



APPROVED BY
Order of the Chief Executive
Officer of
JSC Ilim Group

No GD _____ of _____
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Zero Tolerance Alcohol, Drug and Substance Abuse Policy of JSC Ilim Group.

St. Petersburg
2019

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1. PURPOSE

- 1.1. Zero Tolerance Alcohol, Drug and Substance Abuse Policy (hereinafter, **the Policy**) of JSC Ilim Group (hereinafter, **the Company**) determines the Company's position regarding consumption of alcohol, drugs and substances, as well as regarding the presence of the Company employees or other people in a state of intoxication in their workplaces or at the Company's site.
- 1.2. The goal of the Policy is to:
 - prevent the employees in a state of alcoholic intoxication from being present in their workplaces or at the Company's site;
 - improve labor discipline;
 - prevent injuries in the workplace;
 - prevent industrial emergencies, incidents and RTAs;
 - increase the level of the production managers' responsibility.
- 1.3. This Policy contains key requirements and may be detailed by the relevant internal regulations of the Company's Branches, if necessary.

2. SCOPE

- 2.1. The Policy requirements shall apply to all structural units of the Company.
- 2.2. The Policy shall apply to all Company employees, as well as contractor employees and visitors.
- 2.3. This Policy is recommended for adoption by subsidiaries and affiliates of JSC Ilim Group. Application of this Policy in subsidiaries and affiliates is achieved through approval and implementation of respective internal regulations by duly authorized administrative structures in the subsidiaries and affiliates.

3. REFERENCES

The Policy takes into account the requirements of the following regulations in force, except for direct references specified herein:

- Labor Code of the Russian Federation as revised by Federal Law No 199-FZ of June 28, 2014;
- Code of Administrative Offenses of the Russian Federation as revised by Federal Law No. 4-FZ of February 07, 2011;
- Resolution of the Government of the Russian Federation No. 475 of June 26, 2008 as revised by Resolution of the Government of the Russian Federation No. 1025 of November 18, 2013;
- Order of the Ministry of Healthcare of the Russian Federation No. 933– on medical examination procedure for intoxication (caused by consumption of alcohol, drugs or toxic substances) of December 18, 2015.
- Internal labor regulations.

4. TERMS, DEFINITIONS AND ABBREVIATIONS

3.1. The following definitions are used herein:

- **JSC Ilim Group** - Ilim Group Joint Stock Company;
- **Branches** are the Koryazhma Mill and Forest, the Bratsk Mill and Forest, the Ust-Ilimsk Mill and Forest;
- **Ilim Group's locations** are subsidiaries and affiliates of JSC Ilim Group;
- **Organizations** are legal entities of any legal form, as well as entrepreneurs performing business operations without establishing a legal entity;
- **Employee** is a physical person employed by an organization and provided with a standard pass to access the Branch premises;
- **Workplace** is a place where the employee stays most of his/her working hours (over 50% or longer than 2 consecutive hours); However, if the work is performed in different areas of the work space, the entire work space is deemed to be a permanent workplace.
- **Witness** is any individual, including the Company (Branch) employees, requested by the employer's representative to attend the preparation of a report on intoxication;
- **Structural unit** is a structural and functional unit of the Company (Branch) formally differentiated in accordance with the Company's (Branch's) approved organizational structure;
- **Head of the structural unit** refers to a person contracted or appointed by the organization manager to manage the activity of the structural unit (manager-in-charge, foreman, etc) and his/her deputies;
- **Physician** is a medical professional from a state-funded healthcare institution entitled to perform medical examination to diagnose intoxication;
- **Paramedical practitioner** is a medical professional entitled to perform breath alcohol tests and refer intoxicated persons to medical examination;
- **Medical station** is a room at the Company's (Branch's) premises for medical treatment of the employees;
- **Signs of visible alcohol, drug and substance intoxication** are smell of alcohol on breath, rapid discoloration of the face skin, unsteady posture, distorted sense of space and/or time, slurred speech, impaired phrase making and judgments, slow response and/or inaccuracy of basic physical actions, inappropriate behavior (irritation, aggression, agitation, stress, etc);
- **Chemical test** means an alcohol test performed by a certified breath analyzer (in ppm), certified alcohol tester (ml per liter of exhaled air), Rappoport (Mokhov & Shinkarenko) alcohol test, as well as rapid drug tests;
- **Positive chemical test** means a positive alcohol test confirming the presence of absolute ethyl alcohol in exhaled air in a concentration that exceeds possible cumulative inaccuracy of measurements and amounts to 0.16 or more ml per liter of exhaled air, as well as positive drug test;
- **Premises of the Company/Branch** is a territory located within the limits defined by the land plot cadastral map (including building, constructions and checkpoints) that is owned/leased by the Company and/or otherwise legally used by the Company in its business.

3.2. Abbreviations used:

- **SU** – structural unit.

- **HO** - Head Office
- **STSI** – State Traffic Safety Inspectorate.
- **SHI** - state-funded healthcare institutions
- **CP** – checkpoint;
- **RHRC** - Regional HR Centers of JSC Ilim Group in Koryazhma, Bratsk, and Ust-Ilimsk
- **ROP** - Remote Structural Units of JSC ILIM Group.
- **PSE** – private security enterprise contracted by the Company (Branch) to provide security services;
- **RTA** – road traffic accident;

5. GENERAL REQUIREMENTS.

- 5.1. The regulations on security of the location, access and internal site security control forbid the people under the influence of alcohol, drugs and toxic substances to enter and stay on the premises of the Company (Branch).
- 5.2. Responsibility to detect people under the influence of alcohol at checkpoints or on the Company (Branch) premises is imposed on the line managers and PSE employees.
- 5.3. PSE employees are authorized to use certified breath testers or breath analyzers to pre-confirm signs of visible intoxication.
- 5.4. Failure to comply with the requirements of this Policy may entail the following risks:
 - Consumption or use of substances that cause intoxication prior to or during working hours deteriorates concentration and working efficiency.
 - Performance of work in a state of intoxication deteriorates industrial safety and may result in:
 - ✓ an injury caused to the employee himself/herself or to his/her colleagues;
 - ✓ inadequate behavior in emergency situations;
 - ✓ higher risk of an industrial emergency or accident triggered by incorrect actions.
- 5.5. In order to prevent violations of the Policy, the heads of the Company's structural units or other people authorized by the Company's relevant internal regulations (rule, job description, order, instruction, etc) shall:
 - ban the employee from performing his/her job responsibilities (suspend the employee from performing his/her job responsibilities) upon detection of signs of visible intoxication;
 - act in accordance with the rules and procedures established on the basis of the Company's internal regulations (including this Policy) upon detection of signs of visible intoxication;
 - in accordance with the rules and procedures— established on the basis of the Company's internal regulations organize and perform regular unscheduled inspections within the area of their responsibility to check compliance with this Policy at the Company's industrial sites or at the premises/facility where the Company employees work;
 - apologize to the employee if a chemical test and (or) medical examination do not confirm intoxication.

- 5.6. In case of an industrial emergency, RTA or an incident, one shall take measures to check whether the Company employees and other persons involved in the event have been in a state of intoxication.
- 5.7. If an employee reveals the signs of intoxication when receiving emergency medical services at the industrial site of the Branch, medical professionals from a state-funded healthcare Institution and private medical institution contracted by the Branch for the provision of such services as well as the emergency medical team of the Branch shall immediately inform the operations controller of the Branch, the line manager of the employee and PSE so that they proceed in accordance with clause 6 hereto. If the employee's intoxication is confirmed, the heads of the Branch's structural units and PSE shall take into account all above violations when preparing a summary report to be sent to EHS departments of each Branch.
- 5.8. An employee found in a state of intoxication in his/her workplace, or when accessing (by car or on foot) the premises of the Company/Branch (leaving the Company/Branch) shall be dismissed in accordance with paragraph b, clause 6 of Article 81 of the Labor Code of the Russian Federation if his/her intoxication is confirmed with the documents issued in accordance with the requirements of this Policy and labor law.

In exceptional cases, as requested by the head of the structural unit and approved by the Branch Director, and only if the employee signs a written obligation to have a voluntary medical examination and required treatment in the drug rehabilitation center (or a specialized clinic), other disciplinary actions (reproof, rebuke) may be taken against the employee suspended from work for this violation for the first time. In accordance with the procedure established by the Company's internal regulations disciplinary action taken against the employee shall impact the bonus paid in the calendar period when the violation took place.

If an employee against whom, as an exception, other disciplinary actions (reproof, rebuke) have been previously taken is found in a state of intoxication when accessing (by car or on foot) the premises of the Company/Branch (leaving the Company/Branch) for the second time, he/she shall be dismissed in accordance with paragraph b, clause 6 of Article 81 of the Labor Code of the Russian Federation if his/her intoxication is confirmed with the documents issued in accordance with the requirements of this Policy and labor law.

6. PROCEDURE FOR SUSPENSION OF THE EMPLOYEES FOUND IN A STATE OF INTOXICATION IN THEIR WORKPLACES FROM WORK.

- 6.1. When an employee working in his/her workplace shows any signs of visible intoxication, his/her line manager (or another person authorized by the line manager) shall immediately find at least two witnesses and suggest that the employee explained the fact of his/her intoxication in writing in their presence. If the employee showing signs of visible intoxication cannot provide any explanations, such explanations shall be requested the next time when the employee comes to his/her workplace.

The employee's acknowledgment of intoxication shall be confirmed in writing in a relevant report (Appendix 1). The employee shall be suspended from work in accordance with Article 76 of the Labor Code of the Russian Federation.

- 6.2. Upon receiving or failing to receive such explanations (if the employee refuses to or cannot write down explanations due to his/her inappropriate state), the line manager

- (or any other person authorized by the line manager) draws up a suspension report (Appendix 1) in the presence of two witnesses and suggests that the employee should go to the medical station. If necessary, the line manager (or any other person authorized by the line manager) may ask PSE employees to take the employee to the medical station. In case the employee refuses to go to the medical station, the relevant entry shall be made in the report.
- 6.3. Witnessed by a PSE employee, the employee's line manager (or any other person authorized by the line manager), a medical professional entitled to perform a chemical test for intoxication performs such test, and records and signs its results. Alcohol tests can be conducted with a certified alcohol tester (breath analyzer). Breath analyzers are subject to annual verification.
 - 6.4. Upon receipt of the document specifying positive chemical test and breath analyzer readings confirming the presence of alcohol and if the employee's written acknowledgment of intoxication is available, a PSE employee, the line manager (or another person authorized by the line manager) shall escort the employee from the Company's (Branch's) premises with a relevant note made in the report. The employee's pass shall be withdrawn.
 - 6.5. If despite a positive chemical test, the employee denies his/her intoxication and challenges chemical test results, a PSE employee, the line manager (or another person authorized by the line manager) suggests that the employee should go to a licensed medical institution to have medical examination to determine whether he/she is intoxicated. The employee shall be escorted from the Company's (Branch) premises with his/her pass withdrawn.
 - 6.6. An independent medical examination to determine whether the employee is intoxicated or not shall be conducted within 2 hours after the signs of visible intoxication have been detected and the report drawn-up.
 - 6.7. If such medical examination reveals any contraindications which prevent the employee from performing his/her job responsibilities, this employee shall be suspended from work in accordance with the provision of Article 76 of the Labor Code of the Russian Federation. The pass shall not be returned to the employee.
 - 6.8. If intoxication of the employee is not confirmed by the above actions, the employee shall return to the structural unit where his/her manager will make apologies and permit him/her to resume work. In this case, the suspension report shall be destroyed in the employee's presence. The pass shall be returned to the employee.
 - 6.9. In case the employee refuses to pass medical examination, the relevant entry shall be made in the report and PSE employee shall escort the employee from the Company (Branch) premises. The pass shall not be returned to the employee.
 - 6.10. The line manager shall submit all documents confirming intoxication of the employee (such as suspension report, the line manager's report, etc) to the Regional HR Center within two business days upon receipt of the employee's explanations (to be received within two business days) or his/her refusal to provide such explanations. In case the above documents cannot be submitted for objective reasons within the specified timeframe (due to weekends or public holidays), the line manager shall submit the documents on the first business day after the weekend or public holiday. Based on the submitted documents the Regional HR Center will prepare an order on disciplinary action against the employee within the timeframe stipulated by the Labor Code of the Russian Federation.

7. PROCEDURE FOR PREVENTION OF THE COMPANY AND THIRD-PARTY EMPLOYEES FROM PERFORMING WORK IF THEY ARE FOUND IN A STATE OF INTOXICATION WHEN PASSING/DRIVING THROUGH THE CHECKPOINT OR BEING PRESENT AT THE COMPANY'S SITES DURING OFF WORKING HOURS

Asset Protection Directors of the Branches shall agree on the following measures with PSE:

- 7.1. If an employee passing/driving through the checkpoint to the Branch site or being present at the Branch site during off working hours reveals the signs of visible intoxication, PSE employees shall detain him/her and accompany to the medical facilities. In this case, a supervisor of the PSE shift on duty shall inform the Branch dispatcher of such detention and the dispatcher, in turn, communicates this information to the line manager of the detained employee. The employee's pass shall be withdrawn.
- 7.2. Witnessed by a PSE employee, a paramedical practitioner conducts the relevant chemical test to check whether the detained employee is in a state of intoxication, records and signs test result. Regardless of the chemical test results, a paramedical practitioner is entitled to send the employee to the medical center licensed to conduct relevant tests to have a medical examination to determine whether or not he/she is intoxicated.
- 7.3. If the issued medical examination report says "no signs of intoxication detected", PSE employees shall make apologies to the employee, return the pass and let him/her access the Branch premises with no report drawn-up.
- 7.4. In case of a positive chemical test, the employee's line manager is notified thereof:
 - 7.4.1. If the detained employee acknowledges that he/she is in a state of intoxication, he/she is requested to confirm the fact of intoxication in the written explanation. Then a non-compliance report with indication of the timing when the employee has been escorted from the premises shall be drawn-up. Upon completion of the report, PSE employees shall escort the detained employee from the Company (Branch) premises. The employee's pass shall not be returned.
 - 7.4.2. If a state of intoxication is confirmed by medical examination conducted at the Branch medical facilities, the employee shall return to the checkpoint to finalize the report. The report shall be supplemented with the indication of the timing when the employee has been escorted from the premises. PSE employees shall escort the detained employee from the Company (Branch) premises. The employee's pass shall not be returned.
 - 7.4.3. Should the employee refuse to pass the chemical test at the medical facility of the Branch, PSE employees shall notify the Branch dispatcher or the employee's line manager thereon and assist the employee in passing medical examination in the emergency room or Addiction and Substance Abuse Department of a state-funded healthcare institution. People escorting the detained employee shall witness the medical examination process. Depending on the medical examination results, PSE employees shall act in accordance with clauses 7.3. - 7.4.2 hereof.
 - 7.4.4. Should the employee refuse to return to the checkpoint, the report shall be supplemented with the following wording "the detained employee was escorted from the Branch's premises to the State-funded Healthcare Institution at ... (Timing). He/she refused to return to the Branch's premises and left the State-funded Health and Care Institution unassisted. The employee's pass shall not be returned.
 - 7.4.5. If the employee refuses to pass medical examination and leaves the Branch's premises, the report shall be supplemented with the following wording "the detained employee refused to pass the medical examination and left the Branch's premises unattended at ... (timing). Upon completion of the report, a supervisor of the PSE shift on duty shall inform the Branch dispatcher and the employee's manager of such case.

PSE employees shall offer the employee to pass medical examination in a If despite a positive chemical test the employee denies his/her intoxication and challenges chemical test results, a PSE employee, the line manager (or any other person authorized by the line manager) suggests that the employee should go to a licensed medical institution to have medical examination to determine whether he/she is intoxicated. The employee's pass shall not be returned.

- 7.4.6. The results of the independent medical examination undertaken by the employee shall be considered as valid if such examination is performed within 2 hours after drawing of the relevant PSE report. If a physician from a medical institution confirms that examination results reveal that the employee is in a state of intoxication, the employee shall not be allowed to access the industrial site. The employee's pass shall not be returned.
- 7.4.7. If a medical examination report issued within 2 hours after drawing of the relevant PSE report says "no signs of intoxication detected", PSE employees shall return the employee's pass and let him/her access the Branch premises, with the relevant entry made in PSE report. If a medical examination report with similar findings is issued later than within two hours, the decision to allow the employee to access the site is made by his/her line manager.
- 7.5. If a driver is detected in a state of intoxication, PSE employees shall hand the employee over to the traffic police (STSI), with the relevant entry made in PSE report. In any case, upon completion of the report a supervisor of the PSE shift-on-duty shall notify the Branch's dispatcher of such case.
- 7.6. All documents confirming intoxication of the employee, such as copy of the non-compliance report, the employee's explanations and medical examination results accompanied by suggestions on disciplinary action to be taken against the employee shall be submitted to the Regional HR Center within two business days upon receipt of the non-compliance report copy. In case the above documents cannot be submitted for objective reasons within the specified timeframe (due to weekends or public holidays), the line manager submits the documents on the first business day after the weekend or public holiday.

Based on the submitted documents the Regional HR Center prepares an order on disciplinary actions against the employee within the timeframe stipulated by the Labor Code of the Russian Federation.

8. PROCEDURE FOR PREVENTION THE CONTRACTOR EMPLOYEES FROM PERFORMING WORK IF THEY ARE DETECTED IN A STATE OF INTOXICATION

- 8.1. The contractors' employees in a state of intoxication are not permitted to perform work.
- 8.2. The Company's managers responsible for hiring of particular contractors shall ensure that the agreements concluded with such contractors include provisions on zero tolerance on alcohol, drug and toxic inhalants and on holding contractor responsible for violation of the safety rules by their employees.
- 8.3. If the contractors' employees are detected in a state of intoxication, the manager responsible for hiring this contractor shall undertake all required measures to suspend the contractors' employees from work and report them to the manager of the contractor.
- 8.4. Requirements aimed to prevent contractor employees from performing work while in a state of alcohol intoxication and the contractor's responsibility for non-compliance with

industrial safety requirements is set forth in the Standard for Health and Safety Requirements to Contractors of JSC Ilim Group).

9. RESPONSIBILITY

- 9.1. All Company employees shall comply with the requirements of this Policy.
- 9.2. The Branch Directors shall be responsible for organization and performance of regular scheduled and unscheduled inspections to detect the employees in a state of intoxication.
- 9.3. The heads of the Company' structural units (Branch's structural units, Remote Structural Units and other locations of JSC Ilim Group) shall be responsible for:
 - communication of the Policy to the employees;
 - ensuring compliance with the Policy requirements in their structural units;
 - prompt detection of the employees working in their workplaces in a state of intoxication with further suspension of such employees from work in compliance with the procedures stipulated by this Policy;
 - Failure to provide the Regional HR Center with the documents on actions taken against the employees detected in a state of an intoxication or violation of the document submission deadline.
- 9.4. The Asset Protection Department shall be responsible for procedure alignment with PSE, as well as arrangement of detection of the intoxicated Company and contractor employees accessing (by car or on foot) the premises of the Company/Branch (leaving the Company/Branch).
- 9.5. HR shall be responsible for prompt issuance of HR documents regarding disciplinary actions to be taken against the employees detected in a state of intoxication at their workplaces, or while accessing (by car or on foot) the premises of the Company/Branch (leaving the Company/Branch).
- 9.6. The Legal Department shall be responsible for verification of compliance with the requirements of the applicable legislation and the Policy when taking disciplinary actions against the employees.
- 9.7. In accordance with the contract PSE employees shall be responsible for:
 - Untimely notification of the stakeholders on detention of the employees suspected to be in a state of intoxication;
 - Failure to submit the documents on the intoxicated employees detained by PSE.
- 9.8. The employees shall be responsible for being present at the Company's premises in a state of intoxication, as well as for failure to comply with the requirements of their line managers and PSE employees for necessary medical medical examination to determine whether or not the employee is intoxicated.
- 9.9. Responsibility of third-party companies for non-compliance with industrial safety requirements is set forth in the Standard for Health and Safety Requirements to Contractors of JSC Ilim Group).

10. REVISION PROCEDURE

- 10.1. The Policy shall be approved by the Company's Chief Executive Officer.
- 10.2. This Policy may be amended or supplemented by resolution of the Company's Chief Executive Officer.
- 10.3. In the event of any changes in applicable legislation of the Russian Federation and/or in the Company's Articles of Association which may result in any provision of this Policy coming in conflict therewith, such provisions shall become null and void and the parties involved in the development, coordination, approval and implementation of the Policy shall be governed by applicable legislation of the Russian Federation and the Company's Articles Company Association until the Policy is amended accordingly.

APPENDIX 1

Report on detection of the employee in a state of intoxication in his/her workplace with further suspension from work

«__» _____ 20__ r.

(Report drawn up in: area, section etc.)

Commission consisting of:

has drawn up this report to certify that the employee _____

_____ (employee's full name, position)

(hereinafter, the **Employee**) is in a state of alcohol intoxication.

The Commission has talked with the **Employee** on _____ 200__ at _____, in *(a room or open area is specified, availability of ventilation, light, temperature, distance to the employee who is in a state of intoxication and other conditions required to include the Commission's opinion in the report)*:

Based on visual examination and conversation with the **Employee** the Commission considers that

_____ (full name of an intoxicated employee)

In a state of _____ intoxication

(alcohol, drug, toxic)

Detected signs of the Employee's intoxication:

APPENDIX 5 CONTINUED

The Commission suggested that the Employee should:

1. Write an explanatory letter in relation to a disciplinary offense (state of intoxication).

The **Employee** has _____ (specify if agreed to or not)

The Employee's explanations regarding the disciplinary offense (filled in by the employee who is in a state of intoxication if he/she agrees to write an explanatory letter as is suggested by the Commission)

on _____ 200____
signature _____

2. **The Employee** was informed that he/she was suspended from work at _____ on _____ 200_____.

3. It has been suggested that the **Employee** should go to a medical institution for medical examination and leave the Company's industrial site at his/her own free will.

The Employee has agreed to this _____ (specify if agreed to or not)

4. Note: _____

I have read and understood the report:

Full name and position of the Employee in a state of intoxication:

Signature _____

Date _____

Commission members:

(все члены комиссии предупреждены об ответственности за внесение данных, не соответствующих действительности)

Full names and positions of the Commission members:
members:

Signatures of the commission

_____ has refused to sign the report, the report has been read out in the presence of the Commission members.

Full names and positions of the Commission members:
members:

Signatures of the commission

