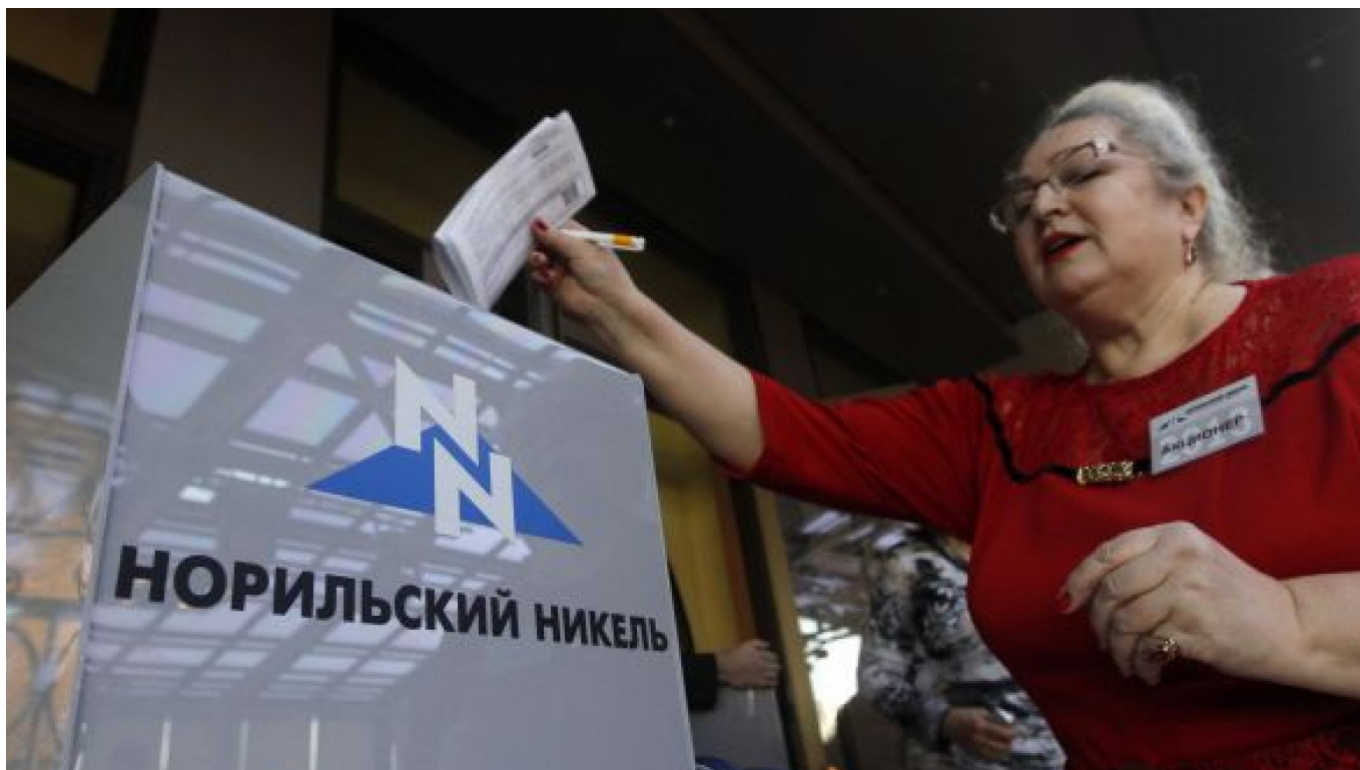


De Beers Ex-CEO Becomes Norilsk Chairman

By [Irina Filatova](#)

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A woman casting a vote in a ballot box during an extraordinary general meeting of Norilsk Nickel held Monday. **Maxim Shemetov**

The shareholders of Norilsk Nickel reached a landmark deal Monday, with a former De Beers chief executive being elected as the nickel producer's chairman.

The outcome of the company's extraordinary shareholder meeting that took place in a Soviet-style hotel in downtown Moscow was hardly surprising, with all the 13 nominees being elected to the board.

The nickel producer's biggest shareholders, RusAl and Interros, received four seats on the new board each, while billionaire Roman Abramovich's Millhouse got one representative.

Norilsk Nickel also got four independent directors, including Gareth Penny, a former CEO of global diamond producer De Beers, who was later elected to chair the board.

The structure of the board of directors is well-balanced, with all major shareholders being represented and independent directors present, Norilsk Nickel's chief executive Vladimir Potanin told reporters after the meeting.

"For the first time, we reached mutual understanding on electing an independent board chairman," Potanin said, adding that Penny has vast experience of working at mining companies.

The board structure became an apple of discord between Norilsk Nickel's biggest shareholders in 2010 when Alexander Voloshin, backed by RusAl, lost his seat as board chairman, triggering the aluminum company's long-standing battle with Interros.

Penny, 50, was CEO of De Beer between 2006 and 2010. He has been serving as executive chairman of New World Resources, the biggest coal miner in Eastern Europe, since October 2012.

Having an independent director with international experience as a board chairman might strengthen investor confidence, given that Norilsk Nickel is a big company with a foreign listing, said Oleg Petropavlovsky, an analyst at BCS brokerage. But he pointed out that Penny is unlikely to influence the decision making process significantly, since RusAl, Interros and Millhouse have more than two thirds of the board seats.

In yet another anticipated move, Russian Technologies CEO Sergei Chemezov was elected as an independent director. The former KGB agent had been nominated by Metalloinvest, which holds approximately 4 percent in Norilsk Nickel, and won the support of all major shareholders, Potanin said, praising Chemezov's management experience.

The second nominee proposed by Metalloinvest, its chief executive Andrei Varichev, withdrew his candidacy before the shareholder meeting, Vedomosti reported.

Chemezov said last month that he and Metalloinvest had proposed that the nickel company swap about 4 percent of its share capital for Metalloinvest's Udokan copper field in Siberia, but no reaction followed.

Potanin, who is also president of Interros, said Norilsk Nickel's shareholders hadn't received any specific offers yet.

"But this doesn't mean that we are not ready to consider such a proposal in the future and jointly study some projects, including Udokan," he added.

Undertaking the Udokan project, which is being jointly implemented by Metalloinvest and Russian Technologies, might affect Norilsk Nickel's dividends negatively, since the field, one of the world's largest copper deposits, requires large-scale investment, Petropavlovsky said.

Potanin pointed out that any substantial changes to the existing dividend policy are unlikely, with Norilsk Nickel paying approximately \$3 billion to its shareholders annually over the last seven years.

Developing Udokan will require investment of between \$6 billion and \$8 billion,

Metalloinvest estimated in 2011.

Neither Millhouse nor RusAl are likely to be interested in it, since the former would like to see returns on its investment in the nickel company and the latter needs to repay its debt, Petropavlovsky said.

The election of a new board is part of a shareholder agreement signed by RusAl, Interros and Millhouse in December and brings the curtain down on a long-standing conflict between Potanin and RusAl owner Oleg Deripaska to control the nickel giant.

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