute Foundation. To imply that the Legatum Group’s funding comes from Russia is patently misleading, as it is equally

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true to say that the funding comes from investments made in New Zealand, Hong Kong, Brazil, Japan, Korea, India and the United States and many other countries over decades.

The Mail on Sunday article alleges that Mr. Chandler “helped President Vladimir Putin and his associates to take control of Russia’s state energy giant Gazprom.”

The truth about Mr Chandler, Sovereign Global Investment and Gazprom is quite simple and much less mysterious than the article implies.

Sovereign sided with many minority foreign and domestic investors to improve the corporate governance of Gazprom by calling for better management. Why speak up for ethical business leadership and better corporate governance? For an answer to that question see this New York Times article which covers the reported corruption of Gazprom’s senior management at the time. The article also accurately reports that not Sovereign, but in actual fact the Russian government, as the majority shareholder of Gazprom, used its shares and appointees on the board to both remove the then-CEO and replace him with Alexey Miller. www.nytimes.com/2013/02/18/business/rem-vyakhirev-former-chief-of-gazprom-dies-at-78.html

The Russian government was then, and remains, the controlling shareholder of Gazprom. Therefore it is a nonsense to suggest that somehow Sovereign Global Investment or any other minority, foreign shareholder, helped the Russian government “take control” of Gazprom: it was always fully in control.

Just to be abundantly clear, no-one from Sovereign Global Investment ever personally met with President Putin, chose Alexey Miller for his role or even vetted him. To suggest that Sovereign was instrumental in the “installation” of anyone at Gazprom is a verifiable misrepresentation. **The facts, both in corporate law and factual history simply do not support such an assertion.**

We are deeply proud of the fact that Sovereign Global Investment and Christopher Chandler called for reform at Gazprom and tried to make the case that ethical business practices and better corporate governance would be better for the company, its shareholders and Russia more generally. The late Boris Fyodorov, a well-known Russian reformer, former Deputy Prime Minister, Minister of Finance, director of the World Bank and board member of Gazprom had this to say “Sovereign played a significant role in corporate governance reform in Russia for a decade. They displayed great focus, perseverance and patience in seeking to create a more professional, honest and transparent business culture in Russia. When most foreign investors deserted Russia after the 1998 government debt default, Sovereign was one of the few that stayed and continued to promote reform.”