

Approved by
the Decision of the Board of Directors of
Kubanenergo PJSC on 19 July 2017
Minutes of meeting No.281/2017

Regulations
for the Reliability Committee under the Board of Directors of
Public Joint Stock Company of Power Industry and Electrification of Kuban
(restated)

Krasnodar 2017

1. General provisions

1.1. The Regulations for Reliability Committee under the Board of Directors of Public Joint Stock Company of Power Industry and Electrification of Kuban (hereinafter referred to as the Company) have been worked out in accordance with the legislation of Russian Federation, the Charter of the Company, the Regulations for the Board of Directors of the Company.

1.2. The Reliability Committee under the Company's Board of Directors (hereinafter referred to as the Committee) is set up by the decision of Board of Directors and ensures that the Board of Directors of the Company performs efficiently the functions of the general governance of the Company's activity.

The Committee is not a body of the Company and is not entitled to act on behalf of the Company.

Resolutions of the Committee are of recommendation nature for the Board of Directors of the Company.

1.3. The Committee operates in accordance with the present Regulations specifying the legal status, goal and objectives, rights, obligations, structure and composition of the Committee. In its activity the Committee shall be guided by the Federal Laws, other regulatory legal acts of the Russian Federation, the Company's Charter, the Regulations for the Board of Directors of the Company, decisions of the Company's Board of Directors.

2. Goals and objectives of committee

2.1. The main purpose of the Committee is the ensuring of efficient operation of the Company's Board of Directors when making decisions on the issues which fall within its competence.

2.2. The task of the Committee: drawing up and submission of recommendations (reports) to the Company's Board of Directors on the following directions of activities of Board of Directors:

a) appraisal of investment programmes and power units repair plans, analysis of their implementation with respect to satisfying complex reliability requirements;
b) assessment of completeness and adequacy of measures taken in relation to accidents and major disturbances as well as control over their fulfillment;
c) control and appraisal of activity of the Company's technical services, in particular:

- ensuring the complex reliability of operation of network equipment and installations;

- ensuring the normal state of basic funds and informing on predicted risks concerning reliability of their functioning;

d) analysis of activities to be carried out in relation to implementation of contractual and economic mechanisms for reliability control;

e) informing Board of Directors of the Company on the state of fixed assets of the Company's power facilities every quarter.

3. The committee's competence

3.1. The Committee shall be competent to preliminarily consider, analyze and draw up recommendations (reports) on the following issues falling within the competence of the Company's Board of Directors:

- results of the past autumn-winter period and estimate of the Company’s preparedness to work in the forthcoming autumn-winter period and other special periods (flood, fire hazardous, storm, etc.);
- implementation of production programmes, target programmes on increase of reliability and plans on technical re-equipment, modernization, new construction and repair of power grid facilities of the Company;
- organization of a labor protection (safety) management system;
- organization of an internal technical control system;
- level of operational maintenance of power facilities;
- implementation of environmental safety programs;
- organization of operational, technical and situational management;
- performance of first responding and restoration operations;
- quality of investigations into the causes of technological failures (accidents) and development of preventive measures in order to avoid repetition of similar events;
- fulfillment of instructions of supervising and inspecting bodies and organizations.

2) Estimate of planning quality and analysis of activity relating to renovation of power facilities of the Company.

3) Estimate of activity of technical services of the Company and its branches as well as their heads. 4) Preliminary consideration of proposals for reorganization of the Company's management (change in the number of management levels, creation/elimination/rearrangement of production departments, distribution zones).

5) Other issues to be considered by order of the Company’s Board of Directors.

4. Rights of the Committee

4.1. In order to discharge the entrusted functions, the Committee shall be entitled to:

- conduct research on the issues which fall within its competence;
- request and receive information and documents necessary to carry out its activity from the Chief Executive Officer and officials of the Company in accordance with the list approved by the decision of the Committee and also request information from outside organizations through the Chairman of Board of Directors or the Chief Executive Officer of the Company;
- use the professional services of third-party organizations or get third parties involved (on a contract basis as well) as experts (consultants) possessing special knowledge on the issues falling within the Committee’s competence within the Committee’s budget.
- invite employees of the Company, management of the Company, members of other Committees of the Company’s Board of Directors and other persons to participate in meetings of the Committee;
- if necessary, work out and submit the drafts of alterations and additions to the present Regulations for approval of the Company’s Board of Directors.

5. Obligations of the committee

5.1. The Committee shall:

- perform the tasks which have been set for the Committee and carry out its activity

in accordance with the present Regulations, requirements of the Russian Federation legislation, the Charter and internal documents of the Company;

- provide the Board of Directors with economically efficient and grounded recommendations (opinions) on the issues included into agenda of meetings of the Board of Directors of the Company, which are related to the competence of the Committee;

- promptly inform the Board of Directors of the Company on risks that the Company is exposed to and measures on their reduction;

- not disclose information about the Company that is considered to be commercial and/or official secret.

6. Support of the Committee's activity

6.1. The Committee is financed in accordance with the budget of the Committee for the relevant year approved by the Board of Directors of the Company upon presentation by the Chairperson of the Committee. Opinion of the sole executive body of the Company on possibility of financing of presented budget within the planned volumes is enclosed to the draft budget.

6.2. To ensure the work of the Committee when forming expenditure budget of the Company, a specified article of expenditure is provided. Expenses of the Committee consist, in particular, of remuneration of the Chairperson of the Committee, members of the Committee, Secretary of the Committee, including those, who are not members of the Board of Directors of the Company.

6.3. In order to hold meetings of the Committee the sole executive body of the Company is liable to provide the Committee upon request of the Chairperson of the Committee with a room, to grant unimpeded access in it of persons, whose list is determined in the foregoing request as well as to conduct other measures for holding of a meeting of the Committee.

7. Members and formation procedure of the Committee, rights of members of the Committee

7.1. Number of members of the Committee is determined by the resolution of the Board of Directors of the Company of not more than 7 (seven) persons.

7.2. Members of the Committee are elected by the Board of Directors of the Company from candidates proposed by members of the Board of Directors of the Company.

7.3. Each member of the Board of Directors of the Company is entitled to propose at most 3 (three) candidates as members of the Committee.

7.4. Members of the Committee are elected for the term until holding of the first meeting of the Board of Directors newly elected.

7.5. Only individuals can be members of the Committee only. A member of the Committee can be not a member of the Board of Directors of the Company.

Powers of any member of the Committee or all members of the Committee can be early terminated by the resolution of the Board of Directors of the Company. The Chairperson of the Committee, as well as members of the Committee can abnegate their powers subject to an application to the Chairperson of the Board of Directors of the Company and the Chairperson of the Committee within 15 (fifteen) calendar days before supposed termination of powers in the Committee. Powers of a member

of the Committee are considered to be terminated, vote of the member of the Committee is not counted when determining quorum and vote counting from the date specified in the application, and in case the date is not specified – from the date of receipt of the application by the Chairperson of the Board of Directors of the Company.

7.6. If the number of members of the Committee becomes fewer than that determined by the resolution of the Board of Directors, the Board of Directors of the Company elects additionally members of the Committee in the necessary number. 7

7.7 Within the competence of the Committee members of the Committee are entitled:

1) to inquire in writing documents and information necessary to take decisions on the issues within the competence of the Committee either directly by the collegial and/or sole executive body of the Company and Heads of structural subdivision of the Company, so through the Secretary of the Committee with mandatory notification of the Chairperson of the Committee;

2) to make written proposals on formation of the work plan of the Committee;

3) to introduce issues into agenda of meetings of the Committee according to the procedure established by this Regulation;

4) to demand convocation of a meeting of the Committee;

7.8. When exercising rights and fulfilling obligations members of the Committee should act in the interests of the Company, exercise their rights and fulfill obligations in relation to the Company in good faith and reasonably.

8. Chairperson of the committee

8.1. Management of the Committee and arrangement of its activity shall be carried out by the Chairperson of the Committee.

8.2. The Chairperson of the Committee shall be elected from among the Committee members. The person performing the functions of the sole executive body of the Company as well as persons being members of the collegial executive body of the Company shall not be elected as the Chairman of the Committee.

8.3. The Board of Directors of the Company is entitled to re-elect the Chairperson of the Committee at any moment, in case of impossibility of further execution of his or her duties as the Chairperson (transfer to a new position, dismissal, etc.) or improper performance of duties of the Chairperson.

8.4. In absence of the Chairperson of the Committee the Deputy Chairperson of the Committee fulfills his or her obligations. The candidature of the Deputy Chairperson is subject to the restrictions specified in paragraph 8.2.

8.5. The Chairperson of the Committee:

8.5.1. Convenes planned and extraordinary meetings of the Committee, in particular, ensures notification of members of the Committee of the nearest meeting in accordance with the procedure provided by this Regulation, determines agenda and form of meeting (present or absent voting), if form of the meeting is not determined by the resolution of the Committee or by the plan of its work previously, supervises the process of meetings of the Committee in the form of absentee voting.

8.5.2. Presides at meetings of the Committee:

1) determines whether there is quorum at the meeting or not, including in order to

take decisions on the relevant issue, in accordance with the information of the Secretary of the Committee;

2) takes measures to postpone the meeting, if there is no quorum, and informs absent members of the Committee concerning the taken decision;

3) puts first-in-first-out draft decisions proposed by members of the Committee at the meeting and/or in the course of its preparation to the vote; organizes voting on the presented draft decision; 4) declares a taken decision (upon vote counting) at the meeting of the Committee held in presentia;

5) organizes drawing up of minutes of a meeting of the Committee;

6) organizes activity of the Secretary of the Committee;

7) signs the minutes of the meeting of the Committee as the presiding person.

8.5.3. Controls the implementation of the work plan of the Committee.

8.5.4. Represents the Committee in relations with the Board of Directors of the Company, executive bodies of the Company, other bodies, organizations and persons.

8.5.5. Organizes official correspondence of the Committee, signs letters, information inquiries and other documents on behalf of the Committee with respect to rights granted to members of the Committee.

8.5.6. Carries out control over compliance with the requirements of this Regulation.

8.5.7. Takes decision on involvement of the third-party organizations in order to obtain professional services or the third persons as experts (consultants) that possess special knowledge on the issues related to the competence of the Committee within the Committee's budget.

The Chairperson of the Committee can exercise the stated powers on the grounds of the Power of Attorney executed in accordance with the existing Law of the Russian Federation only.

8.5.8. Exercises other powers in accordance with this Regulation.

9. Secretary of the committee

9.1. The Secretary of the Committee is appointed by the Committee upon proposal of the Chairperson of the Committee or his or her Deputy. The Secretary of the Committee is accountable to the Chairperson of the Committee; is not a member of the Committee and exercises the following functions:

9.1.1. Performs organizational, informational and documentary support of the activity of the Committee both in connection with preparation and holding of meetings, and within the period between meetings of the Committee, including:

1) under instruction of the Chairperson of the Committee informs all members of the Committee on the forthcoming extraordinary and planned meetings;

2) sends to all members of the Committee documents and materials necessary to hold the meeting of the Committee;

3) registers correspondence addressed to the Committee and/or members of the Committee (including inquiries, demands, requests) and properly ensures preparation of the relevant replies, explanations as well as the Committee's responses to correspondence received in another form; sends to members of the Committee correspondence received to their address, and if necessary provides

members of the Committee with assistance in preparation of replies to letters, inquiries, requests etc.;

4) organizes speech recording (minutes or shorthand notes) at meetings of the Committee;

5) renders members of the Committee, who are responsible for preparation of the relevant issue at the planned of extraordinary meeting of the Committee, technical and organizational assistance;

6) ensures printing, replicating, translation and sending of documents, materials, including editing of draft documents and materials of the Company, for corresponding persons;

7) ensures attendance of persons invited to the meeting of the Committee as well as carries out control over conformance of actual participation of invited person in the meeting to a considered agenda item;

8) ensures preparation for regular meetings of the Committee in presentia (a room, materials, unimpeded access of members of the Committee and invited persons to relevant rooms, providing with newly received materials, secretary services etc.).

9.1.2. Ensures drawing up and sending to members of the Committee questionnaires as well as their generalization and processing.

9.1.3. Ensures voting at the meeting of the Committee.

9.1.4. Ensures drawing up of the Minutes of the meeting of the Committee within at most 2 (two) working days after the meeting.

9.1.5. Organizes interaction with the sole executive body and the administration office of the Company for the purposes of archiving and safe-keeping of all documents and materials related to the activity of the Committee.

9.1.6. Fulfills commissions of the Chairperson of the Committee within the competence of the Chairperson of the Committee.

9.1.7. Exercises other powers in accordance with this Regulation.

10. Meetings of the Committee

10.1. Meetings of the Committee are convened by the Chairperson of the Committee in accordance with the work plan approved at a meeting of the Committee (planned meetings), as well as in other cases provided by this Regulation.

10.2. A work plan of the Committee is formed by the Chairperson of the Committee with respect to the approved work plan of the Board of Directors of the Company and proposals of the Chairperson of the Board of Directors of the Company, members of the Committee and resolutions of the Board of Directors of the Company.

10.3. The work plan of the Committee is approved at the meeting of the Committee, which should be held not later than 20 (twenty) days after the meeting of the Board of Directors of the Company, at which the work plan of the Board of Directors of the Company was approved or within a month after formation of the Committee.

10.4. When convening a meeting of the Committee the Chairperson of the Committee defines date, time, place and form of meeting, agenda as well as the list of persons invited for participation in the meeting of the Committee.

10.5. Agenda of the planned meeting is formed by the Chairperson of the Committee in accordance with the approved Work plan of the Committee, resolutions of the

Board of Directors of the Company, proposals of the Chairperson of the Board of Directors of the Company.

10.6. Extraordinary meetings of the Committee are held:

- in accordance with the notification of the Secretary of the Board of Directors of the Company concerning convocation of a meeting of the Board of Directors of the Company, which agenda contains the issue (issues) related by this Regulation to the competence of the Committee;
- at own initiative of the Chairperson of the Committee;
- by decision of the Board of Directors of the Company or by decision of the Committee;
- upon demand of the Chairperson of the Board of Directors of the Company, a member of the Committee.

10.7. A demand of the Chairperson of the Board of Directors of the Company, a member of the Committee, concerning convocation of the meeting of the Committee, is forwarded to the Chairperson of the Committee in writing not later than 7 (seven) working days before the date of the meeting and should contain wording of the issue, grounding of necessity to consider the issue at the meeting, draft decision of the Committee as well as accompanying materials and information. The demand to convene the meeting of the Committee should be signed by the person, who made this demand. At the same time, the copy of the demand to convene the meeting of the Committee with all appendices should be forwarded to the Secretary of the Committee.

10.8. Within 1 (one) working day from the date of the demand to convene an extraordinary meeting the Chairperson of the Committee takes decision to hold an extraordinary meeting of the Committee, fixes date, time and place of the meeting of the Committee (completion date of questionnaire acceptance when absentee voting), or takes decision to reject convocation of an extraordinary meeting of the Committee. Reasoned decision of rejection to convene an extraordinary meeting of the Committee is forwarded to the person or the body of the Company that demands convocation of such meeting, not later than the next day from the date of decision to reject convocation of the meeting taken by the Chairperson of the Committee.

10.9. Decision to reject convocation of an extraordinary meeting taken by the Chairperson of the Committee can be accepted in the following cases:

- 1) issue (issues) proposed to be included in the agenda of the meeting of the Committee are not related to the competence of the Committee under the Regulation;
- 2) issue of the agenda contained in the demand to convene an extraordinary meeting of the Committee has already been included in the agenda of the nearest regular meeting convened in accordance with the decision of the Chairperson of the Committee that has been taken till the foregoing demand or the issue has been discussed by the Committee earlier;
- 3) the form, procedure and terms of demands to convene the meeting fixed by the clause 10.7 of this Regulation are not observed.

10.10. The Chairperson of the Committee is entitled to include issues that are contained in the demand to convene an extraordinary meeting of the Committee in

the agenda of the nearest planned meeting of the Committee.

10.11. By the decision of the Chairperson of the Committee issues proposed by members of the Committee can be included in the agenda of a planned or extraordinary meeting of the Committee.

10.12. Notification of the meeting of the Committee together with the agenda should be prepared by the Secretary of the Committee and sent to the persons, who participate in the meeting, not later than 5 (five) working days before the date of the meeting. Materials and information relating to the issues of the agenda are forwarded to the persons, who participate in the meeting, not later than 3 (three) working days before the date of the meeting.

10.13. Materials (information) relating to the issues of the agenda can be submitted to members of the Committee personally, by facsimile or e-mail, in this case members of the Committee should be provided with notification of the meeting of the Committee by facsimile or in the original.

10.14. In case the issues put to an extraordinary meeting of the Committee are of urgent nature, terms of convocation of an extraordinary meeting and forwarding materials relating to the issues of the agenda of such a meeting can be reduced by the decision of the Chairperson of the Committee.

10.15. Issues that are not included in the agenda of the meeting can be considered at the meeting of the Committee held in the form of joint presence upon unanimous agreement of all present members of the Committee.

10.16. Upon receipt of notification of the meeting of the Board of Directors of the Company from the Secretary of the Board of Directors of the Company, the agenda of which contains the issues related to the competence of the Committee by this Regulation, the Chairperson of the Committee should take all measures that secure due holding of the meeting of the Committee in order to develop recommendations (decisions) on the stated issues of the agenda of the meeting of the Board of Directors of the Company and their forwarding to the Board of Directors in accordance with the approved Regulation on the procedure of convocation and holding of meetings of the Board of Directors of the Company.

11.Procedure for holding the committee meetings

11.1. Meeting of the Committee is opened by the Chairperson of the Committee, and in case of his or her absence – by the Deputy Chairperson of the Committee.

11.2. Members of the Committee as well as persons invited to the meeting according to the list approved by the Chairperson of the Committee participate in the meeting of the Committee.

11.3. The Secretary of the Committee determines whether there is the quorum for the meeting of the Committee.

A person presiding at the meeting informs present persons about the quorum for the meeting and reads out the agenda of the meeting.

11.4. Meeting of the Committee is eligible (there is the quorum), if at least a half of elected members of the Committee participated in it.

If there is no quorum, the meeting is declared ineligible.

In this case a person presiding at the meeting takes one of the following decisions:

1) consulting with the persons, who were present at the meeting, fixes the time, to

which the meeting will be postponed;

2) fixes the date of repeated meeting with the same agenda;

3) includes issues that must have been discussed at the failed meeting of the Committee into the agenda of the next planned meeting of the Committee.

11.5. At the meeting of the Committee decisions are taken by the majority of votes of the total number of elected members of the Committee. When deciding issues at the meeting each member of the Committee has one vote. In case of equality of votes the Chairperson of the Committee has casting vote. Transfer of vote by one member of the Committee to another member of the Committee or another person is not allowed.

11.6. Meetings of the Committee can be held in the form of joint presence of members of the Committee or in absentee voting form. Information on form of the meeting of the Committee is contained in the notification of the meeting.

11.7. In case the meeting is held in the form of joint presence, if at least a half of members of the Committee present at the meeting, when counting votes on the issues of the agenda written opinions of members of the Committee, who were absent at the meeting in accordance with the procedure established by this Regulation, are taken into consideration.

11.7.1. On the day of the meeting of the Committee following the results of voting the Secretary of the Committee draws up the questionnaire signed by the Chairperson of the Committee, which is forwarded to the members of the Committee of the Company, who were absent at the given meeting, in the original or by facsimile.

11.7.2. When filling in a questionnaire a member of the Committee should leave only one of possible voting variants (for, against, abstained) uncrossed. A filled in questionnaire should be signed by a member of the Committee specifying his/her surname and initials. A filled in and signed questionnaire should be submitted to the Secretary of the Committee by a member of the Committee not later than the next day after the meeting in the original or by facsimile with the further sending of the original of the questionnaire at an address specified in the questionnaire.

11.7.3. The questionnaire filled in and submitted with violations of the requirements and terms stipulated in clause 11.7.2. of this Regulation is declared invalid, is not taken into consideration when counting of votes and voting results.

11.7.4. Votes on the issues of the agenda of the meeting are counted on the basis of voting results at the meeting as well as questionnaires filled in and signed by members of the Committee, received by the Secretary of the Committee within the fixed term. 11.8. Decision to hold a meeting of the Committee in absentee voting form is taken by the Chairperson of the Committee.

11.8.1. When the meeting is held in absentee voting form members of the Committee are entitled to provide their proposals and (or) remarks on the proposed draft decisions of the Committee relating to the issues that are put to absentee voting not later than 2 (two) working days before completion of the term of voting questionnaire acceptance specified in the notification of absentee voting.

11.8.2. The Secretary of the Committee draws up a questionnaire for absentee voting taking into account received proposals (new wordings) and/or remarks on the

proposed draft decisions of the Committee relating to the issues of the agenda. Change of wording of a draft decision contained in a questionnaire should be agreed upon with all members of the Committee.

11.8.3. A questionnaire for absentee voting is forwarded to members of the Committee not later than 1 (one) working day before completion of the term of voting questionnaire acceptance specified in the notification of absentee voting.

11.8.4. When filling in a questionnaire for absentee voting a member of the Committee should leave only one of possible voting variants (for, against, abstained) uncrossed. Filled in questionnaire should be signed by a member of the Committee specifying his/her surname and initials. A filled in and signed questionnaire should be submitted to the Secretary of the Committee by a member of the Committee within the term stipulated in the questionnaire in the original or by facsimile with the further sending of the original of the questionnaire at an address specified in the questionnaire.

11.8.5. Voting results on the issues of the agenda of the meeting held in absentee voting form are counted on the basis of questionnaires filled in and signed by members of the Committee, received by the Secretary of the Committee. The questionnaire received by the Secretary with violations of the requirements and terms stipulated in clause 11.8.4. of this Regulation, is not taken into consideration when determining the quorum and counting of votes.

11.9. The Secretary of the Committee draws up the minutes of the meeting not later than 2 (two) working days after the meeting of the Committee in the form of joint presence or absentee voting form.

11.10. The minutes of the meeting of the Committee are signed by the Chairperson and the Secretary of the Committee. The minutes are drawn up in two originals, one of which is forwarded to the Board of Directors of the Company within 1 (one) working day after they were signed by the Secretary of the Committee enclosing materials and recommendations prepared for it, and the other is kept in the archives of the Committee. Copies of the minutes, prepared materials and recommendations are forwarded to all members of the Committee.

11.11. The Chairperson and the Secretary of the Committee bear responsibility for the Minutes being properly drawn up. The Secretary of the Committee is responsible for safe-keeping of the minutes, questionnaires, materials and recommendations of the Committee.

11.12. The Minutes of the meeting of the Committee contain:

- 1) the date, place and time of the meeting (or date of absentee voting);
- 2) the list of members of the Committee, who participated in consideration of the issues of the agenda, specifying the form of voting (in presentia or by questionnaires) as well as the list of other persons who were present at the meeting;
- 3) the agenda;
- 4) proposals of members of the Committee on the issues of the agenda;
- 5) issues put to voting and voting results on them, specifying the form of voting of each member of the Committee;
- 6) taken decisions.

12. Confidentiality

12.1. Within the period of fulfillment of obligations of the Chairperson of the Committee, the Secretary of the Committee, a member of the Committee and the third persons involved in the work of the Committee as well as within 1 (one) year after completion of term of powers in the Committee, the specified persons are liable to comply with requirements of confidentiality in relation to the publicly unavailable information received by them in connection with their activity in the Committee. The Board of Directors of the Company determines whether the information is publicly unavailable relating to the activity of the Company and its scope.

13. Safe-keeping and use of documents of the Committee

13.1. Minutes of meetings of the Committee should be available to any member of the Committee, a member of the Board of Directors of the Company for examination.

13.2. The File of the Committee is formed following the results of the activity of the Committee.

13.3. The File of the Committee includes:

- 1) minutes of meetings of the Committee;
- 2) appendices to minutes of meetings of the Committee;
- 3) other information materials to meeting of the Committee;
- 4) questionnaires
- 5) notifications of holding meetings
- 6) other materials and documents.

13.4. The documents included in the file of the Committee are subject to safe-keeping in the building of the Company (according to the location of the sole executive body of the Company) together with the documents of the Board of Directors of the Company.

Safe-keeping is performed for the Company's account.

13.5. Systematization and archiving of documents and materials of the Committee are carried out by the Secretary of the Committee under control of the Chairperson of the Committee. The Secretary of the Committee draws up (keeps) inventory of all documents and materials of the file of the Committee on paper and electronic carriers.

13.6. Members of the Committee have unlimited access to materials and documents of the file of the Committee with the right to make copies.

13.7. In cases, which are not provided by this Regulation, access to information on the issues discussed by the Committee can be granted only upon permission of the Committee, the Chairperson of the Committee or his/her Deputy.