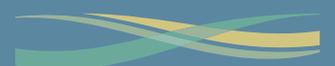


Health and Wellness Trends in the Oil and Gas Sector

Insights from The Shepell·fgi Research Group



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Shepell•fgi Research Group

EXECUTIVE SUMMARY

The following report offers a brief overview of the issues employees in the Oil and Gas Industry and their use of EAP as compared to national norms.

Three issues presented far more frequently than national norms: eldercare (120% more frequently), childcare (43%) and addictions (35%), supporting the understanding that working conditions in the Oil and Gas Industry put extraordinary stress on families as well as the individual worker.

The high rate of addictions issues is of particular concern to Oil and Gas employers due to the safety-sensitive nature of the workplace in addition to related regulations and standards.

Recommendations for mitigating the effects of the workplace realities in the Oil and Gas Industry include optimizing underutilized EAP services that support psycho-social factors that often co-present with addiction and family support strains and implement targeted prevention focused manager training to stakeholders of high risk groups.

Introduction

According to the Canadian Association of Petroleum Producers and the Centre for Energy, Canada produces a significant part of the world's oil, gas and energy, making the Oil and Gas Industry a powerful player worldwide, and a key contributor to our country's economy.

On the world stage, Canada is the third largest producer of natural gas (16.9 billion cubic feet per day), the seventh largest producer of crude oil (2.7 million barrels per day), and the fifth largest producer of energy. With ongoing development of the Alberta Oil Sands, Canada has also made its mark, following only Saudi Arabia, as having the second largest crude oil reserves worldwide (179 billion barrels).

Domestically, there are about 860 drilling rigs, over 1,000 service rigs, 3 offshore oil production projects, and more than 700,000 miles of pipeline carrying petroleum resources to refineries across the nation. Active in 12 of 13 provinces and territories, and using goods and services from many regions, Canada's Oil and Gas Industry is truly a national one, and accordingly, represents a tremendous impact our economy:

- invested \$50 billion in 2007 & 2008
- largest single private investor in Canada

- 25% of value on Toronto Stock Exchange
- paid \$24 billion to federal and provincial governments in 2008

Canada's Oil and Gas Industry is not only a dominant one, it is also growing at a considerable rate. Vast petroleum resources, coupled with worldwide dependency and increasing consumption, have fueled a high pace of growth for this industry. An average growth rate of 2.5% annually has been forecasted for the industry, as a means of supporting production of 3.5 million barrels of oil per day by 2020, and sustaining anticipated growth of more than 50% in worldwide energy consumption through to 2030.

Not surprisingly, the Oil and Gas Industry makes up a significant part of the Canadian labour pool, boasting just over 500,000 careers which are directly or indirectly related, 58% of which are in Alberta alone. In fact, 1 in 6 Albertans are employed by the Oil and Gas Industry. The Alberta Oil Sands Project is expected to generate more than 5 million person years of employment.

Methodology

Shepell•fgi examined EAP data for 36 Upstream Petroleum Industry organizations over a three-year period from January 1, 2006-December 31, 2008 in comparison to our EAP national norms.

The available EAP data was derived from Oil and Gas client organizations across the country and, in 2008, represents a population base of 14,685 employees. In 2008, the geographic distribution of Oil and Gas organizations included within this report is as follows:

- Western Canada and Prairies 49
- Atlantic Canada and Quebec 4

Findings

EAP Utilization

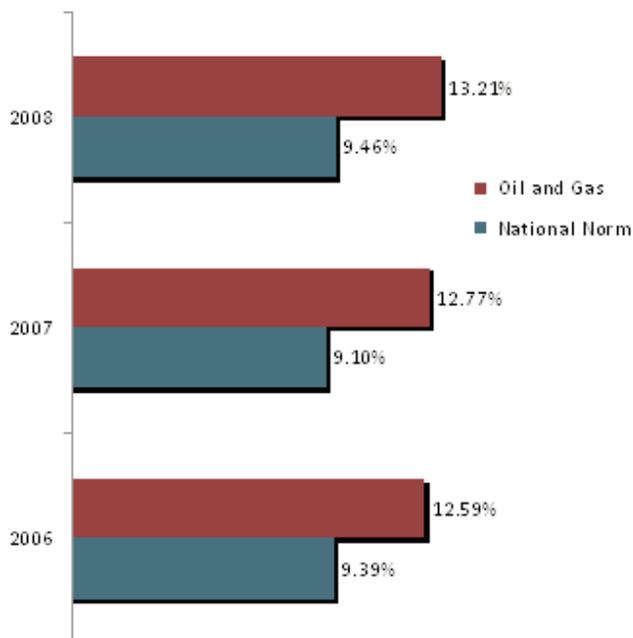
A review of data over the three-year period shows that EAP utilization in the Oil and Gas Industry is increasing annually (almost 5% from 2006 to 2008), and at a greater rate compared to the national norm.

The data also reveals that employees and dependents of the Oil and Gas Industry are accessing EAP to a greater extent. This sector's utilization was 34% higher than the Canadian norm in 2006 and 40% higher in both 2007 and 2008.

Demographics of EAP Users

Despite this sector's predominantly male workforce (approximately 82%), females used the EAP to a greater extent than males (approximately 60:40). However, utilization among females over the three year period was 7-14% lower compared to Shepell•fgi's book of business, whereas utilization among males in this sector was 13-25% higher.

Annual EAP Utilization



A greater proportion of spouses of workers in the Oil and Gas sector accessed EAP compared to our national norm as well. Beginning in 2006, EAP utilization among spouses was reported as 33% higher than the national norm, and this gap continued to widen in 2007 (56%) and in 2008 (75%).

Key Issues

Employees and dependents of the Oil and Gas Industry are primarily looking to the EAP for assistance with work-life issues, including family support services and substance abuse intervention. Nutritional issues, including weight management and dietary consultation as it relates to disease control, as well as family and relationship issues are also of concern in this sector.

Specifically, in 2008 eldercare and childcare services as well as addictions interventions were used by the Oil and Gas Industry to a greater extent than the norm:

- Utilization for eldercare issues is 120% higher than the national norm
- Utilization for childcare issues is 43% higher than the Canadian norm
- Utilization for addictions is 35% higher than the Canadian benchmark

All of these issues have also risen considerably in the Oil and Gas sector during the three year time period examined, with:

- A 66% increase in utilization for childcare issues
- A 148% increase in utilization for eldercare issues
- A 112% increase in utilization for addiction issues

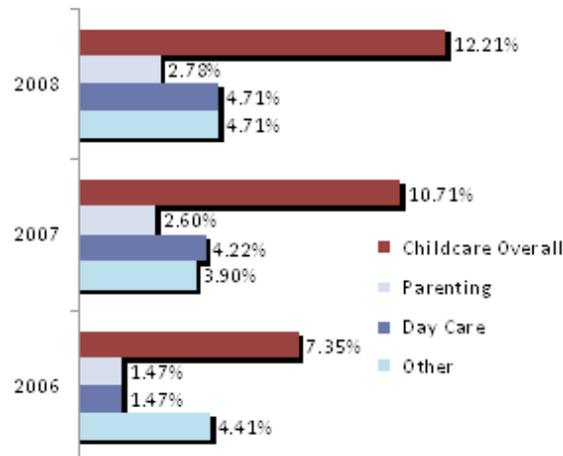
Discussion

Employee Health in the Oil and Gas Industry

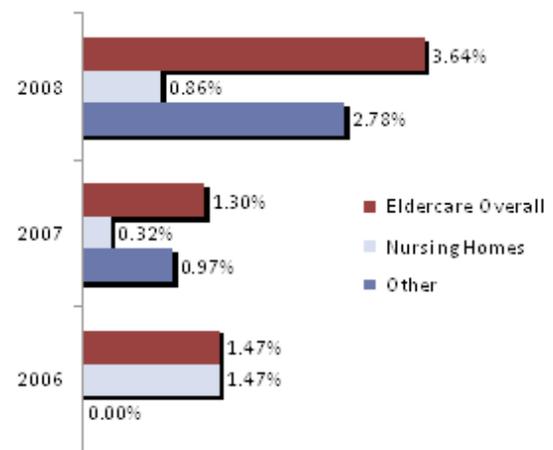
As the Oil and Gas Industry continues to expand and attract highly skilled workers from across the country, as well as foreign trained professionals from outside of the country, the prevalence of occupational stressors will persist as determinants of employee health and well-being. The manifestations of these stressors are both physiological and psychological and may lead to a higher predisposition towards substance abuse among employees or their family members. Accordingly,

2008 EAP Utilization			
	Oil and Gas	National Norm	% Difference in Oil and Gas from National
Eldercare Services	3.64%	1.66%	119.93%
Childcare Services	12.21%	8.54%	42.99%
Addiction Counselling	5.54%	4.11%	34.72%
Nutritional Counselling	23.13%	19.10%	21.07%
Family Counselling	20.20%	17.16%	17.75%
Relationship Counselling	31.35%	29.08%	7.80%
Homecare Services	0.21%	0.22%	-1.30%
Legal Consultation	50.96%	54.90%	-7.17%
Personal Emotional Counselling	37.97%	41.99%	-9.56%
Situational Counselling	1.62%	2.28%	-28.79%
Nurseline Service	1.28%	1.85%	-30.48%
Financial Consultation	8.57%	13.74%	-37.65%
Work Counselling	3.31%	5.38%	-38.48%

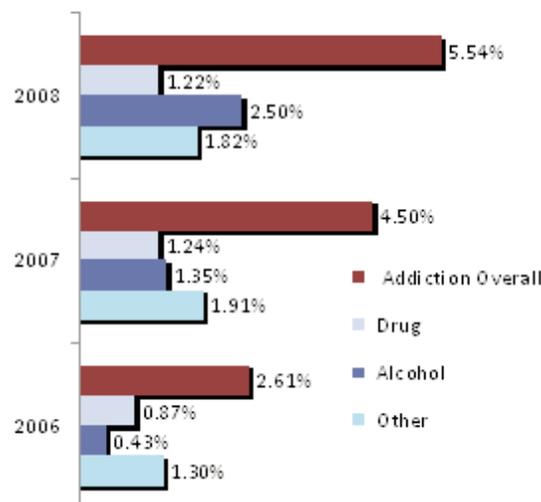
Annual EAP Utilization for Childcare Issues



Annual EAP Utilization for Eldercare Issues



Annual EAP Utilization for Addiction Issues



employers in the Oil and Gas industry must examine existing policies, practices and objectives as they relate to working conditions, retention and attraction, and socio-economic factors. Risk management strategies, as they relate to each of the issues, should be identified, as well as factors which contribute to organizational success in general.

Diverse geographical regions including the East Coast, the North/Oil Sands, and the Canadian Western Sedimentary Basin result in different regional demands across the industry. In particular, social infrastructure programs and facilities for family life are limited or overextended in remote areas where job opportunities are plentiful. Additionally, the nature of work and migratory conditions facing this unique group of workers may compound pre-existing family conditions or complicate otherwise viable solutions.

Oil and Gas workers also face socio-economic stressors related to locating suitable resources to support families who have either accompanied them to a new city, but have no social infrastructure to rely on, or to assist those who have been left behind with one less person to contribute towards supporting the existing responsibility for care of children and/or aging parents. Current economic conditions may also contribute to the higher incidence of access for family support services. As a consequence of the global economic downturn, many single income families may be considering the return of a second income earner to the workforce. This may trigger the need to locate suitable programs or services for dependent family members including children or elderly parents.

Trends in Employee Health

The findings suggests that organizations within the Oil and Gas Industry are effectively communicating and promoting their EAP as a relevant and accessible tool to support concerns relevant to the needs of their employees.

The prevalence of family support concerns, largely for childcare and eldercare issues, has increased year-over-year since 2006. There are numerous reasons why this might be evident including:

1. Expansion of the Oil Sands projects and the active and ongoing recruitment of employees to support

substantial growth;

2. Growth of the industry in general to support increasing global demand for petroleum and energy products;
3. Increased worker mobility for skilled trades across the industry sector and between sectors;
4. Worker absence from the family and the subsequent impact on sustaining duty of care;
5. Limited social network or difficulty resourcing local infrastructure to support accompanying family members;
6. Emergence or compounding of relationship issues between parents and children because of personal, professional or work-life balance strain;
7. Increasing prevalence of the 'sandwich' generation – people who care for their aging parents while raising their own children; and
8. Return to the workforce for spouses of employees in the Oil and Gas sector.

The strength of family relationships is a fundamental determinant of employee and family health. The EAP is well-positioned to address challenges facing parents and family members in general, and to provide sustainable strategies for effective problem-solving towards enriching personal relationships.

Also noteworthy is the increase of reported concerns relative to parenting. Since 2006, the incidence of access for parenting issues has increased by 89% and is 43% higher than the national norm. Long absences for work, relocation to remote cities with limited social resources, and leaving family and friends behind may all contribute towards strain on parent-child relationships.

The link between spousal use of the EAP and the predominance of family support issues reported during the 3-year period underlines that effective family support is an essential component towards managing wellness of employees within the Oil and Gas sector.

In the delicate balance of work and family commitments, the strain of ensuring effective and appropriate care and support is difficult and time consuming. Actively promoting components within the EAP which address some of the most reported issues, including family support, may act to mitigate the inherent stressors related to maintaining a sustainable work-life balance. As the industry continues to develop in remote sites, addressing the social infrastructure,

services and resources will be necessary towards retaining the existing workforce and attracting new hires to the industry. The EAP can be utilized as a resource for referrals to community and private programs, information and consultation towards addressing immediate issues or longer-term solutions.

Substance abuse is also a chronic challenge in the Oil and Gas labour force as evidenced by an increase year-over-year in addiction issues reported within the EAP. Most notably, alcohol dependency has risen steadily from 2006 through 2008, with a 481% increase in EAP accesses during that time period. Compared to Canadian norm, utilization of EAP for addictions issues within the Oil and Gas industry was 35% greater.

The Oil and Gas Industry operates under very strict safety standards and government regulations to ensure the well-being of workers. Companies, industry associations, communities and governments collaborate together to implement programs that help make the Canadian petroleum industry as safe as possible. Workplace health and safety, including substance abuse policies and programs, is of critical concern where heavy industrial construction and technical competency are fundamental components of the work environment. Within safety sensitive occupations, the recourse to a disciplinary process could be more appropriate and more likely.

The impact of dependency interferes with an employee's health, social functioning, performance or behaviour, either physical or psychological. Addiction can have a detrimental effect on personal, professional and organizational stability including:

- Lateness
 - o Patterns that can be linked to consequences of addictive behaviour
- Absence
 - o Increasing levels of absence compared with other employees
- Job Function
 - o Diminished awareness and focus
 - o High degree of potential for distraction
 - o Poor decision-making
 - o Difficulty recollecting tasks or responsibilities
 - o Decreased productivity

- Relationships
 - o Inappropriate or disruptive behaviour
 - o Isolation or reclusive behaviour
 - o Unexplained changes in behaviour or mood
 - o Stigmatization
- Family Welfare
 - o Loss of income
 - o Reduced standard of living
 - o Relationship deterioration
 - o Marital discord
 - o Child behaviour issues
- Financial Risk Management
 - o Business continuity
 - o Competitive advantage and reputation
 - o Recruitment/Replacement/Training costs
 - o Insurance and benefits costs
 - o Decreased productivity
- Legal Risk Management
 - o Accident, injury or death
 - o Breach or non-compliance with government or sector requirements

The industry is comprised of a sizeable portion of transitory workers. This group is often unaccompanied by family members and may be a great distance from their support network. Geographical isolation, performance pressures and work schedules may contribute towards the higher prevalence of substance abuse issues relative to the Canadian norm.

Spouses who accompany employees in the Oil and Gas industry and relocate their families to new cities may feel isolated and saddened by the distance from their friends and family. Feeling overwhelmed by the transition, they may turn to alcohol or drugs, further alienating themselves from the community and their families. The strain on their family as a consequence of substance abuse and the subsequent impact on the health and well-being of the employee, and therefore, the organization, cannot be understated.

Notwithstanding whether the addictive disorder is shouldered by the employee or spouse, early recognition and intervention is crucial to successful treatment and mitigation of organizational risk. In general, there is a high correlation between mental health issues and substance abuse. Frequently, relationship issues manifest as a by-product of addiction and mental health issues co-present with substance abuse. EAP can be

optimized to support the psycho-social impact of addiction including addressing the mental health of employees and their dependents.

Substance abuse issues may emerge as a result of issues at home or at work. They may materialize at home and be carried over to work or vice versa. Accessing the EAP is a self-declaration for help. Recognizing that despite the presence of addiction as a leading cause of concern within the industry, the incidence of self-reported problems is a crucial step towards acknowledgement and treatment of dependency disorders.

Although Supervisors may be able to identify high risk behaviour or those employees suffering from dependency, they are unlikely to possess the skills necessary to address the issue. Effective management of addiction and its impact on the personal and professional environment is multi-faceted:

- Reinforce the value of EAP as a consultative tool for Supervisors to address performance and behaviour issues as they relate to substance abuse management;
- Promote a healthy workplace culture including early identification of dependency issues;
- Offer substance abuse training and education for Supervisors to recognize signs of substance abuse;
- Provide management training for Supervisors to support them in building a culture of open exchange and dialogue within teams and across the organization;
- Implement consistent policies and practices that support workplace functioning for employees, their colleagues, and that mitigate business risk;
- Recognize that addiction is a health issue that can have long-term implications. Address substance

abuse in a similar manner to other health issues

- Make use of programs offered through the EAP which provide more specialized interventions in order to prevent or manage workplace performance issues, absence and disability; and
- Refer at risk employees and their families to the EAP for psycho-social and substance abuse support including treatment recommendations.

Recommendations

As the Oil and Gas Industry continues its trend of exponential growth, organizations must look at the broad scope of their business needs while focusing on the critical workforce segments that impact employee health and productivity and overall organizational success. Recommended components of the approach would include:

1. Optimizing underutilized services within the EAP which support psycho-social factors that often co-present with addiction and family support strains (e.g. manager consultation, workplace support, substance abuse program);
2. Implementing targeted prevention-focused manager training to stakeholders of high risk groups;
3. Targeting promotion of services and programs to at risk groups including isolated, migratory and relocated members;
4. Offering more intensive mental health workshops and stress management education;
5. Involving employees in the process of identifying the type of support required through engagement surveys and focus groups; and
6. Reinforcing the EAP as a resource for the issues which cause stress, strain or disruption in the employee's life and which may result in a negative impact on the workplace.

THE SHEPELL·FGI RESEARCH GROUP

The Shepell·fgi Research Group has a mandate to educate employers and business leaders on the physical, mental and social health issues that impact clients, their employees and families, and workplaces. The Research Group analyzes and provides commentary on key health trends, partnering with some of the industry's highest profile research institutes and scholars, and drawing from 30 years of expertise. The findings contained in this report are based on Shepell·fgi proprietary data and are supported by information from a variety of academic, government, and private research sources. References have been omitted for space considerations and are available upon request. Marla Jackson, MHSc., Director of The Shepell·fgi Research Group and Health Solutions Department, prepared this research report. Paula Allen, VP Health Solutions and Training and Shepell·fgi Research Group oversees the Shepell·fgi Research Group. © 2009 Shepell·fgi.