Policy Name: Health, Safety, Environment & Social Responsibility

Policy Number: A136
Policy Owner: VP of Health, Safety, Environment & Social Responsibility
Policy Approver: President & CEO
Approval Date: July 22, 2010

Policy Statement:

The purpose of the Health, Safety, Environment & Social Responsibility (HSE&SR) Policy is to provide guidance and set expectations for Nexen Employees and Contractors on how to respect and help to achieve the company's commitments to sustainability.

1. Definitions:

Biodiversity - Variation of life forms within a given ecosystem. Often used as a measure of the health of biological systems.

Contractor – Companies, consultants and individuals engaged by Nexen to provide services under a consulting or other contract arrangement.

Employee – Includes all regular full-time, part-time, temporary, casual and fixed-term employees of the Company.

HSE&SR - Health, Safety, Environment & Social Responsibility

Life cycle - A 'cradle to grave' approach recognizing that all life-cycle stages (raw materials acquisition, manufacturing, processing and formulation, distribution and transportation, use/reuse/maintenance, and recycling and waste management) can have environmental, social and economic impacts that should be considered and preferably mitigated in the design phase.

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

Occupational Health/Industrial Hygiene – Occupational health is the promotion of healthy work environments, protection of Employee health from workplace health hazards, and prevention of occupational illnesses and injuries. Industrial hygiene is the anticipation, recognition, evaluation, and control of those environmental factors arising in or from the workplace which may cause illness, impaired health and well being, or significant discomfort among workers or citizens of the community.

Process Safety Management – A management system that is focused on prevention of, preparedness for, mitigation of, response to, and restoration from a process safety event.

Social Responsibility - Maintaining Nexen's social licence to operate by interacting openly and respectfully with our stakeholders, and by assessing and managing the social risks and impacts of our activities.

Sustainability - Integrating health, safety, environmental, social and broader economic considerations into decisions and actions in order to meet the needs of the present without compromising the ability of future generations to meet their own needs.

2. Objectives:

A Nexen-wide commitment to health, safety, environment and social responsibility helps us grow the value of our business responsibly. We work hard to be a recognized leader in sustainability and to integrate health, safety, environmental and social considerations into the way we do business.

3. Persons Affected:

Each Employee and Contractor of Nexen, as well as external stakeholders with an interest in Nexen's operations.

4. Policy:

We conduct our business with respect and care for people and the environment. We comply with all applicable regulatory requirements and we apply industry best practices. We steward our performance through our HSE&SR management system and through transparent and timely reporting of our performance. We provide a safe and attractive work environment characterized by respect, trust and cooperation. We promote a company-wide culture that supports HSE&SR and we are guided by the principles that follow.

4.1 *Occupational Health; Personal Safety and Process Safety* - We are committed to excellence in health and safety performance and target zero harm to our Employees, Contractors and the communities where we work. We apply the principles of process safety management to maintain the integrity of our operations.

4.2 *Environmental Management* - We continually evaluate and apply ways to reduce the impact of our operations on air, water, land resources and biodiversity. We target to minimize waste and steward our products throughout their life cycle to protect people and the environment.

4.3 *Social Responsibility* - We engage openly and honestly with people affected by and with a genuine interest in our activities, and develop collaborative and mutually beneficial relationships with our stakeholders. We contribute to the economic and social development of the communities where we operate. We respect universal human rights and the rights of aboriginal and indigenous peoples.

5. Roles and Responsibilities:

The President & CEO shall take all reasonable steps towards compliance with this Policy.

The Vice President, Health, Safety, Environment & Social Responsibility is responsible for establishing and maintaining the practices, guidelines and internal controls pertaining to this Policy.

The HSE&SR Executive Committee exercises due diligence with respect to this Policy through regular review, discussion and endorsement of HSE&SR management systems, strategies and action plans, as well as stewardship of HSE&SR performance. See also HSE&SR Executive Committee Mandate, approved January 20, 2010.

The HSE&SR Committee of Nexen's Board of Directors assists the board in overseeing the development, implementation and monitoring of policies and programs that manage HSE&SR issues. This oversight ensures Nexen continues to institute best-in-class practices appropriate for a company of Nexen's size and complexity.

All Nexen Employees are required to adhere to the principles of this Policy and will actively promote its adoption by our Contractors, suppliers, customers, partners and agents.

6. Guiding Principles:

This policy is informed by the principles contained in the United Nations Global Compact. In certain operations, our HSE&SR conduct is also guided by the Responsible Care® initiative.

7. Revision History:

DATE	REVISION #	DESCRIPTION OF CHANGE
July 22, 2010	4th Revision	- Changes in Section 5 to reflect revised Executive Committee mandate and revised mandate of HSE&SR Board Committee
January 25, 2010	3rd Revision	- Changes in wording in Section 4.1 and 5 from use of word 'ensure' to 'takes all reasonable steps'
May 1, 2009	2nd Revision	- Full content revision based on benchmarking review - Format change
May 10, 2007	1st Revision	- Further information provided regarding section 3 - Definition of the word sustainability changed to reflect current reporting standards
November 1991	Policy creation	