

## Our responsible approach

This report outlines Cairn's approach to Corporate Responsibility (CR), reflecting the fact that we report on those operated assets of which we have control in terms of CR policies and practices.

The report has been developed for a target audience of interested stakeholders, particularly governments, business partners, shareholders and contractors, and covers significant performance highlights from across our global operations during 2012, as well as outlining our key objectives for 2013.

The report replicates the comprehensive information and performance data on our website and is supported by a summary report in print and pdf. For more information see: [www.cairnenergy.com/responsibility](http://www.cairnenergy.com/responsibility).

### Our responsible approach

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# Introduction

Welcome to our latest Corporate Responsibility (CR) report, covering our operations and activities in 2012. The report sets out our commitment to managing and communicating our activities in an inclusive, clear and transparent way.

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Throughout, the report shows how all our activities are governed by our three core values:

- Building respect
- Nurturing relationships
- Acting responsibly

Divided into seven clear chapters, the report details the important role CR plays in our business and how it guides all areas of our operations. It covers our responsible approach to business, our governance procedures and the way in which we interact with the environment, our people, local communities and wider society, as well as companies and contractors within our supply chain.

The report also shows how we prioritise our most significant issues and the important role our stakeholders play in this. Our performance, lessons learned, objectives and challenges are also described, and case studies are used to illustrate how we have managed the potential impacts of our activities on the people and the environment, in the areas where we operate.

The report also shows how we comply with key international programmes and guidelines

As signatories to the United Nations Global Compact (UNGC), the report forms part of our commitment to act on and report our progress against the 10 UNGC principles on human rights, labour, the environment and anti-corruption.

It is also produced in accordance with AccountAbility's AA 1000 Assurance Standard founding principles of inclusivity, materiality and responsiveness. This ensures that we engage with internal and external stakeholders, identify and assess our most important CR issues, and address and respond to them in a structured way.

We also measure our performance to the Global Reporting Initiative (GRI) Guidelines.

This report focuses on our operated assets where we have control of CR policies and practices. With our shareholding in Cairn India Limited (Cairn India) now at around 10%, we have not included 2012 performance data for Cairn India in this document. Historical data is included where available. Further details about our activities, performance and objectives, as well as CR reports from previous years, are also available on our website at [www.cairnenergy.com/responsibility](http://www.cairnenergy.com/responsibility).

Key audiences for this report include shareholders, governments, business partners and staff, but all readers' views are important to us and we encourage you to contact us with comments or questions via our website at [www.cairnenergy.com](http://www.cairnenergy.com) or by email to [CR.Mailbox@cairnenergy.com](mailto:CR.Mailbox@cairnenergy.com).

## CEO statement

Doing a job the world needs. Our licence to operate in the world's frontier regions demands a strong safety record and excellent corporate responsibility credentials.

Our aim, as one of Europe's leading independent oil and gas exploration and development companies, is to do a job the world needs as safely as we can. According to the International Energy Agency, global energy demand is expected to grow by over a third by 2035, with oil and gas making up a large proportion of the energy mix. Cairn helps meet that need by identifying, developing and realising energy reserves for the benefit of all stakeholders. Our overriding priority is to do this safely, responsibly and in keeping with the commitments outlined in our Business Principles and our continued support for the 10 principles of the United Nations Global Compact.

Our track record of safe and efficient operations and business integrity is crucial to our licence to operate and we apply rigorous due diligence and comprehensive risk management processes. To ensure continuous improvement, our Corporate Responsibility (CR), health, safety and environment (HSE), contractor management, human rights and anti-bribery and corruption systems and procedures were all updated during 2012.

### Activities during 2012

During 2012, we returned US\$3.5 billion to shareholders and built our asset portfolio through the acquisition of two companies, strengthening our focus on three geographical areas: Mediterranean, Atlantic Margin and UK and Norway.

Exploration activities comprised surveys offshore Greenland and Morocco and we are very pleased to report no injuries and no environmental incidents relating to these operations during 2012. Acting responsibly with a high level of care and respect towards people and the environment shows our principles and core values in action. Sharing knowledge from successfully completing drilling programmes in Greenland in 2010/11 with other operators and engaging with other industry initiatives are also evidence of our commitment to continuous improvement.

### Plans for 2013

Wherever we work, we co-operate closely with partners, host governments, local communities and other third parties to learn about their concerns and aspirations, assess our impacts and forge strong, open and lasting relationships based on mutual benefit. During 2012, we undertook public consultations with communities located near the Pitu area offshore North West Greenland, where we are targeting to drill in 2014. Throughout 2013, we will assess potential impacts and develop plans to manage them in preparation for a projected multi-well, multi-year drilling programme commencing in Morocco in late 2013.

Internally, our focus will be on integrating updated procedures and our HSE Culture Framework across all our new operations. In order to encourage strong CR leadership, we have also set 10 HSE leading performance indicators and targets for 2013.

In conclusion, 2012 was a year of significant evolution for Cairn in building new growth opportunities and reinforcing our management approach. I am confident we can succeed in creating further value for shareholders while acting responsibly and respectfully towards the communities and environments where we work.



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Our aim is to do a job the world needs as safely as we can.

**Simon Thomson,**  
CEO

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**Simon Thomson**  
Chief Executive

18 March 2013

## About us

Cairn Energy PLC is one of Europe's leading independent oil and gas exploration and production companies and is listed on the London Stock Exchange. We have a simple strategy – we seek opportunities where we can unlock value, through a combination of frontier – potentially transformational – exploration, and mature basin exploration and development, leading to production providing sustainable growth and cash flow.



### 2012: a summary of our activities

2012 was a busy year for Cairn in terms of significant business transactions and building a balanced portfolio. The return of US\$3.5 billion to shareholders in 2012 marked the culmination of a US\$4.5 billion capital return over five years. Additional proceeds were realised from subsequent share sales of our residual Cairn India holding throughout 2012 and the proceeds used to further strengthen the company's balance sheet and to make two corporate acquisitions.

By contrast, our operated exploration activities have been relatively modest in 2012 – an Environment Impact Assessment (EIA) and seismic survey in Morocco and marine operations in Greenland. In August 2012, we also carried out a tour of the local communities in North West Greenland to understand the potential issues, impacts and opportunities associated with our proposed activity. The information gathered during these consultations will inform the Terms of Reference for a Social Impact Assessment (SIA) for the proposed drilling programme in the Pitu Block, offshore North West Greenland, in 2014.

The corporate acquisitions added exploration opportunities in UK and Norway, with nine non-operated wells drilled in 2012, of which two were successful in making discoveries i.e. Skarfjell (20% interest) and Carnaby (30%), in the Juby Maritime permit offshore Morocco (37.5%) and in France. They also brought with it a 30% stake in the Catcher area and a 25% interest in the Kraken Field which are currently in the pre-development phase, and a 6% interest in the Mariner oil field, one of the largest undeveloped fields in the North Sea.

In a subsequent transaction, Cairn added to its exploration interests in Morocco through a farm-in to the Fom Draa permit offshore Morocco, which is adjacent to Juby Maritime. The total acreage held by Cairn offshore Morocco is 7,490km<sup>2</sup>. In December 2012, Cairn commenced its acquisition of 680km<sup>2</sup> of 3D seismic data offshore Morocco over Juby Maritime, where previous discoveries have been made. Exploration drilling is targeted for late 2013.

Cairn also entered into an agreement with Statoil ASA for the Pitu block in the Baffin Bay west of Greenland. Statoil, whose Arctic experience makes it a strong partner, acquired a working interest of 30.625% in the Pitu licence, with Cairn retaining operatorship.

Also in December, Cairn entered into an Exploration Study Agreement (ESA) with the Government of Malta, which covers an initial two-year period with geological studies, and the reprocessing of existing, and acquisition of new, 2D seismic data.



A small non-operated interest in the UK onshore Keddington oil field was part of the 2012 corporate acquisitions and as a consequence, the Group's average working interest production during 2012 was 14 barrels of oil equivalent per day (boepd). It is expected that production will increase significantly from 2017 as the Mariner, Catcher & Kraken field developments are brought online.

As Cairn prepares for its planned appraisal and exploration programme in 2013, the Group continues to examine and evaluate multiple new business options, including opportunities on the Atlantic Margin and in the Mediterranean.

## Activity data

### Cairn (excluding Cairn India)

		2008	2009	2010	2011	2012
2D seismic	km	10,405	7,911	10,137	1,027	0
3D seismic	km <sup>2</sup>	0	407	318	3,752	344
Number of wells drilled	number	1	0	4	5	0
Number of metres drilled	m	3,850	0	13,956	15,396	0
Total hydrocarbon production	'000 tonnes	460.99	418.58	270.31	0.00	0.00

### Albania

		2008	2009	2010	2011	2012
2D seismic	km	0	0	0	0	0
3D seismic	km <sup>2</sup>	0	407	0	0	0
Number of wells drilled	number	0	0	0	0	0
Number of metres drilled	m	0	0	0	0	0
Total hydrocarbon production	'000 tonnes	0.00	0.00	0.00	0.00	0.00

### Bangladesh

		2008	2009	2010	2011	2012
2D seismic	km	0	0	0	n/a	n/a
3D seismic	km <sup>2</sup>	0	0	318	n/a	n/a
Number of wells drilled	number	1	0	0	n/a	n/a
Number of metres drilled	m	3,850	0	0	n/a	n/a
Total hydrocarbon production	'000 tonnes	460.99	418.58	270.31	n/a	n/a

### Greenland

		2008	2009	2010	2011	2012
2D seismic	km	10,405	7,911	10,137	1,027	0
3D seismic	km <sup>2</sup>	0	0	0	3,752	0
Number of wells drilled	number	0	0	3	5	0
Number of metres drilled	m	0	0	11,401	15,396	0
Total hydrocarbon production	'000 tonnes	0.00	0.00	0.00	0.00	0.00

### Morocco

		2008	2009	2010	2011	2012
2D seismic	km	n/a	n/a	n/a	n/a	0
3D seismic	km <sup>2</sup>	n/a	n/a	n/a	n/a	344
Number of wells drilled	number	n/a	n/a	n/a	n/a	0
Number of metres drilled	m	n/a	n/a	n/a	n/a	0
Total hydrocarbon production	'000 tonnes	n/a	n/a	n/a	n/a	0.00

### Nepal

		2008	2009	2010	2011	2012
2D seismic	km	0	0	0	0	0
3D seismic	km <sup>2</sup>	0	0	0	0	0
Number of wells drilled	number	0	0	0	0	0
Number of metres drilled	m	0	0	0	0	0
Total hydrocarbon production	'000 tonnes	0.00	0.00	0.00	0.00	0.00

### Spain

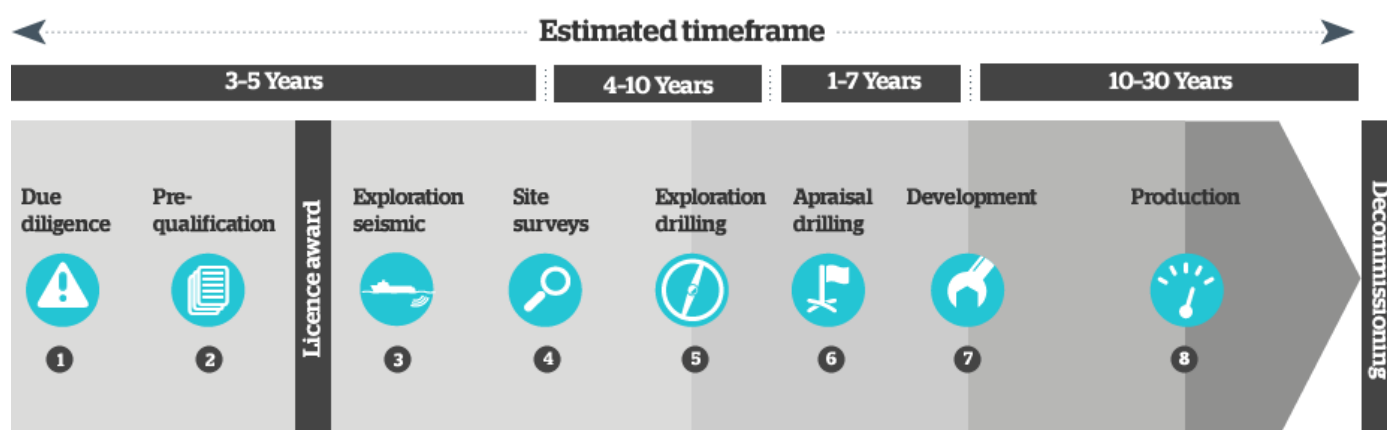
		2008	2009	2010	2011	2012
2D seismic	km	n/a	n/a	n/a	0	0
3D seismic	km <sup>2</sup>	n/a	n/a	n/a	0	0
Number of wells drilled	number	n/a	n/a	n/a	0	0
Number of metres drilled	m	n/a	n/a	n/a	0	0
Total hydrocarbon production	'000 tonnes	n/a	n/a	n/a	0.00	0.00

### Tunisia

		2008	2009	2010	2011	2012
2D seismic	km	n/a	0	0	n/a	n/a
3D seismic	km <sup>2</sup>	n/a	0	0	n/a	n/a
Number of wells drilled	number	n/a	0	1	n/a	n/a
Number of metres drilled	m	n/a	0	2,555	n/a	n/a
Total hydrocarbon production	'000 tonnes	n/a	0.00	0.00	n/a	n/a

# Oil and gas exploration and production project life cycle

Cairn's entrepreneurial culture helps us move quickly to secure opportunities and realise value, while never compromising the safety of our people and the environment. When working with local communities, we take a long-term view. The diagram below offers an overview of how we manage our social and environmental impacts from the beginning to the end of the oil and gas exploration and production life cycle.



## Due diligence

Before making an acquisition or investment, applying for an exploration licence or farming-in to an existing project with a partner company, we carry out an extensive risk-screening process including assessing whether there are potential health and safety, social, human rights, political, corruption, security or environmental impacts and identifying approaches to reduce these risks to acceptable levels.

## Pre-qualification

When the decision to apply for a licence has been made, we supply the necessary documents to the relevant authorities. Typically this includes information about our legal status, financial capability, technical competence and how we plan to manage health, safety and environment risks and contribute to local economic development.

## Exploration seismic

Following entry into an exploration licence, we carry out seismic surveys to develop a picture of geological structures below the surface to help identify whether they may contain hydrocarbons. Each seismic survey is preceded by an environmental, social or human rights impact assessment (EIA, SIA, HRIA) or all three, depending on the circumstances and whether the seismic survey is onshore or offshore.

## Site surveys

Site surveys are carried out to gain more detailed information on the area where an exploration well may be drilled and to confirm that the selected drilling location is safe and environmentally viable. The process normally involves taking geological samples and carrying out seismic surveys with low social or environmental impacts and may not require a separate EIA.

## Exploration drilling

Exploration wells are drilled to determine whether reservoirs with oil or gas are present. This phase can also be accompanied by a step-change in activity and visibility to the local population. For example, offshore exploration can involve a drilling rig, supply vessels and helicopters for transporting personnel. Exploration drilling is preceded by an EIA and SIA to understand potential impacts and to identify steps to reduce these to acceptable levels. Limited community development programmes may also be put into place at this time, such as support for educational or local community facilities.

## Appraisal drilling

If promising amounts of oil and gas are confirmed from exploration drilling, field appraisal is used to establish the size and characteristics of the discovery and to provide technical information to allow the optimum method for recovery of the oil and gas to be determined. The potential social and environmental impacts associated with appraisal drilling are similar to those for exploration drilling.

## Development

Once a prospect is shown to be technically and commercially viable, a development plan is prepared and submitted to the relevant authorities for approval. This includes a rigorous assessment of all the potential risks and a long-term EIA, SIA and HRIA covering a time frame of between 10 and 30 years. The plan will also detail benefits to local communities in terms of providing employment and supplier opportunities and will propose how to manage potentially challenging impacts such as an influx of workers from outside the local community.

## Production

A variety of options are available for the production of oil and gas. During this phase, which can last many decades, regular reviews are made of social and environmental performance to ensure that impacts identified in the EIAs, SIAs and HRIAs are mitigated, to satisfy organisations providing finance such as the International Finance Corporation (IFC) or to fulfil the requirements of community development programmes.

## Progress against 2012 CR objectives and KPIs

2012 CR Objective:	Progress as at end 2012
<b>Approach to Managing HSE</b>	
Complete roll out and training in use of updated Group CR Management System (CRMS) and implement on new projects	<ul style="list-style-type: none"> <li>The CRMS has been further updated for the changes to the organisation and responsibilities, lessons learned from its implementation over the last few years, adoption of the HSE Culture Framework and new IFC and industry guidance</li> <li>Training provided for CR practitioners</li> </ul>
Review Group Business Principles and CR Policies in light of changing external expectations	<ul style="list-style-type: none"> <li>Updated versions of the Business Principles issued in April and August 2012</li> </ul>
Finalise and implement ongoing process for CR Management Review	<ul style="list-style-type: none"> <li>Formal CR Management Review completed on 15th November 2012 and findings incorporated into 2013 objectives</li> </ul>
Strengthen HSE Leadership and culture in the company	<ul style="list-style-type: none"> <li>HSE Leadership Team meetings held throughout 2012 to review and enhance approach</li> <li>Workshop completed in May 2012 to assess level of HSE culture and new HSE Culture Framework adopted</li> </ul>
<b>Behaving responsibly in all our business relationships</b>	
Complete review of Anti-Bribery and Corruption Management System (ABC MS) in early 2012. Update, roll out and provide further training as appropriate	<ul style="list-style-type: none"> <li>Internal audit of ABC MS completed and updated ABC MS documentation issued</li> </ul>
Adopt AA1000 Assurance Standard (AA1000 AS – 2008) for 2011 CR Report	<ul style="list-style-type: none"> <li>AA1000 Assurance Standard adopted for assurance of 2011 CR Report and achieved B+ level under GRI</li> </ul>
Update CR Contractor Management Procedure and Guidance	<ul style="list-style-type: none"> <li>Tender process mapped and areas identified where HSE plays a major role within the contract</li> </ul>
<b>Behaving responsibly towards society and communities</b>	
Roll out new Human Rights Guidelines and provide training in applying procedure for assessing and managing human rights in our business	<ul style="list-style-type: none"> <li>Updated Human Rights Guidelines issued</li> <li>Training planned for March 2013</li> </ul>
Develop and implement Public Consultation and Disclosure Plans (PCDPs) for existing and new assets in 2012	<ul style="list-style-type: none"> <li>Spain PCDP in place and PCDPs for Morocco and Greenland under development</li> </ul>



2012 CR Objective:	Progress as at end 2012
<b>Behaving responsibly towards our people</b>	
Strengthen Cairn's recruitment and induction processes	<ul style="list-style-type: none"> <li>Improvements made to career website</li> <li>Training for managers in recruitment and selection skills planned for early 2013</li> <li>New induction process prepared and incorporated in an e-learning module for HSES which is due for completion in Q1 2013</li> </ul>
Continue with measures aimed at enhancing leadership capabilities	<ul style="list-style-type: none"> <li>Supervisory Skills training is completed</li> <li>Middle management training to be rolled out in January 2013</li> <li>External mentoring programme with Career Academies is now in operation</li> </ul>
Strengthen Cairn's approach to equality and diversity	<ul style="list-style-type: none"> <li>Equality and Diversity Training workshops for staff and contractors completed</li> </ul>
Review and update Edinburgh Office security systems and procedures	<ul style="list-style-type: none"> <li>Office Security Plan completed and revised Office Security Guidelines issued</li> </ul>
Enhance the travel security risk management process including tracking of overseas travellers	<ul style="list-style-type: none"> <li>Travel Watch tool to monitor overseas travel is now in place</li> <li>Travel Security Policy in place, requiring health, safety and security risk assessments to be conducted before travelling to new countries or risky locations</li> </ul>
<b>Behaving responsibly towards the environment</b>	
Incorporate detailed guidance for climate change management into current procedures; align with Project Delivery Process and integrate within the CRMS	<ul style="list-style-type: none"> <li>Climate Change strategy paper issued</li> <li>Methodology of assessing the effects of carbon constraints/ costs on new projects under development</li> </ul>
Issue biodiversity guidance. Align with Project Delivery Process and integrate within the CRMS	<ul style="list-style-type: none"> <li>Review underway of biodiversity strategy and approach, including recent IPIECA (global oil and gas industry association for environmental and social issues) guidance on an Ecosystem Approach to Oil and Gas Industry Biodiversity Conservation</li> </ul>

## 2012 CR Key Performance Indicators (KPIs)

Cairn has in place both financial and non-financial key performance indicators (KPIs) (for more information please see pages 25-29 of our 2012 Annual Report) which are used to monitor progress in delivering the Company's strategy.

Our activities, and therefore our impacts, fluctuate significantly depending on where we are in the exploration and production life cycle. 2012 was a transitional year, with the process of building the portfolio following the sale of the Group's majority shareholding in Cairn India and return of cash to shareholders. The focus was on identifying exploration, appraisal and development opportunities which can deliver material growth and value for shareholders.

Operations in 2012 have been limited to exploration activities, which are periodic in nature, and participation in pre-developments in the UK sector of the North Sea which are operated by other companies. The Group's 2012 KPIs were, as a consequence, reflective of the early stage in the exploration and production lifecycle, rather than the more traditional KPIs for oil and gas exploration & production companies (such as greenhouse gas (GHG) emissions targets), which the Board currently considers are not relevant as a measure of the Group's performance.

The 2012 Group KPIs included a number of KPIs and targets towards achieving operational excellence. The following table summarises these KPIs and the 2012 outcomes. More information is provided in the KPI section of the 2012 Annual Report and Accounts.

2012 KPI	2012 Outcome
1. To complete the 2012 operated work programmes on time, on budget, to the defined quality standards and without injuries or environmental incidents	Operated activities in Greenland and Morocco in 2012 completed on schedule, under budget, to the desired quality and with no injuries or environmental incidents
2. To enhance the Group's approach to HSE risk identification and management, the HSE Leadership Team identified a 12-point action plan aimed at enhancing HSE in five main areas: <ul style="list-style-type: none"> <li>• Approach and management systems</li> <li>• Culture, responsibilities and behaviours</li> <li>• Integration into business processes</li> <li>• Performance measurement and leading indicators</li> <li>• Performance review and lessons learnt</li> </ul>	75% of the actions on the HSE Leadership Team plan were completed during 2012 and remaining actions are included in 2013 plans
3. To minimise injuries and environmental incidents on 2012 operated activities: <ul style="list-style-type: none"> <li>• Total Recordable Injury Rate (TRIR) target of less than 2.0 TRI/million hours</li> <li>• No oil spills</li> </ul>	No injuries or spills during 2012 operated activities in Greenland and Morocco  A small volume (~2.2 barrels or 350 litres) of non-toxic drilling mud chemicals was released from a container during offloading at Peterhead of materials not used during the 2011 Greenland drilling programme. All of the released chemicals were recovered with no loss into the sea.

## Materiality

Materiality is a process that we use to identify and assess the issues that are most important to us and to our stakeholders. Our business activities and resulting impacts change on a regular basis, so with the input of our major stakeholders, we carry out regular materiality assessments into the major economic, HSE, governance, social and environmental issues resulting from our business activities.



The results of these assessments are then used to inform our business plans, risk assessments, business principles and annual CR objectives, the way in which we prioritise existing and emerging sustainability issues, and how we communicate our CR approach and performance. At a project level, materiality matrices are also being used to prioritise issues with Public Consultation and Disclosure Plans (PCDPs).

At the end of 2012, we held a workshop for Cairn's senior management to scrutinise and map on a 'materiality matrix' the existing and emerging CR topics affecting our business, from the perspectives of an internal or external stakeholder who is interested in, or potentially affected by, our business.

The output from this process depends on which activities are under way or planned, and the stage they have reached in the exploration and production lifecycle. For example, following the disposal of the majority shareholding in Cairn India, the Company has limited producing assets or activities onshore, so CR issues such as land acquisition are not as important as they were in previous years.

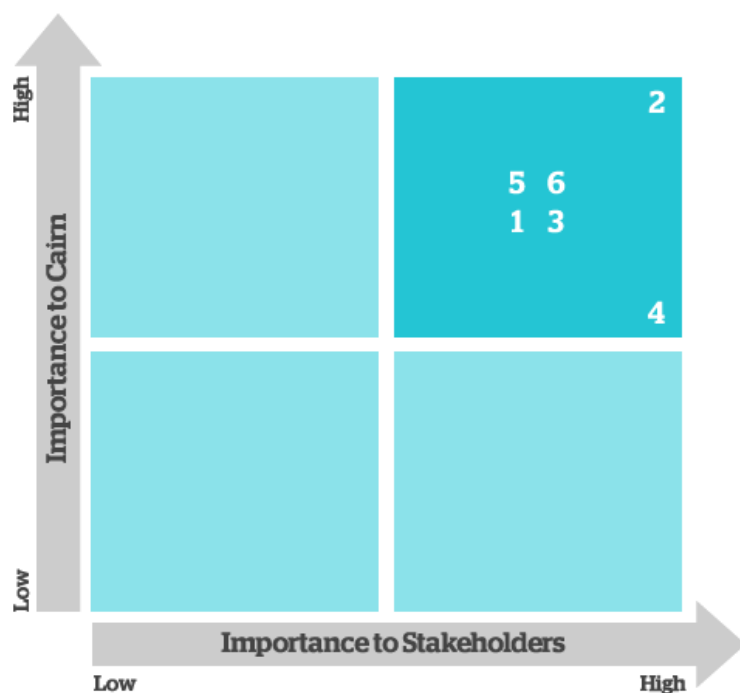
At the end of 2012, the process identified six primary issues that are important to our business and stakeholders. They are:

- The protection of people's health and safety
- The prevention of major accidents
- Providing a positive impact to local communities as a result of our activities
- The prevention of spills and reducing the impact of effluents and waste
- The sustainable development of resources in the Arctic
- Assuring all our relationships are characterised by honesty and integrity



### Our materiality matrix

The simplified matrix (below) was developed at the end of 2012 to reflect feedback from engagement with all our stakeholders during the year and the perceived relevance to Cairn from the perspective of delivery of the Company strategy and objectives.



It plots CR issues on a matrix, with the importance of an issue to stakeholders running along one axis and the importance of the issue to the Company, in terms of business success, running along the other. The issues of highest relevance, based on a consensus, are then shown in the top right-hand corner of the matrix.

## 2013 CR objectives and targets

Our 2013 CR objectives are based upon the outcome of the 2012 materiality process, assessments of the lessons learnt in 2012, the potential CR issues to be faced in 2013 and a review of changes to key external international standards.

### Approach to managing health, safety and environment

1. Complete development of the updated Group CRMS and supporting procedures, and provide training in its use
2. Review and update the CR Policies and Business Principles

### Behaving responsibly in all our business relationships

3. Complete anti-bribery and corruption (ABC) refresher training and monitor its implementation
4. Enhance HSE/CR communications to external stakeholders
5. Implement new contractor management procedures

### Behave responsibly towards society and communities

6. Provide training in updated human rights procedures

### Behave responsibly towards our people

7. Implement management and other staff training programmes
8. Roll-out the HSE Culture Framework and enhance CR communications to staff

### Behaving responsibly towards the environment

9. Update our approach to climate change
10. Refresh our approach to biodiversity

Note that additional people-related 2013 objectives are included on page 91 in the People section.

The following are the CR-related KPIs and targets set in the 2013 Group KPIs:

<b>Successfully complete operated 2013 work programmes</b>	Complete 2013 operational activities on schedule, under budget, to the desired quality and with no injuries or environmental incidents
	To minimise injuries and environmental incidents on 2013 operated activities: <ul style="list-style-type: none"> <li>• Total Recordable Injury Rate (TRIR) target of less than 2.0 TRI/million hours</li> <li>• No oil spills</li> </ul>
<b>Continue to enhance the Group's approach to HSE risk identification and management</b>	Achieve targets for 10 HSE leading performance indicators across the areas of: <ul style="list-style-type: none"> <li>• Awareness raising of HSE management systems and procedures</li> <li>• Engagement with contractors</li> <li>• Communication of HSE approach and performance</li> <li>• Risk assessment and management</li> </ul>



## Stakeholder engagement

Our stakeholders are any group or individual that can influence our strategy, developments, operations and corporate reputation, or who may be affected by them. These stakeholders include governments, regulators, employees, investors, NGOs, contractors, joint venture partners and local communities.



### The engagement process

The process of stakeholder engagement begins with our CRMS, which sets out requirements for determining significant stakeholders both at a Group level and for individual projects. This is supported by the Group stakeholder matrix, which is reviewed by the Corporate Team and provides information into the regular reviews of the business principles and updates to the materiality matrix.

Cairn also operates stakeholder engagement guidelines, which are used by specific project teams to shape their own engagement strategies. The guidelines are also regularly updated to take into account the experiences and 'lessons learned' from different stakeholder programmes.

For every project, we begin the public consultation process by establishing a PCDP, which sets out our strategy for stakeholder engagement. All PCDPs follow a Group Public Consultation and Disclosure Plan Framework in accordance with guidance from the IFC.

Stakeholder group	Key interests and expectations	Engagement in 2012
Employees	<ul style="list-style-type: none"> <li>• Remuneration and benefits</li> <li>• Clear and open communication</li> <li>• Access to directors and senior management</li> <li>• Opportunity for development</li> <li>• Clear company strategy</li> <li>• Friendly and supportive culture</li> <li>• CR approach and performance</li> <li>• Safe and fair working environment</li> </ul>	<ul style="list-style-type: none"> <li>• Issue of total rewards statement to staff</li> <li>• Performance and development reviews for all staff</li> <li>• Staff meetings</li> <li>• Updated strategy and business plan communicated to staff</li> <li>• Executive Team coffee and chat sessions to seek to engage with staff in an informal setting</li> <li>• Edinburgh Office HSES Committee</li> <li>• Intranet and other staff communications</li> <li>• Lunch and learn sessions</li> <li>• Training, including mandatory attendance at equality, discrimination and harassment workshops</li> <li>• Annual Staff survey – Feedback sought from Cairn staff on level of resourcing, clarity of their roles, responsibilities and reporting relationships and leadership behaviours</li> </ul>
Communities	<ul style="list-style-type: none"> <li>• Access to employment opportunities</li> <li>• Community development</li> <li>• Protection of environment and livelihoods</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation meetings as part of scoping SIAs in Greenland</li> <li>• Consultation meetings as part of statutory public hearing process for seismic in Morocco</li> <li>• Ongoing community investment programmes through Impact Benefit Agreement (IBA) implementation in Greenland</li> <li>• Media briefings</li> </ul>
Contractors and suppliers	<ul style="list-style-type: none"> <li>• Long-term relationships</li> <li>• Opportunities for growth</li> <li>• Meeting requirements including CR</li> </ul>	<ul style="list-style-type: none"> <li>• Commercial relationships</li> <li>• Meetings</li> <li>• Contractor assistance to country reconnaissance</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Effective communication of strategy and performance</li> <li>• Good corporate governance and risk/opportunity management</li> <li>• Executive remuneration</li> <li>• Operational risk management and contingency planning</li> <li>• Stakeholder engagement</li> <li>• Approach to human rights/indigenous peoples</li> <li>• Climate change strategy</li> <li>• Biodiversity and ecosystem services</li> <li>• Water resource management</li> <li>• Transparency and anti-bribery and corruption measures</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and CR reports</li> <li>• Meetings with investor representatives</li> <li>• Investor 'road shows' to present on strategy and performance and address questions</li> <li>• Participation in surveys for investment analysts</li> <li>• Responses to written enquiries</li> <li>• Extraordinary and Annual General Meetings</li> <li>• Investor engagement on corporate governance matters</li> </ul>
Governments and regulators	<ul style="list-style-type: none"> <li>• Well integrity, risk management and contingency planning</li> <li>• Legal compliance</li> <li>• Employment generation</li> <li>• Revenue generation</li> <li>• Investment in accessing energy supplies</li> <li>• Skills/knowledge transfer</li> <li>• Working in the Arctic</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in UK Environmental Audit Committee into protecting the Arctic</li> <li>• Awards of exploration permits</li> <li>• Granting operational permits</li> <li>• Compliance monitoring</li> <li>• IBA implementation in Greenland</li> </ul>

Stakeholder group	Key interests and expectations	Engagement in 2012
Non-Governmental Organisations	<ul style="list-style-type: none"> <li>• Our approach to CR issues</li> <li>• Clear policies and principles</li> <li>• Partnerships</li> <li>• Working in sensitive environments</li> <li>• Oil spill prevention and response planning</li> </ul>	<ul style="list-style-type: none"> <li>• Responses to written enquiries</li> <li>• Meetings</li> <li>• Partnerships for community development projects</li> </ul>
Partners and peers	<ul style="list-style-type: none"> <li>• Our policies and approach to CR and performance</li> <li>• Industry reputation</li> <li>• Industry best-practice procedures and guidance</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and CR reports</li> <li>• Meetings</li> <li>• Membership of OGP and GOIA</li> <li>• Participation in OGP Oil Spill Response (OSR) Joint Industry Project (JIP)</li> <li>• Participation in UN Global Compact</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Our approach to CR and performance</li> <li>• Business performance</li> <li>• Community impacts</li> <li>• Working in sensitive environments</li> </ul>	<ul style="list-style-type: none"> <li>• Annual and CR reports</li> <li>• Cairn website</li> <li>• Press briefings and consultation meetings</li> <li>• Responding to media enquiries</li> <li>• Press releases</li> <li>• Country information brochures</li> </ul>

## Winning support

Developing strong relationships with our stakeholders is a vital part of our overall CR policy and a further demonstration of our commitment to act responsibly and transparently in pursuit of our business objectives. We believe that gaining the support of governments, regulators and communities is the best way to move our business forward.

From the very start of a project, we adopt a strategy of active stakeholder engagement, and seek to regularly meet and talk with interested parties. This process gives our stakeholders the opportunity to ask questions about our work and raise any concerns.

It also allows us to explain our operations in more detail, explore ways in which different groups can get involved and manage different expectations.

## Encouraging scrutiny

As a responsible business, we encourage dialogue with our stakeholders, offering them the opportunity to scrutinise our plans and activities, and discuss issues and concerns. We also appreciate that not all groups share our enthusiasm for a project and we respect their rights to freedom of expression.

However, we cannot tolerate unlawful actions by any groups against us that threaten the security of our employees and the safety of our operations and the environment in which we are working. A clear stakeholder grievance procedure is included in our PCDPs.

“

Our process of stakeholder engagement in Spain is very much a two-way process. It gives us the opportunity to explain our future plans and talk about the benefits they can bring to the area, while at same time local groups and individuals are able to question us about the operations and flag concerns which we can then address as our plans develop.

**Antonio Martin,  
General Manager, Spain**

”

**Case study: Stakeholders in Spain**

In Spain we are beginning to develop our interests in the Gulf of Valencia in the Mediterranean Sea. Last year, following our application to the Spanish authorities for permission to undertake a 3D seismic survey, we carried out a series of stakeholder meetings and presentations to provide further details about these seismic activities. These were covered in our new PCDP for Spain.

The programme aimed to engage with a wide range of stakeholders both nationally and regionally, focusing principally on communities in Madrid, Valencia and the Balearic Islands. Designed to explain our strategies and plans, as well as build support for the project, the meetings allowed us to find out more about the needs and concerns of the stakeholders and begin to look at ways in which we can allay their principle concerns relating to potential impacts to local fishing and tourism industries.

We have also established government, industry, academic and media relations in these areas and recently sponsored the Valencia Energy Economic Forum.

## Awards

There were no safety awards to Cairn in 2012. However Cairn India, in which Cairn now has a ~10% shareholding, was judged the fastest growing energy company in the world at the Platts Top 250 Energy Company Awards 2012. Cairn India also won 16 awards in the 26th Mines Safety Week 2012, run by the Directorate General of Mines Safety (DGMS), Ajmer.



## Reporting

### About this report

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Cairn's 2012 CR report is the 13th annual review of our CR performance.

### Scope and boundaries

This report covers Cairn's global operations from 1 January to 31 December 2012. It was published on 16 April 2013. We have adopted an 'operational control' approach, reporting on those operated assets over which we have control in terms of CR policies and practices during 2012. This includes Cairn's head office in Edinburgh and assets in the UK, Norway, Greenland, Morocco, Spain, France, Malta, Nepal and Albania. We have included historical data for other assets we owned in the last five years. This includes Bangladesh which was a major part of our business until 2010 when it was sold, and Tunisia where we had assets and carried out operations in 2009 and 2010. Following the sale to Vedanta Resources plc of a majority shareholding in Cairn India in December 2011, Cairn is now a minority shareholder with a ~10% shareholding, without operational control, and does not receive CR information directly from Cairn India. For this reason we have not included 2012 performance data for Cairn India, however historical data is included where available. Information on the CR performance of Cairn India is available directly from Cairn India at [www.cairnindia.com](http://www.cairnindia.com)

### Data

We measure our CR performance across the Group using a number of key performance indicators (KPIs). These cover a whole range of topics within the areas of environment, health and safety, security, communities and employees.

Data for the business activities in different regions are recorded separately within a database that defines the KPIs to be measured and the frequency of recording. Data entry and approval are tracked within the database. HSE data represents our operated activities, including operated joint ventures with other companies. It covers production and exploration sites and our offices in the UK, Norway, Greenland, Morocco, Nepal, Albania and Spain.

For health, safety and environmental data, we use the definitions set by the Global Reporting Initiative (GRI) and International Association of Oil and Gas Producers (OGP) to provide comparable and credible data that can be benchmarked against our peers in the oil and gas sector. OGP benchmarks are not yet available for 2012.



One of the main foci of the environmental data is direct emissions of greenhouse gases, including carbon dioxide and methane. Emissions of these gases are quantified in accordance with the Compendium of Greenhouse Gas Emissions Estimation Methodologies for the Oil and Gas industry (API, 2009). Factors from EEMS (Environmental Emissions Monitoring System) are also used. We updated our methodologies in 2010 to bring our reported emissions into line with current best-practice calculation methodologies.

With regard to waste, we collect and report data from our contractors on the weight of waste generated during the activities they undertake on our behalf. In 2012, we included terms in our contractual interface documents specifying that our contractors should either weigh their waste or explain the methodology used to calculate the weight of waste. Contractors also have to provide us with a waste transfer note as a record of any waste movements. There were only limited operational activities in 2012 but we will continue to review this process in future in an effort to improve the quality of our waste performance data.

## Content

This report covers all significant topics that are of concern to our stakeholders. The issues addressed in this report – and the emphasis they have been given – were assessed by specialists within the business and approved by our Executive, Management and Corporate Teams. This report complements the Company's 2012 Annual Report and Accounts, which contains detailed financial and operational information on the Group's wider activities during 2012, and may help in understanding the sustainability of our business.

## Our reporting

We have reported our CR performance annually since 2001, and our last CR report was issued in April 2012. Copies of all CR-related reports can be found at [www.cairnenergy.com/corporate-responsibility/reports/](http://www.cairnenergy.com/corporate-responsibility/reports/).

## Reporting standards

In this report, we have made reference to the third version of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, known as G3, and have been guided by its principles of materiality, stakeholder inclusiveness, sustainability context and completeness, and the qualities of balance, comparability, accuracy, timeliness, clarity and reliability. The G3 guidelines define three application levels for reports and allow self-assessment against them. The GRI has completed a GRI application-level check and confirmed that this fulfils the requirement of Application Level B+. Please see the GRI statement and the GRI content index for details of the information contained within this report.

## External assurance

The independent sustainability consultant and assurance firm Environmental Resources Management (ERM) has again provided independent assurance of selected information found in this report. ERM's assurance statement covers:

- Selected data and Key Performance Indicators (KPIs)
- Our status of alignment against the requirements of AA1000 Assurance Standard (AA1000 AS – 2008)

The ERM tick logo has been associated with the selected disclosures on which assurance has been provided. For details of ERM's assurance work and conclusions, please refer to their assurance statement.



## GRI Index

This report considers our operations in the context of the updated Global Reporting Initiative (GRI) Sustainability Reporting Guidelines, G3.1. Content in this report is determined by the GRI principles of materiality, stakeholder inclusiveness, sustainability context and completeness, and the following qualities: balance, comparability, accuracy, timeliness, clarity and reliability.

The GRI Reporting Framework has three application levels, titled A, B and C, which indicate the level of coverage of the guidelines contained within a report. GRI has independently conducted an application-level check and has determined it to be at Level B+ against the GRI criteria. Confirmation of external assurance is encompassed by the self-declaration of this 'plus'.

1. Strategy and analysis
2. Organisational profile
3. Report parameters
4. Governance, commitments and engagement
5. Management approach and performance indicators

### KEY

● FULLY REPORTED ○ PARTIALLY REPORTED

### 1. Strategy and analysis

Element	Disclosure		Report links and references	Page
1.1	Statement from the most senior decision-maker of the organisation (e.g., CEO, chair, or equivalent).	●	CEO statement Chief Executive's Message in Corporate Responsibility Report 2012 – A Summary	3 2
1.2	Description of key impacts, risks and opportunities.	●	Oil and gas exploration and production project lifecycle Stakeholder engagement Materiality Progress against 2012 CR objectives and KPIs 2013 CR objectives and targets Governance Taking a long term view in Corporate Responsibility Report 2012 – A Summary Mapping our Priorities and our CR Priorities in Corporate Responsibility Report 2012 – A Summary Principal Risks and Uncertainties in Annual Report and Accounts 2012	6 14 11 8 13 37 4 10 41



## 2. Organisational profile

Element	Disclosure		Report links and references	Page
2.1	Name of the organisation.	●	About us	4
2.2	Primary brands, products and/or services. Indicating the nature of the organisation's role in providing these products and services, and the degree to which it utilises outsourcing.	●	About us Oil and gas exploration and production project life cycle	4 6
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	●	About us Operational Review in Annual Report and Accounts 2012	4 25
2.4	Location of organisation's headquarters.	●	Working with Cairn	91
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	About us Business Overview in Corporate Responsibility Report 2012 – A Summary	4 4
2.6	Nature of ownership and legal form.	●	About us Director's Report in Annual Report and Accounts 2012	4 52
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	●	About us	4
2.8	Scale of the reporting organisation, including: number of employees; number of operations; net sales (for private sector organisations) or net revenues (for public sector organisations); total capitalisation broken down in terms of debt and equity (for private sector organisations); and quantity of products or services provided.	●	About us People: Performance and data Operational Review and Financial Review in Annual Report and Accounts 2012	4 104 30
2.9	Significant changes during the reporting period regarding size, structure, or ownership including: The location of, or changes in operations, including facility openings, closings, and expansions; and changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organisations).	●	About us Annual Report Financial Statements in Annual Report and Accounts 2012	4 84
2.10	Awards received in the reporting period.	●	Awards	18

## 3. Report parameters

### Report profile

Element	Disclosure		Report links and references	Page
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	●	Reporting	18
3.2	Date of most recent previous report (if any).	●	Reporting	18
3.3	Reporting cycle (annual, biennial, etc.).	●	Reporting	18
3.4	Contact point for questions regarding the report or its contents.	●	Contact details	155

## Report scope and boundary

Element	Disclosure		Report links and references	Page
3.5	Process for defining report content, including: determining materiality; prioritising topics within the report; and identifying stakeholders the organisation expects to use the report.	●	Reporting Materiality Introduction in Corporate Responsibility Report 2012 – A Summary	18 11 1
3.6	Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	●	Reporting	18
3.7	State any specific limitations on the scope or boundary of the report.	●	Reporting	18
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	●	Reporting	18
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	●	Reporting	18
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g. mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).	●	Reporting	18
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	●	Reporting	18

## GRI content index

Element	Disclosure		Report links and references	Page
3.12	Table identifying the location of the Standard Disclosures in the report.	●	GRI Index	20

## Assurance

Element	Disclosure		Report links and references	Page
3.13	Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s).	●	Reporting	18

## 4. Governance, commitments and engagement

### Governance

Element	Disclosure		Report links and references	Page
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	●	Governance Corporate Governance Statement in Annual Report and Accounts 2012	37 55
4.2	Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement).	●	Corporate Governance Statement in Annual Report and Accounts 2012	55
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	●	Equality and Diversity in Corporate Responsibility Report 2012 – A Summary Corporate Governance Statement in Annual Report and Accounts 2012	19 55
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	Stakeholder engagement Corporate Governance Statement in Annual Report and Accounts 2012	14 55
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	●	Occupational health and safety Corporate Governance Statement and How we deliver value for shareholders in Annual Report and Accounts 2012	93 6, 55
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	Corporate Governance Statement in Annual Report and Accounts 2012	55
4.7	Process for determining the composition, qualifications and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	●	Equality and diversity Corporate Governance Statement in Annual Report and Accounts 2012	97 55
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	Policies and principles Transparency Business ethics	39 43 44
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	Governance Corporate Governance Statement in Annual Report and Accounts 2012	37 55
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	Corporate Governance Statement in Annual Report and Accounts 2012	55
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	●	Environment Climate change	57 63
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	●	UN Global Compact Policies and principles	31 39
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	●	UN Global Compact Transparency Human rights Oil spill prevention and contingency planning Noise Resource development in the Arctic	31 43 46 59 67 144



## Stakeholder engagement

Element	Disclosure		Report links and references	Page
4.14	List of stakeholder groups engaged by the organisation.		Stakeholder engagement	14
4.15	Basis for identification and selection of stakeholders with whom to engage, including the organisation's process for defining its stakeholder groups and for determining the groups with which to engage and not to engage.	●	Stakeholder engagement	14
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	●	Our responsible approach Stakeholder engagement A1000 Accountability statement	36 14 32
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	●	Materiality Stakeholder engagement Occupational health and safety Operational integrity Legacy of operations Oil spill prevention and contingency planning Resource development in the Arctic Transparency Business ethics Human rights	11 14 93 139 129 59 144 43 44 46

## 5. Management approach and performance indicators

### Economic

#### Disclosure on management approach

Element	Disclosure		Report links and references	Page
Aspects	Economic performance	●	Financial Review and Financial Statements in Annual Report and Accounts 2012 Principal Risks and Uncertainties in Annual Report and Accounts 2012	38, 84 41
	Market presence, including local content	●	Supply chain Operational Review in Annual Report and Accounts 2012	119 30
	Indirect economic impacts	●	Communities Legacy of operations	123 129

#### Economic performance

Element	Disclosure		Report links and references	Page
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	●	Financial Statements in Annual Report and Accounts 2012 Communities: Performance and data	84 137
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	○	Climate change	63

## Market presence

Element	Disclosure		Report links and references	Page
EC6	Policy, practices and proportion of spending on locally-based suppliers at significant locations of operation.	●	Supply chain: Performance and data	122
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	●	People: Performance and data Contractor management Legacy of operations	104 120 129

## Indirect economic impacts

Element	Disclosure		Report links and references	Page
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro-bono engagement.	●	Education funding Community development funding Legacy of operations	130 131 129

## Environmental

### Disclosure on management approach

Element	Disclosure		Report links and references	Page
Aspects	Materials	●	Effluents and waste Operations do not utilise significant amounts of natural materials and as such are not considered a significant impact. Noise impacts are considered potentially significant particularly by our stakeholders and are therefore covered. Noise	61 67
	Energy	●	Climate change	63
	Water	●	Effluents and waste	61
	Ecosystem services including biodiversity	●	Biodiversity	64
	Emissions, effluents and waste	●	Effluents and waste	61
	Products and services	●	About us We do not refine oil to fuel products. We produce a natural resource oil and gas. However, we provide exploration and production services to Government.	4
	Compliance	●	Compliance	49
	Transport	●	Climate change	63
	Overall	●	Environment	57

## Energy

Element	Disclosure		Report links and references	Page
EN3	Direct energy consumption by primary energy source.	●	Environment: Performance and data	71
EN4	Indirect energy consumption by primary source.	●	Environment: Performance and data	73

## Water

Element	Disclosure		Report links and references	Page
EN8	Total water withdrawal by source.	●	Environment: Performance and data	79

## Biodiversity

Element	Disclosure		Report links and references	Page
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	●	Environment: Performance and data	87
EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	●	Biodiversity	64
EN13	Habitats protected or restored.	●	Environment: Performance and data	88
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.	●	Biodiversity	64
OG4	Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored.	●	Environment: Performance and data	88
EN15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations and by level of extinction risk.	●	Environment: Performance and data	89

## Emissions, effluents and waste

Element	Disclosure		Report links and references	Page
EN16	Total direct and indirect greenhouse gas emissions by weight.	●	Environment: Performance and data	69
EN17	Other relevant indirect greenhouse gas emissions by weight.	●	Environment: Performance and data	71
EN20	NO <sub>x</sub> , SO <sub>x</sub> , and other significant air emissions by type and weight.	●	Environment: Performance and data	69
EN21	Total water discharge by quality and destination.	●	Environment: Performance and data	82
EN22	Total weight of waste by type and disposal method.	●	Environment: Performance and data	74
EN23	Total number and volume of significant spills.	●	Environment: Performance and data	84

## Products and services

Element	Disclosure		Report links and references	Page
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	○	Environment Environmental Impact Assessments Oil spill prevention and contingency planning Biodiversity Noise	57 58 59 64 67

## Compliance

Element	Disclosure		Report links and references	Page
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	●	Environment: Performance and data	90

## Labour practices and decent work

### Disclosure of management approaches

Element	Disclosure		Report links and references	Page
Aspects	Employment	●	People Recruitment and retention	91 98
	Labor/management relations	●	Employee engagement	102
	Occupational health and safety		Occupational health and safety	93
	Training and education	●	Training and development	100
	Diversity and equal opportunity	●	Equality and diversity	97
	Equal remuneration for women and men	●	Equality and diversity	97

## Employment

Element	Disclosure		Report links and references	Page
LA1	Total workforce by employment type, employment contract, and region, broken down by gender.	●	People: Performance and data	112
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	●	People: Performance and data	116-117
LA4	Percentage of employees covered by collective bargaining agreements.	●	People: Performance and data	118
LA15	Return to work and retention rates after parental leave, by gender.	●	Employee engagement People: Performance and data	102 118

## Occupational health and safety

Element	Disclosure		Report links and references	Page
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region and by gender.	●	Occupational health and safety People: Performance and data We report according to the OGP definitions of FAR, LTIF and TRIF for comparability with the rest of the oil and gas industry. We report according to the CIPD definition of Absentee rate.	93 104
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	○	Employee wellbeing	103

## Training and education

Element	Disclosure		Report links and references	Page
LA10	Average hours of training per year per employee by gender and by employee category.	●	People: Performance and data	110
LA12	Percentage of employees receiving regular performance and career development reviews, by gender.	●	People: Performance and data	110

## Diversity and equal opportunity

Element	Disclosure		Report links and references	Page
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership and other indicators of diversity.	●	Equality and diversity People: Performance and data Board of Directors in Annual Report and Accounts 2012	97 112 50

## Social: human rights

### Disclosure on management approach

Element	Disclosure		Report links and references	Page
Aspects	Investment and procurement practices	●	Assessment process of new ventures	147
	Non-discrimination	●	Equality and diversity	97
	Freedom of association and collective bargaining	●	Equality and diversity	97
	Child labor	●	CEO statement CEO message in Corporate Responsibility Report 2012 – A Summary UN Global Compact	3 2 31
	Prevention of forced and compulsory labor	●	CEO statement CEO message in Corporate Responsibility Report 2012 – A Summary UN Global Compact	3 2 31
	Security practices	●	Security	149
	Indigenous rights	●	Human rights	46
	Assessment	●	Human rights	46
	Remediation	●	Human rights	46

## Investment and procurement practices

Element	Disclosure		Report links and references	Page
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.		Assessment process of new ventures	147
HR2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.		Supply chain Business ethics	119 44
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Governance: Performance and data Equality and diversity	56 97

## Non-discrimination

Element	Disclosure		Report links and references	Page
HR4	Total number of incidents of discrimination and corrective actions taken.		Governance: Performance and data	56

## Security practices

Element	Disclosure		Report links and references	Page
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.		Operational integrity: Performance and data	150

## Assessment

Element	Disclosure		Report links and references	Page
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.		Human rights	46

## Remediation

Element	Disclosure		Report links and references	Page
HR11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.		Governance: Performance and data Business ethics Community engagement	56 44 126

## Social: society

### Disclosure on management approach

Element	Disclosure		Report links and references	Page
Aspects	Local communities		Communities	123
	Corruption		Transparency Business ethics Supply chain	43 44 119
	Public policy		Human rights	46
	Anti-competitive behavior		Business ethics	44
	Compliance		Compliance	49
	Emergency preparedness		Business continuity and response	140
	Asset integrity and process safety		Operational integrity	139



## Local communities

Element	Disclosure		Report links and references	Page
SO1	Percentage of operations with implemented local community engagement, impact assessments and development programmes.	●	Communities: Performance and data	135

## Corruption

Element	Disclosure		Report links and references	Page
SO2	Percentage and total number of business units analyzed for risks related to corruption.	○	Business ethics Supply chain	44 119
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	●	Business ethics	44

## Public policy

Element	Disclosure		Report links and references	Page
SO5	Public policy positions and participation in public policy development and lobbying.	○	Resource development in the Arctic	144

## Compliance

Element	Disclosure		Report links and references	Page
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	●	Environment: Performance and data	90

**Social: product responsibility**

## Disclosure on management approach

Element	Disclosure		Report links and references	Page
Aspects	Customer health and safety	●	Our responsible approach Throughout the report we describe our approach to exploring for oil and gas in a sustainable manner.	36
	Product and service labelling		Not applicable	
	Marketing communications		Not applicable	
	Customer privacy		Not applicable	
	Compliance		Not applicable	

## Customer health and safety

Element	Disclosure		Report links and references	Page
PR1	Lifecycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	●	Oil and gas exploration and production project life cycle Cairn is an oil and gas exploration and production company. We do not refine oil or sell petroleum products and therefore we do not market, advertise, etc our product. We deliver crude oil and gas to local buyers and refiners. Therefore there is limited information we can provide in this category.	6

## UN Global Compact

Cairn's Business Principles are consistent with those of the UN Global Compact, which are described below.

The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.



Human rights		Report links
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	Human rights, Communities
Principle 2	make sure that they are not complicit in human rights abuses.	Human rights, Community engagement, Land acquisition and resettlement
Labour standards		Report links
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human rights, Employee engagement
Principle 4	the elimination of all forms of forced and compulsory labour;	Human rights
Principle 5	the effective abolition of child labour; and	Human rights, Supply chain
Principle 6	the elimination of discrimination in respect of employment and occupation.	Equality and diversity
Environment		Report links
Principle 7	Businesses should support a precautionary approach to environmental challenges;	Environment, Communities, Supply chain
Principle 8	undertake initiatives to promote greater environmental responsibility; and	Our responsible approach, Governance, Environment, Supply chain
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	Environment, Oil spill prevention and contingency planning, Effluents and waste, Climate change, Biodiversity, Noise
Anti-corruption		Report links
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	Policies and principles, Transparency, Business ethics, Supply chain

# AA1000 Accountability statement

Our 2012 CR Report and supporting CR programmes are developed and assured in line with the AA1000 Assurance Standard (AA1000 AS – 2008).

This standard provides a framework for framing and structuring the way in which organisations understand, govern, administer, implement, evaluate and communicate their accountability. It is based on the three founding principles of:

## **Inclusivity**

Through which CR issues are identified by engaging with internal and external stakeholders and are aligned with business requirements. We see our stakeholders as important partners in the business and their feedback helps shape our business strategy and management plans. Our process for defining and engaging with stakeholders is explained in section 2.3 'Stakeholder engagement'.

## **Materiality**

A process through which the most important CR issues are identified, assessed and are reflected in our business principles, approach and CR reporting. The process and outcome of the materiality assessment at the end of 2012 is described in section 2.2 'Materiality'.

## **Responsiveness**

Addressing and responding to material CR issues and challenges, and stakeholder concerns. Our approach is reflected within this report and through our policies and principles, our management systems, our objectives and our mechanisms for stakeholder engagements. This is described in the sections: 'Our responsible approach', 'Stakeholder engagement' and 'Policies and principles'.

The independent sustainability consultant and assurance firm Environmental Resources Management (ERM) has provided moderate assurance on selected information within the 2012 CR Report and delivered its work in accordance with the AA1000 Assurance Standard (AA1000 AS – 2008). The outcome of this assurance is presented in the ERM Assurance Statement.

# ERM Assurance statement

## Independent Assurance Report to Cairn Energy plc

### Our brief

Cairn Energy plc ("Cairn") appointed Environmental Resources Management Limited (ERM) to provide independent assurance on selected information presented in its 2012 Corporate Responsibility (CR) report and associated web pages ("the Report") as follows:

- A. **AA1000 AccountAbility Principles:** Cairn's status of alignment against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness.
- B. **Selected 2012 Key Performance Indicators (KPIs) and selected management assertions on specific practices and performance as follows:**
  - a. Total direct (from fuel consumption) and indirect (from electricity consumption) greenhouse gas emissions by weight (tonnes CO<sub>2</sub>e);
  - b. Other relevant indirect greenhouse gas emissions (from business travel) by weight (tonnes CO<sub>2</sub>e);
  - c. Total weight of waste by type and disposal method (tonnes).
  - d. Total number and volume of significant spills (barrels);
  - e. Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region (LTIFR: number per million hours worked; lost days: number of; absenteeism: %; fatalities: number per 100 million hours worked); and
  - f. Percentage of operations with implemented local community engagement, impact assessments, and development programmes (%).

### Our approach

#### Standards and criteria used

We performed our work in accordance with the AccountAbility Assurance Standard (AA1000AS 2008) Type 2 requirements. We used the following assessment criteria when undertaking our work: AccountAbility Principles Standard (AA1000 APS) 2008 and Cairn's KPI definitions.

#### Level of Assurance and engagement limitations

We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions as to whether the reported information set out in 'Our Brief' was appropriately reported (moderate assurance as per AA1000 AS 2008).

If we had been asked to conclude on whether the reported information subject to assurance was robust (high assurance as per AA1000 AS 2008), we would have needed to conduct more work at corporate and site levels and to gather further evidence to support our assurance opinion.

The reliability of the reported information and data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.

## Our work

A multi-disciplinary team of sustainability and assurance specialists with experience in Cairn's industry sector performed work at Cairn's Head Office in Edinburgh with selected asset teams (Mediterranean & North Africa, Atlantic Margin and NW Europe) and various corporate functions (e.g. Human Resources, Finance, CR and Operations HSEQ, Business Development, Risk Management, Corporate Affairs and the Chief Financial Officer). Our assurance activities included:

- Face-to-face interviews to understand and test the processes in place for managing and reporting on its sustainability performance, including the selected KPIs and their underlying data management systems;
- Testing on a sample basis the data measurement, collection, aggregation and reporting processes in place for the selected KPIs;
- Reporting our assurance findings to management as they arose to provide them with the opportunity to correct them prior to finalisation of our work; and
- Reviewing the presentation of information relevant to the scope of our work in the Report to ensure consistency with our findings.

## Respective responsibilities and ERM's independence

Cairn is responsible for preparing the report and for the collection and presentation of information within it. ERM's responsibility is to express our assurance conclusions on the agreed brief. ERM operates strict conflict checks and we have confirmed our independence to Cairn for delivering our assurance engagement.

### Our assurance conclusions

Based on the work undertaken as described above, we conclude that in all material respects:

- A. Cairn's status of alignment against the AccountAbility Principles of Inclusivity, Materiality and Responsiveness as presented in the Materiality section of this report is appropriately reported; and
- B. The 2012 KPIs as defined above in "Our brief" and as presented throughout the Report are appropriately reported.

### Our key observations and recommendations

Based on our work set out above, and without affecting our conclusions, our key observations and recommendations for improvement are:

#### In relation to the Inclusivity Principle

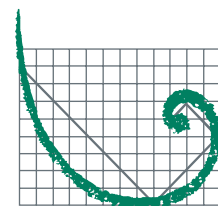
- Over the past year Cairn has engaged with a wide range of stakeholders including regulators, communities and NGOs at Corporate level and within its primary area of operations, especially in Greenland, Morocco, and Spain.
- We recommend that Cairn continues an open and regular dialogue with all relevant stakeholders and further strengthens its internal communication of issues raised by stakeholders to ensure they are appropriately considered across Cairn's decision-making processes.

### In relation to the Materiality principle

- Cairn currently reviews its group-level materiality matrix annually and its project-level materiality matrices on a regular basis as required based on the project activity.
- Moving forward, we recommend that Cairn:
  - Reviews its group-level matrix more frequently to account for and better respond to changes in Cairn's operating portfolio and emerging external factors;
  - Further align the review process (eg timing, flow of information) of materiality matrices undertaken at group and project level.

### In relation to the Responsiveness Principle and the selected Key Performance Indicators we have reviewed

- Over the past year, as presented in more detail in the Report, Cairn has made some good progress in a number of key areas, including:
  - Responding to stakeholder feedback from the previous statutory consultation and public hearing process by engaging earlier with stakeholders in West Greenland.
  - Integrating the learning gained from the 2010 and 2011 operational activities and further improving where required policies and procedures. Updating and integrating further the group CR Management System and CR Gated process within the Cairn Exploration Production Management System.
- Going forward, we recommend that:
  - Future Group CR related KPIs and Targets should include community-related KPIs; and
  - The approach to managing Joint Ventures from a CR perspective is reviewed and strengthened as required as Cairn has over the past year increased its portfolio of Joint Ventures projects.
- In relation to the greenhouse gas emissions KPIs, ERM recommends that emissions from waste incineration on vessels are included in the scope of the direct greenhouse gas emissions KPI.



# ERM


**AA1000**

 Licensed Assurance Provider  
000-21

## Environmental Resources Management Limited (ERM)

Edinburgh, UK 16 April 2013

ERM is an independent global provider of environmental, social and corporate responsibility consulting and assurance services. Over the past four years we have worked with over half of the world's 500 largest companies, in addition to numerous governments, international organisations and NGOs.

Our assurance statement provides no assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular whether any changes may have occurred to the information since it was first published. These matters are the responsibility of Cairn but no control procedures can provide absolute assurance in this area.



## Our responsible approach

Corporate responsibility (CR) is central to how we operate at Cairn. It governs the way in which we manage our plans for economic growth, alongside our responsibilities for the safety of our people, environmental stewardship and the interests of the communities where we operate.

We have adopted the following definition of CR:

“ Responsibility of an organisation for the impact(s) of its decisions and activities on society and the environment, through transparent and ethical behaviour that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organisation and practised in its relationships. ”

The ISO 26000 Guidance for Social Responsibility

### Sustainable development

We also champion sustainable development. Our activities create value and provide an essential source of energy, and when managed responsibly and ethically can bring significant economic prosperity and growth to a country or region. This, in turn, can lead to greater levels of social development and environmental protection.

### Our business principles

Our business principles are based on our core values of building respect, nurturing relationships and acting responsibly (the '3Rs'):



“

There is growing recognition among a number of different stakeholders that CR, and good governance generally, are not box-ticking exercises but fundamental to sound and sustainable businesses which generate returns.

**Jann Brown,**  
**Managing Director and**  
**Chief Financial Officer**

”

#### Related links

Policies and principles

## 3Rs

**Our business principles are based on these core values:**

### Building respect

We act with respect for people, their communities, the environment, human rights and the law.

### Nurturing relationships

We act honestly, transparently and with integrity to develop strong, lasting relationships with all our stakeholders.

### Acting responsibly

We behave fairly and ethically, and are accountable for our actions. We believe in, and act on, our responsibility to care for people, society and the environment.

## Governance

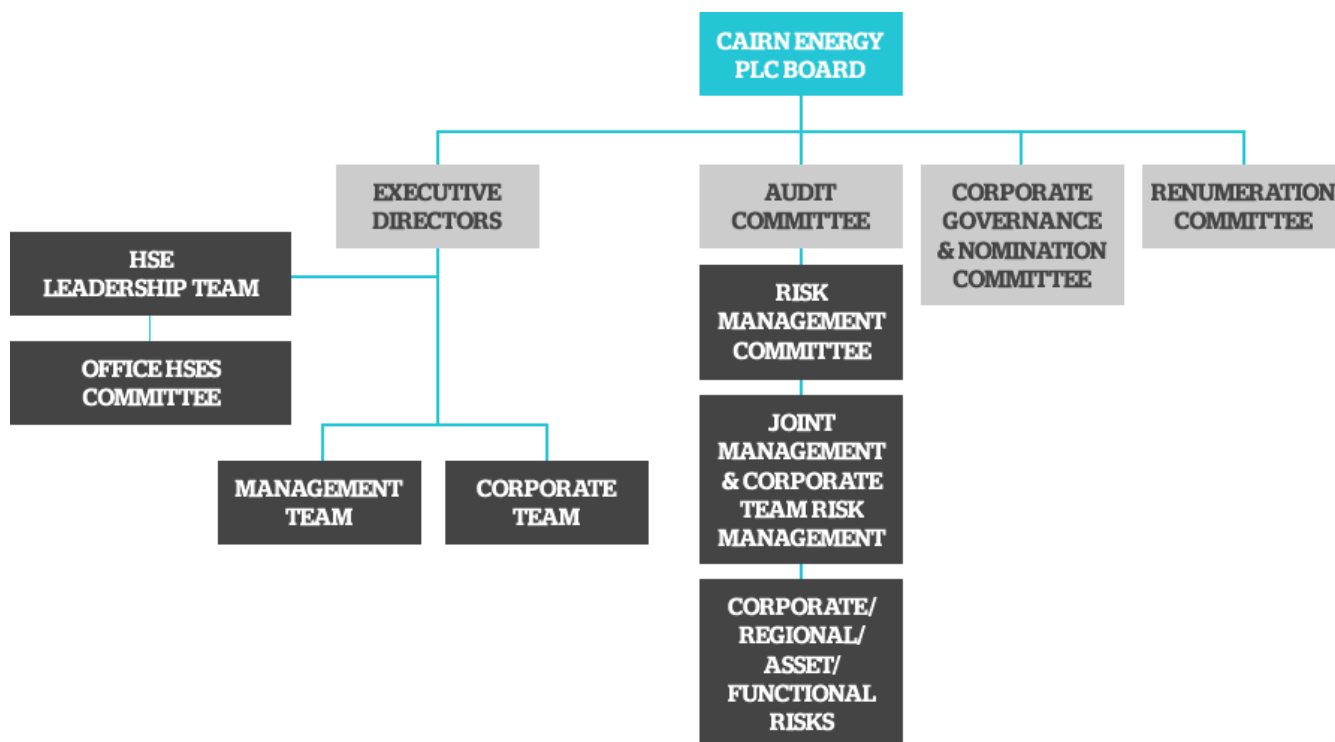
At Cairn, we set extremely high standards of corporate governance, a way of working that has helped us build a reputation as an ethical business that views the safety of its people and the protection of the environment as paramount.



Many of our day-to-day operations are governed by a framework of management systems, policies and procedures which are designed to ensure the business acts responsibly while also delivering shareholder value.

### CR and risk management

We have a well-established and rigorous system in place for managing a whole range of CR issues across the business, governed by a clear structure of responsibility. The Board is in overall charge of defining and refining the Group CR policies and business principles and for ensuring effective management systems are in place to manage any CR risks.



Jann Brown, Managing Director and Chief Financial Officer (CFO), is the Director accountable for providing assurance to the Board on issues around health, safety and environment (HSE) including climate change, community, human rights, employees and security matters.

The Board is updated at every meeting on CR performance and developments.

We also operate two specialist teams, which both work closely together:

### The Management Team (MT)

Nine members of the senior management team make up the MT, which is responsible for delivering our strategic objectives, business plan and operated activities. It also plays an important role in risk management, particularly in relation to new ventures.

### The Corporate Team (CT)

The CT comprises four members of the senior management team. Its roles include making sure the CR policies, business principles and the CRMS are fit for purpose, maintaining the Company's access to capital markets and new opportunities and looking after Cairn's reputation as an ethical business.

### HSE Leadership Team

A third team, the HSE Leadership Team, is chaired by Jann Brown, Group Managing Director & CFO and several senior managers, and looks to provide leadership on HSE in Cairn, through setting the direction for effective HSE and security management and embedding HSE in all aspects of the Cairn's activities.

### Assessing risk and new business opportunities

We understand that risk is fundamental to our business and that, without taking risks, many business opportunities around gas and oil exploration would simply never come to fruition.

Of course, not all risk is acceptable and we have developed a thorough risk management process which reflects the dangers associated with our exploration and development activities.

Wherever we operate, we do so with a focus on safeguarding the wellbeing of people, whether directly involved in our activities or in nearby communities and the environment, and we have developed a rigorous system of checks and balances to monitor and review all our operations.

Ultimate responsibility for risk management rests with the Board, which sets the Company's risk appetite. This then guides the Board on the nature and extent of any significant risks the Company is willing to take in pursuit of business objectives. Our Business Risk Management System (BRMS) defines the process for identifying, assessing and mitigating the risks. Both the Audit Committee and the Group Risk Management Committee monitor the effectiveness of the BRMS on behalf of the Board.

We follow our investment guidelines to review potential new business opportunities, a process that involves considering the potential value to the Company of a project and a thorough review of project risks, including any associated CR risks.

### Project Delivery Process (PDP)

A gated PDP is in place for managing projects in a systematic way and forms a core part of our business management procedures.

By setting out the project requirements at key stages in a project, we can ensure that CR requirements, risks and mitigating measures are understood at each decision point. In line with our Company ethos of continuous improvement, the process also includes an end-of-project evaluation to identify 'lessons learned'.



“

Our attitude to risk supports our entrepreneurial and innovative approach and we believe enhances our chances of safely engaging in business opportunities and ultimately delivering value to our shareholders.

**Steve Welton, Director of Group HSE, Risk & Compliance**

”

“

There is no such thing as 'no risk'. Our business is about the management of risk and mitigating it in line with accepted good practice including the principle of 'As Low As Reasonably Practicable'. We are rigorous risk managers – in all our operations, the highest priority is placed on protecting people, communities and the environment.

**Dr Mike Hunter, Head of Operational Health, Safety, Environment and Quality (HSEQ)**

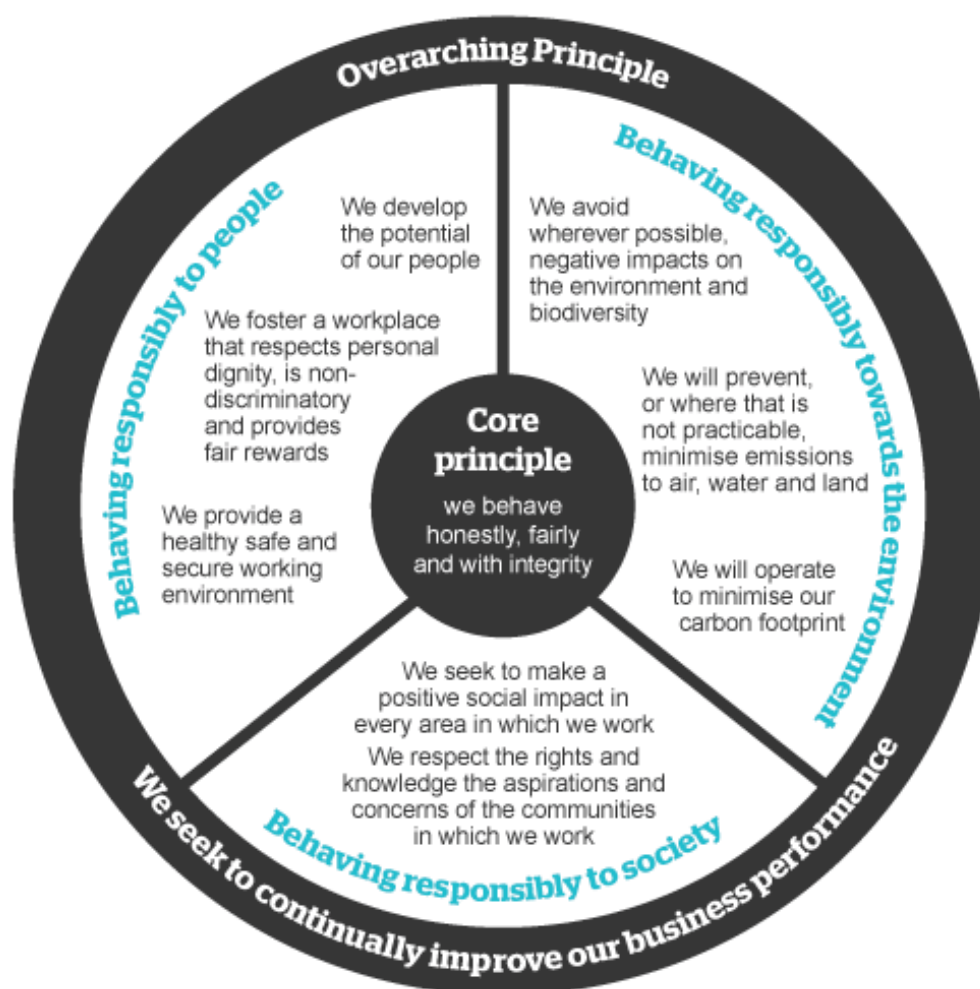
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## Policies and principles

Our business principles are based on our core values of building respect, nurturing relationships and acting responsibly (the '3Rs') and set out our fundamental values and approach to managing the business.

### Our business principles

We regularly update and review our business principles in line with developing stakeholders' expectations and our own changing commitments.



“

Getting CR right is essential to the oil business. If you don't do things properly or build up a solid track record of getting things right – particularly in terms of safety and the environment – then countries simply will not let you carry out any exploration activities.

**Steve Welton, Director of Group HSE, Risk & Compliance**

”

“

Good CR is the Cairn business card.

**Ian Watt, Regional Director (North Atlantic)**

”

In 2012, the key factors that influenced this update were:

- A new HSE Culture Framework
- Becoming a signatory of the UN Global Compact in June 2012 thereby committing to align our operations and strategy with the 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption
- Updates to our anti-bribery and corruption policies and procedures
- Updates to procedures to ensure the business meets new performance standards issued by the International Finance Corporation (IFC)
- The findings from a gap analysis of our CR approach against the international standard ISO26000 'Guidelines for Social Responsibility'

Our business principles document is available at [www.cairnenergy.com/assets/files/cms/Business\\_Principles.pdf](http://www.cairnenergy.com/assets/files/cms/Business_Principles.pdf) and our CR policies covering health, safety and security (HSS), environment and corporate social responsibility (CSR) are available at [www.cairnenergy.com/files/pdf/policiesandprinciples](http://www.cairnenergy.com/files/pdf/policiesandprinciples).

The delivery of our principles is supported by our Business Management System, which define the internal controls, processes and procedures through which we deliver our strategy and objectives while mitigating the risks associated with our exploration and development activities.

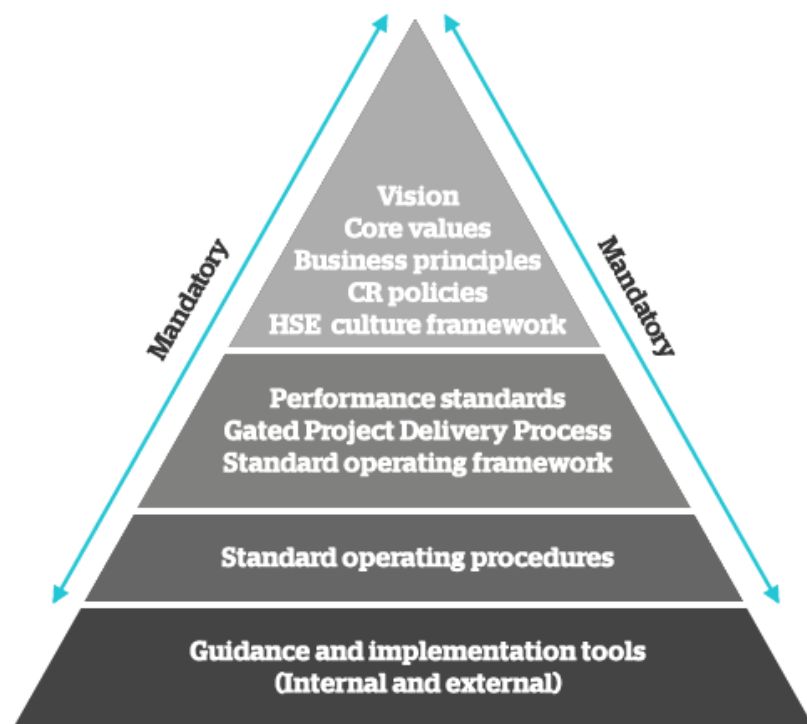
We also set annual business performance objectives, and key performance indicators (KPIs) and targets, and measure and report our performance against them.

### **Corporate Responsibility Management System (CRMS)**

Our CRMS helps us to deliver the commitments made in our CR policies and business principles. It is aligned with our Business Management System and plays a key role in helping to define roles, responsibilities, capabilities and levels of accountability within each business area.

The CRMS is pivotal at each stage of a project's life cycle. Initially it is used to assess CR risk and develop measures to mitigate it. It also helps to assess a project's CR requirements, monitor CR performance and, in the event of an incident, establish any necessary investigations. It also identifies each project's legal and regulatory requirements.

## The CR Management System (CR MS) Documentation Hierarchy



### Revised CRMS

As part of our commitment to continuous improvements, the CRMS, like many of our policies and procedures, is often updated.





In 2012, the key factors behind this review were:

- Changes to the structure, organisation and roles and responsibilities during 2012
- Lessons learnt from implementation of the CRMS over the last few years
- Changes to our gated Project Delivery Process (PDP)
- Updates to the gated Business Principles
- Benchmarking against ISO 26000 and industry best practices
- Adoption of the new HSE Culture Framework for the business

During 2012, we also updated a number of key procedures and guidance supporting the CRMS, as follows:

- Human Rights Guidelines, which were updated for the Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework and other industry standards/guidance
- Group Framework Resettlement Action Plan (RAP) and Livelihoods Restoration Plan (LRP)
- Standard Operating Procedures (work in progress).

We have also improved access to the CRMS by mounting it on the Company's e-portal, EPMS (Exploration and Production Management System). This allows us to manage updates more effectively and a series of training workshops will be undertaken in early 2013 to roll out the updated CRMS.

# Transparency

As a responsible business we have a duty to our stakeholders to conduct our operations transparently and openly, and we expect all our employees and contractors to meet similar high standards.

## Transparent payments

A clear example of the transparency with which we conduct our affairs is our support for principles of the Extractive Industries Transparency Initiative (EITI), which helps to increase transparency over payments by companies from the oil and mining industries to governments.

As a company with business interests in several different countries, we work hard to ensure that we comply with all the relevant local tax rules and regulations. Ethically this is important also, as our activities have the potential to generate significant revenue for governments in the form of royalties and tax payments. Cairn always aims to pay the right amount of tax, at the right time within the right jurisdiction and the Company has adopted a tax policy that ensures it does not enter into artificial tax avoidance schemes.

## Funding our operations

Our exploration activities are self-funded but we typically use project finance to fund developments. Of particular note was the funding for the development of the Mangala Field in Rajasthan through which we developed a close working relationship with the International Finance Corporation (IFC), the private investment arm of the World Bank.

We believe this is a sustainable and appropriate way to fund our future developments and part of the loan conditions ensure that we fully commit to the organisation's performance standards. These include promoting sound environmental and social practices, encouraging transparency and accountability and contributing to positive developments and impacts in countries where we work.

## Communication to market

The Board values its close lines of communication with the Company's shareholders and seeks to keep them up to date with company performance and developments.

Shareholders now have the option to receive both our Annual Report and Accounts and half-yearly report by post or electronically, and further pertinent information is made available on a dedicated investor relations section on our website.

In order to ensure that the Board develops an understanding of our major shareholders' views, regular dialogue takes place with institutional shareholders, which are detailed in reports given to the Board.

Regular lines of communication with the Board, senior management and non-executive directors are available to shareholders who wish to raise a particular concern or issue.



# US\$3.237m

transparent payments and taxes paid to foreign governments in 2012

“

We are very transparent about paying tax and making payments to governments at state and federal levels, and have been disclosing these payments for many years.

**Jann Brown, Managing Director and Chief Financial Officer**

”

## Business ethics

At Cairn we take our responsibilities as an ethical business very seriously. We have a proven track record of applying good CR practices to all our global operations, even those in challenging social and political environments.

### Anti-bribery and corruption (ABC)

Our operations take place all over the world, including some countries that present high bribery and corruption risk.

Working in these countries requires our staff to show extra vigilance when it comes to corruption because, as well as damaging both our economic performance and reputation, corruption also impacts disproportionately on poorer communities.

Our Anti-Bribery and Corruption Management System (ABC MS) and supporting procedures were updated in 2011 to reflect the guidance issued in July 2011 on the requirements of the UK Bribery Act 2010.

In early 2012, we instigated a review of the ABC MS and procedures carried out by our third party internal auditor. During 2012, we updated the procedures to reflect the findings from the review and the changes to our organisation brought about by the two corporate acquisitions. The due-diligence procedures were also updated to ensure that the potential bribery and corruption risks associated with new service providers or potential new business partners were assessed and appropriate mitigating measures put in place.

The ABC MS and procedures were rolled out in 2012 and we will continue to offer additional staff training in 2013. We will also monitor the effectiveness of the ABC MS and carry out regular anti-bribery risk assessments.

### The ethics of business

Everyone working for Cairn must comply with the Group Code of Business Ethics, which lays out the high standards of integrity we expect all our employees to maintain.

The code is also an important part of our ABC procedures and covers issues such as avoiding conflicts of interest; confidentiality and insider trading; political contributions and activity; interaction with governments and suppliers; and fair employment practice.

In 2012, all new Cairn staff were trained in the Code of Business Ethics and there were no incidents of the code being broken.



# 100%

of new staff trained in the Code of Business Ethics in 2012

# Zero

incidences when our Code of Ethics was broken in 2012

## Whistle-blowing

We believe that all members of staff have a duty to report any concern or suspicion they may have about our Code of Business Ethics being compromised.

Our whistle-blowing procedure provides a confidential way for them to report these concerns and allows them to bypass their line managers if they prefer. Where appropriate, the policy also makes provisions for independent investigations to be set up.

As part of our commitment to openness across the business, we rolled out an updated whistle-blowing procedure in November 2012 which was communicated to all staff, consultants and contractors. The updated procedure included enhanced formal reporting procedures and registering with whistle-blowing charity Public at Concern. All our staff are encouraged to raise concerns with the charity if they don't feel comfortable reporting in line with our internal procedures. In 2012, one case was reported which, following investigation, it was determined that no further action need be taken.

## Developing new partnerships

In 2012, the emphasis of our business shifted and we became involved in an increasing number of joint ventures.

Partnerships are an important part of the Cairn business model but we are very conscious that the law is unequivocal when it comes to bribery and corruption. The UK Bribery Act 2010, on which many of our ABC policies are based, makes it clear that companies could be criminally liable if a joint venture partner or a service provider pays a bribe.

To avoid this situation and ensure that we have full confidence in the organisations with which we are partnering, we carry out due diligence tests as part of a rigorous selection process.

Of course, with joint ventures, the process works both ways and our own ABC processes were also assessed by potential partners during 2012.

# Human rights

We operate in a global industry and it is inevitable that in some of the countries in which we work, there will be certain risks to human rights. Our procedures cover the need to recognise and mitigate any risks to our own personnel and the security of our operations, and also ensure that we are not complicit in any human rights abuses perpetrated by third parties.



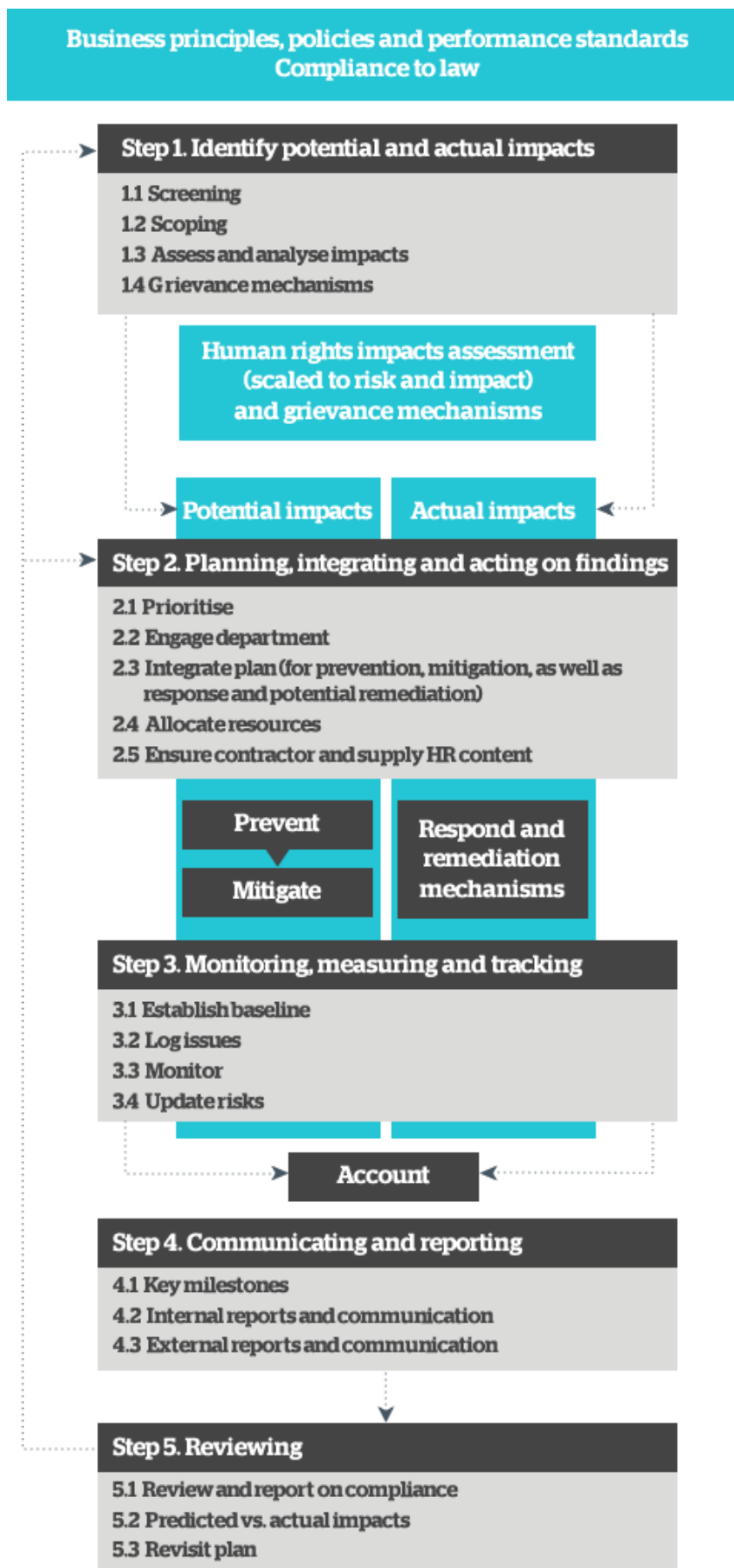
## Our guidelines

Respecting human rights is one of our core business principles. Our human rights guidelines are governed by the Universal Declaration of Human Rights (UDHR) and the United Nations' Guiding Principles on Business and Human Rights.

Last year we further updated our human rights procedures, taking into account new industry guidance from the IPIECA and an EU draft sector guidance on business and human rights.

## Our approach

We have a five-step approach for assessing and managing human rights as shown in the diagram on the following page.



In order to determine whether a potential or proposed project is likely to pose any significant human rights issues, screening takes place as part of a wider-risk identification process and alongside a business case evaluation. We may then carry out a standalone human rights impact assessment (HRIA), or integrate it within an Environmental and Social Impact Assessment (ESIA).

If any human rights impacts are identified, we will take appropriate action to manage them through our 'rights aware' approach. This recognises that the most effective way in which we can influence a situation is through our core business operations.

This approach also allows us to determine what level of action we should take:

- **Essential** – actions we must take to demonstrate our non-complicity in any human rights infringements
- **Expected** – actions we should take to satisfy and engage our stakeholders
- **Desirable** – actions we could take to demonstrate our capacity and willingness to spearhead efforts to improve human rights conditions

Wherever possible, we will attempt to either prevent or eliminate issues around human rights. If that is not possible, then we adopt a process of control, mitigation and compensation.

### Grievances and concerns

During a project's lifetime, not all human rights issues will be anticipated in our assessment process. In these situations, whether it applies to whole communities or an individual, we apply the UN's 'Protect, Respect and Remedy' Framework.

If any of our employees or contractors have concerns about human rights issues, there are various ways in which they can escalate this, including through our whistle-blowing procedure.



## Compliance

We understand that, to begin operations in a country, we need to demonstrate to the national government that we understand their laws, conventions and regulations.



We achieve this through a number of voluntary codes of best practice, as well as more formal methods outlined in our CRMS, including developing compliance registers for projects and regularly monitoring compliance through the gate reviews of the Project Delivery Process.

### How we comply

We have a robust set of controls and an in-depth assurance framework, which help to ensure that we can effectively manage any economic, environmental or social risks associated with our operations.

The framework also safeguards the interests of shareholders and provides four levels of assurance against the risks associated with non-compliance with Group CR policies and business principles.

- At the operational level – this is focused around an asset CR plan developed by specialist HSE personnel. Employees or contractors also play an important part in spotting any non-compliances, as they are often most familiar with the requirements at the operational level.
- Second-level assurance – this is provided by the Director of Group HSE, Risk and Compliance in conjunction with a range of internal groups and committees including the HSE Leadership Team, Management Team and Corporate Team.
- Third-level assurance is provided by internal, external reviews and audits by independent parties such as the internal audit provider, regulators or partners.

# Performance and data

## Business ethics / anti-corruption

### Cairn (excluding Cairn India)

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	number	0	0	0	118	180
Management grade employees trained in Cairn's anti-corruption policies and procedures	number	0	0	0	35	56
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	number	0	0	0	83	124
Employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	79	100
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	73	100
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	81	100
Incidents of non-compliance with code of business ethics	number	0	0	0	0	0
Employee dismissals resulting from non-compliance with code of business ethics	number	0	0	0	0	0
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	number	1	0	0	0	0
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	£ pounds sterling	0	0	0	0	0

### Albania

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	number	n/a	n/a	n/a	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	number	n/a	n/a	n/a	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	number	n/a	n/a	n/a	n/a	n/a
Employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	n/a
Incidents of non-compliance with code of business ethics	number	n/a	n/a	n/a	n/a	n/a
Employee dismissals resulting from non-compliance with code of business ethics	number	n/a	n/a	n/a	n/a	n/a
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	number	n/a	n/a	n/a	n/a	n/a
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	£ pounds sterling	n/a	n/a	n/a	n/a	n/a

## Bangladesh

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	n/a	n/a
Employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	n/a	n/a
Incidents of non-compliance with code of business ethics	<i>number</i>	0	0	0	n/a	n/a
Employee dismissals resulting from non-compliance with code of business ethics	<i>number</i>	0	0	0	n/a	n/a
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	<i>number</i>	1	0	0	n/a	n/a
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	<i>£ pounds sterling</i>	0	0	0	n/a	n/a

## Greenland

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	2	2
Management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	1	1
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	1	1
Employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	100	100
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	100	100
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	100	100
Incidents of non-compliance with code of business ethics	<i>number</i>	0	0	0	0	0
Employee dismissals resulting from non-compliance with code of business ethics	<i>number</i>	0	0	0	0	0
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	<i>number</i>	0	0	0	0	0
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	<i>£ pounds sterling</i>	0	0	0	0	0

## Morocco

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	n/a	n/a
Employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	n/a
Incidents of non-compliance with code of business ethics	<i>number</i>	n/a	n/a	n/a	n/a	n/a
Employee dismissals resulting from non-compliance with code of business ethics	<i>number</i>	n/a	n/a	n/a	n/a	n/a
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	<i>number</i>	n/a	n/a	n/a	n/a	n/a
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	<i>£ pounds sterling</i>	n/a	n/a	n/a	n/a	n/a

## Nepal

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	0	3
Management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	0	1
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	0	0	0	0	2
Employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	0	100
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	0	100
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	0	100
Incidents of non-compliance with code of business ethics	<i>number</i>	0	0	0	0	0
Employee dismissals resulting from non-compliance with code of business ethics	<i>number</i>	0	0	0	0	0
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	<i>number</i>	0	0	0	0	0
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	<i>£ pounds sterling</i>	0	0	0	0	0

## Norway

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	n/a	17
Management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	n/a	6
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	n/a	11
Employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	100
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	100
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	n/a	100
Incidents of non-compliance with code of business ethics	<i>number</i>	n/a	n/a	n/a	n/a	0
Employee dismissals resulting from non-compliance with code of business ethics	<i>number</i>	n/a	n/a	n/a	n/a	0
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	<i>number</i>	n/a	n/a	n/a	n/a	0
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	<i>£ pounds sterling</i>	n/a	n/a	n/a	n/a	0

## Spain

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	4	6
Management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	2	2
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	<i>number</i>	n/a	n/a	n/a	2	4
Employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	80	100
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	100	100
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	n/a	n/a	67	100
Incidents of non-compliance with code of business ethics	<i>number</i>	n/a	n/a	n/a	0	0
Employee dismissals resulting from non-compliance with code of business ethics	<i>number</i>	n/a	n/a	n/a	0	0
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	<i>number</i>	n/a	n/a	n/a	0	0
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	<i>£ pounds sterling</i>	n/a	n/a	n/a	0	0



## Tunisia

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	number	n/a	0	0	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	number	n/a	0	0	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	number	n/a	0	0	n/a	n/a
Employees trained in Cairn's anti-corruption policies and procedures	%	n/a	0	0	n/a	n/a
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	0	0	n/a	n/a
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	n/a	0	0	n/a	n/a
Incidents of non-compliance with code of business ethics	number	n/a	0	0	n/a	n/a
Employee dismissals resulting from non-compliance with code of business ethics	number	n/a	0	0	n/a	n/a
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	number	n/a	0	0	n/a	n/a
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	£ pounds sterling	n/a	0	0	n/a	n/a

## United Kingdom

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	number	0	0	0	112	152
Management grade employees trained in Cairn's anti-corruption policies and procedures	number	0	0	0	32	46
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	number	0	0	0	80	106
Employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	80	100
Management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	73	100
Non-management grade employees trained in Cairn's anti-corruption policies and procedures	%	0	0	0	83	100
Incidents of non-compliance with code of business ethics	number	0	0	0	0	0
Employee dismissals resulting from non-compliance with code of business ethics	number	0	0	0	0	0
Contracts cancelled in part due to concerns about contractors' ability / willingness to operate in line with business principles	number	0	0	0	0	0
Money paid to political parties and institutions whose prime function is to fund political parties or their candidates	£ pounds sterling	0	0	0	0	0

## Cairn India

		2008	2009	2010	2011	2012
Employees trained in Cairn's anti-corruption policies and procedures	%		100	100	100	n/a

## Fines/sanctions for failures in business ethics

	2009	2010	2011	2012
Cairn (excluding Cairn India)	0	0	0	0
Cairn India	0	0	0	n/a

## Payments to governments

### Caim (excluding Caim India)

\$'000 US dollars

	2012
Payments to central government	3,098
Total profit oil and gas	0
Production bonuses	0
Corporation tax	139
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Albania

\$'000 US dollars

	2012
Payments to central government	0
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Bangladesh

\$'000 US dollars

	2012
Payments to central government	n/a
Total profit oil and gas	n/a
Production bonuses	n/a
Corporation tax	n/a
Payments to state/local government	n/a
CESS and royalties	n/a
Other taxes	n/a

### Greenland

\$'000 US dollars

	2012
Payments to central government	2,615
Total profit oil and gas	0
Production bonuses	0
Corporation tax	10
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Malta

\$'000 US dollars

	2012
Payments to central government	467
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Morocco

\$'000 US dollars

	2012
Payments to central government	0
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Nepal

\$'000 US dollars

	2012
Payments to central government	0
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Norway

\$'000 US dollars

	2012
Payments to central government	0
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Spain

\$'000 US dollars

	2012
Payments to central government	16
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

### Tunisia

\$'000 US dollars

	2012
Payments to central government	n/a
Total profit oil and gas	n/a
Production bonuses	n/a
Corporation tax	n/a
Payments to state/local government	n/a
CESS and royalties	n/a
Other taxes	n/a



## United Kingdom

\$'000 US dollars

2012	
Payments to central government	0
Total profit oil and gas	0
Production bonuses	0
Corporation tax	129
Payments to state/local government	0
CESS and royalties	0
Other taxes	0

## Caim India

\$'000 US dollars

2012	
Payments to central government	0
Total profit oil and gas	0
Production bonuses	0
Corporation tax	0
Payments to state/local government	0
CESS and royalties	0
Other taxes	80

## Human rights grievances, training and discrimination

## Caim (excluding Caim India)

2012		
Number of grievances related to human rights filed through formal grievance mechanism	number	0
Number of grievances related to human rights filed during the reporting period that have been addressed	number	0
Number of grievances related to human rights filed during the reporting period that have been resolved	number	0
Number of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	145
Total number of hours devoted to training on policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	218
% of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	%	67
Total number of incidents of discrimination during reporting period	number	0

## Greenland

2012		
Number of grievances related to human rights filed through formal grievance mechanism	number	0
Number of grievances related to human rights filed during the reporting period that have been addressed	number	0
Number of grievances related to human rights filed during the reporting period that have been resolved	number	0
Number of grievances related to human rights filed before the reporting period that have been resolved	number	0
Number of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
Total number of hours devoted to training on policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
% of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	%	0
Total number of incidents of discrimination during reporting period	number	0

## Nepal

2012

Number of grievances related to human rights filed through formal grievance mechanism	number	0
Number of grievances related to human rights filed during the reporting period that have been addressed	number	0
Number of grievances related to human rights filed during the reporting period that have been resolved	number	0
Number of grievances related to human rights filed before the reporting period that have been resolved	number	0
Number of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
Total number of hours devoted to training on policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
% of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	%	0
Total number of incidents of discrimination during reporting period	number	0

## Norway

2012

Number of grievances related to human rights filed through formal grievance mechanism	number	0
Number of grievances related to human rights filed during the reporting period that have been addressed	number	0
Number of grievances related to human rights filed during the reporting period that have been resolved	number	0
Number of grievances related to human rights filed before the reporting period that have been resolved	number	0
Number of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
Total number of hours devoted to training on policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
% of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	%	0
Total number of incidents of discrimination during reporting period	number	0

## Spain

2012

Number of grievances related to human rights filed through formal grievance mechanism	number	0
Number of grievances related to human rights filed during the reporting period that have been addressed	number	0
Number of grievances related to human rights filed during the reporting period that have been resolved	number	0
Number of grievances related to human rights filed before the reporting period that have been resolved	number	0
Number of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
Total number of hours devoted to training on policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	0
% of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	%	0
Total number of incidents of discrimination during reporting period	number	0

## United Kingdom

2012

Number of grievances related to human rights filed through formal grievance mechanism	number	0
Number of grievances related to human rights filed during the reporting period that have been addressed	number	0
Number of grievances related to human rights filed during the reporting period that have been resolved	number	0
Number of grievances related to human rights filed before the reporting period that have been resolved	number	0
Number of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	145
Total number of hours devoted to training on policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	number	218
% of employees trained in policies and procedures regarding aspects of human rights relevant to operations <sup>1</sup>	%	80
Total number of incidents of discrimination during reporting period	number	0

1. This includes 'other workers', i.e. individuals who perform regular work for Cairn but who are not recognised as an employee by law.

# Environment

We have always recognised the potential impact that our exploration and production activities can have on the environment and as such we have developed a comprehensive set of policies and procedures that we apply to all our operations.



## Environmental management

Environmental management is integrated into our business management and decision-making processes. By assessing the environmental aspects of a project at each stage of our operations, we can ensure that environmental considerations form an integral part of the overall project management system.

Other issues that guide and govern our environmental policy include:

- **Regulations** – these include adhering to industry guidelines and the requirements of national and international environmental laws, and our own voluntary commitments such as not operating in UNESCO World Heritage Sites.
- **Assessments** – Environmental Impact Assessments (EIAs) are carried out before any new activities and we monitor our impacts and report on our performance as a project develops.
- **Precautionary approach** – where there may be threats of serious or irreversible impact but there is a lack of full scientific certainty, we will not use this as a reason for postponing cost-effective measures to prevent environmental degradation.
- **Respect** – we appreciate the distinct cultural and societal needs, rights and interests related to the environment when planning our operations.
- **Improvement** – we constantly seek to improve the way in which we operate by using state-of-the-art technologies, implementing the best techniques available to us and assessing lessons learnt.
- **Commitment** – we expect our joint venture partners, contractors and suppliers to operate with a similar high regard for the environment and these expectations are communicated to these partners through our business principles.

“

As expectations of standards of environmental protection around the world are pushed higher, it's crucial that Cairn continues to keep pace by improving, updating and developing our environmental procedures.

**Richard Heaton,**  
**Director of Exploration & New Ventures**

”

## Our 2012 highlights

- We completed exploration activities in 2012 comprising surveys offshore Greenland and Morocco without any environmental incidents. A small volume (~2.2 barrels or 350 litres) of non-toxic drilling mud chemicals was released from a container during offloading at Peterhead of materials not used during the 2011 Greenland drilling programme. All of the released chemicals were recovered with no loss into the sea.
- We completed a noise study during our seismic operations in Pitu in 2011 in collaboration with Cornell University, USA. (See Noise)
- We progressed work with our contractor to develop drilling mud technologies for reduced potential environmental impact in preparation for future drilling campaigns. (See Effluents and Waste)
- We submitted EIAs for proposed seismic activities offshore Spain and Morocco.
- With limited operational activities in 2012, there has been a 99% reduction in greenhouse gas (GHG) emissions compared to 2011.

# Environmental Impact Assessments

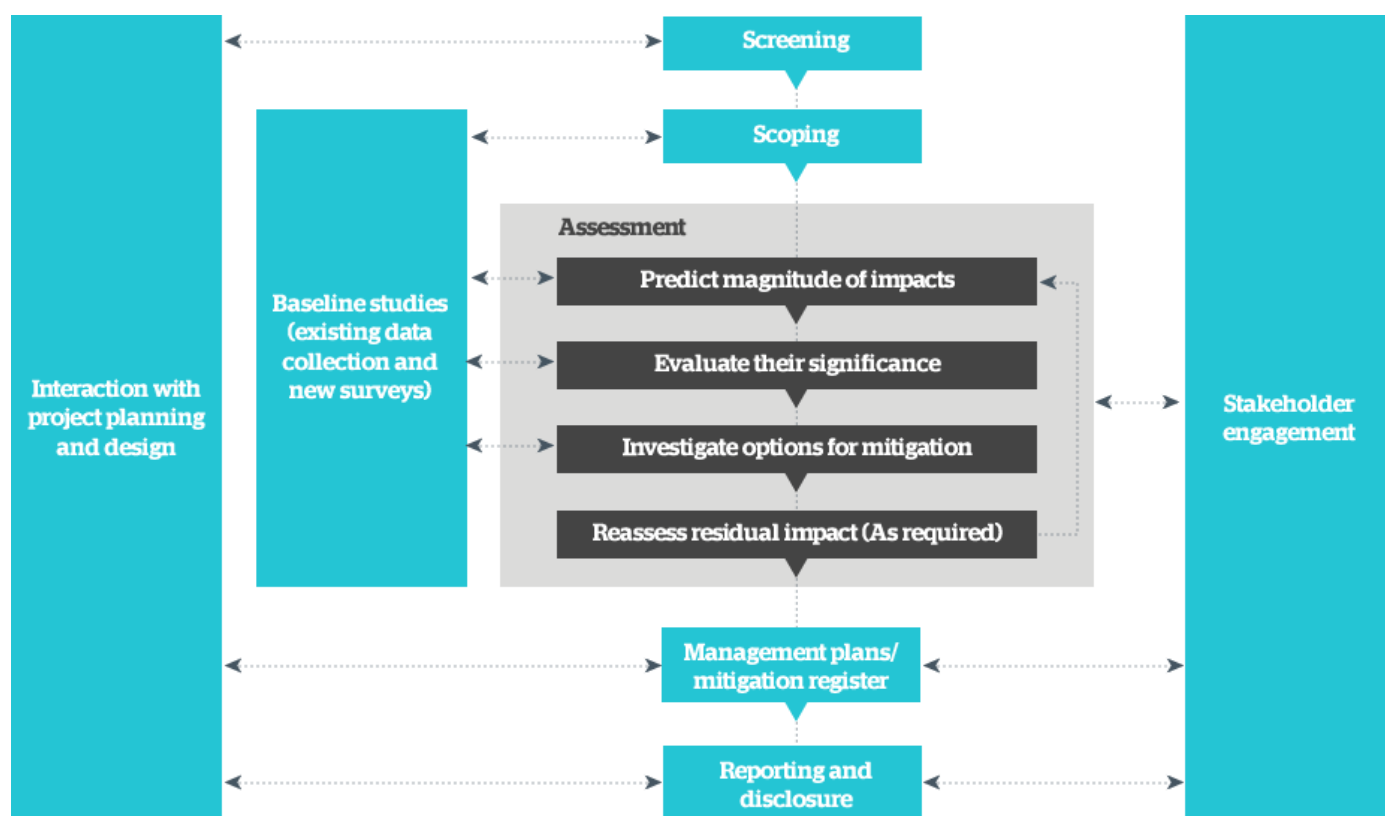
Environmental Impact Assessments (EIAs) are a crucial part of our operations and allow us to make an initial assessment on the potential environmental impacts of a new project.



EIAs help us determine the significance of any potential risk, define the necessary actions needed to monitor and manage this risk and, if necessary, help project managers to find alternatives.

All our EIA findings are subject to a thorough technical review by key stakeholders (usually including governments and their statutory consultees) and may also be scrutinised at a public hearing, before helping to form an Environmental Management Plan for the project.

## Environmental impact assessment process



# Oil spill prevention and contingency planning

We recognise that our licence to operate depends on our ability to deliver projects in a safe and environmentally sound manner. This includes preventing, preparing for and responding to any potential oil spills.



## Preventing oil spills

Preventing spills is critically important and a key feature of Cairn's risk mitigation programme.

Preventative measures include:

- Independently assessed well design, with upfront hazard identification and well control
- Alignment with principal contractors with regards to well management
- The highest standards of inspection and testing for blow-out prevention equipment

## Contingency planning

We work closely with authorities to develop robust and thorough emergency response and oil spill prevention and contingency plans (OSPCP).

These plans are developed with the help of international oil spill response experts and are based on the results of detailed risk identification and assessment, predictive modelling for different scenario development, different response techniques and oil spill sensitivity mapping.

Response organisations are developed and implemented and personnel trained for specific responsibilities. All plans are regularly tested and exercised.

## Updating procedures

We follow developments and new regulations within the industry very closely. We continue to take a lead role in the Greenland Oil Industry Association (GOIA). This includes our participation in the Drilling Expert Workgroup (DEW) and the Oil Spill Response Expert Workgroup (OSREW).

In 2012, we also increased our involvement in industry initiatives aimed at improving the approach to oil spills through joining the IPIECA/OGP Oil Spill Response (OSR) Joint Industry Project (JIP). This initiative was launched in 2011 to address the recommendations from the work of the OGP Global Industry Response Group (GIRG) set up after the Gulf of Mexico (Macondo) and Australian Montara oil spill incidents, to identify learning opportunities both on causation and in respect of the response to the incidents.

Nineteen of the GIRG recommendations were high graded and these are being addressed via the three-year JIP, which is funded by 19 oil industry members including Cairn. The OSR-JIP is managed by IPIECA on behalf of OGP in recognition of its long-standing experience with oil spill response matters. Further information on this important initiative can be found at <http://oilspillresponseproject.org>

A particular focus of our work in 2012 was the JIP 'Upstream Risk Assessment and Response Planning' work stream, which is developing guidance on various aspects of oil spills including:

- Probability of spills and credibility of risk scenarios
- Assessment of resources at risk
- Resource inventory and capability
- Plan development
- A demonstration of plan application and exercises

### Case study: Greenland Oil Spill Response

Over the coming years we expect to continue our oil exploration activities offshore Greenland. To support this, we have helped to build a national oil spill response company, Greenland Oil Spill Response (GOSR), which is owned by the Greenland government.

We have transferred the oil spill contingency equipment that formed part of the in-country response resources, which supported our 2010 and 2011 drilling programmes and is worth over US\$5 million, to GOSR, who are now responsible for its maintenance and mobilisation to the quayside. The equipment will be stored in strategic sites along the west coast of Greenland. We've also been working with industry groups and GOIA to develop new oil spill prevention and contingency planning ahead of any future drilling activities.



## Effluents and waste

The safe use of chemicals is vital within all our operations and we have adopted a clear and stringent system. Chemicals used in drilling operations that may appear in effluents are principally contained within the drilling fluids (or drilling mud) used to construct wells. Chemicals are utilised in the drilling mud to provide the critical properties which ensure the safety of the drilling operation and prevent release of well fluids. There is often a balance in utilising chemicals with minimal environmental impact while still ensuring that the properties of the drilling fluid can ensure the safety of the well.



### Using chemicals safely

Before we start a new operation, we carry out an Environmental Impact Assessment (EIA), which includes a specific assessment of the potential risks and impacts of any accidental chemical discharge.

Using a Chemical Management System that meets all the requirements of the Oslo and Paris (OSPAR) Convention for the Protection of the Marine Environment of the North-East Atlantic, all our offshore chemicals are:

- Pre-screened
- Ranked using OSPAR's Harmonised Offshore Chemical Notification Format (HOCNF) system
- Substituted with a less hazardous or non-hazardous chemical, if one is available
- Look at possibilities to reduce use and discharge if substitution is not feasible

HOCNF ranks chemicals according to the potential harm they could cause if released into the environment. Each chemical is assessed according to three factors:

- Toxicity
- Biodegradation
- Bioaccumulation (a chemical's potential to build up in living things)

Wherever possible we use green, so-called PLONOR (Pose Little Or No Risk) chemicals first, then yellow and finally red, when no other option exists.

Red chemicals cannot be used without prior authorisation from a regulator and we must provide specific justification for using one, backing this up with a full explanation of its function.

Classification	Colour Category	Approach to Use
Chemicals classified for Priority Action or Possible Concern	Black	Do not use
Chemicals not meeting acceptability criteria for toxicity, biodegradation or bioaccumulation	Red	Use only where no acceptable substitute is available in the yellow or green categories
Other chemicals	Yellow	Use only where no acceptable substitute is available in the green category
Chemicals classified as PLONOR	Green	Use wherever possible

### Working with chemicals in Greenland

We're always looking at how we can increase safety across our operations, including how we use chemicals in the extreme conditions of the Arctic.

This is why we have been working closely with Danish Centre for Energy & Environment (DCE), statutory environmental consultee to the Greenland Regulator (Bureau of Minerals and Petroleum (BMP)), and our contractors/suppliers.

A key area of our work with GOIA is looking at ways in which we can further minimise the environmental impact of chemicals used in drilling activities offshore Greenland.

This has involved discussions with our drilling mud contractor about using chemicals that marry excellent environmental properties with high operational standards. As a result, we are monitoring tests in the Barents Sea on a new water-based mud system that are being led by our drilling mud contractor.

We have also carried out pre- and post-drilling surveys at our 2010 and 2011 drill sites to monitor any potential chemical impacts from our operations. We are working with the Greenland authorities to improve this process, having agreed to provide an additional sampling and analytical programme at the well locations to be visited in 2013 as part of the plug and abandonment programme. Results of these surveys will be shared with the Government of Greenland.

### Waste management

The majority of our waste is produced by contractors. We require our contractors to identify and record all waste generated by our activities, and manage it according to detailed and approved plans, recycling wherever possible. Any hazardous waste is treated and disposed of separately.

Waste levels vary from year-to-year, as they depend largely on the level of exploration activity we undertake. In 2012, exploration activity has been much reduced from 2011 levels and the waste generated and managed by our contractors has fallen as a result.

In order to avoid any form of pollution or contamination during surveys, all marine garbage is incinerated on board the vessel in line with International Maritime Organisation (IMO) requirements, while wastewater is managed by the ship's own wastewater treatment system.



## Climate change

Oil and gas production continues to provide a vital source of energy to meet global needs. According to the International Energy Agency, global energy demand is expected to grow by over a third by 2035, with oil and gas making up a large proportion of the energy mix. We recognise, however, that the burning of fossil fuels may contribute to climate change and we have adopted a precautionary principle to mitigate the effects of our activities, minimising greenhouse gas emissions (GHGs) from our operations where practical.

We have developed a climate change strategy, which we regularly review and update to ensure it is aligned with external developments.

Our climate change strategy is centred on five key elements:

- Monitoring and reporting our GHGs
- Understanding our future energy requirements and emissions
- Identifying and evaluating opportunities for energy efficiency and emissions reduction
- Contributing to programmes, where appropriate, that address the environmental and social impacts of climate change
- Developing and implementing management solutions to both prevent and mitigate emissions

We have measured, verified and set targets, and reported our direct and indirect emissions from our activities for more than 10 years.

Cairn currently has no operated production sites in its portfolio and therefore only has emissions associated with the use of fuel during marine operations and business travel including to and from our offices in Edinburgh, Kathmandu, London, Madrid and Stavanger.

### Future energy

As our operational activities continue to change, we are working to understand our future energy requirements and emissions by monitoring best practice and legislative change. We are also seeking to improve our understanding of the potential financial impacts of our carbon footprint and the effect it may have on investment decisions. As a result, climate change considerations have also become part of our overall business development strategy.

In future, operated production developments, we will aim to maintain our energy consumption and emissions, relative to levels of hydrocarbon production, within the top quartile of OGP members and regularly review our performance and targets against this goal.

### Energy efficiency

Our energy consumption varies every year, depending on the extent of our exploration activities at the time. However, by better understanding fuel usage and looking for opportunities to manage it more efficiently, we hope to find further ways to lower our carbon footprint.



With limited operational activities in 2012, there has been a

**99%**

reduction in GHG emissions compared to 2011

# Biodiversity

In recent years biodiversity has become a growing global issue and there is now a much greater awareness about what it involves, its importance and any issues that may threaten it. We have always recognised the potential impact of our activities on the environment and, as a result, we continue to demonstrate a strong commitment to protecting biodiversity in the areas where we operate.



## Assessing risk

Before starting any significant activities, we carry out either an Environmental Impact Assessment (EIA) or an Environmental and Social Impact Assessment (ESIA) to assess the possible effects our operations may have on the biodiversity of an area.

We then develop and implement an asset- or project-specific Environmental Management Plan (EMP) and, where there is a significant risk to biodiversity, an associated Biodiversity Action Plan (BAP).

In 2012, the level of activity at Cairn was low and did not require us to develop any project-specific BAPs. Instead, our key activities involved:

## Greenland

Two key projects included: a geochemical sampling programme in the Pitu and south Greenland licence areas; and the installation of a metocean buoy in our Pitu block. Both were vessel-based activities and we assessed these as having negligible environmental impacts. These assessments were presented and accepted by the Government of Greenland. However, we developed an EMP for both projects as part of the bridging arrangements with our contractors.

## Morocco

Ahead of undertaking a 3D seismic survey in the Juby Maritime permit area, we assessed the potential impact of the project and presented the findings to the Moroccan authorities. Due to the nature of the operations and planned mitigation measures, the impact on marine wildlife was assessed as temporal (limited by the duration of the survey) and localised, and therefore not requiring a BAP. However, we did develop a project-specific EMP detailing all the required mitigation measures and this was issued to the seismic operator as part of the project induction.

The key potential impacts from the survey were assessed to include injuries to wildlife (from collision with vessel and seismic equipment), disturbance (i.e. behavioural impacts, including masking of underwater communication by marine mammals) and indirect impact on local fisheries. The wildlife considered vulnerable to underwater noise within the Juby Maritime blocks includes cetaceans (dolphin and whales), marine turtles (loggerhead and green sea turtles), fish (especially species with a swim bladder) and invertebrates, including benthic and small effectively immobile planktonic organisms, fish eggs and larvae.

## Mitigation measures

Mitigation measures employed by the seismic vessel included full compliance with Joint Nature Conservation Committee (JNCC) (2010) guidelines and the use of a mitigation gun. There were 80 recorded sightings of marine mammals (approximately 1,274 individuals) and four recorded sightings of loggerhead sea turtles. Implementation of mitigation measures resulted in one soft-start delay and one abandonment of a seismic line.

Other potentially significant impacts identified for all 2012 operations were from accidental events (grounding, collision, re-fuelling) resulting in marine oil spills. Preventive measures put in place by operating teams ensured that all potential risks were mitigated and no spills at sea occurred during the seismic operation.

## Adhering to best practice

Cairn regularly reviews its position on biodiversity and strives to adhere to the industry best practice in this area. Our achievements and commitments are summarised in the two tables below:

### What we have done in 2012

Due to the limited scope of activities in 2012, formal public consultations were only held in Morocco as part of the EIA process for the 3D seismic survey. In Greenland EIA consultations were limited to regulatory stakeholders.

Cairn's 2012 operations have undergone formal or informal assessment of impacts and mitigation measures were formulated commensurate to the potential risks to the environment and biodiversity from planned activities.

In 2012 we maintained our membership in the Greenland Operators Industry Association and International Association of Oil and Gas Producers, and continued active participation in various committees and working groups on the environment.

A summary of the key mitigation measures applied by Cairn during our 2012 operations has been provided in the performance and data section.

No baseline or post operational monitoring surveys were undertaken by Cairn in 2012 due to the limited scale and potentially negligible impacts from our operations. Reports from the marine mammal observers (MMOs) during 3D seismic operations in Morocco identified no unconformities with Cairn commitments and regulatory requirements. Observations made by MMOs during the surveys have been used to update the Moroccan sensitivity map. MMOs' recommendations have been included in the lessons learned and will be taken into account for the next seismic campaign as well as for future operations in that area.

### What we have committed to do

- We recognise that cultural and biological diversity are central components of the ecosystems approach. We respect cultural and societal needs, rights and interests of our stakeholders and takes these into account when planning activities or operations.
- We look to involve stakeholders in our decision making processes and actively promote responsibility, ownership, accountability, participation and use of local knowledge when it comes to management of ecosystems.
- In the assessment of potential or actual impacts we consider not only the immediate area of operations but adjacent areas and wider ecosystems, as well as cumulative impacts where applicable. Our management plans and mitigation measures are then designed and implemented accordingly.
- We promote biodiversity conservation and sustainable use of natural resources. We also accept liability for environmental costs should these arise.
- In our conservation efforts we aim to find the right balance between immediate benefits and long-term gains. Our management/mitigation measures are focussed on environmental conditions that influence ecosystems productivity, structure, functioning and diversity within geographical and temporal scales appropriate to our operations.
- We employ an adaptive management style to address the inevitable changes in ecosystems and to benefit from the latest scientific knowledge, technological innovations and best practices.
- We actively contribute to and share knowledge and experiences with relevant sectors of the industry as well as key stakeholders.
- Following the assessment of potential environmental impacts, a hierarchy of mitigation measures is defined for all significant impacts. These mitigation measures are then formalised in a series of Cairn's Project Management Plans, including but not limited to bridging documents, Emergency Preparedness and Oil Spill Prevention and Contingency Plans, Environmental Management Plans and commitments registers.
- We routinely monitor and measure:
  - Compliance with applicable legislative requirements, corporate commitments and consent limits as they apply to the project;
  - The most important characteristics of our activities and operations that may have an effect on the environment;
  - Performance against environmental objectives and performance targets, and actions set up to achieve them;
  - HSE management systems by carrying out audits and by day to day inspection of activities.
- Monitoring of the ambient environmental quality is undertaken to gain an understanding of environmental aspects of the project before activities begin and following their completion.
- We develop asset and site specific EMPs and, where there is a significant risk to biodiversity, the associated BAPs.

# Noise

We are conscious that noise from our offshore drilling and seismic activities can affect marine wildlife. As a result, all these operations are carried out carefully to avoid and minimise any acoustic disturbance. Noise is also one of the areas covered by our EIAs.

## Understanding the impact of noise

The impact of noise from marine activities such as oil and gas is not scientifically proven. The OGP, of which Cairn is a member, is sponsoring a number of joint industry projects designed to better understand the sounds the industry produces during operations, such as the use of air guns in seismic surveys and to determine the potential impacts of these sounds on marine life.

In addition, Cairn has been contributing to research data through its activities offshore Greenland. In collaboration with the Bioacoustics Research Program (BRP) at the Lab of Ornithology, Cornell University (USA) we deployed five Marine Autonomous Recording Units (MARUs) to monitor and record the sound exposure levels resulting from 3D marine seismic survey operations in Melville Bay in 2011. In collaboration with the Greenland authorities we also carried out an independent noise monitoring survey in 2010 to record underwater noise emitted by the Stena Don drill ship.

These measurements helped to quantify the energy emitted during the seismic and drilling activities and to help the assessment of the biological significance of acoustic exposure to marine mammals and other aquatic organisms.

## Reducing our impact in Morocco

We completed an EIA prior to carrying out a 3D seismic activity over Juby Maritime, offshore Morocco between December 2012 and January 2013.

The noise from seismic acoustic sources can disturb fish and marine mammals and the EIA helped us to identify several significant measures we could take to reduce the project's impact to negligible levels on both wildlife and other vessels. These included:

### Soft start

This is a globally recognised technique, which slowly increases the power of the acoustic sources over a 20-minute period. This allows marine animals to leave the area before the acoustic source reaches maximum power.

### Marine mammal observers

Marine mammal observers watch for marine mammals near the vessel and record their behaviour. Observation records were kept and will be shared with the Moroccan authorities.



EIA completed prior to carrying out 3D seismic activity offshore Morocco in December 2012

## Shutdown operations

To protect marine mammals against any physical damage, the seismic survey is stopped if any are observed within a 500-metre radius of the sound source. During the survey, operations were stopped twice. In one instance, the survey was delayed for 12 minutes and in a second, the seismic line was abandoned after a delay of one hour.

During seismic surveys, we do the following to avoid any possible interference with the navigation equipment of other vessels:

- Issue public information about the programme
- Reserve an area exclusively for the project
- Establish patrol vessels to liaise with fishing vessels and other users throughout the duration of the survey

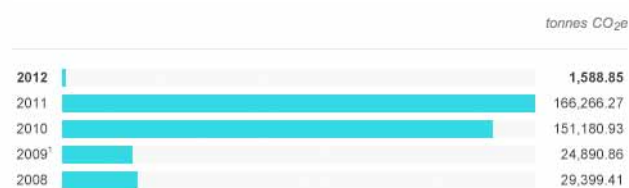
# Performance and data

## Air emissions (direct)

Cairn (excluding Cairn India)

Direct GHG emissions

**Chart** **Table**



1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.



Direct GHG emissions

tonnes CO<sub>2</sub>e

	2008	2009 <sup>1</sup>	2010	2011	2012
Albania	0	2,671.00	0	0	0
Bangladesh	21,963.00	14,080.75	21,531.95	n/a	n/a
Greenland	7,436.41	8,075.00	125,839.35	166,266.27	604.58
Morocco	n/a	n/a	n/a	n/a	972.67
Nepal	0	8.11	5.81	0	7.03
Norway	n/a	n/a	n/a	n/a	0
Spain	n/a	n/a	n/a	0	4.58
Tunisia	n/a	56.00	3,803.83	n/a	n/a
United Kingdom	0	0	0	0	0

1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.



NOx emissions

**Chart** **Table**



1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.

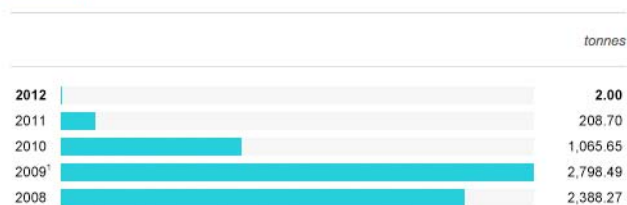
NOx emissions

tonnes

	2008	2009 <sup>1</sup>	2010	2011	2012
Albania	0	48.14	0	0	0
Bangladesh	456.97	207.00	430.55	n/a	n/a
Greenland	0	168.13	2,346.35	3,099.17	11.29
Morocco	n/a	n/a	n/a	n/a	18.17
Nepal	0	0	0.05	0	0.13
Norway	n/a	n/a	n/a	n/a	0
Spain	n/a	n/a	n/a	0	0.09
Tunisia	n/a	1.19	71.04	n/a	n/a
United Kingdom	0	0	0	0	0

1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.



SO<sub>2</sub> emissions
[Chart](#)
[Table](#)


1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.

SO<sub>2</sub> emissions

	2008	2009 <sup>1</sup>	2010	2011	2012
Albania	0	652.80	0	0	0
Bangladesh	2,388.27	155.40	902.36	n/a	n/a
Greenland	0	1,976.66	158.01 <sup>2</sup>	208.70	0.76
Morocco	n/a	n/a	n/a	n/a	1.22
Nepal	0	0	0.50	0	0.01
Norway	n/a	n/a	n/a	n/a	0
Spain	n/a	n/a	n/a	0	0.01
Tunisia	n/a	13.62	4.78	n/a	n/a
United Kingdom	0	0	0	0	0

1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.  
2. In Greenland, the use of low-sulphur diesel and the correction of the emission factor led to the 96% drop in SO<sub>2</sub> emissions.

## VOCs

[Chart](#)
[Table](#)


1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.

## VOCs

	2008	2009 <sup>1</sup>	2010	2011	2012
Albania	0	1.96	0	0	0
Bangladesh	16.98	10.51	23.46	n/a	n/a
Greenland	0	4.89	78.95	104.35	0.38
Morocco	n/a	n/a	n/a	n/a	0.61
Nepal	0	0	0	0	0
Norway	n/a	n/a	n/a	n/a	0
Spain	n/a	n/a	n/a	0	0
Tunisia	n/a	0.03	2.39	n/a	n/a
United Kingdom	0	0	0	0	0

1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.

## Caim India

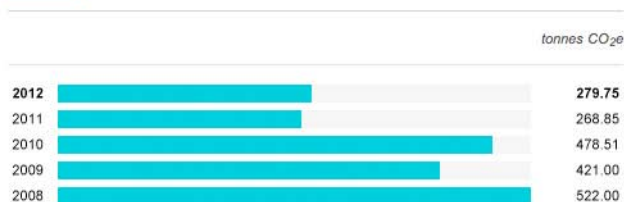
	2008	2009	2010	2011	2012
NOx emissions tonnes	812	1,141 <sup>1</sup>	2,243	2,370	n/a
SO <sub>2</sub> emissions tonnes	0.73	49.54 <sup>1</sup>	98	12	n/a
VOCs tonnes	71	156 <sup>1</sup>	555	2,670	n/a
Direct GHG emissions tonnes CO <sub>2</sub> e	129,475	165,656 <sup>1</sup> 199,414 <sup>2</sup>	589,689	691,065	n/a

1. API compendium 2004 methodology and emission factors used for calculations in 2009 and earlier. API compendium 2009 methodology and emission factors used for 2010 onwards.  
2. API compendium 2009 methodology and emission factors used for calculation for this figure and figures after 2009.

## Indirect GHG emissions (scope 2)

## Caim (excluding Caim India)

## Indirect GHG emissions from purchased electricity

[Chart](#)
[Table](#)


**Note:** We updated our electricity emission factors in 2012 in line with the latest Defra/DECC guidelines. For the UK, electricity emission factors were taken from '2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting'. For other countries they were taken from the International Energy Agency (IEA) 2012.



## Indirect GHG emissions from purchased electricity

	2008	2009	2010	2011	2012
Albania	0	0	0	0	0
Bangladesh	0	0	222.17	n/a	n/a
Greenland	0	0	0	21.56	14.40
Morocco	n/a	n/a	n/a	n/a	0
Nepal	0	0	0.03	0	0
Norway	n/a	n/a	n/a	n/a	1.60
Spain	n/a	n/a	n/a	0	16.20
Tunisia	n/a	0	0	n/a	n/a
United Kingdom	0	0	256.31	247.29	247.54

**Note:** We updated our electricity emission factors in 2012 in line with the latest Defra/DECC guidelines. For the UK, electricity emission factors were taken from '2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting'. For other countries they were taken from the International Energy Agency (IEA) 2012.



## Caim India

## Indirect GHG emissions from purchased electricity

	2008	2009	2010	2011
Indirect GHG emissions (tonnes CO <sub>2</sub> e)	1,041	1,113 / 1,654	4,615	7,751

## Indirect GHG emissions (scope 3)

### Indirect GHG emissions generated by business travel – Cairn (excluding Cairn India)

#### Air travel

	2008	2009	2010	2011	2012
tonnes CO <sub>2</sub> e					
Total indirect GHG emissions	489	553	602	447	657
Albania	0	0	0	0	0
Bangladesh	316	351	114	n/a	n/a
Greenland	0	0	0	0	25
Morocco	n/a	n/a	n/a	n/a	0
Nepal	28	26	2	0	0
Norway	n/a	n/a	n/a	n/a	15
Spain	n/a	n/a	n/a	0	0
Tunisia	n/a	0	0	n/a	n/a
United Kingdom	145	176	487	447	617



#### Rail travel

	2012
tonnes CO <sub>2</sub> e	
Total indirect GHG emissions	8
Albania	0
Bangladesh	n/a
Greenland	0
Morocco	0
Nepal	0
Norway	0
Spain	1
Tunisia	n/a
United Kingdom	7

**Note:** In 2012 we updated our methodology for calculating air emissions. For calculating air travel emissions we now use: journey type (domestic, short haul, long haul), seat class (economy, premium economy, business, first), distance, and an uplift factor. For some flights, data was not available broken into flight sectors with the associated seat class; in these cases applicable average emission factors were used. We started to collect data for rail travel emissions in 2012 and for these we use rail type (national rail, eurostar) and distance. We use emission factors from '2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting'.

**Note:** Most of our travel data is supplied by our Edinburgh based travel provider and is included under United Kingdom. In addition, data was provided from our London, Stavanger and Nuuk offices, and miscellaneous data was included for individual travel bookings.



### Indirect GHG emissions generated by business travel – Cairn India

#### Air travel

	2008	2009	2010	2011	2012
tonnes CO <sub>2</sub> e					
	3,455	4,132	3,350	n/a	n/a

## Total energy consumption

### Cairn (excluding Cairn India)

[Chart](#) [Table](#)


### Cairn (excluding Cairn India)

	2008	2009	2010	2011	2012
GJ					
Total energy	357,508	333,456	1,981,839	2,108,404	22,710
Aviation gas	0	0	69,167	108,549	0
Diesel (land vehicles etc)	272,316	106,516	47,084	3,824	185
Fuel oil (marine diesel)	4,447	89,757	1,580,506	1,993,383	19,788
Gasoline (petrol)	0	0	479	278	70
Heating oil	0	0	225	0	0
Natural gas	77,489	134,048	279,715	52	74
Other energy	0	171	1,315	0	0
Renewable energy	0	0	127	0	0
Electricity	3,257	2,964	3,221	2,318	2,593

### Albania

	2008	2009	2010	2011	2012
GJ					
Total energy	0	68,363	0	0	0
Aviation gas	0	0	0	0	0
Diesel (land vehicles etc)	0	0	0	0	0
Fuel oil (marine diesel)	0	68,363	0	0	0
Gasoline (petrol)	0	0	0	0	0
Heating oil	0	0	0	0	0
Natural gas	0	0	0	0	0
Other energy	0	0	0	0	0
Renewable energy	0	0	0	0	0
Electricity	0	0	0	0	0

### Bangladesh

	2008	2009	2010	2011	2012
GJ					
Total energy	247,506	149,046	338,646	n/a	n/a
Aviation gas	0	0	0	n/a	n/a
Diesel (land vehicles etc)	167,158	11,874	46,579	n/a	n/a
Fuel oil (marine diesel)	2,859	1,771	8,846	n/a	n/a
Gasoline (petrol)	0	0	479	n/a	n/a
Heating oil	0	0	219	n/a	n/a
Natural gas	77,489	134,048	279,715	n/a	n/a
Other energy	0	171	1,313	n/a	n/a
Renewable energy	0	0	127	n/a	n/a
Electricity	0	1,182	1,368	n/a	n/a

## Greenland

	2008	2009	2010	2011	2012
Total energy	106,745	105,641	1,593,129	2,106,198	7,804
Aviation gas	0	0	69,167	108,549	0
Diesel (land vehicles etc)	105,158	89,645	368	3,736	145
Fuel oil (marine diesel)	1,588	15,996	1,523,594	1,993,383	7,445
Gasoline (petrol)	0	0	0	278	70
Heating oil	0	0	0	0	0
Natural gas	0	0	0	0	0
Other energy	0	0	0	0	0
Renewable energy	0	0	0	0	0
Electricity	0	0	0	252	144

## Morocco

	2008	2009	2010	2011	2012
Total energy	n/a	n/a	n/a	n/a	12,291
Aviation gas	n/a	n/a	n/a	n/a	0
Diesel (land vehicles etc)	n/a	n/a	n/a	n/a	0
Fuel oil (marine diesel)	n/a	n/a	n/a	n/a	12,291
Gasoline (petrol)	n/a	n/a	n/a	n/a	0
Heating oil	n/a	n/a	n/a	n/a	0
Natural gas	n/a	n/a	n/a	n/a	0
Other energy	n/a	n/a	n/a	n/a	0
Renewable energy	n/a	n/a	n/a	n/a	0
Electricity	n/a	n/a	n/a	n/a	0

## Nepal

	2008	2009	2010	2011	2012
Total energy	0	123	168	101	104
Aviation gas	0	0	0	0	0
Diesel (land vehicles etc)	0	105	137	87	39
Fuel oil (marine diesel)	0	0	0	0	52
Gasoline (petrol)	0	0	0	0	0
Heating oil	0	0	5	0	0
Natural gas	0	0	0	0	0
Other energy	0	0	2	0	0
Renewable energy	0	0	0	0	0
Electricity	0	18	25	13	13

## Norway

	2008	2009	2010	2011	2012
Total energy	n/a	n/a	n/a	n/a	346
Aviation gas	n/a	n/a	n/a	n/a	0
Diesel (land vehicles etc)	n/a	n/a	n/a	n/a	0
Fuel oil (marine diesel)	n/a	n/a	n/a	n/a	0
Gasoline (petrol)	n/a	n/a	n/a	n/a	0
Heating oil	n/a	n/a	n/a	n/a	0
Natural gas	n/a	n/a	n/a	n/a	0
Other energy	n/a	n/a	n/a	n/a	0
Renewable energy	n/a	n/a	n/a	n/a	0
Electricity	n/a	n/a	n/a	n/a	346

## Spain

	2008	2009	2010	2011	2012
Total energy	n/a	n/a	n/a	279	319
Aviation gas	n/a	n/a	n/a	0	0
Diesel (land vehicles etc)	n/a	n/a	n/a	0	0
Fuel oil (marine diesel)	n/a	n/a	n/a	0	0
Gasoline (petrol)	n/a	n/a	n/a	0	0
Heating oil	n/a	n/a	n/a	0	0
Natural gas	n/a	n/a	n/a	52	74
Other energy	n/a	n/a	n/a	0	0
Renewable energy	n/a	n/a	n/a	0	0
Electricity	n/a	n/a	n/a	226	245

## Tunisia

	2008	2009	2010	2011	2012
Total energy	n/a	8,636	48,066	n/a	n/a
Aviation gas	n/a	0	0	n/a	n/a
Diesel (land vehicles etc)	n/a	4,892	0	n/a	n/a
Fuel oil (marine diesel)	n/a	3,627	48,066	n/a	n/a
Gasoline (petrol)	n/a	0	0	n/a	n/a
Heating oil	n/a	0	0	n/a	n/a
Natural gas	n/a	0	0	n/a	n/a
Other energy	n/a	0	0	n/a	n/a
Renewable energy	n/a	0	0	n/a	n/a
Electricity	n/a	117	0	n/a	n/a

## United Kingdom

	2008	2009	2010	2011	2012
Total energy	0	1,646	1,829	1,827	1,846
Aviation gas	0	0	0	0	0
Diesel (land vehicles etc)	0	0	0	0	0
Fuel oil (marine diesel)	0	0	0	0	0
Gasoline (petrol)	0	0	0	0	0
Heating oil	0	0	0	0	0
Natural gas	0	0	0	0	0
Other energy	0	0	0	0	0
Renewable energy	0	0	0	0	0
Electricity	0	1,646	1,829	1,827	1,846

## Cairn India

	2008	2009	2010	2011	2012
Energy consumption	1,481,279	1,794,661	7,240,805	9,435,829	n/a



## Indirect energy consumption

## Caim (excluding Caim India)

	2008	2009	2010	2011	2012
Electricity consumption	3,257	2,964	3,221	2,318	2,593
Electricity consumption from non-renewable resources	3,257	1,763	0	13	346
Electricity consumption from renewable resources	0	0	0	252	157
Electricity consumption from unspecified resources	0	1,200	3,221	2,053	2,091

## Albania

	2008	2009	2010	2011	2012
Electricity consumption	n/a	0	0	0	0
Electricity consumption from non-renewable resources	n/a	0	0	0	0
Electricity consumption from renewable resources	n/a	0	0	0	0
Electricity consumption from unspecified resources	n/a	0	0	0	0

## Bangladesh

	2008	2009	2010	2011	2012
Electricity consumption	n/a	1,182	1,368	n/a	n/a
Electricity consumption from non-renewable resources	n/a	0	0	n/a	n/a
Electricity consumption from renewable resources	n/a	0	0	n/a	n/a
Electricity consumption from unspecified resources	n/a	1,182	1,368	n/a	n/a

## Greenland

	2008	2009	2010	2011	2012
Electricity consumption	n/a	0	0	252	144
Electricity consumption from non-renewable resources	n/a	0	0	0	0
Electricity consumption from renewable resources	n/a	0	0	252	144
Electricity consumption from unspecified resources	n/a	0	0	0	0

## Morocco

	2008	2009	2010	2011	2012
Electricity consumption	n/a	n/a	n/a	n/a	0
Electricity consumption from non-renewable resources	n/a	n/a	n/a	n/a	0
Electricity consumption from renewable resources	n/a	n/a	n/a	n/a	0
Electricity consumption from unspecified resources	n/a	n/a	n/a	n/a	0

## Nepal

	2008	2009	2010	2011	2012
Electricity consumption	n/a	18	25	13	13
Electricity consumption from non-renewable resources	n/a	0	0	13	0
Electricity consumption from renewable resources	n/a	0	0	0	13
Electricity consumption from unspecified resources	n/a	18	25	0	0

## Norway

	2008	2009	2010	2011	2012
Electricity consumption	n/a	n/a	n/a	n/a	346
Electricity consumption from non-renewable resources	n/a	n/a	n/a	n/a	346
Electricity consumption from renewable resources	n/a	n/a	n/a	n/a	0
Electricity consumption from unspecified resources	n/a	n/a	n/a	n/a	0

## Spain

	2008	2009	2010	2011	2012
Electricity consumption	n/a	n/a	n/a	226	245
Electricity consumption from non-renewable resources	n/a	n/a	n/a	0	0
Electricity consumption from renewable resources	n/a	n/a	n/a	0	0
Electricity consumption from unspecified resources	n/a	n/a	n/a	226	245

## Tunisia

	2008	2009	2010	2011	2012
Electricity consumption	n/a	117	0	n/a	n/a
Electricity consumption from non-renewable resources	n/a	117	0	n/a	n/a
Electricity consumption from renewable resources	n/a	0	0	n/a	n/a
Electricity consumption from unspecified resources	n/a	0	0	n/a	n/a

## United Kingdom

	2008	2009	2010	2011	2012
Electricity consumption	n/a	1,646	1,829	1,827	1,846
Electricity consumption from non-renewable resources	n/a	1,646	0	0	0
Electricity consumption from renewable resources	n/a	0	0	0	0
Electricity consumption from unspecified resources	n/a	0	1,829	1,827	1,846

## Cairn India

GJ

	2008	2009	2010	2011	2012
Electricity consumption	6,328	6,670	11,644.55	31,711	n/a

Note: Further breakdown of electricity consumption is not available for Cairn India.

## Total waste

## Cairn (excluding Cairn India)

tonnes

	2008	2009	2010	2011	2012
Quantity of regulated hazardous waste	4.24	26	106.76	411.43	8.45
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			15.45	36.10	0
Disposed of through recycling	21.61	7	76.32	0	0.09
Disposed of through reuse			0	0.50	0
Disposed of to landfill			1.10	0	0
To on-site storage			7.77	0	0
Unspecified disposal			6.13	374.83	8.36
Quantity of regulated non-hazardous waste	87	135	546.84	1,002.77	118.06
Disposed of by composting			0.60	0.60	1.61
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			177.72	498.40	5.37
Disposed of through recycling			47.69	165.51	57.42
Disposed of through reuse			0.45	0	0
Disposed of to landfill			137.86	49.95	50.17
To on-site storage			37.05	3.18	0
Unspecified disposal			145.47	285.14	3.50

Note: We collect and report data from our contractors on the weight of waste generated during the activities they undertake on our behalf. Further to recommendations made by our external assurers last year regarding our waste data we now instruct our contractors to weigh their waste wherever possible. Where this is not possible, due to operational factors, we ask them to provide details of the methodology used to calculate their waste figures. We will continue to review progress with this during our activities in 2013.

Note: We only started breaking down our waste by disposal method in 2010 which explains the gaps in the 2008 and 2009 data.



Data assured

## Albania

tonnes

	2008	2009	2010	2011	2012
Quantity of regulated hazardous waste			0	0	0
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			0	0	0
Disposed of through recycling			0	0	0
Disposed of through reuse			0	0	0
Disposed of to landfill			0	0	0
To on-site storage			0	0	0
Unspecified disposal			0	0	0
Quantity of regulated non-hazardous waste			0	0	0
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			0	0	0
Disposed of through recycling			0	0	0
Disposed of through reuse			0	0	0
Disposed of to landfill			0	0	0
To on-site storage			0	0	0
Unspecified disposal			0	0	0



Data assured

## Bangladesh

	2008	2009	2010	2011	2012
tonnes					
Quantity of regulated hazardous waste			2.09	n/a	n/a
Disposed of by composting			0	n/a	n/a
Disposed of by deep well injection			0	n/a	n/a
Disposed of through incineration or used as fuel			1.69	n/a	n/a
Disposed of through recycling			0	n/a	n/a
Disposed of through reuse			0	n/a	n/a
Disposed of to landfill			0	n/a	n/a
To on-site storage			0	n/a	n/a
Unspecified disposal			0.40	n/a	n/a
Quantity of regulated non-hazardous waste			32.68	n/a	n/a
Disposed of by composting			0	n/a	n/a
Disposed of by deep well injection			0	n/a	n/a
Disposed of through incineration or used as fuel			0	n/a	n/a
Disposed of through recycling			0	n/a	n/a
Disposed of through reuse			0	n/a	n/a
Disposed of to landfill			0	n/a	n/a
To on-site storage			0	n/a	n/a
Unspecified disposal			32.68	n/a	n/a

## Greenland

	2008	2009	2010	2011	2012
tonnes					
Quantity of regulated hazardous waste			104.68	411.41	8.21
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			13.76	36.10	0
Disposed of through recycling			76.32	0	0
Disposed of through reuse			0	0.50	0
Disposed of to landfill			1.10	0	0
To on-site storage			7.77	0	0
Unspecified disposal			5.73	374.81	8.21
Quantity of regulated non-hazardous waste			382.22	907.86	8.77
Disposed of by composting			0.60	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			177.72	498.40	4.32
Disposed of through recycling			27.21	96.26	2.30
Disposed of through reuse			0.45	0	0
Disposed of to landfill			84.96	24.89	1.28
To on-site storage			37.05	3.18	0
Unspecified disposal			54.23	285.14	0.88



## Morocco

	2008	2009	2010	2011	2012
<i>tonnes</i>					
Quantity of regulated hazardous waste			n/a	n/a	0
Disposed of by composting			n/a	n/a	0
Disposed of by deep well injection			n/a	n/a	0
Disposed of through incineration or used as fuel			n/a	n/a	0
Disposed of through recycling			n/a	n/a	0
Disposed of through reuse			n/a	n/a	0
Disposed of to landfill			n/a	n/a	0
To on-site storage			n/a	n/a	0
Unspecified disposal			n/a	n/a	0
Quantity of regulated non-hazardous waste			n/a	n/a	1.27
Disposed of by composting			n/a	n/a	0
Disposed of by deep well injection			n/a	n/a	0
Disposed of through incineration or used as fuel			n/a	n/a	1.05
Disposed of through recycling			n/a	n/a	0
Disposed of through reuse			n/a	n/a	0
Disposed of to landfill			n/a	n/a	0
To on-site storage			n/a	n/a	0
Unspecified disposal			n/a	n/a	0.22



## Nepal

	2008	2009	2010	2011	2012
<i>tonnes</i>					
Quantity of regulated hazardous waste			0	0	0
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			0	0	0
Disposed of through recycling			0	0	0
Disposed of through reuse			0	0	0
Disposed of to landfill			0	0	0
To on-site storage			0	0	0
Unspecified disposal			0	0	0
Quantity of regulated non-hazardous waste			0.18	0.80	2.07
Disposed of by composting			0	0.60	1.00
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			0	0	0
Disposed of through recycling			0	0.20	0
Disposed of through reuse			0	0	0
Disposed of to landfill			0	0	1.07
To on-site storage			0	0	0
Unspecified disposal			0.18	0	0





## Norway

	2008	2009	2010	2011	2012
tonnes					
Quantity of regulated hazardous waste			n/a	n/a	0
Disposed of by composting			n/a	n/a	0
Disposed of by deep well injection			n/a	n/a	0
Disposed of through incineration or used as fuel			n/a	n/a	0
Disposed of through recycling			n/a	n/a	0
Disposed of through reuse			n/a	n/a	0
Disposed of to landfill			n/a	n/a	0
To on-site storage			n/a	n/a	0
Unspecified disposal			n/a	n/a	0
Quantity of regulated non-hazardous waste			n/a	n/a	1.12
Disposed of by composting			n/a	n/a	0.61
Disposed of by deep well injection			n/a	n/a	0
Disposed of through incineration or used as fuel			n/a	n/a	0
Disposed of through recycling			n/a	n/a	0.21
Disposed of through reuse			n/a	n/a	0
Disposed of to landfill			n/a	n/a	0
To on-site storage			n/a	n/a	0
Unspecified disposal			n/a	n/a	0.30



## Spain

	2008	2009	2010	2011	2012
tonnes					
Quantity of regulated hazardous waste			n/a	0	0
Disposed of by composting			n/a	0	0
Disposed of by deep well injection			n/a	0	0
Disposed of through incineration or used as fuel			n/a	0	0
Disposed of through recycling			n/a	0	0
Disposed of through reuse			n/a	0	0
Disposed of to landfill			n/a	0	0
To on-site storage			n/a	0	0
Unspecified disposal			n/a	0	0
Quantity of regulated non-hazardous waste			n/a	0.09	0.33
Disposed of by composting			n/a	0	0
Disposed of by deep well injection			n/a	0	0
Disposed of through incineration or used as fuel			n/a	0	0
Disposed of through recycling			n/a	0.08	0.30
Disposed of through reuse			n/a	0	0
Disposed of to landfill			n/a	0.01	0.03
To on-site storage			n/a	0	0
Unspecified disposal			n/a	0	0



## Tunisia

	2008	2009	2010	2011	2012
tonnes					
Quantity of regulated hazardous waste			0	n/a	n/a
Disposed of by composting			0	n/a	n/a
Disposed of by deep well injection			0	n/a	n/a
Disposed of through incineration or used as fuel			0	n/a	n/a
Disposed of through recycling			0	n/a	n/a
Disposed of through reuse			0	n/a	n/a
Disposed of to landfill			0	n/a	n/a
To on-site storage			0	n/a	n/a
Unspecified disposal			0	n/a	n/a
Quantity of regulated non-hazardous waste			52.90	n/a	n/a
Disposed of by composting			0	n/a	n/a
Disposed of by deep well injection			0	n/a	n/a
Disposed of through incineration or used as fuel			0	n/a	n/a
Disposed of through recycling			0	n/a	n/a
Disposed of through reuse			0	n/a	n/a
Disposed of to landfill			52.90	n/a	n/a
To on-site storage			0	n/a	n/a
Unspecified disposal			0	n/a	n/a

## United Kingdom

	2008	2009	2010	2011	2012
tonnes					
Quantity of regulated hazardous waste			0	0.03	0.24
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			0	0	0
Disposed of through recycling			0	0	0.09
Disposed of through reuse			0	0	0
Disposed of to landfill			0	0	0
To on-site storage			0	0	0
Unspecified disposal			0	0.03	0.15
Quantity of regulated non-hazardous waste			78.87	94.02	104.50
Disposed of by composting			0	0	0
Disposed of by deep well injection			0	0	0
Disposed of through incineration or used as fuel			0	0	0
Disposed of through recycling			20.48	68.98	54.61
Disposed of through reuse			0	0	0
Disposed of to landfill			0	25.05	47.79
To on-site storage			0	0	0
Unspecified disposal			58.39	0	2.10



## Cairn India

	2008	2009	2010	2011	2012
tonnes					
Total waste generated	1,388	8,416	958.7	1,235.6	n/a
Other waste	0	32.6	33.1	0	n/a
Quantity of recycled and reclaimed hazardous waste	18.9	864.3	315.6	131.9	n/a
Quantity of regulated hazardous waste	259	88.4	582.4	1,059.1	n/a
Quantity of regulated non-hazardous waste	1,110	7,430.6	27.6	9.2	n/a

**Note:** Further breakdown of waste by method of disposal is not available for Cairn India.

## Water consumption

### Caim (excluding Caim India)

	m <sup>3</sup>			
	2009	2010	2011	2012
Freshwater	36,689	48,297	17,906	1,772
from another organisation's waste water	0	0	2	0
from groundwater sources	8,303	11,497	80	26
from rainwater collected directly and stored	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	1,592	21,155	1,711	36
municipal water supplies or other water utilities	26,794	15,645	16,113	1,711
Brackish water	0	10,237	20,755	0
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	1	0
from surface water sources	0	0	20,754	0
from unspecified sources	0	10,237	0	0
Sea water	0	0	0	1,209
from another organisation's waste water	0	0	0	0
from surface water sources	0	0	0	1,060
from unspecified sources	0	0	0	149

**Note:** In 2012 water consumption data have been broken down into freshwater, brackish water and sea water. Some freshwater used by Cairn's activities is produced by reverse osmosis from sea water. This data is included under sea water in 2012 as this was the source of the water. It was included under brackish/sea water in 2011 when brackish and sea water categories were not broken down. In previous years it was reported under 'freshwater unspecified'. This explains some of the difference in figures over the years.

### Albania

	m <sup>3</sup>			
	2009	2010	2011	2012
Freshwater	363	0	0	0
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	0	0
from rainwater collected directly and stored	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	363	0	0	0
municipal water supplies or other water utilities	0	0	0	0
Brackish water	0	0	0	0
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0
Sea water	0	0	0	0
from another organisation's waste water	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0

### Bangladesh

	m <sup>3</sup>			
	2009	2010	2011	2012
Freshwater	18,430	25,718	n/a	n/a
from another organisation's waste water	0	0	n/a	n/a
from groundwater sources	5,952	11,453	n/a	n/a
from rainwater collected directly and stored	0	0	n/a	n/a
from surface water sources	0	0	n/a	n/a
from unspecified sources	0	0	n/a	n/a
municipal water supplies or other water utilities	12,478	14,265	n/a	n/a
Brackish water	0	0	n/a	n/a
from another organisation's waste water	0	0	n/a	n/a
from groundwater sources	0	0	n/a	n/a
from surface water sources	0	0	n/a	n/a
from unspecified sources	0	0	n/a	n/a
Sea water	0	0	n/a	n/a
from another organisation's waste water	0	0	n/a	n/a
from surface water sources	0	0	n/a	n/a
from unspecified sources	0	0	n/a	n/a

## Greenland

	2009	2010	2011	2012
<i>m<sup>3</sup></i>				
Freshwater	1,043	20,383	16,179	142
from another organisation's waste water	0	0	2	0
from groundwater sources	0	0	0	0
from rainwater collected directly and stored	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	1,043	20,383	1,711	4
municipal water supplies or other water utilities	0	0	14,466	138
Brackish water	0	10,031	20,755	0
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	1	0
from surface water sources	0	0	20,754	0
from unspecified sources	0	10,031	0	0
Sea water	0	0	0	1,060
from another organisation's waste water	0	0	0	0
from surface water sources	0	0	0	1,060
from unspecified sources	0	0	0	0

## Morocco

	2009	2010	2011	2012
<i>m<sup>3</sup></i>				
Freshwater	n/a	n/a	n/a	0
from another organisation's waste water	n/a	n/a	n/a	0
from groundwater sources	n/a	n/a	n/a	0
from rainwater collected directly and stored	n/a	n/a	n/a	0
from surface water sources	n/a	n/a	n/a	0
from unspecified sources	n/a	n/a	n/a	0
municipal water supplies or other water utilities	n/a	n/a	n/a	0
Brackish water	n/a	n/a	n/a	0
from another organisation's waste water	n/a	n/a	n/a	0
from groundwater sources	n/a	n/a	n/a	0
from surface water sources	n/a	n/a	n/a	0
from unspecified sources	n/a	n/a	n/a	0
Sea water	n/a	n/a	n/a	149
from another organisation's waste water	n/a	n/a	n/a	0
from surface water sources	n/a	n/a	n/a	0
from unspecified sources	n/a	n/a	n/a	149

## Nepal

	2009	2010	2011	2012
<i>m<sup>3</sup></i>				
Freshwater	164	98	230	43
from another organisation's waste water	0	0	0	0
from groundwater sources	101	44	80	26
from rainwater collected directly and stored	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0
municipal water supplies or other water utilities	63	54	150	17
Brackish water	0	0	0	0
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0
Sea water	0	0	0	0
from another organisation's waste water	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0

## Norway

	2009	2010	2011	2012
<i>m<sup>3</sup></i>				
Freshwater	n/a	n/a	n/a	145
from another organisation's waste water	n/a	n/a	n/a	0
from groundwater sources	n/a	n/a	n/a	0
from rainwater collected directly and stored	n/a	n/a	n/a	0
from surface water sources	n/a	n/a	n/a	0
from unspecified sources	n/a	n/a	n/a	0
municipal water supplies or other water utilities	n/a	n/a	n/a	145
Brackish water	n/a	n/a	n/a	0
from another organisation's waste water	n/a	n/a	n/a	0
from groundwater sources	n/a	n/a	n/a	0
from surface water sources	n/a	n/a	n/a	0
from unspecified sources	n/a	n/a	n/a	0
Sea water	n/a	n/a	n/a	0
from another organisation's waste water	n/a	n/a	n/a	0
from surface water sources	n/a	n/a	n/a	0
from unspecified sources	n/a	n/a	n/a	0

## Spain

	2009	2010	2011	2012
Freshwater	n/a	n/a	64	96
from another organisation's waste water	n/a	n/a	0	0
from groundwater sources	n/a	n/a	0	0
from rainwater collected directly and stored	n/a	n/a	0	0
from surface water sources	n/a	n/a	0	0
from unspecified sources	n/a	n/a	0	0
municipal water supplies or other water utilities	n/a	n/a	64	96
Brackish water	n/a	n/a	0	0
from another organisation's waste water	n/a	n/a	0	0
from groundwater sources	n/a	n/a	0	0
from surface water sources	n/a	n/a	0	0
from unspecified sources	n/a	n/a	0	0
Sea water	n/a	n/a	0	0
from another organisation's waste water	n/a	n/a	0	0
from surface water sources	n/a	n/a	0	0
from unspecified sources	n/a	n/a	0	0

## Tunisia

	2009	2010	2011	2012
Freshwater	12,925	765	n/a	n/a
from another organisation's waste water	0	0	n/a	n/a
from groundwater sources	2,250	0	n/a	n/a
from rainwater collected directly and stored	0	0	n/a	n/a
from surface water sources	0	0	n/a	n/a
from unspecified sources	180	765	n/a	n/a
municipal water supplies or other water utilities	10,495	0	n/a	n/a
Brackish water	0	206	n/a	n/a
from another organisation's waste water	0	0	n/a	n/a
from groundwater sources	0	0	n/a	n/a
from surface water sources	0	0	n/a	n/a
from unspecified sources	0	206	n/a	n/a
Sea water	0	0	n/a	n/a
from another organisation's waste water	0	0	n/a	n/a
from surface water sources	0	0	n/a	n/a
from unspecified sources	0	0	n/a	n/a

## United Kingdom

	2009	2010	2011	2012
Freshwater	3,764	1,333	1,433	1,347
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	0	0
from rainwater collected directly and stored	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	6	7	0	32
municipal water supplies or other water utilities	3,758	1,326	1,433	1,315
Brackish water	0	0	0	0
from another organisation's waste water	0	0	0	0
from groundwater sources	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0
Sea water	0	0	0	0
from another organisation's waste water	0	0	0	0
from surface water sources	0	0	0	0
from unspecified sources	0	0	0	0

## Cairn India

	2009	2010	2011	2012
Freshwater	28,430	68,988	107,410	n/a
Brackish water	3,475,689	6,451,499	9,337,614	n/a

**Note:** Further breakdown of water consumption data is not available for Cairn India.



## Water effluent and discharges to water

### Caim (excluding Caim India)

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	99,719	15,328	23,151	4,618	230
Water effluent discharged to evaporation ponds	m <sup>3</sup>	28,065	270	0	0	0
Water effluent discharged to surface	m <sup>3</sup>	67,946	11,547	21,234	4,618	230
Water effluent reinjected	m <sup>3</sup>	3,708	3,511	1,917	0	0
Oil discharged in water effluent to surface	tonnes	1.85	0.29	0.39	0	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	27	25	19	0	0
Oil discharged in water per million tonnes of hydrocarbon produced	tonnes per million tonnes of hydrocarbon produced	4.01	0.69	1.46	0	0

### Albania

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	0	0	0	0	0
Water effluent discharged to evaporation ponds	m <sup>3</sup>	0	0	0	0	0
Water effluent discharged to surface	m <sup>3</sup>	0	0	0	0	0
Water effluent reinjected	m <sup>3</sup>	0	0	0	0	0
Oil discharged in water effluent to surface	tonnes	0	0	0	0	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	0	0	0	0	0

### Bangladesh

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	99,719	15,058	18,212	n/a	n/a
Water effluent discharged to evaporation ponds	m <sup>3</sup>	28,065	0	0	n/a	n/a
Water effluent discharged to surface	m <sup>3</sup>	67,946	11,547	16,295	n/a	n/a
Water effluent reinjected	m <sup>3</sup>	3,708	3,511	1,917	n/a	n/a
Oil discharged in water effluent to surface	tonnes	1.85	0.29	0.39	n/a	n/a
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	27	25	24	n/a	n/a

### Greenland

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	0	270	4,174	4,618	142
Water effluent discharged to evaporation ponds	m <sup>3</sup>	0	270	0	0	0
Water effluent discharged to surface	m <sup>3</sup>	0	0	4,174	4,618	142
Water effluent reinjected	m <sup>3</sup>	0	0	0	0	0
Oil discharged in water effluent to surface	tonnes	0	0	0	0	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	0	0	0	0	0

### Morocco

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	n/a	n/a	n/a	n/a	88
Water effluent discharged to evaporation ponds	m <sup>3</sup>	n/a	n/a	n/a	n/a	0
Water effluent discharged to surface	m <sup>3</sup>	n/a	n/a	n/a	n/a	88
Water effluent reinjected	m <sup>3</sup>	n/a	n/a	n/a	n/a	0
Oil discharged in water effluent to surface	tonnes	n/a	n/a	n/a	n/a	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	n/a	n/a	n/a	n/a	0

## Nepal

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	0	0	0	0	0
Water effluent discharged to evaporation ponds	m <sup>3</sup>	0	0	0	0	0
Water effluent discharged to surface	m <sup>3</sup>	0	0	0	0	0
Water effluent reinjected	m <sup>3</sup>	0	0	0	0	0
Oil discharged in water effluent to surface	tonnes	0	0	0	0	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	0	0	0	0	0

## Norway

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	n/a	n/a	n/a	n/a	0
Water effluent discharged to evaporation ponds	m <sup>3</sup>	n/a	n/a	n/a	n/a	0
Water effluent discharged to surface	m <sup>3</sup>	n/a	n/a	n/a	n/a	0
Water effluent reinjected	m <sup>3</sup>	n/a	n/a	n/a	n/a	0
Oil discharged in water effluent to surface	tonnes	n/a	n/a	n/a	n/a	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	n/a	n/a	n/a	n/a	0

## Spain

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	n/a	n/a	n/a	0	0
Water effluent discharged to evaporation ponds	m <sup>3</sup>	n/a	n/a	n/a	0	0
Water effluent discharged to surface	m <sup>3</sup>	n/a	n/a	n/a	0	0
Water effluent reinjected	m <sup>3</sup>	n/a	n/a	n/a	0	0
Oil discharged in water effluent to surface	tonnes	n/a	n/a	n/a	0	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	n/a	n/a	n/a	0	0

## Tunisia

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	n/a	0	765	n/a	n/a
Water effluent discharged to evaporation ponds	m <sup>3</sup>	n/a	0	0	n/a	n/a
Water effluent discharged to surface	m <sup>3</sup>	n/a	0	765	n/a	n/a
Water effluent reinjected	m <sup>3</sup>	n/a	0	0	n/a	n/a
Oil discharged in water effluent to surface	tonnes	n/a	0	0	n/a	n/a
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	n/a	0	0	n/a	n/a

## United Kingdom

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>	0	0	0	0	0
Water effluent discharged to evaporation ponds	m <sup>3</sup>	0	0	0	0	0
Water effluent discharged to surface	m <sup>3</sup>	0	0	0	0	0
Water effluent reinjected	m <sup>3</sup>	0	0	0	0	0
Oil discharged in water effluent to surface	tonnes	0	0	0	0	0
Oil discharged in water effluent to surface per unit volume of water discharged to surface	mg/l	0	0	0	0	0

## Cairn India

		2008	2009	2010	2011	2012
Total water effluent discharged	m <sup>3</sup>		1,491,234	2,570,674	574,175 <sup>1</sup>	n/a
Water effluent discharged to evaporation ponds	m <sup>3</sup>		0	109,325	0	n/a
Water effluent discharged to surface	m <sup>3</sup>		104,061	721,696	0	n/a
Water effluent reinjected	m <sup>3</sup>		1,387,173	1,739,653	0	n/a
Oil discharged in water	tonnes	4.93	0.72	5.25	4.80	n/a
Oil per litre of water discharged	mg/l	6.64	6.2	4.34	6.63	n/a
Oil discharged in water per million tonnes of hydrocarbon produced	tonnes per million tonnes of hydrocarbon produced	1.55	1.18	0.86	0.58	n/a

1. Discharged to sea



## Spills

### Caim (excluding Caim India)

		2008	2009	2010	2011	2012
Oil spills that reached the environment	number	0	0	0	0	0
Total volume of oil spilled to the environment	barrels	0	0	0	0	0
Chemical spills that reached the environment	number	0	0	3	0	1
Total volume of chemicals spilled to the environment	barrels	0	0	56.85	0	2.20
Fuel spills that reached the environment	number	1	1	1	1	0
Total volume of fuel spilled to the environment	barrels	0.57	0.01	28.30	0.06	0
Waste spills that reached the environment	number	1	1	0	0	0
Total volume of waste spilled to the environment	barrels	0.02	0.06	0	0	0
Other spills that reached the environment	number	0	0	0	2	0
Total volume of 'other' spilled to the environment	barrels	0	0	0	9.44	0

#### Spill categories:

Oil – crude oil

Fuel – diesel, gasoline, kerosene, heating oil, aviation fuel

Chemical – any other raw material or ancillary

Waste – any material (solid, liquid or gas) that is introduced into the work location as a product of the work but that fulfils no further useful purpose at that location.

Other – other material not included in categories above.

N.B. If something fits into more than one category, we have reported against the category that provides the most information, e.g. chemical rather than waste when reporting waste chemicals. 1 barrel is a unit of volume equivalent to 159 litres.



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### Albania

		2008	2009	2010	2011	2012
Oil spills that reached the environment	number	0	0	0	0	0
Total volume of oil spilled to the environment	barrels	0	0	0	0	0
Chemical spills that reached the environment	number	0	0	0	0	0
Total volume of chemicals spilled to the environment	barrels	0	0	0	0	0
Fuel spills that reached the environment	number	0	0	0	0	0
Total volume of fuel spilled to the environment	barrels	0	0	0	0	0
Waste spills that reached the environment	number	0	0	0	0	0
Total volume of waste spilled to the environment	barrels	0	0	0	0	0
Other spills that reached the environment	number	0	0	0	0	0
Total volume of 'other' spilled to the environment	barrels	0	0	0	0	0



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### Bangladesh

		2008	2009	2010	2011	2012
Oil spills that reached the environment	number	0	0	0	n/a	n/a
Total volume of oil spilled to the environment	barrels	0	0	0	n/a	n/a
Chemical spills that reached the environment	number	0	0	1	n/a	n/a
Total volume of chemicals spilled to the environment	barrels	0	0	56.60	n/a	n/a
Fuel spills that reached the environment	number	1	1	1	n/a	n/a
Total volume of fuel spilled to the environment	barrels	0.57	0.01	28.30	n/a	n/a
Waste spills that reached the environment	number	1	1	0	n/a	n/a
Total volume of waste spilled to the environment	barrels	0.02	0.06	0	n/a	n/a
Other spills that reached the environment	number	0	0	0	n/a	n/a
Total volume of 'other' spilled to the environment	barrels	0	0	0	n/a	n/a

### Greenland

		2008	2009	2010	2011	2012
Oil spills that reached the environment	number	0	0	0	0	0
Total volume of oil spilled to the environment	barrels	0	0	0	0	0
Chemical spills that reached the environment	number	0	0	2	0	0
Total volume of chemicals spilled to the environment	barrels	0	0	0.25	0	0
Fuel spills that reached the environment	number	0	0	0	1	0
Total volume of fuel spilled to the environment	barrels	0	0	0	0.06	0
Waste spills that reached the environment	number	0	0	0	0	0
Total volume of waste spilled to the environment	barrels	0	0	0	0	0
Other spills that reached the environment	number	0	0	0	2	0
Total volume of 'other' spilled to the environment	barrels	0	0	0	9.44	0



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## Morocco

		2008	2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of oil spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Chemical spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of chemicals spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Fuel spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of fuel spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Waste spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of waste spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Other spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of 'other' spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0



## Norway

		2008	2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of oil spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Chemical spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of chemicals spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Fuel spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of fuel spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Waste spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of waste spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0
Other spills that reached the environment	<i>number</i>	n/a	n/a	n/a	n/a	0
Total volume of 'other' spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	n/a	0



## Nepal

		2008	2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of oil spilled to the environment	<i>barrels</i>	0	0	0	0	0
Chemical spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of chemicals spilled to the environment	<i>barrels</i>	0	0	0	0	0
Fuel spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of fuel spilled to the environment	<i>barrels</i>	0	0	0	0	0
Waste spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of waste spilled to the environment	<i>barrels</i>	0	0	0	0	0
Other spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of 'other' spilled to the environment	<i>barrels</i>	0	0	0	0	0



## Spain

		2008	2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	n/a	n/a	n/a	0	0
Total volume of oil spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	0	0
Chemical spills that reached the environment	<i>number</i>	n/a	n/a	n/a	0	0
Total volume of chemicals spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	0	0
Fuel spills that reached the environment	<i>number</i>	n/a	n/a	n/a	0	0
Total volume of fuel spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	0	0
Waste spills that reached the environment	<i>number</i>	n/a	n/a	n/a	0	0
Total volume of waste spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	0	0
Other spills that reached the environment	<i>number</i>	n/a	n/a	n/a	0	0
Total volume of 'other' spilled to the environment	<i>barrels</i>	n/a	n/a	n/a	0	0



## Tunisia

		2008	2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	n/a	0	0	n/a	n/a
Total volume of oil spilled to the environment	<i>barrels</i>	n/a	0	0	n/a	n/a
Chemical spills that reached the environment	<i>number</i>	n/a	0	0	n/a	n/a
Total volume of chemicals spilled to the environment	<i>barrels</i>	n/a	0	0	n/a	n/a
Fuel spills that reached the environment	<i>number</i>	n/a	0	0	n/a	n/a
Total volume of fuel spilled to the environment	<i>barrels</i>	n/a	0	0	n/a	n/a
Waste spills that reached the environment	<i>number</i>	n/a	0	0	n/a	n/a
Total volume of waste spilled to the environment	<i>barrels</i>	n/a	0	0	n/a	n/a
Other spills that reached the environment	<i>number</i>	n/a	0	0	n/a	n/a
Total volume of 'other' spilled to the environment	<i>barrels</i>	n/a	0	0	n/a	n/a

## United Kingdom

		2008	2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of oil spilled to the environment	<i>barrels</i>	0	0	0	0	0
Chemical spills that reached the environment	<i>number</i>	0	0	0	0	1
Total volume of chemicals spilled to the environment	<i>barrels</i>	0	0	0	0	2.20
Fuel spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of fuel spilled to the environment	<i>barrels</i>	0	0	0	0	0
Waste spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of waste spilled to the environment	<i>barrels</i>	0	0	0	0	0
Other spills that reached the environment	<i>number</i>	0	0	0	0	0
Total volume of 'other' spilled to the environment	<i>barrels</i>	0	0	0	0	0



Data assured

**Note:** A small volume (~2.2 barrels or 350 litres) of non-toxic drilling mud chemicals was released from a container during offloading at Peterhead of materials not used during the 2011 Greenland drilling programme. All of the released chemicals were recovered with no loss into the sea.

## Caim India

		2009	2010	2011	2012
Oil spills that reached the environment	<i>number</i>	3	9	5	n/a
Total volume of oil spilled to the environment	<i>barrels</i>	11.88	660.2	163	n/a
Chemical spills that reached the environment	<i>number</i>	1	0	1	n/a
Total volume of chemicals spilled to the environment	<i>barrels</i>	2	0	1.5	n/a
Fuel spills that reached the environment	<i>number</i>	0	0	0	n/a
Total volume of fuel spilled to the environment	<i>barrels</i>	0	0	0	n/a
Waste spills that reached the environment	<i>number</i>	0	0	0	n/a
Total volume of waste spilled to the environment	<i>barrels</i>	0	0	0	n/a
Other spills that reached the environment	<i>number</i>	0	0	0	n/a
Total volume of 'other' spilled to the environment	<i>barrels</i>	0	0	0	n/a

## Exploration acreage containing or adjacent to protected areas or areas of high biodiversity

	2009	2010	2011	2012
Cairn (excluding Cairn India)				
Greenland <sup>1</sup>	6	8	11	11
Nepal	4	4	4	4
Albania	0	0	0	0
Spain	n/a	n/a	0	0
Morocco	n/a	n/a	n/a	1
Cairn India	0	0	0	0

1. These figures include all of our blocks in Greenland. They do not contain and are not adjacent to protected areas, however, the blocks are considered by Cairn as areas of potentially high biodiversity value.

## Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

Area of Operation	Geographical location, type of operation	Protected areas (distance to licence block, status)
Pitu block, Greenland	<p>Located in Baffin Bay approximately 50km from the nearest coastal line.</p> <p>Metocean study carried out by MV Arctic Hunter, who undertook two trips to the location (to deploy and retrieve the metocean buoy) in August-September 2012.</p> <p>Seabed sampling survey which comprised of approximately 984 sampling stations over an area of 6,192km<sup>2</sup> and was carried out from MV Neptune for a period of approximately 36 days, starting in August 2012.</p>	<b>Melville Bay Nature Reserve</b> (Marine Protected Area) is situated approximately 50km north of the licence block and is an important site for narwhals and polar bears. The licence block is located in Protection Area II which is designated as a narwhal migration corridor from 15 October to 1 December.
Saqqamiut block and Prospecting area, South Greenland	<p>Located in southern Greenland approximately 50km from the nearest coastal line.</p> <p>Seabed sampling survey, which comprised of approximately 462 sampling stations over an area of 4,901km<sup>2</sup> and was carried out from MV Neptune for a period of approximately 30 days, starting in September 2012.</p>	<p><b>Kitsissut Avalliit</b> (Ramsar site and Bird Reserve) is located approximately 40km from the area of operations and covers a total area of 4,470ha.</p> <p><b>Ikka Fjord</b> (Nature Reserve) is located approximately 55km from the area of operations and covers a total area of 464ha.</p>
Juby Maritime II block, Morocco	<p>Located approximately 50km from the nearest coast and 400km south-west of Agadir, in the water depths of 100m.</p> <p>3D seismic acquisition over an area of 662km<sup>2</sup> in December 2012–January 2013.</p>	The area of operations is approximately 75km from the <b>Khenifiss/Puerto Cansado Biological Reserve</b> (Ramsar site and marine protected area) and 60km from the <b>Khenifiss National Park</b> . Both were established (1962 and 2006 respectively) to protect wetlands and coastal dunes.

## Habitats protected or restored

The impacts from Cairn operations on the environment and biodiversity in Greenland and Morocco have not been notable or measurable. As a result, no habitats required restoration following the completion of operational activities.

The following measures had been implemented to mitigate the potential impacts and to protect habitats and species in the vicinity of operational areas:

Location	Area of Operations	Mitigation/protection measures
Pitu block, Greenland	6,192km <sup>2</sup>	Sensitive habitats, including deep sea sponge aggregations and coral gardens, were avoided during sea bed sampling.
Saqqamiut block and Prospecting area, South Greenland	4,901km <sup>2</sup>	Fishing and whaling boats were advised of survey vessel's presence in the area. No hunting or fishing has been permitted in connection with the proposed survey. Tracking and accounting of all environmentally sensitive materials on board the vessel. Maritime navigation and communications measures safeguard vessel from risk of collision or grounding. Shipboard Oil Pollution Emergency Plans (SOPEP) onboard all vessels. Robust refuelling procedures.
Juby Maritime II block, Morocco	662km <sup>2</sup>	The survey took place in the least sensitive period for key species of fish, marine mammals and turtles. Fishing association and local fishermen were advised of survey vessel's presence in the area. Fishing liaison officer (FLO), fluent in Arabic and French, was stationed on a chase vessel for the duration of the survey. No hunting or fishing has been permitted in connection with the proposed survey. Strict adherence to IMO requirements and JNCC recommendations were enforced throughout operations. The air guns on line turns were turned down during the daylight. During line turns at night or in poor visibility conditions, total seismic output was reduced to one (mitigation) gun and shot point interval to ≤5 min. Where all guns (incl. mitigation gun) were out of operation for more than 20 min, the survey only re-commenced following the pre-shoot search and soft-start.

## Number and percentage of significant operating sites in which biodiversity risk has been assessed and monitored

Due to the limited scope of work and the nature of operational activities undertaken in 2012, Cairn did not develop project-specific BAPs – all biodiversity related mitigation measures were incorporated into the EMPs.

Location	Area of operations	Percentage of operating sites assessed for biodiversity risks	Significance of biodiversity risks	BAPs implemented and monitored
Pitu block, Baffin Bay, Greenland	6,192km <sup>2</sup>	100%	No significant risk to biodiversity from routine operations	No BAP required
Saqqamiut block and Prospecting area, South Greenland	4,901km <sup>2</sup>	100%	No significant risk to biodiversity from routine operations	No BAP required
Juby Maritime II block, Morocco	662km <sup>2</sup>	100%	Moderate risk to biodiversity from routine operations	No BAP developed, biodiversity protections measures incorporated into EMP and monitored as part of operational performance



## Number of IUCN Red List Species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

Area of operation	Benthic habitats	Fish species	Bird species	Mammal species	Reptile species
West Greenland	No protected habitats were identified in the immediate vicinity of operating areas and species diversity was recorded as being typical for this environment and water depth	<b>Atlantic Halibut</b> (Endangered, IUCN Red List); <b>Atlantic Cod</b> , <b>Thorny Skate</b> (Vulnerable, IUCN Red List).	<b>Ivory Gull</b> (Near Threatened, IUCN Red List); <b>Common Eider</b> , <b>Thick-billed Murre</b> , <b>Kittiwake</b> , <b>White-tailed Eagle</b> and <b>Ivory Gull</b> (Vulnerable, Greenland's Red List); <b>Arctic Tern</b> , <b>Atlantic Puffin</b> and <b>Harlequin Ducks</b> (Near Threatened, Greenland's Red List).	<b>Bowhead Whale</b> (Near Threatened, Greenland's Red List); <b>Beluga Whale</b> , <b>Narwhal</b> (Critically endangered, Greenland's Red List); <b>Walrus</b> (Endangered, Greenland's Red List); <b>Polar Bear</b> (Vulnerable, Greenland's Red List).	None
South Greenland		<b>Atlantic Halibut</b> (Endangered, IUCN Red List).	<b>Common guillemot</b> (Endangered, Greenland's Red List); <b>Common Eider</b> , <b>Thick-billed Murre</b> , <b>Kittiwake</b> and <b>White-tailed Eagle</b> (Vulnerable, Greenland's Red List); <b>Arctic tern</b> , <b>Atlantic Puffin</b> and <b>Harlequin Ducks</b> (Near Threatened, Greenland's Red List).	<b>Sei Whale</b> , <b>Fin Whale</b> and <b>Blue Whale</b> (Endangered, IUCN Red List); <b>Sperm Whale</b> and <b>Hooded Seal</b> (Vulnerable, IUCN Red List); <b>Harbour Seal</b> (Critically endangered, Greenland's Red List); <b>Polar Bear</b> (Vulnerable, Greenland's Red List).	
Morocco	No protected habitats were identified in the area of operations.	No fish species were identified as vulnerable, threatened or endangered in the area of operations.	<b>Audouin's Gull</b> (Near Threatened, IUCN Red List); <b>Osprey</b> (US Migratory Bird Act: protected; CITES: Appendix II) <b>Black Tern</b> (US Migratory Bird Act: protected); <b>Barn Swallow</b> (US Migratory Bird Act: protected)	<b>Short-beaked Common Dolphin</b> (least concern, IUCN Red List); <b>Long-finned Pilot Whale</b> (least concern, IUCN Red List); <b>False Killer Whale</b> (least concern, IUCN Red List); <b>Melon-headed Whale</b> (least concern, IUCN Red List)	<b>Loggerhead Sea Turtle</b> (Endangered, IUCN Red List; US Federal List: threatened ; CITES: Appendix I; OSPAR List of Threatened and/or Declining Species and Habitats, 2008-6); <b>Green Sea Turtle</b> (Endangered, IUCN Red List; CITES - endangered)



## Fines/sanctions for non-compliance with laws and regulations

### Cairn (excluding Cairn India)

		2008	2009	2010	2011	2012
Number of incidents of non-compliance with environmental laws and regulations	<i>number</i>	0	0	0 <sup>1</sup>	0	0
Number of non-monetary sanctions for non-compliance with environmental laws and regulations	<i>number</i>	0	0	0	0	0
Monetary value of significant fines with environmental laws and regulations	<i>£'000 pounds sterling</i>	0	0	0	0	0
Number of incidents of non-compliance with laws and regulations (excluding environmental)	<i>number</i>	0	0	0	0	0
Number of non-monetary sanctions for non-compliance with laws and regulations (except environmental)	<i>number</i>	0	0	0	0	0
Monetary value of significant fines with laws and regulations (except environmental)	<i>£'000 pounds sterling</i>	0	0	0	0	0

1. Three non-compliances were recorded in Greenland with respect to the use of chemicals outside the limits of the permits. All issues were minor and were reported to the authorities, and no fines or sanctions were incurred.

## People

People are the most important part of any successful, sustainable business. We value all our employees, which is why we strive to provide them with a stimulating working environment, a real sense of involvement with the business and the opportunity to fulfil their potential.



### Working with Cairn

2012 was a year of transition at Cairn and included:

- The further sale of our shareholding in Cairn India
- Two corporate acquisitions
- The completion of the sale of a share of our rights in the Pitu block to Statoil ASA
- The acquisition of frontier exploration blocks offshore Morocco

As a result of these changes, we have restructured the organisation to integrate our new assets, offices and people, and created three separate regions:

- North West Europe
- North Atlantic
- Mediterranean and North Africa

In addition, we have appointed Paul Mayland to the new position of Chief Operating Officer. Paul has worked for Cairn for 13 years most recently as Director of Planning and Business Development. His new role includes responsibility for the regional assets, as well as for the commercial and legal functions of the company.

Our business model involves working with contractors and sub-contractors, as well as entering into partnerships and joint ventures. In total, we employ 216 staff and contractors working in six different countries. The majority are based at our head office in Edinburgh, but following the two corporate acquisitions, we now also have offices in London and Stavanger, as well as Madrid, Greenland and Nepal.

### Cairn India

After over a decade of successful exploration, development and production, we completed the sale of a majority shareholding interest in Cairn India to Vedanta Resources plc in December 2011 and sold two further tranches of shares in 2012. The Group's remaining shareholding is currently ~10%.

As part of our legacy from working in India, we left the business with a robust human resources framework that has fostered excellent employee relations and placed greater emphasis on CR across the whole operation.

“

Having put in place the fundamental building blocks for a balanced exploration and production portfolio, we're confident that the collective endeavours of everyone working across the Cairn Group will continue to drive our success and position the company for further growth from its activities in the year ahead.

**Simon Thomson,**  
Chief Executive

”

## Our 2013 objectives

- Achieve Investors in People re-accreditation
- Re-organise the layout of our Edinburgh and London offices to support the integration of regional teams
- Support the growth of the business by getting the right people in the right place at the right time
- Enhance the current succession planning process for key business roles and tailor development plans
- Implement an applicant tracking system to make the recruitment process more efficient
- Undertake a staff engagement survey

## Occupational health and safety

Our Health, Safety and Security (HSS) Policy and management systems underpin our commitment to avoid and manage potential risks that employees and contractors may face when carrying out activities for the Company. We are committed to eradicating all work-related injuries and illnesses and to safeguarding the health and safety of our staff and of all people who are impacted by our operations, including those living in the communities where we operate.

### Developing a positive health and safety culture

Across the Group, we continually monitor and review health, safety and security procedures, acting swiftly if any improvements are required. We have a comprehensive occupational health and safety strategy, which is grounded in our CRMS and CR Plan. This helps us to assess risks, implement health and safety controls, set objectives and monitor performance against targets. Successful implementation of our health and safety policies relies on the support and cooperation of our employees.

Our Health Safety and Environment (HSE) Leadership Team in Edinburgh provides a focal point for HSE Leadership in the Company. The team monitors performance; reviews and recommends HSE strategies; and oversees the office Health, Safety, Environment and Security (HSES) Committee.

We provide our people with the leadership, training and equipment they need to protect their health and safety and to work in safe environments. In some regions where we work, health and safety standards are not always regulated. In these cases, our local Leadership Teams play a vital role providing effective management, reviewing performance and identifying areas for improvement.

### HSE culture and behaviours

During 2012 the HSE Leadership Team implemented a 12-point action plan aimed at delivering stronger HSE leadership and improving the way HSE risks are identified and managed. One of the focus areas was assessing the current level of understanding of HSE within the business.

In 2012, we wanted to ensure HSE awareness was translating into expected behaviours. Together with The Keil Centre, an independent organisation specialising in safety culture assessment and human factors analysis, we conducted workshops to gauge prevailing attitudes across the business on their 'Safety Culture Maturity®' Model. One of the outcomes from these workshops was a new Cairn HSE Culture Framework with desired HSE behaviours based around three key groups: managers, team leaders/supervisors, and staff.

The sets of behaviours for the three groups are linked through four common themes:

- Standards
- Communications
- Risk management
- Involvement

In total, 35 employees took part in four workshops, which covered a wide range of factors relating to the perception of HSE within Cairn. They led to a series of recommendations including:

- Better communication and visibility of HSE information
- A more proactive approach to HSE
- More effective learning from HSE incidents
- Encouraging greater participation in HSE issues across the whole Company

In 2013 we plan to run a series of HSE Culture Framework workshops, which will take a more in-depth look at the study's findings, act upon many of its recommendations and ensure all our employees have a stake in further developing our HSE culture.

### **HSE 2013 KPIs and objectives**

The HSE Leadership Team, chaired by Jann Brown, Managing Director and CFO, has taken a number of steps to embed HSE into the business, including ensuring that everyone in a leadership position has at least one HSE-related objective in their personal performance objectives and introducing 10 HSE leading performance indicators (LPI) and targets aligned with the new HSE Culture Framework. The purpose of these LPIs is to support the delivery of the leadership behaviours and other objectives that underpin Cairn's approach to HSE.

In recognition of the importance given to the delivery of the HSE performance, the Remuneration Committee has assigned a 10% weighting in the Group 2013 KPIs to the delivery of the 10 HSE LPIs and a further 5% weighting to delivery of safety and environmental targets in the 2013 operated programmes. The outcome against the Group 2013 KPIs is used in assessing the annual discretionary cash bonus scheme.

### **Other initiatives**

In 2013, the HSE Leadership Team will also be rolling out a new induction process incorporating an e-learning module on HSE, which all existing and new staff will be required to complete.

There will also be a series of workshops to reinforce the HSE responsibilities of senior staff and the introduction of a new travel security policy.

## Health and safety processes

As an operational business working in the oil and gas industry, some of our projects require detailed risk assessments and specialist risk identification and management tools, such as preliminary hazard reviews, hazard identification (HAZID), hazard and operability studies (HAZOP), quantified risk assessments and workplace risk assessments.

Many of our operations are carried out by contractors, all of whom are assessed from an HSE perspective, prior to contract award. Major contractors are provided with bridging documents which clarify roles and responsibilities to fulfil the requirements of our HSE management systems and procedures.

## Safety performance in 2012

Our HSE performance is aligned with the OGP KPIs for health and safety. The key indicators we use are Lost Time Injury Frequency (LTIF) and Total Recordable Injury Rate (TRIR).

There were no fatalities, lost time injuries or recordable injuries across the Group in 2012. While the operated activities were of limited nature in 2012, i.e. marine operations in Greenland and seismic operations in Morocco, we applied our management systems just as rigorously to minimise the risks to people in these operations and we are pleased with this outcome. In 2012 the total hours worked by staff and contractors was just over 306,000 – an 84% reduction from the 1.9 million hours in 2011 when there were a significant number of contractors involved in the 2011 Greenland drilling programme. The zero LTIF and TRIR in 2012 compares with 3.67 and 7.34 per million hours respectively in 2011.

## Illness

The average number of days lost to sickness in 2012 at Cairn was three days per person, which is less than half the UK private sector average of 6.6 (CIPD, Absence Management Private Sector, 2011).

# Zero

health and safety incidents at Cairn in 2012

“

Throughout 2012 we carried out a lot of groundwork on HSE leadership across the Group. In 2013, we will translate this information into action plans for each of our regional directors and new venture teams to ensure we continue to deliver projects to the same exacting health and safety standards.

**Jann Brown, Chair, HSE Leadership Team, and Managing Director & Chief Financial Officer**

”



## Business travel

The safety of our employees, whether they are travelling by road, air or sea, is a key priority, especially because we often operate in remote or offshore locations where transportation safety is even more critical. To ensure that personnel are transported safely to operating locations, we use HSE risk assessments and implement detailed safety plans and operating procedures.



### Safe business travel at Cairn

As Cairn has grown, there has been a significant increase in the amount of travel undertaken by our staff. To address this, we reviewed our travel management process in 2012 and appointed a new travel provider with the flexibility to meet our changing business needs.

Our new provider also offers a 'travel watch' service to help us monitor the safety of employees on business travel. The system gives authorised personnel access to country-specific information and allows users to track and contact employees through a 'who's where' report and email alerts.

We have also developed a new travel health, safety and security (HSS) procedure. Travel risk assessments are undertaken on all journeys to countries considered to have high HSS risks and briefings are provided on steps to travellers need to take in order to mitigate the risk of HSS incidents or potentially hazardous situations when they are travelling.

To support this, travel cards have been issued which provide essential emergency travel information.

To further raise awareness of our new emphasis on safe travel, our Company doctor delivered a Lunch and Learn session to staff and contractors at our Edinburgh office. They were given information about how to keep themselves safe during business trips, what to do in emergency situations and how to stay healthy while working in remote locations and developing countries.

## Equality and diversity

Our core values of respect, relationships and responsibility are integral to our culture and govern how we work with each other and our stakeholders.

In order to provide a workplace which is open and supportive, our commitment to diversity and equality is unequivocal, as is our belief that all employees should be able to progress and develop their careers based on their merits and abilities.

We expect all our employees and contractors to demonstrate a similar commitment and to be familiar with our global equality and diversity policy.

As a business, we comply with the UK Equality Act 2010. Other key aspects of our policy on equality and diversity are:

- We oppose all forms of unlawful or unfair discrimination
- We do not tolerate harassment or bullying
- We recognise an employee's rights to freedom of assembly
- We recruit and promote employees on merit
- We actively encourage staff feedback through various channels

While we do not believe in positive discrimination, we do seek to ensure a diverse workforce and encourage women and ethnic minorities to pursue careers in our industry. At present women comprise 22% of our board members and 49% across our whole organisation.

We aspire to diversify the Board further; women are appointed if they are the best candidate for the role. Beneath Board level, we are also seeking to develop and increase the number of women in senior management roles across the Group through a number of measures, including our succession planning, training and development and flexible working policies.

### Equality and diversity training

To help ensure that all our employees and contractors understand their obligations to each other and those they come into contact with, we held mandatory workshops on Equality, Discrimination and Harassment in Edinburgh. In 2012, 67% of all staff and contractors attended and further sessions are planned for 2013 (this represents 218 hours of training and 145 employees trained).



# 49:51

split between women and men across the entire Cairn workforce

# 22%

of Cairn Board members are female

# 80%

of our UK staff and contractors attended Equality, Discrimination and Harassment workshops in 2012

## Recruitment and retention

Over the past 12 months, the number of employees has increased by 21.5%, largely due to new recruits and staff joining from our two corporate acquisitions.

Our voluntary turnover remained low in 2012 at just over 3% – significantly lower than the average for the UK private sector of nearly 9%. Not only do our excellent levels of employee retention have a very positive impact on the financial stability of the business, they also show that we're achieving our goal of providing a supportive and attractive place to work.

### Attracting the right employees

As we continue to grow, we also need to address the increasing skills shortages within the industry, making the attraction and retention of the right staff a key priority.

In 2012, we reviewed our preferred supplier list of recruitment agencies and brought in new suppliers who we believe are well placed to help us identify and recruit new talent for both staff and contractor positions.

As a result of the two acquisitions, we now have offices in Norway and London which will allow flexibility to recruit staff to various locations as well as Edinburgh.

### Employer branding

Another important method we use to raise our profile is employer branding and, in 2012, we rolled out new employer branding brochures to help attract high-quality candidates to the organisation. The brochures were distributed to careers services at targeted universities and to our partner recruitment agencies, as well as being included on the careers page of our website.

We are also conscious that Edinburgh is not an oil and gas hub, which can make attracting new recruits a challenge. We therefore created a brochure promoting the city as a great place to live and work, and have started using a local specialist relocation service to ensure that new staff members and their families enjoy a smooth move to Edinburgh.

“ We used the relocation service provider Cairn engaged with to help us relocate back to Edinburgh, having been overseas for the last 13 years. Despite my wife having lived previously in Edinburgh, the service was invaluable in helping us, firstly to find a property, and secondly, to adjust back to life in the UK having been away for so long. We were provided with all the information we wanted, as well as a lot more ‘nice to have’ (e.g. cycle maps) material, and the service was incredibly efficient and professional at the same time.

Charlie Youngs, Principal Facilities Engineer, on relocation to Edinburgh ”

In 2012, we attended a geoscience recruitment fair at Dynamic Earth, where two of our geoscientists delivered a presentation on their careers at Cairn. We also took a stand at the Prospex conference in London to raise awareness of the Company.



# 21.5%

Growth in number of employees in 2012.

“

It is tremendously important to the success of Cairn that we recruit and retain high-calibre people. We are in a very competitive labour market place and there are challenging skill shortages in our industry with a high proportion of individuals now nearing or at retirement age. To overcome these challenges, we need to differentiate ourselves from other competitors and having a clear CR agenda helps us to do this.

**Murdo MacKay,**  
Director of HR & Facilities

”

### Work experience students

Another way in which we are addressing the skills shortages within the oil and gas industry, and helping to attract more graduate talent to the business, is through a series of student work experience placements.

We have been providing these work experience opportunities for several years. In the summer of 2012, we hosted five university students in our Geosciences and Information & Data Management department and took on a further 17 school work experience students.

### Succession planning

We have a succession planning framework, which is designed to ensure that the Company actively works at developing and retaining a strong 'talent pool' for the future. This means that, in the event of a planned or unexpected change in the business, we are well placed to maintain business continuity. The framework is reviewed annually and helps to guide future recruitment and develop our annual training programme.

“

I really enjoyed my work experience at Cairn and it has given me more of an idea of what is involved in this line of work. I really enjoyed making a presentation of what I had learnt, and the e-learning course on the introduction to oil and gas really helped me. Everyone has been really nice and I really liked working in the office. I'm not really sure I want to go back to school now!

**Zoe Branford, work experience student**

”

## Training and development

We are committed to helping individuals fulfil their potential so that the Company as a whole can move forward. To support this, we have introduced a comprehensive training programme that covers all areas of our operations.

### Effective training

We are proud of the fact that we provide a training budget of £3,000 per employee, compared to a UK median of £276. In 2012, the average number of training days per person at Cairn was 5.5, which again compares favourably with the UK median of 24 training hours – or around three days – per employee (CIPD).

Each year, all our staff complete annual development and performance reviews which are used to identify common development needs which are then incorporated into our annual internal training calendar.

In 2012, this included courses on:

- Personal effectiveness
- Introduction to oil and gas industry
- Norwegian culture training
- Personal awareness and communication
- Negotiation skills refresher
- Influencing skills
- Supervisory skills

In 2013 we intend to carry out an assessment of our internal mentoring programme and roll out our new management development training.

### Lunch and Learns

As part of our ongoing commitment to provide staff at our Edinburgh offices with a stimulating place to work, we have continued to evolve our popular Lunch and Learn sessions. They offer staff a diverse range of learning opportunities, many of which address topical issues that are not necessarily linked to the business. These sessions are a mixture of internal and external speakers.



# £3,000

annual training budget per employee, compared to a UK median of £276

# 5.5

training days provided on average per person at Cairn in 2012

Last year these included:

- Positive Coaching Scotland
- Are you sitting comfortably?
- Macondo: After the huffing and puffing
- Safety leadership and culture
- A 'dummies' guide to social media
- How we evaluate prospects and discoveries, and thus decide where to drill
- Catastrophic events – breaking the cycle
- Identity theft
- Career Academies UK
- Five useful things to know about strategy

### Knowledge management

The knowledge and experience that Cairn has built up through its work in the oil and gas industry is an important business asset we manage carefully and effectively so that we can use it to give the Company a competitive advantage in certain business situations.

Much of this knowledge, along with other industry information such as external trends in the oil and gas industry, is now available to all our employees through our e-platform.



## Employee engagement

We recognise that employees who are involved, valued and engaged with the business are more likely to stay with us to progress and develop their careers.

Alongside a stimulating working environment, we also reward our staff with competitive salaries, a package of benefits and a number of schemes and initiatives designed to support our employees in their working lives.

### Motivating and rewarding staff

2012 was the second year in which we ran our Total Reward Statements programme which helps our staff understand the full benefits of their compensation package.

Staff who are planning their retirement have also received support, with 13% of employees taking up the option of paying their full bonus into their pension plan, saving on both tax and National Insurance contributions.

### Supporting new parents

We also offer support to new parents with our childcare vouchers scheme, which allows employees to exchange part of their salary for vouchers which can be used towards childcare costs. The vouchers are exempt from both tax and National Insurance contributions, and last year 13.8% of staff took advantage of the scheme.

There was also a rise in the number of people working on a part-time basis to 12.5%, and together with our childcare vouchers scheme we believe this attractive package has been instrumental in ensuring that 100% of mothers returned to work after maternity leave.

### Adding value

The Cairn Adding Value Awards (CAVAs) were launched to recognise employees who make an outstanding contribution to the business and add value to our operations, often working on projects outside their day-to-day work.

Last year, we awarded 10 CAVAs to both teams and individuals, covering 6.5% of the workforce, for work on projects including:

- Upgrade to Oracle R12
- A new travel management system
- A scheme to donate our old computers to charity

In 2013, we intend to further investigate flexible and remote working and will also be working towards Investors in People re-accreditation, a quality mark we first achieved in 2004.



# 100%

of mothers returned to work  
after maternity leave in 2012

# 10

Cairn Adding Value Awards  
presented in 2012

## Staff communications

In 2012, we introduced regular coffee and chat sessions with the Executive Team, to allow staff to listen and ask questions about the business. We also issued a questionnaire to all Cairn staff to gather feedback on what they thought about resourcing; roles, responsibilities and reporting relationships; leadership behaviour; and working relationships. The accuracy of the results was verified by an external consultant who interviewed a random 10% sample of staff.

## Engaging new employees

Our induction programme ensures that new employees are properly supported so they can easily settle into their new roles.

All new recruits have a confidential meeting with an HR representative and complete a six-month joiner survey, which covers how they have settled in. It also gives them the opportunity to flag any issues around learning and development, communications and their relationship with their team and manager.

Feedback from the survey helps to drive continual improvement of all our employee engagement initiatives.

## Employee wellbeing

We take our responsibility for the physical and mental wellbeing of our employees seriously, and make the provision of a safe working environment a key priority.

We are also conscious that, as employers, we are in a position to be able to help our staff achieve a healthy work/life balance. In 2012, just a year after it was launched, we expanded our popular gym and fitness allowance. The scheme now includes membership of sports clubs, such as golf and tennis, and so far 63% of our employees have signed up.

We have also continued to run a variety of interlinked programmes covering health, safety and general wellbeing. These have included special Lunch and Learn sessions, flu clinics, executive medicals, healthy eating options in the staff canteen and free fruit Friday.

# Performance and data

## Occupational health and safety

### Fatal Accident Rate (FAR) – Cairn (excluding Cairn India)

Chart Table

per 100 million hours worked

2012	0
2011	0
2010	0
2009	0
2008	0



### Lost Time Injury Frequency (LTIF) – Cairn (excluding Cairn India)

Chart Table

LTI per million hours worked

2012	0.00
2011	3.67
2010	0.60
2009	0.64
2008	0.00



### Total Recordable Injury Rate (TRIR) – Cairn (excluding Cairn India)

Chart Table

TRIR per million hours worked

2012	0.00
2011	7.34
2010	1.81
2009	0.64
2008	0.00

**Note:** There were no Recordable Injuries in Albania, Nepal and Spain. In 2010, Cairn sold its assets in Bangladesh so this is not applicable for the 2011 statistics.

### Absentee rate – Cairn (excluding Cairn India)

%



Key UK UK CIPD Benchmark

%

	2008	2009	2010	2011	2012
UK	1.2	3.19	1.05	1.68	1.39
UK CIPD Benchmark	3.5	3.3	3.4	3.8	3.4



## Caim (excluding Caim India)

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	223,093	308,656	365,354	290,392	306,178
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	126,466
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	179,715
Total hours worked by contractors	hours	1,345,073	1,257,921	2,946,065	1,616,750	39,023
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	4,903
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	34,120
Fatalities employees <sup>1</sup>	number	0	0	0	0	0
Fatalities contractors <sup>1</sup>	number	0	0	0	0	0
Fatalities third party	number	0	0	0	0	0
Lost work day cases (LWDC) <sup>1</sup>	number	0	1	2	7	0
Days unfit for work (lost workdays)	days	0	2	11	228	0
Total Recordable Injuries (TRI)	number	0	1	6	14	0
Fatal Accident Rate (FAR) <sup>1</sup>	fatalities per 100 million hours worked	0	0	0	0	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	LTI per million hours worked	0	0.64	0.60	3.67	0
Total Recordable Injury Rate (TRIR)	TRI per million hours worked	0	0.64	1.81	7.34	0
Kilometres travelled (KT)	km	529,977	463,051	539,234	9,357	1,914
Vehicle incidents	number	0	0	2	0	0
Vehicle incident rate	vehicle accidents per 100,000km travelled	0	0	0.37	0	0



1. ERM Data assured

## Albania

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	0	0	0	0	0
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	0
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	0
Total hours worked by contractors	hours	0	16,263	0	0	0
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	0
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	0
Fatalities employees <sup>1</sup>	number	0	0	0	0	0
Fatalities contractors <sup>1</sup>	number	0	0	0	0	0
Fatalities third party	number	0	0	0	0	0
Lost work day cases (LWDC) <sup>1</sup>	number	0	0	0	0	0
Days unfit for work (lost workdays)	days	0	0	0	0	0
Total Recordable Injuries (TRI)	number	0	0	0	0	0
Fatal Accident Rate (FAR) <sup>1</sup>	fatalities per 100 million hours worked	0	0	0	0	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	LTI per million hours worked	0	0	0	0	0
Total Recordable Injury Rate (TRIR)	TRI per million hours worked	0	0	0	0	0
Kilometres travelled (KT)	km	0	0	0	0	0
Vehicle incidents	number	0	0	0	0	0
Vehicle incident rate	vehicle accidents per 100,000km travelled	0	0	0	0	0



1. ERM Data assured

## Bangladesh

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	164,623	128,028	114,483	n/a	n/a
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	n/a
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	n/a
Total hours worked by contractors	hours	1,273,883	1,042,231	1,932,359	n/a	n/a
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	n/a
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	n/a
Fatalities employees	number	0	0	0	n/a	n/a
Fatalities contractors	number	0	0	0	n/a	n/a
Fatalities third party	number	0	0	0	n/a	n/a
Lost work day cases (LWDC)	number	0	1	0	n/a	n/a
Days unfit for work (lost workdays)	days	0	2	0	n/a	n/a
Total Recordable Injuries (TRI)	number	0	1	3	n/a	n/a
Fatal Accident Rate (FAR)	<i>fatalities per 100 million hours worked</i>	0	0	0	n/a	n/a
Lost Time Injury Frequency (LTIF)	<i>LTI per million hours worked</i>	0	0.85	0	n/a	n/a
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	0	0.85	1.47	n/a	n/a
Kilometres travelled (KT)	km	529,977	452,736	526,207	n/a	n/a
Vehicle incidents	number	0	0	2	n/a	n/a
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	0	0	0.38	n/a	n/a

## Greenland

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	0	0	2,782	3,382	2,952
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	0
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	2,952
Total hours worked by contractors	hours	64,152	193,046	956,806	1,616,750	29,307
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	4,746
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	24,561
Fatalities employees <sup>1</sup>	number	0	0	0	0	0
Fatalities contractors <sup>1</sup>	number	0	0	0	0	0
Fatalities third party	number	0	0	0	0	0
Lost work day cases (LWDC) <sup>1</sup>	number	0	0	1	7	0
Days unfit for work (lost workdays)	days	0	0	7	228	0
Total Recordable Injuries (TRI)	number	0	0	2	14	0
Fatal Accident Rate (FAR) <sup>1</sup>	<i>fatalities per 100 million hours worked</i>	0	0	0	0	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	<i>LTI per million hours worked</i>	0	0	1.04	4.32	0
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	0	0	2.08	8.64	0
Kilometres travelled (KT)	km	0	0	0	3,357	1,914
Vehicle incidents	number	0	0	0	0	0
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	0	0	0	0	0

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## Morocco

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	n/a	n/a	n/a	n/a	0
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	0
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	0
Total hours worked by contractors	hours	n/a	n/a	n/a	n/a	9,716
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	157
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	9,559
Fatalities employees <sup>1</sup>	number	n/a	n/a	n/a	n/a	0
Fatalities contractors <sup>1</sup>	number	n/a	n/a	n/a	n/a	0
Fatalities third party	number	n/a	n/a	n/a	n/a	0
Lost work day cases (LWDC) <sup>1</sup>	number	n/a	n/a	n/a	n/a	0
Days unfit for work (lost workdays)	days	n/a	n/a	n/a	n/a	0
Total Recordable Injuries (TRI)	number	n/a	n/a	n/a	n/a	0
Fatal Accident Rate (FAR) <sup>1</sup>	<i>fatalities per 100 million hours worked</i>	n/a	n/a	n/a	n/a	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	<i>LTI per million hours worked</i>	n/a	n/a	n/a	n/a	0
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	n/a	n/a	n/a	n/a	0
Kilometres travelled (KT)	km	n/a	n/a	n/a	n/a	0
Vehicle incidents	number	n/a	n/a	n/a	n/a	0
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	n/a	n/a	n/a	n/a	0


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## Nepal

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	0	7,805	6,297	6,240	6,264
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	2,088
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	4,176
Total hours worked by contractors	hours	0	6,381	9,572	0	0
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	0
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	0
Fatalities employees <sup>1</sup>	number	0	0	0	0	0
Fatalities contractors <sup>1</sup>	number	0	0	0	0	0
Fatalities third party	number	0	0	0	0	0
Lost work day cases (LWDC) <sup>1</sup>	number	0	0	0	0	0
Days unfit for work (lost workdays)	days	0	0	0	0	0
Total Recordable Injuries (TRI)	number	0	0	0	0	0
Fatal Accident Rate (FAR) <sup>1</sup>	<i>fatalities per 100 million hours worked</i>	0	0	0	0	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	<i>LTI per million hours worked</i>	0	0	0	0	0
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	0	0	0	0	0
Kilometres travelled (KT)	km	0	10,315	13,027	6,000	0
Vehicle incidents	number	0	0	0	0	0
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	0	0	0	0	0


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## Norway

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	n/a	n/a	n/a	n/a	28,062
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	8,014
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	20,051
Total hours worked by contractors	hours	n/a	n/a	n/a	n/a	0
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	0
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	0
Fatalities employees <sup>1</sup>	number	n/a	n/a	n/a	n/a	0
Fatalities contractors <sup>1</sup>	number	n/a	n/a	n/a	n/a	0
Fatalities third party	number	n/a	n/a	n/a	n/a	0
Lost work day cases (LWDC) <sup>1</sup>	number	n/a	n/a	n/a	n/a	0
Days unfit for work (lost workdays)	days	n/a	n/a	n/a	n/a	0
Total Recordable Injuries (TRI)	number	n/a	n/a	n/a	n/a	0
Fatal Accident Rate (FAR) <sup>1</sup>	<i>fatalities per 100 million hours worked</i>	n/a	n/a	n/a	n/a	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	<i>LTI per million hours worked</i>	n/a	n/a	n/a	n/a	0
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	n/a	n/a	n/a	n/a	0
Kilometres travelled (KT)	km	n/a	n/a	n/a	n/a	0
Vehicle incidents	number	n/a	n/a	n/a	n/a	0
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	n/a	n/a	n/a	n/a	0



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## Spain

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	n/a	n/a	n/a	3,432	13,392
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	5,290
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	8,102
Total hours worked by contractors	hours	n/a	n/a	n/a	0	0
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	0
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	0
Fatalities employees <sup>1</sup>	number	n/a	n/a	n/a	0	0
Fatalities contractors <sup>1</sup>	number	n/a	n/a	n/a	0	0
Fatalities third party	number	n/a	n/a	n/a	0	0
Lost work day cases (LWDC) <sup>1</sup>	number	n/a	n/a	n/a	0	0
Days unfit for work (lost workdays)	days	n/a	n/a	n/a	0	0
Total Recordable Injuries (TRI)	number	n/a	n/a	n/a	0	0
Fatal Accident Rate (FAR) <sup>1</sup>	<i>fatalities per 100 million hours worked</i>	n/a	n/a	n/a	0	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	<i>LTI per million hours worked</i>	n/a	n/a	n/a	0	0
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	n/a	n/a	n/a	0	0
Kilometres travelled (KT)	km	n/a	n/a	n/a	0	0
Vehicle incidents	number	n/a	n/a	n/a	0	0
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	n/a	n/a	n/a	0	0



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## Tunisia

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	n/a	2,392	8,377	n/a	n/a
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	n/a
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	n/a
Total hours worked by contractors	hours	n/a	0	47,328	n/a	n/a
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	n/a
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	n/a
Fatalities employees	number	n/a	0	0	n/a	n/a
Fatalities contractors	number	n/a	0	0	n/a	n/a
Fatalities third party	number	n/a	0	0	n/a	n/a
Lost work day cases (LWDC)	number	n/a	0	0	n/a	n/a
Days unfit for work (lost workdays)	days	n/a	0	0	n/a	n/a
Total Recordable Injuries (TRI)	number	n/a	0	0	n/a	n/a
Fatal Accident Rate (FAR)	<i>fatalities per 100 million hours worked</i>	n/a	0	0	n/a	n/a
Lost Time Injury Frequency (LTIF)	<i>LTI per million hours worked</i>	n/a	0	0	n/a	n/a
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	n/a	0	0	n/a	n/a
Kilometres travelled (KT)	km	n/a	0	0	n/a	n/a
Vehicle incidents	number	n/a	0	0	n/a	n/a
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	n/a	0	0	n/a	n/a

## United Kingdom

		2008	2009	2010	2011	2012
Total hours worked by employees	hours	58,470	170,431	233,415	277,337	255,508
Total hours worked by employees – female	hours	n/a	n/a	n/a	n/a	111,074
Total hours worked by employees – male	hours	n/a	n/a	n/a	n/a	144,433
Total hours worked by contractors	hours	7,038	0	0	0	0
Total hours worked by female contractors	hours	n/a	n/a	n/a	n/a	0
Total hours worked by male contractors	hours	n/a	n/a	n/a	n/a	0
Fatalities employees <sup>1</sup>	number	0	0	0	0	0
Fatalities contractors <sup>1</sup>	number	0	0	0	0	0
Fatalities third party	number	0	0	0	0	0
Lost work day cases (LWDC) <sup>1</sup>	number	0	0	1	0	0
Days unfit for work (lost workdays)	days	0	0	4	0	0
Total Recordable Injuries (TRI)	number	0	0	1	0	0
Fatal Accident Rate (FAR) <sup>1</sup>	<i>fatalities per 100 million hours worked</i>	0	0	0	0	0
Lost Time Injury Frequency (LTIF) <sup>1</sup>	<i>LTI per million hours worked</i>	0	0	4.28	0	0
Total Recordable Injury Rate (TRIR)	<i>TRI per million hours worked</i>	0	0	4.28	0	0
Kilometres travelled (KT)	km	0	0	0	0	0
Vehicle incidents	number	0	0	0	0	0
Vehicle incident rate	<i>vehicle accidents per 100,000km travelled</i>	0	0	0	0	0

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## Cairn India

		2011	2012
Total hours worked by employees	thousand hours	4,791	n/a
Total hours worked by contractors	thousand hours	33,729	n/a
Total hours worked – including contractors	thousand hours	38,520	n/a
Number of staff fatalities		0	n/a
Number of contractor fatalities		1	n/a
Number of third-party fatalities		0	n/a
Number of lost work days		275	n/a
Number of lost work day cases (LWDC)		6	n/a
Total Recordable Injuries (TRI)		34	n/a
Total Recordable Injury Rate (TRIR)		0.88	n/a
Lost Time Injury Frequency (LTIF)		0.18	n/a
Occupational illnesses		0	n/a
Kilometres travelled by road	thousands	43,506	n/a
Recorded vehicle incidents		20	n/a
Motor vehicle accident rate		0.46	n/a

## Absenteeism

	Absentee rate %
	2012
Cairn (excluding Cairn India)	1.39
Albania	n/a
Bangladesh	n/a
Greenland	0.83
Morocco	0
Nepal	7.25
Norway	2.19
Spain	0.42
Tunisia	n/a
United Kingdom	1.27



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## Training and development

## Cairn total

		2012
Training received by employees	hours	6,517
Training received by managerial grade employees <sup>1</sup>	hours	1,798
Training received by non-managerial grade employees	hours	4,720
Training received by female employees	hours	3,705
Training received by male employees	hours	3,451
Training per employee	average hours	36
Training per managerial grade employee <sup>1</sup>	average hours	32
Training per non-managerial grade employee	average hours	38
Training per female employee	average hours	42
Training per male employee	average hours	38
Training received by employees	days	923
Employees receiving regular performance and career development reviews	number	163
Female employees receiving regular performance and career development reviews	number	82
Male employees receiving regular performance and career development reviews	number	81
Employees receiving regular performance and career development reviews	%	90.56
Female employees receiving regular performance and career development reviews	%	93.18
Male employees receiving regular performance and career development reviews	%	88.04

1. Managers are defined as those that manage subordinates and include team leaders.

## Greenland

		2012
Training received by employees	hours	28
Training received by managerial grade employees	hours	0
Training received by non-managerial grade employees	hours	28
Training received by female employees	hours	0
Training received by male employees	hours	28
Training per employee	average hours	14
Training per managerial grade employee	average hours	0
Training per non-managerial grade employee	average hours	28
Training per female employee	average hours	0
Training per male employee	average hours	14
Training received by employees	days	4
Employees receiving regular performance and career development reviews	number	2
Female employees receiving regular performance and career development reviews	number	0
Male employees receiving regular performance and career development reviews	number	2
Employees receiving regular performance and career development reviews	%	100.00
Female employees receiving regular performance and career development reviews	%	0
Male employees receiving regular performance and career development reviews	%	100.00

## Nepal

		2012
Training received by employees	hours	0
Training received by managerial grade employees	hours	0
Training received by non-managerial grade employees	hours	0
Training received by female employees	hours	0
Training received by male employees	hours	0
Training per employee	average hours	0
Training per managerial grade employee	average hours	0
Training per non-managerial grade employee	average hours	0
Training per female employee	average hours	0
Training per male employee	average hours	0
Training received by employees	days	0
Employees receiving regular performance and career development reviews	number	3
Female employees receiving regular performance and career development reviews	number	1
Male employees receiving regular performance and career development reviews	number	2
Employees receiving regular performance and career development reviews	%	100.00
Female employees receiving regular performance and career development reviews	%	100.00
Male employees receiving regular performance and career development reviews	%	100.00

## Norway

		2012
Training received by employees	hours	0
Training received by managerial grade employees	hours	0
Training received by non-managerial grade employees	hours	0
Training received by female employees	hours	225
Training received by male employees	hours	413
Training per employee	average hours	0
Training per managerial grade employee	average hours	0
Training per non-managerial grade employee	average hours	0
Training per female employee	average hours	38
Training per male employee	average hours	38
Training received by employees	days	0
Employees receiving regular performance and career development reviews	number	0
Female employees receiving regular performance and career development reviews	number	0
Male employees receiving regular performance and career development reviews	number	0
Employees receiving regular performance and career development reviews	%	0
Female employees receiving regular performance and career development reviews	%	0
Male employees receiving regular performance and career development reviews	%	0

## Spain

		2012
Training received by employees	hours	431
Training received by managerial grade employees	hours	60
Training received by non-managerial grade employees	hours	371
Training received by female employees	hours	240
Training received by male employees	hours	191
Training per employee	average hours	72
Training per managerial grade employee	average hours	30
Training per non-managerial grade employee	average hours	93
Training per female employee	average hours	120
Training per male employee	average hours	48
Training received by employees	days	54
Employees receiving regular performance and career development reviews	number	6
Female employees receiving regular performance and career development reviews	number	2
Male employees receiving regular performance and career development reviews	number	4
Employees receiving regular performance and career development reviews	%	100.00
Female employees receiving regular performance and career development reviews	%	100.00
Male employees receiving regular performance and career development reviews	%	100.00

## United Kingdom

		2012
Training received by employees	hours	6,059
Training received by managerial grade employees	hours	1,738
Training received by non-managerial grade employees	hours	4,321
Training received by female employees	hours	3,240
Training received by male employees	hours	2,819
Training per employee	average hours	40
Training per managerial grade employee	average hours	38
Training per non-managerial grade employee	average hours	41
Training per female employee	average hours	41
Training per male employee	average hours	39
Training received by employees	days	866
Employees receiving regular performance and career development reviews	number	152
Female employees receiving regular performance and career development reviews	number	79
Male employees receiving regular performance and career development reviews	number	73
Employees receiving regular performance and career development reviews	%	100.00
Female employees receiving regular performance and career development reviews	%	100.00
Male employees receiving regular performance and career development reviews	%	100.00



## Employees, diversity and local hiring

### Cairn total

		2012
Number of employees	number	180
Other workers (contracted for more than three months to an organisational position)	number	36
Total organisational workforce	number	216
Employees over 50 years old	number	45
Female employees over 50 years old	number	12
Male employees over 50 years old	number	33
Employees 30–50 years old	number	114
Female employees 30–50 years old	number	67
Male employees 30–50 years old	number	47
Employees under 30 years old	number	20
Female employees under 30 years old	number	8
Male employees under 30 years old	number	12
Female employees	number	88
Male employees	number	92
Female permanent employees	number	83
Male permanent employees	number	90
Female fixed contract employees	number	5
Male fixed contract employees	number	2
Female 'other workers'	number	6
Male 'other workers'	number	30
Managerial <sup>1</sup> grade employees	number	56
Managerial <sup>1</sup> grade female employees	number	16
Managerial <sup>1</sup> grade male employees	number	40
Managerial <sup>1</sup> grade national employees	number	55
Managerial <sup>1</sup> grade expatriate employees	number	1
Non-managerial grade employees	number	124
National employees	number	179
Expatriate employees	number	1
Employees from minorities	number	4
Female employees from minorities	number	3
Male employees from minorities	number	1
Employees with disabilities	number	2
Employees over 50 years old	%	25.00
Female employees over 50 years old	%	13.64
Male employees over 50 years old	%	35.87
Employees 30–50 years old	%	63.33
Female employees 30–50 years old	%	76.14
Male employees 30–50 years old	%	51.09
Employees under 30 years old	%	11.11
Female employees under 30 years old	%	9.09
Male employees under 30 years old	%	13.04
Employees that are female	%	48.89
Employees that are national	%	99.44
Employees that are expatriates	%	0.56
Employees that are from minorities	%	2.22
Female employees that are from minorities	%	3.41
Male employees that are from minorities	%	1.09
Employees that have disability	%	1.11
Managerial <sup>1</sup> grade employees that are female	%	28.57
Managerial <sup>1</sup> grade employees that are national	%	98.21

1. Managers are defined as those that manage subordinates and include team leaders.

### Greenland

		2012
Number of employees	number	2
Other workers (contracted for more than three months to an organisational position)	number	0
Total organisational workforce	number	2
Employees over 50 years old	number	1
Female employees over 50 years old	number	0
Male employees over 50 years old	number	1
Employees 30–50 years old	number	1
Female employees 30–50 years old	number	0
Male employees 30–50 years old	number	1
Employees under 30 years old	number	0
Female employees under 30 years old	number	0
Male employees under 30 years old	number	0
Female employees	number	0
Male employees	number	2
Female permanent employees	number	0
Male permanent employees	number	1
Female fixed contract employees	number	0
Male fixed contract employees	number	1
Female 'other workers'	number	0
Male 'other workers'	number	0
Managerial grade employees	number	1
Managerial grade female employees	number	0
Managerial grade male employees	number	1
Managerial grade national employees	number	0
Managerial grade expatriate employees	number	1
Non-managerial grade employees	number	1
National employees	number	1
Expatriate employees	number	1
Employees from minorities	number	0
Female employees from minorities	number	0
Male employees from minorities	number	0
Employees with disabilities	number	0
Employees over 50 years old	%	50.00
Female employees over 50 years old	%	0
Male employees over 50 years old	%	50.00
Employees 30–50 years old	%	50.00
Female employees 30–50 years old	%	0
Male employees 30–50 years old	%	50.00
Employees under 30 years old	%	0
Female employees under 30 years old	%	0
Male employees under 30 years old	%	0
Employees that are female	%	0
Employees that are national	%	50.00
Employees that are expatriates	%	50.00
Employees that are from minorities	%	0
Female employees that are from minorities	%	0
Male employees that are from minorities	%	0
Employees that have disability	%	0
Managerial grade employees that are female	%	0
Managerial grade employees that are national	%	0

## Morocco

		2012
Number of employees	number	0
Other workers (contracted for more than three months to an organisational position)	number	0
Total organisational workforce	number	0
Employees over 50 years old	number	0
Female employees over 50 years old	number	0
Male employees over 50 years old	number	0
Employees 30–50 years old	number	0
Female employees 30–50 years old	number	0
Male employees 30–50 years old	number	0
Employees under 30 years old	number	0
Female employees under 30 years old	number	0
Male employees under 30 years old	number	0
Female employees	number	0
Male employees	number	0
Female permanent employees	number	0
Male permanent employees	number	0
Female fixed contract employees	number	0
Male fixed contract employees	number	0
Female 'other workers'	number	0
Male 'other workers'	number	0
Managerial grade employees	number	0
Managerial grade female employees	number	0
Managerial grade male employees	number	0
Managerial grade national employees	number	0
Managerial grade expatriate employees	number	0
Non-managerial grade employees	number	0
National employees	number	0
Expatriate employees	number	0
Employees from minorities	number	0
Female employees from minorities	number	0
Male employees from minorities	number	0
Employees with disabilities	number	0
Employees over 50 years old	%	0
Female employees over 50 years old	%	0
Male employees over 50 years old	%	0
Employees 30–50 years old	%	0
Female employees 30–50 years old	%	0
Male employees 30–50 years old	%	0
Employees under 30 years old	%	0
Female employees under 30 years old	%	0
Male employees under 30 years old	%	0
Employees that are female	%	0
Employees that are national	%	0
Employees that are expatriates	%	0
Employees that are from minorities	%	0
Female employees that are from minorities	%	0
Male employees that are from minorities	%	0
Employees that have disability	%	0
Managerial grade employees that are female	%	0
Managerial grade employees that are national	%	0

## Nepal

		2012
Number of employees	number	3
Other workers (contracted for more than three months to an organisational position)	number	5
Total organisational workforce	number	8
Employees over 50 years old	number	1
Female employees over 50 years old	number	0
Male employees over 50 years old	number	1
Employees 30–50 years old	number	2
Female employees 30–50 years old	number	1
Male employees 30–50 years old	number	1
Employees under 30 years old	number	0
Female employees under 30 years old	number	0
Male employees under 30 years old	number	0
Female employees	number	1
Male employees	number	2
Female permanent employees	number	1
Male permanent employees	number	2
Female fixed contract employees	number	0
Male fixed contract employees	number	0
Female 'other workers'	number	2
Male 'other workers'	number	3
Managerial grade employees	number	1
Managerial grade female employees	number	0
Managerial grade male employees	number	1
Managerial grade national employees	number	1
Managerial grade expatriate employees	number	0
Non-managerial grade employees	number	2
National employees	number	3
Expatriate employees	number	0
Employees from minorities	number	0
Female employees from minorities	number	0
Male employees from minorities	number	0
Employees with disabilities	number	0
Employees over 50 years old	%	33.33
Female employees over 50 years old	%	0
Male employees over 50 years old	%	50.00
Employees 30–50 years old	%	66.67
Female employees 30–50 years old	%	100.00
Male employees 30–50 years old	%	50.00
Employees under 30 years old	%	0
Female employees under 30 years old	%	0
Male employees under 30 years old	%	0
Employees that are female	%	33.33
Employees that are national	%	100.00
Employees that are expatriates	%	0
Employees that are from minorities	%	0
Female employees that are from minorities	%	0.00
Male employees that are from minorities	%	0
Employees that have disability	%	0
Managerial grade employees that are female	%	0
Managerial grade employees that are national	%	100.00



## Norway

		2012
Number of employees	number	17
Other workers (contracted for more than three months to an organisational position)	number	1
Total organisational workforce	number	18
Employees over 50 years old	number	7
Female employees over 50 years old	number	1
Male employees over 50 years old	number	6
Employees 30–50 years old	number	9
Female employees 30–50 years old	number	4
Male employees 30–50 years old	number	5
Employees under 30 years old	number	0
Female employees under 30 years old	number	0
Male employees under 30 years old	number	0
Female employees	number	6
Male employees	number	11
Female permanent employees	number	6
Male permanent employees	number	11
Female fixed contract employees	number	0
Male fixed contract employees	number	0
Female 'other workers'	number	0
Male 'other workers'	number	1
Managerial grade employees	number	6
Managerial grade female employees	number	2
Managerial grade male employees	number	4
Managerial grade national employees	number	6
Managerial grade expatriate employees	number	0
Non-managerial grade employees	number	11
National employees	number	17
Expatriate employees	number	0
Employees from minorities	number	0
Female employees from minorities	number	0
Male employees from minorities	number	0
Employees with disabilities	number	0
Employees over 50 years old	%	41.18
Female employees over 50 years old	%	16.67
Male employees over 50 years old	%	54.55
Employees 30–50 years old	%	52.94
Female employees 30–50 years old	%	66.67
Male employees 30–50 years old	%	45.45
Employees under 30 years old	%	0
Female employees under 30 years old	%	0
Male employees under 30 years old	%	0
Employees that are female	%	35.29
Employees that are national	%	100.00
Employees that are expatriates	%	0
Employees that are from minorities	%	0
Female employees that are from minorities	%	0
Male employees that are from minorities	%	0
Employees that have disability	%	0
Managerial grade employees that are female	%	33.33
Managerial grade employees that are national	%	100.00

## Spain

		2012
Number of employees	number	6
Other workers (contracted for more than three months to an organisational position)	number	0
Total organisational workforce	number	6
Employees over 50 years old	number	0
Female employees over 50 years old	number	0
Male employees over 50 years old	number	0
Employees 30–50 years old	number	6
Female employees 30–50 years old	number	2
Male employees 30–50 years old	number	4
Employees under 30 years old	number	0
Female employees under 30 years old	number	0
Male employees under 30 years old	number	0
Female employees	number	2
Male employees	number	4
Female permanent employees	number	2
Male permanent employees	number	4
Female fixed contract employees	number	0
Male fixed contract employees	number	0
Female 'other workers'	number	0
Male 'other workers'	number	0
Managerial grade employees	number	2
Managerial grade female employees	number	0
Managerial grade male employees	number	2
Managerial grade national employees	number	2
Managerial grade expatriate employees	number	0
Non-managerial grade employees	number	4
National employees	number	6
Expatriate employees	number	0
Employees from minorities	number	0
Female employees from minorities	number	0
Male employees from minorities	number	0
Employees with disabilities	number	0
Employees over 50 years old	%	0
Female employees over 50 years old	%	0
Male employees over 50 years old	%	0
Employees 30–50 years old	%	100.00
Female employees 30–50 years old	%	100.00
Male employees 30–50 years old	%	100.00
Employees under 30 years old	%	0
Female employees under 30 years old	%	0
Male employees under 30 years old	%	0
Employees that are female	%	33.33
Employees that are national	%	100.00
Employees that are expatriates	%	0
Employees that are from minorities	%	0
Female employees that are from minorities	%	0
Male employees that are from minorities	%	0
Employees that have disability	%	0
Managerial grade employees that are female	%	0
Managerial grade employees that are national	%	100.00

## United Kingdom

2012

Number of employees	number	152
Other workers (contracted for more than three months to an organisational position)	number	30
Total organisational workforce	number	182
Employees over 50 years old	number	36
Female employees over 50 years old	number	11
Male employees over 50 years old	number	25
Employees 30–50 years old	number	96
Female employees 30–50 years old	number	60
Male employees 30–50 years old	number	36
Employees under 30 years old	number	20
Female employees under 30 years old	number	8
Male employees under 30 years old	number	12
Female employees	number	79
Male employees	number	73
Female permanent employees	number	74
Male permanent employees	number	72
Female fixed contract employees	number	5
Male fixed contract employees	number	1
Female 'other workers'	number	4
Male 'other workers'	number	26
Managerial grade employees	number	46
Managerial grade female employees	number	14
Managerial grade male employees	number	32
Managerial grade national employees	number	46
Managerial grade expatriate employees	number	0
Non-managerial grade employees	number	106
National employees	number	152
Expatriate employees	number	0
Employees from minorities	number	4
Female employees from minorities	number	3
Male employees from minorities	number	1
Employees with disabilities	number	2
Employees over 50 years old	%	23.68
Female employees over 50 years old	%	13.92
Male employees over 50 years old	%	34.25
Employees 30–50 years old	%	63.16
Female employees 30–50 years old	%	75.95
Male employees 30–50 years old	%	49.32
Employees under 30 years old	%	13.16
Female employees under 30 years old	%	10.13
Male employees under 30 years old	%	16.44
Employees that are female	%	51.97
Employees that are national	%	100.00
Employees that are expatriates	%	0.00
Employees that are from minorities	%	2.63
Female employees that are from minorities	%	3.80
Male employees that are from minorities	%	1.37
Employees that have disability	%	1.32
Managerial grade employees that are female	%	30.43
Managerial grade employees that are national	%	100.00

## New hires 2012

		Cairn	Greenland	Morocco	Nepal	Norway	Spain	United Kingdom
New hires in reporting period	<i>number</i>	47	0	0	0	18	2	27
New hires – female	<i>number</i>	18	0	0	0	6	0	12
New hires – male	<i>number</i>	29	0	0	0	12	0	15
New hires – over 50 years old	<i>number</i>	11	0	0	0	7	0	4
New hires – 30–50 years old	<i>number</i>	27	0	0	0	11	2	14
New hires – under 30 years old	<i>number</i>	9	0	0	0	0	0	9
Rate of new employee hires	%	26	0	0	0	106	33	18
Rate of new female employee hires	%	20	0	0	0	100	0	15
Rate of new male employee hires	%	32	0	0	0	109	50	21
Rate of new employee hires – over 50 years old	%	24	0	0	0	100	0	11
Rate of new employee hires – 30–50 years old	%	24	0	0	0	122	33	15
Rate of new employee hires – under 30 years old	%	45	0	0	0	0	0	45

## Employee turnover 2012

		Cairn	Greenland	Morocco	Nepal	Norway	Spain	United Kingdom
Employees leaving employment	number	6	0	0	0	1	0	5
Employees leaving employment – female	number	1	0	0	0	0	0	1
Employees leaving employment – male	number	5	0	0	0	1	0	4
Employees leaving employment in reporting period – over 50 years old	number	0	0	0	0	0	0	0
Employees leaving employment in reporting period – 30–50 years old	number	5	0	0	0	1	0	4
Employees leaving employment in reporting period – under 30 years old	number	1	0	0	0	0	0	1
Rate of employee turnover	%	3.33	0.00	0	0.00	5.88	0.00	3.29
Rate of female employee turnover	%	1	0	0	0	0	0	1
Rate of male employee turnover	%	5	5	0	0	9	0	5
Rate of employee turnover – over 50 years old	%	0	0	0	0	0	0	0
Rate of employee turnover – 30–50 years old	%	4	0	0	0	0	0	4
Rate of employee turnover – under 30 years old	%	5	0	0	0	0	0	5

**Note:** Turnover figures include only staff who have left voluntarily (i.e. resignations). Involuntary numbers e.g. death, end of fixed term contracts, dismissal have not been included in these figures as we only report voluntary turnover externally.

## Parental leave and retention rates 2012

		Cairn
Employees that are entitled to parental leave	number	180
Female employees that are entitled to parental leave	number	88
Male employees that are entitled to parental leave	number	92
Employees that took parental leave	number	13
Female employees that took parental leave	number	6
Male employees that took parental leave	number	7
Employees that returned to work after parental leave	number	13
Female employees that returned to work after parental leave	number	6
Male employees that returned to work after parental leave	number	7
Employees who returned to work after parental leave who were still employed 12 months after return to work	number	13
Female employees who returned to work after parental leave who were still employed 12 months after return to work	number	6
Male employees who returned to work after parental leave who were still employed 12 months after return to work	number	7
Return to work rate after parental leave	%	100
Return to work rate after parental leave – female	%	100
Return to work rate after parental leave – male	%	100
Retention rate of employees who returned to work after parental leave ended	%	100
Retention rate of female employees who returned to work after parental leave ended	%	100
Retention rate of male employees who returned to work after parental leave ended	%	100

## Working conditions

		2008	2009	2010	2011	2012
Number of employees covered by collective bargaining agreements	number	0	0	0	0	0
% of employees covered by collective bargaining agreements	%	0	0	0	0	0
Number of employees covered by non-retaliation and grievance policy	number	160	177	195	150	180
% of employees covered by non-retaliation and grievance policy	%	100	100	100	100	100
Number of employees represented by independent trade unions	number	0	0	0	0	0
% of employees represented by independent trade unions	%	0	0	0	0	0
Number of grievances made in reporting period	number	1	0	1	0	0

## Average contractor workforce numbers 2012

<b>Greenland</b>	
Pitu Metocean Buoy Deployment	5
Geochem Surveys	24
Casing Inspection	9
<b>Morocco</b>	
Juby Maritime Seismic	62

## Supply chain

As with many businesses in the oil and gas industry, we outsource much of our activity to contractors, suppliers and other stakeholders. We therefore place a high priority on how we select our contractors and how we then proactively manage these relationships.



### Selecting contractors

Our aim is to ensure a system of fair and transparent tendering for the supply of all our goods and services.

We are members of First Point Assessment Limited (FPAL), an organisation that works to identify, evaluate and monitor suppliers on behalf of its purchasing members. We use the service to help source providers for work across our global operations. The system provides a list of potential contractors, together with initial assessments and evaluation reports from previous contracts with other members of FPAL.

All potential contractors must also provide information that shows they can manage the specific CR risks of a project in accordance with our policies and Business Principles. These are included in all our invitations to tender, along with our CR, HSS and environmental policies and Code of Business Ethics. We will also ask them to submit performance data around key CR performance indicators.

Where a contract is of significant importance we will audit contractors too, in order to assess their capabilities and equipment prior to, and during, significant activities.

### Anti-bribery and corruption

Our anti-bribery and corruption (ABC) policies are particularly pertinent as we begin to explore new opportunities in countries where corruption could be an issue.

We have a zero tolerance approach towards bribery and corruption and, as part of our ABC 'Selection of Service Providers Procedure', we require all contractors to provide copies of their own ABC policies and procedures. The contracts also include ABC provisions.

All our operations are subject to risk assessments to ensure adherence to international and local laws and standards, and to avoid complicity in wrongful behaviour. This due diligence process also allows us to instruct a third party to carry out detailed investigations if required.

### Green procurement

Cairn currently has no formalised policy for green procurement, although environmental requirements are specified in invitations to tender (ITTs) and contracts, and form part of the pre-qualification process.



## Contractor management

We have a formal contractor management procedure, which establishes how we work with contractors to ensure that risks are identified and managed.

With every contractor we carry out a thorough technical and commercial evaluation, with a particular focus on their approach to health, safety and the environment and performance. If any issues do arise, we discuss them with the contractors and set a timetable for them to be addressed.

All our CR processes are designed to reduce risks by ensuring contractors meet our standards. Clear contracts and other materials, including bridging documents, help to establish the nature of our relationships and mutual responsibilities.

Contractors are required to submit data around key CR performance indicators which together with audits and inspections allow us to monitor performance.

### Local contractors

Our procurement policy states that we will use local suppliers and develop local supply chains wherever local expertise is available, or can be developed without compromising our standards and principles.

When compiling bid lists, we include local companies with the required competence and encourage international contractors to consider the use of local sub-contractors where possible.

Local contractors undergo a stringent assessment to ensure they meet the necessary standards when it comes to performance and HSE.

In new areas of exploration, we also have a responsibility to make sure we do not artificially raise the expectations of local people, as the majority of jobs and benefits from new oil and gas facilities take several years to come to fruition.

In some countries, where companies do not have specialist expertise and experience of working in the oil and gas industry, we encourage knowledge transfer by liaising with international contractors to develop partnerships with local enterprises.

### Adapting to local conditions

When our existing major contractors undertake new projects, we may seek evidence that they can adapt to local conditions and comply with our performance standards. Where appropriate, we offer country-specific CR induction courses.



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We will not compromise safety or the environment in order to create local jobs. In Greenland, we were able to train divers and helicopter pilots from local companies but we could not recruit Greenlanders into a drilling role as this is a highly skilled occupation, with a high competency level brought about by years of training and experience.

**Daryl Jones,  
Head of Supply Chain  
and Logistics**

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**Case study: Using local suppliers**

In Spain, we work with Auxadi, a local accounting company which provides support to our office.

In Greenland, we have invested in educational workshops for local contractors and clearly set out the standards required to work in the oil and gas industry. Although there were minimal operational activities in Greenland during 2012, we still have a firm presence in the country and work with a total of 72 local suppliers. These include:

**Air Greenland**

Air Greenland provides commercial and charter flights to support our operations, including the consultation tour of the Baffin Bay area carried out in 2012.

**Nuuk Transport**

We have an ongoing contract with Nuuk to store drilling equipment and have arranged for four personnel to be trained in the safe maintenance and handling of our equipment.

**Martek**

We commissioned two separate charters from these marine specialists to deploy and retrieve a metocean buoy from the Pitu block. Our in-house team also provided HSE coaching and training to Martek staff.

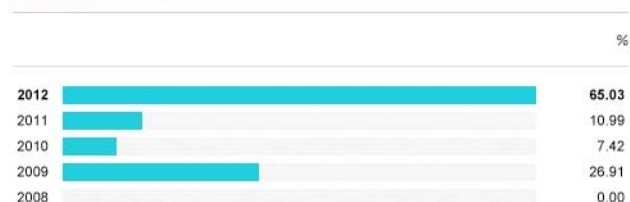
**Hotels and guesthouses**

Our staff supported a number of hotels and guesthouses in 2012.

# Performance and data

## Local suppliers

Proportion of spending on locally based suppliers – Cairn (excluding Cairn India)

[Chart](#)
[Table](#)


## Proportion of spending on locally based suppliers

	%				
	2008	2009	2010	2011	2012
Albania	0	0	0	0	0
Bangladesh	0	26.39	17.31	n/a	n/a
Greenland	0	0	6.45	8.50	40.72
Morocco	n/a	n/a	n/a	n/a	0.83
Nepal	0.00	54.87	1.06	0.00	0.00
Norway	n/a	n/a	n/a	n/a	79.38
Spain	n/a	n/a	n/a	72.00	81.09
Tunisia	n/a	0	13.39	n/a	n/a
United Kingdom	0	0	0	46.60	86.23

**Note:** Local suppliers are considered as those operating from the country of operation.

# Communities

We are committed to making a positive contribution to the communities that could be impacted by our operations through meaningful, long-term partnerships with local people.

Before any activity begins, we carry out an assessment which may be an ESIA or a standalone SIA. These help us to identify how local communities, businesses, infrastructure and other factors of society and the economy might be affected and what we can do to make a sustainable, positive impact. Our activities to promote a positive sustainable impact can be economic, such as creating new jobs or engaging with local suppliers, or societal, such as developing new infrastructure and community facilities.

The nature of our exploration business means that our operations, in any location, can be short term. It is therefore important that we create a lasting legacy so that our community work continues to have an impact long after our activities have ended. In Greenland, our Education and Community Development Funds support projects that promote education, sports and cultural activities.

Wherever we operate we aim to:

- Engage those most impacted by our activities to participate in our activities. This may include promoting participation of local people and businesses to support our activities, stimulating local entrepreneurship, supporting education initiatives to develop skills for participation in our activities
- Give generously and strategically. Cairn has traditionally offered financial and other kinds of contributions such as time and expertise to support community initiatives
- Develop initiatives in partnership with other organisations. We recognise that projects in partnership with industry partners, NGOs and others increases the success and sustainability of projects.

Our 2012 highlights

- Consultation tour of Baffin Bay in Greenland
- Supported 21 projects through our Education and Community Engagement Funds in Greenland
- Donated more than £452,000 to charities in the UK



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We want what we do in communities to be sustainable, just as our own business is. Our current approach is built on our extensive experience of projects in South Asia, where we worked in partnership with local communities to build infrastructure, support economic development, improve access to healthcare and help access scarce water resources.

**David Nisbet,**  
**Director of Group**  
**Corporate Affairs**

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## Social Impact Assessments

We carry out ESIA's or standalone SIA's for our activities to identify, through engagement with local people, how the communities around our sites may be affected by our future activity. By considering key issues such as demographics; employment and livelihoods; economy; education and training; community health; and infrastructure we can maximise positive social impacts and eliminate, minimise or compensate for negative impacts.



Our SIA process has three steps. The implementation of this process for our activities in Greenland is shown in the diagram on page 125:

### First step: Consultation

Before each new programme of activities, we prepare a Public Consultation and Disclosure Plan (PCDP) that identifies the stakeholders involved and sets out appropriate engagement strategies. Our Group Consultation and Disclosure Plan Framework follows the guidelines of the IFC which are widely regarded as best practice.

The PCDP process promotes mechanisms for stakeholders to voice their opinions and any concerns and share their aspirations for what exploration will bring to their community. For Cairn, it is an opportunity to explain our operations and manage expectations while exploring for oil and gas, and ensure that our investments in social and community development align with local needs. The PCDP also includes a clear grievance procedure so that unresolved issues can be addressed. Through this open process, strong relationships are forged with communities, governments and business partners, laying the foundation for mutual benefits.

Where challenging matters including land acquisition, resettlement, water use, security and compensation are involved, Cairn consults extensively with stakeholders. To see how this process was central to developing what is now the world's longest continuously heated pipeline in Rajasthan, India, visit our website or see our 2010 Corporate Responsibility Report.

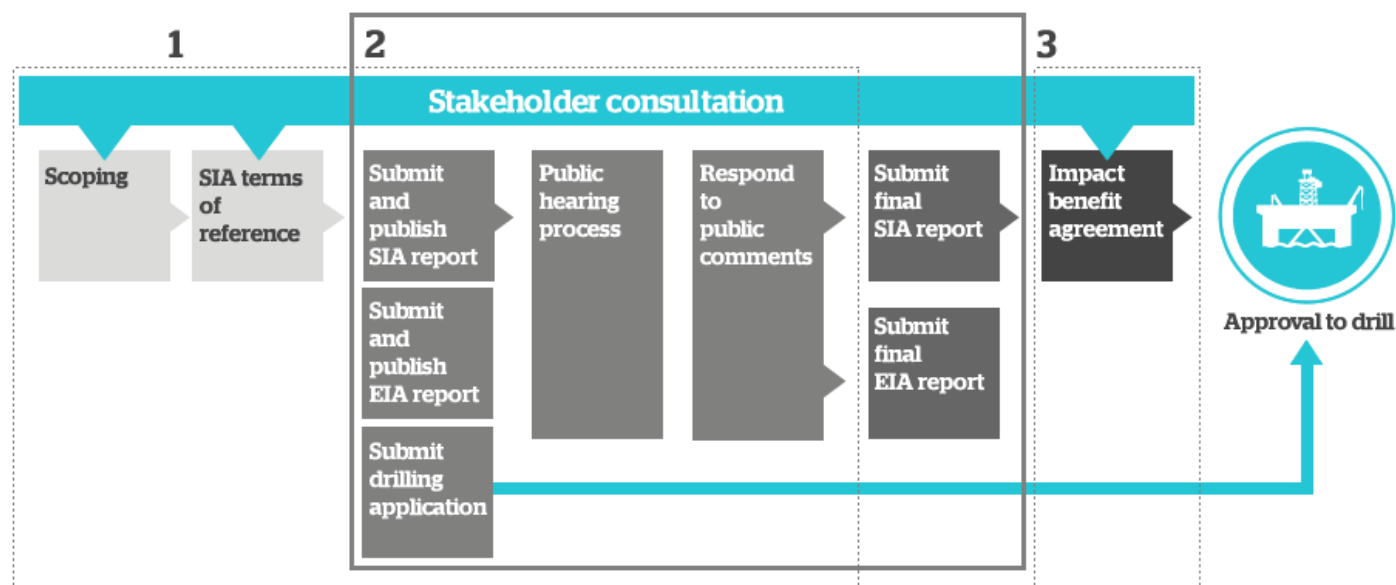
In 2012, a PCDP was completed in anticipation of a future seismic survey offshore Valencia, Spain. In Morocco, Cairn began stakeholder mapping prior to scoping out a PCDP ahead of the drilling programme later in 2013. The Greenland PCDP will be updated in 2013 to reflect future operations.

### Second step: Impact assessment

Cairn complies fully with host government requirements, using a range of SIA's and baseline surveys to assess the potential effects of operations and develop Social Management Plans (SMPs). The primary focus of SIA's and social baseline studies is on demographics, employment and livelihoods, economy, education and training, community health and infrastructure. Gauging socio-economic impacts helps us mitigate adverse effects and ensure that human rights are respected and protected. During 2012, Cairn updated its Human Rights Guidelines and training will occur in 2013. The SIA also helps to enhance the potential benefits through a social management plan. This typically includes a programme for local communities.

### Third step: Community development programmes

As well as developing SIAs, we work with host countries to produce a community development programme. For example in Greenland all drilling activities require an Impact Benefit Agreement (IBA) for each exploration phase. This outlines the social, economic and cultural contributions Cairn and its contractors undertake to make to local communities as part of their drilling exploration campaigns. To date, Cairn has been involved in two IBAs in 2010 and 2011 with local municipalities and the government of Greenland.



In preparation for potential drilling during 2014 in the Pitu block in the Baffin Bay area, subject to the necessary approvals, we carried out during 2012 a tour of three towns and five settlements between Ilulissat and Qaanaaq on the northwest coast of Greenland. The tour's purpose was to explain the drilling cycle and gather information to inform the formal Terms of Reference for the SIA study, while at the same time listen to the views and any concerns of the local communities.

In response to concerns raised by some stakeholders about the statutory consultation and public hearing process in 2010, we began this process early to give people time to understand the issues and promote participation in the consultation process. Building of docks, use of local labour and development of English skills were identified as local priorities. Among the concerns raised were the effects of oil spills, seismic disturbance to whales and fish and education for young people. Using these insights, we aim to complete the SIA by the end of 2013.



## Community engagement

The people that live in and around our operations represent one of our most important stakeholder groups, and we're keen to give them the opportunity to have their say about our activities. We engage with local communities on issues including employment, community development, the environment and safeguarding livelihoods. Our engagement methods include consultation meetings as part of SIAs, media briefings and public meetings.



### Greenland

We held public meetings in the Greenlandic settlements of Savissivik, Kullorsuaq, Nuussuaq, Innaarsuit and Tasiusaq in 2012, as part of our Baffin Bay consultation tour. These were advertised through press releases and radio announcements, and covered potential exploration drilling plans in the Pitu block in the Baffin Bay area offshore Greenland.

Topics raised at these meetings included ice management; the effects of previous seismic activity and the potential noise impact on marine mammals of future seismic activities; the nature of future developments if oil was to be found; and how local communities would benefit. Following the meetings, a volunteer from each community provided us with feedback and a mechanism by which they could ask further questions.

### Consultation tour in Baffin Bay – Case study

In August 2012, we carried out a consultation tour of Baffin Bay in Greenland. This tour was designed as a scoping mission and will be used to inform an SIA relating to a potential drilling programme in the Pitu block, offshore Greenland, in 2014.

During the consultation, representatives from Cairn and Inuplan – a Greenlandic consultancy – visited three towns and five settlements between Ilulissat and Qaanaaq, on the north west coast of Greenland. The key objectives were to inform the terms of reference for the upcoming SIA study and raise awareness and understanding of Cairn's potential activities. The discussions we held with local people will form an important part of the SIA, and we plan to hold further meetings in these communities in the summer of 2013. The visit enabled us to build a relationship with local communities, which will be beneficial to the EIA and SIA processes. It also highlighted areas for further investigation, and gaps in knowledge, for the SIA.

### Morocco

In the last quarter of 2012, we carried out a statutory consultation process in connection with our application to carry out seismic activity offshore Morocco. This consultation process involved the public notification of our plans together with a summary of the potential environmental and social impacts of the planned activity. Meetings to present the project and the findings of the ESIA were also held with the local authorities potentially affected by the project, and with local fishing associations.

In December 2012, we carried out a reconnaissance trip to Agadir in Morocco to inform our stakeholder mapping exercise. We will use the findings to produce an ESIA document, which will be published in 2013 for public comment. We will also produce a Public Consultation and Disclosure Plan (PCDP) to outline engagement programmes and highlight transparent measures for recording grievances and providing feedback.

“

Feedback in Greenland has shown that some of our stakeholders did not feel that the complexity of EIA and SIA documents, and the time allowed, permitted local people to discuss the key issues in detail. We've taken these comments on board to ensure that our future engagement activity is as clear and accessible as possible.

**Julia Adamson,**  
Social Performance  
Consultant

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## Spain

In 2012, we carried out a national and regional stakeholder engagement campaign in support of our application to explore blocks in the Gulf of Valencia, Spain. After completing our PCDP for the activity in February 2012, we held meetings in locations including Madrid, Valencia and the Balearic Islands to inform local communities of our plans, gather their feedback and allay their principle concerns relating to potential impacts to local fishing and tourism industries.

## Grievance process

We understand that public meetings are not always the easiest, or most appropriate, way for people to comment on our activity. Our grievance process allows local residents to raise any concerns they have by contacting our local representatives or emailing us directly. We encourage people to contact us in this way and raise awareness of these channels through our country information brochures or by putting posters up in the locations where we operate. No grievances were recorded in connection with our operations in Greenland or Morocco in 2012.

## Land acquisition and resettlement

The nature of our operations means that we will occasionally need to acquire land. This can be on a temporary or permanent basis, depending on the work taking place, and may, if unavoidable, require the resettlement of local people.

A fundamental respect for human rights is always our priority, and we aim to work alongside the communities affected by our activities so that we can minimise disruption and make the process as smooth as possible.

We currently do not have operated activities onshore which could require the acquisition of land. However, we have significant experience of land acquisition and resettlement from our development projects in South Asia.

### Group Resettlement Action Plan

Our Group Resettlement Action Plan (RAP) includes detailed processes that must be followed whenever we acquire land for our operations. It covers compensation for loss of land use, physical displacement, impacts on built structures and crops, and impacts on livelihoods.

The four-stage approach involves:

- Project design (avoidance, minimisation of resettlement)
- Transparent consultation process to inform all relevant stakeholders
- Compensation payments (if appropriate)
- Effective grievance mechanisms

We hold public consultations to inform our RAPs and to ensure that all stakeholders understand the grievance and compensation process.

During 2012 we updated the Group RAP to bring it into line with the IFC Performance Standard 5 to ensure it also addresses livelihood restoration.



“

Given our offshore focus over the last few years, land acquisition and resettlement has not been an issue for us. However, should we access onshore investment opportunities in the future, we're committed to full consultation and doing all that we can to minimise disruption and ensure that those affected are compensated fairly.

**Steve Welton,**  
**Director of Group HSE,**  
**Risk and Compliance**

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## Legacy of operations

Community programmes should be about the future, not just the present. That's why we're committed to creating a positive legacy for the people living around our sites that lasts until long after our activities have ended. It's also important that, even if our exploration activities have not been successful, we still provide benefits to the communities where we have been operating.



Our legacy activity in Greenland is channelled through our Education and Community Development Funds, which have provided around DKK 4.6 million (£500,000) for projects and individuals in the areas affected by Cairn's drilling. In addition, Cairn has a commitment to provide an additional DKK 3.075 million (£330,000) per annum to support capacity building within the Bureau Of Minerals and Petroleum (the oil industry regulator in Greenland) and Nunaoil (the national oil company in Greenland). This forms part of the total socio-economic benefit provided by Cairn's activities in Greenland over the last three years which is summarised below.

### Socio-Economic Benefit Summary of Cairn's Activities in Greenland 2010–2012

		2010	2011	2012
<b>Economic Benefit</b>				
Capricorn estimated spend in Greenland through operational activities in year	<i>DKK million / GBP million</i>	153 / 17	330 / 38	59 / 6
Capricorn's contractors' estimated spend in Greenland through operational activities in year	<i>DKK million / GBP million</i>	19 / 2	19 / 2	17 / 2
Tax income to Government of Greenland resulting from operational activities in year	<i>DKK million / GBP million</i>	53 / 6	103 / 12	1.4 / 0
Estimated Carry of Greenlandic partner (Nunaoil)	<i>DKK million / GBP million</i>	276 / 31	561 / 65	0 / 0
Number of enterprises in Greenland involved in Capricorn activities	<i>number</i>	13	100	72
<b>Employment</b>				
Maximum number of positions in which Greenlandic workers are involved in project through Capricorn and its contractors	<i>number</i>	50	84	13
Training positions for Greenlanders offered by the project	<i>number</i>	4	12	3
<b>Education</b>				
Annual contribution through license agreement to BMP for training	<i>DKK million / GBP million</i>	1.575 / 0.180	1.575 / 0.183	1.575 / 0.172
Annual contribution through license agreement to Nunaoil for training	<i>DKK million / GBP million</i>	1.5 / 0.171	1.5 / 0.175	1.5 / 0.163
Capricorn's contribution to an Education Fund for Greenlandic workforce competence development	<i>DKK million / GBP million</i>	1.3 / 0.148	2.4 / 0.279	0 / 0
<b>Social / Cultural</b>				
Capricorn's contribution to a Community Development Fund	<i>DKK million / GBP million</i>	n/a	0.43 / 0	0 / 0
<b>Annual Total Benefit</b>	<i>DKK million / GBP million</i>	<b>505 / 58</b>	<b>1,019 / 119</b>	<b>80 / 9</b>
<b>Environment</b>				
Capricorn's contribution to environmental research through license agreement	<i>DKK million / GBP million</i>		23.5 / 2.7 (since 2008)	
Capricorn's contribution to environmental research in addition to obligation through license agreement	<i>DKK million / GBP million</i>	3 / 0.3	3.1 / 0.4	0 / 0

## Education funding

As part of the 2011 IBA for drilling activities offshore Greenland, Cairn donated \$500,000 towards an Education Fund that promotes education among Greenlanders to help them participate in the oil and gas industry. Our approach includes helping experts take up teaching placements in Greenland, facilitating overseas exchanges and providing specialist teaching materials to local institutions running courses related to the energy sector.

This followed an Education Fund established under the 2010 IBA which initiated a course at the national language school in Sisimiut, covering English language and working in the minerals and petroleum sector.

### PetroChallenge

In 2012, support from the Education Fund gave 118 students from three schools in Greenland the opportunity to take part in the PetroChallenge event. Organised by Simprentis, an organisation that provides training for the international oil and gas industry, PetroChallenge is an online educational competition designed to inspire youngsters to consider studies in science and engineering. The students – aged 16 to 18 – are divided into teams that compete against each other to discover oil and gas. The PetroChallenge event takes place in North America, Northern Europe and Africa, with the national winners representing their country at the annual PetroChallenge International Final in London. The Greenland competition was held in March 2012 and the winners competed in the 2013 final.

### Supporting training

In 2012, the Education Fund provided funding to the School of Minerals & Petroleum (SMP) in Sisimiut. The funding will support the development of courses relating to the oil and gas exploration industry and introduce courses that are currently only available abroad. Three teachers from the Iron and Metal School in Nuuk completed a range of courses including safety training for seamen, personal survival techniques, first aid, and fire prevention and fire fighting. The funding aims to help the SMP to provide these courses so that they will no longer need to send students abroad to attend courses, which will reduce training costs significantly.

Funding has also been provided to create an Arctic engineering course at Artek, a department of Arctic engineering for the Danish Technical University (DTU) in Sisimiut. In 2013, Qupanuk Egede, a student from Greenland, is being sponsored to study for an MSc in Mining Engineering at Curtin University of Technology in Perth, Australia.

### Nutaaliorfik Innovation Centre

An interactive exhibition relating to different aspects of the oil and gas industry opened at the Innovation Centre Nutaaliorfik in Sisimiut, Greenland, in November 2012 thanks to a donation from the Education Fund. More than 100 secondary school children attended the opening.

The exhibition includes small-scale models of different exploration techniques, such as drilling and, in the future, it is hoped that the centre will attract students from all over Greenland.



“

PetroChallenge teaches young people how to use their brains to make decisions both individually and in groups. They learn loads about keeping deadlines, cooperating and facing a challenge. Previous students I have met can remember this challenge as one of the most exciting events during their period in Senior High School.

**David N Penney,**  
teacher, GU-Aasiaat

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## Community development funding

Cairn set up a Community Development Fund following the IBA that we negotiated with the Municipalities of Qaasuitsup, Qeqqata and Sermersooq in Greenland and the Government of Greenland in 2011. The objective of the Community Fund is to support projects that promote the development of young people, particularly through sports and cultural activities.



### Ilulissat activity park

The fund is supporting local plans to build an activity park in Ilulissat, a town of around 4,500 people. The activity park, located in the centre of Ilulissat, plans to include a barbecue site, a children's playground, a BMX track, an obstacle course and skateboard facilities.

Developments in 2012 included the establishment of a social area with new picnic benches and a charcoal barbecue, the construction of a skateboard ramp and the purchase of wooden playground equipment. In the future, the community plans to install a BMX track, a slide and a beach volleyball court. As well as providing the people of Ilulissat with a range of popular recreational activities and a meeting place in a busy and accessible part of the town, the project has enabled us to build positive links with the local community.

### ASP Cross Country Skiing Club

In 2012, the fund supported the ASP Cross Country Skiing Club in North Greenland. The money was used to purchase fittings for the newly expanded clubhouse, which serves as a hub for the local community and was used to host the 2012 Greenlandic Skiing Championships.

### Astroturf project at Kågssagssuk sports club

The fund has provided seed funding to help build an astroturf pitch at Kågssagssuk sports club in Maniitsoq. Kågssagssuk, which is the second-oldest multi-sports club in Greenland, has more than 80 members and caters for sports such as handball and football. The project is due to be completed in 2013.

### Nipiaa rock festival

The Community Development Fund provided funding for the annual Nipiaa rock festival, which was held in Aasiaat in August and September 2012. The money helped to fund transport, food, accommodation and musicians' expenses during the festival. The Nipiaa festival has been an annual event held in Aasiaat since 1999 and is seen as one of the most important rock festivals in Greenland.

### Nuuk table tennis club

Nuuk table tennis club used funds from the Community Development Fund to arrange a visit from an international table tennis coach in February 2012.

### Healthy May

The Healthy May project, which received funding from the Community Development Fund, helped more than 2,000 people in Aasiaat, western Greenland, get active in 2012. The event included a wide range of sporting activities and visits from Gert Møller, an Arctic sports performer, and Kirstine Kreutzmann, a health coach.



## Charitable giving

We want to give something back to the communities in which we work, both through focused social investment and charitable donations. Our charitable activity is coordinated through the Group Charities Committee, which is responsible for evaluating applications and distributing funds. In 2012, the Committee oversaw donations of approximately £450,000.

### Winning Scotland Foundation

In 2012, we donated £200,000 to the Winning Scotland Foundation (WSF), an Edinburgh-based charity which uses sport to help young people change their lives for the better. Cairn's Chairman Sir Bill Gammell is founder and director of the charity, and thanks to our financial support WSF is able to continue bringing about cultural change and encouraging young people in Scotland to adopt sport as a tool for life. The money has directly benefited three of the charity's key programmes:

### Positive Coaching Scotland (PCS)

The Foundation's flagship programme, PCS runs workshops for parents, teachers and coaches that aim to change the culture of youth sport, so sport can transform youth.

### Champions in Schools (CiS)

CiS arranges for young people to come face to face with some of Scotland's leading sports men and women so that they are inspired to stay healthy, work hard and be positive.

### Work out for Sport (WOFS)

WOFS aims to help sports clubs become stronger and more sustainable by linking the business sector with opportunities within sport.

### Fundraising

Cairn encourages its employees to support charities of their choice by matching any funds they raise, up to a maximum of £2,500 per team or £500 per individual.

### Volunteering

As part of our approach to corporate responsibility, we support employees who wish to contribute further towards society and the local community. We provide a maximum of three days' paid leave each year to enable staff to participate in volunteering opportunities, and last year 12 employees took part in a range of activities.

In 2012, Cairn signed up to a mentoring programme with Career Academies UK, a registered charity set up by the business community to support a national movement of employers, schools and colleges to raise the aspirations and life chances for 16 to 19 year olds. Six members of staff volunteered to be part of the programme, acting as a mentor, role model and adviser to their student over a two-year period. The students will take a one-month paid placement in July 2013 to help build confidence and develop their workplace skills. The programme also helps staff to develop their own coaching, mentoring and leadership skills.

“

The positive coaching concepts that we embraced three seasons ago have been at the heart of Hillfoots' success. The phenomenal growth in playing members has made us the fastest growing rugby club in Scotland, so clearly our central focus on every player always getting a game has struck a chord with parents and players alike.

**Michael Power from Hillfoots RFC, which took part in WSF's PCS programme in 2012**

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## Donations

We think it's important to support charities that not only share our own values of teamwork, fostering individual potential and encouraging entrepreneurial spirit, but also are able to demonstrate transparency and sustainability. In 2012, we provided charitable funding to over 30 organisations:

	2012 donations
<b>Giving young people opportunities/re-engaging the NEET (Not in Employment, Education or Training) group</b>	
Winning Scotland Foundation	£200,000
Inspiring Scotland	£50,000
The Yard Adventure Centre	£10,000
Fruitmarket Gallery	£10,000
Muirfield Riding Therapy	£5,000
<b>Community related</b>	
Life Care (Stockbridge Centre) – elderly support	£4,000
Pilton Equalities Project Bus	£20,000
Cyrenians – The Good Food Project	£20,000
Leith Sea Cadets	£1,500
<b>Health related</b>	
MacMillan Cancer Support	£5,000
Maggies	£5,000
St Columbus Hospice	£5,000
Hearts & Minds – Clowndoctors and Elderflowers	£3,000
The Prostate Cancer Charity Scotland	£5,000
Prostate Cancer UK	£5,000
<b>Environment</b>	
The Royal Zoological Society	£10,000
Royal Botanical Gardens	£10,000
<b>Arts and culture related</b>	
Royal Lyceum Theatre	£10,000
Scottish Opera	£4,000

	2012 donations
<b>Education and learning</b>	
University of Glasgow Trust – Glasgow Uni Stratigraphy course	£6,000
Edinburgh University GeoSciences Grad School Conference	£1,500
Edinburgh International Science Festival – Future Earth	£15,000
Techfest – Maths in the Pipeline	£14,000
University of Edinburgh – Cairn bursary in GeoSciences	£4,000
<b>Staff match funding</b>	
Staff match funding	£10,161
<b>GAYE match funding</b>	
GAYE match funding	nil
<b>Cairn directors' choices</b>	
Scottish Ballet	£1,000
Society of Scottish Artists	£500
Edinburgh International Festival Fashion Show	£3,000
<b>Christmas donations</b>	
FourSquare	£3,000
Salvation Army	£3,000
WRVS	£3,000
Sick Kids	£3,000
Shelter Scotland	£3,000
<b>Total</b>	<b>£452,661</b>

# Performance and data

## Local communities

Percentage of operations with implemented local community engagement, impact assessments, and development programmes.

	Greenland	UK and Norway	Nepal	Spain	Morocco	% of all operations (with operated field operations in 2011)	% of all operations (where Cairn has staff presence)
Activity 2012	Office and offshore geochemical and metocean survey activities	Office activities and non-operated field operations	Office activities only	Office activities only	3D seismic survey offshore Juby Maritime block		
Social impact assessments including gender impact assessments, based on participatory processes	Small-scale offshore activities with little interaction with locality on or offshore. SIA scoping consultation tour carried out in Baffin Bay area preparing for potential future drilling activities	n/a	n/a	EIA submitted to authorities for future seismic activities which included social aspects	ESIA submitted to authorities as part of application process which included social aspects	100	60
Environmental impact assessments and ongoing monitoring	Environmental screening carried out for geochemical survey concluding full EIA not required	n/a	n/a	EIA submitted to authorities for future seismic activities	ESIA submitted to authorities as part of application process	100	60
Public disclosure of results of environmental and social impact assessments	Statutory consultees only	n/a	n/a	Through regulatory consultation process	Through regulatory consultation process	50	60
Local community development programmes based on local communities' needs	Implementation of Impact benefit Agreement negotiated with national and local authorities in 2011	Charity Committee	none	none	none	50	40

	Greenland	UK and Norway	Nepal	Spain	Morocco	% of all operations (with operated field operations in 2011)	% of all operations (where Cairn has staff presence)
Stakeholder engagement plans based on stakeholder mapping	PCDP for Greenland in place	Corporate stakeholder register maps stakeholders and engagement carried out	none	PCDP for Spain in place	PCDP for Morocco under development	100	80
Broad-based local community consultation committees and processes that include vulnerable groups	An SIA scoping mission including public meetings including at five settlements along the coast of north west Greenland	n/a	n/a	Not applicable in 2012	Reconnaissance tour carried out to inform stakeholder mapping	50	20
Work councils, occupational health and safety committees and other employee representation bodies to deal with impacts	HSE meetings on offshore vessels during operations	HSE Leadership Committee Office HSE committee Edinburgh	none	none	HSE meetings on offshore vessels during operations	100	60
Formal Community Grievance Process	Community Grievance Process through country representation and dedicated country email in place through 2012	n/a	n/a	Not applicable in 2011	Community Grievance Process through country representation and dedicated country email in place prior and during operations in fourth quarter 2012	100	40

## Social investment expenditure

### Cairn (excluding Cairn India)

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	237,889	522,637	1,453,158	1,494,934	796,581
Children	0	123,040	n/a	4,160	265,000
Community development	170,570	103,596	96,000	131,699	54,500
Culture	0	23,000	27,500	51,500	28,500
Disaster relief	11,505	1,221	0	0	0
Education	10,000	41,376	559,978	658,588	384,420
Environment	0	26,202	395,564	401,233	20,000
Health	0	55,536	265,938	43,954	44,161
Infrastructure	0	0	99,314	0	0
Other	45,814	148,666	8,864	203,800	0

### Albania

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	0	0	0	0	0
Children	0	0	0	0	0
Community development	0	0	0	0	0
Culture	0	0	0	0	0
Disaster relief	0	0	0	0	0
Education	0	0	0	0	0
Environment	0	0	0	0	0
Health	0	0	0	0	0
Infrastructure	0	0	0	0	0
Other	0	0	0	0	0

### Bangladesh

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	23,794	66,060	31,502	n/a	n/a
Children	0	2,540	0	n/a	n/a
Community development	15,170	20,196	0	n/a	n/a
Culture	0	n/a	0	n/a	n/a
Disaster relief	8,505	1,221	0	n/a	n/a
Education	0	3,876	0	n/a	n/a
Environment	0	1,202	564	n/a	n/a
Health	0	37,025	30,938	n/a	n/a
Infrastructure	0	0	0	n/a	n/a
Other	119	0	0	n/a	n/a

### Greenland

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	0	0	965,486	1,023,520	343,920
Children	0	0	0	0	0
Community development	0	0	0	49,199	0
Culture	0	0	0	0	0
Disaster relief	0	0	0	0	0
Education	0	0	516,172	622,088	343,920
Environment	0	0	350,000	352,233	0
Health	0	0	0	0	0
Infrastructure	0	0	99,314	0	0
Other	0	0	0	0	0

### Morocco

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	n/a	n/a	n/a	n/a	0
Children	n/a	n/a	n/a	n/a	0
Community development	n/a	n/a	n/a	n/a	0
Culture	n/a	n/a	n/a	n/a	0
Disaster relief	n/a	n/a	n/a	n/a	0
Education	n/a	n/a	n/a	n/a	0
Environment	n/a	n/a	n/a	n/a	0
Health	n/a	n/a	n/a	n/a	0
Infrastructure	n/a	n/a	n/a	n/a	0
Other	n/a	n/a	n/a	n/a	0

### Nepal

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	0	0	6,306	0	0
Children	0	0	0	0	0
Community development	0	0	0	0	0
Culture	0	0	0	0	0
Disaster relief	0	0	0	0	0
Education	0	0	6,306	0	0
Environment	0	0	0	0	0
Health	0	0	0	0	0
Infrastructure	0	0	0	0	0
Other	0	0	0	0	0



## Norway

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	n/a	n/a	n/a	n/a	0
Children	n/a	n/a	n/a	n/a	0
Community development	n/a	n/a	n/a	n/a	0
Culture	n/a	n/a	n/a	n/a	0
Disaster relief	n/a	n/a	n/a	n/a	0
Education	n/a	n/a	n/a	n/a	0
Environment	n/a	n/a	n/a	n/a	0
Health	n/a	n/a	n/a	n/a	0
Infrastructure	n/a	n/a	n/a	n/a	0
Other	n/a	n/a	n/a	n/a	0

## Spain

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	n/a	n/a	n/a	0	0
Children	n/a	n/a	n/a	0	0
Community development	n/a	n/a	n/a	0	0
Culture	n/a	n/a	n/a	0	0
Disaster relief	n/a	n/a	n/a	0	0
Education	n/a	n/a	n/a	0	0
Environment	n/a	n/a	n/a	0	0
Health	n/a	n/a	n/a	0	0
Infrastructure	n/a	n/a	n/a	0	0
Other	n/a	n/a	n/a	0	0

## Tunisia

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	n/a	0	0	n/a	n/a
Children	n/a	0	0	n/a	n/a
Community development	n/a	0	0	n/a	n/a
Culture	n/a	0	0	n/a	n/a
Disaster relief	n/a	0	0	n/a	n/a
Education	n/a	0	0	n/a	n/a
Environment	n/a	0	0	n/a	n/a
Health	n/a	0	0	n/a	n/a
Infrastructure	n/a	0	0	n/a	n/a
Other	n/a	0	0	n/a	n/a

## United Kingdom

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	214,095	456,577	449,864	471,414	452,661
Children	0	120,500	0	4,160	265,000
Community development	155,400	83,400	96,000	82,500	54,500
Culture	0	23,000	27,500	51,500	28,500
Disaster relief	3,000	0	0	0	0
Education	10,000	37,500	37,500	36,500	40,500
Environment	n/a	25,000	45,000	49,000	20,000
Health	0	18,511	235,000	43,954	44,161
Infrastructure	0	0	0	0	0
Other	45,695	148,666	8,864	203,800	0

## Caim India

	£ sterling				
	2008	2009	2010	2011	2012
Total amount donated or spent on community development / social investment	1,049,043	887,934	944,800	600,00	n/a
Children	0	0	0	0	n/a
Community development	0	0	0	0	n/a
Culture	0	0	0	0	n/a
Disaster relief	0	0	0	0	n/a
Education	0	0	0	0	n/a
Environment	0	0	0	0	n/a
Health	0	0	0	0	n/a
Infrastructure	0	0	0	0	n/a
Other	1,049,043	887,934	944,800	600,00	n/a

## Operational integrity

Our business is based around exploration and discovering new sources of hydrocarbons which involves the use of advance technology and systems. The integrity of these assets must always be maintained to ensure they are productive, efficient and, above all, safe.



### Asset protection

When we begin to develop a new operation, both our CRMS and Risk Management System play vital roles in helping us to assess any potential risks and impacts to our assets. Should any be identified we work to reduce them in line with the 'As Low As Reasonably Practicable' (ALARP) principle.

All major projects, such as drilling programmes, are subject to our gated project delivery process, so that risks can be re-evaluated at each stage, from concept, selection through to execution and close-out.

In order to protect the integrity of our assets once we move into the development phase, we place a huge focus on designing facilities that will operate effectively and safely for the full duration of a project.

Our procedures ensure that all vessels and drilling rigs involved in our operations are comprehensively audited prior to a contract being issued. We back this up by using independent specialists to assess specific aspects of our work, such as well design and rig management. Where necessary, they will run training workshops to cover any skills gaps among our employees and contractors.

All our operations are designed to comply with national and international legislation, such as the Norwegian NORSOK regulations for well design and UK Safety Case requirements for rigs. In instances where there is no local legislation, our default position is to adopt industry good practice and UK regulatory standards.

## Business continuity and response

Preventing serious incidents is at the core of our operations, and we work hard to plan for worst-case scenarios and put in place rigorous measures to deal with them. Our experience of working in challenging environments has given us the expertise to develop comprehensive contingency plans, which set out in detail our response to a major incident.

### Emergency response

Our Edinburgh offices are the hub of all our emergency response, with the Crisis Response Team (CRT) based there. The CRT is in overall charge of our emergency operations and provides global cover during periods of low activity.

Emergency Response Groups (ERGs) are established to cover operations in specific countries when complex operational activities are carried out. Once operations are under way, the ERG provides 24-hour emergency support and in the event of an emergency will direct local Incident Response Teams (IRTs).

We regularly test all our emergency procedures and carry out set-piece exercises with the involvement of our major contractors. In 2012, Crisis Response Team procedures were reviewed and updated and rolled out to team members in December 2012. Additionally, refresher briefings were held in July 2012 ahead of operations starting offshore Greenland.

### Oil spill prevention and contingency planning

We recognise the challenge represented by oil spills into the environment. To back up our robust preventative measures, we develop Oil Spill Prevention and Contingency Plans (OSPCP) which are tailored to each new project.

The OSPCP details the preventive measures and our response should there be a major incident and is informed by predictive modelling on different spill scenarios, which describe a range of response strategies and techniques. The OSPCP also outlines how we apply the best industry standards for blow-out prevention, including independent well examination and BOP tests, and details how specialist oil spill response training is provided to Cairn employees and contractors, as well as other groups such as the fire and police services.

The OSPCP includes a three-tiered response for deploying emergency equipment and personnel. For offshore wells the tiers are:

#### Tier 1

Equipment that is maintained on offshore installations and vessels to allow an immediate response

#### Tier 2

Equipment that is kept at a nearby port ready for immediate deployment

#### Tier 3

Equipment and personnel that is on standby and managed by specialist oil spill response experts at Oil Spill Response Ltd (OSRL)



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We focus on the prevention of oil spills in our operational activities. However, we continue to improve our knowledge and planning for response to the potential for both small operational spills and large, low probability, but high impact spills. We are committed to this as a company and as an industry.

**Dr Mike Hunter,**  
**Head of Operations,**  
**Health, Safety,**  
**Environment and**  
**Quality (HSEQ)**

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In 2011, we developed an OSPCP for our Greenland operations. During 2012, we have been working with industry groups on the refinement of oil spill contingency planning procedures to ensure future plans continue to meet new regulations and standards, reflect 'lessons learned' from our previous operations, and are supported by highly trained staff with dedicated resources and equipment.

During 2012, we increased our involvement through joining the OGP Oil Spill Response (OSR) Joint Industry Project (JIP), which are undertaking a comprehensive review and subsequent evolution of oil spill management addressing issues following Macondo and other incidents. Our aim is to verify Cairn's existing arrangements and we have focused especially on the JIP 'Upstream Risk Assessment and Response Planning' work stream that is developing guidance on various aspects of oil spills including:

- Probability of spills and credibility of risk scenarios
- Assessment of resources at risk
- Resource inventory and capability
- Plan development
- Demonstration of plan application and exercises

## Deep water drilling

As the search for new reserves of oil and gas continues, drilling in deeper water becomes more common. It is absolutely key that we understand any specific risks of our deep water drilling operations, continue to keep our employees and contractors safe, and prevent any incidents from occurring.

### Safe, efficient drilling

As exploration drilling extends into previously unexplored waters, the industry is operating in deeper water depths with some of today's rigs able to operate in over 2,000 metres of water.

Working safely at these depths requires meticulous planning, attention to detail and a willingness to adapt and refine procedures and processes in the light of new experiences.

Our drilling programmes are governed by a Drilling Management System. Before we start drilling, we assess all potential risks and then introduce procedures to either eliminate them completely or manage them to acceptable levels.

The concept of continuous improvement is an important one within the oil and gas industry, and we are constantly reviewing our procedures to ensure they are as safe, and as efficient, as possible. Following the Macondo incident in the Gulf of Mexico in 2010, we reviewed and confirmed that our procedures and equipment being used for the 2010 Greenland drilling programme fully complied with, and in many instances exceeded, the Bureau of Ocean Energy Management, Regulation and Enforcement (BOEMRE) and industry-wide recommendations.

Following the Greenland drilling campaign in 2011 we assessed lessons learned to improve our approach. Findings include:

- Starting EIA/SIA planning early to address concerns and understand information. Our consultation in Pitu started in August 2012 – two years before planned operations in 2014
- Explore collaboration with other operators in Greenland. To reduce the potential for stakeholder fatigue, we have started a process to carry out a joint social baseline study among the Baffin Bay operators in Greenland
- Develop oil spill prevention and contingency plans early and employ the best, most up-to-date response technologies and techniques. Collaborate with industry initiatives such as through GOIA and ensure all plans are transparent
- Work with drilling mud contractors to develop and test potential lower impact alternatives while assuring performance and safety
- Review waste management, capacity and alternatives ahead of future campaigns
- Focus on proactive engagement on HSE and HSE behaviour, drawing on the Group's HSE Cultural Framework



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As part of our future exploration plans across our portfolio, deep water drilling remains a key aspect of our operations. This makes us acutely aware that we need to continually review and challenge our processes, engage with what other operators are doing and integrate best practices whenever possible and applicable.

**Paul Mayland, Chief Operating Officer**

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“

We set such high standards in our drilling applications that a lot of the lessons that came out of Macondo, we already had in place. However, we certainly did not sit back on our laurels and we have continued to make improvements to the way in which we operate.

**Ian Watt, Regional Director (North Atlantic)**

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## New technologies

Technological developments play a vital role in moving the industry forward and help to further improve both the safety and the environmental impacts of deep water drilling.

During our Greenland operations we used:

- The latest generation 'dynamically' positioned deep water drilling vessels that did not require anchoring to the seabed.
- Deployed extensive ice management techniques as used off the east coast of Canada for the past 40 years, to protect the drilling vessels.

We are also currently working with our drilling fluid contractor to reduce the potential environmental impact of chemical additives to water-based drilling fluids, while maintaining the operational and safety characteristics of the fluid.



## Resource development in the Arctic

As our work continues to develop in Greenland, we have invested considerable time and money in working safely and effectively in Arctic regions. We are working with a range of partners to develop our assets and operations offshore Greenland, and have also used our experience to help create new industry guidelines to support all businesses operating in the region.

Key elements of our work include:

- Chairing the International Association of Oil and Gas Producers' (OGP's) Arctic Environment Task Force – in 2012, we oversaw the publication of the new Arctic Guidelines for Environmental Protection (link to the Environment)
- Supporting the Government of Greenland in building its own national oil spill response company, Greenland Oil Spill Response (GOSR) (link to the Environment)
- Active membership of the Greenland Oil Industry Association (GOIA), with specific roles around the Group's work on HSE, oil spill response and chemical issues

### Our roles in the Arctic

Together with the Government of Greenland, we have put in place a comprehensive and robust plan, with HSE placed first on the operational and planning agenda. Greenland has included licence conditions to research funding into eco-system issues, which includes funding significant research into primary production, birds, fish, mammals and specific habitats.

In addition, we have carried out extensive EIAs and SIAs to identify how potential environmental and social impacts of the drilling programme can be avoided or mitigated; these were published and consulted on extensively with stakeholders.<sup>1</sup>

In 2012, we entered into a joint venture with Statoil in the Pitu block. Statoil brings a huge amount of Arctic exploration experience to the venture, in what is considered to be one of the most potentially productive areas in the region.

### Environmental Audit Committee

Last year, we were asked by the UK Parliament to contribute to the Environmental Audit Committee (EAC) enquiry into 'Protecting the Arctic'. Cairn Energy was very happy to present its views and evidence to the committee at their meeting on 14th March 2012 and to have the subject of Arctic exploration discussed openly and objectively in a public forum. Following the provision of further clarification to questions posed by the Committee, the final report was issued on 20th September 2012. The UK Government's response to the Committee's report was published on 15th January 2013.



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We welcomed the Committee's inquiry and the opportunity to discuss how best to meet the energy and economic challenges ahead, while protecting the environment and ecosystems around Greenland at the same time.

**David Nisbet,**  
Director of Group  
Corporate Affairs

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<sup>1</sup> <http://www.cairnenergy.com/crr2010/> (p.43, 64, 117)

We believe that the Government of Greenland and people of Greenland have the right to self-determination and to explore for natural resources in their sovereign territory, with the potential to strengthen both their energy security and economy. Cairn strongly believes that it is possible to explore for energy resources both sustainably and safely in Greenland, and, with the approval of the Government of Greenland, we have put in place a comprehensive and robust plan with health, safety and environment as our absolute focus and priority.

Exploration in the Arctic region is not new, and has been occurring for almost a century. Over 500 wells have been drilled offshore and many thousands onshore, so as an industry we are used to dealing with the challenges of the Arctic. Cairn and other companies are operating at the invitation of the Government of Greenland and in order to be granted and to maintain a licence to operate, we must adhere to and follow stringent legal controls. The robust regulatory regime operated in Greenland is based on world-leading Norwegian NORSOK regulations and UK principles and standards.

It is the responsibilities of both host governments and operators to meet the energy and economic challenges of the future while protecting the environment and ecosystems in all areas of the world. Cairn's operations in Greenland in the last five years have shown that this can be done.

We will continue to engage with the EAC on this matter and we are also working closely with the OGP and through GOIA to address the concerns expressed over the provision of an effective oil spill prevention and contingency response capability.

### **Case study: Arctic Environment Task Force**

OGP formed its Arctic Environment Task Force (AETF) in 2009. Its key objective was to review and update the existing OGP Arctic Guidelines for Environmental Protection (offshore and onshore).

The review has taken into account information on environmental threats, regulatory requirements and industry best practice for managing the environmental effects of operating in the Arctic.

The updated documents have now been combined into a single Good Practice Guide, which addresses the range of Arctic environments potentially at risk from oil and gas exploration and production activities.

In April 2012, Cairn took over the role of AETF Chair and we oversaw the publication of the guide in March 2013.

**Case study: Greenland Oil Industry Association**

Cairn was a founding member of Greenland Oil Industry Association (GOIA), which was established in 2009 as a forum for all companies with a licence for exploration and production in Greenland.

The association encourages a strong dialogue between businesses and the Greenland authorities and local communities, and has a strong emphasis on promoting responsible and sustainable developments that bring long-term benefits to the people of Greenland.

Ian Watt, Cairn's Regional Director for the North Atlantic and Chairman of GOIA explains: "GOIA has two important roles – as a conduit between Greenlanders and the businesses operating in its offshore waters, and as an association that is having an extremely positive influence on the way in which operations are carried out in the region.

Membership of GOIA allows businesses to share resources and infrastructure as well as accessing key information, joint studies and best practice. It has also proved instrumental in developing a stringent regulatory framework, which ensures all our members' activities are carried out to the highest environmental standards."

## Assessment process of new ventures

The sale of our interest in Cairn India means that less of our operations are based around production. As such, our business priorities are now more focused on exploration and discovering new opportunities.

### Due diligence

In response to the changing nature of the company, we have implemented a new due diligence process for all our new business ventures. Before entering into any new venture, we need to understand any potential risks associated with the venture, as well as the opportunities.

The screening process includes consideration of any potential risks around health, safety, security, the environment, and social and human rights. Should the research highlight any particular issues, then these are investigated further including potential measures that may be implemented to mitigate or control the risks. Results of these investigations are presented in any investment proposal.

For new ventures, which require spending of more than US\$5 million (£3.3 million), we develop an Investment Proposal that must be agreed by functional heads, as well as both the Management and Corporate Teams, before it can be submitted for the Executive Team and Board's consideration.

One aspect of the due diligence process may be the suitability of any potential new business partner. In any partnership, we need to be confident that the organisation we will be working with operates with a similar level of integrity to ours. To be successful, there needs to be a high degree of trust within any business partnership or joint venture.

### New ventures in 2012

In Morocco, we are partnering a business called Longreach, which has several permits in the country but has less experience in running drilling operations. In this instance the key focus of our due diligence process was the provenance of permits, rather than their HSE standards, as we are due to undertake the operational and drilling activity.

In Greenland, we have launched a new partnership with Statoil, who acquired an interest in our Pitu block. This involved mutual due diligence assessments.

“

I believe the CR process we use in Greenland is second to none and much larger businesses, who have seen our processes, have actually confirmed that they are learning from us.

**Ian Watt,  
Regional Director  
(North Atlantic)**

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“

The due diligence process that we operate stops conflict from arising. It is very clear cut – if we feel the risk is too high, or that we cannot address it, then we simply drop the opportunity.

**Ian Watt,  
Regional Director  
(North Atlantic)**

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## Working in non-operated environments

Cairn counts both operated and non-operated acreage in its portfolio of assets.

In Greenland and Morocco, we have operational control of our exploration and drilling programmes and apply our management systems and standards as described in the Governance section. Our recent acquisition of interests in the North Sea has given us opportunities to partner in drilling opportunities operated by other companies such as Statoil ASA, Premier Oil plc and EnQuest plc.

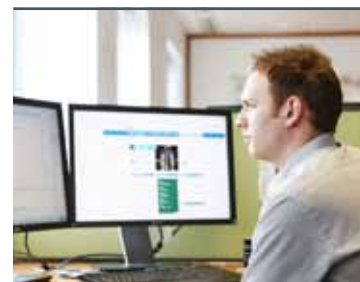
As we explain in the Governance section, our due diligence process is undertaken to ensure we have confidence in the integrity and HSE track record of the partners we work with. Additionally, as our non-operated ventures are in the Norwegian and UK sectors of the North Sea, they are subject to stringent regulations.

We assess the HSE standards of contractors selected by our operating partners regularly and seek to influence our partners by undertaking our own technical evaluations and risk assessments, and reviewing operator criteria for the HSE ranking of contractors.



## Security

As a business with operations and interests in other countries, our security procedures need to be both robust and flexible enough to be effective across the wide range of environments in which we operate. We have a duty to ensure the security of our staff and contractors. We have updated and strengthened our security processes in the light of recent incidents.



### Improved security in Edinburgh

Security of people and assets is covered as an integral part of our business risk management process, which is designed to allow us to assess potential risks or threats to security and then work to eliminate or reduce them. Following a breach of security at our Edinburgh offices involving the NGO Greenpeace in July 2011, we carried out a comprehensive review of security systems and issued revised guidelines to all staff. We also worked closely with the Lothian and Border Police to increase security at our office, which is now protected by additional security personnel and barriers.

### Security abroad

In delivering our strategy, Cairn is looking at investment opportunities in new countries where we have not operated before and which often present different potential political and security risks. With our operations increasing offshore Morocco and Senegal, we are also continuing to monitor the security situation in North Africa.

As part of our due diligence process for new investment opportunities, we complete political and security risk assessments to identify any potential security threats. We then consider steps that can be taken to mitigate these risks and assess whether the residual risk is within the risk tolerance set by the Board. For those for which we can demonstrate the risks are manageable, the outcome of this process is included in the Investment Proposal submitted to the Board for approval.

In completing these risk assessments, we utilise external political and security risk specialists who have local knowledge and who can provide support on the ground.

During 2012 we also enhanced our process for protecting travellers through implementing a new travel health, safety and security procedure, to mitigate the risk of HSS incidents when they are travelling.



# Performance and data

## Security and risk management

### Caim (excluding Caim India)

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	72	74	124	24	4
Security incidents	number	2	7	6	5	1 <sup>1</sup>
Security personnel that received human rights training	%	91.07	98.33	91.94	0.00	0.00

1. Break-in into London office

### Albania

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	0	0	0	0	0
Security incidents	number	0	0	0	0	0
Security personnel that received human rights training	%	0	0	0	0	0

### Bangladesh

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	72	73	115	n/a	n/a
Security incidents	number	2	7	3	n/a	n/a
Security personnel that received human rights training	%	91.07	99.66	99.13	n/a	n/a

### Greenland

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	0	0	9	16	0
Security incidents	number	0	0	2	3	0
Security personnel that received human rights training	%	0	0	0	0	0

### Morocco

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	n/a	n/a	n/a	n/a	0
Security incidents	number	n/a	n/a	n/a	n/a	0
Security personnel that received human rights training	%	n/a	n/a	n/a	n/a	0

### Nepal

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	0	1	0	2	2
Security incidents	number	0	0	0	0	0
Security personnel that received human rights training	%	0	0	0	0	0

### Norway

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	n/a	n/a	n/a	n/a	0
Security incidents	number	n/a	n/a	n/a	n/a	0
Security personnel that received human rights training	%	n/a	n/a	n/a	n/a	0

### Spain

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	number	n/a	n/a	n/a	0	0
Security incidents	number	n/a	n/a	n/a	0	0
Security personnel that received human rights training	%	n/a	n/a	n/a	0	0

**Tunisia**

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	<i>number</i>	n/a	0	0	n/a	n/a
Security incidents	<i>number</i>	n/a	0	0	n/a	n/a
Security personnel that received human rights training	<i>%</i>	n/a	0	0	n/a	n/a

**United Kingdom**

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	<i>number</i>	0	0	0	6	2
Security incidents	<i>number</i>	0	0	1	2	1
Security personnel that received human rights training	<i>%</i>	0	0	0	0	0

**Cairn India**

		2008	2009	2010	2011	2012
Security personnel involved in Company activities	<i>number</i>	640	1,059	1,384	1,672	n/a
Security incidents	<i>number</i>	12	10	25	21	n/a

## Glossary

**AA1000** International Assurance Standard for measuring and reporting ethical performance. The Accountability Principles Standard 2008 (AA1000 APS) is based on the principles of inclusivity, materiality and responsiveness, which means the collaborative participation of stakeholders and organisations in defining and achieving 'an accountable and strategic response to sustainability' issues.

**2D/3D** Two dimensional/three dimensional

**ABC** Anti-Bribery and Corruption

**ABCMS** Anti-Bribery and Corruption Management System

**AGM** Annual general meeting

**ALARP** As Low as Reasonably Practicable

**APA** Awards in predefined area

**BAP** Biodiversity Action Plan

**bbl** barrel

**BMP** Bureau of Minerals and Petroleum, Greenland

**Bn** Billion

**Board** The Board of Directors of Cairn Energy

**boe** barrel(s) of oil equivalent

**boepd** barrel(s) of oil equivalent per day

**BOP** Blow-Out Preventer

**bopd** barrels of oil per day

**Business Principles** Group CR Business Principles that describe Cairn's fundamental values and approach to managing CR issues in its business

**Cairn** The Company and/or its subsidiaries as appropriate

**Cairn (excluding Cairn India)** Cairn the Company and/or its subsidiaries excluding Cairn India Limited and/or its subsidiaries

**Cairn India** Cairn India Limited and/or its subsidiaries as appropriate

**Capricorn** Capricorn Oil Limited and/or its subsidiaries as appropriate

**CAVA** Cairn Adding Value Award

**CFO** Chief Financial Officer

**CHARM** Chemical Hazard and Risk Management

**CIPD** Chartered Institute of Personnel and Development

**CO<sub>2</sub>** carbon dioxide – a greenhouse gas

**CO<sub>2</sub>e** carbon dioxide equivalent

**Company** Cairn Energy

**CR** Corporate Responsibility

**CRMS** Corporate Responsibility Management System

**CRT** Crisis Response Team

**CSR** Corporate Social Responsibility

**CT** Corporate Team – formerly known as the Group CR Committee. The CT comprises four members of the senior management team and focuses on the following key areas: external communications, corporate responsibility, investor relations strategy, security and internal control and assurance.

**DCE** Danish Centre for Energy & Environment

**DECC** Department of Energy and Climate Change

**DEW** Drilling Expert Work Group

**DGMS** Directorate General of Mines Safety in India

**EAC** UK Parliament's Environmental Audit Committee

**EEMS** European Environmental Monitoring System

**EGM** Extraordinary general meeting

**EIA** Environmental Impact Assessment – a study assessing the environmental impact of a proposed activity or a major change proposed to current activity, which concludes with a management plan for the control of any identified significant impacts.

**EITI** Extractive Industries Transparency Initiative

**EMS** Environmental Management System

**E&P** Exploration and Production

**E&P Catalogue** IT application that provides a consistent interface to all key exploration and production information and links with existing systems such as databases.

**ERM** Environmental Resources Management – consultants providing external assurance on selected information in this report

**ESA** Exploration Study Agreement

**ESIA** Environmental and Social Impact Assessment

**FDP** Field development plan

**Flaring** The burning of waste combustible gases

**EU** European Union

**GAYE** Give As You Earn

**GBRMS** Group business risk management system

**GDP** Gross domestic product

**GHG** Greenhouse gas – six greenhouse gases are listed in the Kyoto Protocol (carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride); carbon dioxide and methane are the most significant to Cairn's activities.

**GIRG** OGP Global Industry Response Group

**GOIA** Greenland Oil and Gas Industry Association

**GOSR** Greenland Oil Spill Response

**GRI** Global Reporting Initiative

**GRMC** Group risk management committee

**Group** Cairn Energy and/or its subsidiaries as appropriate

**HAZID** Hazard identification

**HOCNF** Harmonised Offshore Chemical Notification Format

**HRIA** Human Rights Impact Assessment

**HSE** Health, Safety and Environment

**HSEA** HSE and Assurance

**HSEQ** Health, Safety, Environment and Quality

**HSES** Health, Safety, Environment and Security

**HSS** Health, Safety and Security

**IBA** Impact Benefit Agreement

**IFC** International Finance Corporation, a member of the World Bank Group

**IMO** International Maritime Organisation. The IMO is the United Nations' agency responsible for improving maritime safety and preventing pollution from ships.

**IPIECA** International Petroleum Industry Environmental Conservation Association

**IPO** Initial Public Offering

**ISO 14001** International Standard for Environmental Management Systems

**ISO 26000** International Standard for Guidelines for Social Responsibility

**ITT** Invitation to Tender

**JIP** Joint Industry Project

**JNCC** Joint Nature Conservation Committee

**JV** Joint venture

**km** kilometres

**KPI** Key Performance Indicator

**LPI** Leading performance indicator

**LTI** Lost Time Injury – any work-related injury or illness that prevents a person from working the day after the injury

**LTIF** Lost Time Injury Frequency – the number of Lost Time Injuries recorded for a group of workers per million hours worked.

**MARU** Marine Autonomous Recording Units

**M&A** Mergers and acquisitions

**MBA** Mangala, Bhagyam and Aishwariya

**mmbbls** million barrels of oil

**mmboe** million barrels of oil equivalent

**MMO** Marine Mammal Observers

**mmscfd** million standard cubic feet of gas per day

**MT** Management Team

**NEET** Not in Employment, Education and Training

**NGO** Non-governmental organisation

**NOC** National oil company

**NORSOK standards** Standards applied by the Norwegian offshore sector

**NOx** a mixture of oxides of nitrogen – emission of these gases can contribute to acid rain and other air-quality problems.

**OECD** Organisation for Economic Co-operation and Development

**OGP** International Association of Oil and Gas Producers – a worldwide association of oil and gas companies involved in exploration and production of hydrocarbons.

**OSPAR** The mechanism by which 15 governments of the western coasts and catchments of Europe, together with the European Community, cooperate to protect the marine environment of the north-east Atlantic.

**OSPCP** Oil Spill Prevention and Contingency Plan

**OSR** Oil Spill Response

**OSREW** Oil Spill Response Expert Work Group

**OSRL** Oil Spill Response Ltd

**PCDP** Public Consultation and Disclosure Plan

**PLONOR** Chemicals which 'Pose Little or No Risk'

#### **Precautionary Approach**

Where there are threats of serious or irreversible environmental damage, lack of full scientific certainty shall not be used as a reason for postponing cost effective measures to prevent environmental degradation.

**PDP** Project Delivery Process. The Company's Project Delivery Process (or gated process) sets out the project requirements at key stages of each project and ensures that project CR requirements, risks and mitigation measures are understood at each decision point.

**PSC** Production sharing contract

**QVRs** Quarterly valuation reports

**RAP** Resettlement Action Plan

**ROV** Remote operated vessel

**SIA** Social Impact Assessment

**SIP** Share incentive plan

**SMP** Social Management Plan

**SO<sub>2</sub>** Sulphur dioxide – emission

**SO<sub>x</sub>** A mixture of oxides of sulphur

**TRI** Total Recordable Injuries

**TRIR** Total Recordable Injury Rate

**UDHR** Universal Declaration of Human Rights

**UK** United Kingdom

**UN** United Nations

#### **UN Global Compact**

A strategic policy initiative for businesses that are committed to aligning their operations and strategies with 10 universally accepted principles in the areas of human rights, labour, environment and anti-corruption.

**USD** US dollar

**Vedanta** Vedanta Resources plc

**VOCs** Volatile organic compounds – organic substances, excluding methane, which vaporise at room temperature.

**WI** Working interest

## Contact details

We welcome your views, comments and suggestions on our CR activities and this CR Report. Your feedback is important to us, and will help to improve our reporting and inform our CR strategy.

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To contact us please email our CR Team on [CR.Mailbox@cairnenergy.com](mailto:CR.Mailbox@cairnenergy.com)