Corporate Policies & Procedures

Policy Name: **Privacy of Personal Information**

Policy Number: A106
Policy Owner: Vice President, Human Resource Programs and Corporate Administration
Policy Approver: Vice President of Human Resources and Corporate Services
Approval Date: December 15, 2011

POLICY

Personal information collected, used, disclosed and retained in the course of business by Nexen Inc. will be handled in compliance with the guidelines of Canada's *Personal Information Protection and Electronic Documents Act* ("the Act"), and any other applicable legislation (collectively, the "Applicable Privacy Legislation"). This legislation establishes rules for the management of personal information controlled by organizations.

DEFINITION

Personal information is information about an identifiable individual. This includes information in any form, such as:

- age, name, ID numbers, income, ethnic origin, blood type, religion
- opinions, evaluations, comments, social status (marital, family, economic), disciplinary actions
- employee files, credit records, loan records, medical records, existence of dispute between a consumer/merchant, intentions (re acquiring goods/services, changing jobs)

Please be aware that the Applicable Privacy Legislation does not apply to an individual's business contact information (name, title, business telephone number, address, e-mail address or fax number) when that information is used to contact an individual in relation to his/her business responsibilities.

Third party – is a party, individual or corporate, other than the employee of Nexen, that may use personal information gathered from its employee by the Company.

RESPONSIBILITIES

In order to honour the intent of "Privacy of Personal Information", Nexen follows Schedule 1 of the Act, Part 1. This schedule lists the ten principles of fair information practices that form the rules for the collection, use, disclosure and retention of personal information and which give individuals control over how their personal information is collected, used and disclosed.

The ten principles are:

1. **Accountability:** Nexen is responsible for personal information under its control and will designate an individual responsible for Nexen's compliance with the Act.

2. **Identify purposes:** Before or as personal information is collected, Nexen will identify and advise the individual why it is needed and how it will be used or disclosed.

3. **Consent:** The knowledge and consent of the individual are required for the collection, use or disclosure of personal information, with a few exceptions as described later.

4. **Limit collection:** Nexen will not collect personal information indiscriminately and will avoid actions that may mislead individuals about reasons for collecting personal information.

5. **Limit use, disclosure and retention:** Personal information will not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as required by law. Personal information will be retained only as long as necessary for fulfillment of those purposes in accordance with Records Management policies.

6. **Accuracy:** Personal information will be as accurate, complete and current as necessary.

7. **Safeguards:** Personal information will be protected against loss, theft, unauthorized access, disclosure, copying, use or modification regardless of the format in which it is held.

8. **Openness:** Nexen will make available to individuals specific information about its policies and practices related to management of personal information.

9. **Individual Access:** When requested in writing, Nexen will allow an individual, with some exceptions, access to his or her own personal information and advise the individual how the information has been used and to whom it has been disclosed. The individual may correct or amend any personal information if accuracy and completeness is challenged and found deficient.

10. **Provide Recourse:** An individual may address a challenge concerning compliance with the above-noted principles to the individual accountable for the Nexen's compliance (Privacy Officer).

EXCEPTIONS

The Applicable Privacy Legislation contains a number of exceptions to the requirement for consent prior to collection, use and disclosure principles in the event of an emergency and/or legal investigation. Nexen will comply with the intent of the Act in these instances.

PROCEDURES

- Unless permitted by law, Nexen must obtain an individual's (employee or customer) consent when it collects, uses or discloses the individual's personal information. Information collected is to be restricted to only information actually required. New employee forms or changes to employee forms intended to gather information must be reviewed by the Company's Privacy Officer.

- Personal information can only be used for purposes for which it was collected. If needed for another purpose, specific consent for the incremental purpose must be obtained. Personal information must be kept current and accurate. It is the responsibility of each employee to ensure that his or her personal information pertaining to home address, dependants, beneficiaries, or anything else that may affect that employee's benefit status is kept current.

- Certain circumstances may require the transfer of personal information outside Canada, specifically to the United States and the United Kingdom, to be processed by a third party for the purposes of providing business management services to Nexen.

- Individuals need to be confident that their information will be protected by specific safeguards (locks, passwords, encryption). Employees are expected to make use of protection tools such as locks, passwords and encryption to protect all personal information in Nexen's control. When no longer required, personal information will be made anonymous or destroyed in accordance with the appropriate Records Management Retention Policy.

- Individuals have the right to access their own personal information held by Nexen and to challenge its accuracy. The following is the procedure to access personal information:

    - address, in writing, a request to the Privacy Officer to access your personal information (See Schedule 1)
    - Nexen will respond to the request within 30 days (with a possible 30-day extension) at minimal or no cost to the individual
    - Nexen will advise if the release of the information requested is prohibited due to a legal reason or a conflict with another individual's protection of personal information

    - having reviewed his or her personal information, if an individual demonstrates the inaccuracy or incompleteness of the personal information, Nexen will amend the information as required
    - the individual will be advised as to the names of third parties having received, or likely to have received, this personal information and amendments will be forwarded to these third parties (see Schedule 2)
    - any unresolved challenge will be recorded on the Company's records and transmitted to third parties having access to the information in question

- Individuals may challenge Nexen's compliance with the principles of the Act. The following is the procedure to make such a challenge:

    - address in writing a complaint to the Privacy Officer describing the challenge
    - advise employee of regulatory agencies that would also handle complaints (if any)
    - Nexen will investigate all complaints
    - if complaint is justified, appropriate measures will be taken
    - if the complaint is not satisfied by Nexen, the individual will be advised of methods of further recourse
    - a Breach Response Plan is attached as an Annex to this Policy

Attached as Schedule 3 is an Employee Brochure used as an educational resource to ensure compliance with the Act.

Concerns regarding the handling of personal information or requests for access to your personal information should be addressed, in writing, to the Privacy Officer, the individual appointed as responsible for Nexen's compliance with the Act and the Company's Policy.

Privacy Officer:
Address: 801 – 7th Ave. S.W.
Calgary, Alberta T2P 3P7

Schedule 1

REQUEST FOR ACCESS TO PERSONAL INFORMATION

Individual's Name: _____

Employee Number (if applicable): _____

Address: _____

_____

Telephone Number: _____

Company Connection: _____

(Please state your current or past relationship with the Company i.e. employee, former employee, customer, contractor, consultant, vendor, et cetera)

Requested Period: _____

(Please state the date(s) of the period of personal information requested.)

Direct Contact or Supervisor: _____

Location of Employment/ Service: _____

Signature: _____

PLEASE COMPLETE THE ABOVE INFORMATION REQUEST AND SUBMIT IT TO THE NEXEN PRIVACY OFFICER. THE INFORMATION PROVIDED HEREIN WILL BE USED ONLY TO LOCATE AND IDENTIFY THE INFORMATION REQUESTED BY YOU AND WILL BE COMMUNICATED TO YOU AT MINIMAL OR NO COST. YOUR SIGNATURE ABOVE INDICATES CONSENT FOR USE OF THE PERSONAL INFORMATION PROVIDED IN ORDER TO LOCATE AND ACCESS PERSONAL INFORMATION UNDER THE CONTROL OF NEXEN INC.

Schedule 2

EMPLOYEE CONSENT FORM

The purpose of this document is to give my consent to Nexen[1] to collect, use and disclose my personal information in accordance with Nexen's *Privacy of Personal Information Policy* and privacy practices and to agree to abide by Nexen's privacy policy and practices.

Definitions

For purposes of this document, the following definitions apply:

"*Employee*" includes an individual seeking to be employed, currently employed or formerly employed by Nexen.

"*Employee Personal Information*" means, in respect of an individual who is an Employee, personal information reasonably required by an organization that is collected, used or disclosed solely for the purposes of establishing, managing or terminating the employment relationship.

"*Personal Information*" means information about an identifiable individual.

Types of Information Collected

Nexen collects and maintains different types of Personal Information from Employees, including:

(a) Identification information such as an Employee's name, home address, telephone, personal e-mail address, date of birth, social insurance number, marital and dependent status and photo;

(b) Employment information such as an employee's job title, resumes, letters of offer and acceptance of employment, compensation and benefit information, background verification information, drivers' abstracts, employment references, emergency contact information, emergency identification for international travel and evaluations;

(c) Information required by Government officials in foreign jurisdictions for purposes of VISA's, work permits or such similar business requirements;

(d) Benefit information such as forms relating to the application or change of employee health and welfare benefits, including but not limited to health care, life insurance, short and long term disability, medical and dental care, savings plan, pension plan;

(e) Financial information such as bank account numbers and tax related information;

(f) Fitness to work information such as pre-employment medicals, annual medicals and audiometric examinations; and

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[1] In this document, "Nexen" refers to Nexen Inc. and its affiliated and subsidiary companies.

(g) Other information necessary for Nexen's business purposes, which may be voluntarily disclosed or collected in the course of an individual's application to and employment with Nexen.

Collection Sources

Nexen collects Personal Information through a variety of means and from different sources, including but not limited to Personal Information that:

(a) Employees provide in conversations, in correspondence or through applications and other forms;
(b) Nexen receives from third parties, such as individuals or organizations who provide test results, temporary and permanent placement services, administration of benefits and pensions, drivers abstracts, pre-employment medical results and references;
(c) Employees provide using Nexen's office and computer equipment and software, including e-mail and Internet applications; and,
(d) Employment evaluations and investigations which are reasonably required to manage the employment relationship.

Nexen uses the information provided verbally or in writing by individuals upon their application for employment (and/or which may be provided during the course of employment by Nexen), for different purposes in the management and administration of the employment relationship between Nexen and that individual.

Use of Information

The purpose for the use (as well as the initial collection and possible disclosure) of Personal Information is for the administration, planning and management of an individual's employment relationship with Nexen and includes, but is not limited to:

(a) Initial employment, including the verification of references and qualifications;
(b) Administering compensation and benefits;
(c) Processing of employee work-related claims (e.g., worker compensation, insurance claims, short term and long term disability claims, etc.);
(d) Performance and training requirements;
(e) Assessing qualifications for a particular job or task;
(f) Gathering evidence for corrective action, should it be necessary;
(g) Establishing a point of contact in the case of an emergency;
(h) Compiling directories for work related purposes;
(i) Compiling information for use in making travel arrangements;
(j) Compiling information in order to plan social activities;
(k) Compiling photos of employees for use on building access cards, internal directory and internal and external publications published by Nexen;
(l) Compiling information for ergonomic assessments;
(m) Complying with applicable labour or employment statutes;
(n) Ensuring the security of company-held information; and
(o) For such other purposes as is required for administration of the employment relationship by Nexen.

Nexen does not sell, trade, barter or exchange for consideration Personal Information about any Employee.

There are circumstances where the use and/or disclosure of Personal Information may be justified or permitted or where Nexen is obliged to disclose information without consent. Such circumstances may include:

(a) Where required by law or by order of a court, administrative agency or other governmental tribunal;
(b) Where Nexen believes, upon reasonable grounds, that it is necessary to protect the rights, privacy, safety or property of an identifiable person or group;
(c) Where required, to determine or administer Employee pay and benefits;
(d) Where it is alleged that the person concerned or Nexen may be guilty of a legal offence; civilly liable in a legal action;
(e) Where an investigation is required for breach of company policies or job standards;
(f) Where the information is part of downsizing and/or job elimination;
(g) Where it is necessary to permit Nexen to pursue available remedies or limit any damages that it may sustain; and
(h) Where the information is public.

Where obliged or permitted to disclose information without consent, Nexen will not disclose more information than is required.

Nexen may disclose Personal Information of Employees to organizations that assist Nexen by performing services on its behalf (i.e., benefits and pension administrator, payroll administrator, temporary and permanent staffing agencies, employee and family assistance program providers, employee medicals). Personal Information will only be provided to such organizations if they agree to use such information solely for the purposes of providing services to Nexen and under the instruction of Nexen and, with respect to that information, to act in a manner consistent with the relevant principles articulated in Nexen's Privacy Policy. In an event of a change in suppliers, your Personal Information may be passed to a new supplier.

Personal Information may also be subject to transfer to another company in the event of a change of ownership of all or part of Nexen or any of its subsidiaries. This will occur only if the parties have entered into an agreement under which the collection, use and disclosure of the information is restricted to those purposes that relate to the business transaction, including a determination whether or not to proceed with the business transaction, and is to be used by the parties to carry out and complete the business transaction.

All employment files are securely maintained in the Human Resources office of Nexen's Calgary office. Nexen shares Personal Information contained within the employment files only with those staff members of Nexen who need it to ensure that Employees are properly compensated, or those who are involved in the hiring, supervision, promotion, discipline or termination of Employees. Personal information in document form is kept in secure locked offices, and computer information is maintained in secure files with limited access.

Nexen will engage service providers outside Canada, specifically in the United States and the United Kingdom, to process personal information for the purpose of business management. If you wish to access written information about Nexen's policies and practices regarding service providers outside Canada, please consult the Nexen *Privacy of Personal Information Policy.* If you have any questions about the collection, use, disclosure of personal information by a service provider outside Canada, please contact the Company's Privacy Officer.

Monitoring

During the term of your employment with Nexen, your access to Nexen facilities may be tracked for security purposes and your use of the internet and e-mail via the Nexen network may be monitored to ensure compliance with Nexen policies governing internet access and e-mail usage. (See policy IT 200)

Retention

Nexen retains Personal Information about Employees as long as Nexen believes it is necessary to fulfill the purpose for which it was collected. Nexen has in place a Records Management Policy and Records Retention Schedule that outlines the procedures for the retention and subsequent disposition of Nexen records including those that contain Personal Information.

Security

Nexen endeavors to maintain adequate physical, procedural and technical security with respect to its offices and information storage facilities so as to prevent any loss, misuse, unauthorized access, disclosure, or modification of an Employee's Personal Information.

As part of those precautions, Nexen restricts access to an Employee's Personal Information to those Employees and others (i.e., individuals or organizations providing services to Nexen) that it determines need to know that information in order that Nexen may conduct its activities.

If any Employee misuses the Personal Information of another Employee, this will be considered a serious offence for which appropriate disciplinary action may be taken, up to and including termination of employment. If any individual or organization misuses the Personal Information of an Employee, which was provided solely for the purpose of providing services to Nexen, this will be considered a serious issue for which appropriate action may be taken, up to and including termination of the service agreement.

CONSENT

I acknowledge that I have read and agree to abide by Nexen's *Privacy of Personal Information Policy and Practices* (Policy A106).

I consent to Nexen collecting, holding, receiving, storing, accessing, using, disclosing, processing or transferring my Personal Information, in electronic or any other form, for the purposes and to parties described above. This consent covers the period of my

employment with Nexen and for such time as may be required for business purposes after the end of employment with Nexen.

I understand that Nexen has undertaken the responsibilities under the *Personal Information Protection and Electronic Documents Act*, and other applicable legislation, to protect my personal information from misuse, or unauthorized disclosure.

I understand, to the extent possible in my employment relationship with Nexen, that I may, at any time, withdraw the consent hereby given by notifying Nexen in writing of such withdrawal. I further understand that any such withdrawal of consent may affect certain aspects of my employment relationship or result in me being no longer eligible for certain employment benefits and services provided to me by Nexen and/or the third parties selected by Nexen to render such services, to the extent the Personal Information affected by the withdrawal of my consent was necessary to process such benefits. I also understand that if I do not consent to, or if I withdraw consent to the collection, use, retention, and disclosure of certain personal information then Nexen may not be able to employ or continue to employ me.

_____

Employee Signature

_____

Employee Name (print)

_____

Date

Schedule 3

EMPLOYEE BROCHURE

Protecting Your Privacy
Privacy Practices 2004

Why Did Privacy Become So Important?

Facilitated by computer technology and electronic communication, the collection and use of personal information has become a lucrative business. Controls are required to ensure that the collection, use and disclosure of personal information is done in an ethical manor. In response, many countries have enacted legislation to protect their citizens. As a global company, Nexen is required to respond to and uphold the privacy laws in the locations in which we operate - specifically, the United Kingdom, the United States, Colombia, Yemen, Canada and the three Canadian Provinces which have enacted their own legislation: Quebec, British Columbia and Alberta.

The full reach of the Canadian Legislation, the Personal Information Protection and Electronic Documents Act ("PIPEDA") came into effect on January 1, 2004 and was joined, on the same date, with the Alberta and British Colombia privacy legislations - both labeled Personal Information Protection Act ("PIPA"). The Quebec privacy legislation has been in place for a decade. The federal and provincial legislations do carry both monetary and criminal penalties for both individuals and companies mishandling personal information, hindering investigations and harassing whistleblowers.

All of the privacy legislations with which we are concerned are based on standard, internationally recognized, principles. Adherence to these global privacy principles is a requirement for all Nexen employees - in turn, your own personal information is protected in accordance to our high privacy standards.

Understanding the Principles

Nexen's Policy A106, Privacy of Personal Information, incorporates the privacy principles commonly found in most legislation and takes the highest standards from each and creates principles upon which to operate.

In general, the Policy deals with the collection, use, retention and disclosure or transfer of personal information by private Canadian companies and organizations engaged in commercial activity. Personal information is specifically defined as any factual or subjective information, recorded or not, about an individual. This includes information in any form, such as:

- age, name, ID numbers, income, ethnic origin, blood type, religion;
- opinions, evaluations, comments, marital, family and economic status, disciplinary actions; and
- employee files (formal and informal), credit records, loan records, medical records, existence of disputes, intentions (purchases / job changes).

Information NOT considered personal includes:

- **an employee's name when acting in a business context;**
- **business contact information, such as title, telephone or address; and**
- **information that has been made public (e.g. telephone directory, public records).**

Nexen's Compliance

Nexen has specific responsibilities under our Policy with regard to the collection, use, retention and disclosure of employees' personal information based on the following ten principles and guidelines:

Accountability

- analyze personal information handling practices
- implement policies and procedures to protect personal information
- ensure third parties (i.e. benefit providers/outsourcers) secure personal information under Nexen's control
- inform and train staff on policies and procedures
- make policies and procedures readily available

Identify Purposes

- before personal information is collected – identify why it is needed and how it will be used or disclosed. There must be a strong business need for the information.

Obtain Consent

- obtain consent for use and disclosure from the individual at the time of the collection of personal information
- identify any new purpose for the information collected and gain additional consent

Limit Collection

- collect only the information required for the specific purpose
- be clear and accurate about why any personal information is collected

Limit Use, Disclosure and Retention

- use personal information only for purpose collected
- keep personal information only as long as required
- institute appropriate file retention and destruction policies

Ensure Accuracy

- update information as required to ensure it is accurate and up-to-date when used

Safeguard Information

- protect personal information against loss, theft, unauthorized access, disclosure, copying, use or modification

Openness

- inform individuals of policies and procedures and make them readily available

Provide Access

- on request, allow an individual access to their personal information and use and disclosure history
- correct the information if found to be inaccurate
- provide a copy of the information or reasons why it can not be provided
- note disagreements regarding personal information on file and advise parties who have access to the information of the disagreement

Provide Recourse

- implement simple and easy complaint procedure
- provide advice on avenues of recourse
- investigate all complaints received
- take steps to correct personal information practices if found inadequate

How will this affect me?

You likely have been asked to evidence your consent, in writing or verbally, for the collection, use and disclosure of personal information you have provided to Nexen and additional consent will be requested for any subsequent new use for that information and for any further information collected. Training will be

provided on a continual basis to our employees in the requirements of privacy laws and our Privacy Policy.

You, as an employee of Nexen, are expected to understand the Privacy Policy and to ensure that any personal information in Nexen's control is collected, used, retained and disclosed in accordance with the Company's Policy. In the event of a complaint or access request for personal information under your control, you will assist in the investigation or provision the provision of the information.

You may, at any time, request access to your information to confirm accuracy. You may also withdraw consent for use of your information provided the withdrawal would not interfere with any legal requirement.

If you have questions, concerns, access requests or complaints please contact the Nexen Privacy Officer.

Privacy Officer

(403) 699-4563
privacy_officer@nexeninc.com

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Privacy of Personal Information
Breach Response Plan

Annex One

Purpose of Plan

The purpose of the Breach Response Plan is to provide a coordinated response to minimize commercial or reputation damage to the Company, its employees or contractors in the event of a Breach of the Privacy of Personal Information Policy. It outlines the procedures to be undertaken in the containment of the Breach and the subsequent actions such as communication, investigation and remediation.

Plan Usage

This Plan is established as a supplement to the Privacy of Personal Information Policy and Procedures. It will be activated by the Company's Privacy Officer in the event of a Breach.

Breach Response Team

Name	Contact Numbers	Responsibilities
Ian MacLeod VP, HR Programs and Corporate Administration	(403) 699-4986	Senior Executive Communication
Elena Zaldivar Senior Counsel or designate	(403) 699-6729	Legal Review
Director, Corporate Audit	(403) 699-5186	Audit Investigation
Janet Craig VP, Investor Relations & Corporate Communications	(403) 699-4230	Communication
Otto Bertagnolli Privacy Officer	(403) 699-4563	Initial Communication with Team and Privacy Commission/Governing Body

Steps to be Undertaken

- ✓ Evaluate the scope of the breach and take steps to contain damage
- ✓ Communicate to Management
- ✓ Address situation with media if required (Tell it All, Tell it Fast, Tell the Truth)
- ✓ Conduct an internal investigation into the matter, report on findings
- ✓ Try to resolve a complainant's concerns informally and early
- ✓ Communicate with the Legislative authorities
- ✓ Notify individuals whose personal information has been disclosed
- ✓ Document findings
- ✓ Document and implement remedial actions where appropriate
- ✓ Advise all stakeholders as to the action and remedial action undertaken
- ✓ Address the situation on a systemic basis (company-wide), assess policies/ procedures/staff training.

Incident Tracking

DETAILS OF BREACH

1. Date and Time of Initial Report of Breach: _____

2. Division: _____

3. Location: _____

4. Reporting Individual: (CONFIDENTIAL)_____

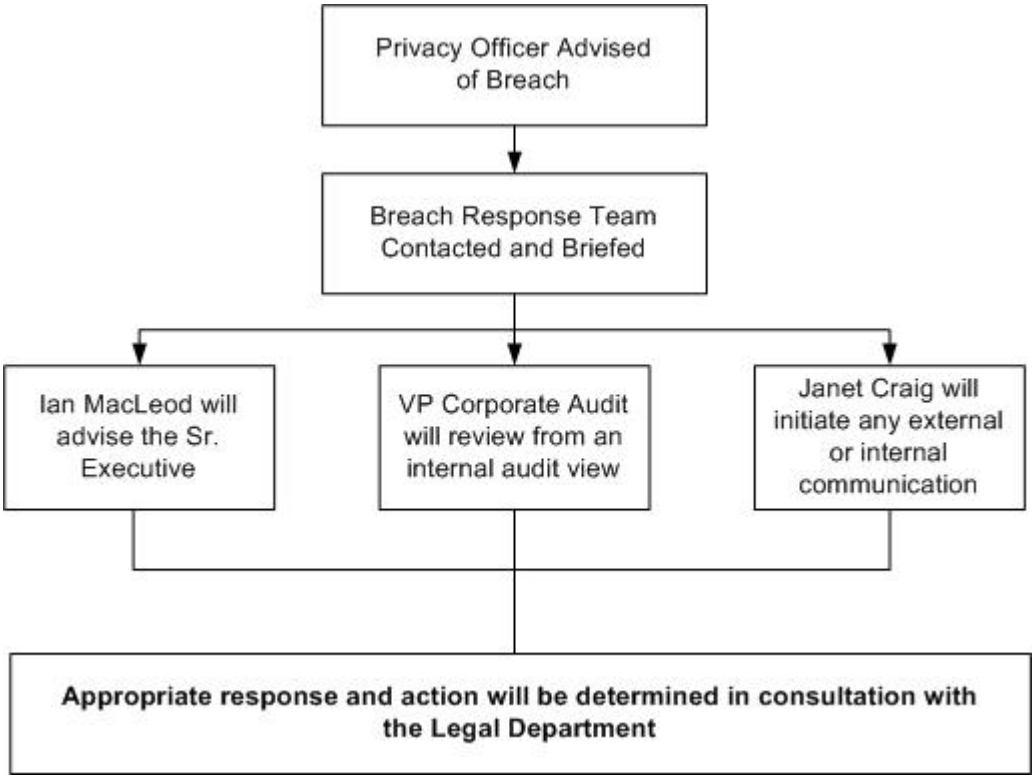
5. Date of Breach: _____

6. Time of Breach: _____

7. Description of Breach: _____

_____

_____



Revision History:

DATE	REVISION #	DESCRIPTION OF CHANGE
December 2011	3rd Revision	Miscellaneous changes
January 19, 2006	2nd Revision	Policy updated
November 12, 2001	Policy Creation	New policy created and approved

Privacy of Personal Information (HR106)