

APEX MINING CO., INC.

Masara, Maco, Compostela Valley Province

POLICY

TITLE

THE AMCI POLICY ON DRUGS AND ALCOHOL

Document Control No:

Edition: 1st

Effective Date: For Approval

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DRUGS AND ALCOHOL POLICY

I. AIM. The aim of this Policy is to (a.) Establish protocols for required on-site drug and alcohol tests of 'covered persons'; (b.) expressly prohibit and penalize drug and alcohol abuse and related acts; (c.) Establish procedures and training programs on *Drug and Alcohol-Abuse Recognition, Evaluation & Surveillance* (DARES), and other related purposes.

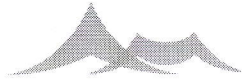
II. BASIS. Drug and Alcohol abuse and dependence is a two-pronged menace that destroys both the Employee and the Company:

ADVERSE EFFECTS TO THE PERSON	COSTS TO THE COMPANY
Endanger bodily safety and well-being of both co-workers and family members	Fatal accidents, Premature Deaths, Property Damages
Chronic Low Productivity, Distraction	Overall lowering of company production/output
Strong tendency for theft and embezzlement, drug pushing, insubordination, misconduct, and causing unintentional/intentional company damage due to impairment and uncontrollable cravings/addiction	High Lost-Time Per Month
	Higher risks of Violation of government regulations and safety margins ultimately leading to Suspension of Operations
Impaired user spreads emotional stress to co-workers, peers and family members	High Absenteeism Costs/Sick Leaves costs
Absenteeism & Tardiness	Medical treatment/assistance costs
Physical, mental, emotional and professional degradation	Overall lowering of personnel morale
Impaired social skills and creativity	Need to train, hire, new workers to replace injured and impaired workers
Gradual disconnection from spiritual and real-world concerns	Need to put up better disciplinary procedures, drug testing programs
Susceptibility to incurable diseases and disorders	High occurrence of worker conflicts/quarrels in the workplace

III. COVERED PERSONS:

- 1.) AMCI employees and personnel.** Their violation of this policy shall entail both administrative and civil sanctions and possible criminal prosecution;

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- 2.) **Contractors and Agency workers;** Their violation, may entail administrative and civil sanctions and criminal prosecution;
- 3.) **Other workers, applicants, and those who otherwise transact** with the Company. Their violation, may entail possible civil and criminal prosecution.
- 4.) **Others found within the AMCI tenements, workplaces and boundaries.** Violation will entail criminal prosecution.

IV. DRUG AND ALCOHOL TESTS shall be limited to the following: • PRE-EMPLOYMENT SCREENING; • "FOR-CAUSE" TESTS (a. Upon Detection; b. On Reasonable Cause; c. Post Incident & Accident); • RANDOM FITNESS-FOR-DUTY TESTS; • PERIODIC TESTS;

1. **PRE-EMPLOYMENT SCREENING** – Job applicants shall be required to accomplish and submit a notarized *Written Consent and Acknowledgment Form* (WCAF) where he/she a.) Consents to the taking of Alcohol and Drug Tests as a condition for work; and b.) Acknowledges that failure on such Test shall be a factor in his application or continued employment, as the case may be. Actual Testing shall be made only for those applicants who have reached the final interview or pre-acceptance stage of his application.

2. **"FOR-CAUSE" TESTING** – Shall be conducted on any 3 Grounds:

'Cause' 1: ON DETECTION.

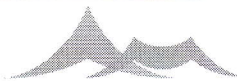
Testing shall be required upon a Covered Person if he/she a.) is detected as exhibiting possible *symptoms, behavioral signs* of drug or alcohol use/abuse, and such use/abuse fall under V.1, V.2, V.4, V.5,V.7., V.8 & V.9. (Offenses and their Penalties). Such detection must be *confirmed* by the Company Medical Personnel, before the person shall be ordered to take Drug or Alcohol Test.

'Cause' 2. ON REASONABLE CAUSE.

Testing shall be required of a Covered Person who on the basis of 'reasonable cause' is determined as possibly having *just committed* or is *about to commit* V.1, V.2, V.4, V.5, V.7, V.8, & V.9 (Offenses and Their Penalties);

There is "**Reasonable Cause**" to Test a person, when facts, information and documents available at hand give **more** reason: to believe that the person has done or is doing the offense, than to believe that he has not done or is not doing the same.

'Cause' 3. POST- ACCIDENT OR INCIDENT.



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Testing shall also be undertaken by all Covered Persons who figure or are involved in any accident or incident occurring within the Company tenements, or even outside if involving Company assets or vehicles, upon recommendation by Company Safety and/or Medical Officers, or Superior, and within 24 hours from such Accident or Incident;

Consequences of FOR-CAUSE Test Results.

Receipt of the Test result showing presence of Alcohol/Drugs will subject the person to appropriate disciplinary process based on the applicable charge or charges (V.1, V.2, V.4, V.5., V.7, V.8), and/or other cases;

A negative Test result shall result to the automatic acquittal of the person for charges involving issues of use/misuse, but not as to possession and other charges, plus compensation for days when preventively suspended.

In case result of the TEST is pending (for purely use/misuse cases) and there is strong possibility that the person is indeed intoxicated (drugs or alcohols) he shall be placed under preventive suspension to avoid possibility of further danger, injury and damage if he is allowed to resume work or operation of vehicle/equipment;

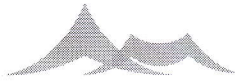
3. RANDOM 'FITNESS-FOR-DUTY' TESTING. *Random Testing* shall be required upon Covered Persons through random-selection/raffling of employees belong in the same class, such as rank, division, department, office or sub-office, or through other classification such as Last digit or date of birthday, and other similarly non-discriminatory selection processes;

Notice Requirement. At all times, notice to a Randomly Selected group shall not be less than 24 hours from notice to the date and time of testing. All Division Heads and Supervisors shall coordinate in the immediate dissemination of the notices to their group selected for testing.

4. PERIODIC TESTS. *Annual, Quarterly, and/or Monthly Testing* may also be scheduled and conducted on-site for all Covered Persons.

PENALTY FOR FAILING IV. 3, (Random/FitnessForDuty) and IV.4 (Periodic Tests).

Where the person is found positive and/or has failed a Test conducted during RANDOM FITNESS FOR DUTY TESTS (IV.3), or during PERIODIC TESTS (IV.4), he/she shall be



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charged for possible commission of V. 3 (Drugs) and/or V.6 (Alcohol), as the case may be, without prejudice to the filing of appropriate criminal/civil case if warranted.

MULTIPLE CHARGES UNDER THIS POLICY. Where after hearing the person is found to have committed in one and same occasion at least two offenses defined in this Policy, the penalty to be imposed shall only be that for the gravest offense, and the other less graver offenses shall only be considered as aggravating circumstances which shall warrant application of the maximum penalty applicable for such gravest offense.

V. DRUG / ALCOHOL OFFENSES & THEIR PENALTIES.

Drugs-related

1) (a) Misuse, or (b) illegally possessing (without proper prescription or authority), or (c) illegally transacting on, prescriptive drugs and/or related chemicals and paraphernalia;

1st Offense: Dismissal from service, unless mitigated.

2nd Offense: Dismissal from service regardless of mitigating circumstances.

2) (a) Use or (b) possession of, or (c) transacting on, any prohibited/dangerous drug and related chemicals and paraphernalia;

1st Offense: Dismissal from service, unless mitigated.

2nd Offense: Dismissal from service regardless of mitigating circumstances.

3) Failing Drug Test under par. V.3. (Random, Fitness-For-Duty, Periodic);

1st Offense: Suspension, 30 days, unless mitigated. Without pay.

2nd Offense: Dismissal from service, regardless of mitigating circumstances.

Alcohol-related

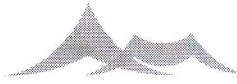
4) Working while under the influence of alcohol and related substances;

1st Offense: Dismissal from service, unless mitigated. Damages.

2nd Offense: Dismissal from service, regardless of mitigating circumstances. Damages.

5) Operating vehicle, equipment or similar tools while under the influence of alcohol and related substances;

1st Offense: Dismissal from service, unless mitigated. Damages.



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2nd Offense: Dismissal from service, regardless of mitigating circumstances. Damages.

6) Failing Alcohol Test under par. V.3. (Random, Fitness-For-Duty, & Periodic);

1st Offense: Suspension for 30 days, unless mitigated. Without pay.

2nd Offense: Dismissal from service, regardless of mitigating circumstances.

Others

7) (a) Evasion, (b) refusal, or (c) Delaying, in taking Tests, other orders and requirements;

1ST Offense:

- Compliance done within 3 days: Suspension for 15 days without pay, Damages;
- Compliance done after 3 but within 10 days: Suspension for 30 days without pay, Damages;

2nd Offense:

- Compliance done within 3 days: Suspension for 30 days without pay, Damages;
- Compliance done after 3 but within 10 days: Dismissal from service, Damages.

1st Offense (No Compliance after 10 days from refusal, delay or evasion): Dismissal from Service, unless mitigated;

2nd Offense (No Compliance after 10 days from refusal, delay or evasion): Dismissal from service.

8) (a) Planting incriminating evidences, (b) false accusations, & (c) similar acts in relation to drug and alcohol violations;

1st Offense: Dismissal from service.

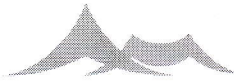
2nd Offense: N/A

9) Other analogous acts – shall be penalized in accordance with its most equivalent offense;

VI. CONFIDENTIALITY:

Employees, employers, and third-party laboratories shall keep all samples and test results confidential. Any and all documents, results, findings, or other information, in connection to these programs, proceedings etc., shall not be disclosed by any person or office, to third

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persons or their offices, without the written permission of the subject person, and of the Company, except if disclosure is required by operation of law or upon lawful Court or government order. Non-observance of this confidentiality requirement shall be a ground for the institution of administrative or other similar proceeding/action against the violator.

VII. EQUIPMENT & THIRD PARTY LABORATORIES. The Company shall procure the necessary equipment and instruments for the implementation and enforcement of this Policy such as Urine Sampling and Testing kits, Blood Testing kits, Breath Alcohol analyzers, Pupilometers (for dilation), as well as engage the necessary third party government accredited drug testing firms or centers.

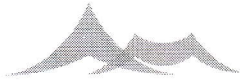
VIII. DRUG & ALCOHOL AWARENESS PROGRAMS. Pursuant to this Policy, the Company shall conduct awareness programs and information dissemination regarding the hazards of alcohol and drug abuse and related acts.

IX. TRAININGS. For the efficient enforcement of this policy, Division Managers, Supervisors, Safety, Medical and Security (Regular and Agency) personnel shall undergo scheduled trainings for Drug and Alcohol-Abuse Recognition, Evaluation & Surveillance (DARES) Protocols¹, in coordination with the ORM/ARMS, Training Department, Human Resources, Safety, Medical, Security, Legal, and all Division and Area Heads and Supervisors.

X. REFERRAL TO COUNSELLING AND REHABILITATION. AMCI Employees, may request the Company for formal referral to accredited counseling/rehabilitation firms, under the following conditions:

- a.) The requesting person will personally shoulder the costs of actual counseling/rehabilitation services;
- b.) After initial Company medical examination, as confirmed by public health authority, the requesting person is certified a chronic abuser of drugs or alcohol (addiction), susceptible to rehabilitation within a period of 6 months or less;
- c.) The Human Resources Department, and the Division Manager of the employee recommends for the latter's rehabilitation on account of his professional competence and past performance.

¹ (A. 12-Steps, plus B. Surveillance and Detection) A. How to i.) Conduct Breath Alcohol Tests; ii.) Interview Apprehended Persons; iii.) Preliminary Examination and First Pulse; iv.) Eye Examination; v.) Field Psychophysical Tests (Sobriety Tests); vi. Vital Signs and Second Pulse; vii. Dark Room Examination and Pupilometer operation; viii. Muscle Tone Examination; ix. Injection Site Search, and Third Pulse; x. Other Observations; xi. Rendering of "Evaluator's Findings"; xii. Referral to Toxological Examination (Drug and Alcohol Tests, c/o Medical Dept.);



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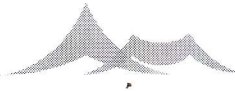
- d.) Security Department has no record of such person having been suspected of or under investigation for being a seller/pusher of such illegal substances, or of other grave or serious criminal/administrative violations or activities;
- e.) At the time of making the request for referral, the requesting person has not yet committed, or is not facing pending proceedings, for possible commission of the Offenses or other violations defined under this or other Company Policies;
- f.) The requesting person's 1) rehabilitation program can be completed within a 6-month period and, 2) he undertakes and acknowledges in writing that in the event said rehabilitation program is unsuccessful despite expiration of the allotted period, he shall be deemed separated from service on ground of unsuccessful rehabilitation from drug or alcohol dependence or other similar ground; and
- g.) There are no other similar causes or grounds which would justify his dismissal from service.

ALL OTHER COMPANY POLICIES, MEMORANDA, RULES AND REGULATIONS shall be deemed accordingly modified, amended or repealed, as the case may be, upon the effectivity of this Policy.

INVALIDATION OF PORTION OR PORTIONS of this Policy shall not affect other portions otherwise valid.

END

PREPARED BY	REVIEWED & ENDORSED BY	APPROVED BY
RICHARD R. PATRIARCA Legal Officer	DR. ARTHUR LANTICSE Company Physician MARY GOLD D. BALTAZAR HR Officer	 MODESTO B. BERMUDEZ Resident Manager EVP - Operations 8.23.14



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