



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

Andrei Rakitin

Milena Barsukova

Arina Mazunova

Translated from Russian

September 2021

Key Results

Having analyzed the data of Russia's 115 largest public companies collected in the spring of 2021, we have reached the following conclusions:

- The majority of the boards of directors comprise seven, nine, 10, or 11 seats.
- Eighty-eight percent of Directors have been elected to the board of only one company under study.
- Female Directors account for 11% on average and are more often elected to the Audit Committee and the Nomination and Remuneration Committee.
- Most Directors are "humanitarians" according to their tertiary education.
- The average age for a Director is 54, 56 for a Chair, and 58 for an Independent Director.
- Generation X is most brightly represented on the boards, followed (with a large gap) by Baby Boomers and the gradually emerging Generation Y.
- Compared to last year, the average share of Independent Directors on boards has grown from 29% to 33%, but there still is a deficit of independence on Audit Committees.
- Although 85% of Chairs are not independent, a Senior Independent Director has been elected at only 15% of the companies under study.
- Compared to 2020, a board's annual remuneration increased 19% to RUR 82 million on average, and the gap between the minimum and the maximum is 25-fold.
- According to information disclosed by 23% of the companies, average annual remuneration for a Director is RUR 11 million. For a Chair it is RUR 24 million, and for an Independent Director it is RUR 13 million. The gap between the minimum and the maximum has increased from 18 to 30 times.
- The growing attention to sustainable development and, particularly, ESG investment has encouraged Russia's largest public companies to strengthen the relevant expertise on their boards and executive teams, as well as issue more detailed reports.

These and other observations are compared with the results of our similar study performed in 2020.

Contents

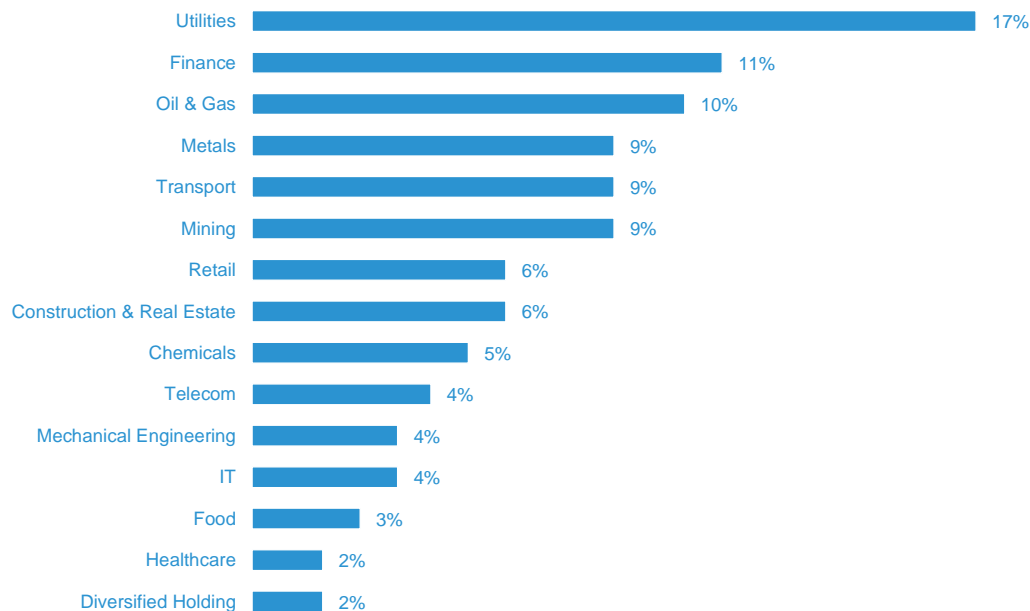
About the Study	4
Board Composition	5
Board Director	8
Board Chair	10
Independent Director	11
Board Committees	12
Sustainable Development	14
List of Companies	16
Authors of the Study	17
About Stanton Chase	18

About the Study

The purpose of this study is to see an overview and the composition of boards of directors¹ influencing the largest businesses in Russia and, consequently, the country's economy.

The list of companies under study² 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 2021 ranking³ and companies that were included in the previous ranking⁴ but which later dropped out. Thus, the total number of companies is 115, six of which are "new" compared to last year's study⁵.

Chart 1. Companies by Industry



Data for the analysis was collected between March 1 and April 30, 2021. It was taken from companies' official websites, corporate reports that were current at the time, and other open sources.

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/20210204/630194238.html>.

⁴ <https://riarating.ru/infografika/20200131/630152195.html>.

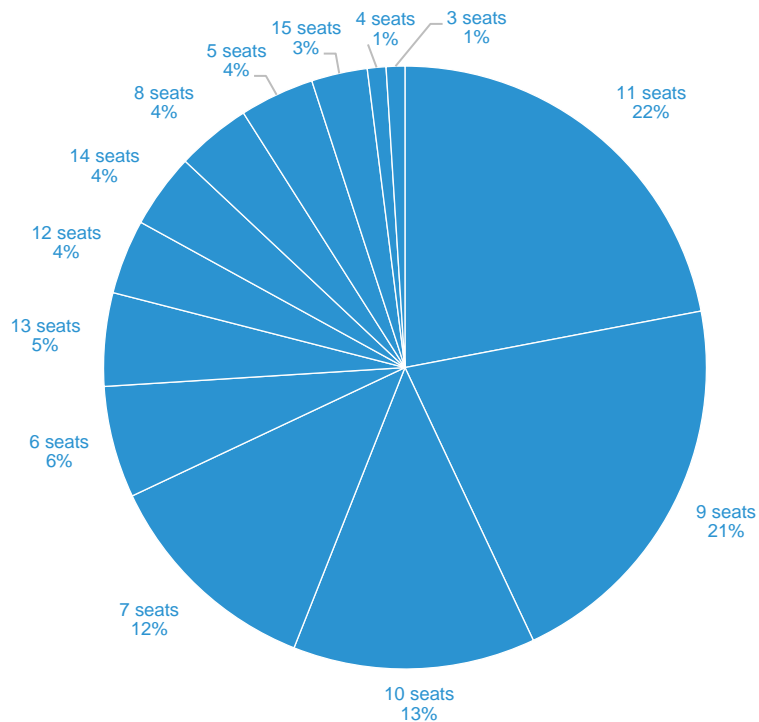
⁵ A. Rakitin, M. Barsukova, and A. Mazunova. *An Overview of Boards of Directors at Russia's Largest Public Companies*. <https://www.stantonchase.com/an-overview-of-boards-of-directors-at-russias-largest-public-companies/>.

Board Composition

According to the analysis, 112 of 115 (97%) companies fully or partially disclose information on their boards of directors. Two companies do not disclose such information because of sanctions⁶, and another one because it is in the process of liquidation.

On average, the board of directors of a large Russian public company comprises 11 members. The minimal number of seats is three, and the maximal number is 15. As in 2020, the most frequently observed compositions are seven, nine, and 11 seats, but now this trio has been added with boards consisting of 10 Directors.

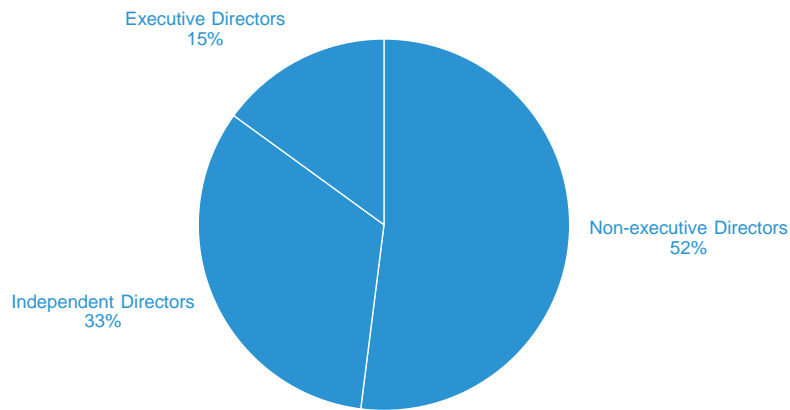
Chart 2. Boards of Directors by Number of Seats



⁶ According to the Resolution of the Government of the Russian Federation as of 04.04.2019 No. 400. <http://government.ru/docs/36361>.

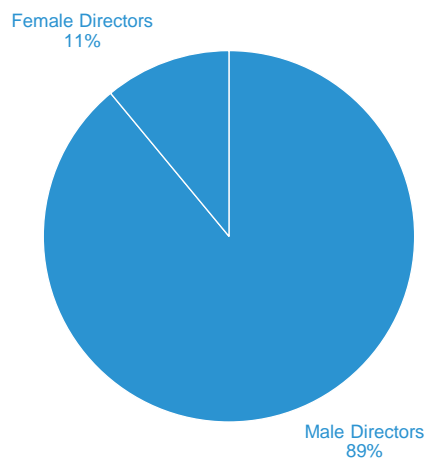
External Directors remain the majority. The total share of Non-executive and Independent Directors is 85%. However, since last year, there has been a slight reallocation between these groups. The share of Independent Directors increased from 29% to 33%, and the share of Non-executive Directors dropped from 56% to 52%. The share of Executive Directors has not changed.

Chart 3. Board Composition by Type of Director



The share of female Directors is now more modest, having decreased from 12% to 11% over the past year.

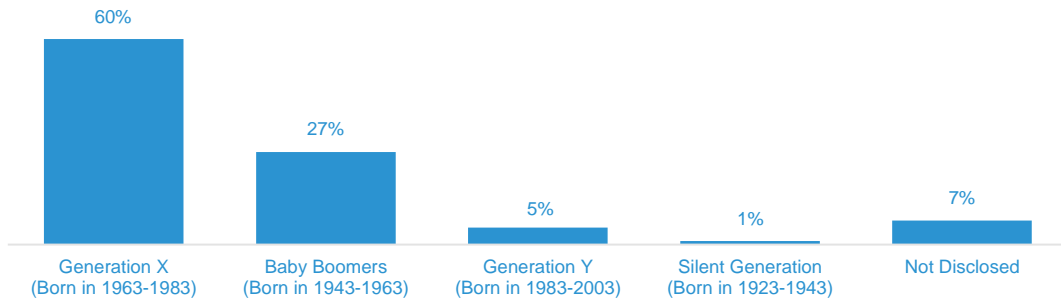
Chart 4. Board Composition by Gender



Generation X continues to dominate boards of directors. The second-largest share belongs to Baby Boomers, who make up about a half, just like in 2020. The share of Generation Y grew from 3% to 5%, while the share of Silent Generation decreased from 2% to 1%.

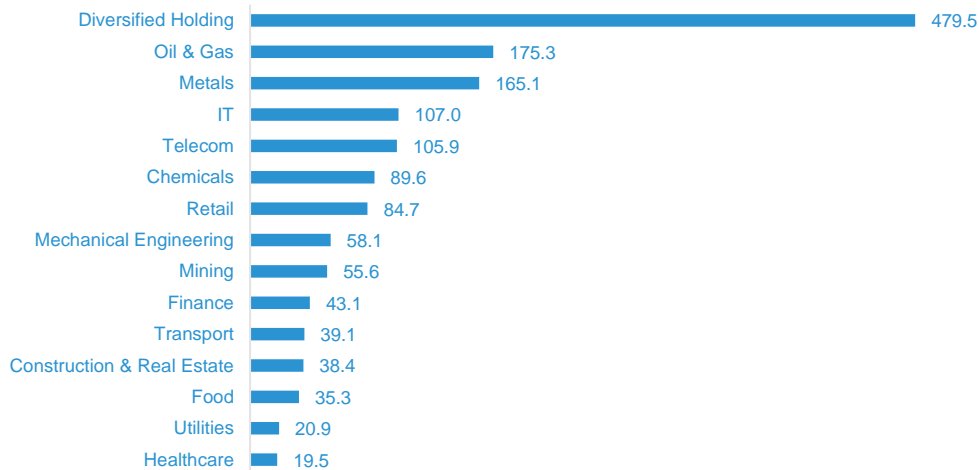
In 2021, the oldest director is 89, and the youngest is 26 (compared to 90 and 25 last year).

Chart 5. Board Composition by Age



According to 90 companies that have disclosed information on payments, the average annual remuneration actually paid to a board of directors is RUR 82 million, which is 19% more than in 2020.

Chart 6. Board's Average Total Remuneration by Industry (million rubles per annum)



The high level of remuneration remains in the oil and gas, metals, and IT sectors, but now diversified holdings outplay them significantly. At the same time, the 25-fold gap between the minimum and the maximum remains intact.

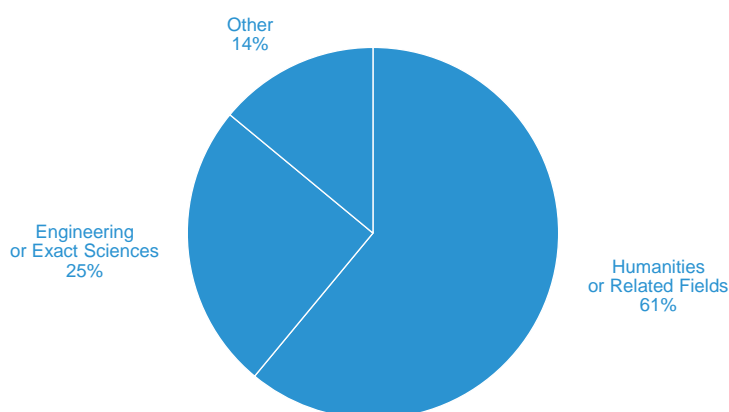
Board Director

In 2021, the average Director of a large Russian public company in 2021 is a 54-year-old male citizen of the Russian Federation. He has a higher education in the humanities or a related field. He was first elected to the board of directors about five years ago. His brief biography and photograph are available on the company’s official website in most cases. This portrait has not really changed over the year.

Table 1. General Portrait of a Board Director

Criterion	Number of Companies Disclosing Information	Average Value
Gender (Female Male)	112	11% 89%
Age	113	54
Foreign citizen	112	20%
Duration of service since appointment	111	5 years
Availability of brief bio on corporate website	86	77%
Availability of photo on corporate website	82	73%
Actual total remuneration per annum	26	RUR 11 million

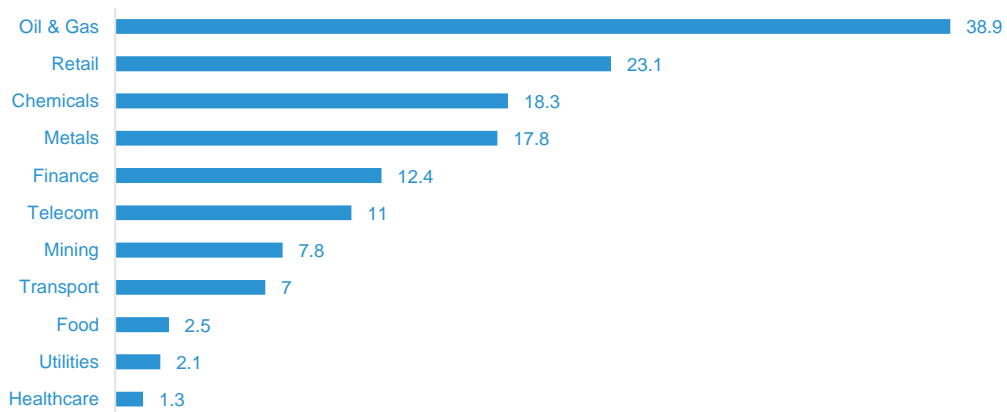
Chart 7. Higher Education of a Board Director



Only 26 out of 115 (23%) companies publish individual remuneration figures for their Directors. This level of disclosure is traditional for Russia. According to available data, the average total remuneration for the board and committee membership is RUR 11 million per annum, which is almost 20% greater than in the previous year. The oil and gas sector remains the most

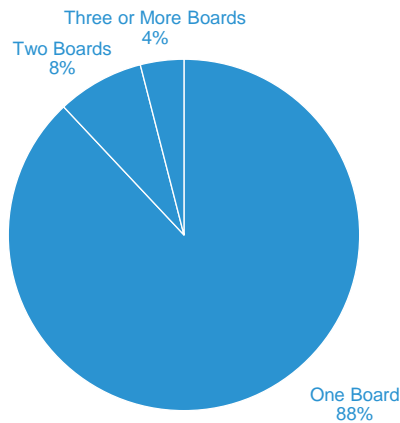
attractive, surpassing the minimum in the healthcare sector by about 30 times. In 2020, the gap was significantly smaller (18 times), and the lowest remuneration was in utilities.

Chart 8. Average Remuneration Paid to a Board Director (million rubles per annum)⁷



In total, there are more than 1,000 seats on the boards of directors under study. Most directors (88%) who occupy them are on one board of the largest public company. The others are on two or more boards simultaneously. One director has been elected to five boards and maintains the so-called personal record of last year.

Chart 9. Simultaneous Membership on Boards of Directors Under Study



⁷ Due to the small number of companies disclosing individual payments to their Directors, not all sectors are included in the chart. The retail, chemicals, food, and healthcare sectors are represented with one company in each case.

Board Chair

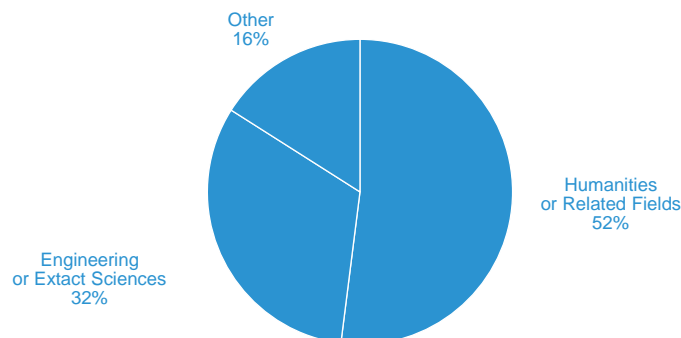
The average portrait of the board Chair is also similar to that of 2020. This role is generally held by a 56-year-old male citizen of the Russian Federation. He has a higher education in the humanities or a related field. He is a Non-executive Director first elected to the board eight years ago. The share of independent Chairmen in the total number is 15%, and the share of state officials is 13%.

In general, the companies disclose information about their Chairs at a level comparable to the previous year. However, information on remuneration is not as readily available. Out of 109 companies, 27 (25%) published this information in 2020, and 18 out of 115 (16%) did so in 2021. According to their data, the Chair’s average total remuneration has increased 40% to RUR 23.6 million per annum.

Table 2. General Portrait of a Board Chair

Criterion	Number of Companies Disclosing Information	Average Value
Non-Executive Director	112	76%
Independent Director	112	15%
Gender (Female Male)	112	5% 95%
Age	104	56
State official	112	13%
Foreign citizen	112	21%
Duration of service since appointment	110	8 years
Availability of brief bio on corporate website	86	77%
Actual total remuneration per annum	18	RUR 23.6 million

Chart 10. Higher Education of a Board Chair



Independent Director

The Independent Director is a 58-year-old male citizen of the Russian Federation who was elected to the board of directors four years ago. He has a higher education in the humanities or a related field.

The share of foreign citizens among Independent Directors has decreased 2% compared to 2020. However, just like the share of women, it remains greater than in the entire sample.

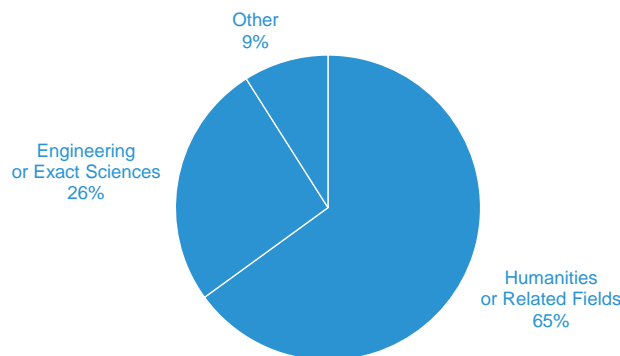
As in the previous year, there are fewer Independent Directors with a tertiary degree in engineering or exact sciences.

The share of the companies disclosing information on remuneration of Independent Directors has decreased from 24% in 2020 to 21% in 2021. On the contrary, the average total remuneration for an Independent Director has jumped 19% to RUR 12.5 million per annum.

Table 3. General Portrait of an Independent Director

Criterion	Number of Companies Disclosing Information	Average Value
Gender (Female Male)	94	15% 85%
Age	90	58
Duration of service since appointment	93	4 years
Foreign citizen	94	39%
Actual total remuneration per annum	24	RUR 12.7 million

Chart 11. Independent Director's Higher Education



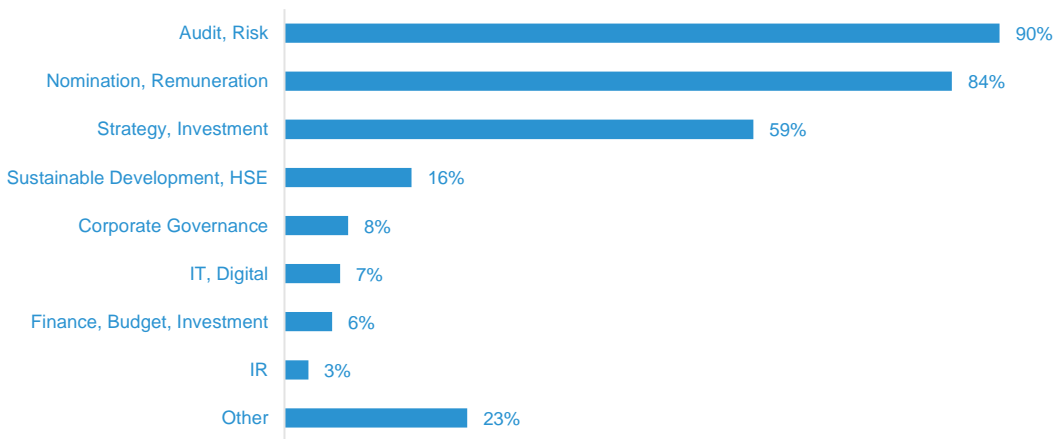
A Senior Independent Director has been elected in 15% of the companies under study. His portrait differs in several ways. First, in most cases (71%) he is a foreign citizen. Second, his average age is 60. Third, his first election to the board of directors took place about seven years ago. Finally, his average total remuneration is RUR 13.4 million per year.

Board Committees

Comparing the fresh data on committees with the data of 2020, one can notice that committees have become even more diverse in terms of their titles. Last year there were 44 titles and this year there are 79.

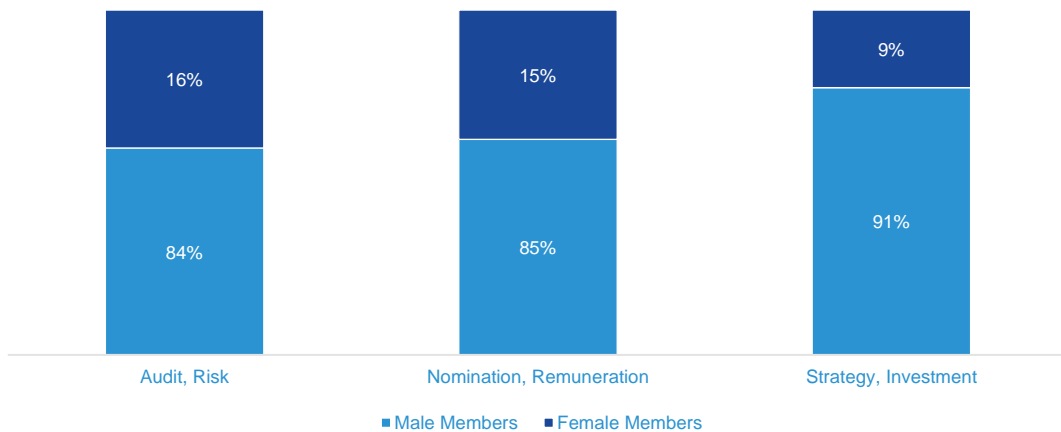
Along with the three "standard" committees (audit and risk, nomination and remuneration, and strategy and investment) the committees focusing on sustainable development and HSE, on finance, budget and investment, and on IT and digitalization have a significant share. It is surprising that the "standard" committees have not been established in some companies under study and the investment topic is not always paired with the strategy one.

Chart 12. Percentage of Companies Having Board Committees



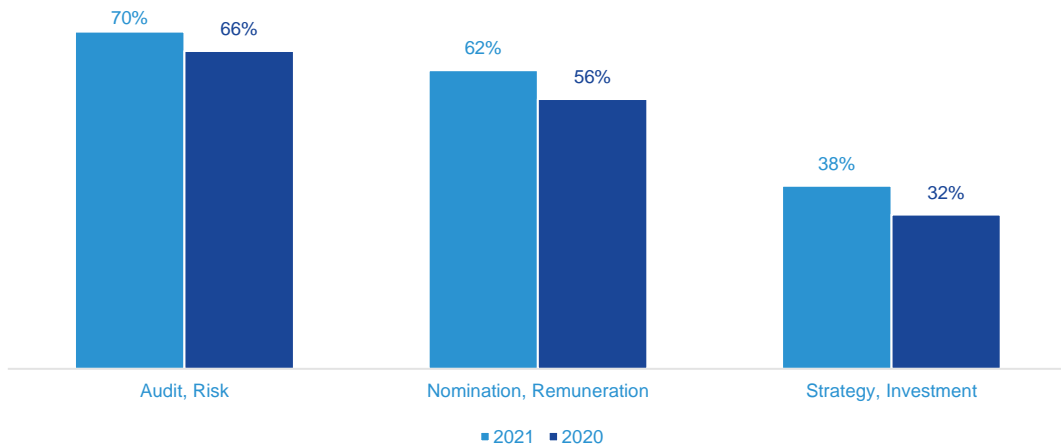
The analysis of the composition of the "standard" Committees reveals they mainly consist of men. Women are more often elected to the Audit (and Risk) Committee and the Nomination (and Remuneration) Committee. In 2020, the picture was about the same.

Chart 13. Committee Composition by Gender



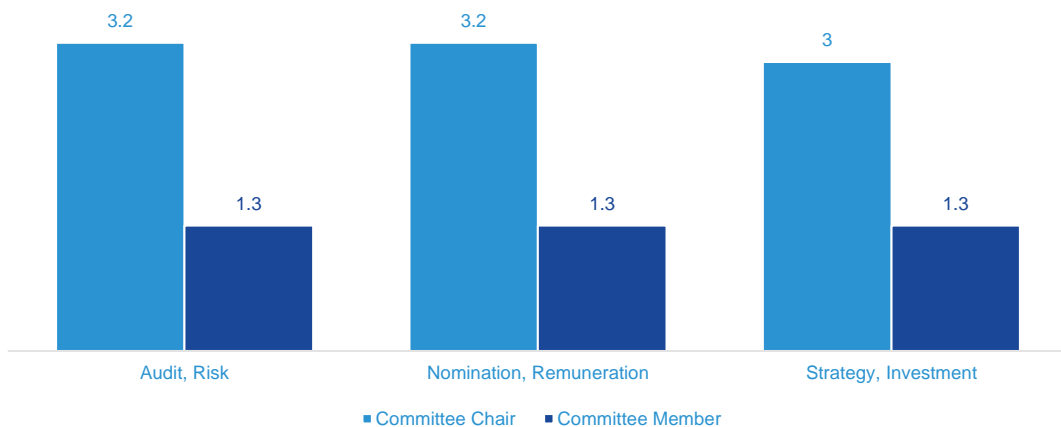
The Corporate Governance Code recommended by the Bank of Russia contains provisions⁸ that the Audit Committee and the Remuneration Committee should consist exclusively of Independent Directors, and the Nomination Committee should comprise mainly independent directors. Compared to 2020, the share of Independent Directors on Committees has slightly increased, but the Audit Committees still lack independence.

Chart 14. Average Percentage of Independent Directors on Committees



Half of the companies under study disclose additional remuneration paid to Directors for their committee membership. According to this data, membership in the "standard" committees is valued almost equally, although a year ago a Strategy Committee Chair was entitled to a third more than Chairs of the other committees.

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



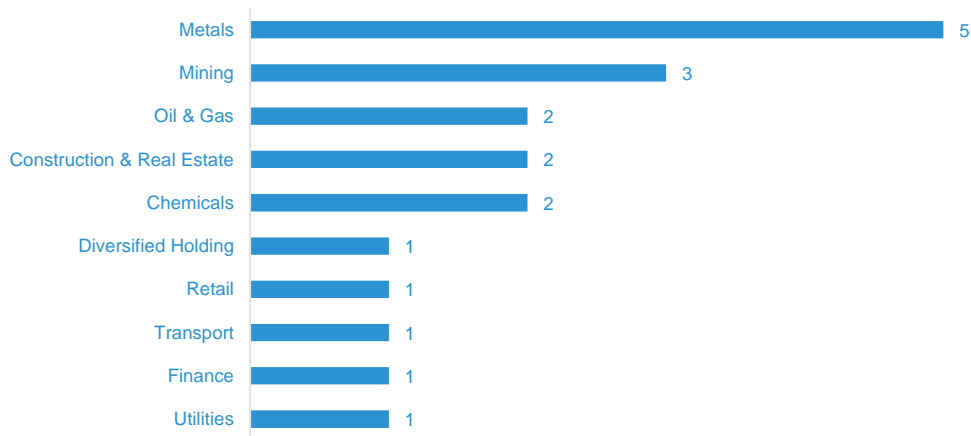
⁸ Recommendation 173, 179, and 183.

Sustainable Development

The theme of sustainable development continues to gain momentum. Assessing its prospects and investors' growing attention to it, corporations increasingly integrate the sustainable development principles in their strategies and strengthen their own expertise in this area. At public companies, boards of directors create special committees, dedicated divisions appear in organizational structures, and reports becomes more and more detailed.

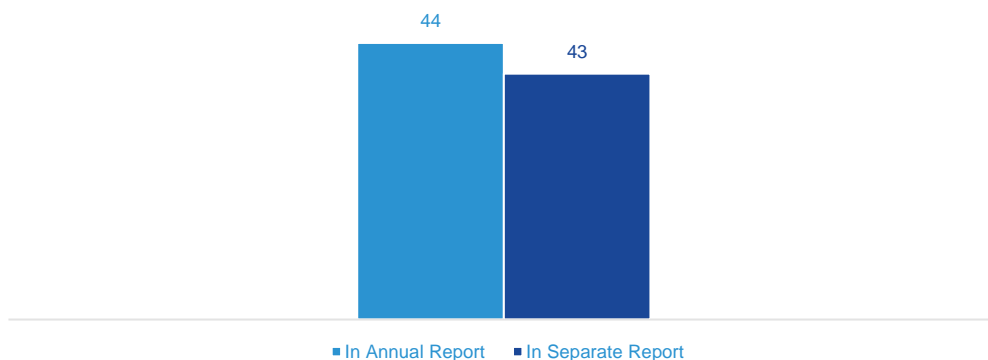
Russian businesses are no exception: 99 out of 115 (86%) companies included in the study classify certain aspects of sustainable development as strategic priorities. Nineteen companies (17%) have special committees at the board of directors level.

Chart 16. Number of Companies with Committee on Sustainable Development (by industry)



Eighty-seven companies (76%) disclose information on sustainable development. In half of the cases, this disclosure is done as a separate report.

Chart 17. Number of Companies Disclosing Information on Sustainable Development



Despite the long-existing reporting standards, the sustainable development agenda has not reached uniformity yet. There is a variety of approaches – not only in terms of content and methods of practical implementation but even in terms of titles: sustainability, sustainable development, ESG (environmental, social, and governance), HSE (health, safety, and environment), and so on.

In Russia, the term “ESG” has become extremely popular recently, but journalists interpret it differently. For example, they often exclude “governance” from the context. It is interesting whether “ESG” will remain the one and only term or if it will transform into something new.

List of Companies

1. ACRON PJSC
2. AEROFLOT PJSC
3. AFI DEVELOPMENT PLC
4. ALROSA – NYURBA 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. IDGC OF URALS JSC
28. INGRAD PJSC
29. INTER RAO PJSC
30. IRKUT CORPORATION
31. IRKUTSKENERGO JSC
32. KAMAZ PTC
33. KAZANORGSINTEZ PJSC
34. KTC PJSC
35. KUIBYSHEVAZOT PJSC
36. LENTA LLC.
37. LSR GROUP PJSC
38. LUKOIL PJSC
39. M.VIDEO PJSC
40. MAGNIT PJSC
41. MAIL.RU GROUP LTD.
42. MD MEDICAL GROUP INVESTMENTS PLC
43. MECHEL PAO
44. MEGAFON PJSC
45. MGTS PJSC
46. MMC NORILSK NICKEL PJSC
47. MMK PJSC
48. MOSCOW EXCHANGE
49. MOSENERGO
50. MOSTOTREST PJSC
51. MTS PJSC
52. NCSP PJSC
53. NGP PJSC
54. NIZHNEKAMSKNEFTEKHIM PJSC
55. NLMK
56. NOVATEK JSC
57. O'KEY GROUP S.A.
58. OGK-2 JSC
59. OZON HOLDINGS PLC
60. PETROPAVLOVSK PLC
61. PHARMACY CHAIN 36,6 PJSC
62. PHOSAGRO PJSC
63. PIK GROUP
64. POLYMETAL INTERNATIONAL PLC
65. POLYUS PJSC
66. PROTEK
67. QIWI PLC
68. RASPADSKAYA PJSC
69. ROS AGRO PLC
70. ROSBANK PJSC
71. ROSGOSSTRAKH INSURANCE COMPANY
72. ROSNEFT
73. ROSSETI CENTRE AND VOLGA REGION PJSC
74. ROSSETI KUBAN PJSC
75. ROSSETI LENENERGO PJSC
76. ROSSETI MOSCOW REGION PJSC
77. ROSSETI NOTHERN CAUCASUS PJSC
78. ROSSETI PJSC
79. ROSSETI SIBERIA PJSC
80. ROSSETI VOLGA PJSC
81. ROSTELECOM PJSC
82. RPC UWC PJSC
83. RUSHYDRO PJSC
84. RUSOLOVO PJSC
85. RUSSIAN AQUACULTURE PJSC
86. RUSSNEFT PJSC
87. SAMOLET GROUP PJSC
88. SBERBANK
89. SCF PAO
90. SELIGDAR PJSC
91. SEVERSTAL PAO
92. SFI PJSC
93. SISTEMA PJSFC
94. SLAVNEFT-MEGIONNEFTEGAZ JSC
95. SLAVNEFT-YANOS PJSC
96. SOLLERS PJSC
97. SOUTHERN KUZBASS PJSC
98. SURGUTNEFTEGAS PJSC
99. TATNEFT PJSC
100. TCS GROUP HOLDING PLC
101. TGC-1
102. TMK
103. TRANSCONTAINER PJSC
104. UAC PJSC
105. UC RUSAL IPJSC
106. UNIPRO PJSC
107. UNITED CREDIT SYSTEMS PJSC
108. URALKALI PJSC
109. UTAIR AVIATION JSC
110. VEON LTD.
111. VSMPO-AVISMA CORPORATION
112. VTB BANK PJSC
113. X5 RETAIL GROUP N.V.
114. YANDEX N.V.
115. YATEC PJSC

Authors of the Study



Andrei Rakitin

Managing Partner, Stanton Chase Russia (Moscow)

As an expert in executive search and an Independent Non-Executive Director with several other companies, Andrei specializes in assignments in corporate governance, including board evaluations. As a lecturer, Andrei collaborates with the Department of Economics at the Moscow State University and the National Association of Corporate Secretaries.



Milena Barsukova

Associate, Stanton Chase Russia (Moscow)

Milena plays an active role in international and local assignments in executive search, assessment, and development. She is experienced in evaluating boards of directors as a senior analyst and coordinator.



Arina Mazunova

Talent Acquisition Consultant, Stanton Chase Russia (Moscow)

Arina provides analytical support to Partners and consultants in international and local assignments in executive search, assessment, and development. She is experienced in evaluating boards of directors as a junior analyst and coordinator.

About Stanton Chase

Established in 1990, Stanton Chase is a leading global executive search firm. With 350 expert consultants in over 70 offices across 45 countries, Stanton Chase is unique in the field of executive search, offering clients the global reach of one of the world's ten largest executive search firms, complemented by the industry expertise and personal relationships usually reserved for small boutique practices.

The Moscow office of Stanton Chase was launched in 2010. The Russia team comprises experts whose knowledge and experience are irreplaceable when it comes to such important matters as:

- Searching for candidates for boards, committees, and other collegial bodies
- Searching for candidates for senior executive roles
- Conducting board evaluations and providing other governance-related services
- Assessing and developing individual executives and management teams
- Designing and facilitating team sessions, including strategy discussions
- Performing research-intensive assignments, such as talent mapping, remuneration benchmarking, competency modeling, refreshing corporate values, and facilitating organizational culture transformation.

[Contacts in Moscow](#)

+7 (495) 648 65 23
moscow@stantonchase.com



Asia/Pacific

Auckland · Bangalore · Beijing · Chennai
 Hong Kong · Mumbai · New Delhi · Seoul · Perth
 Shanghai · Singapore · Sydney · Tokyo

Europe, Middle East, Africa

Amsterdam · Athens · Belgrade · Brussels · Bucharest
 Budapest · Copenhagen · Dubai · Düsseldorf · Frankfurt
 Helsinki · Istanbul · Johannesburg · Lagos · Lisbon
 Ljubljana · London · Lyon · Madrid · Milan · Moscow
 Oslo · Paris · Porto · Prague · Sofia · Stockholm
 Stuttgart · Vienna · Warsaw · Zurich

Latin America

Bogotá · Buenos Aires · Lima · Mexico City
 Montevideo · Panama City · Santiago · São Paulo

North America

Atlanta · Austin · Baltimore · Birmingham
 Boston · Calgary · Chicago · Dallas · Detroit
 Los Angeles · Memphis · Miami · Montreal · Nashville
 New York · Philadelphia · San Francisco · Seattle
 Silicon Valley · Toronto · Washington, D.C.

Your Leadership Partner