

**The Regulations on
the internal technical control system
in IDGC of Centre, PJSC
in a new edition**

Data on the document

| | |
|--|--|
| Implemented | By the decision of the Board of Directors of IDGC of Centre, PJSC |
| Target subsystem of management | The core business processes |
| Top level business process | BP 18 «Management of production safety» |
| Periodic review | is produced by Head of BP «Management of production safety» at least 1 time a year |
| Responsible on the procedure | Deputy Chief Engineer - Head of Department of production safety and industrial inspection |
| Version | № 2; № 1 – approved by the decision of the Board of Directors of IDGC of Centre, PJSC (Minutes # 24/12 of 11.10.2012) |
| Modification | According to the results of application or at changing requirements of regulatory documents on the basis of which this document is developed |
| Developed by | / to specify / |
| Reason for a new version of the document | Organizational changes in the Company |
| Placing and storage | The original form – in Administration Department; the electronic version – in Docflow System «Synergy Centre»; in Internal Documents Library |
| Participants of procedure | All employees of the Company |
| Acquaintance method | Task in Docflow System «Synergy Centre» |
| Additional data | Identification number in the register of local regulating documents of the Company – PS BP 18/SD-63 |

1. General provisions

1.1. This Regulation «About the system of internal technical control in IDGC of Centre, PJSC» (hereinafter – the Regulation) is an internal document of IDGC of Centre, PJSC (hereinafter – the Company), determining the purposes, tasks, functions, mutual relations of structures of all levels of the internal technical control in the Company.

1.2. The Regulation establishes an order of forming, functioning and interaction of a multi-level system of internal technical control in the Company (hereinafter – the internal control) and is an obligatory document for all divisions of the Company, participating in process of realisation of the internal technical control.

1.3. The purpose of functioning of the internal control of the Company: provision of effective monitoring of a level of technical condition and operation, technologies of safe production of works as basic conditions of increase of efficiency and quality of transmission of electric power, reliability of electricity supply to consumers.

1.4. Result of effective functioning of the internal control is absence of not revealed or uncontrollable long-term deviations from the established standard requirements of facilities and equipment of the Company and, as consequence of it, - increase of efficiency and culture of production, level of organisation of industrial, fire and ecological safety, decrease in failure rate and industrial injuries.

1.5. The main principles of functioning of the internal control are:

- optimisation of functions of the control and supervision at monitoring of productive activity of the Company;
- influence on the problem revealed during control events at all levels before its complete elimination or decrease in risk to acceptable level;
- increase of responsibility of production personnel of the Company for quality of accomplishment of labour obligations.

1.6. Conditions of effective functioning of the internal control are:

- high professional level of the Company's personnel;
- involvement of each employee of the Company, within the limits of his professional competence, in process of realisation of the technical control;
- accurate differentiation excluding duplication and formalisation at all levels of the internal control of tasks, functions, powers and responsibility;
- organisation of accurate interaction and information exchange between all levels of the internal control.

1.7. Implementation of the internal control in the Company is provided by General Director of the Company. Functioning of the internal control in the Company is provided by First Deputy of General Director - Chief Engineer of the Company.

2. Terms, determinations, abbreviations

| Terms | Determinations |
|-------|----------------|
|-------|----------------|

| Terms | Determinations |
|---|--|
| <i>Production - technical council (PTC)</i> | group of specialists of structural divisions of BP/BS, including heads and their assistants, whom an administrative document of a branch gives the right of carrying out of checks of productive activity of subordinate personnel. |
| <i>Industrial inspection</i> | process of constant and periodic control of technical condition and operation of power installations, equipment, buildings and constructions, at work places - process of control of observance of requirements of labour protection, industrial, fire safety and technology of performed work (includes carrying out of thematic, complex, off-schedule and target checks). |
| <i>Self-check</i> | process of competent and responsible attitude of each employee to the obligations and the tasks specified by a provision about a division, job description and an instruction on labour protection |
| <i>Mutual control</i> | process of competent and responsible attitude of each employee to general workflow in volume of the rights given by job descriptions, instructions on labour protection and orders of the Company, branches |
| <i>Thematic check</i> | profound check (inspection) of condition and operation conditions of concrete kinds of equipment, separate directions of organisation of labour protection, work with personnel and fire safety |
| <i>Target check</i> | check which is conducted to execute an instruction, order of PJSC «Rosseti», IDGC of Centre, PJSC, a branch (including checks for availability for operation during special periods, investigations of accidents, technological infringements and fires |
| <i>Complex check</i> | expanded check of a Distribution Zone or structural divisions in all directions of productive activity |
| <i>Unscheduled inspection</i> | check not planned in advance. Depending on reasons to carry out it can include volume of any of the listed above checks |
| <i>High qualification of an employee</i> | an employee's knowledge of requirements of workflow and technology of accomplishment of works at power facilities, expressed in a degree, a category above an average for a separately taken division or an executive position, qualifying group on electrical safety not lower than 4* (*except specialists on ecology, service of mechanization and transportation) |

| Terms | Determinations |
|---|--|
| <i>Responsible person for industrial inspection of a division of the business of process / business service (RPC BP/BS)</i> | a person, whose activity besides established production functionality, is control over the course of the business process (business-service) in volume of performed checks (thematic, target) |
| <i>Business - processes (business - service) of the area of the internal control distribution</i> | <p>the core business processes of the Company which implement tasks directed on achievement of the following goals:</p> <ul style="list-style-type: none"> – realisation of effective and reliable functioning of electric grid facilities; – provision of sustainable development of the distribution electric grid complex; – provision of reliable and qualitative power supply to consumers (regarding delivery and transmission of electric energy). <p>Target subsystem of management «Core business processes»:</p> <ul style="list-style-type: none"> – BP 10.1 «Maintenance, repair and replacement»; – BP 10.2 «Diagnostics»; – BP 10.3 «Operational and technological management»; – BP 10.5«Metrological provision»; – BP 11 «Management of perspective and technical development»; – BP 18 «Management of production safety». <p>Target subsystem of management «Customers»:</p> <ul style="list-style-type: none"> – BP 7 «Sale of services in electric energy trasmission». <p>Target subsystem of management «Management systems»:</p> <ul style="list-style-type: none"> – BP 12 «Information resource and technologies management». <p>Business services:</p> <ul style="list-style-type: none"> – BS 5 «Logistics management and material support». |
| <i>Production - technical group (PTG)</i> | a structural unit of a Distribution Zone |

| Terms | Determinations |
|---|--|
| <i>Production risk</i> | <p>«Risk is probability of damnification to life or health of citizens, property of physical or legal persons, to the state or municipal property, environment, life or health of animals and plants taking into account weight of this harm».</p> <p>Production risk is probability of losses or additional costs connected with failures or a stop of workflows, infringement of technology of accomplishment of operations, low quality of raw materials or personnel work etc.</p> <p>(FZ «About technical regulation» from 27.12.2002 N 184-FZ)</p> |
| <i>Company</i> | IDGC of Centre, PJSC |
| <i>Information field of the internal control</i> | an automated information-analytical system intended for information data exchange between levels of the internal control about planned and executed checks, quantity of developed and executed events, system collection, storage and primary analysis of reporting information at all levels of the technical control, necessary for effective functioning of the internal control with access right to the base of information exchange at a corresponding level. |
| <i>Methodical provision</i> | a process of interaction of the methodical centre (higher level of the internal control) with bottom levels of the internal control, including informing (transfer of new knowledge), educational (transfer of professional knowledge, training to effective methods and working methods) and advising (explanation of requirements of normative and technical documentation and organizational and executive documentation) functions, and also methodical help in solving not typical situations. |
| <i>Normative and technical documentation</i> | standard and technological (technical) documentation. |
| <i>organizational and executive documentation</i> | organizational-administrative documents. |
| <i>Divisions of production safety and industrial inspection</i> | subdivisions of production safety and industrial inspection of the Company. |
| <i>the internal control of the Company</i> | System of the internal technical control in the Company. |

| Terms | Determinations |
|--|---|
| <i>Structural divisions of the Company</i> | structural divisions of the executive office and branches of the Company directly participating in process of provision of reliable functioning, effective operation (maintenance, repairs, operation and technological management) of electric grids, and also implementation of new kinds of equipment and technology (hereinafter – production structural divisions). |
| <i>Technical supervision</i> | a set of events aimed at prevention, revealing and suppression of infringements of requirements of reliability and safety in sphere of the electric power industry, established by federal acts and other standard legal acts of the Russian Federation accepted according to them in the field of the electric power industry, by means of organisation and carrying out of checks, accepting of measures on suppression and (or) to elimination of consequences of revealed infringements, bringing persons who have broken such requirements to responsibility, analysis and forecasting of status of execution of mandatory requirements at realisation of the Company's activity |
| <i>Line managers</i> | direct heads of production personnel (masters, engineers, operations supervisors etc.) |

3. Tasks of the internal control

The main objective of the internal control is in due time to reveal and effectively to react to production risks, by control and analysis of a course of business processes of the Company, including by means of:

- The control over observance of legislative and standard requirements in the course of productive activity of personnel of the Company's branches;
- The control over condition and level of operation of equipment of electric grids and actions of personnel in the course of production of works for provision of reliable, safe and effective operation of electric grids and the personnel;
- The control over observance of legislative and standard requirements of industrial, fire, ecological safety and labour protection.

3.1. Tasks of functioning of all levels of the internal technical control are:

- increase of efficiency, reliability and safety of work of equipment and personnel of electric grids, provision of normalised parameters of transmitted electric power;
- optimisation (decentralisation) of functions of the technical control of productive activity, delegation of control functions and powers to subjects of the control on various levels of management;
- elimination of duplicative functions and communications between various divisions, production and supervising structures;

- accurate differentiation and formalisation at all levels of the technical control of tasks, functions and responsibility spheres;
- ordering and structurization of a flow of revealed remarks, not allowing repeated developments of the same events on one lack by different inspectors;
- creation of conditions for analysis of revealed lacks of production - economic activities for timely accepting of correcting influences;
- decrease in quantity of inspecting structures, for the account of improvement of quality of work and responsibility of the production personnel (increase of efficiency of industrial inspection);
- provision of necessary and sufficient interaction of all control levels and structures, development of corresponding standards, regulations and procedures;
- increase in "transparency" of actions of the management and supervising structures;
- formation and control of functioning of the effective risk management mechanism leading to an injury rate or technological infringements, for increase of probability of achievement of objectives and tasks in view;
- creation of conditions for analysis of result of administrative influences at all levels of productive activity;
- involving each employee, within the limits of his professional competence, in process of realisation of the technical control.

3.2. Results of implementation of the internal control:

- personnel advanced training;
- availability at direct heads of the Company's branches of complete and trustworthy information about lacks for effective planning of productive activity, timely prevention of risks and accepting of correcting influences.

3.3. The internal technical control system of the Company includes the following levels:

3.3.1. External level of the internal control - the technical supervision which is carried out by specialists of Regional Office of Technical Supervision of Centre – a branch of PJSC «Rosseti" division» - «Centre of Technical Supervision».

3.3.2. Internal level of the internal control - the technical control (hereinafter – the technical control), carried out by heads and personnel of structural divisions of the Company which is subdivided on:

- industrial inspection;
- self-check;
- mutual control.

The structure of the internal technical control is presented in Fig. 1

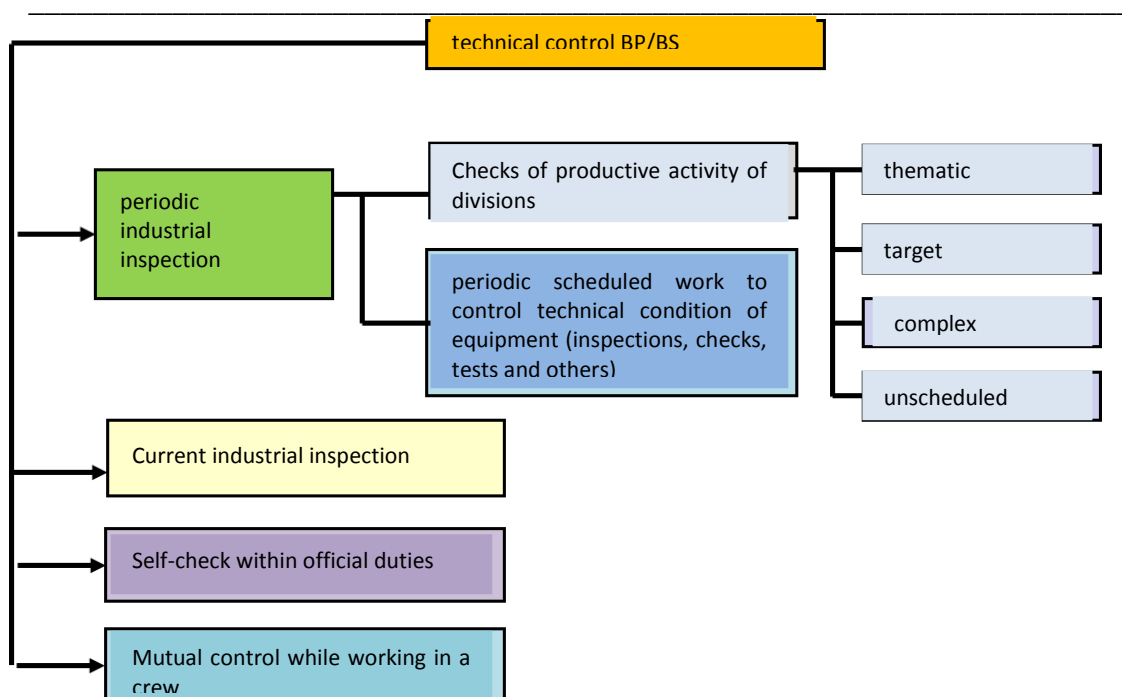


Fig. 1 Structure of the internal technical control.

3.3. Within the limits of industrial inspection the following checks of productive activity are conducted:

- thematic;
- target;
- complex;
- off-schedule.

3.4. Technical supervision is performed according to organizational and executive documentation of PJSC «Rosseti». The task of technical supervision is also preparation of offers directed on increase of level of operation and reliability of work of equipment, safety of production and personnel at all levels of productive activity of the Company's branches on the basis of analysis of results of supervising activity.

4. Checks of temporary work places

Except set forth above in item 3.2. checks, heads and specialists of branches and their structural divisions conduct recurring examinations of temporary work places which are carried out under the confirmed schedule. The order of carrying out of the given checks is determined by the local normative document of the Company.

5. Organizational structure of the internal control

5.1. The internal technical control structure includes the following structural divisions and executives:

- Regional Office of Technical Supervision of Centre - organizationally subordinated to Director of the Centre of Technical Supervision – a branch of PJSC «Rosseti», performing current technical supervision on the facilities which are in the service area (the function of current technical supervision);

- Department of production safety and industrial inspection of the Company – methodology and functional management of the internal control;

- Offices of production safety and industrial inspection of branches – methodical provision, constant control over activity of the internal technical control system in all areas;

- Heads of production structural divisions of the Company according to distribution of functions, within the limits of realisation of tasks of the internal control – the industrial inspection function;

- Personnel of production structural divisions of the Company, the Company's branches, being the basic level of the internal control of the Company, performs the control over own actions at work places while accomplishment of the labour obligations – the function of production self-checking and mutual control;

5.2. Relations and functions of structures of the internal technical control

5.2.1. First Deputy General director - Chief Engineer of the Company, a branch of the Company regarding construction of the effective internal technical control provides:

- organisation of effective functioning of levels of the internal technical control;

- organisation of development and realisation of events following the results of analysis of activity of the internal technical control of the Company, directed on increase of efficiency of the internal technical control and activity of subjects of the internal control of the Company and, as consequence, increase of culture of production, level of the organisation of industrial, fire and ecological safety and decrease in failure rate and industrial injuries;

- organisation of control, analysis and performance evaluation of activity of the internal technical control levels, subjects of the internal technical control with realisation of events directed on its increase;

- organisation of coordination and enhancement of the mechanism of functional interaction between the internal technical control levels;

- coordination of work of all organizationally subordinate production structural divisions;

- development and representation to General Director of the Company (the head of a branch of the Company) drafts of organizational and executive documentation by results of the analysis of control activity with events and management decisions, and also the control over their complete and timely accomplishment.

5.2.2. Quality control of investigation and accounting of technological infringements, fires and industrial injury cases. The Department of production safety and industrial inspection regarding the organisation of the effective internal

technical control provides for:

- organisation and control of functioning of levels of the internal technical control in subjects of the internal technical control of the Company;
- application of effective methodology of the internal technical control in structural divisions of the Company;
- development and control of realisation of events following the results of the analysis of activity of the internal technical control of the Company, directed on increase of efficiency of the internal technical control and activity of subjects of the internal control of the Company;
- organisation of formation and use of information space of subjects of the internal technical control of the Company;
- control, analysis and performance evaluation of activity of the internal technical control levels of subjects of the internal control of the Company with development of events directed on its increase;
- coordination of the mechanism of functional interaction between the internal technical control levels of the Company;
- periodic preparation and representation to First Deputy General Director - Chief Engineer of the Company of reports, by results of activity of the internal technical control of all levels, about condition of equipment of substations and power lines, failure rate, labour protection, industrial, fire, and ecological safety of electric grid facilities;
- monitoring of quality of acts of investigation of technological infringements, fires and accidents at electric grid facilities, control over development and carrying out of preventive events for their prevention;
- analysis of the given out reports-instructions by inspection personnel of Regional Office of Technical Supervision of Centre following the results of current technical supervision with industrial inspection performance evaluation in the Company. Development of correcting events.

5.2.3. Structural divisions of Offices of production safety and industrial inspection of the Company's branches within the limits of realisation of tasks of the internal technical control besides the aforesaid provide for:

- methodical provision of levels of the internal technical control (industrial inspection, production self-checking and mutual control);
- analysis and performance evaluation of activity of levels of the internal technical control (industrial inspection, production self-checking and mutual control) with development and realisation of events directed on its increase;
- organisation of investigation and accounting of technological infringements, fires and injury cases in the service area and control over accomplishment of events of investigation reports;
- development and representation to technical heads of branches of drafts of organizational and executive documentation by results of the regular control and investigation of technological infringements, fires and accidents with events and management decisions, and also the control over their complete and timely

accomplishment;

– filling in and use of the «Information space» of the internal technical control.

5.3. Functions of Regional Office of Technical Supervision of Centre regarding technical supervision at facilities of the Company are determined by organizational and executive documentation of PJSC «Rosseti».

5.4. Industrial inspection is performed by direct heads of production structural divisions of the Company, the Company's branches, according to distribution of functions and provides for:

– organisation of the regular control of observance of the established requirements of technical operation of electric grids, labour protection, fire, industrial and ecological safety;

– control over conformity of maintenance, operation and technical condition of power installations and operational documentation to requirements of the normative and technical documentation and organizational and executive documentation;

– control of accomplishment of requirements on the organisation of work with personnel provided by the legislation of the Russian Federation and organizational and executive documentation of the Company;

– carrying out of regular checks of working crews;

– revealing and estimation of production risks with development and realisation of organizational and technical events for their elimination or decrease to an acceptable level;

– performance evaluation of production self-checking, mutual control with development of events for its increase;

– control of observance of technologies of carried out works;

– control of amount of repairs, testing and inspections, timeliness of their accomplishment;

– control of availability of power facilities for operation during special periods (autumn-winter, high water, fire-dangerous, stormy periods);

– control over new construction and reconstruction;

– filling in and use of the information space of the the internal technical control.

6. The objectives and tasks of industrial inspection.

6.1. Industrial inspection is performed by line (current) or functional (current and periodic) heads within the limits of their job responsibilities and competence (productive activity areas).

6.2. The industrial inspection objective is increase of efficiency, safety and culture of production.

6.3. Industrial inspection tasks are:

– current control over provision by the production personnel of conformity of maintenance, operation and levels of technical condition of power installations and operational documentation to requirements of the specifications and technical

documentation and organizational-administrative documents (hereinafter - the normative and technical documentation and organizational and executive documentation);

- current and periodic control over observance by the production personnel of the established requirements on the organisation of work, adherence to deadlines, technologies and quality of accomplishment of work, labour protection, fire, industrial and ecological safety, and also with checks of work places and working crews (separate employees) according to the established order;

- revealing and estimation of negative tendencies, production risks with development and realisation of organizational and technical events for their elimination or decrease to an acceptable level;

- methodical and functional management of production self-checking and estimation of its productivity with development of necessary events for its increase;

- filling in and use of the Information space of the internal technical control.

6.4. The main principles of industrial inspection are:

- accurate and complete definition and communication by the line manager to each employee of his or her official (labour) obligations, rights and responsibility;

- obligatory carrying out current and periodic control, analytical and corrective actions by line and functional managers (within their competence) at the organisation of safe production with observance of the established requirements and obligatory recording of results;

- clear and understandable formulation by the line manager of production target to the performer (a structural division, a crew, a group of employees, a separate employees, etc.), corresponding to their obligations and qualification, with receipt of confirmation of its correct understanding and provision of the necessary current control of accomplishment in full, in fixed terms and with appropriate quality;

- obligatory qualitative performance by the direct head of established by acting normative and technical documentation and organizational and executive documentation briefings to the employee-executor on safety and technology of accomplishment of concrete work with check of their mastering;

- provision in full of all employees and all kinds of works with necessary regulations, normative and technical and operational documentation, protection means, tools, accessories and materials;

- obligatory current continuous training and periodic advanced training of employees (workers, specialists and heads of all levels), within the limits of their official (labour) obligations with summary and recurring examination of knowledge (certification), and also training of heads to skills of industrial inspection;

- carrying out by employees, performing industrial inspection, of current estimation of its efficiency for immediate adjustment of their control activity or preparation of offers for higher levels of the internal technical control regarding industrial inspection enhancement;

- organisation of periodic control of industrial inspection realisation by the

Company's Department of production safety and industrial inspection, Offices of production safety and industrial inspection of the Company's branches, with obligatory recording of received results and industrial inspection performance evaluation, with the subsequent corresponding motivation of the employees performing industrial inspection, long-term personified accounting of results and estimations of industrial inspection;

- provision of collection (including anonymous) and analysis of remarks and offers of employees on revealing problems, risks and negative tendencies with development and realisation of events for increase of efficiency of industrial inspection at all levels of management;

- development and communication to each head of criteria of performance evaluation of industrial inspection with application of a constantly acting fair and clear system of motivation of productive activity.

6.5. The technique of practical organisation of industrial inspection of the Company is determined by a local internal document of the Company confirmed by an order of General Director of the Company according to the acting organizational structure.

6.6. Production self-checking and mutual control provides for:

- diligent accomplishment by each employee of the Company of labour obligations and control of actions of other employees at accomplishment of their production functions specified by official and production instructions, manuals on labour protection, tasks of direct and higher heads;

- observance of local standard requirements on technology of accomplishment of works;

- observance of requirements on labour protection, industrial, fire and ecological safety at production of works;

- observance of the established requirements on maintaining engineering documentation at the work place;

- keeping the work place according to requirements of rates on labour protection;

- accomplishment by responsible persons (permitting, responsible work managers, performers of work, members of a crew supervising switchings etc.) of requirements of rules within the fixed area of responsibility.

6.7. In the activity subjects of the internal technical control of the Company are guided by the legislation of the Russian Federation and acting normative and technical documentation and organizational and executive documentation of the Company. Besides, activity of each of the levels of the internal technical control is regulated by corresponding organizational and executive documentation, determining their objectives, tasks, functions, procedure of interaction and information exchange, rights and responsibility:

- regulations about production structural divisions of the Company;

- main principles of industrial inspection;

- main principles of production self-checking and mutual control;

– information exchange between various levels of the internal technical control system of subjects of the internal control of the Company.

7. Responsibility

Employees, organising and performing the internal technical control bear responsibility:

7.1. First Deputy General director - Chief Engineer of the Company, the Company's branch:

- for effective management of the activity of the internal technical control;
- for estimation of working capacity and efficiency of the internal technical control of the Company/of the Company's branch, implementation of events for decrease in risks and productive activity enhancement, accounting of results of the analysis of productive activity at forming production programs.

7.2. Head of production safety and industrial inspection of the Company, Office of production safety and industrial inspection of the Company's branch:

- for organisation and control of efficiency functioning of the internal technical control;
- For qualitative analysis of results of activity of the internal technical control, development of offers on decrease in risks and productive activity enhancement.

7.3. Heads and specialists of the technical unit of the Executive Office and branches of the Company, performing current and periodic industrial inspection, bear responsibility for:

- accomplishment of schedules of checks within the limits of the internal technical control;
- carrying out of effective checks of productive activity of structural divisions, crews, groups and separate employees;
- absence of not revealed at current and periodic control deviations from the established requirements which later led to negative consequences, and also recorded by top levels of the internal technical control;
- untimely accepting of measures on elimination of deviations from the established requirements, negative tendencies and production risks;
- inefficient methodical and functional management of activity of self-checking of subordinate personnel;
- untimely or poor-quality filling in and inefficient use of information space of the internal technical control.