



Policy Name: Employee Relations

Policy Number: HR 217

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

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

Approval Date: September 30, 2010

Policy Statement:

Employee Relations involves the commitment between the Company and its Employees to foster a respectful work environment where Employees bring their best to work, are engaged, perform at their best levels and act with integrity in all activities. The Company is committed to maintaining employee/employer relationships that support the Company's business goals, adhere to fair employment practices, motivate Employees and ensure healthy Employee engagement. The Company's global policies and practices reflect this commitment.

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

1. Definitions:

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

Company Values – refers to the Company's ideals and govern how the Company's business is conducted. They set the standards for excellence and professionalism and lay the foundation for a respectful, positive environment that will generate superior results. The Company's values are at the heart of who the Company is, and define the culture of the Company to set it apart from other employers. Nexen's values include accountability, cooperation and teamwork, integrity, learning, performance, professionalism, and recognition.

Core Competencies – are a unique combination of skills, knowledge and behaviours that enable Employees to deliver against job expectations to set the Company apart from its peers..

Corrective Action – means intervention when unacceptable behaviour occurs. The Corrective Action Guidebook suggests appropriate Corrective Action measures. In the UK, Corrective Action refers to the Disciplinary Procedure and appropriate disciplinary action.



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

2. Objectives:

The objective of this policy is to ensure that all Employees have a clear understanding of the fair employment practices of the Company and associated legislated requirements and to set expectations for them to abide by these practices and requirements.

3. Persons Affected:

This policy affects all Employees working for the Company.

4. Policy:

This policy is based on the principle of respect and fair treatment throughout all phases of Employees’ careers from recruitment, through employment and career development to departure.

The Company is committed to:

- providing fair conditions of employment which, at a minimum, conform to all legislative requirements and regulations applicable to the Company
- providing a respectful, inclusive and harassment-free workplace
- providing safe and proper working conditions consistent with industry and local standards
- establishing reasonable standards of performance, supplying the tools and resources to do the job, providing clear directions and instructions to Employees, and applying job performance standards and workplace rules in a fair and consistent manner
- promoting and maintaining channels for open communication
- providing mechanisms to prevent and resolve disputes among Employees or between the Company and Employees

4.1. Equality and Diversity

The Company ensures that its employment policies and practices prevent discrimination as described in the Company’s Human Rights Policy in all aspects of the employment process including but not limited to recruitment, selection, hiring, terms of employment, evaluation, promotion, training, development, discipline, remuneration, retirement and termination of employment.

The Company’s employment-related decisions are based on relevant qualifications, merit, performance and other job-related factors that offer equal opportunities to all applicants and Employees.



The Company recognizes and respects the diverse cultures and perspectives of its Employees and believes that the variety of experiences, backgrounds and talents that Employees bring to the workplace lead to innovation and new ideas that maximize the Company's capabilities. The Company promotes a diverse and inclusive workforce and requires that all Employees exhibit proficiency in the Company's Core Competencies.

4.2. Employee Representation/ Labour Relations/ Unions

The Company recognizes the principle of freedom of association and where labour organizations have been certified as representatives of a group of Employees, strives to build a relationship based on mutual integrity, respect, cooperation and open communication. The Company maintains and follows grievance resolutions according to collective agreement provisions in any agreements entered into by the Company.

4.3. Employee Dialogue / Communication and Consultation

The Company recognizes the value of open communication and joint consultation between management and Employees. It therefore encourages the exchange of information, ideas and views about matters of mutual interest and concern through a variety of channels including town hall meetings, "lunch and learn programs" and other Employee information sessions. The Company participates in regular Employee opinion surveys to measure Employee engagement and may utilize the results of the survey to improve Human Resources programs and practices.

4.4. Corrective Action

The Company maintains positive, fair and consistent Corrective Action procedures to improve Employee performance and intervene when unacceptable behaviour or performance occurs. The Corrective Action Guidebook suggests appropriate Corrective Action measures. In the UK, the Disciplinary Procedure provides direction on appropriate disciplinary action.

4.5. Terminations, Layoffs and Redeployment

If redundancies occur the Company is committed to treating Employees with dignity and respect throughout such a transition process.

The Company will make reasonable efforts to find alternative suitable positions for Employees within the Company. If alternatives are not found, the Company will manage the layoffs according to the requirements of local legislation and may in certain circumstances provide further support in the form of monetary payment, counseling and career management.

There may be situations other than redundancies where an Employee may be redeployed. For example, the Employee returns from an extended leave of absence (e.g. long-term disability) and his or her original position has been filled. In this event, redeployment may be required.



5. Roles and Responsibilities:

Employees - are responsible for reading and complying with the fair employment practices outlined in this policy and other related Company policies and seeking clarification as required from their supervisor/ manager or Human Resources representative.

Corporate Human Resources - is responsible for ensuring the Company complies with Human Resources policies and procedures globally. Human Resources consults with and receives direction from Nexen legal counsel on all policy changes. The Corporate Human Resources Employees who are the resident experts in various areas of human resources work with Human Resources Representatives at all locations to continuously improve programs so that they are competitive and meet Employees' needs, and to ensure global alignment with the Company's Values and policies. They are also responsible for ensuring that policies and procedures are updated on a regular basis to reflect legislated changes to employment law in all jurisdictions.

Human Resources coordinates all Corrective Action situations and processes related to harassment investigations and terminations of employment.

Labour Relations Activities - A Division Human Resources Manager is responsible for directing the negotiation and administration of the Division's collective bargaining agreements and will be involved or consulted in matters related to the interpretation of collective agreement provisions, the establishment and administration of workplace rules, Corrective Action or disciplinary procedures and the resolution of union grievances.

The development of the Division's negotiation mandate will be coordinated by the Division Human Resources Manager who will recommend the mandate to the Division Vice President/Senior Vice President and the Vice President Operational Services, Technology and Human Resources for approval before negotiation commences.

Human Resources Representatives – are responsible for ensuring Employees and managers understand the terms and conditions of the Company's Human Resources policies and procedures. They work directly with these groups to identify issues and resolve problems. They are responsible for creating strategies to improve conditions that are unique to their location and interacting with specialists in Corporate Human Resources to implement these strategies.

Health, Safety, Environment & Social Responsibility (HSE&SR) – is responsible for promoting a safe and healthy work environment consistent with industry and regulatory standards.

Legal Department - is responsible for providing Corporate Human Resources with expertise on legislated changes to employment law to ensure the Company's



employment policies and procedures are up to date and compliant with legislation in all locations in which the Company operates.

Supervisors/Managers - are responsible for ensuring this policy is applied within their departments and for contacting Human Resources for clarification as required. They are responsible for maintaining and promoting the principles of this policy in their hiring practices and in their relationships with other Employees.

6. Compliance:

Compliance with this policy is an obligation of all Employees.

7. Codes of Practice:

See the Corrective Action Guidebook concerning the Corrective Action Process and the UK Disciplinary Procedure.

8. Company Policies:

The Company policies related to this policy include:

- How We Work: Integrity Guide
- HR100 People Strategy
- HR257 Respectful Workplace Policy
- HR202 Reward and Recognition
- HR 240 Performance and Career Communication Policy
- HR203 Work-life Balance/ Wellness Policy
- HR249 Alcohol and Drugs Policy
- A 105 Human Rights Policy
- A106 Privacy of Personal Information Policy
- A136 Health, Safety, Environment & Social Responsibility

There are location-specific policies and guides related to this policy.

9. Revision History:

DATE	REVISION #	DESCRIPTION OF CHANGE
September 30, 2010	3 rd revision	- Expanded to include equality and diversity, Employee dialogue/ communication and consultation; and terminations, layoffs and redeployment.
January 2010	2nd revision	- Policy updated to remove redundant content addressed in newly created Respectful Workplace Policy (HR257)
April 13, 2002	1 st revision	- Miscellaneous changes



February 1, 1995	Policy Creation	-	New policy created and approved
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