

Furthering Corporate Social Responsibility Through Core Business - The Cairn Way Ritu Jhingan

Introduction

The oil and gas sector is very exciting and challenging. Our business is not only very capital intensive but operations are often conducted in remote and environmentally sensitive areas with limited economic development. As a leading company in the oil and gas sector, Cairn India is committed to conducting its operations in a socially and environmentally responsible manner. This commitment is fundamental to our long-term success and we are focused on creating value and making a difference where we operate through our community development initiatives. Corporate Social Responsibility (CSR) is therefore an integral part of our business strategy from exploration to development and production.

We aim to empower our local communities through sustainable development models, fostering inclusive growth. To this end, we are working to address local needs while partnering government agencies for long term nation building objectives.

As Cairn India becomes an increasingly significant player in the energy sector, we continue to leverage our CSR activities and partner with local communities to bring them the benefits of the energy development.

Our values, vision and mission

Cairn India is committed to the highest standards of Corporate Social Responsibility (CSR). We are committed to creating value through leadership in corporate social responsibility. It is our conviction that continuous business growth, sustainable communities and the creation of value for our stakeholders go hand-in-hand.

Cairn India has made good progress in both developing and implementing its approach to managing the CSR challenges facing the business. Specific attention has been placed on the emerging CSR issues such as assessing and managing biodiversity risks, security, human rights and the potential impact of climate change on doing business. We have found that the use of a 'rights aware' approach has helped us to address some of the more complex issues that the Company faces and we are working to raise awareness about this approach throughout the organisation. Cairn proactively engages with communities and stakeholders to arrive at a collective vision and joint implementation plan.

Our goal is to make a positive social impact in every area in which we operate.

Our vision encapsulates Corporate Social Responsibility in 3 R's.

Respect - People are Cairn India's key asset and the attitude of the Cairn team is critical to its business culture. Cairn's entrepreneurial spirit is underpinned by a depth of knowledge and a strong set of cultural core values, including integrity, social and environmental

responsibility, teamwork, nurturing of individual creativity, risk management and developing alliances with key partners.

Relationships - These are the key to developing any business and Cairn India's success in the region for more than a decade would not have been possible without the consistent support of all stakeholders, from Governments, regulators and JV partners to the people living near our sites. The level of support and understanding on the ground is something we have worked hard to bring about in our business development activities and we are proud of what we have achieved - and continue to achieve - wherever we are operational.

Responsibility - Cairn India is operating in many areas that face economic, social and environmental challenges. It has the responsibility to understand these CSR challenges, identify the potential impact of its activities and, through engaging with stakeholders, look for opportunities for mutual benefit.

Our Objectives

At Cairn we believe in sustainable development, which we interpret as growing our business in a socially and environmentally responsible way while meeting the legitimate interests of our stakeholders. We also believe in taking an active role and responsibility in empowering local communities to achieve their ambitions.

To achieve the collective vision of Cairn, its stakeholders and communities, we have set forward some objectives we would like to achieve as a responsible corporate citizen.

These are:

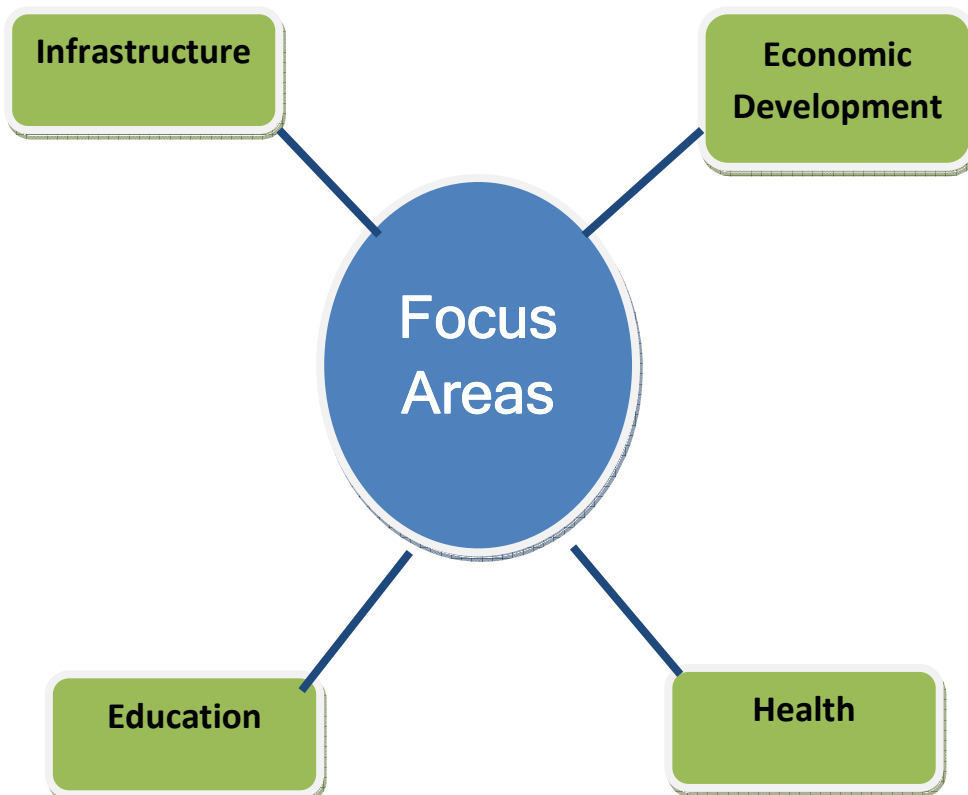
- *Proactive management of stakeholder expectations to obtain and maintain a 'Social License to Operate'*
- *Partnering with the community for socio-economic development*
- *Achieve a positive perception of Cairn in areas of operation*
- *Demonstrate leadership in corporate citizenship*

These objectives are further segregated into strategic objective, external and internal, primarily for the purpose of greater focus and maintaining a balance between the sub-goals of the various stakeholders and Cairn.

<p>Infrastructure</p> <p>Our focus areas are infrastructure, economic development, education and health. We are committed to the Millennium Development Goals (MDGs) through our community engagements. We focus on inclusive growth by fostering social capital through our health and education initiatives and creating access to opportunities and resources through our economic development and infrastructure support initiatives.</p>	<p>Infrastructure: We focus on infrastructure, economic development, education and health. We are committed to the Millennium Development Goals (MDGs) through our community engagements. We focus on inclusive growth by fostering social capital through our health and education initiatives and creating access to opportunities and resources through our economic development and infrastructure support initiatives.</p>
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Focus Areas

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We add to local benefits generated by our operations through focused social investment. Our community development strategies are designed and implemented through consultation and partnership with local authorities, NGOs and other organisations.

At the national level, socio-economic studies and stakeholder consultations identify appropriate areas for social investment, whilst plans are developed through discussion at district and community levels.

Infrastructure

We run a number of community and social development projects in support of local communities in the areas surrounding our exploration, development and production sites. The Company works closely with district authorities and communities on local infrastructure improvement projects providing much needed roads, housing and toilets for the disadvantaged, water tanks, community halls, school buildings renovation and playgrounds. We recognise the central role of infrastructure in the development agenda and as a contributor to growth, poverty reduction and achievement of the MDGs.

Economic Development

The objective of Cairn's initiative in economic development is to create an environment (and infrastructure) conducive to generating income earning opportunities through optimal usage of human resources for the target communities, and to develop MSMEs (Micro, Small and Medium Enterprises) for assuming the role of vendors with large industries (including ours) coming up in the region.

Gender equality and women's empowerment are human rights that lie at the heart of development and achievement of MDGs. Despite the progress made, six out of ten of the world's poorest are still women and girls. We recognise that women have not actively participated in their own emancipation due to their lack of economic independence and rampant illiteracy. We are committed to women's empowerment by fostering their economic independence through skill training and entrepreneurship development programmes, support for enterprise building, credit and market linkages.

Education

We are committed to creating enabling environments for children and young people to develop and evolve as responsible citizens.

Through our education initiatives we focus on access, equity and quality of education.

We recognise the importance of appropriate infrastructure, skilled teachers, innovative teaching methodology and curriculum, availability of good books and learning aids for improving the learning achievements of children. In addition to this, Cairn also believes in innovative methods to make learning more interactive and participatory. Programmes like theatre in education and science playgrounds have helped bring back and sustain interest of young minds at schools.

Health

We are committed to the health and well being of the communities among which we work. We endeavour to enhance health seeking behaviour of communities regarding reproductive and child health and HIV/AIDS prevention through health education and promotion initiatives.

We recognise the need to compliment and supplement the government health system for effective primary healthcare.

We work with Panchayats to catalyse health governance through micro level strategising and planning. We empower communities to take group and individual action to address their health needs.

Footprints

Rajasthan: Barmer and Jalore

Barmer district has the unenviable distinction of being the most economically laggard district in the State of Rajasthan. The total population of the district is about 20 lakhs with a literacy rate of 59%. Almost 67% of the population is unemployed

According to the Human Development Report 2007 (Directorate of Economics and Statistics), Barmer ranked 21st out of the 32 districts of the state. Despite being the largest gypsum source in the country, enterprises in Barmer have not been able to leverage the natural resource for industrial gains.

Jalore is a border district of Rajasthan with poor Socio-Economic indicators and Cairn intends to initiate different projects pertaining to health and education. The district has been included in CSR intervention recently after the pipeline laying process was initiated.

Cairn is the largest corporate operational in the area with maximum investments both in terms of its business operations as well as in terms of its commitment to the society.

The communities in the area live in Dhanis (small clusters), which are near their farmlands and thus separated from each other by vast distances. Nature is harsh to these people with scant rainfall, desert and hilly terrains with very limited availability of water. These problems are compounded by lack of roads, transportation facilities, electricity and communication modes as well as a general lack of education/awareness.

Our Focus

- Economic empowerment through skill development and linkage with employment opportunities
- Support the district administration for socio-economic development of the area
- Build capacity of community health workers and Panchayats to advocate, supervise, and monitor community health
- Value addition to education through innovative initiatives

Rajasthan - Gujarat: Pipeline Route

The overall pipeline route length for transportation of crude oil is (~600 km) which will traverse the state of Rajasthan and thereafter run through the State of Gujarat to the coast at Bhogat. The pipeline will cross the districts of Barmer and Jalore in Rajasthan and Banaskantha, Ahmedabad, Patan, Rajkot, Surendranagar and Jamnagar in Gujarat roughly covering 250 villages, and touching the lives of about 45,000 families with its unique socio-economic characteristics.

Our Focus

- Strengthening health programmes by supplementing government scheme (ICDS) and mass awareness on health issues
- Support to agriculture by promoting best practices including knowledge of crop cycles

Andhra Pradesh: East Godavari (Ravva)

East Godavari is primarily an agricultural district and is among the most prosperous districts in the state. It is also the second richest district in the country. In sharp contrast to the district, Surasaniyanam is one of the most backward villages. It has a population of about 6000 and the major occupations of the people include agriculture, prawn fishing and petty labour.

Our Focus

- Improve community health and empower the community to ensure sustainable health with a focus on safe drinking water and safe sanitation
- Ensure universalisation of primary education through infrastructure development, improvement of learning environment, financial assistance to students and supplementing government education programmes
- Promote sustainable livelihoods with a special focus on women and youth through incubation of MSMEs and skill training for better employability
- Develop and sustain the local economy through infrastructure development in consultation with the community and district administration

Krishna and Guntur

Krishna and Guntur are flood prone districts. Both districts are rural in nature with 98% and 97.9% rural coverage respectively. As per geographical coverage, Guntur is bigger than Krishna. There is an increase in commercial crops like tobacco, cotton, chillies and maize area coverage. Guntur consumes 15% of the state's quota of fertilizers per annum and the highest per acre in Asia. There is a significant shortfall in health expenditure in these two districts. There are only 15 PHCs (Primary Health Centres) in Guntur district for a population of 10,47,476 (in 107 villages). Similarly, there are only 7 PHCs in Krishna district for a population of 5,27,104 (in 105 villages). An analysis of the health profiles of the two districts show lack of adequate health care services as well as a wide difference between urban and rural health infrastructure. Additionally there is limited utilisation of health facilities due to poor quality of services.

Our Focus

- Sensitise Panchayats for collective action on community health
- Improve quality of care and utilisation of primary health care services by the village community
- Increase knowledge and awareness of the community about major health issues

Gujarat: Surat (Suvali)

Surat is the commercial capital of the Indian state of Gujarat. It is one of the fastest growing cities in India. The city is widely regarded as one of the cleanest Metropolitan Regions in the country with the city proper being the third cleanest city in India.

Schools in Surat are either municipal schools, run by the Surat Municipal Corporation or private schools, which in some cases receive financial aid from the government. The schools are affiliated to the Gujarat Secondary and Higher Secondary Education Board (GSEB), the Central Board for Secondary Education (CBSE) and few schools are affiliated under National Institute of Open Schooling (NIOS). Gujarati or English are the usual languages of instruction. The government-run public schools lack many facilities, but are the only option for poorer residents who cannot afford the more expensive private schools.

As census 2011 the literacy rate of the Surat is 86.65%, which is considerably higher than the national average of 74.04%. The male literacy rate is 91.5% while the female literacy rate is 81.02%, however, school enrolment is still low and the drop out rate after 7th grade is considerably high. Other than this, there is the issue of infant mortality rate. About 57% of the total deliveries are institutional while 53% of the total home deliveries are attended by untrained personnel. As a result, undernourishment and anaemia is prevalent in the district with 38% of the children underweight and 10% of them severely undernourished.

Our Focus

- Improve literacy levels through increased enrolment and retention in government schools, and provide financial assistance to students to pursue higher education and vocational training
- Supplement health initiatives of the government and provide access to safe drinking water
- Generate awareness on HIV/AIDS among truckers
- Improve local infrastructure for community development

Partners

Rajasthan

- International Finance Corporation (IFC)
- International Centre for Entrepreneurship & Career Development (ICECD)
- Centre for Development & Population Activities (CEDPA)
- Society for Upliftment of Rural Economy (SURE)
- Lok Kalyan Sansthan (LKS)
- Dhara Sansthan
- Youth Unity & Voluntary Action (YUVA)
- Bharatiya Natya Kala Vikas Sansthan (BNKVS)
- Room to Read

Gujarat

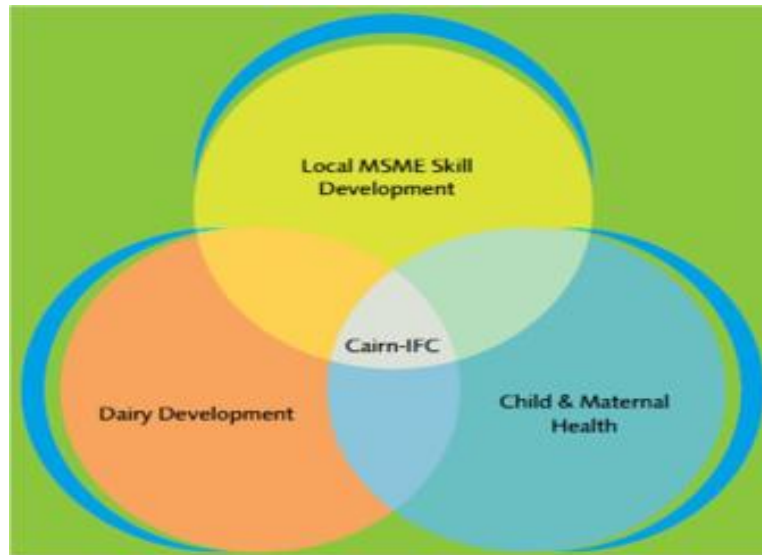
- Centre for Health, Education Training and Nutrition Awareness (CHETNA)

Andhra Pradesh

- Association of Lady Entrepreneurs of Andhra Pradesh (ALEAP)

Lepra Society

Case Studies



Cairn Enterprise Centre

Phase - I

Background

Cairn in partnership with International Finance Corporation (IFC) jointly started Enterprise Centre (EC) at Barmer Industrial Training Institute (ITI) with support from Government of Rajasthan in July 2007.

Aim

“To improve the quality of life through economic empowerment of communities, and development of community owned sustainable businesses by building local capacities and entrepreneurial talents.”

Objectives

- Trade skill exposure and enhanced employability for communities in the Barmer Development Area thereby developing micro, small and medium enterprises (MSMEs).
- Facilitating access to finance for SMEs and micro-entrepreneurs to establish and expand businesses.
- Collection and dissemination of information on employment opportunities, enterprise development, government schemes and upcoming contracts and tenders.

Focus areas of EC in the first three years

- **Skill development** - Basic as well as advanced vocational skills to enhance wage as well as self employment opportunities
- **Local supplier development** - Capacity building of local MSMEs in Barmer district to become local suppliers to Cairn and its contractors
- **Business development services** - Capacity building of MSMEs in the Barmer region and facilitate business and market linkages

- **Facilitating access to finance** - Help local MSMEs to avail finance facilities for establishment and expansion of business
- **Information dissemination** - Collection and dissemination of information on employment opportunities, enterprise development, government schemes and upcoming contracts and tenders

During its operations in the first three years the EC created a niche for itself in the state and set up a unique Public Private Partnership (PPP) model driving business growth and establishing linkages with the local communities.

Key Learnings of Phase - I

- The existing training programmes at the ITIs need to be further enriched to make the students better employable. The emerging trend clearly indicates that the industry expects its employees to become more employable with soft skills in addition technical skills.
- The current programme portfolio at ITIs is aligned to the needs of the region

Snapshot of the Impact

S. No.	Details	Number			Total
		2007 - 2008	2008 - 2009	2009 - 2010	
1.	Number of trainees trained through the Enterprise Centre (2007 - 2010)	2180	2225	2212	6617
2.	Students & their employability matrix	<ul style="list-style-type: none"> • 70% of the trainees were provided employment opportunities at the conclusion of the programme. • 70% of the women trained were linked to local exporters and contractors • 80% of the trainees started their own enterprise 			

Phase - II

Establishment of Cairn Enterprise Centre

Seeing the success of the EC during the Phase - I; it was envisaged to extend the model for another five years under the aegis of a Not-for-Profit organisation (Cairn Enterprise Centre - CEC under Societies Registration Act, 1860) in partnership with Government of Rajasthan. A MoU has been signed between CEC and Government of Rajasthan to take the project further for the next five years.

Way Forward for Phase - II

- Focus on cutting edge training solutions that have an industry linkage, and hence, chances of greater employability for the students. The CEC will have a modular approach and will deliver modules that are highly specialised and complement the

existing training setup. Within this the CEC will begin with specialised training on welding. The specialised training will begin by using the existing facilities at ITI, Barmer and will be institutionalised by creating special facilities at the CEC, within the next one year. While the welding training is being institutionalised, Cairn will begin the pilot phase of the second specialised training on installation and maintenance of pumps and valves.

- CEC will strengthen the existing programme portfolio currently offered at the ITI by adding the soft skill component to the existing ITI curriculum. These trainings will include modules on basic computer literacy, spoken English and basic management / entrepreneurship skills.

Courses planned for 2011 - 2012:

- Advanced Welding
- Pumps and Valves
- Soft skills training (computers, spoken English and basic management/ entrepreneurship)
- Local Vendor development
- Other welfare initiatives such as Mobile Health Van (MHV), developing the School infrastructure, Science Van, Theatre in Education (TiE)
- Hostel construction

Conclusion

It is envisaged that CEC during its operations in Barmer will develop an entrepreneurial spirit among the youth thereby making them more employable; thus improving their quality of life.

II. Rural Dairy Development Programme

Goal:

To enhance income generation opportunities for marginalised households in villages in Barmer in Cairn India's operational area.

Mission

"To positively impact the socio-economic status of dairy farmers in the Barmer region through value addition, market linkages, capacity building, breed improvement and support services."

Livestock breeding has been the traditional subsistence strategy in Western Rajasthan for the poor/marginalised sections of the society in rural areas with limited or no land resources. Rajasthan has one of the highest livestock populations in the country. Despite this, the milk production in Rajasthan is very low due to the extreme climatic conditions. Majority of the milk produced is retained by the communities for their own use. The widespread hostile terrain offers limited opportunities for selling the surplus milk and, to add to this, the milk from the marginalised community is not accepted by the upper castes. Most of the collection is localised and largely managed by private vendors. The traditional milk fat analysis system ensured that the communities were unable to derive full benefits out of the milk that they sold.

Cairn India, decided to support an intensive community-based dairy development programme with an aim to improve the economic condition of the rural poor.

By design the programme targeted women, who otherwise had no opportunity for economic emancipation. This project has not only enabled them to participate in income generating activities but has also empowered them as organised self help groups (SHGs) exploring other livelihood options.

Benefits include the introduction of technology for transparency, accountability, and fair price realisation. Due to the right fat measurement the price realisation has gone up by 20 to 25%. Linkage with SARAS (State Dairy Federation) has ensured an assured buyer for the collected milk, and also provides quality fodder and nutrients. These societies now contribute about 15% of total milk collected by SARAS Dairy at Barmer.

Objectives

1. To establish bulk collection and distribution network of milk in the villages and link the small dairy farmers to an assured and remunerative outlet of their milk.
2. To organize rural households in the form of SHGs and their capacity buildings
3. To increase the quality and quantity of milk production through technical assistance to SHG farmers on improved livestock care, veterinary services, breed improvement and fodder development.
4. To establish linkages with banks and financial institution for assistance to access of funds for the cattle loans

Key Achievements

- The project has been able to mainstream the underutilised surplus milk of the marginalized farmers.
- The project has been instrumental in breaking the social barrier in the society where the marginalised community had no direct market acceptability but now being part of the bulk milk collected at district level.
- Introduction of computerised milk testing machines has led to transparency and accountability leading to higher trust levels amongst to members of the societies.
- There has been considerable increase in the price of the milk because of better fat content and no exploitation from the private vendors.
- Due to vet care, vaccination and better fodder the quality and output of milk has grown by 10% per cattle.
- These societies under this project contribute more than 40,00,000 liters of milk annually to Barmer District cooperative society (SARAS) which is about 15% share of the total milk collected.
- Linkage with SARAS has ensured an assured buyer for the milk collected and also provides quality fodder and nutrients.
- Women from the marginalised community is the prime beneficiary of the project and now after 3 years, these women feel empowered enough to explore other livelihood options.

Ensuring Programme Sustainability

- **Involvement of local community**

Dairy development programme specifically focused on organising marginalised farmers into societies and SHGs and captured the surplus milk no matter how small it is and mainstreamed it into the Govt. Dairy SARAS. Women were at the centre of the

programme since all other Cairn India CSR initiatives were targeted towards men and youth.

- **Buy-in by stakeholders**

Community resources are at the centre of the project planning as the goal of the project is that these milk collection societies are self sufficient and sustainable. Stakeholder's resources were used in the project.

- (a) Local leaders for community mobilisation
- (b) Local community establishments such as community halls , school buildings for meetings, etc
- (c) Local Govt veterinary staff for vaccinations and govt. vet clinics for camps etc.
- (d) Local Panchayats donated piece of land to open collection centre.
- (e) Land was donated by Naya Nagar village Panchayat to construct a bulk milk cooler for evening milk collection

- **Independent financial viability**

Cairn India's programme is a support system to establish a network of milk collection societies which are independent societies linked with the Govt. milk cooperative SARAS. The project management of support programme such as organising community into societies, linking them with SARAS, making provision for vaccinations and check up camps, trainings/exposures is done by implementing partner NGO.

However, the community which is organised in the form of societies are independently managing the societies and they take all the strategic and day to day decisions. They are financially independent since each society has their bank account and formal book keeping system. Most of the societies are financially sustainable and are making profits.

- **Long-term vision for the programme**

The long term vision is embedded in the design of the programme. Under the present project framework, in 3 years period it was envisaged that the societies created under this programme will be self sufficient. These members of the societies are given all necessary support and inputs so that they can run and manage the society on their own. Both milk collection and market linkage with SARAS are streamlined and systematized.

Once Cairn India exits, the societies will have their own collection centres, regular membership base, market linkage and necessary management skills/experience.

Under the framework there is a provision to create a Federation of these societies which can take a long term standing on behalf of these societies professionally.