

Policy Name: Confidential Information

Policy Number: A161
Policy Owner: Chief Compliance Counsel
Policy Approver: Chief Legal Officer
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Policy Statement

Maintaining the confidentiality of the Company's information is essential for competitive, security and other business reasons, as well as to comply with applicable laws. Employees must treat all information they learn about the Company, its business plans or other operations and activities in connection with their employment as confidential and proprietary to the Company. Inadvertent disclosure of Confidential Information or Material Non-Public Information may expose the Company and its Employees to significant risk of investigation and litigation. This Policy has been established to protect Confidential Information and to assist all Employees in complying with their obligations.

1. Definitions

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.

Code Name – A name assigned to a particular Company project or file in order to maintain its confidentiality.

Confidential Information – Has the meaning given to such term in Section 4.1.

Employee – Refers to all regular full-time, part-time, temporary, casual or fixed-term employees of the Company.

Employee Confidentiality and Invention Agreement – Refers to an agreement between the Company and an Employee, the form of which is set out in Appendix A to this Policy, governing ownership of Inventions and Discoveries.

Inventions and Discoveries – All discoveries, developments, designs, design concepts, engineering drawings, ideas, improvements, inventions, trade secrets, patent applications, patentable subject matter, research, test procedures and results, formulas, processes, process models, specifications, techniques, know-how, technology, products, business plans and data (whether or not patentable or registrable under applicable law) made, conceived, reduced to practice, or learned by an Employee, either alone or jointly with others, during the Employee's period of employment, whether during working hours or otherwise, that are related to or useful in the existing or contemplated business of the Company, or which result from tasks assigned to an Employee by the Company or from the use of premises, equipment, materials, or other resources owned, leased, or otherwise acquired by the Company.

Material Non-Public Information (or Inside Information) - is information relating to the business and affairs of a company that:

- i) a reasonable investor would consider important in making an investment decision regarding the purchase or sale of the company's securities, or
- ii) would reasonably be expected to significantly affect the market price or value of any of the securities of the company;

and has not been previously disclosed or published to the general public. Information is considered to have been disclosed or published to the public if: (i) the information has been generally disclosed by means of a broadly disseminated news release (including press releases, securities filings), and (ii) public investors have been given a reasonable amount of time to analyze the information.

Material Non-Public Information may be either positive or negative information. While it is not possible to define all categories of material information, examples of information that should be considered material are as follows:

- Financial results
- News of a pending, proposed or completed merger, acquisition or disposition
- News of a major discovery, project sanction, joint venture, or other business operation, transaction or development
- Impending bankruptcy or financial liquidity problems
- Changes in dividend policy
- New equity or debt offerings
- Significant exposure from actual or threatened litigation
- Changes in senior management
- Changes in corporate structure



Nexen (or the Company) – Refers to Nexen Energy ULC and its majority owned subsidiaries and affiliates for which it has managerial responsibility.

2. Objective

The objectives of this Policy are to establish procedures to protect Confidential Information and assist Employees in understanding their responsibilities with respect to Confidential Information.

3. Persons Affected

This Policy applies to all Employees.

4. Confidential Information

4.1 Definition of Confidential Information

Confidential Information includes any and all knowledge, data and information, whether documented or undocumented, in digital, physical or other format, concerning the Company's business and affairs. It includes, but is not limited to, the following:

- a) financial information, such as earnings, assets, debts, prices, pricing, structures, production volumes, volumes of purchases or sales or other financial data including, for greater certainty, business or financial models, whether relating to Company generally or to particular products, services, geographic areas and time periods, business plans or profitability analyses, irrespective of whether the information relates to the Company in general or to particular transactions, geographic locations and/or time periods;
- b) business activities, business development activities, strategies and dealings with external organizations or individuals;
- c) supply and service information, such as names or addresses of suppliers of services or goods, terms of supply or service contracts, or information about particular transactions or about potential suppliers, to the extent that such information is not generally known to the public, and to the extent that the combination of suppliers or use of a particular supplier is generally known or available, but there are details which are not generally known;

- d) business information such as information relating to its business, affairs, assets, operations or proposed activities including, without limitation, any technical, commercial, legal, financial, strategic, tactical, regulatory or governmental information and all other reports, interpretive data, geological, geophysical, engineering, environmental, land, accounting, operational, marketing and production data, agreements by or on behalf of the Company, forecasts, results of projects/operations and information concerning pending transactions;
- e) marketing information, such as details about ongoing or proposed marketing programs or agreements by or on behalf of Company, sales forecasts or results of marketing efforts or information about past or impending transactions;
- f) customer information, such as any compilation of past, existing or prospective retails or wholesale customers' names, addresses or backgrounds, records of purchases and prices, proposals or agreements between customers and Company, status of customers' accounts or credit or related information about actual or prospective customers;
- g) Inventions and Discoveries; and
- h) other information that a reasonable person acting prudently would consider to be of a confidential nature.

4.2 Examples of Confidential Information

While it is not possible to define all categories of Confidential Information, examples of information that should be considered confidential are as follows:

- Business opportunities, business development initiatives, business plans, pricing and supplier information
- Company financial records, undisclosed financial results or financial information
- Pending, proposed or completed mergers, acquisitions or dispositions
- Inventions and Discoveries, strategic plans, project sanctions, joint ventures, research and development projects, business operations, transactions or other developments, Company reports and analysis, project status updates and reports
- Joint venture and partnership discussions
- Potential or ongoing disputes, litigation or regulatory inquiries or investigations
- Information contained in signed contracts
- Contract and negotiation strategies
- Employee files, compensation and benefits
- Hardware, software, and database passwords

4.3 Protection of Confidential Information

Confidential Information must be kept in strict confidence at all times. Employees are prohibited from communicating or disclosing Confidential Information unless it is necessary to do so in the ordinary course of business (for example: discussions with the Company's auditors, business partners or professional advisors where disclosure of Confidential Information is necessary for business purposes).

In order to prevent the misuse or inadvertent disclosure of Confidential Information, Employees are expected to use reasonable efforts to ensure the procedures set forth below are observed at all times:

- a) documents and files containing Confidential Information should be kept in a safe place where access is restricted to individuals who need to know that information in the ordinary course of business;
- b) Confidential Information or documents containing Confidential Information should not be: (i) read, displayed or discussed in places where the discussion may be overheard, such as elevators, hallways, restaurants, airplanes or taxis; discussion of Confidential Information on cellular phones or other wireless devices is discouraged, or (ii) discarded where others can retrieve them;
- c) when discussing Confidential Information, Code Names should be used whenever possible;
- d) carrying unencrypted Confidential Information through airport security, whether in hardcopy or digital format (such as on a Blackberry, laptop or other electronic storage device) is discouraged as it may be subject to search, seizure and viewing by airport security officials;
- e) transmission of documents containing unencrypted Confidential Information by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions;
- f) unnecessary copying of documents containing Confidential Information should be avoided; documents containing Confidential Information should be promptly removed from conference rooms and work areas after meetings have concluded; extra copies of documents containing Confidential Information should be shredded or otherwise destroyed; and
- g) access to Confidential Information on the Company's computer network should be restricted through the use of passwords.

The Information Classification and Protection Policy (I/T 201) sets forth additional procedures regarding the storage and safeguarding of Confidential Information.

4.4 Material Non-Public Information

Employees are prohibited from communicating Material Non-Public Information unless such disclosure is necessary in the ordinary course of business and done in accordance with the Confidential Information Policy and External Communications Policy.

5. Employee Confidentiality and Invention Agreement

The Company is committed to excellence and leadership. In a competitive business environment, meeting and exceeding that commitment requires innovation and original thinking. Accordingly, to help maintain the Company's reputation for excellence and position as an industry leader, Employees, as a part of their regular job duties, are encouraged to innovate and create new products and processes on the Company's behalf. To ensure compliance with applicable laws and regulations, Employees shall inform their manager of any Inventions and Discoveries they make in order to evaluate their usefulness to the Company.

At the time of their hiring, Employees are required to sign the Employee Confidentiality and Invention Agreement, the form of which is set forth in Appendix A to this Policy.

6. Roles and Responsibilities

In the event of a violation of this Policy or if an Employee is concerned that a violation of this Policy has occurred or may occur, the Employee must immediately disclose the situation and the related facts to the Chief Compliance Counsel or through the Integrity Helpline. Employees must provide full and complete disclosure. An undisclosed violation will be considered a more serious violation of trust than an early and full disclosure of the situation.

7. Compliance

Employees must be familiar with the provisions of this Policy and are required to acknowledge their compliance with this Policy in conjunction with the annual acknowledgement of Nexen's How We Work: Our Integrity Guide.

Employees are also required to comply with all applicable laws, rules and regulations in the jurisdictions in which the Company operates and must comply with the requirements of applicable regulatory authorities. In the event of a conflict between this Policy and any applicable requirements, those requirements shall prevail.

Where it is determined that an Employee has violated this Policy, the Chief Compliance Counsel will determine the appropriate disciplinary action, which may include, but is not limited to, dismissal or the establishment of a probationary period. Disciplinary action will not be taken against an Employee as a result of or in connection with the reporting or disclosure by an Employee of a violation or alleged violation of this Policy. The Company is entitled to pursue its legal remedies and if appropriate, report the violation to the applicable authorities.

8. Related Policies

How We Work: Our Integrity Guide (A099)
 How We Work: Our Integrity Guide for Suppliers (A098)
 Privacy of Personal Information (A106)
 Security (A140)
 Conflict of Interest (A151)
 Acceptable Use of Information Technology (I/T200)
 Information Classification and Protection (I/T201)

9. Revision History

DATE	REVISION #	DESCRIPTION OF CHANGE
June 18 2013	- 3 rd Revision	- Administrative changes relating to name change to Nexen Energy ULC, board and executive title changes and dissolution of Board Committees where applicable.
April 30 2012	- 2 nd Revisions	- Re-write of policy to conform to new policy standards and new content changes.
October 4 2001	- 1 st Revisions	- Various changes
March 25 1996	- New Policy	- Policy creation

APPENDIX A

EMPLOYEE CONFIDENTIALITY, CONFLICTING RELATIONSHIPS & INVENTION AGREEMENT

IN CONSIDERATION of my employment by Nexen Energy ULC or its majority owned subsidiaries or affiliates for which it has managerial responsibility (the "**Company**"), by which I may be employed from time to time, I hereby covenant and agree with the Company as follows:

1. Definitions

1.1. "**Confidential Information**" includes any and all knowledge, data and information, whether documented or undocumented, in digital, physical or other format, concerning the Company's business and affairs. It includes, but is not limited to, the following:

- a) financial information, such as earnings, assets, debts, prices, pricing, structures, production volumes, volumes of purchases or sales or other financial data including, for greater certainty, business or financial models, whether relating to Company generally or to particular products, services, geographic areas and time periods, business plans or profitability analyses, irrespective of whether the information relates to the Company in general or to particular transactions, geographic locations and/or time periods;
- b) business activities, business development activities, strategies and dealings with external organizations or individuals;
- c) supply and service information, such as names or addresses of suppliers of services or goods, terms of supply or service contracts, or information about particular transactions or about potential suppliers, to the extent that such information is not generally known to the public, and to the extent that the combination of suppliers or use of a particular supplier is generally known or available, but there are details which are not generally known;
- d) business information such as information relating to its business, affairs, assets, operations or proposed activities including, without limitation, any technical, commercial, legal, financial, strategic, tactical, regulatory or governmental information and all other reports, interpretive data, geological, geophysical, engineering, environmental, land, accounting, operational, marketing and production data, agreements by or on behalf of the Company, forecasts, results of projects/operations and information concerning pending transactions;
- e) marketing information, such as details about ongoing or proposed marketing programs or agreements by or on behalf of Company, sales forecasts or results of marketing efforts or information about past or impending transactions;
- f) customer information, such as any compilation of past, existing or prospective retails or wholesale customers' names, addresses or backgrounds, records of purchases and prices, proposals or agreements between customers and Company, status of customers' accounts or credit or related information about actual or prospective customers;
- g) Inventions and Discoveries; and
- h) other information that a reasonable person acting prudently would consider to be of a confidential nature.

- 1.2. **"Inventions and Discoveries"** means all discoveries, developments, designs, design concepts, engineering drawings, ideas, improvements, inventions, trade secrets, patent applications, patentable subject matter, research, test procedures and results, formulas, processes, process models, specifications, techniques, know-how, technology, products, business plans and data (whether or not patentable or registrable under applicable law) made, conceived, reduced to practice, or learned by me, either alone or jointly with others, during the period of my employment, whether during working hours or otherwise, that are related to or useful in the existing or contemplated business of the Company, or which result from tasks assigned to me by the Company or from the use of premises, equipment, materials, or other resources owned, leased, or otherwise acquired by the Company.
- 1.3. **"Prior Discoveries and Inventions"** means all discoveries, developments, designs, design concepts, engineering drawings, ideas, improvements, inventions, trade secrets, patent applications, patentable subject matter, research, test procedures and results, formulas, processes, process models, specifications, techniques, know-how, technology, products, business plans and data (whether or not patentable or registrable under applicable law) made, conceived, reduced to practice, or learned by me, either alone or jointly with others, prior to my employment by the Company which as of the date of commencement of such employment I own or in or to which I have an interest or right, as set out in Exhibit A. For certainty, any Prior Discoveries and Inventions not set out in Exhibit A shall conclusively be presumed to be Inventions and Discoveries.

2. Confidentiality

- 2.1. I agree that any and all Confidential Information shall be the sole and exclusive property of the Company and will be held by me in trust for the benefit of the Company only.
- 2.2. I shall not, at any time either during or subsequent to my employment, disclose to any third parties, or use, directly or indirectly, any Confidential Information unless I shall first secure the written consent of an authorized representative of the Company to the disclosure or use.
- 2.3. I shall take all reasonable actions that the Company deems necessary or appropriate to prevent the unauthorized use or disclosure of any Confidential Information and agree to comply and be bound by the Company's policies related to the protection of Confidential Information.
- 2.4. I shall not be requested or required to violate, and I agree to respect, any valid obligations I now have to prior employers or others relating to their confidential information. All current or prior agreements, relationships, obligations, commitments or similar arrangements that conflict with my relationship with the Company under this Agreement are set forth in Exhibit B.

3. Inventions and Discoveries

- 3.1. I shall promptly disclose in writing to my manager all Inventions and Discoveries and all information in my possession as to possible applications or uses thereof, whether to industry or otherwise.
- 3.2. I acknowledge and agree that all Inventions and Discoveries belong to and shall be the sole property of the Company and shall be Inventions and Discoveries of the Company subject to the confidentiality provisions of this Agreement. I hereby assign to the Company all right, title, and interest I have or may acquire in and to all Inventions and Discoveries. At the request of the Company, and without expense to me, I shall execute such documents and perform such other acts as the Company deems necessary to evidence the assignment or obtain patents on Inventions and Discoveries in any applicable jurisdictions.

- 3.3. In the event the Company, after reasonable efforts, is unable to secure my signature on any document necessary to apply for, prosecute, obtain, or enforce any patent, copyright, or other right to protection relating to any Invention or Discovery, I hereby irrevocably designate and appoint the Company and each of its duly authorized officers or agents as my agent and attorney-in-fact, to act for and on my behalf to execute and deliver any such document and to do all other lawfully permitted acts to further the prosecution, issuance, and enforcement of patents, copyrights, and/or other rights or protections relating to any Invention or Discovery with the same force and effect as if executed and delivered by me.

4. Prior Discoveries and Inventions

- 4.1. I have set out in Exhibit A all Prior Discoveries and Inventions. I shall not be requested or required to assign or disclose Prior Discoveries and Inventions to the Company.

5. Termination

- 5.1. In the event of termination (voluntary or otherwise) of my employment with the Company, or upon request of the Company, I hereby agree to deliver to the Company all written materials, and all substances, models, mechanisms and the like containing or relating to Confidential Information, all of which written material and all substances, models, mechanisms and the like shall be and remain the sole property of the Company. For this purpose, "written materials" includes letters, memoranda, reports, notes, notebooks, books of account, data, drawings, prints, plans, specifications, formulae and all other documents or writings and all copies thereof, whether in hard copy or on computer.
- 5.2. In the event of termination (voluntary or otherwise) of my employment with the Company, I hereby agree to protect the value of the Confidential Information and prevent their misappropriation or disclosure. I further agree not to disclose or use any Confidential Information to my benefit or the benefit of any third party or to the detriment of the Company.

6. General

- 6.1. Any violation of this Agreement will cause the Company immediate and irreparable harm and the damages the Company will suffer may be difficult or impossible to measure. Accordingly, the Company shall be entitled to the issuance of a restraining order, preliminary and permanent injunction, without bond, restraining and enjoining a violation by me or any entity or person acting in concert with me.
- 6.2. If any of the provisions of this Agreement are, or become, invalid or unenforceable, the remaining provisions shall be, and continue to be, fully effective.
- 6.3. This Agreement shall be governed by, and construed under, the laws of the Province of Alberta.
- 6.4. This Agreement constitutes the entire Agreement between the Company and myself with respect to the subject matter hereof.
- 6.5. This Agreement shall be binding on my heirs, executors, administrators, and other legal representatives and assigns, and is for the benefit of the Company and its successors and assigns.



- 6.6. All rights and remedies provided for in this Agreement shall be cumulative. No one right or remedy shall be exclusive of other remedies or of any right or remedy allowed in law or equity. No waiver or indulgence by the Company of any failure by me to keep or perform any covenant of this Agreement shall be a waiver of any preceding or succeeding breach of the same or any other covenant. No waiver by the Company of any right shall be construed as a waiver of any other right. Any waiver by the Company or by me must be in writing and signed by the party seeking to waive their rights. Notice shall not be required to enforce strict adherence to the terms of this Agreement.



EXHIBIT A

PRIOR DISCOVERIES AND INVENTIONS

Except as set forth below, I declare that I have not made or reduced to practice (alone or jointly with others) any Prior Discoveries and Inventions:

[specify Prior Discoveries and Inventions, if any; if none, state: None].

DATED AT _____, this ____ day of _____ 20__.

EMPLOYEE SIGNATURE

WITNESS SIGNATURE

EMPLOYEE NAME (please print)

WITNESS NAME (please print)

EXHIBIT B

CONFIDENTIAL INFORMATION & CONFLICTING RELATIONSHIPS

1. Confidential Information

Except as set forth below, I declare that I am not in possession of any Confidential Information:

[specify Confidential Information; if none, state none].

2. Conflicting Relationships

Except as set forth below, I declare that I have no other current or prior agreements, relationships, obligations, commitments or similar arrangements that conflict with my relationship with the Company:

[specify details of any conflicts; if none, state none].

DATED AT _____, this ____ day of _____ 20__.

EMPLOYEE SIGNATURE

WITNESS SIGNATURE

EMPLOYEE NAME (please print)

WITNESS NAME (please print)