

Information on the implementation of the Corporate Governance Code

Corporate governance independent evaluation

The Russian Institute of Directors, following the results of the assessment of corporate governance activities for the period of 2018, confirmed rating of IDGC of the South PJSC on the National Corporate Governance Rating scale at NRCG 6 ++ level – "Good Practice of Corporate Governance".

According to experts of the Russian Institute of Directors in the notification on confirmation of the of IDGC of the South PJSC (hereinafter referred to as IDGC of the South) rating, during the monitoring period (from January 1 to December 20, 2018) there were a number of positive changes in the practice of corporate governance in IDGC of the South. Thus, the experts identified the presence of new positive moments in the field of observance of the shareholders rights, the activities of management and control bodies and in the field of information disclosure.

In addition, in the notification of the Russian Institute of Directors, the positive corporate governance practices of IDGC of the South are characterised by such key positive aspects as the expansion of the competence of the Board of Directors in terms of approving material transactions, the competitive selection of suppliers of goods and services, generally recognised auditing companies are involved in auditing the Company's financial statements in accordance with IFRS and RAS, there is a comprehensive

regulation of the conflict of interests of members of the Board of Directors and executive bodies, etc. The Company also demonstrates a good level of financial and non-financial information disclosure about its activities.

As a result of the analysis, the IDGC of the South rating is confirmed at the level of 6 ++ "Good practice of corporate governance".

It should be noted that the rating score of 6 ++ means that the company complies with the requirements of the Russian legislation in the field of corporate governance, follows a significant number of recommendations of the Russian Corporate Governance Code. The company is characterised by relatively low risks of owners' loss associated with the corporate governance quality.