

**Mammoth Resorts  
Policies and Procedures**

**Title: Alcohol and Drug Free Workplace Policy and Procedure**

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**Prepared By: Administration**

**Responsible Department: Administration**

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**Approved By: Ron Cohen**

I. Policy:

It is Mammoth Resorts' ("MR" or the "Company") goal to establish and maintain a safe and healthy work environment that is free from the effects of prohibited substances such as alcohol and drugs. MR wants employees to come to the workplace and do their jobs unimpaired by drugs or alcohol. To achieve this goal, MR has instituted this Alcohol and Drug-Free Workplace Policy (the "Policy").

Impairment-free workplaces are safer because employees who are unimpaired experience fewer workplace accidents, creating a safer workplace for themselves, their fellow employees, and our guests. Workplace accidents can be devastating to employees and their families, and represent a significant expense for the Company. Employees who work while under the influence of Prohibited Substances present a safety hazard to themselves, their co-workers and the public and will not be tolerated. Moreover, the heart of our business is customer service. Many aspects of our business involve the health and safety of our guests. MR wants the public to be assured that our employees are unimpaired.

All employees are responsible for reading and understanding this Policy and any updates distributed or posted to the Intranet. Any employee found to have violated this Policy may be subject to disciplinary action, up to and including termination of employment. If you have any reservations about working in an environment where use of Prohibited Substances is not tolerated, you should reconsider whether or not you wish to be employed at the Company.

2. Definition of Prohibited Substances:

Prohibited Substances include illegal drugs, controlled drugs, and legal drugs not being used in the appropriate manner, or by the person to whom they are prescribed. For the purpose of this Policy, the term "Prohibited Substance" is assumed to include alcohol, illegal drugs, controlled substances, and inappropriately used prescription drugs.

The proper use of prescribed drugs as part of a medical treatment program is not a violation of this Policy, although it is important for the Company to know such use is occurring in the event of an adverse effect on job performance or behavior. If you have a medical condition for which you need an accommodation in order to perform your job, the Company will work with you to identify a reasonable accommodation, other than one that will result in detectable levels of prescription drugs or marijuana in your system while at work.

Certain legally available foods and food supplements, including but not limited to hemp oils and other hemp products, may result in a positive drug screen. However, the use of these products will not excuse a positive test result. The Company advises employees to

avoid the use of these or any products that may affect the outcome of a drug screen. State law decriminalizing medical use of marijuana has no impact on our Company Policy prohibiting the possession or use of marijuana at work, being under the influence of marijuana at work, or having detectable marijuana in your system while at work. State law does not require the Company to accommodate the medical use of marijuana and marijuana is still illegal under federal law, with or without a prescription.

### 3. Definition of Prohibited Activities:

The following activities constitute serious violations of Company Policy that will result in disciplinary action, up to and including termination:

- The possession, manufacture, distribution, dispensation, or illegal use of a Prohibited Substance, including drug paraphernalia, on Company premises, in Company vehicles, or while engaged in Company activities;
- The operation of Company equipment or vehicles while under the influence of Prohibited Substances;
- Engaging in disorderly conduct while under the influence of Prohibited Substances: in and around the Company premises, while engaged in Company activities, or anywhere while wearing a Company work uniform; or
- Furnishing alcohol to minors, on or off the job.

### 4. Testing for Prohibited Substances:

Testing of employees for use of Prohibited Substances may be conducted under any of the following circumstances:

#### 4.1. Post-Accident:

The Company shall administer, and employees shall submit to, an oral drug screen anytime:

- (a) the employee suffers an on the job injury that requires treatment at a designated medical provider, and Administration determines that there is a reasonable basis for concluding that drug or alcohol use by the employee could have contributed to the injury;
- (b) the employee is involved in an incident or accident that results in substantial damage to any Company property (this includes all mobile equipment including vehicles, snowcats, snowmobiles, lifts, etc.), or results in substantial damage to the property of others. As a guideline, "substantial" damage is damage that is reasonably estimated to be in excess of \$1500; or
- (c) the employee is involved in an incident where a guest or another employee is injured, regardless of whether the employee is injured.

Employees are obligated to report injuries and/or accidents to their immediate supervisor. Supervisors and managers are obligated to determine whether injuries and/or accidents constitute events that require Post-Accident testing pursuant to this Policy. Where the supervisor or manager determines that testing is required, it is the obligation of the supervisor/manger to contact Administration/Human Resources and arrange for testing.

No advance notice is required for a Post-Accident test. Post-Accident testing must be conducted as soon as possible after the accident or injury. An employee's failure to promptly notify their supervisor or manager of a testable

accident or injury, and a supervisor or manager's failure to arrange for testing, may be grounds for disciplinary action, up to and including termination. Where late notification of the injury or accident occurs, the Company reserves the right to require testing at the time of notification, however such testing shall not be required prior to a determination that disciplinary action for failure to report the accident or injury is warranted.

To determine whether there is a reasonable basis for concluding that drug use could have contributed to the injury or illness (and therefore whether the result of the drug test could provide insight into why the injury occurred), Administration will consider all of the circumstances surrounding the cause of the injury, as well as the objective factors set out in the Observation Checklist. Administration will not conduct a drug test in situations where it is not objectively possible to conclude that drug use would have been a cause of the injury (for example, repetitive strain injuries that occur over a period of time).

All requests for post-accident drug tests must be approved by Administration (Human Resource or Health & Safety) prior to being carried out. Post-accident oral drug screens shall be administered by the Company, and may be carried out by the Department Head, Security, Administration (Health & Safety, Human Resources), or another qualified Company representative. If the test result is positive, the employee shall be subject to immediate disciplinary action, up to and including termination.

#### 4.2. Reasonable Suspicion:

Reasonable suspicion is any activity or behavior that suggests to a co-worker, supervisor, manager or Company official that this Policy has been violated. The decision to test must be based on specific, contemporaneous, articulated observations of the appearance, behavior, speech or body odor of the employee. It may also include, but is not limited to, abnormal coordination, behavior, significant deterioration in job performance, serious mood changes or physical altercation in the workplace.

These observations are typically made by a supervisor or Company official trained in detecting the symptoms of drug and alcohol misuse. Reasonable suspicion testing may also be warranted based on complaints or information provided by our guests or fellow employees.

Where the Company reasonably suspects an employee has violated the Policy as set forth herein, the Company shall administer, and the employee shall submit to, an oral drug screen. No advance notice to the employee is required. Reasonable suspicion oral drug screens shall be administered by the Company, and may be carried out by the Department Head, Security, Administration (Health & Safety, Human Resources), or another qualified Company representative. If the oral drug screen is positive, the employee shall be subject to immediate disciplinary action, up to and including termination.

If a Supervisor has a reason to consider requesting a Reasonable Suspicion Drug Screening, the following steps should be followed prior to screening:

- Observe: If there is reason to suspect that an employee is under the influence of drugs or alcohol on the job, observe the employee's behavior, especially at

high risk times such as after lunch or breaks. Use the Observation Checklist (below) as a guide in observing employee behavior.

- Document: Document your observations factually. Relate performance or behavioral problems, as much as possible, to the employee's inability to perform his or her work duties satisfactorily.
- Intervene: Notify Administration of your suspicions. Corroborate your observation with another Supervisor, Manager, Security, or Human Resources.
  - Escort the employee personally to a private area. Have another Supervisor or Administration present as a witness, if at all possible.
  - Inform the employee of the reasons for suspecting drug and/or alcohol policy violations.
  - Review the work performance or behavior and indicate why you are concerned. Inform the employee that the situation must be changed, and that pursuant to this Policy an Oral Drug Screen may be requested.
  - From the information gathered from your conversation with the employee, determine whether or not you believe the employee has either consumed drugs or alcohol on Company premises, or reported to work under the influence of either drugs or alcohol.
  - If you conclude the employee does not appear to be under the influence of alcohol or drugs and the employee is able to perform regular work duties, have the employee return to the work unit and resume work.
  - If you conclude that the employee may be under the influence or has consumed drugs or alcohol on Company premises, report this to Administration. Upon approval, advise the employee that this policy may have been violated and the employee is being requested to consent to an Oral Drug Screen. Inform the employee that refusal to consent to the screening may result in disciplinary action up to and including dismissal from employment.
  - State the consequences if the Oral Drug Screen result is positive, e.g., disciplinary action up to and including dismissal from employment and/or required admission to a drug and/or alcohol treatment program.
  - Call Administration and/or Security and inform them that an employee is being referred for an Oral Drug Screen. Arrange to meet Security or Administration at a private location to carry out the Oral Drug Screen.
  - If the employee's Oral Drug Screen comes back positive, inform the employee of the result, and inform him/her that he/she is suspended from all work for three days, pending investigation. If the employee is an hourly employee, tell them to clock out. Assist the employee in

making arrangements to be taken home. If the employee has tested positive, do not permit the employee to leave the premises or to drive alone. If the employee refuses assistance, make sure the witnessing Supervisor can verify that the employee refused such assistance. If the employee cannot control his/her actions, call MLPD immediately to inform them of the employee's condition and refusal of assistance.

- Determine action to be taken based on documented observations and/or Oral Drug Screen results following consultation with Administration.
- If the employee has a negative confirmed Oral Drug Screen result, inform the employee and Administration, and direct the employee to return to work.
- During the suspension, discuss with your immediate supervisor and Administration whether to simply terminate the employee, or to consider offering the employee a "last chance" agreement (in consultation with Administration) on condition the employee agrees to enter an approved rehabilitation program.
  - A "last chance" agreement may be offered at the sole discretion of Administration, after considering the individual circumstances of each case. Each such agreement is prepared considering the individual circumstances of each case. Agreements may cover, but are not limited to, subjects such as assignment changes and work restrictions, verification of attendance at a diversion or rehabilitation program, and/or testing and participation in an after-care program. The agreement will specify the consequences for violation of its provisions, including further corrective action or dismissal from employment.
  - If the decision is made to terminate employment, follow the guidelines set out for Discharging an Employee, available on Administration's Webshare site.

#### 4.3. Return to Duty and Follow-Up Testing

An employee who fails to take, refuses to take, or does not pass an oral drug screen or a laboratory certified drug test, may not return to duty until he/she passes an oral drug screen administered by the Company or a drug test verified by the Company's certified laboratory. If an employee tests positive on a return-to-duty drug test, he/she will be subject to immediate disciplinary action, up to and including termination.

If an employee passes a return to duty drug test with a verified negative result, the employee may return to duty. However, based on the recommendation of the Employee Assistance Program ("EAP" – see below) or in accordance with the terms of a "last chance" agreement, the employee may be subject to follow-up testing directed by the Company. If an employee tests positive on a follow-up drug test, he/she will be subject to immediate disciplinary action, up to and including termination.

#### 4.4. DOT and other Legally Required Testing:

Some employees are subject to specific testing requirements imposed by State and/or Federal law. For example, Department of Transportation (DOT) regulations may require pre-employment testing to operate or work on a shuttle bus. Testing required by Federal or State law is carried out in accordance with the applicable law, rule or regulation.

#### 4.5. Test Results other than Negative:

Refusal to submit to drug testing, providing a false or adulterated sample, failing to provide a urine/blood/saliva sample suitable for testing, or submitting to a test resulting in a positive screen constitutes a material breach of a condition of employment and may result in disciplinary action, up to and including termination. Any questions regarding this policy should be directed to Human Resources.

### 5. Dealing with Prescription Drug Use and Impairment in the Workplace

5.1. The Company recognizes that some employees are prescribed medication under the care of a physician, and that some of these medications may have the ability to cause impairment of judgment or other skills required in job performance. Prescribed medications that might cause impairment of judgment or other skills include painkillers, anti-anxiety medication, anti-seizure medication, medical marijuana, and many other drugs and substances.

5.2. Aside from the potential workplace impact of legitimate use of prescription medications, misuse of prescription medications is not a minor issue. In a recent 2011 survey by the National Institute on Drug Abuse (NIDA), nearly one out of every five Americans older than age 12 reported using prescription drugs in a non-medical manner at some point in their lifetime. What may be even more alarming is that 12.7 percent of adults age 25 or younger indicated that they have used these types of drugs recreationally in the past year. The NIDA also reports that prescription drugs are, after marijuana and alcohol, the most commonly abused substance in the U.S.. Recently, the Centers for Disease Control and Prevention have classified this type of abuse as an epidemic and indicate that it is the fastest growing drug problem in the U.S., with one death every 19 minutes.

5.3. Given this background, and given the many laws which protect an employee's rights, the Company is required to balance its need for a safe workplace against the employee's rights to privacy and treatment of disease and disability. This is a delicate balance, so when issues arise concerning prescription drug use it is absolutely critical to involve Administration at an early point. This issue arises with some frequency, and so this Guideline is intended to provide some direction to Supervisors and Managers as to how to deal with the situation.

5.3.1. Guideline #1: In general, prescription and over-the-counter drugs are not prohibited when taken in standard dosage and/or according to a physician's prescription. Any employee taking prescribed or over-the-counter medications is responsible for consulting the prescribing physician and/or pharmacist to ascertain whether the medication may interfere with safe performance of his/her job. If the use of a medication could compromise the safety of the employee, fellow employees or the public, it is the employee's responsibility to use appropriate personnel procedures (e.g., call in sick, use

leave, request change of duty, notify supervisor, notify company doctor) to avoid unsafe workplace practices.

5.3.2. Guideline #2: The illegal or unauthorized use of prescription drugs is prohibited. It is a violation of our Alcohol and Drug Free Workplace Policy to intentionally misuse and/or abuse prescription medications. Appropriate disciplinary action will be taken if job performance deterioration and/or other accidents occur.

5.3.3. Guideline #3: If an employee observes another employee who appears to be impaired in the performance of his or her job, they should report their observations to their Supervisor, who should refer the employee to Administration as necessary. Inquiries about prescription drug use and impact on ability to work are better addressed by Administration.

5.3.4. Guideline #4: If an employee has questions about the effect of a medication, prescribed for them personally, they should consult with their physician and/or contact Administration. If it is determined that there is no safety risk and the employee can safely and effectively perform the job, the employee will be permitted to work. If such use is determined to impair the employee's ability to safely or effectively perform the job, Administration may temporarily reassign the employee or grant a leave of absence during the treatment period.

5.3.5. Guideline #5: Employees who are taking legally prescribed and/or over the counter medications which are observed to impair job performance, safety or efficient Company operations may be subject to screening and other procedures under the Company's Alcohol and Drug Free Workplace Policy. Managers and Supervisors should consult with Administration as such situations arise.

## 6. Company Social Events:

The moderate use of alcohol in connection with Company-sponsored social activities (whether attended by employees only or put on for the general public) or the entertaining of business guests, such as vendors and suppliers, is not prohibited by this Policy.

However, the following restrictions apply:

- Prohibitions on operating Company equipment and vehicles while under the influence still apply.
- Employees who are on-duty in a service capacity are on the clock and are therefore not allowed to consume alcohol. Employees attending the event as a representative of the company, but not in a service capacity, are allowed to drink in moderation.
- Employees attending the event as a member of the general public should exhibit appropriate behavior.
- Events on-premises where alcohol is served must be supervised by one or more managers.
- Persons under the age of 21 will not be permitted to consume alcoholic beverages.
- Alternative non-alcoholic beverages and food for the number of persons in attendance must be provided at parties where alcoholic beverages are served.
- Employees must display good judgment and only consume alcohol in moderation.
- Unsupervised consumption of alcohol in non-licensed Company premises is not permitted.

#### 7. Employee Assistance Program:

If you, as an employee, feel that you may have a problem with alcohol or drugs, the Company wants you to seek assistance through the Employee Assistance Program (EAP - see Employee Handbook) before the problem leads to deteriorating job performance or a violation of Company Policy, which may result in your losing your job. Going to EAP before or after a violation of Company policy will not foreclose the right of the Company to administer disciplinary action. At the discretion of the Company, employees who violate this Policy may be required, in connection with or in lieu of disciplinary sanctions, to participate in and successfully complete an approved drug assistance or rehabilitation program. The Company is not obligated to cover any cost associated with rehabilitation expenses.

#### 8. Education and Information:

In order to maintain a drug free workplace, the Company has established, a drug-free awareness program to educate employees about the dangers of the use of Prohibited Substances in the Workplace, this Policy, the availability of counseling, rehabilitation and Employee Assistance Programs, and the penalties that may be imposed for violations of this Policy. This program includes:

- Distribution of the company's Alcohol and Drug-Free Workplace Policy at the time of employment and a discussion of the company's program at the new employee orientation;
- A list of approved drug assistance agencies or substance abuse professional organizations;
- Educational materials regarding the dangers of drug and alcohol abuse;
- Re-orientation of all employees involved in cases in which a drug-related accident or incident occurs;
- The basic components of the Company's Policy and any other issues relative to drug testing;
- Training of supervisors on the causes and impact of substance abuse, as well as specific intervention techniques designed to ease the difficult task of identifying and confronting an employee suspected of substance abuse.

#### 9. Law Enforcement Involvement:

Any employee who is charged by a law enforcement agency with activity relating to Prohibited Substances, either on or off the job, may be considered to be in violation of this Policy. In deciding what action to take, management will take into consideration the nature of the offense charged, the employee's present job assignment, the employee's record with the Company, the disposition of the charge by law enforcement officials or the courts, and other factors, including the impact of the offense charged upon the conduct of Company business. The Company reserves the right to notify, and to turn over evidence to, the appropriate law enforcement agency in the event of Prohibited Substance activity among employees, and may require return to duty and/or follow up testing.

As a condition of continued employment, each employee of the Company is required to notify the Company of any criminal conviction for a Prohibited Substance violation occurring in the work place, no later than five days after such conviction. In accordance with federal law requirements, the Company is obligated to take appropriate action, up to and including termination of the employee who is so convicted. In appropriate circumstances, and where termination does not result, the Company may require such employee to participate in a drug abuse assistance or rehabilitation program conducted

by a substance abuse professional, and may require return to duty and/or follow up testing.

### **Observation Checklist**

Any single poor performance or work habit behavior (unless extreme) is probably not a cause for great concern, although it still may require attention. But when such performance or habits occur in patterns, especially when recurring, close attention and perhaps intervention may be warranted. A strong pattern of either poor performance or poor work habits is cause for serious concern. A strong pattern of both usually warrants Oral Drug Screening.

For example, absenteeism is a significant supervisory problem, but in the absence of other signs may not warrant an Oral Drug Screen. However, absenteeism along with increased mistakes, mood swings, signs of drowsiness, and slurred speech, would probably warrant an Oral Drug Screen. Watery eyes and sniffles may be the sign of a cold, but when coupled with rapid and wide mood swings, dilated pupils, increased startle reactions and rambling speech, screening may be necessary. Changes in behavior are cause for concern. If a person goes from friendly and outgoing to very withdrawn, or clean and neat to disheveled -- along with other signs -- close supervisory attention would be advisable.

You may also observe an employee in light of a report of drug use provided by a reliable and credible source that has been independently corroborated.

#### **Behavior/Physical Signs**

Bloodshot eyes

Pupils constricted or dilated

Inappropriate shivering

Tremors

White powder around nose

Smell of alcohol or burning leaves

Drowsiness/sleepiness

Slurred speech or speech that doesn't make sense

Lack of coordination in walking; staggering, weaving

Unexplained change in physical appearance or dress—a usually neat person becomes unkempt

Wide swings in mood or attitude--very happy to very sad; cooperative to defiant and surly