



An Overview of Boards of Directors at Russia's Largest Public Companies

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Key Results

According to information disclosed by 109 of Russia's largest public companies:

- "Classic" board compositions of 11, nine, and seven seats prevail
- The total number of persons on Boards of the companies under study is not as low as it might seem: 89% of all Directors were elected to only one such Board
- Female Directors account for 12% and are more often elected to the audit, nomination, and remuneration committees than to the strategy committee
- Among Directors, there are more "humanitarians" than "techies", while the share of "techies" among chairs is greater than across the whole sample
- The average age for Directors is 53, 56 for Chairmen, and 58 for Independent Directors
- Generation X is the most visible on Boards, and Generation Y Directors will likely quickly increase their presence if the development of digital technologies continues
- The share of Independent Directors barely reaches 30%, and there is an obvious lack of independence on key committees such as audit
- Senior Independent Directors were elected at 17% of the companies, while 89% of Chairs are not independent
- The average total remuneration paid to the Board of Directors is RUR 69 million, with the difference between the maximum and minimum being 18 times
- Twenty-four percent of companies disclosed information on individual payments made to their Directors. According to this, the average total remuneration is approximately RUR 9 million per annum for a Director, RUR 17 million for a Chair, and RUR 11 million for an Independent Director

The comparison of 2020 findings with results of a similar study published in 2012 paints an interesting dynamic picture.

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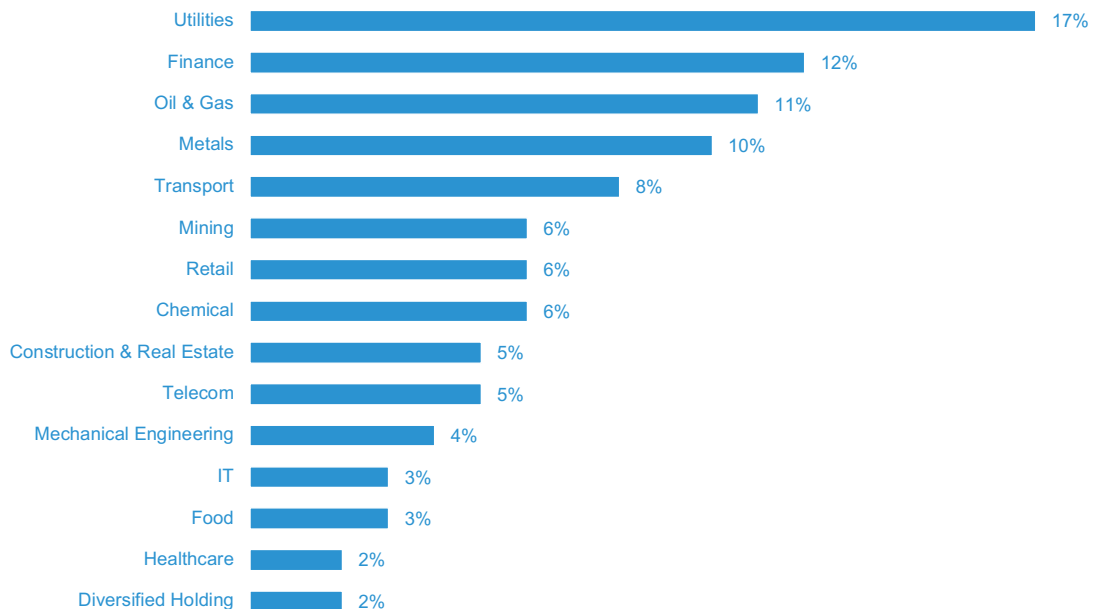
About the Study

The purpose of this study is to see an overview and the composition of the Boards of Directors¹ influencing the largest businesses in Russia.

The list of companies² is based on the ranking titled “TOP-100 Largest Russian Companies by Market Capitalization” prepared by the RIA Rating Agency. The list comprises companies from the 2020 ranking³ as well as companies that were included in the previous ranking⁴ but which later dropped out. Thus, the total number of companies under study is 109.

Data for analysis was collected between February 1 and April 30, 2020. It was taken from companies’ official websites, corporate reports that were current at the time, and other open sources.

Chart 1. Companies Under Study by Industry



¹ The term “Board of Directors” refers to the collegial governing body of a company.

² The full list of companies is available in the respective section of this document.

³ <https://riarating.ru/infografika/20200131/630152195.html>.

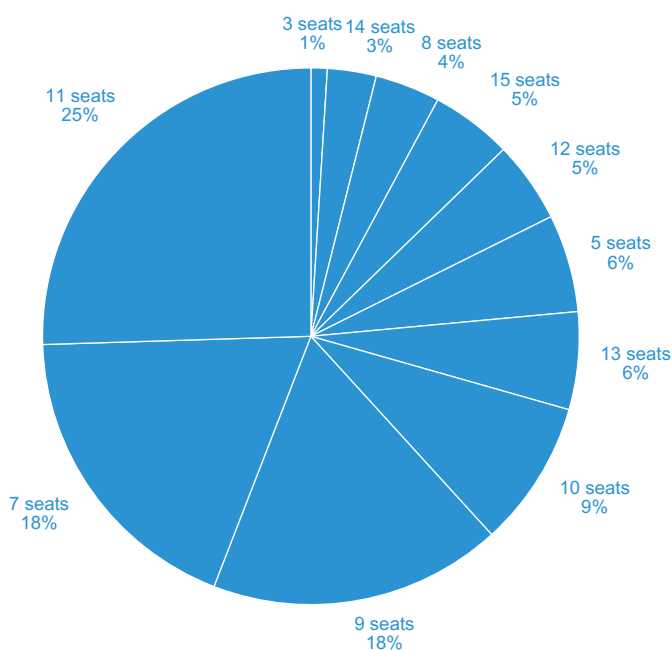
⁴ <https://riarating.ru/infografika/20190129/630115992.html>.

Board Composition

According to the study results, out of 109 companies, 108 (99%) either fully or partially disclose information about their Board of Directors. One company, referring to sanctions, does not disclose such information⁵.

On average, the Board of Directors of a large Russian public company consists of 11 members. The minimal number of seats is three and the maximal is 15. The "classic" compositions of 11, nine, and seven seats are predominant.

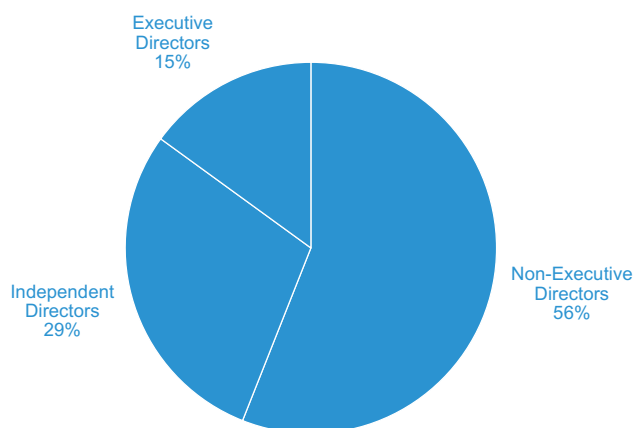
Chart 2. Board of Directors by Number of Seats



⁵ The company refers to the Resolution of the Government of the Russian Federation as of 04.04.2019 No. 400. <http://government.ru/docs/36361>.

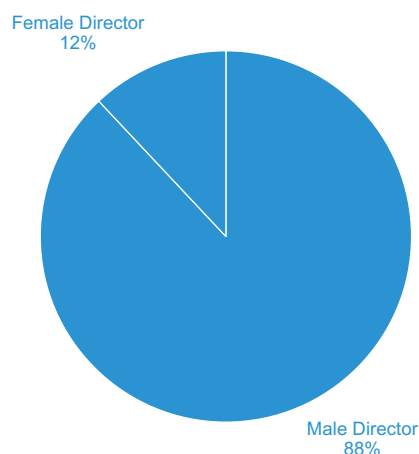
External members dominate on the Board of Directors: the total share of Non-Executive and Independent Directors is 85%, which is 4% more than in 2012⁶. At the same time, the average share of Independent Directors barely reaches 30%, which is below the recommended⁷ level. Eight years ago, this figure was around 39%.

Chart 3. Board of Directors Composition by Director Type



Female directors are in the minority and account for 12% of the total number of directors. Over the past eight years, this figure has increased only by 4%.

Chart 4. Board of Directors Composition by Gender



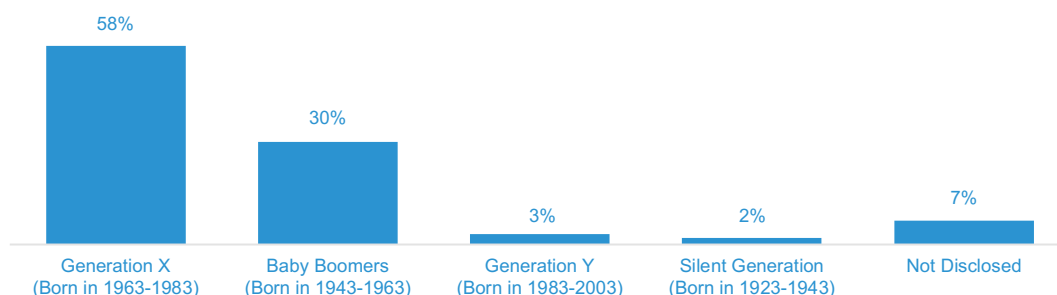
⁶ Here and further in the text: The comparison with 2012 results is based on results of the study *Information Transparency of Boards of Directors of Russian Public Companies* by Andrei Rakitin and Boris Khlebnikov. The results were published by Odgers Berndtson in December 2012.

⁷ Corporate Governance Code, recommendation 114.

From the theory of generations standpoint, most Board Members belong to Generation X. They are followed by Baby Boomers whose share is half as much. Then, with a tenfold gap, there are Generation Y Directors whose presence and influence at the highest level of corporate governance is predicted to grow. The rate of this growth remains an open question, but one can expect that the further rapid development of digital technologies will lead to an accelerated, by historical standards, rejuvenation of Boards of Directors.

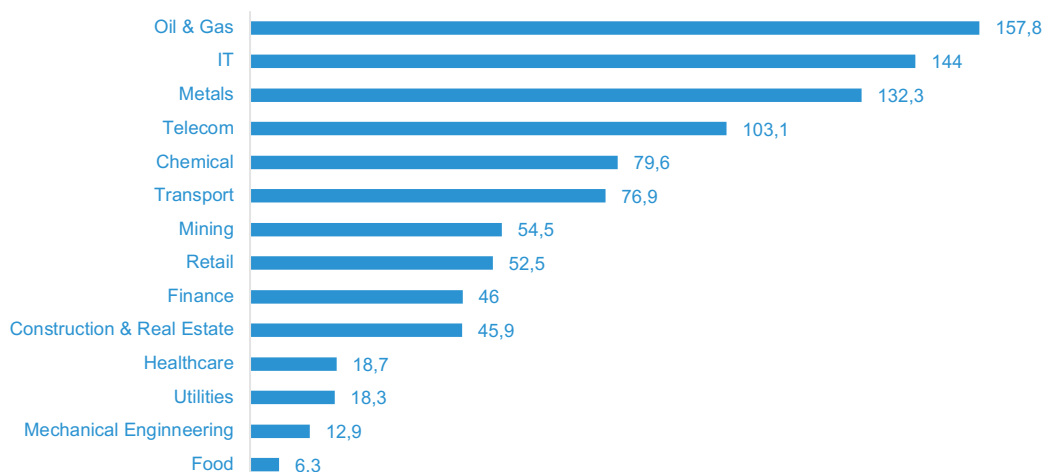
Interestingly, the most seasoned director was 90⁸ years old and the youngest was 25.

Chart 5. Board of Directors Composition by Age



According to the 82 companies that disclosed relevant information, the average annual remuneration paid to the Board of Directors is RUR 69 million. In this sense, the most generous companies traditionally are in the oil and gas industry, followed by companies from the IT and metals industries.

Chart 6. Average Total Remuneration of Board of Directors by Industry (million rubles per annum)



⁸ The Director left the Board of Directors at the end of April 2020.

Board Director

On average, a Board Director at a large Russian public company is a 53-year-old man. He is a citizen of the Russian Federation and often has a higher education in the humanities. He was elected to the Board of Directors approximately five years ago. In most cases, his CV and photo are available on the company's official website. The average remuneration for his membership on the Board and committees is around RUR 9 million per annum. It is worth noting that the difference between the maximum in the oil and gas industry and the minimum in utilities is 18 times.

Table 1. General Portrait of a Board Director

Criterion	Number of Companies Disclosing Information	Average Value
Gender (Female Male)	108	12% 88%
Age	106	53
Foreign citizen	108	20%
Duration of service since appointment	104	Five years
Availability of brief bio on corporate website	83	77%
Availability of photo on corporate website	80	74%
Actual total remuneration per annum	27	RUR 9.2 million

Chart 7. Board Director's Higher Education

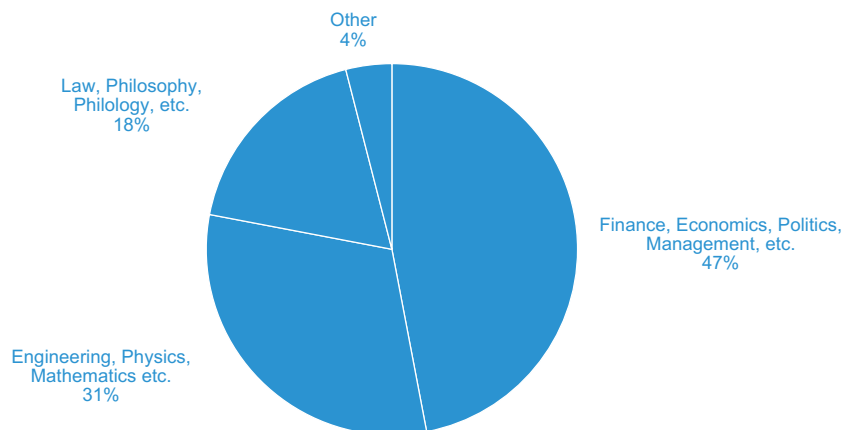
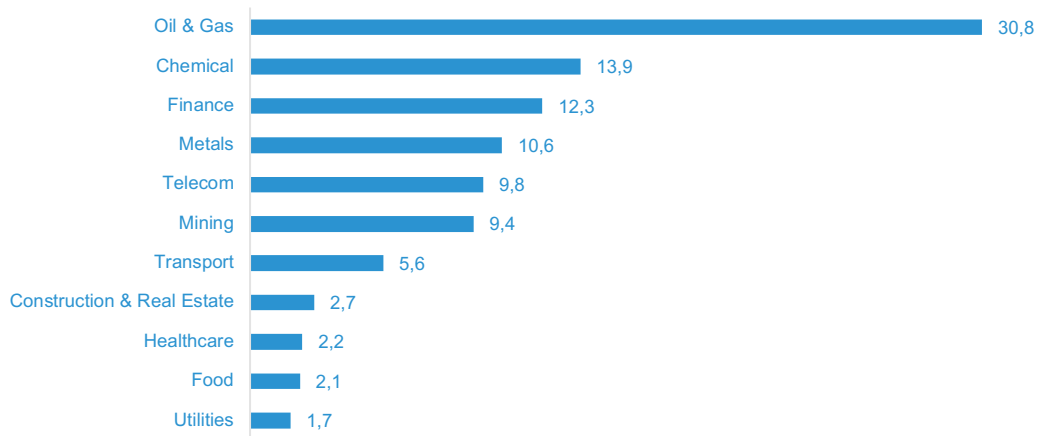


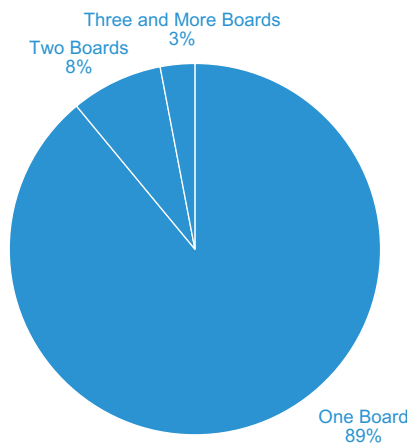
Chart 8. Average Remuneration Paid to Board Director (million rubles per annum)⁹



In total, there are 1,048 seats on the Boards of Directors of the companies under study, to which 917 persons have been elected. Most of them are on just one Board; the rest are on several simultaneously. One of the Directors has been elected to five Boards, which is a record in the sample.

Just because Directors mostly sit on one Board of Directors of the largest public company does not mean they may not be Board Members for smaller organizations. This observation should be taken as evidence that the pool of Directors at the largest companies is not limited to a short list of individuals.

Chart 9. Simultaneous Membership on Boards of Directors of Companies Under Study



⁹ Due to the small number of companies disclosing individual remuneration figures, some industries are not included in the chart. For the same reason, chemical, construction and real estate, healthcare, and food are each represented by one company.

Board Chair

The Chair of the Board of Directors in most cases is a man whose average age is 56. His higher education is usually in the humanities or something similar. He has been with the Board as a Non-Executive Director for approximately seven consecutive years. Most often, he is a citizen of the Russian Federation and rarely is a state official. The Chair's average total remuneration is roughly RUR 17 million per annum.

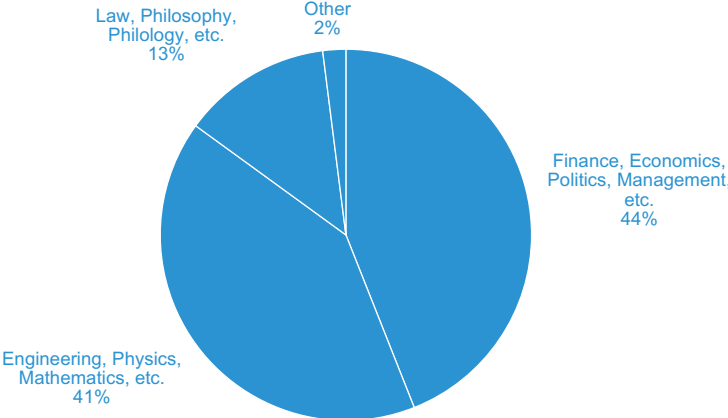
There are noticeably fewer women among Chairs than among Board Members. Since 2012, the share of female Chairs has increased 4%. Over the same period, the Chair's average age increased five years and the share of foreign citizens decreased 6%.

The decline in the level of disclosure of biographical information about Chairs from 100% in 2012 to the current 77% is worth noting. In addition, it should be mentioned that the proportion of Chairs with engineering or technical backgrounds is higher than the average for all Directors, as it was eight years ago.

Table 2. General Portrait of a Board Chair

Criterion	Number of Companies Disclosing Information	Average Value
Non-Executive Director	108	80%
Independent Director	108	11%
Gender (Female Male)	108	5% 95%
Age	102	56
State official	108	16%
Foreign citizen	108	19%
Duration of service since appointment	103	Seven years
Availability of brief bio on corporate website	83	77%
Actual total remuneration per annum	27	RUR 16.9 million

Chart 10. Board Chair's Higher Education



Independent Director

The Independent Director of the largest Russian public companies is likely to be a man whose average age is 58, which is six years older than in 2012. His higher education is in the humanities or something similar. He was first appointed to the Board about four years ago, and he is quite often a foreign citizen.

Independent Directors' average total remuneration is around RUR 11 million per annum. This result should be treated with caution due to the low level (24%) of disclosure of individual remuneration figures. Nevertheless, the average pay slip has almost doubled since 2012.

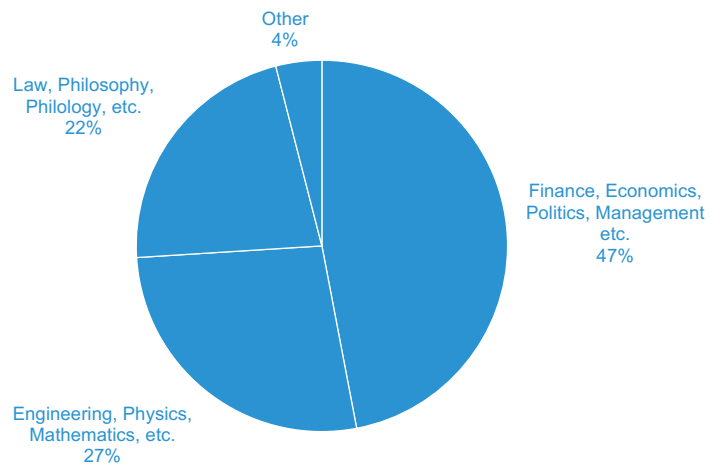
The share of Independent Directors with a higher education in engineering or exact sciences, as well as the share of women and the share of foreign citizens, is significantly greater compared with similar indicators across the entire sample.

A Senior Independent Director is present on the Boards of 17% of the companies under study. His portrait does not differ from the above, except for an average age of 59.

Table 3. General Portrait of an Independent Director

Criterion	Number of Companies Disclosing Information	Average Value
Gender (Female Male)	89	15% 85%
Age	82	58
Duration of service since appointment	84	Four years
Foreign citizen	89	41%
Actual total remuneration per annum	27	RUR 10.7 million

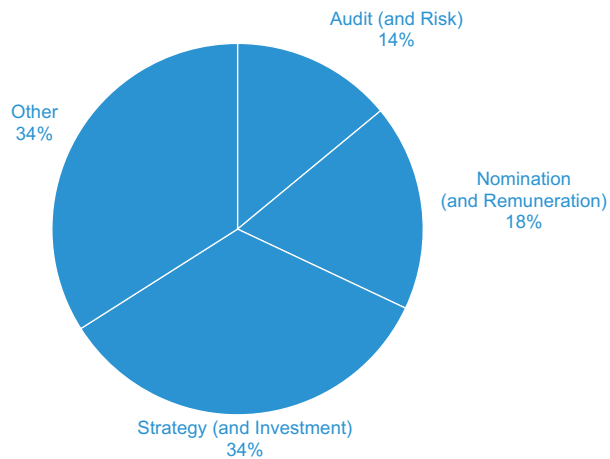
Chart 11. Independent Director's Higher Education



Board Committees

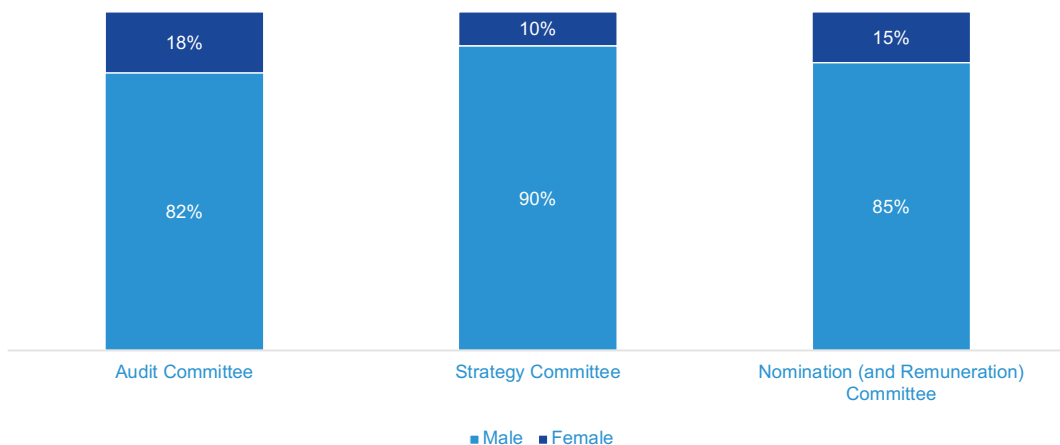
Just like eight years ago, the Board committees in the companies under study are quite diverse in terms of their titles: a total of 44. However, by specialization, most committees can still be conditionally divided into three key groups: audit (and risk), strategy (and investment), and nomination (and remuneration).

Chart 12. Board Committee Specialization



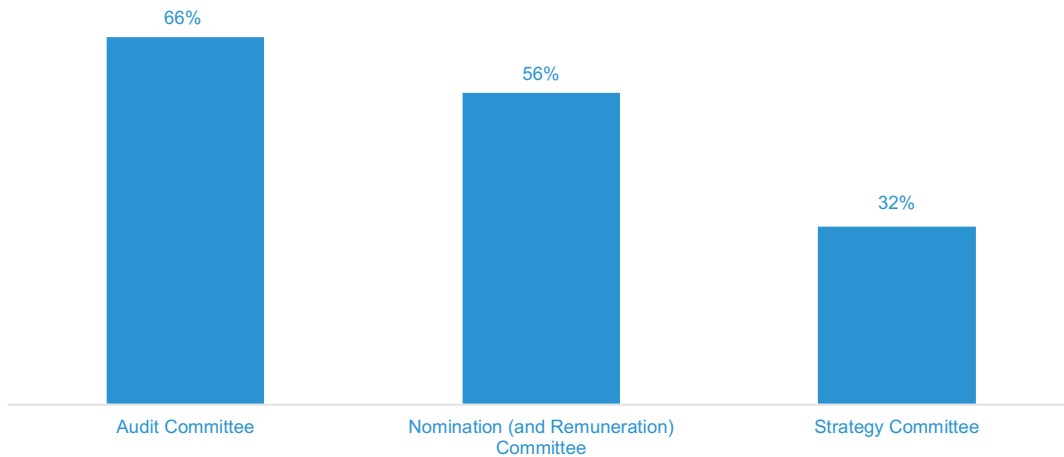
Since the proportion of female Directors on the Boards is small, the prevalence of male members on committees is not a surprise. But women are slightly more often appointed to the audit committee and the nomination and remuneration committee than to the strategy committee.

Chart 13. Committee Composition by Gender



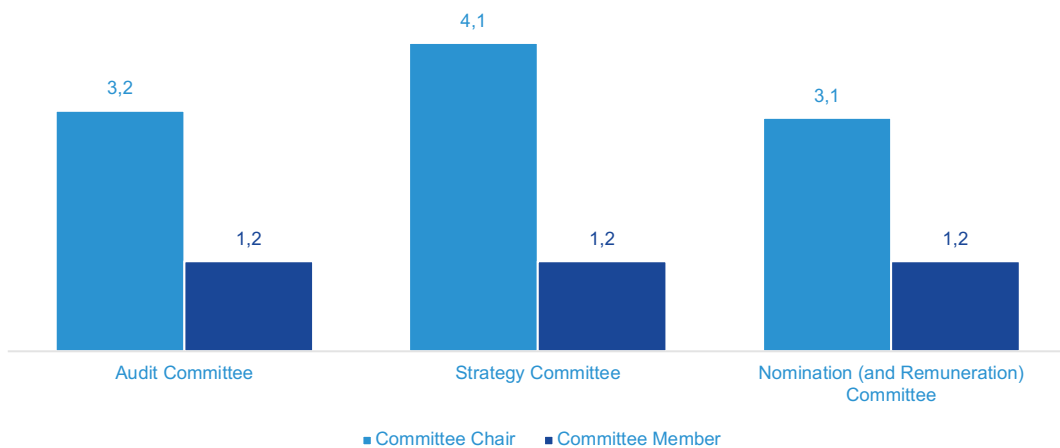
The Corporate Governance Code recommended by the Bank of Russia contains provisions¹⁰ that the audit and remuneration committees should consist exclusively of Independent Directors, and the nomination committee should comprise mainly Independent Directors. The analysis shows that currently not all of the largest public companies follow these recommendations.

Chart 14. Average Percentage of Independent Directors on Committees



Information about additional remuneration for the work on committees is available for 53 (49%) companies. While the committee membership is valued the same on average, the strategy committee Chair is entitled to greater remuneration than the Chairs of other committees.

Chart 15. Average Additional Remuneration for Committee Membership (million rubles per annum)



¹⁰ Recommendations 173, 179, and 183.

An analysis of Board Director remuneration of the leading foreign stock exchanges performed in 2019 revealed that the additional payments to directors for their work on the audit and risk committees is on average higher compared with other committees. Although this trend has not yet been observed at the largest Russian public companies, one may expect it will be reflected in their practice in the foreseeable future.

List of Companies

1. ACRON PJSC
2. AEROFLOT PJSC
3. AFI DEVELOPMENT PLC
4. ALROSA – NURBA PJSC
5. ALROSA PJSC
6. AVANGARD JSB
7. BANK SAINT-PETERSBURG PJSC
8. BANK URALSIB PJSC
9. BASHNEFT PJSOC
10. CHELPIPE PJSC
11. CHERKIZOVO GROUP PJSC
12. CREDIT BANK OF MOSCOW
13. DETSKY MIR PJSC
14. EN+ GROUP PLC
15. ENEL RUSSIA PJSC
16. ETALON GROUP PLC
17. EVRAZ PLC
18. FEEC PJSC
19. FESCO
20. FGC UES PJSC
21. GAZPROM NEFT PJSC
22. GAZPROM PJSC
23. GC TNS ENERGO PJSC
24. GLOBAL PORTS INVESTMENTS PLC
25. GLOBALTRANS INVESTMENT PLC
26. HEADHUNTER GROUP PLC
27. INGRAD PJSC
28. INTER RAO UES PJSC
29. INTERREGIONAL DISTRIBUTION GRID COMPANY OF CENTER AND VOLGA REGION JSC
30. INTERREGIONAL DISTRIBUTION GRID COMPANY OF SIBERIA JSC
31. INTERREGIONAL DISTRIBUTION GRID COMPANY OF URALS JSC
32. INTERREGIONAL DISTRIBUTION GRID COMPANY OF VOLGA JSC
33. IRKUT CORPORATION
34. IRKUTSKENERGO PJSC
35. KAMAZ PTC
36. KAZANORGSINTEZ PJSC
37. KTC PJSC
38. KUBANENERGO PJSC
39. KUIBYSHEVAZOT PJSC
40. LENENERGO PJSC
41. LENTA LTD.
42. LSR GROUP PJSC
43. LUKOIL PJSC
44. M.VIDEO PJSC
45. MAGNIT PJSC
46. MAIL.RU GROUP LTD.
47. MD MEDICAL GROUP INVESTMENTS PLC
48. MECHEL PAO
49. MEGAFON PJSC
50. MGTS PJSC
51. MMC NORILSK NICKEL PJSC
52. MMK PJSC
53. MOSCOW EXCHANGE
54. MOSCOW UNITED ELECTRIC GRID COMPANY JSC
55. MOSENERGO
56. MOSTOTREST PJSC
57. MTS PJSC
58. NCSP PJSC
59. NGP PJSC
60. NIZHNEKAMSKNEFTEKHIM PJSC
61. NOVATEK PJSC
62. NOVOLIPETSK STEEL
63. O'KEY GROUP S.A.
64. OGK-2 PJSC
65. PETROPAVLOVSK PLC
66. PHARMACY CHAIN 36,6 PJSC
67. PHOSAGRO PJSC
68. PIK GROUP
69. POLYMETAL INTERNATIONAL PLC
70. POLYUS PJSC
71. PROTEK
72. QIWI PLC
73. RASPADSKAYA PJSC
74. ROS AGRO PLC
75. ROSBANK PJSC
76. ROSGOSSTRAKH INSURANCE COMPANY
77. ROSNEFT
78. ROSTELECOM PJSC
79. RPC UWC PJSC
80. RUSHYDRO PJSC
81. RUSSIAN AQUACULTURE PJSC
82. RUSSIAN GRIDS JSC
83. RUSSNEFT PJSC
84. SBERBANK
85. SEVERSTAL PAO
86. SFI PJSC
87. SISTEMA PJSFC
88. SLAVNEFT-MEGIONNEFTEGAZ JSC
89. SLAVNEFT-YANOS PJSC
90. SOLLERS PJSC
91. SOUTHERN KUZBASS PJSC
92. SURGUTNEFTEGAS PJSC
93. TATNEFT PJSC
94. TCS GROUP HOLDING PLC
95. TGC-1
96. TMK
97. TRANSCONTAINER PJSC
98. UAC PJSC
99. UC RUSAL PLC
100. UNIPRO PJSC
101. UNITED CREDIT SYSTEMS PJSC
102. URALKALI PJSC
103. UTAIR AVIATION JSC
104. VEON LTD.
105. VSMPO-AVISMA CORPORATION
106. VTB BANK PJSC
107. X5 RETAIL GROUP N.V.
108. YANDEX N.V.
109. YATEC PJSC

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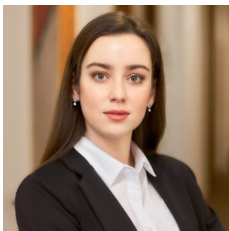
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- Performing research-intensive assignments, such as talent mapping, remuneration benchmarking, competency modeling, refreshing corporate values, and facilitating organizational culture transformation

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