Policy Name: Conflicts of Interest

Policy Number: A151
Policy Owner: Chief Compliance Counsel
Policy Approver: Chief Legal Officer
Approval Date: October 31 2011

Policy Statement

This Policy establishes guidelines for identifying and addressing situations where an Employee's interests conflict with the Company's interests. Conflicts of Interest, actual or perceived, can damage the Company's business interests and reputation. In all circumstances, Employees are required to carry out their duties in good faith and in the best interests of the Company.

1. Definitions

Business Enterprise – Any firm, partnership, corporation or other legal entity.

Chief Compliance Counsel – The person assigned to oversee and manage the Company's Integrity and Compliance program.

Chief Legal Officer – The person holding the most senior legal position concerning legal affairs in the Company.

Confidential Information – Has the meaning set forth in the Confidential Information Policy A161.

Conflict of Interest – Has the meaning set forth in Section 4.2 of this Policy.

Employee – Any regular full-time, part-time, temporary, casual or fixed-term Employee of the Company.

Immediate Family Member – Includes any spouse, parent, step-parent, child, step-child, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or anyone who shares an Employee's home.

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

Significant Interest – Means any financial or other interest that may influence an Employee's judgment.

2. Objective

The objective of this Policy is to prevent Conflicts of Interest from damaging the Company's reputation or business interests and to ensure that Employees understand their duties and the consequences of becoming involved in a Conflict of Interest.

3. Persons Affected

This Policy applies to all Employees of the Company.

4. Policy

4.1 Policy Statement:

Unless expressly authorized by Nexen's board of directors, Employees may not act on behalf of the Company or deal with the Company in any matter where the Employee is in a Conflict of Interest, whether actual or perceived, or use their position or affiliation with the Company to pursue or advance their private interests or those of a Business Enterprise in which they have a Significant Interest.

Employees are expected to arrange their private affairs in a manner that prevents Conflicts of Interest.

4.2 Conflict of Interest Definition:

A Conflict of Interest exists in any situation where:

(a) an Employee's private interests or personal considerations;
(b) the interests of a Business Enterprise in which the Employee has a Significant Interest; or
(c) the interests of an Employee's Immediate Family Member,

have influenced, or could influence the Employee and:

(d) impair the Employee's ability to act in the best interests of Nexen; or
(e) impede the Employee's ability to impartially carry out their employment duties and responsibilities.

Conflicts of Interest can be:

- Actual - when an Employee has knowledge of a Conflict of Interest.
- Perceived - when an Employee is involved in a situation that a reasonable observer would apprehend is a Conflict of Interest, whether or not that is in fact the case.

A Conflict of Interest may exist even though no unethical or inappropriate activity has occurred.

4.3 Conflict of Interest Examples:

A Conflict of Interest may occur when an Employee:

1. receives or seeks to receive a payment, loan, gift, entertainment activity or discount of more than a reasonable value which goes beyond common courtesies associated with accepted business practices;

2. is involved in negotiating a transaction with a competitor of the Company or an existing or known prospective supplier of goods or services to the Company in which the Employee has a Significant Interest;

3. is responsible for supervising or has direct or indirect authority over an Immediate Family Member who is also an Employee at Nexen, and has the ability to influence their compensation, work assignments or promotion within the Company;

4. withholds from or otherwise deprives the Company of a business opportunity which is aligned with the business of the Company and which could be reasonably construed to be of benefit to the business activities of the Company;

5. makes use of Confidential Information for personal, commercial or financial gain;

6. has interests or is engaged in activities which: (a) adversely interfere with the time and attention the Employee is expected to devote to the Company in performing their employment duties and responsibilities, or (b) compromises the Employee's judgment, ability to act in the best interest of the Company.

The foregoing examples are illustrative only and are not intended to be exhaustive.

5. Roles and Responsibilities

5.1 Employee's Duties

The relationship between an Employee and the Company creates a duty of loyalty which is owed by an Employee to the Company. Employees must act in good faith and in the best interests of the Company while they carry out their employment duties and responsibilities.

Employees should never place their private interests ahead of Nexen's business interests.

5.2 Disclosure

Employees are required to disclose all Conflicts of Interest, whether actual or perceived, to their Manager or the Chief Compliance Counsel. This notification should occur in writing and in as timely a fashion as possible.

If there is any question as to whether a Conflict of Interest exists in a particular situation, Employees must discuss the matter with their Manager or the Chief Compliance Counsel to determine whether a Conflict of Interest does exist and, if so, how it should be resolved. While clarification on the matter is being sought, the Employee must avoid taking part in any activities where the Conflict of Interest exists or could be seen to exist.

5.3 Annual Acknowledgement

Employees are required to acknowledge their compliance with this Policy in conjunction with the annual sign-off on Nexen's How We Work: Our Integrity Guide and must report all undisclosed Conflicts of Interest when completing this annual acknowledgement.

5.4 Compliance

Failure to disclose a Conflict of Interest in accordance with this Policy or failure to report a known or possible Conflict of Interest or to comply with any instructions to resolve a Conflict of Interest is regarded as a serious matter and may be grounds for disciplinary action, including termination of employment.

6. Related Policies

The following Nexen policies should also be consulted:

- How We Work: Our Integrity Guide for Suppliers (A098)
- How We Work: Our Integrity Guide (A099)
- Gifts and Entertainment (A108)
- Prevention of Improper Payments (A153)
- Confidential Information (A161)

7. Revision History

DATE	REVISION #	DESCRIPTION OF CHANGE
October 31 2011	2nd Revision	Policy re-written to conform to new corporate format; content updated to clarify employee responsibilities
November 21, 2002	1st Revision	Policy updates
December 1, 1995	Policy Created	Recognized need for Conflict of Interest Policy