



Policy Name: Prevention of Improper Payments
Policy Number: A153
Policy Owner: Assistant General Counsel – International and Compliance
Policy Approver: Chief Legal Officer
Approval Date: November 15, 2013

Policy Statement:

Nexen Energy ULC, its Board of Directors and senior management are committed to conducting business in an honest and ethical manner which reflects the highest standards of integrity and is in compliance with relevant laws and regulations.

Any Employee that becomes aware of or has a reason to believe that an actual or potential violation of this policy has occurred shall report such an occurrence or concern to the Chief Legal Officer or the Assistant General Counsel - International and Compliance. Concerns can also be raised anonymously through the Company's Helpline. Any Employee making a *bona fide* report of an alleged violation shall be protected from retaliation as set out in the Company's Integrity Guide.

1. Definitions:

Agent - An Agent is a person or corporation who is retained by the Company to represent it in the development of its business interests in a High Risk Country.

Bribe - A Bribe is where one party gives or offers to or requests or receives from another party, either directly or through an intermediary, any money, advantage or benefit of any kind in order to improperly influence the making, or not making, or implementation of a decision or act, by that party whether public or private.

Assistant General Counsel - International and Compliance - The person assigned to oversee and manage Nexen's Integrity and Compliance program.

Chief Legal Officer - a corporate officer holding the most senior legal position concerning the legal affairs of the Company and associated with an executive officer position.

Close Relatives of Public Officials - A Close Relative means spouses, parents, mothers and fathers-in-law, grandparents, children, siblings, spouses' siblings, first cousins and other close relatives such as where a relative is financially dependent on a Public Official.

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

Compliance Committee - The Compliance Committee is responsible for administering this policy and meets on a regular basis to do so. The committee is chaired by Nexen's Chief Legal Officer and consists of the Chief Financial Officer, Vice President, Human Resources, the Vice President, Corporate Audit and the appropriate Vice President of the division responsible for the issue under consideration. The Vice President Corporate Audit is a non-voting member of the committee.

Contractor - A Contractor is a person or corporation who supplies materials, labour or services to the Company and includes High Risk Contractors.

Country Manager - Refers to the most senior Employee residing in a country who has responsibility and oversight for Nexen's operations within that country (or the most senior department manager for an area of operation).

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

Extortion - Extortion is an act to obtain something of value by force, threat or intimidation.

Facilitation Payment - A Facilitation Payment is an occasional small payment to a public official made solely to expedite or secure the performance of routine government actions such as:

1. Obtaining licenses, permits and/or other official documents to qualify to do business in a country;
2. The processing of government papers, such as visas and work orders;
3. The providing of routine security protection, mail services or the inspection of goods or contract performance;
4. The provision of telephone service or utilities, or the loading or unloading of cargo, or the protection of perishable goods from deterioration; or
5. Actions of a similar nature.

Foreign Joint Venture Partners - A Foreign Joint Venture Partner is a person or corporation involved in a co-venture, joint venture, or similar arrangement with Nexen, (1) where the co-venture, joint venture, or similar arrangement is located in a High Risk Country, or (2) where the person or corporation is from a High Risk Country.

High Risk Contractors - Means any third-party, other than Agents and Foreign Joint Venture Partners that interact with Public Officials in High Risk Countries on behalf of the Company including but not limited to lobbyists, customs brokers, freight forwarders and immigration service providers.

High Risk Country - Means a country that the Compliance Committee determines is at a high level of risk with regards to Improper Payments based upon such criteria as the annual Transparency International Corruption Perception Index.

Improper Payments - Payments that are improper including Bribes, Kickbacks, Facilitating Payments and Extortion related payments.

Kickback - A Kickback is the payment or receipt of a portion of a contract payment, where the recipient is an individual in a position to influence the award of the contract. This may include a benefit of any kind of significant value received from or given to a Contractor or customer.

Public Official - Refers to any officer or employee of a government or any of its agencies or a government owned or controlled corporation, any officer or employee of a public international organization, any official or candidate of a political party, or any person acting in an official capacity for any such entity.

2. Objective:

The objective of the Prevention of Improper Payments Policy is to establish procedures for ensuring that Nexen's business is conducted in an honest and ethical manner and in compliance with relevant laws and regulations.

3. Persons Affected:

This Prevention of Improper Payments Policy applies to all directors, officers and Employees of the Company and Agents and Contractors and Foreign Joint Venture Partners conducting business on Nexen's behalf.

4. Improper Payments:

The following payments are Improper Payments and must not be made.

4.1 Bribes

The Company, its Employees or its Agents, High Risk Contractors nor any other party acting on the Company's behalf will not:

1. Directly or indirectly, offer or give a Bribe or accede to any demands for a Bribe;
2. Directly or indirectly, request or receive a Bribe; or
3. Pay or offer anything of value to a Public Official or to a Close Relative of a Public Official in order to influence corruptly any act within the recipient's official capacity, or to induce the recipient to violate their lawful duty, or to induce the recipient to use their influence with a government to effect or influence any act or decision of the government for the purpose of obtaining, retaining or directing business, or to secure improper advantage.

4.2 Kickbacks

The Company, its Employees or its Agents, High Risk Contractors or any other party acting on the Company's behalf will not Kickback any portion of a contract payment to Employees of

another contracting party, or utilize other techniques such as subcontracts, purchase orders or consulting agreements, to channel payments to Public Officials, to Employees of another contracting party, their relatives or business associates. Employees, Agents or any other party acting on the Company's behalf will not request or accept a Kickback any portion of a contract payment from another contracting party

4.3 Extortion

The Company, its Employees or its Agents will not, directly or indirectly, participate in Extortion from any party dealing with the Company.

4.4 Facilitation Payments

Neither the Company, its Employees, nor anyone acting on the Company's behalf (e.g. Agents, High Risk Contractors) shall make Facilitation Payments.

In exceptional circumstances where payments are in response to threats of harm to personal health, safety, property or the environment, payments will not be dealt with under this section of the policy but under the section dealing with Health and Safety payments - see 5 below.

5. Health and Safety Payments

In exceptional emergency situations involving imminent threats to the personal health and safety of Employees, their families or dependents, or Contractors, Agents or consultants working on behalf of the Company, or where there is an imminent threat regarding the destruction of a material asset or material damage to the environment and where prior Compliance Committee approval cannot be obtained in a timely fashion, an emergency payment can be made without prior approval. After such a payment has been made, it must be promptly reported to the Compliance Committee.

All emergency payments must be recorded in accordance with section 15 of this Policy.

6. Gifts and Entertainment for Public Officials

6.1 Criteria

The Company's Employees or Agents can provide nominal gifts or reasonable entertainment and meals to Public Officials if they are:

1. For a *bona fide* and legitimate business purpose;
2. Reasonable and appropriate under the circumstances;
3. Incurred in good faith;
4. Consistent with the law or regulations of the Public Official's country including the internal policies and codes of conduct of the Public Official's employer; and
5. Not made with the intent of improperly influencing a Public Official.

For further guidance on gifts and entertainment for non public officials, refer to A108, Nexen's Gifts and Entertainment Policy.

6.2 Compliance Committee Approval

Each Country Manager can approve expenditures on gifts up to a maximum amount of US \$100 per transaction, per Public Official. This approval is applicable only within the boundaries of the country under the Country Manager's oversight. Each Country Manager can approve meals and entertainment expenditures up to a maximum amount of US\$ 100 per Public Official. Where an expenditure is expected to be greater than the above referenced maximum amounts, the Country Manager must request the written approval of the Compliance Committee. The request of the Compliance Committee must be made prior to incurring the expenditure. All expenditures must be consistent with the requirements of local law as it pertains to gifts, meals and entertainment for Public Officials in that country.

The Compliance Committee may from time to time establish country or entity specific limits for local approval up to US\$250 to reflect the higher cost of living and entertainment costs or other items customarily provided in certain locations. Where such approval is being requested, the Compliance Committee shall be provided with reasonable business justification for the need for the requested increase. Requests for reimbursement of any payment in excess of \$100 but lower than \$250 shall be accompanied with a statement by a manager or employee, with knowledge of the event, confirming that the amount paid was reasonable under the circumstances and that the payment does not contravene the laws or regulations of the Public Official's country or the internal policies and codes of conduct of the Public Official's employer.

As a general rule, the provision of gifts and entertainment to Close Relatives of Public Officials is not allowed.

6.3 Recurring Expenses

When requested, the Compliance Committee can approve in advance routine and recurring meals and entertainment expenses for Public Officials that exceed the US \$100 amount. This approval will only be granted where the expenses meet legally permissible criteria and for a set period of time.

6.4 Aggregate Amounts

Entertainment of any individual Public Official shall not occur on a frequent and recurring basis and shall not exceed an annual cumulative total of US \$300 or three times any higher amount established by the Compliance Committee (under Sec. 6.2 above) per Public Official per year. Gifts shall not exceed US \$100 per Public Official per year. Any gifts or entertainment expenditures above these limits must receive prior approval from the Compliance Committee.

7. Travel

7.1 Criteria

The Company can pay or reimburse the travel costs of Public Officials if they are:

1. For a *bona fide* and legitimate business purpose;
2. Reasonable and appropriate under the circumstances;
3. Incurred in good faith;
4. Consistent with the law or regulations of the Public Official's country;
5. Directly related to the execution or performance of Company business; and
6. Not made with the intent of improperly influencing another party.

Where appropriate, the Compliance Committee may require written confirmation from the Public Official's employer that the provision of travel is appropriate. Travel costs of Public Officials paid by the Company should mirror Company travel practices for the equivalent position of an Employee or Canadian government protocol standards with regards to class of hotel and plane ticket. As a general rule, the Company will not pay travel costs for Close Relatives of Public Officials.

7.2 In-Country Travel

A Country Manager can approve the payment of in-country travel costs of Public Officials. The Company will pay these expenditures directly to the vendors for the direct travel between point of origin and the Company's facilities, and for the actual meal and accommodation costs at the site visited. This payment will occur only if the expenses are reasonable.

Where it is not possible for travel costs to be individually paid to each vendor, the Country Manager can approve the reimbursement of reasonable travel costs up to a maximum amount of US \$100 per Public Official, per round trip. Where the expenditure is expected to be greater than US \$100, the Country Manager must request the written approval of the Compliance Committee, prior to making the expenditure. The Company shall not pay or agree to pay Public Officials a travel *per diem* for in-country travel without the prior approval of the Compliance Committee.

7.3 Out of Country Travel

The Company will only pay or reimburse out of country travel costs of Public Officials if they are:

1. Related to a *bona fide* and reasonable business purpose;
2. In accordance with local law; and either
3. Based upon reasonable and verifiable per diems (as described below); or
4. Based upon the reimbursement of reasonable costs (as described below) and confirmed by original receipts to be submitted by the Public Official.

When obtained, written requests from a government for out of country travel must name the individual Public Official traveling. Payments for out of country travel costs, such as plane tickets and hotel rooms, will be paid directly to vendors and not to the Public Official.

The Compliance Committee can provide annual blanket approvals for out of country travel. The Compliance Committee's approval must be acquired in writing prior to extending an invitation to the Public Official and prior to the commencement of the travel.

7.3.1 Out of Country Travel – Per Diems and Reimbursement of Reasonable Travel Costs

The Company can pay travel *per diems* to Public Officials for their out of pocket costs, such as meals, telephone, fax and other local travel costs, incurred while traveling. The Company will set travel *per diem* rates for site specific costs based upon current, independent third party travel surveys.

Any out of pocket costs paid directly to travel vendors (e.g. hotels or restaurants) by the Company will be deducted from daily travel per diem amounts.

There will be no travel *per diem* paid for travel days for a stopover except as described below.

The Company will reimburse any reasonable costs incurred by a Public Official based upon current, independent third party travel surveys.

7.3.2 Out of Country Travel – Stopovers

Where direct flight time from point of origin to final destination is ten hours or more, and the Public Official requests a stopover, the Company can pay for a one night stopover for each of the originating and return journeys, with a maximum of two stopover payments per trip. The Company should pay reasonable stopover costs directly to the vendors. Where direct payment is not possible, the Company will provide a one day travel *per diem* (based upon the current, independently verified accommodation costs at the stopover site) to the Public Official, for each approved stopover. The Company will not pay the Public Official any travel *per diem* if there is no overnight stopover.

Where out of country travel coincides with the provision of government services, or the requirement of a meeting fee as approved in Section 8 below, the Company will not also pay travel *per diems* for days on which a Public Official receives compensation for government services or a meeting fee, except for limited incidental expenses as provided in the Company's travel policy. The Company may pay for reasonable travel costs, such as airfare, hotel rooms, and meals, directly to vendors where possible, as discussed above.

7.4 Travel for Non-Public Officials

The Company can pay or reimburse the travel costs of non-Public Officials if they are:

1. For a *bona fide* and legitimate business purpose;
2. Reasonable and appropriate under the circumstances;
3. Incurred in good faith;
4. Consistent with the law or regulations applicable to that third party;
5. Directly related to the execution or performance of Company business; and
6. Not made with the intent of improperly influencing another party.

For further guidance on travel for non-public officials refer to A120 Travel and Business Expense Policy.

8. Government Services and Meeting Fees

If a government that the Company does business with requests that its Public Officials be compensated for serving on committees, attending committee meetings, or for providing advice or services addressing issues that impact the Company's investments, then the request will be referred to the Compliance Committee for approval, prior to agreeing to the arrangement. The compensation can include reasonable time-based fees and benefits as approved by the government body having jurisdiction over that Public Official.

A request for approval of meeting fees must include the following information:

1. The name and title of the Public Official(s);
2. A description of the service being provided by the Public Official(s);
3. The amount of compensation for each Public Official(s);
4. A copy of the local law or regulation under which the compensation is required, or a legal opinion from local counsel concluding that the fees are consistent with the law or regulations of the Public Official's country;
5. A copy of the written request for compensation from the government minister authorized to make the request under the applicable law; and
6. The purpose and justification for the compensation.

The Compliance Committee will only approve the compensation after being satisfied that it is:

1. Consistent with the law or regulations of the Public Official's country;
2. Directly related to the execution or performance of a Company business;
3. A *bona fide* and legitimate business purpose;
4. Reasonable and appropriate under the circumstances;
5. Incurred in good faith;
6. Transparent; and
7. Not made with the intent of improperly influencing another party.

As noted above, where the provision of government services for which compensation is requested, coincides with travel by a Public Official, the Public Official will not also receive a travel per diem. Reasonable incidental expenses as provided in the Company's Travel and Business Expense policy may occur on a limited basis.

The Company will not pay compensation for government services or meeting fees on days on which the Public Official does not provide services relevant to the Company's business or during unapproved stopovers.

In the event that meeting fees may be requested by non-Public Officials, the fees must be reasonable and *bona fide* and they must not be made with the intent of improperly influencing another party.

9. Employment

The employment or retention of individuals related to, dependent on, recommended by, or requested by a Public Official, Agent, or Contractor can lead to a violation of anticorruption and conflict of interest laws. The Company will not retain or offer employment to Public Officials, a Close Relative of a Public Official, or individuals associated with Public Officials, Agents, or Contractors in an attempt to improperly influence a Public Official or any other person.

Such candidates will only be employed or retained by the Company once it is fully satisfied that the candidate is among the best qualified to fill the job position and that no improper influence or conflict of interest exists.

Company management must make reasonable inquiries as permitted by local law on the qualifications and background of the candidate prior to hiring in order to know if there is a relation or dependency of that candidate to a Public Official.

The following candidates must be referred to the Compliance Committee for approval prior to employment or retention by the Company:

1. A Public Official;
2. A Close Relative of a Public Official;
3. An individual known to be financially dependent on a Public Official;
4. An individual who has been recommended or requested to be hired or retained by a Public Official (whether or not there is a relation to or dependency upon a Public Official).

Compliance Committee approval is not required where a government or a government ministry, department or official agency requires the Company to hire or retain secondees under local law, even where the secondee is a Public Official, or a Close Relative of a Public Official. Company management must notify the Compliance Committee of this type of hiring, including providing full particulars of the government directive that requires the hiring of the secondee and a complete assessment of the secondee's qualifications. Notification of continued employment including salary paid shall occur on a quarterly basis.

10. Third Parties

10.1 Agents

Prior to retaining an Agent the following directives must be addressed under the oversight of the Compliance Committee:

1. Performing due diligence on the Agent (refer section 10.1.1);
2. Obtaining a written agreement or contract (refer section 10.1.2)
3. Approval of the Compliance Committee.

10.1.1 Due Diligence

The Director, Corporate Security of the Company will properly research and document in writing the reputation, background and past performance of the prospective Agent in the following areas (in consultation with appropriate expertise within and outside the Company):

- Management Information - Confirm the directors, officers and other members of management of the proposed Agent, where applicable. Determine if any of them are Public Officials or Close Relatives of a Public Official.
- Ownership Information - Confirm the stockholders, partners or other principals of the proposed Agent, where applicable. Determine if any of them are Public Officials or the Close Relatives of Public Officials.
- Affiliations - Confirm the business and government affiliations of the proposed Agent, its family and close associates.
- Qualifications - Confirm the relevant qualifications of the proposed Agent or its management personnel to perform the services required in the contract.
- Financial Information - Examine the audited or unaudited financial statements of the proposed Agent, where applicable, and confirm its ability to perform the services required in the contract.
- References - Obtain character and financial reference checks about the proposed Agent including inquiries into whether or not the relevant party has been accused of being involved in bribery or corruption in the past.
- Local Law - Confirm that the performance by the Agent of the services required in the contract is consistent with local law. Obtain an opinion of local counsel if requested by the Chief Legal Officer.
- Compensation - Confirm that the level of compensation is reasonable given the experience of the Agent, the country where services are to be performed, the expected results, and the amount and difficulty of work to be performed.
- Employee Certification - The Employee who is proposing retention of the Agent will certify that the Agent has been personally interviewed and that there is no reason to believe that the Agent has violated this policy or will violate this policy regarding future activities on behalf of the Company.

Upon renewing an Agent's contract, or at a minimum of every three years, the due diligence must be updated.

10.1.2 Contract / Written Agreement

The Company must ensure that a written agreement (contract) with the Agent exists and is approved by the Compliance Committee. The agreement (contract) must address the following provisions:

- A precise definition of the scope of the Agent's duties;
- The Agent's written acknowledgment that they understand the provisions of this policy and agree to comply with its terms as well as any provisions of applicable law;
- The Agent's acknowledgment that the contents of the agreement may be disclosed by the Company to third parties as appropriate;
- The Agent provides representations and warranties that neither it nor any of its principals, staff, officers or key Employees are Public Officials, candidates of political parties, or other persons who might assert illegal influence on the Company's behalf, and that it will promptly inform the Company of any changes in this status;
- The Company expressly states that its choice of the Agent was made after considering factors that support a belief that the applicable law and this policy would not be violated;
- Assignment of the agreement by the Agent is prohibited without the Company's prior written consent;
- Payment will be by cheque made out in the Agent's name or wire transferred to a bank account in the country of the Agents residency that is registered in the name of the Agent;
- Travel, entertainment and other miscellaneous expenses will not be paid without the Company's prior written approval;
- Detailed records of all travel, entertainment and miscellaneous expenses will be kept;
- Automatic termination without compensation in the event of an Improper Payment in violation of applicable law or this policy;
- The Agent will make annual certifications of its compliance with applicable law and this policy, including acknowledging that none of the payments made to it by the Company have been directed towards a Public Official;
- The Agent will advise the Company of any accession to an official position; and
- The Company has the right to audit the Agent's agreement including the expenses and invoices of the Agent.

10.2 Agent Management

The Company will take measures reasonably within its power to ensure that:

- Any payment made to any Agent represents no more than an appropriate remuneration for legitimate services rendered by the Agent;

- No part of any payment is passed on by the Agent as an Improper Payment or otherwise in contravention of applicable law or this policy;
- It maintains a record of the names and terms of employment of all Agents who are retained by it in connection with transactions with public bodies or state enterprises. This record will be available for inspection by the Company's auditors and upon specific request, by appropriate, duly-authorized governmental authorities (under conditions of confidentiality); and
- The activities of the Agent are appropriately monitored to ensure that there is no breach of applicable law or this policy. Such monitoring shall at a minimum include having a Nexen employee charged with: oversight and management of the Agent, including understanding the activities of the Agent, requiring regular activity reports by the Agent, reviewing expenses and disbursements incurred by the Agent and providing an annual report on the activities of the Agent to the Compliance Committee.

10.3 Foreign Joint Venture Partners

Prior to entering into any co-venture, joint venture, or similar arrangement with a Foreign Joint Venture Partner, the Company will conduct a due diligence review of each prospective partner proportionate to the risks involved in the arrangement, with such due diligence to be updated every 3 years. Compliance Committee approval of a Foreign Joint Venture Partner shall be required prior to the formation of the joint venture. In forming the co-venture, joint venture, or similar arrangement, the Company shall seek to obtain appropriate written representations and warranties from Foreign Joint Venture Partners, depending on the nature of the joint venture and the Foreign Joint Venture Partner. Such representations and warranties shall address, among other things, the written policies and procedures of the joint venture, its accounting processes and internal controls, and Nexen's audit rights in the joint venture.

10.4 Contractors

All agreements with Contractors or High Risk Contractors doing business on behalf of the Company in High Risk Countries will include an anti-corruption clause (substantially in the form and substance as approved by the Chief Legal Officer from time to time) that requires such Contractors to conduct their business on behalf of the Company in compliance with the applicable anti-corruption laws and their contractual obligations to the Company.

Prior to entering into any contract with a High Risk Contractor and every 3 years thereafter, the Company will conduct a due diligence on each prospective or current High Risk Contractor similar to the requirements for retaining an Agent. The Company shall only retain such High Risk Contractors using a written agreement with similar provisions as used in an Agent's agreement after having obtained approval from the Compliance Committee. The Company shall ensure that it manages the relationship with such a High Risk Contractor on a basis similar to the management of its Agents.

All invoices of High Risk Contractors shall be reviewed prior to payment, to ensure they are in accordance with the services contracted for and do not have any indication of Improper Payments being made. Such review shall be confirmed in the quarterly high risk payments report as described in Section 15. Any suspicious amounts shall be reported forthwith to the Chief Legal Officer or Assistant General Counsel - International and Compliance who will review the matter and report their findings to the Compliance Committee.

11. Contributions

11.1 Political Contributions

The Company will make no political party donations nor are Nexen Employees, Contractors, Agents or Foreign Joint Venture Partners authorized to make any such donations on behalf of the Company. Individuals may choose to contribute to a political party at their own expense but cannot expense their personal donation as a Nexen business expense.

Should any of the above listed individuals choose to attend a political party fundraiser at their own expense, or as a guest of another party, any amounts made as a political party donation (whether tax receipted or otherwise) cannot be claimed as a valid Nexen business expense.

Political party conventions and conferences are not deemed to be fundraising or donation events. Registration fees, for instance, are meant to cover party expenses and, as such, no tax receipt is issued. An officer or employee may attend political party conventions as a participant or observer at their own expense. Government Relations employees, or employees at the invitation of Government Relations, may attend in an official capacity for Nexen (e.g. as a policy observer or to interact with government officials). In these cases, associated expenses (i.e. those related to fees, travel and accommodations) are permitted.

For further guidance on political contributions, contact Nexen's VP, Government Relations or a member of Nexen's Government Relations department.

11.2 Charitable Contributions, Social Programs, and Sponsorships

Prior to making any charitable contribution, social program contribution or sponsorship in a High Risk Country, the Company shall conduct a due diligence to confirm that:

1. Where applicable, the charity is a legitimate charitable organization or that the sponsorship recognizes a valid event or organization;
2. That the recipient organization is not controlled or otherwise closely associated with any Public Official with decision-making authority relevant to the Company's business;
3. That neither the organization nor the individuals controlling or managing the organization are included on any sanctioned lists; and
4. Any organization or individual that implements a project on behalf of the company is not controlled or otherwise closely associated with any Public Official



with decision-making authority relevant to the Company's business and neither the organization nor the individuals controlling or managing the organization are included on any sanctioned lists.

Evidence of such due diligence shall be appended to any approval request. All donations must be made directly to the charitable organization (and not to an individual) and receipted and accurately recorded in the Company's accounting records.

The Compliance Committee may in its discretion require the recipient to sign appropriate anti-corruption certifications that provide audit rights regarding the use of the contribution. As part of the approval, the Compliance Committee may require follow-up inquiries with the recipient organization to determine how it has used the donation and whether the audit rights should be used.

In addition to the requirements applicable to Charitable Contributions, the Compliance Committee may in its discretion require other conditions or requirements to apply to social program contributions and sponsorships.

Charitable contributions and sponsorships in a High Risk Country will be approved prior to the disbursement of any funds on the following basis:

Country Manager:	Up to US \$1,000
Officer of Company:	Between US \$1,000 and US \$5,000
Compliance Committee:	Above US \$5,000

The Compliance Committee shall review and approve all social program contributions in High Risk Countries including where assistance is provided by "in-kind" contributions of services and materials.

For further guidance on charitable contributions, social program contributions or sponsorships in non-High Risk countries, refer to A104, the Corporate Community Investment Program Policy

12. Mergers and Acquisitions

The Compliance Committee shall be notified in the early stages of any potential merger or acquisition in order to have anti-corruption compliance adequately considered in due diligence and integration efforts.

13. Books and Records

The Company will make and keep books, records and accounts which conform to high professional standards of accuracy and consistency and which, in reasonable detail, accurately and fairly reflect the Company's transactions and the disposition of its assets.

All financial transactions must be properly and fairly recorded in the books of account and must be made available for inspection by the Company and the Company's auditors.



No false or misleading entries should be made in the books and records of the Company for any reason.

There must be no off the books or secret accounts, nor may any documents be issued which do not properly and fairly record the transactions to which they relate.

The Company will, use its influence to encourage all joint ventures in which it participates to conform to the standards set above.

14. Roles and Responsibilities:

14.1 Employees

All Employees, High Risk Contractors and Agents are expected to adhere to the requirements of this policy and the laws, rules and regulations of the countries in which they are conducting business on Nexen's behalf. To ensure awareness of such requirements, Employees will complete training when required to do so by the Company. It is also the duty of Employees to assist the Compliance Committee in carrying out its responsibilities. Any Employee who becomes aware of a prior or potential violation of this policy, including a request for an improper payment, shall contact the Assistant General Counsel - International and Compliance or the Chief Legal Officer, who will investigate the allegation and report, as necessary, to the Chief Executive Officer and to Nexen Energy ULC's Board of Directors. Any Employee making a *bona fide* report of an alleged violation will be protected from retaliation as set out in the Company's Integrity Guide.

14.2 Nexen Energy ULC's Board of Directors and Officers

The Chief Legal Officer and the Chief Financial Officer are responsible for establishing and maintaining the practices, procedures, and internal accounting controls necessary to implement this policy and prevent any violations. It is also the duty of the Chief Legal Officer and the Chief Financial Officer to assist the Compliance Committee in carrying out its responsibilities. The Chief Legal Officer is responsible for the appropriate dissemination and understanding of this Policy, including the provision of training. In addition, the Chief Legal Officer is required to investigate and report to the Chief Executive Officer and Nexen Energy ULC's Board of Directors on all allegations and employee reports of improper payments.

14.3 Compliance Committee

The Compliance Committee may delegate, in writing, approval authority under any provision of this policy to the Chief Compliance Counsel, or other person designated by it from time to time. The Compliance Committee shall be advised of any exercise of such delegated approval authority at the next regular Compliance Committee meeting.

The Company's list of High Risk Countries shall be periodically updated. The Compliance Committee shall on a regular basis review all of the countries in which the Company does business to determine the level of risk they pose to the organization. The Compliance

Committee has the discretion to impose special conditions and requirements pertaining to travel, gifts and entertainment, hiring and retention, charitable and social donations, and all other activities taking place in such countries.

14.4 Corporate Audit

The VP, Corporate Audit assesses risk on a periodic basis in determining annual internal audit plans and the allocation of audit resources. Compliance risks associated with this policy will be considered as part of that risk assessment (including the inherent risk associated with each location, level and nature of business activity and period of time since last audited) The VP, Corporate Audit will recommend remediation plans to prevent the recurrence of any violations that are identified through the course of the audit work and will conduct or assist with special audits or investigations of suspected violations of this policy as required.

15. Reporting

The Chief Legal Officer will provide a quarterly report to the Compliance Committee. This report will be based upon information provided by the appropriate managers in High Risk Countries and will include, but will not be limited to:

- A list of gifts and entertainment provided to Public Officials and Close Relatives of Public Officials including a confirmation that such costs have been disbursed according to their respective approvals. This can also include a lump sum cost for small promotional items;
- A list of travel costs provided to Public Officials and confirmation that such costs have been disbursed according to their respective approvals;
- A list of Public Officials reimbursed by the Company for serving on government approved committees, attending meetings or providing advice or a service and the amounts compensated to each Public Official;
- A list of Public Officials and Close Relatives of Public Officials employed by the Company, explanation for their employment, and the amounts paid for such employment including any bonuses or stock options and any significant or unusual job changes or promotions;
- A list of existing Agents, status of their due diligence and amounts paid to such Agents by the Company;
- A list of existing Foreign Joint Venture Partners, status of their due diligence and amounts paid to them from the respective joint venture;
- A list of high risk service Contractors in High Risk Countries, status of their due diligence and amounts paid to them for their services;
- A list of charitable contributions, social program contributions or sponsorships in High Risk Countries, the recipients' names and titles or political parties the recipient is affiliated with and the amount of the contributions; and
- Any Health and Safety Payments made pursuant to Section 5.

The Chief Legal Officer shall provide a summary of the above report on a regular basis to Nexen Energy ULC's Board of Directors. The report and the backup reports provided by the appropriate managers in High Risk Countries will be made available for inspection by the Company and the Company's auditors.

16. Compliance

In rare circumstances, an exception to the requirements in this Policy may be appropriate. Such an exception requires the advanced written approval of the Compliance Committee and the Chief Executive Officer.

All directors, officers, Employees and designated contractors of the Company must acknowledge their compliance with this Policy upon hiring and as part of the annual statement of compliance process.

Electronic records of all Annual Statements of Compliance will be maintained by the Integrity Resource Centre. Corporate Human Resources will maintain the records for the New Hire Statements of Compliance.

Nexen Energy ULC's Board of Directors will review compliance of this policy on a regular basis and will establish procedures for obtaining appropriate reports for the purpose of the review.

Determination of whether a particular past or proposed payment or action is in violation of this policy will be made at the discretion or judgement of the Chief Legal Officer, in consultation with the Compliance Committee, Chief Executive Officer and/or Nexen Energy ULC's Board of Directors.

The Compliance Committee shall annually perform an assessment of the Company's risk for potential compliance violations as well as industry-wide practices regarding compliance programs. The assessment may draw on information from specific anti-corruption-related risk assessments conducted by business units, internal audit, and other functions, and other information gathering initiatives deemed necessary by the Compliance Committee. As a result of such review, the Compliance Committee shall take appropriate steps to adjust the Company's compliance and ethics program to address any changes in applicable risk. Upon completion of the assessment, the Compliance Committee shall promptly report the findings of its risk assessment and planned adjustments to Nexen Energy ULC's Board of Directors.

If an Employee, Agent, or Contractor is found to be in violation of this policy, appropriate corrective action, up to and including dismissal or termination of their contract, will be taken. The violation will also be reported to Nexen Energy ULC's Board of Directors as deemed appropriate by the Chief Legal Officer.

Users of this policy should also consult other Nexen Company Policies including:

- How We Work: Our Integrity Guide (A099)
- How We Work: Our Integrity Guide for Suppliers (A098)
- Gifts and Entertainment (A108)
- Travel (A120)
- Employee and Business Expenses (F311)
- Community Investment (A104)
- Conflicts of Interest (A151)

17. Revision History:

DATE	REVISION #	DESCRIPTION OF CHANGE
November 15 2013	4th Revision	- Change to prohibit political contributions and title change to Assistant General Counsel – International and Compliance
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.
March 31 2012	2nd Revision	- Formatting overhaul and content updated to align with UK Bribery Act
November 21 2008	1st Revision	- Various minor changes
April 1 1997	Policy created	- New policy created and authorized