



Policy Name: Work-life Balance/ Wellness

Policy Number: HR 203

Policy Owner: Vice President, Human Resource Programs and Corporate Administration

Policy Approver: Vice President Operational Services, Technology and Human Resources

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Policy Statement:

Nexen is committed to supporting its Employees in achieving a reasonable balance between their work lives and personal lives through the offering of flexible work arrangements and various leave programs. This commitment is based on the belief that Employees are happier, healthier and more productive at work when they have a reasonable opportunity to meet their obligations to family, community, and themselves outside of work. The Company's flexible options are designed to maintain Nexen's competitiveness by enhancing the Company's ability to attract, retain, and engage Employees as well as support the Company's business objectives. They are a key component of Nexen's People Strategy.

This policy is the foundation for developing programs and procedures that will provide workable solutions to help Employees achieve a Work-life Balance while fulfilling the Company's business objectives.

The Company shall comply with applicable laws in the relevant jurisdictions.

1. Definitions:

Absences – refers to Company approved time away from regularly scheduled work other than vacation.

Alternative Work Schedule – refers to a work schedule that permits flexibility of working hours at the beginning or end of the day. Employees must work the Core Hours set by the Company, agree to an established start and end time and work an agreed total number of hours each week. Requests for an Alternative Work Schedule must be preapproved by the Employee's supervisor/manager and is subject to change at the Company's sole discretion.

Compressed Work Week (CWS) Schedule – The CWS is an optional work arrangement whereby eligible Employees work additional time each day to receive time off each month. CWS provisions are based on the business requirements of each work location.

Company (or Nexen) – refers to Nexen Inc. and its majority owned subsidiaries.



Contractor - means any person or entity, including their employees or sub-contractors that have been contracted, sub-contracted or otherwise engaged to provide services to the Company. The Contractor may be identified by, but not limited to, such terms as third party, direct hire, or independent contractor. Contractors are ineligible for the terms of this Policy.

Core Hours – refers to hours during which all Employees must be engaged in work.

Designated Home Office (DHO) – refers to a room, in an Employee’s home, equipped as an office so that the Employee may work from home. It is an integral component of a Telecommuting work arrangement. See Designated Home Office Policy HR 255 for details.

Employee – means a regular full-time or regular part-time employee of the Company. For the purposes of this policy a “Regular Employee” is an Employee of the Company whose end date of employment is not defined.

Employee and Family Assistance Program (EFAP) or Employee Assistance Program (EAP) – refers to a Company-paid program which provides confidential support and counselling to Employees and their families who are experiencing personal, family or workplace problems.

Flex Days – refer to days that in addition to vacation/holidays and statutory holidays Employees can choose to be away from work with pay. The availability and annual number of Flex Days varies by location. Employees must obtain management approval prior to taking these days off if the days are not already included in the Compressed Work Week Schedule (CWS).

Part-time Work – refers to a work schedule that has fewer hours than the normal number of full-time hours for the work location.

People Strategy – defines what the Company will provide for its Employees and establishes the Company’s expectations of its Employees.

Physical Wellness Subsidy – refers to an annual reimbursement provided by the Company to Employees for eligible expenses spent on a physical wellness program that encourages development of cardiovascular endurance, muscular strength and/or flexibility through physical activity and/or promotes healthy lifestyle habits.

Regular Work Schedule – refers to established hours of work that meet the needs of the job and provide appropriate time off for rest and relaxation for Employees.

Telecommuting – refers to the use of technology, such as computers and telephones, to enable Employees to work from home on a regularly scheduled or ad hoc basis while maintaining contact with colleagues, business contacts and the Company’s business offices. Employees should be aware that telecommuting is not a substitute for appropriate child care. In addition, they should comply with the provisions of the Privacy of Personal Information Policy (Policy A106) which defines personal information that cannot be removed from the office environment.



Total Rewards – represents the full value proposition (both monetary and non-monetary rewards) to Employees in their employment relationship with the Company.

Work-life Balance – refers to working practices that acknowledge and aim to support the needs of Employees in achieving a balance between their home and working lives.

2. Objectives:

The objective of this policy is to provide Employees, their supervisors/managers and Human Resources representatives with an understanding of the available flexible work arrangements and wellness programs; and to confirm their responsibilities in the implementation of these programs. The Company's Work-life Balance programs are designed to:

- support the Company's People Strategy
- attract, retain and motivate a diverse workforce
- improve motivation, productivity and morale while reducing absenteeism and turnover
- consider best practices among competitor companies when implementing programs
- provide flexibility to Employees at all stages of their career and life, irrespective of their family status or age
- meet the legal requirements of the jurisdiction in which Employees work

3. Persons Affected:

This policy applies to all Employees who meet eligibility requirements. Program provisions vary by work location.

4. Policy:

4.1 Work Arrangements

Nexen offers flexible work schedule programs to help Employees achieve balance between their work lives and personal lives. Employees can use these programs to balance their working life with other priorities, such as parental and other caring responsibilities, lifelong learning opportunities, volunteer work and leisure activities. Flexible Work schedule programs include Alternative Work Schedules, Compressed Work Schedules, Part-time Work schedules and Designated Home Office Programs. Access to these programs varies by work location and Employee type.

All work schedules must ensure that Employees are able to fulfill their job responsibilities and support the Company's business objectives while adhering to its values and safety requirements.

For flexible work arrangements to work effectively both supervisors/managers and Employees need to be open to alternatives. Employees need to recognize that requests for work flexibility have to fit in with business requirements but similarly



supervisors/managers should not dismiss requests without objective and consistent consideration. As part of this balance, Employees are expected to schedule personal appointments as much as possible during their days off.

- **Regular Work Schedules/Hours of Work** – For each location and position the Company has established hours of work that meet the needs of the job and provide appropriate time off for rest and relaxation for Employees. There are some Employee groups, in particular field operations Employees, which have work schedules designed specifically to meet operational requirements or business activity schedules.
- **Alternate Work Schedules/Flextime Programs** – With the approval of their supervisors/managers, Employees may work alternate hours that result in a different start and end time than the Regular Work Schedule for their location. Hours are based on the needs of the Employee's department and other stakeholders within and outside the Company, and whether or not a change might have a material impact on any of those business relationships.

For many positions (for example, plant and field Employees), Alternative Work Schedules may not be practical from an operations perspective which results in those positions being ineligible. Service-based Employees whose regular hours of work are critical to meeting their job responsibilities are also ineligible.

- **Compressed Work Schedule (CWS)** – The Compressed Work Schedule is available at designated work locations and is designed to provide more flexibility in work hours. The CWS is an optional arrangement that involves working additional time each day to earn time off each month as designated by the work location. An Employee's eligibility to participate in the CWS is at the Company's discretion and is subject to the business needs of individual departments or work groups. If Employees cannot participate in the CWS but would like to increase the flexibility of their work schedule, they may request an Alternate Work Schedule, subject to management approval.
- **Part-time** – Part-time employment opportunities may be available to salaried and non-union hourly Employees where, at the discretion of the Company, there is a mutual benefit to the Company and the Employee involved.
- **Designated Home Office (DHO) Program** – The Designated Home Office program provides Employees with the opportunity to work in a home office during all or a portion of a work week. This Telecommuting work arrangement is not appropriate for all Employees and only those who meet the eligibility requirements may qualify for the DHO work arrangement. Senior management approval is required. The Designated Home Office Policy provides details regarding the program.



4.2 Time Off Work

The Company has a number of programs that allow Employees to take time off work – some with pay and some without pay. Besides meeting statutory requirements the Company provides leaves of absence for life changing events requiring time off work, in particular to allow Employees to deal with family responsibilities. The time off described under these programs is separate from time off for personal illness, both short-term and long-term.

- **Vacation/Holidays** – Annual vacation or holidays are an important component of the Total Rewards package that Employees receive. The Company's vacation/holidays programs are based on competitive practice.
- **Flex Days** – Regular full-time office Employees who are not working on a Compressed Work Schedule and regular part-time Employees may be entitled to Flex Days to be taken within the calendar year with supervisor/manager approval. Field and plant Employees whose work schedules are based on operations are not eligible for Flex Days. Availability of this program varies by work location.
- **Statutory Holidays** – Each jurisdiction in which the Company operates has legislated statutory (also know as general or public) holidays. Employees who meet qualifying requirements are entitled to take these days off with regular pay. Employees who are required to work on these holidays due to operational requirements may be granted wages at a premium rate according to legislated employment standards.
- **Employee Volunteer Program** – This program provides options to support Employees' volunteer work in their communities. Availability to the program varies by work location.
- **Approved Leaves of Absence** – The Company recognizes that there are circumstances where an Employee's employment is interrupted by planned or unexpected events and, therefore, has provisions in place to allow Employees to take leaves of absence to handle these situations. The Company has provisions for various leaves including maternity, parental, adoption, compassionate, bereavement, personal, etc., the details of which may be governed by local laws and regulations:.

4.3 Wellness

The Company recognizes the fundamental role that improved health and well-being of Employees plays in contributing positively towards a productive workplace environment. The Company is committed to protecting and enhancing the health and well-being of its Employees, and believes that this commitment benefits Employees through improved quality of life, job satisfaction, increased productivity, and opportunities to develop additional business contacts. To support this commitment the Company provides a



variety of discretionary programs that assist Employees at various stages of their career and life. Access varies by work location and Employee type.

- **Employee and Family Assistance Programs** – To assist Employees and their families in maintaining a Work-life Balance and handling personal and family problems that may impact their ability to perform their jobs, the Company provides confidential Employee and Family Assistance Programs.
- **Physical Wellness Subsidy** – The Company reimburses Employees on an annual basis up to a maximum amount established by the Company for eligible expenses spent on a physical wellness program that encourages development of cardiovascular endurance, muscular strength and flexibility through physical activity and/or promotes healthy lifestyle habits.
- **Social Clubs** – Social Clubs at different work locations organize social and cultural events as well as recreational activities for their members and families. Although the activities vary by location and country, they all promote good fellowship among Employees outside the workplace and often provide support to community organizations. The Company sponsors the Social Clubs to the extent Employees contribute.
- **Health and Welfare Coverage** – To protect Employees in case of accident or illness the Company provides a variety of health and welfare programs based on location.
- **Medical Programs** – The Company has Medical Programs for designated locations. The purpose of these programs is to promote wellness and prevent, whenever possible, disease and injury, both occupational and non-occupational. They can include pre-employment medicals where required, as well as periodic executive and plant medicals.
- **Alcohol and Drug Program** – Nexen is committed to providing a safe, healthy and productive work environment. The Company's Alcohol and Drug Policy describes the standards and expectations associated with alcohol and drug use, and confirms the Company's commitment to minimize risk associated with its operations. The Company recognizes that alcohol and drug dependency are treatable illnesses and that early intervention greatly improves the probability of a lasting recovery. Employees who suspect they have a substance dependency or emerging alcohol or drug problem are encouraged to seek advice and to follow appropriate treatment promptly before job performance is affected or violations of the Drug and Alcohol Policy occur. The Employee and Family Assistance Program can provide this assistance.
- **Smoking in the Workplace** – The Company recognizes that smoking is hazardous to the health of smokers and non-smokers and can create or cause hazardous conditions in the workplace. To protect the health and safety of its Employees, customers and the public, smoking is not permitted on, or in any Company facility or,



worksite. Each location will also comply with applicable local legislation and regulations.

5. Roles and Responsibilities:

Employees – are responsible for maintaining a consistent work schedule that considers the Company's business needs. They are responsible for consulting their supervisors/managers regarding Work-life Balance issues and recognizing that requests for work flexibility have to fit in with business requirements and take into account the impact on their work team.

Employees are responsible for the timely and accurate reporting of Absences to their supervisor along with any required documentation.

Supervisors/Managers – are responsible for ensuring that the Company's business goals are achieved while also encouraging and enabling their Employees to achieve a reasonable balance between their work and private lives. They are responsible for ensuring that Employees have a reasonable workload and that they receive appropriate support, training and development. When a discussion of an Employee's Work-life Balance arises, supervisors/managers are encouraged to be flexible and to respond objectively and constructively always keeping in mind that business objectives cannot be compromised and other Employees cannot be unreasonably impacted. Consultation with a Human Resources representative regarding possible options and solutions can ensure consistency. Supervisors/managers must ensure that Employees are not unfairly disadvantaged by adopting alternative working arrangements, i.e. these arrangements cannot compromise the Employee's professional development or career aspirations.

Supervisors/managers are responsible for administering leaves of absence in accordance with this policy and for tracking and recording Absences as appropriate for the circumstance.

Corporate Human Resources – is responsible for the administration and communication of this policy as well as monitoring, and reviewing its effectiveness. They ensure that the Company complies with related legislation in all jurisdictions.

Divisional Human Resources Representatives – are responsible for ensuring Employees and managers understand and comply with the terms and conditions of the Company's Work-life Balance policy and related programs. They provide advice and guidance to staff and line managers and ensure that both Employee and Company interests are protected when flexible work arrangements are implemented.

6. Compliance:

This policy shall comply with applicable laws in the relevant jurisdictions.



7. Guiding Principles / Related Policies:

The following policies, codes of practice (COP) and guides enable implementation of this policy.

Global Policies:

HR100 People Strategy Policy
HR203 Reward and Recognition Policy
A106 Privacy of Personal Information
HR217 Employee Relations Policy
HR249 Alcohol and Drugs Policy
HR255 Designated Home Office Policy

HR Programs, Guides and Manuals:

Guides for each location include details on Benefits, Vacation, hours of work, flex time, Compressed Work Schedules, Physical Wellness Programs, Employee and Family Assistance Programs, employee volunteer programs and leaves of absence.

8. Revision History:

| DATE | REVISION # | DESCRIPTION OF CHANGE |
|--------------------|------------|---|
| September 30, 2010 | New policy | - New policy created to align a number of existing HR policies with the Company's People Strategy and to articulate the Company's commitment to Employee Work-life Balance. |