

ADOPTED BY
The Board of Directors of
IDGC of Urals (OAO) on Jul.27, 2017
(Minutes dated as of 29.07.2017 No.239)

AMENDED AND RESTATED

REGULATIONS

ON THE BOARD OF DIRECTORS RELIABILITY COMMITTEE
Of Interregional Distribution Grid Company of Urals

1. General Provisions

1.1. The Regulations on the Board of Directors Reliability Committee of Open Joint-Stock Company Interregional Distribution Grid Company of Urals (hereinafter referred to as the Company) are developed pursuant to law of Russia, Charter of the Company and Regulations on the Board of Directors.

1.2. The Board of Directors Reliability Committee (hereinafter referred to as the Committee) shall be established by the Company's Board of Directors to be an advisory instrumentality facilitating the Board in its overall charge of the Company.

The Committee shall not be a Company's body and may not act on behalf of the Company.

Committee resolutions shall be of advisory nature to the Board.

1.3. The Committee shall operate in line with the present Regulations describing legal nature, goal and objectives, rights and duties, structure and composition of the Committee. In its activities the Committee shall adhere to laws and other statutory enactments of Russia, Charter, Regulations on the Board of Directors and Board of Directors resolutions.

2. Goals and Objectives

2.1. The primary goal of the Committee shall be to facilitate the Board of Directors in solving questions of its competence in the most efficient way.

2.2. The Committee's objectives shall be:

2.2.1. To devise recommendations (reports) to be presented to the Board of Directors with regard to:

- 1) Expertise of production programs, blueprints for refurbishment, update, greenfield development and repair of grid facilities, analysis of program and blueprint elaboration and completion with regard to whether requirements to operations reliability and health of grid facilities are secured;
- 2) Evaluation whether follow-up measures resulting from post-incident investigations are adequate and consistent with the Rules for Investigation of Power Sector Incidents (approved by Government Decree dated as of 28.10.2009 No.846) as well as in oversight of their execution;
- 3) Expertise of quality of incident investigations;
- 4) Expertise of Company's incident-prevention activities (emergency preparedness, arrangement of recovery works on grid facilities);
- 5) Expertise of programs focusing on mitigation and prevention of injury risks among personnel and outsiders as well as in oversight of their execution;
- 6) Oversight and evaluation of activities of Company's engineering teams in terms of operation reliability and safety;
- 7) Expertise of Company's internal technical control system;
- 8) Expertise of Company's labor protection management system;
- 9) Expertise of ecology policy program;
- 10) Expertise of fire and industrial safety systems.

3. Competence

The Committee's competence shall be to preview, analyze and devise recommendations (reports) for the Board of Directors in the following areas of priority:

- 1) Operational Analysis with a view to evaluate:
 - Company's previous autumn-winter operations and its preparedness to upcoming autumn-winter operations and operations in other specific periods (high water, forest fires, thunderstorms, etc.);
 - Completion of production programs, reliability enhancement programs, blueprints for refurbishment, update, greenfield development and repair of Company's grid facilities;
 - Existing labor protection management system;
 - Existing internal technical control system;
 - Level of grid facilities maintenance;
 - Execution of ecological safety program;
 - Existing operating, technological and situation management;
 - Emergency recovery works;
 - Quality of incident investigations and tailoring of measures to prevent incident recurrence;
 - Execution of orders and instructions issued by regulatory and inspection watchdogs.
- 2) Evaluation of quality of planning and analysis of Company's grid renovation activities.
- 3) Evaluation of performance of engineering teams and team heads in HQ and branches.
- 4) Preview of proposals regarding administrative system realignment (reshuffling of management levels, incorporation/liquidation/regrouping of production units and distribution zones).
- 5) Other interlocking matters and issues to be reviewed at the direction of the Board of Directors.

4. Rights

- 4.1. To perform the functions the Committee shall be vested with a right to:
- research questions of its competence;
 - request and receive relevant information and documents to be used by the Committee from Company's executives as well as, with the help of the Board Chair or General Director, from outside agencies;
 - obtain professional outsource services or contractually engage third parties as experts/advisors with relevant expertise in spheres of Committee's competence, staying on Committee's budget;
 - invite employees and directors of the Company, members of other Committees and other entities to attend Committee meetings;
 - devise amendments and supplements to the present Regulations to be presented to the Board for approval, should the need arise.

5. Duties

- 5.1. The Committee shall:
- 1) perform assigned duties in a manner, compliant with the present Regulations, laws of Russia, Charter and bylaws of the Company;

- 2) devise economically feasible and well-grounded recommendations (reports) to agenda items, falling under Committee competence, to be reviewed by the Board of Directors;
- 3) inform the Board of Directors in due time on identified risks the Company is exposed to and steps to mitigate such risks;
- 4) keep Company's trade secrets and/or sensitive information confidential.

6. Committee Support

6.1. Committee's activities shall be funded in line with the Committee annual budget, proposed by the Committee Chair and approved by the Board of Directors. A budget draft shall be accompanied by a statement of the Company's sole executive body on relevant funding capability.

6.2. A budget draft shall include itemized expenses to support Committee's activities, particularly, remunerations due to the Chair, members and secretary, including those who do not serve on the Board of Directors.

6.3. To conduct meetings the sole executive body of the Company, upon a petition of the Committee Chair, shall lodge the Committee, arrange a barrier-free access to the premises for entities listed in a petition as well as take other steps to conduct a Committee meeting.

7. Composition and Build-up. Rights granted to Committee members

7.1. The composition of the Committee shall be decided by the Board to be comprised of max 7 members.

7.2. The Committee shall be manned by the Board of Directors from among Board-proposed nominees.

7.3. Each Board member shall be entitled to propose max 3 (Three) Committee nominees.

7.4. Committee members shall serve till the first meeting of a reshuffled Board of Directors.

7.5. Only individuals may serve on the Committee. A Committee member shall not serve on the Board of Directors.

7.6. The Board of Directors may remove any or all Committee members.

The Committee Chair and members may abdicate by giving a notice to the Chairs of the Board of Directors and its Committee within 15 (Fifteen) calendar days prior to prospective abdication.

A Committee member shall be deemed abdicated, with his/her vote ignored in a quorum and tally of votes, since a date in a notice or when the Board of Directors Chair receives a notice, be it undefined.

7.7. If the composition of the Committee shrinks below the threshold decided by the Board of Directors, the Board of Directors shall elect required quantity of Committee members.

7.8. Within Committee's competence Committee members shall be entitled:

- 1) To request in writing relevant documents and information, required for decisions upon issues, falling under Committee's competence, directly from the collegiate and/or sole executive body and heads of departments and via the Committee secretary, with the Committee Chair being mandatorily notified on that;
- 2) To propose written considerations regarding Committee's activity plan;
- 3) To enter items onto agendas in a manner stated herein;

4) To call for a Committee meeting.

7.9. Committee members shall express duty of care, exercise rights and perform duties with regard to the Company reasonably and in good faith.

8. Committee Chair

8.1. The Chair shall rule the Committee and arrange support of its activities.

8.2. The Chair shall be selected from among Committee members. A person serving as the sole executive body or collegiate executive body shall not head the Committee.

8.3. The Board of Directors shall be entitled to elect a new Chair if the Chair is no longer able to perform the duties (new position, retirement, etc.) or performs the duties improperly.

8.4. If the Chair is absent, the Chair shall be substituted by the Deputy Chair. A Deputy Chair nominee shall be subject to restrictions stated in clause 8.2. herein.

8.5. The Chair shall:

8.5.1. Call for scheduled or extraordinary meetings, overseeing notification of Committee members on the next meeting in line with the present Regulations and outlining agenda and meeting form (in-presentia or ballot voting). If a meeting form is not defined by the Committee or its activity plan, the Chair shall administer an in-absentia Committee meeting.

8.5.2. Preside at Committee meetings:

1) upon information from the Committee secretary, determine whether quorum is present or not, especially with regard to a relevant agenda item;

2) take steps to adjourn a meeting due to no-quorum and ensure that absentees are notified on that;

3) call for a vote on drafts of resolutions proposed by Committee members during a meeting and/or its preparation; arrange voting with regard to resolution drafts;

4) announce Committee resolutions (after tally of votes) on a F2F meeting;

5) ensure drafting of minutes;

6) administer activity of the Committee secretary;

7) sign minutes as the Committee Chair.

8.5.3. Oversee how Committee activity plan is being put in place.

8.5.4. Cooperate, on behalf of the Committee, with the Board of Directors, executive bodies, other instrumentalities, agencies and entities.

8.5.5. Administer formal communication of the Committee, sign letters, requests and other documents on behalf of the Committee in light of rights granted to Committee members.

8.5.6. Enforce compliance with the present Regulations.

8.5.7. Decide on professional outsource services or engagement of third parties as experts (advisors) with relevant expertise in spheres falling under Committee's competence, staying on Committee's budget.

The abovementioned functions may be performed by the Chair only by a duly completed proxy.

8.5.8. Exercise other authorities under the present Regulations.

9. Secretary

9.1. The Committee secretary, suggested by the Chair or its deputy, shall be appointed by the Committee. The secretary shall report to the Committee Chair, shall not be a Committee member and shall also:

9.1.1. Support the Committee activities in terms of information, documentation and arrangement during and between meetings, namely:

1) inform all Committee members on upcoming unscheduled and scheduled meetings upon instructions from the Committee Chair;

2) file relevant meeting documents and materials with the Committee;

3) register incoming correspondence of the Committee and/or its members (requests, orders, demands) and administer answering and explaining as well as any other types of Committee's response; forward correspondence to relevant Committee members and facilitate Committee members in responding to letters, requests, claims, etc.;

4) arrange recording of meetings (minutes, shorthand report, etc.);

5) support Committee members, liable for the preparation of a relevant issue for a scheduled/unscheduled meeting, technically and administratively alike;

6) arrange printing, copying, translating and forwarding of documents and materials to relevant entities, including editing of Committee document drafts;

7) ensure that invitees attend a Committee meeting, and oversee the relevance of invitees with agenda item under review;

8) administer the preparation of in-presentia meetings (premises, materials, barrier-free access to premises for Committee members and invitees, dissemination of materials, secretary functions, etc.).

9.1.2. Arrange ballot drafting and dissemination among Committee members as well as ballot processing.

9.1.3. Provide administrative support of voting on a Committee meeting.

9.1.4. Ensure drafting of meeting minutes within 2 (Two) business days after a meeting.

9.1.5. Arrange cooperation with the sole executive body and administrative personnel of the Company to archive and store all relevant Committee documents and materials.

9.1.6. Execute instructions of the Committee Chair within his/her competence.

9.1.7. Exercise other authorities as stated hereof.

10. A Meeting

10.1. The Committee Chair shall convene a meeting in line with the Committee activity plan (scheduled meetings), approved by the Committee, as well as in other cases as stated hereof.

10.2. The activity plan of the Committee shall be devised by the Chair on the back of approved activity plan of the Board and proposals from the Board of Directors Chair, Committee members and Board of Directors resolutions.

10.3. The activity plan of the Committee shall be approved by the Committee on a meeting to be conducted within 20 (Twenty) days following a Board of Directors meeting that approved the activity plan of the Board or within one month since Committee reshuffling.

10.4. Calling for a meeting the Chair shall determine date, time, venue and form of a meeting, its agenda and list of invitees.

10.5. The agenda of a scheduled meeting shall be prepared by the Committee Chair in line with the approved Committee activity plan, Board of Directors resolutions and proposals from the Board of Directors Chair.

10.6. An unscheduled meeting shall be convened:

- Upon a notice from the Board of Directors Secretary on a Board meeting with agenda items referred to Committee competence as stated hereof;

- Upon an initiative of the Committee Chair;
- Upon a Board of Directors or Committee resolution;
- Upon calling of the Board of Directors Chair or Committee member.

10.7. A call for a Committee meeting from the Board of Directors Chair or Committee member shall be filed with the Committee Chair in writing within 7 (Seven) business days prior to a meeting and shall contain the wording of an agenda item, reasons for a review by the Committee, resolution draft, supporting materials and information.

A call for a Committee meeting shall be signed by the caller. A copy of it and all appendices to it shall be immediately sent to the Committee secretary.

10.8. Within 1 (One) business day after the call for an unscheduled meeting the Committee Chair shall decide whether to conduct a meeting (with determination of an in-presentia meeting date, time and venue or ballot deadline in case of an in-absentia meeting) or to waive a convention call. A motivated waiver shall be sent to an entity or Company's instrumentality calling for such meeting within the next day after the Chair decides to waive a convention call.

10.9. The Chair may decide to waive a call for an unscheduled meeting when:

- 1) An item (-s) proposed into a meeting agenda is/are out of Committee's competence stated herein;
- 2) An agenda item in a call is already on the agenda of the next meeting called for by the Chair prior to the call or has been reviewed by the Committee hitherto;
- 3) Form, procedure and terms for calls, as stated by clause 10.7 hereof, are not upheld.

10.10. The Committee Chair shall be entitled to include items from the call for an unscheduled meeting into the agenda of the earliest scheduled meeting.

10.11. The Committee Chair may also decide to include items proposed by Committee members into the agenda of a scheduled or unscheduled meeting.

10.12. A meeting notice and agenda shall be prepared by the Committee secretary and disseminated among attendees within 5 (Five) business days prior to such meeting. Agenda documents and information shall be sent to attendees within 3 (Three) business days prior to such meeting.

10.13. Agenda documents (information) may be delivered to Committee members in person, by fax or e-mail, with a meeting notice being delivered to Committee members by fax or in the original.

10.14. In case items proposed for an unscheduled meeting are of high priority, the Chair may decide to cut back on the length of convention and document dissemination.

During an in-presentia meeting Committee members, upon unanimous consent of the attendees, may review off-agenda items.

10.15. After receiving a BoD Secretary's notice on a Board of Directors meeting with agenda containing items referred to Committee's competence, as stated hereof, the Committee Chair shall take all necessary steps to conduct Committee meetings in due time and prepare relevant recommendations (resolutions) to be sent to the Board in a manner, compliant with the Regulations on the Board of Directors.

11. Meeting Mechanics

11.1. The Committee Chair (or Deputy Chair, if the Chair is absent) shall open a Committee meeting.

11.2. A meeting shall be attended by Committee members and invitees according to the list approved by the Committee Chair.

11.3. The Committee secretary shall determine whether a quorum is duly constituted to conduct a meeting.

The Chair shall announce presence of a quorum and meeting agenda.

11.4. A meeting shall be duly constituted (a quorum is present), if at least 50% of Committee members participate in it.

If a quorum is not present, such meeting shall not be declared as duly constituted. The Chair shall select one of the following options:

1) by consulting the attendees, s/he shall determine adjournment time of a meeting opening;

2) s/he shall determine a date for another meeting with the same agenda;

3) s/he shall include items from an aborted meeting into the agenda of a scheduled one.

11.5. Resolutions of the Committee shall be adopted by the majority of votes of elected Committee members.

Each Committee member shall possess one vote during meetings. In case of equality of votes, the Chair's vote shall be decisive.

No vote transfer from one Committee member to another shall be allowed.

11.6. Committee meetings may be in-presentia or in-absentia alike.

Information on a meeting form shall be stipulated by a meeting notice.

11.7. On an in-presentia meeting, in case at least 50% of Committee members are present, tally of votes on agenda issue shall incorporate written opinions of absent Committee members in a manner stated hereof.

11.7.1. On a meeting day, after tally of votes, the Committee secretary shall draft a ballot to be signed by the Committee Chair and sent in the original or by fax to absentees.

11.7.2. When a Committee member completes the ballot, only one possible voting alternative ("for", "against", "abstain") shall be left uncrossed. A completed ballot shall contain the signature, surname and initials of a Committee member.

A Committee member shall forward a completed and signed ballot to the Committee secretary within a post-meeting day in the original or by fax, with the original being sent afterwards to the address on a ballot.

11.7.3. A completed ballot, non-compliant with requirements and terms of clause 11.7.2. hereof, shall be deemed void and shall not participate in vote tally.

11.7.4. Votes on agenda items shall be tallied upon on-meeting voting and completed ballots, signed by Committee members and received by the Committee secretary within an established deadline.

11.8. The Committee Chair shall also decide on an in-absentia Committee meeting.

11.8.1. On an in-absentia meeting Committee members shall be entitled to air their proposals and/or comments to proposed resolution drafts with regard to items to be decided by absentee ballot within 2 (Two) business days prior to a ballot deadline stated in an in-absentia meeting notice.

11.8.2. The Committee secretary shall draft an absentee ballot using received proposals (new wordings) and/or comments to proposed agenda resolution drafts.

Changes in the wording of resolution drafts from a ballot should be approved by the all Committee members.

11.8.3. An absentee ballot shall be sent to Committee members within 1 (One) business day prior to a ballot deadline stated in an in-absentia meeting notice.

11.8.4. When a Committee member completes an absentee ballot, only one possible voting alternative ("for", "against", "abstain") shall be left uncrossed. A completed ballot shall contain the signature, surname and initials of a Committee member.

A Committee member shall forward a completed and signed ballot to the Committee secretary within the terms stated on a ballot in the original or by fax, with the original being sent afterwards to the address on a ballot.

11.8.5. Votes on in-absentia meeting agenda shall be tallied upon completed ballots, signed by Committee members and received by the Committee secretary. A ballot, received by the secretary beyond the requirements and terms stated in clause 11.8.4 hereof, shall not be used for quorum determination and vote tally.

11.9. The Committee secretary shall draft meeting minutes within 2 (Two) business days after an in-presentia or in-absentia Committee meeting.

11.10. Meeting minutes shall be signed by the Committee Chair and secretary in 2 copies, one being sent by the Committee secretary to the Board of Directors with supporting materials and recommendations and another being kept in the Committee archives. All Committee members shall receive copies of minutes, supporting materials and recommendations.

11.11. The Committee Chair and secretary shall be liable for accuracy and correctness of minutes. The latter shall also be liable for safe-keeping of minutes, ballots, materials and recommendations of the Committee.

11.12. Committee minutes shall contain:

- 1) meeting date, venue and time (date of absentee ballot);
- 2) list of attending Committee members, with their vote forms being indicated (in-presentia or ballot), as well as list of invitees;
- 3) agenda;
- 4) proposals of Committee members on agenda items;
- 5) items to be voted upon, voting records and voting form of each member;
- 6) adopted resolutions.

12. Confidentiality

12.1. Serving as the Chair, secretary and members of the Committee as well as third party engaged into Committee activities and within 1 (One) year after dismissal, such entities shall be obliged to comply with the confidentiality policy with regard to insider information they come across in Committee activities. The notion of Company's insider information and list of it shall be established by the Board of Directors.

13. Recordkeeping and Use of Documents

13.1. Committee minutes shall be available to any Committee or Board of Directors member.

13.2. The Committee shall work and keep its records.

13.3. The records shall include:

- 1) meeting minutes;
- 2) minutes appendices;
- 3) information and materials for Committee meetings;

- 4) ballots;
- 5) meeting notices;
- 6) other documentation.

13.4. Committee records and Board of Directors records shall be kept together at the Company's principal executive offices, with storage expenses incurred by the Company.

13.5. The secretary, directed by the Committee Chair, shall streamline and archive Committee records. S/he shall list and maintain all hard-copy and electronic documents of the Committee.

13.6. Committee members shall have a barrier-free access to documents from the Committee records and be entitled to take copies of them.

13.7. In cases that were not stipulated hereby, access to information on Committee issues shall be permitted only by the Committee, Committee Chair or its Deputy.