



Our Corporate Responsibility (CR) web pages aim to communicate how we manage our business activities responsibly in line with our core Business Principles of building respect, nurturing relationships and acting responsibly (the 3Rs), and review how well Cairn performed in 2015.

These pages discuss the operations and activities detailed in our Annual Report for 2015. Our CR reporting is available online only, with key material issues discussed in our [Annual Report for 2015](#).

If you have a comment or question regarding our CR reporting please [contact us](#).

### 2015 performance highlights

89%

of our CR objectives completed in 2015

Significant progress on our Social Investment Programme

Zero

lost time injuries and recordable injuries

### CR reporting

 [Download 2015 Annual Report PDF 5.9MB](#)

### CEO introduction

Simon Thomson

Our CEO talks about our activities in 2015 and plans for 2016.

[Read the statement](#)



### Related links

- [Our responsible approach](#)
- [Operations](#)
- [Materiality](#)

### Delivering value

We aim to create value through the whole of the oil and gas life cycle.

[Read about our value chain](#)



## Governance

We are committed to good governance, robust business ethics and openness in all aspects of our business.

- [Read about ethical business practices](#)
- [Read about transparency](#)



## Preventing major accidents and spills

Preventing major accidents and spills continues to be a key focus for Cairn and our industry.

- [Read about preventing major accidents and spills](#)



## Health, safety and environment

In our business, protecting health, safety, security and the wellbeing of people, and the environment is emphasised in all our activities.

- [Read about health, safety and security management](#)
- [Read about environmental management](#)



## People and communities

Strong relationships based on mutual trust are crucial and we aim to deliver lasting value to those communities we work with.

- [Read more about our people](#)
- [Read more about our communities](#)



## Managing the supply chain

We work with numerous contractors from different places and cultures but we always seek to operate to our high standards.

- > [Read about contractor engagement](#)
- > [Read about local contractors](#)





## Our responsible approach

At Cairn, we recognise a responsibility to deliver value to our stakeholders through discovery and development of hydrocarbons in a safe, responsible and ethical manner. This helps us reduce risks and seek opportunities, by protecting our licence to operate.

Our main tool to achieve this is our Corporate Responsibility Management System (CRMS) which, along with the Cairn Operating Standards, is integrated into our business management system.

Within our CRMS we draw on the definition from the ISO 26000 Guidelines for Social Responsibility, which encompasses social, environmental and governance-related topics. It states:

*‘The 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.’*

We embody this in our commitment to the ‘3Rs’ and use these within our [Business Principles](#).

3Rs		
Our Business Principles are based on these core values:		
Respect	Responsibility	Relationships
We act with respect for people, their communities, the environment, human rights and the law.	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.	We act honestly, transparently and with integrity to develop strong, lasting relationships with all our stakeholders.

"CR is, and will remain, a key focus at Cairn to help us deliver value for all our stakeholders and protect our licence to operate."

Simon Thomson  
Chief Executive Officer





## CEO statement Delivering value for stakeholders

Corporate Responsibility is key to our business, delivering and protecting value for all our stakeholders.

### 3Rs

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### Corporate Responsibility helps us deliver value

At Cairn, we have a responsibility to deliver value to our stakeholders through discovery and development of hydrocarbons in a safe, responsible and ethical manner. Putting Corporate Responsibility (CR) at the forefront of what we do from early phase exploration through to development and production provides value to our stakeholders throughout the oil and gas lifecycle.

Our CR approach is based on our core values of building respect, nurturing relationships and acting responsibly, which we call the '3Rs'.

These values underpin our ten Business Principles which set out our goals and the expected behaviours in the management of our business. These principles are embedded in our decisions and actions, inform our strategy and we hold ourselves accountable to them. Our [Business Principles and CR policies](#) are regularly updated, most recently in October 2015 to reflect an increasing focus on major accident prevention embodied in recent developments in Europe, including UK offshore safety regulations.

### Our progress in 2015

I am pleased to report that our CR performance has improved further in 2015. We have ensured that our rigorous approach to CR has not been compromised by the tough market conditions faced by our industry during the year.

#### Senegal

In 2015, following our success in opening up a new Atlantic Margin basin in Senegal the previous year, our focus was on preparing for and commencing our multi-well appraisal and exploration programme along with a further 3D seismic acquisition.

At all times, we are aware of the potential impacts our work can have on the local communities where we operate. A key activity in Senegal this year, therefore, has been to build relationships and foster communications with key stakeholders such as the fishing communities who may have been affected during our seismic activities. We successfully commenced our planned 3D seismic campaign in September following completion of a voluntary baseline environmental assessment review and regulatory approval. We maintained close communications with fishing representatives and government and maritime agencies prior to and during the campaign. The seismic work was successfully completed in November despite high fishing activity. We received a single claim for fishing net damage, which was managed through our established claim procedure.

We continued to work closely with the Senegal authorities both centrally and regionally to maintain our approvals for drilling, reviewing and refreshing our impact and safety risk work,



which we shared proactively with national and local government and community representatives. The three-well exploration and appraisal drilling programme began in October following multiple stakeholder meetings and presentation of a formal communication and reporting plan. This plan promotes understanding of our industry through regular performance and activity updates to the national regulator.

For the 2015/16 drilling programme, we engaged our joint venture partner, ConocoPhillips, as well activities delegate to undertake certain operations, including the contracting of the Ocean Rig Athena and certain related services on behalf of the joint venture. We have worked throughout with our suppliers, contractors and partners including ConocoPhillips to carry out our activities safely and to reduce our environmental and social footprint.

As part of developing sustainable local benefits, I am very pleased that we are making progress with our Social Investment Programme in Senegal. We aim to promote the development of local people and suppliers toward supporting the oil and gas industry into the future. We have continued to support capacity-building initiatives identified in consultation with the regulating authorities as well as working with suppliers and academic institutions.

### Notable Key Performance Indicators

I am happy to report that our safety KPIs have improved overall in 2015 for our operated assets with no lost time injuries and no recordable injuries. In mid-January 2016, our Senegal shore base personnel and contractors reached 900 days without a lost time injury. We had no oil spills to the environment over 2010-2014; however, we experienced one very minor oil spill incident in 2015: oil 'drop-out' from the flare (of less than one litre) during drill stem testing on the SNE-2 appraisal well. In addition, we had one very minor chemical spill (of less than one litre) of waste hydraulic oil, which went to surface drain at the shore base during tank cleaning.

### Non-operated activities

We continue to have a significant non-operated portfolio and we play a proactive role in engaging with our partners on CR requirements. In particular, we are working closely with our partners on the Catcher and Kraken developments in the UK North Sea to support delivery of first oil in 2017. We also continue to participate in non-operated wells in the Norwegian and UK sectors. We pre-qualified as an operator in the Norwegian sector in 2015 and subsequently were awarded an operated licence.

### Improving our management systems

In 2015, we revised and updated our Corporate Responsibility Management System (CRMS) to better integrate it within the overall business management system. We have aligned our CRMS with the Cairn Operating Standards (COS) manual which sets out the standards by which our business processes must be carried out. Both the revised CRMS and COS documentation went live in January 2016, but have been in operation practically during 2015. In addition, we also completed a significant revision of our crisis and emergency arrangements including training and exercises.

Other developments in 2015 included improving our external engagement on issues material to the business, which has been helpful in confirming our understanding of the issues of importance to our stakeholders.

## Looking forward

During 2016, we will continue to prioritise the health, safety and wellbeing of people while promoting safe behaviours of our contractors. We remain committed to protecting the environment in the areas in which we operate. Good governance will also continue with our commitment to meeting all of our tax and our other obligations in a transparent manner. We will monitor the security situation across the business and will introduce further improvements and training for business travellers.

In 2016, as operator, we will be progressing the appraisal and exploration programme offshore Senegal that commenced last year. We will continue to learn from and apply our experiences towards increasing local participation through developing skills critical to working in the oil and gas sector. This also improves awareness, which serves to promote effective engagement with key stakeholders. We intend to follow-up with stakeholders in Senegal to test the quality and effectiveness of our CR plans as the project in Senegal develops.

We will maintain our focus on monitoring the geo-political situation of our non-operated assets, including offshore Western Sahara, and will work closely with the operators to ensure we operate in accordance with our Business Principles and CR policies.

We will also investigate how we, as a business, can more effectively measure and demonstrate the value of our activities to stakeholders.

We will continue to uphold and support the ten principles of the [United Nations Global Compact](#) and we will remain a Participating Company of the Extractive Industries Transparency Initiative. We believe that these two initiatives provide a valuable platform for promoting standards for ethical behaviour for our business and for those we interact with during the execution of our activities.

CR is and will remain a key focus at Cairn to help us deliver value for all of our stakeholders and protect our licence to operate.

Simon Thomson  
Chief Executive

14 March 2016

"Our CR approach is based on our core values of building respect, nurturing relationships and acting responsibly, which we call the '3Rs'."

Simon Thomson  
Chief Executive

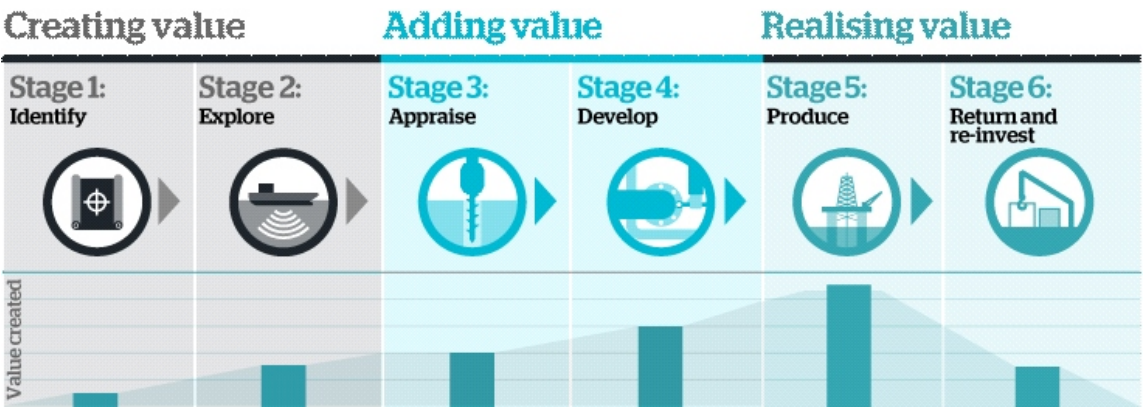


## Creating value through the oil and gas life cycle

Cairn looks to create, add and realise social and economic value for stakeholders through the oil and gas exploration and production life cycle. This includes a broad group of stakeholders within the countries where we operate, such as governments, communities, employees and local businesses.

This value can be measured in financial terms, for example through payment of taxes, de-risking state oil company investment through exploration and appraisal, and trading with local enterprises; and can also be measured in social terms through local employment, building skills and knowledge, and aiding the development of local businesses and infrastructure. We recognise that our operations may sometimes generate adverse impacts, such as the utilisation of scarce resources or the generation of wastes and local social impacts. However, we manage the risks associated with our business responsibly, and continually look at ways to minimise and mitigate against potential negative impacts, and to maximise the social and economic benefits to create value where we operate.

The oil and gas business is, by nature, long term and our approach covers every stage of the oil and gas life cycle.



### Creating value

Stage 1: Identify



#### Description

Cairn uses an extensive screening process, including social, safety and environmental factors, to identify prospective areas for oil and gas.





**Recent examples**

In 2015, Cairn participated in the 2015 APA and 23rd licensing rounds in Norway.

**How we create value and contribute value**

Licence payment

Due diligence expenses

**Value contributed in Senegal in 2015**

Licence fees

Stage 2: Explore



**Description**

We use sophisticated seismic and geological survey techniques to determine whether viable oil and gas reservoirs may exist and identify potential well locations for exploration drilling conducted using specialist installation and supporting contractors.

**Recent examples**

During 2015, Cairn successfully completed a 3D seismic survey offshore Senegal.

We were also involved, as non-operator, in exploration drilling in the UK and Norwegian North Sea. Drilling offshore Western Sahara was completed in March 2015, encountering non-commercial volumes of hydrocarbons.

**How we create value and contribute value**

Local employment and supplier opportunities

Local fees and taxes

Generating and sharing of geological and environmental data

De-risking state oil company and partner investment

**Value contributed in Senegal in 2015**

Detailed marine mammal observations shared with local authorities

Limited local employment

De-risking state oil company and partner investment

**Adding value**

Stage 3: Appraise



**Description**

If exploration drilling is successful, appraisal drilling is then conducted to establish the size and characteristics of the discovery and provide technical information to optimise the method for recovery of the oil and gas.

**Recent examples**

We commenced appraisal drilling offshore Senegal in 2015 with SNE-2 being completed at the turn of the year. The SNE-3 appraisal well has since been completed and the BEL-1



exploration and appraisal well has commenced.

**How we create value and contribute value**

Local employment and supplier opportunities

Infrastructure development

Social investment

Local fees and taxes

De-risking state oil company and partner investment

**Value contributed in Senegal in 2015**

Local employment at Dakar office and port

Local contractor development

Institutional capacity building

Social investment in education, enterprise development and micro-finance projects

Local fees and taxes

De-risking state oil and partner company investment

Stage 4: Develop



**Description**

If appraisal wells show technically and commercially viable quantities of oil and gas, a development plan is prepared and submitted to the relevant authorities for approval prior to the development and construction of production facilities. This includes a rigorous assessment of all the potential risks and a long-term assessment of environmental and social impacts.

**Recent examples**

We are participating as non-operator in two development projects, the Kraken and Catcher fields, in the UK North Sea.

**How we create value and contribute value**

Local employment and supplier opportunities

Infrastructure development

Social investment

Local fees and taxes

**Value contributed in Senegal in 2015**

Not applicable

**Realising value**

Stage 5: Produce







**Description**

During this phase, which can last many decades, oil and gas is produced. Regular reviews are made of social and environmental performance.

**Recent examples**

We had no operated production at the end of 2015. We anticipate production from our non-operated Catcher and Kraken fields from 2017.

We have a ~10% residual interest in Cairn India Limited, which is in the production phase.

**How we create value and contribute value**

Local employment and supplier opportunities

Infrastructure development

Social investment

Local fees and taxes

Production royalties

**Value contributed in Senegal in 2015**

Not applicable

Stage 6: Return and re-invest



**Description**

This phase occurs when an area has not shown commercial hydrocarbon reserves or when hydrocarbons can no longer be extracted safely or economically. We will end operations and restore sites in a manner that protects people and the environment.

**Recent examples**

In 2015, a non-operated well in St Laurent, France was decommissioned and the site restored.

**How we create value and contribute value**

Local employment and supplier opportunities

Local fees and taxes

**Value contributed in Senegal in 2015**

Not applicable



## Creating value in Senegal

Cairn is committed to business activities delivering positive, lasting social and economic benefits in Senegal.

Since entering Senegal in 2013, our objective has been to build a resource base that can be developed to maximise the value which could be created for Senegal, and improve energy security for the country. Finding a significant source of oil and gas offshore Senegal would benefit the national economy, local communities, businesses and the Government of Senegal, providing valuable taxation revenues whilst also creating longer term national energy security and potential export revenues.

Through targeted social investment we work to help develop community assets and support educational and enterprise opportunities. We seek to work with credible and effective local partners in programmes to maximise the value of our activities in the areas where we operate.

### Local employment and trading with local businesses

By the end of 2015, we were employing an organisation in Dakar of 10, which included 8 Senegalese nationals.

In 2015, we engaged a number of Senegalese companies operating locally to assist our operations with logistics and base support, waste management services, aircraft handling services, transport services, administration, accommodation and environmental and social consultancy services.

Through direct local hiring and the contracting of local businesses, Cairn is helping to generate employment. Although during exploration and appraisal activities this tends to be at a fairly low level, we are also developing experience and skills for potential future activities by supporting capacity building in English language and presentation skills for students at the University of Dakar (UCAD) (see [Local contractors](#)).

### Education and training

Throughout 2015 we carried out a range of investments focused on developing the capacity of institutions and businesses in Senegal, some of which support both our current and our potential future operations and some, the wider community. Our stakeholder engagement programme in 2015 highlighted opportunities to encourage entrepreneurial spirit.

For more details see [Social and economic benefits delivered in Senegal](#)

### Payments to the Senegalese Government

We also contribute to the Senegalese Government through the payment of taxes and duties. In 2015, we paid fees to the Government of Senegal principally for training allowances, withholding taxes and licence fees.

### Social investment

In addition, we have an established procedure for developing Social Investment Plans (SIPs) across our operational activities (see [Social investment](#)). As part of our social investment plan in Senegal we have partnered with The Hunger Project to support their microfinance programme in 10 community clusters in Senegal, as well as sponsoring a nationwide competition for the Great Entrepreneur run by the British Council in Dakar.

**28**  
students participating in Capricorn Senegal-sponsored capacity building.

**76**  
institutional stakeholders participating in Capricorn Senegal-sponsored capacity building.

**US\$9.5 million**  
in payments to the Senegalese Government in 2015.

**£248,000**  
spend on social investment projects in Senegal 2015.



# Materiality

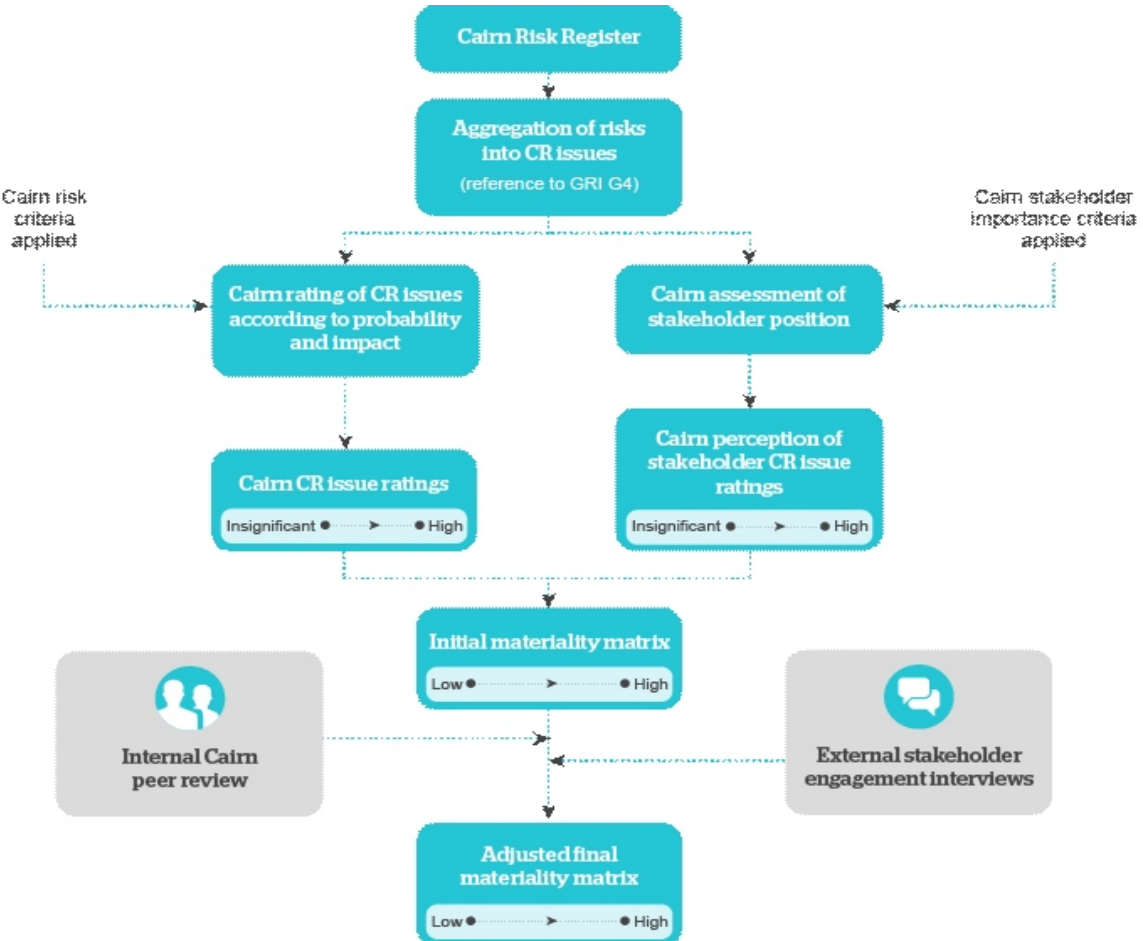
We continually identify Corporate Responsibility (CR) priorities to guide our CR activities as the business develops.

As in 2014, our CR priorities were re-evaluated so as to reflect the topics that matter most to the business and our stakeholders. We conducted reviews for the half-year update report and for the 2015 Annual Report. Findings showed the topics perceived to be most important to us and our stakeholders and were used to inform the development of our 2016 CR objectives.

## How we identify our CR priorities

The process by which we identify these priorities is known as a materiality assessment process, in which CR issues are plotted in a matrix showing their significance in broad classifications of 'high', 'medium' or 'low'.

Materiality assessment methodology



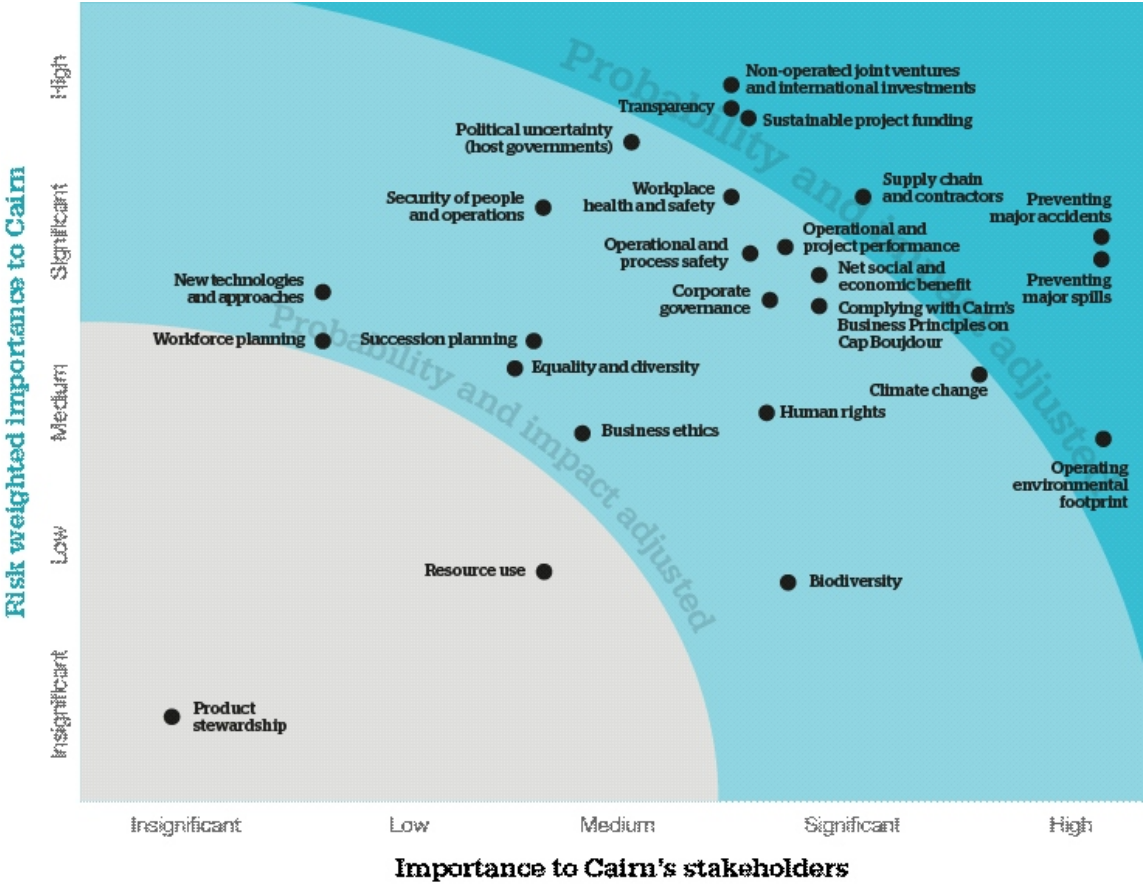




Our 'CR Materiality Methodology' is based on the AccountAbility APS model (an internationally recognised framework developed by AccountAbility) and helps us conform to the latest Global Reporting Initiative (GRI) sustainability reporting guidelines, known as G4, which Cairn adopted successfully in 2014.

We improved our approach to understanding stakeholder perspectives at the end of 2015 by conducting focused interviews with a cross section of stakeholders. This included representatives from: investors and finance organisations; business partners and peers; contractors and suppliers; communities; employees; industry organisations and agencies; non-governmental organisations; academia; and government and regulators. Despite inviting several regulators and government representatives, none felt it was appropriate to participate. More detail on the comments made by stakeholders and our responses to these is available at [Stakeholder views on materiality](#).

The resulting materiality matrix is given below.



Note to diagram: the importance to Cairn is plotted on the vertical axis of the materiality matrix. The importance to stakeholders is plotted on the horizontal axis. The importance to Cairn reflects the probability and impact of a topic in line with our risk assessment criteria. The importance to stakeholders uses a number of criteria with increasing impact. In this way 'preventing major accidents' has a low probability but high impact when using Cairn's risk criteria, giving a significant rating; however, it is classified as a 'high' against the stakeholder concern criteria, therefore, when plotted in the matrix it is a 'high' material issue.

A brief description of how things have changed over the last year appears in the table of movements below.

#### Movements in materiality assessment from end 2014 to end 2015

	Importance to Cairn	Importance to Stakeholders	
Preventing major accidents	↑		We have increased the materiality assessment for the prevention of major accidents including major spills as we increase the level of operations through our exploration and appraisal programme offshore Senegal.
Preventing major spills			
Compliance with our business principles on Cap Boujdour	↓	↑	Our engagement activity indicated that the management of human rights was significant to stakeholders.  Initial drilling operations in Cap Boujdour concluded in early 2015; but we will continue to monitor the situation in anticipation of potential future seismic operations.
Non-operated joint ventures and international investments	↑		The importance of these issues to Cairn has increased, reflecting the importance of delivery of development projects in the North Sea and the continuing financial capability of industry companies through a depressed period for the industry.
Sustainable project funding			
Climate change	↑		The importance of climate change has increased, in recognition of the Paris agreement made at the UN Intergovernmental Panel on Climate Change (IPCC) Conference of the Parties (COP 21) at the end of 2015, and the importance of emissions management and controls to any future production.



<b>Workforce</b>	↓		The importance of these issues to Cairn has decreased as the organisation has adjusted to the rationalisation that occurred in 2014. Matters relating to the workforce and succession planning do, however, remain in focus in anticipation of the potential organisational requirements associated with the progress of the Senegal project.
<b>Succession planning</b>			
<b>Transparency</b>	↓		The issue of tax transparency was regarded as less important by stakeholders, as it was being managed. We continue to regard the issue to be of high importance to the business.
<b>Political uncertainty</b>	↑		Political uncertainty affecting our business activities was of medium significance to stakeholders.
<b>Net social and economic benefit</b>	↑		The net social and economic benefit of our activities was significant to stakeholders.

## Our key CR topics

At year end, seven material issues were identified as being of 'high' importance to both our stakeholders and to Cairn.

### Supply chain and contractors

Ensuring that our supply chain and contractors operate safely and responsibly remains a very important issue to Cairn, as is delivering locally and maintaining an ethical social performance (see [Supply chain](#)).

### Preventing major accidents

Our key focus is avoiding accidents, and we implement rigorous risk management during the planning and execution of activities (see [Asset protection and major accident prevention](#)).

### Preventing major spills

Preventing spills is critically important and a key feature of our risk-mitigation programme (see [Major accident and spill prevention](#)).

### Operational environmental footprint

Our operational environmental footprint consists of a number of elements that are important to us and our stakeholders. We seek to manage our activities effectively to avoid and minimise impact (see [Environment](#)).

### Transparency

We add value to stakeholders in a number of ways and making sure this is transparent is a very important issue both to us and to our stakeholders. Cairn has been a Participating Company in the Extractive Industries Transparency Initiative (EITI) in September 2013 (see [Transparency](#)).

### Non-operated joint ventures and overseas investments

Delivering our development projects in the North Sea safely and on schedule is important to the sustainable performance of the company (see [Non-operated activities and international investments](#)).

### Sustainable project funding

We believe that CR performance is integral to maintaining sustainable project funding by promoting cost-effective operational performance and managing societal and reputational risks to the business (see [Sustainable project funding](#)).





## Stakeholder views on materiality

Improvements to Cairn's materiality process have helped us better understand stakeholder perspectives and manage the topics that matter most to both them and the business.

We improved our approach to understanding stakeholder perspectives at the end of 2015 by conducting focused interviews with a cross section of stakeholders. This included representatives from: investors and finance organisations; business partners and peers; contractors and suppliers; communities; employees; industry organisations and agencies; non-governmental organisations; academia; and, government and regulators. Despite inviting several regulators and government representatives, none felt it was appropriate to participate.

The key comments received from the stakeholders taking part, our responses and the resulting change to the materiality matrix are given in the table below.

Issue	Comments	Response	Resulting change
Materiality process	<p>Most agreed that a materiality process is useful, although some would welcome a wider, more comprehensive engagement including increased social representation to improve the process.</p> <p>Some felt the process to be too top heavy and more suited to oil and gas majors. Others indicated stakeholder prioritisation as important and consideration of change over time and changes in probability as important.</p> <p>Most considered the risk weighting valuable but importance to Cairn difficult to understand.</p>	<p>We use our internal risk processes from Cairn Operating Standards as the starting point, which are built from both strategic corporate issues and tactical operation risk assessments (including probability and impact).</p> <p>It is difficult to align issues in all cases and some risks may contribute to more than one issue. This means detail can be lost in the aggregation process but keeping all risks would make the process more complex and very difficult to summarise.</p> <p>In 2016, we aim to clarify links between risk and issue topics to assist in transparency.</p> <p>We have started to improve input from stakeholders and hope to continue to improve in that respect.</p>	<p>Aim to streamline and clarify our materiality process in 2016. This has been included in our Corporate Responsibility (CR) objectives for the year.</p>
Tax transparency	<p>Issue most commonly commented upon. Stakeholders felt this was not the top priority for stakeholders on the basis it is being managed.</p>	<p>This is the most significant finding and in general the feeling is that this is less important to the majority of stakeholders.</p>	<p>This remains a material issue and it will be revisited during our routine assessment of risk.</p> <p>We have reclassified this as 'significant' to stakeholders although it remains high in our risk registers.</p> <p>We have also widened the scope to 'Transparency'.</p>
Human rights	<p>Issue highlighted regularly; some thought this should be higher in importance to stakeholders, as well as a potential issue in Senegal. Others agreed with Cairn's assessment.</p>	<p>Senegal human rights are tracked routinely by our asset. The issue in Western Sahara remains and may rise in importance to Cairn if seismic activities are conducted in 2016.</p>	<p>Raised from 'medium' to 'significant' importance to stakeholders.</p>
Climate change	<p>This issue was also discussed regularly; some thought it should be higher in general and requires boundary definition, although others did not regard it as a corporate concern. In general, there was</p>	<p>At present, we have no production but agree climate change is an issue that will only increase in significance with time. We have been examining impacts of COP 21 in our areas of interest in 2016.</p>	<p>Maintain in current position on matrix as 'high' importance to stakeholders and 'medium' to Cairn.</p>



divergence in opinions on where this should be placed.

In addition, it has risen in importance to Cairn since 2014.

Net social and economic benefit	An issue that was raised by several stakeholders; many thought it should be higher on both axis. Some thought within the top issues. It was highlighted as particularly important given Cairn's increased activity and presence in Senegal following our 2014 success.	<p>This is an area in which interest is rising and we consider this will continue especially in the event of further success in Senegal.</p> <p>We are looking at how we improve our understanding and demonstration of social and economic benefit in 2016.</p>	Increase importance to stakeholders from 'medium' to 'significant'.
Political uncertainty (host governments)	A few stakeholders considered this should be of higher significance to Cairn (e.g. India) and noted it as an issue of rising significance.	<p>This is a topic we continue to track in all areas of our operation and the Cairn India tax issue was dealt with in tax transparency.</p> <p>We do understand this is a concern to all parties and it will continue to be an issue to monitor, given elections, response to global security matters and oil price volatility.</p>	We have increased this slightly in the 'medium' category as this was not a common concern to stakeholders; however, it remains high on Cairn's agenda.
Biodiversity	In general, stakeholders understood the location but some thought more reflection was needed.	<p>We cover the biodiversity issues in our Environmental and Social Impact Assessment (ESIA) activities and produce biodiversity action plans if required.</p> <p>If development progresses we will need to look at how our activities impact both environmentally and socially on a wider ecosystem basis.</p>	We have left this unchanged for now as it is currently assessed highly for stakeholders but we acknowledge there is an argument for increasing this in importance to Cairn.
Corporate governance – business ethics	This was considered important to a few stakeholders and some thought it may cross over with other issues.	<p>Again, useful feedback and we will look at how we classify Corporate governance – business ethics issues going forward, along with crossover with other issues such as transparency.</p> <p>This will be reviewed in the 2016 review.</p>	On balance, we believe the 'significant' assessment on both axis seems to reflect concerns raised and so have left the ratings unchanged.
Workplace health and safety	Mostly accepted by stakeholders with some comment on increasing security. In addition some increase was suggested for Senegal.	<p>We agree that global security is of increasing significance and we will continue to evaluate this in all our locations.</p> <p>We have also highlighted the need to ensure travellers are properly safeguarded given recent developments, and improvements are in hand in this respect.</p> <p>Senegal remains a key focus for operational safety.</p>	On balance, the assessment appears correct and consequently has not been adjusted.
Operational and process safety			
Security of people and operations			
Operational and project performance	Some confusion regarding meaning and one stakeholder suggestion for increasing priority.	<p>This area is one that remains important to ensure we are effective.</p> <p>We will seek to improve clarity around this issue.</p>	We leave this unadjusted given it was not raised more frequently.
Preventing major accidents	Some mention as not being high on the Cairn axis but considered to be generally in the correct location due to the risk weighting.	<p>These issues are assessed on the basis of the risk and probability of major incident remaining low, although the impact would be high, hence the overall assessment.</p> <p>We recognise that this will remain of highest importance to stakeholders.</p>	Classifications remain unchanged.
Preventing major spills			
Complying with Cairn's Business Principles in Cap Boujdour	Considered a narrow scope by a few when compared with other topics.	<p>This is a fair comment and was placed on the matrix originally because it had a high profile and may be so again in the event of seismic activities in the region. We will re-evaluate this in our 2016 review.</p> <p>Other areas in which we operate are evaluated for human rights and performance is tracked.</p>	Classifications remain unchanged.
Product stewardship	Some considered it too low on both axis, increase suggested by one due to Arctic drilling and climate change.	<p>This is a difficult issue to properly assess, especially as we have no operated production.</p> <p>We recognise that there are facets of both production and demand.</p> <p>Climate change is dealt with in a separate issue and Arctic drilling is likewise dealt with in other areas. The latter would be reviewed should we recommence active operations in Greenland and</p>	Classifications remain unchanged.



Norway.

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Other comments were given and considerations taken forward in terms of improvement for 2016. These include:

- linking some issues, in particular corporate governance and business ethics;
- safety of people and operation is linked to workplace health and safety as well as preventing major accidents and spills;
- separation of non-operated joint ventures from overseas investment; and
- potential for developing position for new issues:
  - public policy and government relations
  - (local) community engagement/local content
  - worldwide oil and gas price volatility
  - natural capital.

Others were also suggested including: low-level pollution, ageing assets, carbon trading and escalating operating costs.

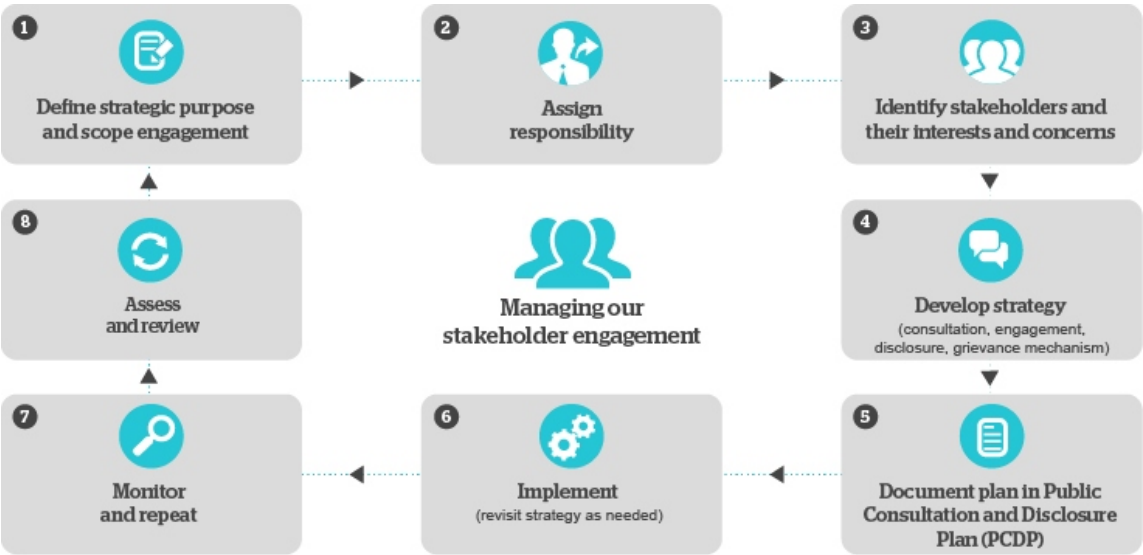


## Stakeholder engagement

Stakeholder engagement is about how we constructively manage our relationships with individuals, groups and organisations that affect, or are affected by, our business. It plays a critical part in managing our risks and identifying opportunities for our business, and is a core part of our Corporate Responsibility Management System (CRMS).

We integrate stakeholder engagement into our governance, organisational strategy and management. The results of stakeholder engagement are reviewed by senior management, and inform our risk assessments, and Environmental and Social Management Plans. We use a 'Gated Project Management Process', which we call the Cairn Project Delivery Process (PDP), to ensure that CR risks are assessed and managed throughout the life cycle of a project in a structured and consistent manner.

We have adopted an eight-step process for managing our stakeholder engagement, which is in line with our Business Principles, CSR (Corporate Social Responsibility) Policy, performance standards, and our Project Delivery Process.



Our stakeholder engagement model follows the principles of 'Materiality', 'Inclusivity' and 'Responsiveness' as defined in the AA1000APS.

When identifying the issues most important to the business, we pay close attention to the concerns of stakeholders; engaging with them regularly to learn directly about their priorities.

For a new project or country entry we undertake a stakeholder identification exercise. We draw on local, corporate and external knowledge to do this. From this, we develop a Public Consultation and Disclosure Plan (PCDP), which is matched to stakeholder concerns, the materiality of issues and risks to the business. Engagement plans are therefore bespoke to each project. PCDPs are regularly updated as a project progresses. Issues and concerns raised by stakeholders through the year are taken into account in the development of our strategy, CR road maps of good practice and objectives. These are discussed in more detail in [CR objectives and KPIs](#).

Stakeholders' interests vary and Cairn uses a range of communication channels to satisfy them.

## Our stakeholders and how we engage with them







Stakeholder	Key interests	Sample types of engagement
Investors	Strategy and performance Good corporate governance	External reporting Investor road shows Response to enquiries Operational updates
Governments and regulators	Legal compliance Major accident prevention Employment and revenue generation	External reporting Permit applications Compliance monitoring Knowledge sharing
Business partners and peers	CR policies and approach Industry reputation	External reporting New business due diligence Partner meetings Membership of and participation in industry bodies
Contractors and suppliers	Long-term relationships Opportunities for growth Meeting CR standards and other business requirements	External reporting Commercial relationships Senior executive meetings Training, briefings and supervision
Communities	Access to employment opportunities Protection of environment and livelihoods Community development	External reporting Consultation meetings Grievance mechanism Social investment programmes
NGOs	Approach to CR issues Working in frontier locations Major accident prevention	External reporting Meetings with local NGOs as part of Environmental and Social Impact Assessment (ESIA) consultations Responses to written enquiries
Employees	Remuneration and benefits Opportunity for development Company strategy and culture Safe and fair working environment	Performance and development reviews Staff meetings Executive Team coffee and chat sessions Office Health, Safety and Environment Safety Committee Intranet and other internal communications 'Lunch and Learn' sessions

In 2015, we also engaged a representative from each of these stakeholder groups to review our CR materiality process and assessment to better understand their view on our key CR issues.

## Participation in public policy development and lobbying

Cairn's participation in public policy development and lobbying is usually carried out through relevant industry bodies such as the International Association of Oil & Gas Producers (IOGP) or regional industry groups such as Oil & Gas UK, the Greenland Oil Industry Association (GOIA), the Association of British Independent Oil Exploration Companies (BRINDEX), Irish Offshore Operators Association (IOOA) and the Norwegian Oil and Gas Association (OLF).





## Independent agencies we engage with

The following are the key independent agencies that Cairn engages with that conduct corporate governance and/or Environmental, Social and Governance (ESG) research on behalf of investors:

Company	Main areas of focus
<a href="#">ABI</a>	Institutional Voting Information Service (IVIS) applies the approach developed by ABI and provides investors with advice concerning issues to be voted on at the AGM. They also comment on reporting on ESG approach and performance.
<a href="#">Carbon Disclosure Project (CDP)</a>	CDP is an international organisation providing a global system for companies to measure, disclose, manage and share vital environmental information; primarily as it relates to climate change. Cairn has participated in the annual CDP surveys since 2006.
<a href="#">EIRIS</a>	EIRIS covers the spread of corporate governance and ESG issues. Cairn has reviewed and provided input to EIRIS assessments since 2001.
<a href="#">Pensions &amp; Investment Research Consultants Ltd (PIRC)</a>	PIRC is an independent corporate governance and shareholder advisory consultancy, which provides proxy research services to institutional investors on governance and other ESG issues.
<a href="#">Research Recommendations and Electronic Voting Ltd. (RREV)</a>	RREV Proxy Advisory Services is a wholly owned subsidiary of ISS, a US company. RREV issues research and vote recommendations based on the corporate governance policy guidelines of the National Association of Pension Funds (NAPF). It does not include ESG matters.
<a href="#">Sustainalytics</a>	Sustainalytics' research is used by investors to integrate ESG factors into their investment processes. Cairn has been engaging with Sustainalytics since 2011.
<a href="#">Vigeo</a>	Vigeo was founded in 2002 and provides an assessment of European companies and organisations with regard to their practices and performance on ESG issues.



# CR objectives and KPIs

Our Corporate Responsibility (CR) objectives and Key Performance Indicators (KPIs) are aligned with the Group’s strategy and objectives. They are set from an understanding of our material issues, against a backdrop of good practice, and are used as a measure of our performance to drive continuous improvement.

CR objectives are reviewed throughout the year by senior management to gauge progress, and are adjusted and updated as necessary. At the end of the year, they are used in assessing Group overall performance and are linked to internal incentives of our people, before being reset for the following year.

## How did we do in 2015?

The table below summarises the CR objectives we set in 2015 and the progress we have made against these.

- KPI achieved by 2015 year end
- KPI partially achieved by 2015 year end
- KPI not met by 2015 year end

The Remuneration Committee determined that the Licence to Operate (CR performance) objectives for 2015 were **89%** complete at year end.

2015 CR objectives	Expectations in 2015	Status at end 2015
<b>Health, safety and environment (HSE) integration into business activities (standards and leadership)</b>		
<b>1. Group CR Management:</b>		
1.1 Review Group CR Management System (CRMS)	Review need for Major Accident Prevention Policy Review policies Review Business Principles and develop external CR document Review CRMS for rationalisation and alignment to business risk management Establish standard Project Delivery Process (PDP) for non-operated JVs	Policy and CRMS were improved to include major accident prevention measures CRMS updated and rationalised to reflect changes to the business International Association of Oil & Gas Producers (IOGP) Operating Management System used as the basis for redrafting CRMS aligned with our Operating Standards and Internal Control and Assurance Framework; improved integration with risk management The CR Standard Operating Procedures begun in 2014 completed and integrated into the CRMS PDP for non-operated activities in place and used based on risk
1.2 Clarify linkage of CRMS with UK and Norway (UKN) Region	Support UKN Region on operatorship as requested	Improved integration of the UK-Norway Region Management System achieved as a backdrop to application for operatorship in Norway We pre-qualified as an operator in the Norwegian sector in 2015 and subsequently were awarded an operated licence
1.3 Consistent application of the Cairn Project Delivery Process (CPDP) including CR requirements	Development of detailed integrated business plans with assigned project managers and gatekeepers, including critical path and float analysis before the March 2015 Board meeting. Development and maintenance of the CR risk register and actions through each stage of the PDP	Senegal drilling project passed all assessment gates and CR issues resolved. Drilling started in October Senegal 3D seismic project passed all assessment gates and CR issues resolved Seismic completed on 23 November Our appraisal drilling campaign offshore Republic of Ireland on track until put on hold Approach in important non-operated assets, including Catcher and Kraken, clarified and implemented
<b>Behaving responsibly in all our business relationships</b>		
<b>2. Contractor management</b>		
2.1 Establish input standards for use of well/drilling management contractors based on health, safety and environment CR Standard Operating Procedures (SOPs)	SOPs roll-out o clear roles and responsibilities WMC/Cairn o develop assurance template for WMC management Revised Crisis Response Team arrangements	Roles and responsibilities clarified in CRMS Input standards made available, based on our SOPs Assurance template in place for seismic and drilling programmes



Roll out relevant performance requirements based on CR SOPs

Roll out relevant performance requirements based on anti-bribery and corruption (ABC) procedures

Crisis and emergency response arrangements successfully revised and teams trained

Successful integration with our business partner who took the role of well activities delegate

Lessons learned captured for future improvement

ABC roll-out and refresher training took place in the UK and Senegal

2.2 Deliver against agreed Leading (proactive measures to prevent incidents and accidents eg training) and Lagging (indicators which record outcomes eg Lost Time Incident Frequency rate) KPIs

Development of key subcontractor engagement programme by Well Management Company (WMC) and all engaged by Cairn Senior Leadership Team/WMC

Assurance audit programme developed to assess WMC performance and all audits conducted

Achieve Lost Time Injury Frequency (LTIF)<sup>1</sup> benchmarks

Achieve Total Recordable Injury Rate (TRIR)<sup>2</sup> benchmarks

Key subcontractors identified and programme of engagement delivered in combination with the well delegate

Acceptance and assurance audits were conducted along with ongoing engagement of senior management

LTIF and TRIR benchmarks were achieved



### 3. HSE/CR communications:

3.1 Deliver CR content for 2014 Annual Report and website based on revised materiality method and G4 requirements

Develop draft Annual Report

Develop CR website content

Assurance tracker against G4

Monitor stakeholder feedback in 2015 on decision not to produce a standalone CR Report 2014

For the first time, CR content for the 2014 report developed and completed in line with the G4 core reporting guidelines

Website updated with 2014 CR content and on track for 2015 content

Assurance tracker against G4 in place

No significant feedback on the absence of a standalone CR report but external opinions sought on materiality for first time



3.2 Develop fit for purpose CR behaviour-based programme

Develop and implement low-level office programme during any office moves including indicator for trip hazards

Devise criteria for use by WMC to assess behaviour of contractors

Expected behaviours included in our revised CRMS Framework of Standards

Office programmes updated and completed

Senegal contractor behaviours on shore base and offshore encouraged through audits, leadership visits and monthly asset contractor meetings



3.3 Promote CR leadership

HSE messages to be included in all staff meetings including progress against leading KPIs

CR covered in all Board, Senior Leadership Team (SLT) and Management Team (MT) meetings in 2015

Senior personnel involved in visits to Senegal to talk CR



Staff meetings included CR messages, although updates regarding KPIs were inconsistent



### Behaving responsibly towards society and communities

#### 4. Human rights:

4.1 Track and engage with Kosmos on the ongoing drilling programme and post completion

Utilise gated procedures for stakeholder engagement and human rights to track and align with Kosmos programmes

Support Corporate Affairs in responding to queries

Closing Summary Report

Alignment meetings and calls on CR matters, including local stakeholder engagement and social impact issues such as human rights, continued through 2015

Engagement with shareholders maintained via Corporate Affairs and Senior Management

Summary Report completed



#### 5. Stakeholder engagement:

5.1 Develop a social engagement and investment programme to meet the rising expectation of Senegal stakeholders following discovery

Public Consultation and Disclosure Plan (PCDP) in place

Identify social investment/capacity-building programme

Implement Group/asset-wide system for recording important stakeholder engagements

PCDP developed and updated for the seismic and drilling programme

The 2014 Corporate Criteria and Guidance for Social Investment implemented in the Social Investment programme

Four-element programme developed and a governance mechanism set up

Register of stakeholder engagement in place



5.2 Implement Social Investment Guidelines and programme in Senegal

Develop transparent mechanism for any investment allocated by asset (inc. ABC)

Implement local and track programmes

Social investment programmes tracked for transparency and ABC

ABC training delivered in Senegal



### Behaving responsibly towards our people

#### 6. Human resources:

6.1 HSE induction roll-out

New web-based HSE induction to be rolled out to all new and existing staff, consultants and contractors at

All staff received routine induction in line with lessons learned from our 2014 Senegal programme





Cairn

Office inductions given to all new staff in all offices

E-learning package was progressed but not rolled out



6.2 Improve travel risk assessment and support for travellers across the Group

Country and travel risk assessments undertaken and completed for all visits to 'high-risk' countries in accordance with travel HSS procedure. Welcome packs to be put in place for all existing countries

Major revision of how we assess travel risk completed with streamlined, more efficient mechanism



Further improvements being considered following recent external security incidents in previously 'low-risk' locations



## Behaving responsibly towards the environment

### 7. Climate change

7.1 Review external developments and update following Intergovernmental Panel on Climate Change, Conference of the Parties (COP 20 in Lima, Peru, Dec 2014)

Understand implication for industry and business

Outcomes from COP 20 in Lima reviewed early in 2015 and developments tracked

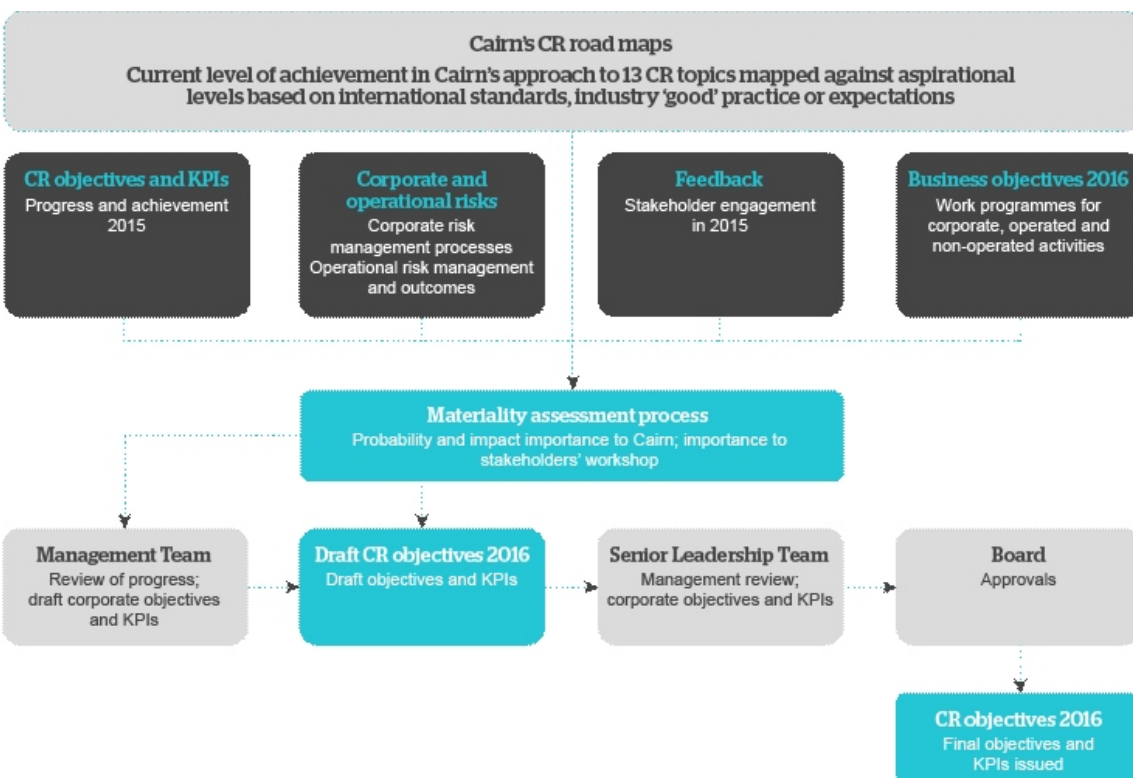


Implications arising from COP 21 will be tracked in relation to our activities

1. Lost Time Injury Frequency - fatalities and lost day work case incidents per 1 million hours worked.
2. Total Recordable Injury Rate (TRIR) - fatalities, lost workday cases, restricted workday cases and medical treatment cases per 1 million hours worked.

## CR objectives 2016 and beyond

We continued to follow our process to set our 2016 CR objectives in order to maintain alignment with Group Strategy. The process is informed throughout by our CR road maps, which are updated annually to reflect progress made, and to address any changes to international standards, industry best practice or expectations. The process is also shaped by stakeholder engagement, progress made in 2015, the 2015 work programme and the outcomes from the CR materiality assessment process.



## 2016 CR objectives and KPIs

Our 2016 Corporate Responsibility (CR) objectives seek to identify high- and medium-priority topics as agreed by our materiality process and the Management and Senior Leadership Teams and Board. The objectives and KPIs below will be used to measure our progress during 2016.

**CR objective 2016** **Components** **2016 material issues - high, medium, road map**

### Leading objectives

#### 1. CR Management System:

1.1 Review Group CRMS

1. Complete CRMS roll-out
2. Streamline materiality process/risk standard operating procedure for use in reporting
3. Revise policies and Business Principles

**Sustainable project funding**  
**Prevention of major accident**  
**Prevention of major spills**  
**Business ethics**



- |  |   |                        |
|--|---|------------------------|
|  | 4. Review guidance documents and rationalise. Develop CR knowledge management where appropriate | <i>Road maps (all)</i> |
|--|---|------------------------|

1.2 Support UKN as required

- |                                   |  |
|-----------------------------------|--|
| 1. Support Catcher/Kraken non-ops | <b>Non-op JV and international investments</b><br><b>Sustainable project funding</b><br><i>Road maps (all)</i> |
|-----------------------------------|--|

1.3 Review, develop and improve crisis and emergency capabilities

- |  |   |
|--|---|
| 1. Review security procedures and perform briefing/training to key personnel                         | <b>Prevention of major accident</b><br><b>Prevention of major spills</b><br><i>Road maps major accident prevention and security</i> |
| 2. Revise Business Continuity Plan   |   |
| 3. Develop training matrix for Crisis & Emergency Response Team (CERT) members                       |   |
| 4. Perform quarterly CERT Exercises (total four)   |   |
| 5. Revise emergency arrangements and emergency response planning for next stage of Senegal appraisal |   |

1.4 Develop initial CR PDP template for development phase activities

- |  |  |
|--|--|
| 1. Provide extended CR Project Delivery Process (PDP) gate matrix for development phase projects | <b>Sustainable project funding</b><br><b>Prevention of major accident</b><br><b>Prevention of major spills</b><br><i>Road maps leadership and occupational health and safety and stakeholder</i> |
|--|--|

1.5 Develop CR PDP template for new ventures due diligence and support as required

- |  |  |
|--|--|
| 1. Provide extended CR PDP matrix for due diligence projects and support | <b>Sustainable project funding</b><br><b>Prevention of major accident</b><br><b>Prevention of major spills</b><br><i>Road maps leadership and occupational health and safety and stakeholder</i> |
|--|--|

1.6 Complete OSPAR audit

- |   |   |
|---|---|
| 1. Re-audit CRMS against OSPAR requirements | <b>Operating environmental footprint</b><br><b>Prevention of major spills</b> |
|---|---|

## 2. Contractor and projects:

2.1 Review risk screening criteria for CR risks in the well management contracting strategy and operating model for future operational activities.

- |  |   |
|--|---|
| 1. Review existing tender questionnaires and scoring, confirming alignment with latest IOGP guidance                             | <b>Supply chain and contractors</b><br><i>Road maps supply chain</i>      |
| 2. Consider CR implications/risks arising from depressed supplier market, including lessons learned from 2015 3D seismic turnkey | <b>Sustainable project finding</b><br>Operational and project performance |
| 3. Revise tender and scoring questionnaires  |   |

2.2 Support finalisation of Senegal 2015 exploration and drilling campaign

- |  |   |
|--|---|
| 1. Maintain compliance with all regulations and Cairn CRMS requirements including document revisions | <b>Supply chain and contractors</b><br><b>Operating environmental footprint</b> |
| 2. Develop close-out report and submit to regulators   |   |

2.3 Maintain and continue to develop the company's CR record and on-time project delivery successes for the next phase of Senegal exploration and appraisal programme on time

- |   |   |
|---|---|
| 1. Implement PDP for new project and meet gate target dates                                 | <b>Non-op JV and international investments</b><br><b>Operating environmental footprint</b><br>Operational project performance<br><i>Road maps (all)</i> |
| 2. Review legislation update mechanism and legislation given the longer appraisal programme |   |
| 3. Revise management system documentation   |   |
| 4. Determine transitioning needs from project to country control                            |   |

2.4 Maintain and continue to develop the company's CR record and on-time project delivery successes and Republic of Ireland Spanish Point appraisal

- |   |   |
|---|---|
| 1. Implement PDP for new project and meet gate target dates                                 | <b>Non-op JV and international investments</b><br><b>Operating environmental footprint</b><br>Operational project performance<br><i>Road maps (all)</i> |
| 2. Review legislation update mechanism and legislation given the longer appraisal programme |   |
| 3. Revise management system documentation   |   |

## 3. HSE/CR communications:

3.1 Deliver CR content for external reports and queries

- |   |   |
|---|---|
| 1. Complete 2015 Annual Report CR content   | <b>Transparency</b><br><b>Sustainable project funding</b><br><b>Corporate governance</b><br><i>Road maps external reporting</i> |
| 2. Complete CR 2015 web pages   |   |
| 3. Develop materiality mechanism to improve transparency and links with risk procedure  |   |
| 4. Complete CR input to 2016 half-year report   |   |
| 5. Complete other data reports IOGP/UN Global Compact/Carbon Disclosure Project/Extractive Industries Transparency Initiative |   |
| 6. All initial CR content for 2016 Annual Report  |   |





developed on track

3.2 Review reporting metrics and basis for reporting	<ol style="list-style-type: none"> <li>1. Review reporting and data management against IOGP oil and gas industry guidance on voluntary sustainability reporting (2015)</li> <li>2. Revise database and CRMS reporting procedure</li> <li>3. Develop overall 'value' indicators taking into account latest UK and EU transparency requirements</li> </ol>	<b>Transparency</b> <b>Business ethics</b> <i>Road maps leadership and external reporting</i>
3.3 Develop Senegal CR communication document	<ol style="list-style-type: none"> <li>1. Develop two- to four-page CR communication pack based on value and accounting for local stakeholder engagement and social investment</li> </ol>	<b>Transparency</b> <i>Road maps leadership and external reporting</i>
<b>4. Human rights and ethics:</b>		
4.1 Track compliance with human rights in our Business Principles	<ol style="list-style-type: none"> <li>1. Track and engage with Kosmos on the seismic programme in Cap Boujdour</li> </ol>	Complying with Cairn Business Principles in Cap Boujdour Human rights <i>Road maps human rights</i>
4.2 Review conformance with UN Global Compact, UK Slavery Act 2015 and sustainability goals	<ol style="list-style-type: none"> <li>1. Review requirements and integration with supply chain</li> <li>2. Revise if appropriate in CRMS guidelines</li> </ol>	Complying with Cairn Business Principles in Cap Boujdour Human rights <i>Road maps human rights</i>
4.3 Anti-bribery and corruption (ABC)	<ol style="list-style-type: none"> <li>1. Revise ABC policies and procedures</li> <li>2. Roll out ABC e-learning module to all staff</li> </ol>	<b>Transparency</b> <b>Business ethics</b> <b>Supply chain and contractors</b> <i>Road maps ABC and transparency</i>
<b>5. Stakeholder engagement, communities and social investments (value creation):</b>		
5.1 Continue to deliver transparent Social Investment Programme in Senegal	<ol style="list-style-type: none"> <li>1. Demonstrate transparent spend as part of Social Investment Programme tracking</li> </ol>	<b>Transparency</b> <b>Business ethics</b> Political host uncertainty Corporate governance <i>Road maps ABC, Transparency and social investment</i>
5.2 Run a focused engagement programme to gauge perception of Cairn in Senegal	<ol style="list-style-type: none"> <li>1. Conduct stakeholder meetings to gauge perception of material issues going forward</li> </ol>	<i>Road maps stakeholder engagement and transparency</i>
5.3 Develop a performance indicator to track value added to communities through our activities	<ol style="list-style-type: none"> <li>1. Determine options for use in annual reporting</li> </ol>	<b>Transparency</b> <b>Business ethics</b> <i>Road maps leadership and external reporting, transparency and social investment</i> Political host uncertainty
<b>6. Human resources:</b>		
6.1 Update People Management Policy Manual (PMP)	<ol style="list-style-type: none"> <li>1. Revise PMP standards and procedures</li> <li>2. Update Recruitment Guidelines</li> </ol>	HR objectives Equality and diversity Workforce planning Succession planning <i>Road maps leadership, employees and labour practices</i>
6.2 Induction programme	<ol style="list-style-type: none"> <li>1. Refresh and implement improvements to staff induction programme</li> <li>2. E-learning roll-out</li> </ol>	HR objectives Equality and diversity <i>Road maps employees and labour practices</i>
6.3 Improve travel risk assessment and support for travellers across the Group	<ol style="list-style-type: none"> <li>1. Implement Travel Protect for Cairn travellers</li> <li>2. Ensure risk assessment is implemented for set piece travel and field events (e.g. field trips)</li> </ol>	<i>Road maps major accident prevention and security</i>
6.4 Health and well-being initiative	<ol style="list-style-type: none"> <li>1. Upgrade of kitchen and catering/soundproofing</li> </ol>	HR objectives <i>Road maps employees and labour practices</i>
<b>7. Climate change:</b>		
7.1 Track and understand recent climate change	<ol style="list-style-type: none"> <li>1. Review outcome from COP 21 Paris</li> </ol>	Climate change



agreements and consider implications for the business and our assets	2. Review implication of any production acquisition (as required) and Catcher/Kraken	<i>Road maps environment and climate change</i>
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<b>CR objective 2016</b>	<b>Components</b>	<b>2016 material issues - high, medium, road map</b>
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**Lagging indicators**

1. Lost Time Injury Frequency (LTIF)	1. No LTIs and score according to LTIF benchmarks	<b>Prevention of major accident</b> <b>Supply chain and contractors</b>
2.Total Recordable Injury Rate (TRIR)	2. Less than two TRIs and score according to TRIR benchmarks	<b>Prevention of major accident</b> <b>Supply chain and contractors</b>
3. Oil spills	3. No oil spill reaching the environment and score according to spill benchmarks	<b>Prevention of major accident</b> <b>Supply chain and contractors</b>



## Memberships and partnerships

Partnerships with external organisations bring an opportunity to collaborate on projects and share best practice and lessons learned. Our membership of industry associations and international bodies allows us to influence new policies and procedures, and ensure we are up to date with the latest thinking and ideas around oil and gas exploration.

Organisation	Main areas of focus
UN Global Compact	The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with <a href="#">10 universally accepted principles</a> in the areas of human rights, labour, environment and anti-corruption.
Extractive Industries Transparency Initiative (EITI)	The <a href="#">EITI</a> is a global coalition of governments, companies and civil society working together to improve openness and accountable management of revenues from natural resources.
EITI – Senegal	The Senegalese Government announced its decision to join the EITI in 2012 and submitted its application in July 2013. The EITI board approved Senegal's EITI Candidature status on 17 October 2013.
International Association of Oil & Gas Producers (IOGP)	<a href="#">IOGP</a> is a global forum in which members identify and share best practices to achieve improvements in every aspect of health, safety, the environment, security, social responsibility, engineering and operations. It was relaunched and rebranded as IOGP on its 40th anniversary in 2014.
Greenland Oil Industry Association (GOIA)	Representative body for operators in Greenland covering all issues, with particular focus on drilling, health, safety and environment, and communication.
Norwegian Oil and Gas Association (Norsk olje og gass) (OLF)	Representative body for operators in Norway, with multiple subcommittees, work groups, etc.
Spain Upstream Industry Association (ACIEP)	Representative body for operators in Spain, with multiple subcommittees, work groups, etc.
Irish Offshore Operators' Association (IOOA)	Representative organisation for the Irish offshore oil and gas industry. Its members are companies licensed by the Government to explore for, and produce, oil and gas in Irish waters.
<a href="#">Oil &amp; Gas UK</a> (O&GUK)	Representative body for oil companies and contractors in the UK, with multiple subcommittees, work groups, etc.
<a href="#">Oil Spill Response Ltd</a> (OSRL)	Industry-owned cooperative that exists to respond effectively to oil spills wherever in the world they may occur. Its membership consists of over 160 environmentally responsible corporations. Supplementary membership of Subsea Well Intervention Services (SWIS), which includes Capping Stack System (CSS), Subsea Incident Response Toolkit (SIRT) and the global dispersant stockpile.
West and Central Africa Aerial Spraying and Surveillance Services (WACAF)	Provides supplementary and extended oil spill response services (Tier 2) along parts of West Africa including Senegal.
The Offshore Pollution Liability Association Ltd (OPOL)	All offshore operators currently active in exploration and production on the UK Continental Shelf (UKCS) are party to a voluntary oil pollution compensation scheme known as <a href="#">OPOL</a> .
UK Oil & Gas Independents' Association (OGIA)	The Oil and Gas Independents' Association is a self-help group of 34 oil companies active in the UKCS.
Association of British Independent Oil and Gas Exploration Companies (BRINDEX)	BRINDEX seeks to promote the role played by British independent exploration and production (E&P) companies in maintaining a powerful and effective UK-based oil and gas industry.
UK Oil Industry Taxation Committee (UKOITC)	Represents tax professionals working in the UK oil and gas industry, and the accounting and legal professions.
Oil Industry Finance Association (OIFA)	Purpose is to discuss joint venture accounting issues of the UK's upstream oil and gas activities.
Oil Industry Accounting Committee (OIAC)	Focal point for UK upstream oil and gas companies in relation to all financial reporting matters.





## Recognition and awards

We continue to benchmark our health, safety and environmental (HSE) performance by participating in annual surveys carried out by the International Association of Oil & Gas Producers (IOGP). The IOGP has been collecting safety and environmental data on a voluntary basis from its member companies globally for many years.

It is the largest database of HSE performance in oil and gas exploration and production. IOGP produces annual reports that provide trend analysis and benchmarking, and identify areas and activities that can improve performance.

We also work with organisations such as FTSE4Good, the Carbon Disclosure Project, Empowering Responsible Investment (EIRIS) and Vigeo, which assess and report on a wide range of environmental, social and governance (ESG) issues for the investment community.

To ensure we stay current and keep pace with the latest good practice reporting mechanisms, we routinely look at and review how our sector leaders and peers report. We are continually seeking ways to improve transparency and integration of CR issues in our Annual Report and to better demonstrate value to our stakeholders.

In 2015, our 2014 Annual Report to Shareholders was nominated for the second-year running by the Investor Relations Society in the Best Annual Report category among FTSE 250 companies. We were also shortlisted for Best Audit and Risk Disclosure in the FTSE 250 at the Institute of Chartered Secretaries and Administrators (ICSA) Excellence in Governance Awards.





# Reporting

## Reporting period

This report covers Cairn's global operations from 1 January to 31 December 2015.

## Reporting standards

Cairn reports its 2015 Corporate Responsibility (CR) information in accordance with AccountAbility's AA1000 Accountability Principles Standard (AA1000 APS) 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 use the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4 at a Core level. We follow its content principles of materiality, stakeholder inclusiveness, sustainability context and completeness; and its quality principles of balance, comparability, accuracy, timeliness, clarity and reliability.

## Scope and boundaries

We report on an 'operational control' basis, which means that we report on those assets and activities over which we have operational control in terms of CR policies and practices during 2015, irrespective of the licensed operating party. We exclude data where we are not controlling operations, but consider risks associated with our partners' position and their control of such activities. In line with this, our 2015 CR information covers Cairn's head office in Edinburgh, other offices in the UK, Norway, Senegal and Morocco, and field operations in Senegal.

The report excludes the performance of non-operated joint venture activities and the performance of Cairn India (Cairn Energy has a ~10% shareholding and is not involved in management of activities).

## Data and performance indicators

We measure our performance against set Key Performance Indicators (KPIs), which are aligned with the strategy and operational programme of the Company and revised annually. The KPIs in 2015, set from an understanding of our material issues, fell into these categories:

- exploration and appraisal success;
- active portfolio management;
- retention of balance sheet strength;
- maintain licence to operate; and
- operational excellence.

Detailed CR objectives and KPIs are included under 'maintain licence to operate' and CR KPIs amount to 15% of the total indicator score of performance across the Group as a whole, with two thirds of that total covering 'leading' indicators (proactive improvement activities, e.g. training) and the remaining third 'lagging' indicators (reactive values, e.g. Lost Time Injury Frequency).

CR KPIs and a wide variety of data are collected over a range of topics within the areas of environment, health and safety, security, communities and employees in line with GRI G4 requirements. Data is used for monitoring and reporting processes, and it is maintained in a specialist database. This database records data by geographical region, defines the KPIs to be measured, and the frequency in which data should be recorded. Data entry and approval are tracked within the database.

Our incident and accident data is recorded in a separate incident reporting system that stores all relevant details and also emails defined individuals including senior managers across the business to keep them informed of progress with the reporting, and triggers investigation and follow-up of an incident depending on its nature.

We use definitions set by the GRI and International Association of Oil and Gas Producers (IOGP) to provide comparable and credible data that can be benchmarked against our peers in the oil and gas sector.

Data is collected from our offices and from our field operations, which includes each individual rig, vessel, aviation company and shore base involved. The field operations data is usually provided by the contractors that Cairn takes on for the project (e.g. the rig, vessels, aviation). These contractors are informed about Cairn's KPI requirements in advance of the work as part of the contracting process and receive detailed instructions about the data needed. The instructions include definitions of the KPIs, instructions about reporting and methods (e.g. waste reporting with volume-to-mass conversion factors), and information on incident reporting. The data is collected from field operations on a monthly basis. Data is



entered directly into our database via an online connection where possible. Data is queried through the database and via email communications between Cairn's head office and the data providers in their different locations.

We update our methodologies on a regular basis and any factors used are reviewed annually. For example, when improved methodologies are identified, there are developments in best practice or emission factors are updated.

**Baseline data**

We report historical data from all our activities over the last five years. Levels of activity at Cairn vary considerably from year to year and for this reason we do not have a fixed baseline.

**Uncertainties and estimates**

While we make every effort to ensure our data is as accurate as possible, it is not possible or practical to measure all data exactly. Where this is the case, e.g. obtaining electricity consumption data for a small office that is part of a larger building, or recording water effluent from an office or vessel that has no water outflow meter, then we use accepted estimation methodologies that may involve the use of conversion factors, e.g. calculating office data as a proportion of the figures for the whole building; using volume-to-mass conversion factors for calculating tonnage of waste, calculating GHG emissions. We highlight these methodologies in our data.

**Targets**

We recognise the importance of targets in driving performance improvements. Cairn sets corporate objectives at the start of each year, and these include some health, safety and environment (HSE)-related KPIs, e.g. spills, Total Recordable Injury Rate (TRIR) and HSE Leading Performance Indicator targets. When Cairn owned operated producing assets, it used to have Group greenhouse gas (GHG) emission targets normalised against production. This was not a meaningful target in 2015, as Cairn does not have operated producing assets. It is also hard to forecast, or set targets for, annual GHG emissions from our operated exploration activities as these operations can change significantly from year to year depending on location and scale of activity.

**External assurance**

We report on our key CR issues within the Strategic Report of the [Annual Report](#). A number of KPIs are included in the Annual Report and Accounts and are subject to review by the Company's independent auditors. These are shown and described more fully at [Reporting Guidelines for 2015 Key Performance Indicators](#).



## Reporting guidelines for 2015 Key Performance Indicators

The Key Performance Indicators (KPIs) that we are reporting for 2015 were drawn from our materiality process and overall business objectives. They align with the Global Reporting Initiative (GRI) G4 Guidelines. Here, we provide a methodology and definitions for selected KPIs from subject areas that were assessed to be the most important to Cairn and its stakeholders, as follows:

Material issue	KPI no.	Key Performance Indicator
Supply chain and contractors	1	Percentage of new suppliers that were screened for corporate responsibility risks in four areas:  Labour practices. Environmental. Impacts on society. Human rights.
	2	Number of contractors
	3	Percentage of contractors that are national
Preventing major accidents	4	Number of process safety events
Preventing major spills	5	Oil spills – number and volume*
	6	Fuel spills – number and volume*
	7	Chemical spills – number and volume*
	8	Waste spills – number and volume*
	9	Other spills – number and volume*
Operational environmental footprint	10	Total mass of waste by type and disposal method
Transparency	11	Payments to governments
Non-operated joint venture and international investments	12	Investment proposals that covered results of Corporate Responsibility (CR) due diligence
	13	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening
Sustainable project funding	-	Covered in text of report
Workplace health and safety	14	Number of fatalities
	15	Lost Time Injury Frequency (LTIF)*
	16	Total Recordable Injury Rate (TRIR)*
Climate change	17	Greenhouse gas emissions (GHG) – Scopes 1*, 2 and 3

\* Included within the [Annual Report](#) and subject to review by the Company's independent auditors.

For each of these KPIs we provide a definition and an explanation of the methodology used in collecting the data, where appropriate.

### 1. Percentage of new suppliers that were screened for CR risks in four areas:

Labour practices.

Environmental.

Impacts on society.

Human rights.

#### Definition

New supplier: for the purposes of this indicator we are assessing the new suppliers that require approval from Cairn's Contracts Committee.

This data is compiled by reviewing Cairn's Contracts Committee records to identify new suppliers that Cairn considered selecting or contracting with during the reporting year. Tender and contract documentation for those suppliers are then reviewed to identify which CR risks are covered in the screening process for each one. Note: all suppliers are included in the figures regardless of whether or not they are considered likely to present CR risks. For example, data processing companies and suppliers of materials are included in the figures.

#### Calculation

Number of new suppliers that Cairn considered selecting or contracting within the reporting year that were screened for CR risks in each of the four key areas/number of new suppliers that Cairn considered selecting or contracting within the reporting year x100



## 2. Number of contractors

### Definition

Contractor: someone contracted to work on company business on a temporary basis in field-based positions or a subcontractor through another company. These people are not paid directly by Cairn but through their employing organisation.

Many contractors work on rotation (back-to-back), e.g. one month on, one month off, so it is not practical or meaningful to give the total number of individuals who have worked as contractors on Cairn projects through the year. Instead, we provide the total number of contractor positions during 2015.

Data on numbers of contractors is collected from field operations each month. At the end of the year, the highest monthly figures are taken from each vessel/rig/base and these are added together to give the total number of contractors.

### Estimates and uncertainties

An occasional day worker, who is on a project very briefly, might be omitted from the total contractor numbers.

## 3. Percentage of contractors that are national

### Definitions

National (contractor): from the country of operation, i.e. having the nationality (born or naturalised) of that country.

Non-national (contractor): not from the country of operation, i.e. not having the nationality of that country.

This data is collected for the purpose of measuring Cairn's impact on the communities in which we work and the definitions are simply regarding whether a contractor is from the country of operation or not.

When contractor numbers are collected each month, the numbers that are national and non-national are provided. At the end of the year, the same highest monthly figures that are used to calculate the number of contractors are used to calculate the number of national contractors.

### Calculation

Number of national contractors/total number of contractors x 100

## 4. Number of process safety events

### Definitions

Process safety event, Tier 1: an unplanned or uncontrolled loss of primary containment (LOPC) of any material, including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen or compressed air), from a process, resulting in one or more of the following consequences:

- an employee, contractor or subcontractor lost work day injury and/or fatality;
- hospital admission and/or fatality of a third party;
- community evacuation or community shelter-in-place (officially declared by a local authority);
- fires or explosions resulting in greater than or equal to US\$25,000 of direct cost to the Company;
- a pressure relief device discharge resulting in rain out, discharge to an unsafe location, on-site shelter-in-place, or a public protective measure, and in excess of the Tier 1 threshold quantities (detailed in American Petroleum Institute (API) Recommended Practice (RP) 754); and/or
- a release of material greater than the threshold quantities, as described in the Tier 1 table in the API RP 754, in any one-hour period.

Process safety event, Tier 2: a less-severe event than in the Tier 1 criteria above, which results in one or more of the consequences listed below and is not reported in Tier 1:

- an employee, contractor or subcontractor recordable injury;
- a fire or explosion resulting in greater than or equal to US\$2,500 of direct cost to the Company;
- a pressure relief device discharge resulting in rain out, discharge to an unsafe location, on-site shelter-in-place, or a public protective measure, and in excess of the Tier 2 threshold quantities (detailed in API RP 754); and/or
- a release of material greater than the threshold quantities described in Table 2 in the API RP 754, in any one-hour period.

RP 754 is Recommended Practice 754, Process Safety Indicators for the Refining and Petrochemical Industries, April 2010 (available on the [American Petroleum Institute website](#)).

IOGP guidance states that Tier 1 and Tier 2 process safety events are applicable to drilling and production activities only when operating 'in hole' or when 'connected to the process'. It lists various activities that are outside the scope of process safety event reporting and these include marine transportation unless connected to the facility or process, office and warehouse activities, and fuel/oil leaks involving other vehicles.

Records of incidents are kept in our online incident reporting system. Contractors are required to report all incidents to Cairn management as soon as possible after the event and the details are logged into our incident reporting system, which keeps key personnel informed, by email, about progress with the reporting and investigation. Incident reporting forms in the system include a specific field to be marked in the case of a process safety event. Records of incidents involving loss of primary containment are also reviewed annually to verify if any process safety events have occurred.

## 5–9. Spills to the environment – number and volume (GRI)

We categorise spills by type: oil, fuel, chemical, waste, other.

### Definitions

Oil: crude oil.

Fuel: diesel, gasoline, kerosene, heating oil, aviation fuel.

Chemical: any other raw material or ancillary.

Waste: any material (solid, liquid, 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.

Note: if something fits into more than one category, we report against the category that provides the most information, e.g. chemical rather than waste when reporting waste chemicals.

We collect figures on the number of spills in the following size categories: less than 1 barrel; between 1 and 10 barrels; between 10 and 100 barrels; and greater than 100 barrels. We also record the actual volume spilled.

We report figures on spills to the environment, but also collect data on spills contained before reaching the environment for monitoring purposes.

### Estimates and uncertainties

Spill volume is usually based on an estimate.

## 10. Total mass of waste by type (hazardous/non-hazardous) and disposal method

### Definitions

**Hazardous waste:** all waste that is defined as hazardous, toxic, dangerous, listed, priority, special, or some other similar term as defined by an appropriate country, regulatory agency or authority. We use the European Union definitions and waste codes.

**Non-hazardous waste:** industrial wastes resulting from company operations, including process and oil field wastes (solid and liquid) disposed of either on-site or off-site. Includes trash and other office, commercial (e.g. retail) or packaging-related wastes. Excludes hazardous waste as defined above.

**Disposal method:** the method by which the waste is disposed. This is split into the following categories in line with GRI reporting requirements: reuse, recycling, composting, incineration, landfill, on-site storage, other. Waste data, including information on disposal method, is provided by our waste disposal contractors where applicable, or by contractors who are responsible for waste generated during short-term operations. We use the European Union definitions and codings.

We generate waste during rig, marine vessel and shore base operations, as well as from our offices in the UK and other locations.

**Waste from field-based operations:** waste generated during field-based (including offshore - except where offshore treatment is allowed such as garbage incineration under the International Convention for the Prevention of Pollution from Ships (MARPOL)) operations is transferred to shore-based waste disposal facilities and waste transfer notes are used to record and track each transfer as part of our 'Duty of Care'. Waste figures are submitted to Cairn at the end of each month by the vessels themselves (in the case of short-term operations such as seismic) or by the waste disposal contractor (in the case of longer-term operations such as current drilling operations in Senegal). This data is then checked and entered into our database, split by hazardous/non-hazardous and by disposal method.

Waste figures are reported in tonnes. We ask our contractors to weigh waste wherever possible and report by mass (tonne, kg). Where this is not possible, tonnage is calculated by multiplying the volume of waste by a conversion factor. We provide contractors with a set of standard conversion factors from Waste & Resources Action Programme (WRAP), a non-government organisation working with UK governments, the EU and other funders, to help deliver their policies on waste prevention and resource efficiency (see [WRAP website](#)).

**Office waste:** waste data is collected from our offices at the end of each year. This covers all types of waste including general office waste, controlled waste and recycling waste, e.g. paper and toner cartridges. Figures for Cairn's head office in Edinburgh are received from the waste contractors that service the building, and are partly estimated. Figures for Cairn's Stavanger office are obtained from the building managers. For both these offices some figures are calculated as a proportion of the overall building. For other offices waste figures are estimated using per person per month Edinburgh office figures.

### Estimates and uncertainties

There is a degree of uncertainty in the volumes of waste measured and in the conversion factors used to convert volume to tonnes and these will arise from the method used.

Waste figures for offices are, for the most part, estimated as a proportion of the overall building or using per person per month Edinburgh office figures.

## 11. Payments to governments

### Definition

**Payments to governments:** any payments made to governments.

Figures for any payments made to governments during the reporting year are collated by Cairn's finance department at the end of each calendar year. Payments are listed by country under the following categories.

Other.

In the interests of transparency, we cover operated as well as non-operated assets for this indicator. Gross payments are disclosed for assets that Cairn operates and net payments are disclosed for Cairn's non-operated assets. Negative figures in the data reflect refunds received. Figures disclosed represent a net of payments and refunds.

Cairn reports these figures in support of two transparency initiatives, namely the European Union Accounting Directive and the Extractive Industries Transparency Initiative (EITI). The figures include both payments to government included in our EITI reporting, such as corporate income tax, licence fees and withholding tax suffered, and additional payments made including VAT and payroll taxes and social security costs.

## 12. Investment proposals that covered results of CR due diligence

### Definition

**Investment Proposals (IPs):** in 2015, Cairn required that any new investment with a net expenditure in excess of US\$1 million should be assessed against specified investment criteria, which include an assessment of the potential CR risks involved with the opportunity. For those investment opportunities that are taken forward to the Board for approval, an IP is required that summarises the outcome of the review (including the CR assessment), the recommended terms of the offer and how the opportunity would be managed in the event of success. These IPs are signed off by all functional department heads, the Chief Operating Officer (COO) on behalf of the Management Team (MT) and the Chief Executive Officer (CEO) on behalf of the Executive Team (ET).

This indicator measures the proportion of IPs approved in the reporting year that covered the results of CR due diligence. Figures are compiled by reviewing all investment proposals approved in the reporting year.

### Calculation

Number of IPs approved in the reporting year that covered the results of CR due diligence/number of IPs approved in the reporting year x 100



## 13. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

### Definition

A significant investment agreement is defined as one that requires Board approval.

Significant investment agreements and contracts are assessed against specified investment criteria, which include an assessment of the potential CR, including human rights, risks involved with the opportunity. The IP summarises the outcome of the review (including the CR assessment), the recommended terms of the offer and how the opportunity would be managed in the event of success. These IPs are signed off by all functional department heads, the Chief Operating Officer (COO) on behalf of the Management Team (MT) and the Chief Executive Officer (CEO) on behalf of the Executive Team (ET).

Data for this indicator is compiled by reviewing all investment proposals that were approved in the reporting year. While all significant investments are screened broadly for human rights issues at the investment proposal stage, only those that make specific reference to human rights are counted as having undergone human rights screening.

### Calculation

Number of investment proposals approved in the reporting year that make specific reference to human rights/number of investment proposals approved in the reporting year x 100

## 14. Number of fatalities (IOGP/GRI)

### Definition

Fatalities: cases that involve one or more people who died as a result of a work-related incident or occupational illness (International Association of Oil and Gas Producers (IOGP)).

We report employee, contractor and third-party fatalities.

Records of incidents including fatalities are kept in our online incident reporting system. Contractors are required to report all incidents to Cairn management as soon as possible after the event, and the details are logged into our incident reporting system, which keeps key personnel informed, by email, about progress with the reporting and investigation.

## 15. Lost Time Injury Frequency (LTIF) – employees and contractors (IOGP/GRI)

### Definitions

LTIF: the number of lost time injuries (fatalities + lost work day cases) per 1,000,000 hours worked (IOGP).

Employee: person employed by and on the payroll of Cairn. Persons employed under short-service contracts are included as Cairn employees provided they are paid directly by Cairn. Cairn has a lot of other individuals who work on behalf of Cairn in the office. Those who are contracted for more than three months to an organisational position are categorised as 'other workers' and these individuals are included as employees for the purposes of reporting health and safety statistics. They are not paid directly by Cairn but through their employing organisation.

Contractor: someone contracted to work on company business on a temporary basis in field-based positions or a subcontractor through another company. These people are not paid directly by Cairn but through their employing organisation. We record contractor work-related activities in line with IOGP definitions of mode 1 and mode 2 contractors; mode 3 are excluded as per the IOGP guidelines.

Records of all incidents, including fatalities and lost work day cases, are kept in our online incident reporting system. Contractors are required to report all incidents to Cairn management as soon as possible after the event, and the details are logged into our incident reporting system, which keeps key personnel informed, by email, about progress with the reporting and investigation.

Hours worked are collected for employees and for contractors. Employee hours are derived from Cairn's time-writing system, which all employees use to log their working hours. Employee hours include hours worked by 'other workers' as these are captured in the time-writing system. Cairn's Human Resources department compiles the figures and enters them into the database each month. Contractor man hours are collected monthly along, with the rest of the KPI data, from contractors (rig, vessels, aircraft, shore bases) working on field operations. For offshore workers, the hours are often calculated on a 12 hours per work day basis.

## 16. Total Recordable Injury Rate (TRIR) – employees and contractors (IOGP/GRI)

### Definition

TRIR: the number of recordable injuries (fatalities + lost work day cases + restricted work day cases + medical treatment cases) per 1,000,000 hours worked (IOGP)

See above (KPI no. 15) for definitions of employees and contractors and for details of how incidents are recorded and how 'hours worked' are calculated.

## 17. Greenhouse gas emissions – Scopes 1, 2 and 3 (GRI)

We report our GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (World Resources Institute/World Business Council for Sustainable Development). All GHG emissions are reported in tonnes of carbon dioxide equivalent (CO<sub>2</sub>e).

To meet UK reporting requirements, GHG emissions need to be normalised to an appropriate performance measure representative of the business. As Cairn did not have revenue or operated production facilities in 2015, or the previous four years, and activities were of an exploration nature only (i.e. seismic surveys and exploration drilling), its GHG emissions have been normalised to total employee and contractor hours.

### Scope 1 emissions

#### Definition

Scope 1 emissions: direct GHG emissions that occur from sources that are owned or controlled by the Company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

At present, Cairn is undertaking exploration activities only. We are not operating any production assets. Our Scope 1 emissions arise from:

fuel combustion during offshore rig, marine vessel and aircraft operations as well as a very small amount during use of land-based vehicles (total: 99.999%); and incineration of waste on marine vessels/rigs (0.001%).

The rig, vessels and helicopters keep a daily log of fuel usage and each provides us with a total figure for fuel consumption, in litres, at the end of each month. Fuel consumption figures for land-based vehicles (<0.3% of total fuel consumption) are partly drawn from accurate fuel consumption records and partly from estimates when exact fuel usage is impractical to



track.

A fuel density figure is used to convert litres of fuel into tonnes. The fuel density is provided by the rig, vessels or helicopter operator when available (most of the time in 2015). Otherwise, a typical density is used from the 'Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry', API, 2009. Figures in tonnes are then converted into CO<sub>2</sub>e using emission factors.

For calculating Scope 1 GHG emissions we use emission factors for carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) from the API Compendium 2009.

**Estimates and uncertainties**

Petrol and diesel consumption for land-based vehicles at shore bases/offices was partly estimated. This represents less than 0.3% of fuel consumption during operations in Senegal and overall. The mass of waste incinerated on board vessels is usually based on estimates, however, this represents a tiny amount compared to overall emissions (<0.0001 tonnes CO<sub>2</sub>e).

We use the most applicable emission factors available but there will always be a small margin of error from these as they may not match fuel type exactly.

**Scope 2 emissions**

**Definition**

Scope 2 emissions: electricity indirect emissions are from the generation of purchased electricity consumed by the Company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the Company.

Our Scope 2 emissions arise from:

use of electricity in our offices and shore bases.

In 2015, we updated our methodology for calculating Scope 2 emissions in line with the new Greenhouse Gas Protocol Scope 2 Guidance that was launched in January 2015. As a result, we now report Scope 2 emissions in two ways: according to a location-based method and a market-based method. For the location-based method we use emission factors from the International Energy Agency (IEA) Report 'CO<sub>2</sub> emissions from Fuel Combustion Highlights' (2013 Edition), p110-112 'CO<sub>2</sub> emissions per kWh from electricity generation'. These are grid average emission factors for each country. For district heating and cooling we use location-based emission factors from the UK Department for Environment, Food & Rural Affairs (Defra) 2015.

For the market-based method we use emission factors, where available, in the following order of preference:

- a. Supplier-specific emission factor - obtained from Cairn offices' electricity suppliers.
- b. Residual mix emission factors - obtained from the RE-DISS II document 'European Residual Mixes 2014', last updated in June 2015.
- c. Location-based emission factors. These are the same IEA and Defra emission factors that we use for calculating location-based emissions.

Supplier-specific emission factors were requested from the electricity suppliers of all Cairn's offices but were only available for the Edinburgh and London offices. Market-based Scope 2 factors for Norway were calculated using the residual mix emission factor for Norway. For Morocco and Senegal there were no residual mix factors available, so the location-based factors were used.

We are not able to obtain supplier-specific emission factors for previous years, so all Scope 2 data prior to 2015 is calculated according to the location-based method.

**Estimates and uncertainties**

Most of our electricity consumption happens in our head office in Edinburgh (77% of our total electricity consumption in 2015), followed by London and Stavanger (both 9% of total). Electricity consumption for the Edinburgh, London, Dakar (5% of total) and Rabat (0.5% of total) offices is taken from meter readings. The figure for the London office covers October 2014 to October 2015 because fourth-quarter figures are not available in time for this report. Electricity consumption for the Stavanger office is calculated as a proportion of the overall building consumption.

There is always a degree of inaccuracy in emission factors. Also, there is no electricity emission factor available for Greenland, so we use the Denmark factor instead.

**Scope 3 emissions**

**Definition**

Scope 3 emissions: Scope 3 emissions are a consequence of the activities of the Company, but occur from sources not owned or controlled by the Company.

Cairn currently reports Scope 3 emissions from business travel, including air and rail travel, but not tube travel.

For calculating Scope 3 (business travel) GHG emissions we use the Department for Environment, Food and Rural Affairs (DEFRA) methodology, including its recommendation to include an uplift for the influence of radiative forcing in air travel emissions. This uplift ensures that the maximum climate impact of an organisation's travel habits is captured. In our air travel GHG emissions calculations we use journey type (domestic, short haul, long haul), seat class (economy, premium economy, business, first) and distance travelled. In our rail travel GHG emissions calculations we use rail type (national rail, international rail) and distance. We updated to Defra 2015 emission factors this year.

It is Cairn policy that all travel for Edinburgh- and London-based staff, and usually the smaller offices, is booked using its corporate travel agent the Hogg Robinson Group (HRG), except under special exception. As a result of this, the majority of our travel data is obtained in a report from HRG and includes details on journey type, seat class and kilometres travelled. Travel data is also obtained from other Cairn offices, from a travel expense claim report from Edinburgh's accounts department, and through communication with executive assistants in the Edinburgh office. Where journey kilometres are not provided with the data, these are obtained from internet resources, e.g. [air miles calculator.com](http://air.miles.calculator.com), [travelmath](http://travelmath.com) and [Virgin trains](http://Virgin trains).

**Estimates and uncertainties**

Not all HRG flight data can be broken down into flight sectors with the corresponding seat class, so there is a degree of uncertainty in this, e.g. GHG emissions for some of the domestic flight sectors may be calculated using short- or long-haul flight emission factors.

Travel data obtained from travel expenses does not always show whether a journey is single or return, so this sometimes has to be assumed. In addition, the seat class of these flights is not shown, however, flights booked outside the HRG system are usually with budget airlines so the majority are known to be economy class. These flights are not broken down into sectors but the majority are domestic or short-haul/European flights, which are only one flight sector.

Rail travel data is obtained from travel expenses, some of the journey distances are based on estimates.

Travel data provided by Cairn's Norway office (from their travel provider Berg-Hansen) does not include train journeys, so an estimate has to be made for these.

Occasional flights/train journeys booked by individuals, based in Cairn's offices outside the UK, might get missed, however, this possibility is considered minimal.



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## GRI Index

This report is written in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines at Core level. It follows the GRI content principles of materiality, stakeholder inclusiveness, sustainability context and completeness; and its quality principles of balance, comparability, accuracy, timeliness, clarity and reliability.

The GRI G4 Sustainability Reporting Guidelines offer two options for preparing a sustainability report 'in accordance' with the Guidelines: the Core option and the Comprehensive option. The options do not relate to the quality of the report or to the performance of the organisation but allow the organisation to choose a level of disclosure that is appropriate to its reporting needs.

Cairn reported against the G4 Core level Guidelines for the first time in 2014 and has continued to do so in 2015, having previously reported to the GRI3.1 Guidelines. Cairn updated its materiality matrix for 2015, identified its material GRI aspects, agreed the reporting boundaries for each aspect, and identified the standard disclosures and specific standard disclosures (management approach and indicators) that it needed to report against in 2015. Cairn has updated the methodologies for reporting in accordance with good practice and these methods are referred to where appropriate.

In 2015, Cairn improved the input from stakeholders by holding a series of interviews with stakeholders from representative groups (see [Materiality](#)).

Cairn used the following GRI documents in preparing its 2015 report:

GRI G4 Sustainability Reporting Guidelines – Reporting Principles and Standard Disclosures;

GRI G4 Sustainability Reporting Guidelines – Implementation Manual; and

GRI G4 Sector Disclosures – Oil and Gas.

[Download GRI Index PDF 263KB](#)





## UN Global Compact

Cairn is a signatory to the United Nations Global Compact (UNGC), 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.

Participation in the UNGC sends a strong signal to investors that companies are both alert to the business implications of environmental, social and governance (ESG) issues, and are taking active steps within their strategy and risk management to address such issues.

This responsibility section of our website presents the annual Communication on Progress on our performance against the Principles as part of that commitment.



Statement of continued support to the UNGC see [CEO statement](#).

Responsibility section links		
<b>Human Rights:</b>		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	<a href="#">CR objectives and KPIs</a> , <a href="#">Policies and principles</a> , <a href="#">Human rights</a>
Principle 2	make sure that they are not complicit in human rights abuses.	<a href="#">Stakeholder engagement</a> , <a href="#">Stakeholder views on materiality</a> , <a href="#">Policies and principles</a> , <a href="#">Assessing risk and opportunities</a> , <a href="#">Human rights</a> , <a href="#">Security</a> , <a href="#">Managing social risks</a>
<b>Labour standards:</b>		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	<a href="#">Policies and principles</a> , <a href="#">Human rights</a> , <a href="#">Culture and engagement</a>
Principle 4	the elimination of all forms of forced and compulsory labour;	<a href="#">Policies and principles</a>
Principle 5	the effective abolition of child labour; and	<a href="#">Policies and principles</a>
Principle 6	the elimination of discrimination in respect of employment and occupation.	<a href="#">Ethical business practices</a> , <a href="#">Diversity</a>
<b>Environment:</b>		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	<a href="#">Policies and principles</a> , <a href="#">Environment</a> , <a href="#">Operating a balanced portfolio in challenging conditions</a> , <a href="#">Biodiversity</a> , <a href="#">Climate change</a>
Principle 8	undertake initiatives to promote greater environmental responsibility; and	<a href="#">Environment</a> , <a href="#">Chemicals</a> , <a href="#">water management and waste</a>
Principle 9	encourage the development and diffusion of environmentally friendly technologies.	<a href="#">Major accident and spill prevention</a> , <a href="#">Chemicals</a> , <a href="#">water management and waste</a>
<b>Anti-Corruption:</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	<a href="#">Policies and principles</a> , <a href="#">Identifying new opportunities</a> , <a href="#">Ethical business practices</a> , <a href="#">Transparency</a> , <a href="#">Supply chain</a>



## Sustainable project funding

Cairn's business model is to create, add and realise value from a balanced portfolio, with material upside potential from exploration and appraisal activity, supported by established development and production assets and a strong balance sheet.

We believe that Corporate Responsibility (CR) performance is integral to promoting cost-effective operational performance and managing societal and reputational risks that may impact on our licence to operate and our ability to access funding for future projects.

Cairn's exploration inventory is underpinned and balanced by development assets in the UK and Norway, the free cash flow from which will be used in part to fund future exploration programmes. Many of these assets are non-operated ventures. Our emphasis is on the safe delivery of these projects within budget and schedule, and this is reflected in the standards governing our core business processes set out in the new Cairn Operating Standards Manual and our CRMS.

It is important to Cairn that our operations and those of our partners are robust and carried out responsibly. We have sought to demonstrate our commitment through:

- upholding and supporting the 10 principles of the Global Compact;
- seeking to apply the International Finance Corporation (IFC) Environmental and Social Performance Standards;
- participating in the Extractive Industries Transparency Initiative; and
- applying a robust CR Management System.



## Governance

We maintain high standards of corporate governance and responsibility, which are critical to help us demonstrate value and success. They are embodied in our daily operations, as our licence to operate depends on transparent relationships with governments, communities, partners, shareholders and contractors. We understand and manage risks and report on material issues.

### 2015 highlights

- We revised our Corporate Responsibility (CR)-related policies and Business Principles and included greater emphasis on major accident hazards, accounting for the latest EU Directive and UK regulations.
- Our CR Management System (CRMS) was substantially redrafted to align with the International Association of Oil & Gas Producers (IOGP) Operating Management System.
- We improved alignment of the CRMS with Cairn's Operating Standards and our Internal Control and Assurance Framework.
- All actions from the 2014 Management Review were rolled into our 2015 CR objectives.
- Our CR Standard Operating Procedures were completed and included in the CRMS.
- The UK and Norway Region continued to strengthen links from their management system to the Corporate CRMS in support of their application for operating status in Norway.
- Procedures were put in place regarding compliance with changes in UK tax governance requirements.
- We applied our CR Project Delivery Process (PDP) requirements consistently in all operated projects.
- Crisis and emergency procedures were revised and training given.
- Our anti-bribery and corruption training was refreshed across the Group.

### 2016 objectives

- Continue to streamline our CRMS as we further improve transparency of our materiality process and reporting.
- Further rationalise our CR guidance documentation in support of the revised CRMS.
- Review our Policies and Business Principles.
- Review conformance with UN Global Compact, UK Slavery Act 2015 and sustainability goals.
- Improve our CR application across all aspects of the oil and gas life cycle within the Cairn PDP.
- Review the CRMS against the Environmental Management Systems in line with OSPAR requirements.
- Further review of aspects of our crisis and emergency management scenarios, including business continuity.

## Corporate Responsibility (CR) and risk management

Cairn has developed a comprehensive system of policies and procedures to ensure that our operations meet our CR objectives, with clear ownership and assurance provision.

	Responsibility	Assurance provision
<b>Core values</b> Building respect Nurturing relationships Acting responsibly	PLC Board	Executive Team
<b>Business Principles</b>		
<b>CR policies</b>		



Health, Safety & Security Policy  
Environment Policy  
Corporate Social Responsibility Policy

<b>HSE Culture Framework</b>	Management Team	Senior Leadership Team
<b>Management Systems and Corporate procedures</b> Corporate Responsibility Business Risk Anti-Bribery and Corruption	Management Team	Audit Committee Risk Management Committee Senior Leadership Team
<b>Project Delivery Process</b> Identify – Why? Assess – How? Define – Ready? Execute – Finished? Evaluate – Learn	Management Team	Project Gatekeepers Functional Department Heads
<b>Project deliverables</b> Procedures Risk and impact assessments Management plans Emergency response plans	Asset Management	Functional Department Heads Risk Management Committee
<b>Training and awareness</b>	Asset Management Functional Department Heads	Management Team Senior Leadership Team
<b>Monitoring and reporting</b>	Asset Management	Functional Department Heads External Report

## Board and Directors

CR governance at Cairn is headed by the Board. The Board's role is to oversee our CR policies, refining them when necessary, and ensuring that effective management systems are in place to manage any CR risks. With our emphasis on safety, all levels of the business are involved in monitoring risk.

CR performance is a standing agenda item at 100% of Board meetings, and CR considerations through the due diligence process are integrated into 100% of investment proposals submitted for a Board decision.

In addition, key or emerging issues may merit particular consideration. In 2015, reports were made to each Board meeting regarding performance and status of health, safety and environment (HSE) and CR. The Chief Executive engaged the Chairman regarding fundamental health, safety, environment and security (HSES) indicators within the industry and their interpretation. A risk awareness workshop was held with the Board in December 2015, and the outcome was used to inform the corporate risk register; this included HSES/CR matters and in particular operation risks from the Group. In addition, our risk appetite statement was revised in 2015 to reflect the changing business environment.

The process of identifying, assessing and mitigating risks is defined by our Business Risk Management System (BRMS), which is monitored by the Audit Committee and the Group Risk Management Committee on behalf of the Board.

Below the Board, Regional directors are responsible for operations at a regional level, supported by our HSE personnel, who administer the necessary regulations and permits, and develop and implement any specific asset CR plans. Our employees also play an important role 'on the ground', reporting any actual or potential risks.

Simon Thomson, Chief Executive, is accountable for providing assurance to the Board on issues around HSE. This is partly done through Cairn's Senior Leadership Team, which Simon chairs. The Group HSE Manager reports directly to the Chief Executive.

## Senior Leadership Team (SLT)

Made up of senior managers, the SLT oversees and reviews performance of CR across the Company and operationally and looks for improvement by practical measures. A standing agenda item toward the year end is the Management Review, which allows the SLT to review the effectiveness of HSES/CR performance, materiality review and proposed changes to the CRMS, and objectives for the following year.

## The Management Team (MT)

Made up of 10 senior managers, the MT is responsible for delivering Cairn's strategic objectives and business plan. It also ensures that all work programmes are executed responsibly and risk management is fully integrated, particularly in relation to new ventures. It is responsible for implementation of the CRMS in the regions, assets and projects by application through line management. Routine performance and progress of incidents and issues are tracked and improvements identified.

## Corporate Responsibility Management System (CRMS)

In 2015, our CRMS underwent a major update, including all mandatory elements. The revised CRMS continues to draw on a number of international standards (ISO standards) on health and safety, environment and social responsibility, and improves alignment with the latest International Association of Oil & Gas Producers (IOGP) Operating Management System good practice guidelines.

The revised CRMS consists of three mandatory components: our CR policies and Business Principles, which embody 'what we stand for'; the CRMS Framework of Standards, which defines 'how the business works'; and Standard Operating Procedures, which are the requirements for 'how we deliver to the standards'. Certain components are supported by good practice tools in the form of CRMS guidance.

Our CRMS plays a vital role at each stage of a project's life cycle in order to maintain our licence to operate across the Group. This includes all projects applied via the PDP but also in all other Group business and office activities. In this respect, we improved linkages and transparency with our UK and Norway Region's management systems in support of their application to become an operator in Norway. Their application was submitted and approved.


As part of our continuous improvement programme, we revised our Crisis and Emergency Response procedures to provide appropriate support for projects and activities across the Group. In 2016, we plan improvement to management procedures for specific types of crisis and emergency, including quarterly crisis and emergency exercises.





## Policies and principles

In 2015, we updated Cairn’s Corporate Responsibility (CR)-related policies and principles.

-  [Business Principles PDF 513KB](#)
-  [Health, Safety & Security \(HSS\) Policy PDF 84KB](#)
-  [Corporate Social Responsibility \(CSR\) Policy PDF 76B](#)
-  [Environment Policy PDF 85KB](#)

## Our Business Principles and key policies

While we continue to adhere to all our principles, the most recent updates have improved clarity around major accident hazards and demonstrated our commitment to maintaining high standards of risk prevention and management.



## Cairn's 10 Business Principles

Overarching principle

**We manage risk and seek to continually improve**

Core principle

**We behave honestly, fairly and with integrity**



### Behaving responsibly to people

- We develop the potential of our people.
- We foster a workplace that respects personal dignity and rights, is non-discriminatory and provides fair rewards.
- We provide a healthy, safe and secure working environment.



### Behaving responsibly towards the environment

- We take a precautionary approach and avoid, wherever possible, negative impacts on the environment and biodiversity.
- We seek to minimise our use of resources.
- We will prevent, or where that is not practical, minimise discharges to air, water and land.



### Behaving responsibly to society

- We seek to make a positive social impact in every area in which we work.
- We respect the rights and acknowledge the aspirations and concerns of the communities in which we work.

## The UN Global Compact

Cairn remains a signatory to the [UN Global Compact](#) and we integrate the 10 universally accepted principles into our policies and Business Principles. We have made significant efforts to ensure these are applied in a meaningful manner in our operations and engage our partners, contractors and stakeholders on these and in the way we conduct our business. Examples of this can be seen in the way in which we have increased our focus on compliance with all human rights aspects (see [Human rights](#)).



## Assessing risk and opportunities

Risk management is a guiding theme for decisions we make and is comprehensively applied across the business. The Board sets the Group risk appetite and monitors the effectiveness of our risk management process. We look at risk and opportunity as an integral part of our approach.

At Cairn, we apply a rigorous approach to understanding, assessing and managing risk. It is important to understand risks and opportunities arising across the business life cycle at both a strategic and operational level. This includes all levels of the organisation from decisions made by the Board through to managing day-to-day activity risks in our operations.

The Company maintains a series of risk registers at a project, department, asset and Group level that capture both corporate and operational risks. These risks are managed on an ongoing basis to ensure risks and opportunities remain within the risk tolerance levels set in the Group Risk Appetite Statement. Our Risk Appetite Statement is reviewed annually and approved by the Board.

In 2015, during preparation for operations we maintained our stringent approach to understanding risk arising from all projects and regions. Of particular focus was the Senegal operations, which included the seismic and drilling programme and managing asset level risks to delivery of value.

Regular risk workshops are facilitated, which consider risks and actions and this risk information is fed into the various management committees of the Company. During 2015, we ran a risk workshop with the Board to review and refresh our understanding of risks and also to better consider opportunities in the current business climate.

Corporate Responsibility (CR) risks are included at all levels of our work.

We also monitor and review all our operations through a rigorous system of checks and balances. These include Cairn's CR Management System (CRMS), performance standards and gated Product Delivery Process (PDP), in which each stage of a project is checked before proceeding to the next, and is designed to reduce risks in line with the As Low As Reasonably Practicable (ALARP) principle (see [Operational and project performance](#)).

See the [Annual Report](#) for information on our risk management process.



## Operational and project performance

Our Project Delivery Process (PDP) is the well-established method by which we can ensure we understand and can control risks at key stages in our projects. During the oil and gas life cycle the PDP helps us maintain focus on what is important to the Company and apply good practice through the application of local and international standards.

During 2015, our PDP was applied to a number of complicated projects including our exploration and drilling programme in Senegal. This was especially important given our relationship with partners, one of which was acting as the well activities delegate.

In terms of Corporate Responsibility (CR) compliance we use Standard Operating Procedures based on international good practice as part of our CR Management System. We use the Cairn PDP to manage CR issues and apply these standards for all operated projects under our control. Specific project types (e.g. seismic, drilling) must meet defined criteria at designated 'stage gates'. Each stage gate has defined actions and deliverables, which must be available and signed off by a 'gatekeeper' who is independent of the project. In this way, project integrity and performance are reviewed throughout the process and, where they deviate from standards, corrective actions are identified and implemented.

Typically, there are five gates for each project: **Identify**; **Assess**; **Define**; **Execute**; and **Evaluate**, with CR elements included in each gate. The elements take into account risks likely to be encountered in the project, with measures to avoid or mitigate them. These range from country-permitting submissions through to addressing more complex requirements, such as stakeholder identification and engagement during the planning processes, and compliance and performance monitoring during the operations themselves. We always aim for continual improvement, and in all projects we seek to understand any lessons learned so that we can use them in the next project.



In projects that involve defined field operations we ensure that CR plans are in place. These include responsibilities during the project, Key Performance Indicators, and the key mechanisms we employ for CR management on the project.

Contractors continue to play a major role in delivery of our operational integrity and project performance. Seismic and drilling activities rely heavily on international specialist contractors to operate the rigs, vessels and aviation, and also for support services. These contractors can influence a wide range of CR performance areas, ranging from traditional operational safety through to our reputation in the environments in which we operate.

As part of our tendering process, we assess the capabilities of our contractors, including those managing activities on our behalf, in order to meet technical and health, safety and environment (HSE) specifications for our activities. For our most significant contractors we will also include pre-contract inspections of equipment, management systems and behaviours. This usually includes marine and aviation contractors, shore base logistics contractors and drilling contractors. In some instances we require independent acceptance audits before operations begin. We also maintain a senior management engagement programme with our most significant contractors, which aims to ensure that our values and the importance of CR are clearly understood.





## Asset protection and major accident prevention

Our procedures are designed to protect the integrity of our assets and help ensure all our operations are carried out effectively and safely.

All our operations comply with national and relevant international legislation. If there is no local legislation, our default position is to adopt industry good practice normally based on UK regulatory standards and International Association of Oil & Gas Producers (IOGP) guidance. These have also been used in the formulation of the Cairn Corporate Responsibility (CR) Standard Operating Procedures as part of the CR Management System.

Prior to any work beginning, we undertake comprehensive audits of all the vessels and drilling rigs our contractors intend to use in our operations. These include compliance to standards and a review of their monitoring, inspection and maintenance procedures; and any shortfalls are reported and remedial actions followed up.

As part of our commitment to safety and the prevention of major accidents or hydrocarbon spills, we actively support and participate in initiatives established by IOGP (see [Major accident and spill prevention](#)).

### Safe drilling

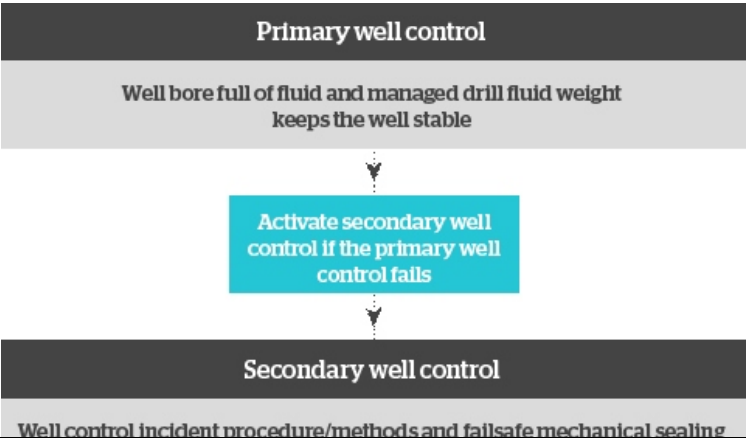
Cairn's reputation for responsible exploration is underpinned by a rigorous approach to well design and well control. All our wells are engineered to the highest industry standards and are designed to comply fully with the requirements of the Cairn Well Engineering and Construction (WEC) and Corporate Risk Management (CRM) systems. Safe drilling is dependent on the development and implementation of multiple safety barriers, which are designed into our drilling programmes and verified by a series of rigorous internal and external WEC assurance processes.

**Design** – our wells are designed and assured to a level that exceeds requirements for the expected characteristics of the geological formations to be encountered. We apply our well design standards to ensure the appropriate materials are used and installation methods conform to recognised good industry standards. We also select drilling fluids to maintain well integrity and minimise impact on the environment.

**Primary well control** – we apply a dual barrier approach during drilling activities. This involves control measures designed to maintain fluids in the wellbore, including drilling-hole pressure evaluation and management, kick detection, kick tolerance management, fluid management, cementing practices, blow-out preventer (BOP) system testing and assurance. Testing of a BOP system is rigorous and conducted routinely on a defined schedule to ensure it remains functional. In the event of unsuccessful tests, we make safe the well and cease drilling until the problem is found and resolved, which can result in substantial lost time and cost. Despite this, we do not recommence drilling until completion of any required remedial work and, if necessary, specialist support to assure the BOP system is fully functional.

**Secondary well control** – this includes measures to prevent wellbore fluids escaping from the well, using a BOP. The BOP, which is usually installed on the wellhead at the seabed, is made up of a series of hydraulically operated rams and can be operated in an emergency from the rig or via the backup remotely operated vehicle (ROV) on board a standby vessel that remains with the rig. The BOP is rated for pressures significantly in excess of those expected to be encountered in the exploration well.

**Tertiary well control** – these measures provide a third line of defence when formations cannot be controlled by primary and secondary measures, and cover well control options such as drilling of a relief well and use of a capping device.





Well engineering and construction internal and external assurance processes

Internal	External
Cairn Project Delivery Process (PDP) gate reviews	Major hazard assessment
Project risk register	In-house
Corporate risk management review	In-house
Well Engineering and Construction Team competency assessment	Regulator and partner reviews
Inspection, testing, acceptance and induction of drilling rigs and vessels	Independent expert review of critical equipment and systems
Daily operational reviews	Major Hazard Assessment (MHA)



## Business continuity

In 2015, we enhanced our recovery strategies in the event of a crisis incident. This included an extensive exercise programme to test our crisis incident response.

A business continuity exercise was completed in Q3 2015 and involved members of the Crisis Emergency Response Team (CERT) and representatives from various functions across the business. The objective of the exercise was to test the initial response to an incident using a realistic crisis scenario in which our head office building would be out of operation for an extended period. The results from the exercise were positive overall, with lessons learned captured for future implementation. This exercise was supplemented by an extensive programme of information technology (IT) testing, which assessed the robustness of the Group's IT disaster recovery plans.

Cairn also retains a disaster recovery specialist to ensure that the Company has access to workplace recovery seats in the event of a crisis incident. If required, this would provide access to a number of desks at two disaster recovery sites in Edinburgh and Glasgow.

A further review of our business continuity plan is scheduled in 2016.





## Identifying new opportunities

In order to create and realise value, Cairn continues to seek out and pursue new opportunities. This means researching new licensing rounds, identifying blocks with good prospectivity, exploring our wider assets and expanding corporate opportunities.

### Existing leads and prospects

We continue to evaluate our portfolio of leads and prospects in order to identify potentially suitable well locations to progress along the oil and gas life cycle. In the first instance, screening locations focuses on below-ground risks, and our geological experts look to identify suitable leads and prospects from available geological and seismic data. The aim is to 'de-risk' any lead to become a prospect at various grades of maturity. Before substantial investment is allowed, an investment proposal (IP) must be prepared for Board approval.

All IPs must include an assessment of Corporate Responsibility (CR) risks, which becomes more detailed as the prospect matures. Where further geological data is required through acquisition of seismic, a location-specific assessment of CR issues is developed – often in the form of an Environmental and Social Impact Assessment (ESIA) or similar assessment of risks to the environment and local communities. This is managed via our Project Delivery Process (PDP), which also takes into account health, safety and security risks, our CR Standard Operating Procedures and all relevant legislation.

Seismic data helps mature and de-risk prospects to allow decisions to be made on whether they are drill ready or not. Similarly, such reviews are used to enhance understanding of discoveries following exploration drilling in order to add value in appraising commercial viability and field development. At each stage of the project life cycle, CR issues and risks are identified and mitigated before any operation phase is initiated and managed via the PDP.

In 2015, we concentrated on reviewing our existing portfolio, particularly in shooting 3D seismic in Senegal. This included environmental and social assessment of the area to be covered, which identified issues associated with international and local artisanal fishing communities. We responded by communicating and managing operations with these communities to address any potential impacts on safety and fishing activities. We undertook a number of measures to minimise the impact of our seismic shooting on marine mammals and wildlife, including the use of marine mammal observers and passive acoustic monitoring (see [Non-operated activities and international investments](#)).

### Due diligence

Although our main focus in 2015 was on building value in our Senegal assets with the commencement of our 3D seismic, exploration and drilling programmes, we continued to look for new opportunities both within our existing acreage and new venture activities.

Given that new ventures can involve substantial investment, IPs are required for these with the associated assessment of CR risks. We carry out a thorough review of the commercial, legal, political, regulatory, health, safety, environmental, security and human rights issues, and establish how best to manage them. In addition, we assess the technical and economic challenges as well as the potential business partners involved in an investment opportunity. Before entering into a business relationship, we undertake a process of information gathering and risk identification, with the option to undertake further third-party checks if any concerns arise. We use various due diligence tools that enable us to identify potential 'red flags' and establish whether these issues are manageable and if any resulting risks lie within our risk appetite statements set down by the Board. We acknowledge that at times this will mean there may be challenges to secure new acreage in line with our business plan while living up to our standards and responsibilities. This may result in rejecting what may otherwise seem attractive commercial opportunities.

Even in early stages where no immediate investment proposal is required, CR risks are taken into account. These can range from matters associated with personnel travel to difficult working environments to health, safety and environment (HSE) legislative requirements and initial assessment of location-specific CR issues.

As in 2014, standard assessment of risks associated with acquisition of new acreage and asset swaps continued as part of normal business during 2015.



Due diligence activities continued in respect of other opportunities, some of which did not progress to the IP stage, although CR assessments were included as part of the assessment





process. An IP was also developed as part of our ongoing commitments in Senegal.

**100%**  
of investment proposals assessed the need for CR due diligence and covered HSE matters where required.



## Non-operated activities and international investments

We have non-operated interests in assets both in the UK and internationally. Effective management and influencing of our joint venture (JV) partners helps us assure good Corporate Responsibility (CR) practices.

### Non-operated JVs and international investments

In some of our operations, such as in the UK North Sea and Norway, activities are carried out by partner organisations and we participate as a member of a joint venture. Before entry into such ventures we undertake a due diligence process to ensure we have confidence in the integrity and CR track record of the partners we work with and understand the CR risks associated with the locations of interest. We also regularly assess the CR performance of our operating partners through partner operating and technical committees (see [Identifying new opportunities](#)).

Cairn's UK sector non-operated activities include the Catcher and Kraken development projects, which are both due to deliver first oil in 2017. These projects continued to progress in 2015 with ongoing development drilling and fabrication and refit of the production vessels for both. Given that Cairn is not the operating party of either project, it is important to monitor and hold our partners accountable for both the delivery and the performance of these projects. We have worked very closely with our partners to enhance the performance of the contractors involved in fabrication and refit of the floating production storage and offloading (FPSO) installations in 2015.

In 2015, the Safety Case Regulations in the UK Continental Shelf were revised in line with the European Union Offshore Safety Directive (EU OSD), which places increased emphasis on management of major accident hazards including 'Safety and Environmentally Critical Elements' (SECEs). The revisions aim to ensure that operating parties effectively assess and mitigate health, safety and environmental (HSE) risks, and non-operating partners are also involved in understanding these requirements. Cairn engaged both of its partners for the Catcher and Kraken developments for this purpose and participated in safety case work, including visits to shipyards in the Far East and reviews of major accident hazard assessments. This engagement will continue in 2016.

Cairn's UK and Norway region also continued to participate in a wide variety of non-operated assets in the UK and Norwegian sectors. In Norway, we continued to fulfil our 'see to' responsibilities under the Norwegian regulatory requirements and participated as a non-operating partner in one well in 2015, all of which were delivered safely. We also applied for licences in the Norwegian Sea, Norwegian North Sea and Barents Sea. In Norway, we achieved a significant milestone in pre-qualifying as an operator and subsequently were awarded participation in five licences, one as operator.

International investment features highly in our activities where we may operate or be a joint venture partner. To protect our investment, we continue to assess CR risks as part of the entry into either a relationship or a new location. In Senegal, where we are operator, CR issues were fully integrated into the seismic and drilling projects including working and engaging with the relevant regulators and local community stakeholders. We have sought and ensured continuity of permitting ongoing improvements in understanding the community position including increased social investment activities. High standards of operation, good governance and transparency help protect our licence to operate (see [Social investment](#)).

In Western Sahara, where we are a non-operating partner, the first well was completed in early 2015 and we tracked the operating and engagement activities of the operating partner in order to seek assurance that good practice was followed, particularly in relation to human rights (see [Human rights](#)).



## Ethical business practices

Bribery and corruption exist in all parts of the world in varying degrees. Our Code of Business Ethics helps protect our reputation as a responsible and ethical business and seeks to eliminate the risk of bribery and corruption.

### Complying with the UN Global Compact

Principle 10 of the UN Global Compact requires businesses to work against corruption in all its forms, including extortion and bribery. To meet our commitment to this principle we:

- have introduced anti-corruption policies and programmes throughout the organisation and our business operations;
- report externally on our work against corruption; and
- have joined forces with governments and industry peers through our membership of the Extractive Industries Transparency Initiative (EITI) to promote open and accountable management of natural resources (see [Transparency](#)).

### Code of Business Ethics

Cairn's Code of Business Ethics sets out the standards of conduct we expect all our employees to meet. It is the cornerstone of our anti-bribery and corruption procedures, and forms a key part of staff induction training. All employees are required to sign up to our Code of Ethics and comply with the behaviours set out in the code.

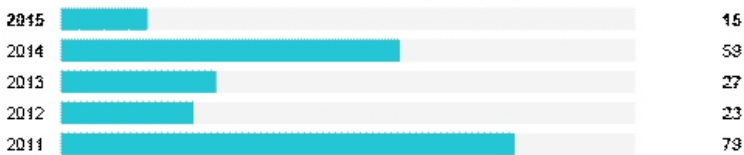
Cairn expects its employees, partners and suppliers to behave honestly, fairly and with integrity. In line with our business principles, we have adopted a zero tolerance approach to bribery and corruption.

### Anti-bribery and corruption

Our anti-bribery and corruption management system (ABCMS) has been developed to manage such risks through all stages of the exploration and production life cycle. Country- and Company-level anti-bribery and corruption risk screening forms an important part of the decision-making process when entering new countries or negotiating with potential partners and major suppliers. We also subscribe to a number of due diligence tools, which enable us to complete comprehensive risk assessments of business partners, suppliers and other third parties.

As part of our ongoing commitment to establishing a culture of zero tolerance to bribery and corruption, we continued to deliver a series of training workshops across the Group in 2015. This included a bespoke ABC workshop delivered to all our Senegal employees. To supplement and enhance our approach to managing bribery risks in Senegal, we also worked with local specialists to provide additional support in conducting risk assessments and developing training material and procedures. In addition, an anti-bribery and corruption e-learning training module has been developed, which was rolled out to all staff and selected consultants in Q1 2016.

Employees trained in Cairn's anti-corruption policies and procedures (%)



See [Business ethics and anti-corruption](#).

### Whistle-blowing procedure

Through our whistle-blowing procedure, employees are encouraged to report any incident they believe may compromise our Code of Business Ethics. They can do this in a number of ways, including using a confidential phone line, or speaking directly to their regional director. Where appropriate, the procedures can also facilitate an independent investigation of any matters raised. The Group whistle-blowing procedure was reviewed and approved by the Board in December 2015.



Cairn is now registered with the whistle-blowing charity Public Concern at Work, which offers staff an alternative way of reporting an issue if they are not comfortable using internal procedures.

There were no reported incidents raised through the whistle-blowing procedure in 2015.

## Social investment

Our social investment projects are developed through a process of community engagement, consultation and participation and using a transparent decision-making process that aims to ensure that any payments made are aligned with our Business Principles and comply with our ABCMS (see [Transparency](#)).

## Monitoring and checking procedures

Cairn has a well-developed framework in place to ensure compliance with national laws and conventions. Regulatory approval for our activities is often granted subject to specified conditions and in accordance with local requirements and the terms laid down in our Corporate Responsibility Management System (CRMS). We maintain compliance registers to monitor activities and ensure compliance with these conditions.

At an operational level, regional directors are accountable for all activities within a given region, supported by health, safety and environment (HSE) personnel who advise on CR regulations, permits, and developing and implementing asset CR plans. Employees are encouraged to be vigilant about reporting any actual or potential risks and non-compliances.

At a corporate level, assurance in 2015 was provided by the Risk and Compliance department. This is often supported by peer reviews, benchmarking against standards, government audits, internal audits and appraisals from potential lenders.

**Zero**  
infringements of the Code of Business Ethics in 2015.





# Human rights

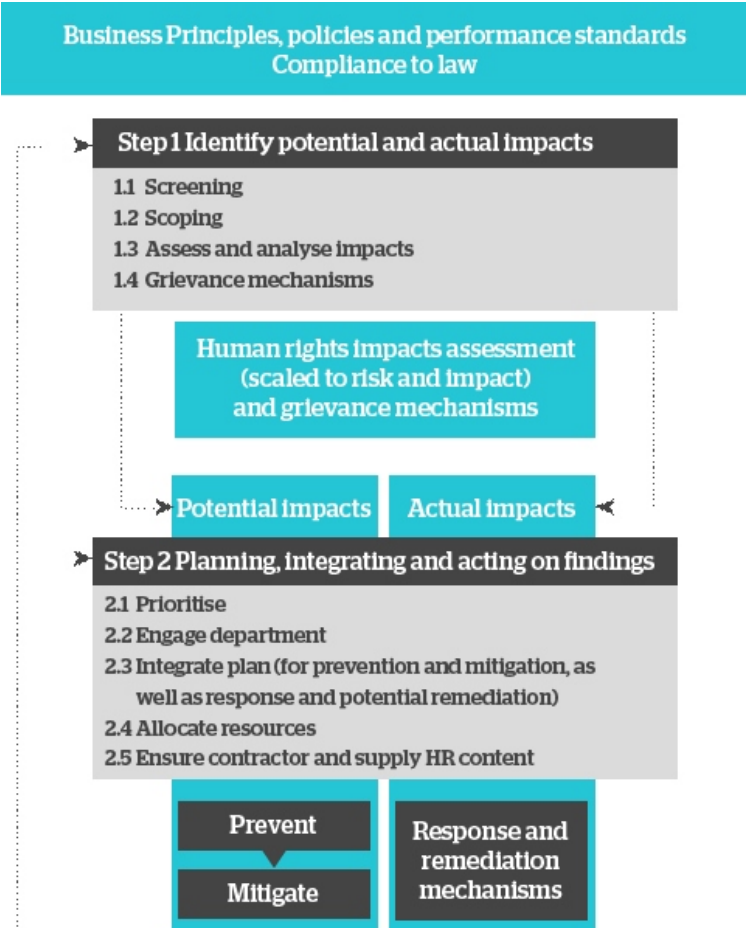
Cairn is committed to a culture that supports internationally recognised human rights, and applies a ‘rights aware’ approach in identifying, assessing and addressing issues that fall within our scope of influence.

Respect for human rights is one of Cairn’s key priorities, and one of our defining Business Principles. We seek to apply the principles contained in the Universal Declaration of Human Rights (UDHR), which are within our sphere of influence and activities. This includes the rights of employees and individuals who may be affected by our activities.

Meeting our responsibility to respect human rights is critical to the development and maintenance of effective relationships with our workers and the communities in which we operate.

We are committed to a culture that supports internationally recognised human rights and seeks to ensure non-complicity in any human rights abuses. We apply a ‘rights aware’ approach in identifying and assessing any human rights at issue in our activities, and defining actions to be taken to address them.

Cairn has taken a proactive position with regard to human rights risk management for many years. Our Human Rights Handbook contains guidance for managers on assessing human rights issues. This helps to ensure that human rights is one of the Corporate Responsibility (CR) risks considered at key stages of every project, and is reflected in our Project Delivery Process (PDP) (see [Operational and project performance](#)). We use a five-step approach to identify and assess human rights issues in our sphere of influence.





### Step 3 Monitoring, measuring and tracking

- 3.1 Establish baseline
- 3.2 Log issues
- 3.3 Monitor
- 3.4 Update risks

### Account

### Step 4 Communicating and reporting

- 4.1 Key milestones
- 4.2 Internal reports and communication
- 4.3 External reports and communication

### Step 5 Reviewing

- 5.1 Review and report on compliance
- 5.2 Predicted versus actual impacts
- 5.3 Revisit plan

Our guidelines are governed by the UDHR and the United Nations' Guiding Principles on Business and Human Rights, as well as taking into account guidance from the International Petroleum Industry Environmental Conservation Association (IPIECA) and the European Union (EU).

We apply human rights screening as part of the Company's comprehensive due diligence process before entering a country as an operator. When considering a non-operated joint venture, we identify and check any human rights issues and establish any risks requiring management by the operator before proceeding. For operations, we will assess human rights impacts either within an Environmental and Social Impact Assessment (ESIA) or where necessary, we undertake a Human Rights Impact Assessment (HRIA). If, following these assessments, any potential human rights impacts are identified, we use a 'rights aware' approach, which recognises that the most effective way to manage these issues is through our core business operations.

## Respect for our employees

We believe that by promoting a work environment in which people are treated with dignity and respect, we can maintain a loyal, motivated and effective workforce. This includes ensuring fair and just rewards for employees' contributions and supporting opportunities for professional development.

We also have policies in place covering the areas of recruitment, grievance, harassment and equal opportunities, which seek to ensure that all current and potential employees are treated fairly.

We respect the rights of freedom of association and collective bargaining. Although we do not have any employees who are unionised or have any collective agreements in place, we do consult our workforce on organisational issues on a regular basis and through a variety of other means. We respect those contract employees who work with us and their membership of unions which we consider during our contracting activities (see [Culture and engagement](#)).

## Respect for communities

A fundamental respect for human rights is critical to the maintenance of the good working relationships we have with the local communities with which we interact.

As an oil and gas exploration and development company, our activities may at times have the potential to impact local communities. This may be temporary for exploratory and appraisal work (e.g. for seismic surveys, exploratory drilling, road access), and/or for longer periods for permanent facilities (e.g. production wells, processing facilities, pipelines, roads). Potential impacts may include the use of scarce local resources, for example water, land or other natural resources. We recognise that this use of resources can have an adverse impact on communities, and on others that use the natural resources, in terms of physical displacement (relocation or loss of shelter) and economic displacement (loss of assets or access to assets that leads to loss of income sources or means of livelihood). Our ESIA's, carried out for all major operational activities, help us to identify potential impacts on resources important to the local communities and identify plans to eliminate, minimise and/or mitigate any impacts, which are then included in our Environmental and Social Management Plans (ESMPs).

Our CR Management System sets out our approach to managing potential community impacts in accordance with the International Finance Corporation's (IFC) Performance Standard 5, requiring the development of action plans in cases where activities could lead to economic or physical displacement.

In 2015, our drilling and seismic operations were carried out offshore Senegal, with some onshore support operations in established ports. No physical displacement of individuals, or any identified economic displacement of individuals or communities resulted from our operations. Our ESIA's and ESMPs were or updated for all drilling and seismic programmes conducted in 2015.

In addition, we recognised the importance of keeping local fishermen informed of our day-to-day operations and we put in place a mechanism whereby they were able to understand our activities to reduce impact and also able to provide us with feedback.

## Grievances and concerns

Occasionally, during the lifetime of a project, unforeseeable human rights or other stakeholder issues can arise. In these cases, whether they apply to whole communities or individuals, we apply the UN's 'Protect, Respect and Remedy' Framework.

There are also various ways in which employees or contractors with concerns about human rights issues can take issues forward, including the Company's whistle-blowing procedure.

In 2015 we received a small number of public enquiries regarding our participation in Western Sahara where we are a non-operator and we responded in detail to all these enquiries. In addition, specific issues raised via the operator's grievance procedures regarding Cap Boujdour were tracked and challenged where necessary.

### Case Study - Addressing concerns regarding seismic activities offshore Senegal

We completed a 3D seismic campaign offshore Senegal within the Rufisque, Sangomar and Sangomar Deep blocks, where there are significant marine resources in the area



important to local fishing activities.

To address stakeholder concerns, a number of activities were undertaken to consult with local representatives:

**Submissions** were made to national and regional authorities to explain the scope of the operations and an Environmental Assessment Report was compiled to identify environmental sensitivities in the areas and formulate management measures to ensure our operations had a minimal impact on marine life. To monitor implementation of these measures, the seismic vessel included a marine mammal observer who, along with advising and reporting on compliance to environmental management measures, also collected data on encountered marine mammals and bird life. This environmental data will be shared with the Senegalese Government authorities to add to their national information resource.

**Channels of communication** were set up with fishing organisations and maritime authorities. Ahead of operations, information flyers were produced to ensure that the local fishing communities understood how seismic projects are undertaken. We provided information relating to the essential actions to be taken by any fishing vessels encountering the seismic operations, including a diagram showing the safe working distances around the 8km x 1km streamer spread layout. Through seismic operations, radio announcements were made providing information on where our operations would be in the coming days. We initially deployed two boats and a support vessel to warn and guide fishermen out of the path of the seismic vessel. As the level of fishing activity encountered, was higher than anticipated, particularly closer to the coast. We completed the campaign with four boats and a support vessel. Communication was facilitated by French and Wolof speaking fisheries liaison officers on board the vessels.

**A claim procedure for potential claims** was promoted to receive and address potential complaints as well as provide an ongoing means for asking further questions. We received a single claim for damaged fishing equipment and this was addressed using the claim procedure.



## Transparency

Cairn is committed to being open and transparent in all aspects of its business, communications and reporting.

### Payments to governments

There are a number of transparency initiatives applicable to Cairn that require additional reporting on payments to governments now and in the future. The two main initiatives applicable to Cairn are the European Union Accounting Directive and the Extractive Industries Transparency Initiative (EITI).

The EU Accounting Directive applies to Cairn as a listed extractive company and requires parent companies to disclose certain payments to governments on a country-by-country basis for the entire Group. It was recommended that adoption commence on or after 1 January 2016; however, the UK adopted early with an effective date for accounting periods commencing on or after 1 January 2015.

The EITI is an international standard that is voluntarily entered into by governments in order to promote openness in respect of the management of revenues from natural resources. We support transparency of tax contributions and other payments to governments and as such became a Participating Company of the EITI in September 2013.

Under EITI regulations, governments disclose how much they receive from extractive companies operating in their country and companies disclose how much they pay. Payments are then validated and reconciled by an independent administrator appointed by the EITI Multi-Stakeholder Group (MSG). Implementation of the EITI in every participating country requires appointment of an MSG. Norway joined the EITI in 2009, Senegal in 2013 and the UK in October 2014, and all have appointed MSGs. No other countries in which Cairn operates have joined. We are actively participating in EITI working groups in Senegal.

As Cairn operates in various territories with diverse tax obligations and requirements, we are committed to ensuring that in every territory we comply fully with local tax rules and regulations. Cairn's Tax Policy does not permit any artificial tax planning and, in managing its tax affairs, the Group must align any planning with genuine commercial activity.

Payments required to be disclosed under the EU Accounting Directive are aligned to those required to be disclosed under UK EITI and comprise the following:

- production entitlements;
- taxes levied on income, production or profits (excluding VAT, personal income tax or sales tax);
- royalties;
- dividends; and
- signature, discovery and production bonuses.

As at 31 December 2015, Cairn's remaining holding in Cairn India Limited (CIL) was approximately 10%. The retroactive tax claim made by the Indian Tax Department is addressed in the Financial Review of the [2015 Annual Report](#).

As in previous years, we have disclosed our payments to governments. These disclosures include both payments to governments included in our EITI reporting, such as corporate income tax, licence fees and withholding tax suffered, and additional payments made including VAT, payroll taxes and social security costs.

Our EITI submission to Companies House will be made in the first half of 2016; a copy will be available from that time on our website.

In 2015, we also accommodated the requirements of the EU Accounting Directive and improved the way in which we report information. We have incorporated a comparison of data for 2014 (see [Payments to Governments](#)).

### Sustainable social investment

We seek to make a positive social impact in locations in which we work. We contribute to community and social development through our core business activities, such as energy and infrastructure in the countries in which we operate as well as through payment of taxes, employment opportunities, skills development and trade with local enterprises. We ensure we apply our Anti-Bribery and Corruption (ABC) management system when dealing with contractors to ensure transparency.

Cairn also adds to benefits generated by our operations through focused and appropriate social investment. We have set criteria for social investment activities that aim to ensure that longer-term projects are sustainable, with plans in place from the outset to continue without Cairn's contributions, typically beyond an initial three-year period. Our projects are also developed through a process of community engagement, consultation and participation and using a transparent decision-making process that aims to ensure that any payments made are aligned with our Business Principles and comply with our ABC management system.





In 2015, we commenced implementation of a four-stream social investment programme in Senegal with the following themes: 'education and training'; 'enterprise development'; 'environmental health and wellbeing'; and 'charitable giving and humanitarian aid' (see [Social and economic benefits delivered in Senegal](#)).

## Communicating with shareholders

Communications with shareholders are given high priority by the Board. The Company has implemented the provisions of the Companies Act 2006 regarding electronic communication with its shareholders, in order to give shareholders more choice and flexibility in how they receive information from the Company. Cairn responds promptly to correspondence from shareholders and its website contains a wide range of information on the Company, including a dedicated investor relations section.

In order to ensure that the members of the Board develop an understanding of the views of major shareholders, there is regular dialogue with institutional shareholders, including meetings with executive management after the announcement of the year-end and half-yearly results. The Chairman is available to attend a number of these meetings. The Board is kept informed of any issues raised by shareholders as a standing agenda item in Board papers, through feedback at pre-Board meetings and following results or other significant announcements. In addition, the Company maintains an investor relations database, which details all meetings between the Company and its investors or other related stakeholders. All analyst reports relating to the Company are also distributed to the Board.

A list of the Company's major shareholders can be found on the [Institutional investors page](#). The Company recognises that the success of the comply-or-explain approach under the UK Corporate Governance Code depends on an ongoing and open dialogue with shareholders, and remains committed to communicating with shareholders, as well as proxy voting agencies, on any matter they wish to discuss in relation to the Company's governance.

## Communicating with other stakeholders

For a new project or country entry, we undertake a stakeholder identification exercise. We draw on local, corporate and external knowledge to do this. From this, we develop a Public Consultation and Disclosure Plan (PCDP), which is matched to stakeholder concerns, the materiality of issues and risks to the business. Engagement plans are therefore bespoke to each project. PCDPs are regularly updated.

Our stakeholder engagement model follows the principles of 'Materiality', 'Inclusivity' and 'Responsiveness' as defined in AccountAbility's AA1000 Accountability Principles Standard (AA1000 APS). This ensures that we engage with internal and external stakeholders, identify and assess our most important Corporate Responsibility (CR) issues, and address and respond to them in a structured way.

We also use the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines G4 at a 'Core' level. We follow its content principles of materiality, stakeholder inclusiveness, sustainability context and completeness; and its quality principles of balance, comparability, accuracy, timeliness, clarity and reliability.

In 2015, we have increased our feedback from stakeholders on material issues for the Company by focused stakeholder engagement with representative groups by an independent expert (see [Community engagement](#) and [Stakeholder views on Materiality](#)).

**US\$9.5million**  
of payments paid to the Senegalese Government in 2015.

**£656,000**  
total group social investment in 2015.



# Corporate governance

## Board meetings that considered CR issues

(%)

	2013	2014	2015
Cairn total	100	100	100

**Note:** Figures for board meetings that considered CR issues are only available for 2013 onwards.

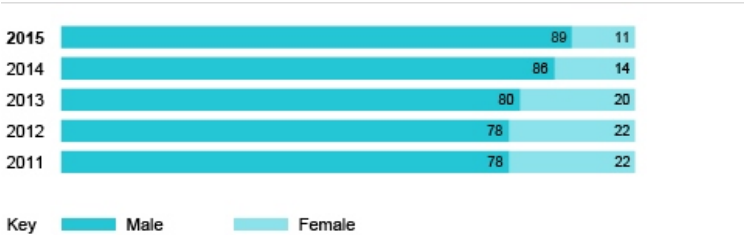
**Note:** The Board is ultimately accountable for ensuring Cairn meets our standards of Corporate Governance. It provides a leadership role in risk management and requires routine updates on CR related risks and performance. CR performance is a standing item on the Board agenda and the Board received a CR corporate and operational update at each Board meeting in 2015. It also routinely examines the status and management of high risk issues facing the company. The Board received performance update papers for each meeting in 2015 and in addition reviewed the risk appetite statement and held a risk awareness workshop. This indicator measures the proportion of Board meetings that covered CR matters and is measured through inspection of CR reports and other CR related submissions.

## Gender breakdown of Cairn's board of directors

Chart: Gender breakdown of Cairn's board of directors

Table: Gender breakdown of Cairn's board of directors

(%)



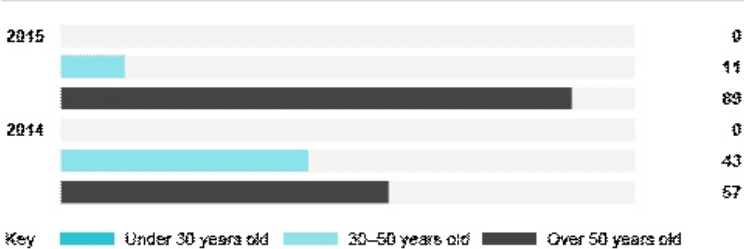
	2011	2012	2013	2014	2015
Male	78	78	80	86	89
Female	22	22	20	14	11

## Age breakdown of Cairn's board of directors

Chart: Age breakdown of Cairn's board of directors

Table: Age breakdown of Cairn's board of directors

(%)



	2011	2012	2013	2014	2015
Under 30 years old				0	0
30-50 years old				43	11
Over 50 years old				57	89

## Cairn's board members from minorities

(%)

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	2011	2012	2013	2014	2015
Total				0	0

**Note:** Figures for age breakdown of Cairn's board of directors and board members from minorities are only available for 2014 onwards.



# Business ethics and anti-corruption

## Operations assessed for risks related to corruption

(number/%)

	2014	2015
Cairn total	8/100	4/100

**Note:** Significant risks identified include:

1. Risk of corruption acts in the supply chain.
2. Risk of local contractors not being adequately trained on anti-bribery and corruption.
3. Risk of not adapting corporate anti-bribery and corruption management system to the local culture.
4. Risk of operating in jurisdictions perceived as high risk for bribery.
5. Risk of poor communication and monitoring of anti-bribery and corruption policies and procedures.

**Note:** For the purposes of this indicator we define an operation as a country in which we had operational activity (including field and office activity) in the reporting year. It should be noted that we may have more than one set of assets in a given country.

**Note:** All of the operations included have been assessed for risks related to corruption although the assessments may not have taken place in the reporting year itself.

## Total communicated to on anti-corruption policies and procedures

(number/%)

	2014	2015
Board members	7/100	9/100
Total employees	178/100	151/100
Total management grade employees	56/100	48/100
Total non-management grade employees	122/100	103/100
Business partners		12/75
Business partners – significant suppliers		11/85†
Business partners – joint venture partners		1/33‡

**Note:** Data on business partners communicated to on anti-corruption policies and procedures is only available for 2015.

**Note:** Significant suppliers are defined as any that require approval from Cairn's Contracts Committee.

**Note:** †Only two of all the significant suppliers did not have Cairn's anti-bribery and corruption policies communicated to them. They were data/software providers.

**Note:** ‡Cairn communicated its anti-bribery and corruption policies to the joint venture partner that was involved in operations. The others were non-operated partners who were given access to Cairn's anti-bribery and corruption policies.

**Note:** The following notes explain the processes Cairn goes through to ensure that anti-corruption risks are assessed and to ensure its anti-corruption policies and procedures are communicated to its business partners.

In line with the requirements outlined in the UK Bribery Act, Cairn applies a risk-based approach to assessing corruption risk prior to establishing new operations and contracting with new joint venture partners and suppliers. Cairn considers a number of factors when determining the level of anti-bribery and corruption due diligence to be completed, such as the Corruption Perceptions Index score for the relevant country and the level of contact the business partner is expected to have with public officials. These factors are objectively scored, and the appropriate level of due diligence is determined accordingly. This process is mandatory for all Cairn Group companies, business units and locations.

In addition, all Cairn contractors are required to comply with Cairn's Group Business Ethics Policy and its Business Principles. Consequently, these policy documents are incorporated into contracts entered into by the Cairn Group with suppliers, consultants and agents.

As Operator (or prospective Operator) under a licence, we provide the relevant Government with details of our anti-bribery policies and procedures in the following circumstances:

In the course of submitting an application under a licence bid round.

Where requested by the party from whom we are acquiring an interest in a licence.

In the course of requesting consent from the relevant government to an acquisition of interests (if required).

Where otherwise requested by the relevant government.

Up-to-date versions of Cairn's anti-bribery and corruption policy documents are displayed on the Cairn Energy website at all times.





## Employees communicated to on anti-corruption policies and procedures, and country breakdown

(number/%)

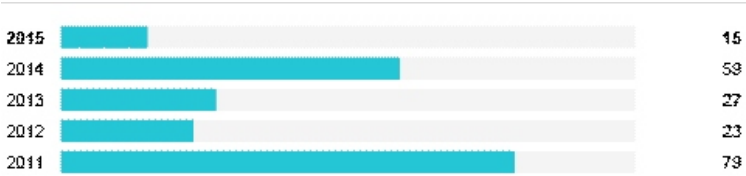
	2014	2015
Greenland	1/100	NA
Morocco	2/100	2/100
Norway	17/100	21/100
Senegal	NA	1/100
Spain	3/100	NA
United Kingdom	155/100	127/100

## Total employees trained in Cairn's anti-corruption policies and procedures

Chart: Total trained in Cairn's anti-corruption policies and procedures

Table: Total trained in Cairn's anti-corruption policies and procedures

(%)



(number/%)

	2011	2012	2013	2014	2015
Board members				0/0	7/78
Total employees	118/79	42/23	56/27	105/59	23/15
Total management grade employees	35/73	9/16	24/34	30/54	13/27
Total non-management grade employees	83/81	33/27	32/24	75/61	10/10

**Note:** Figures on board members trained in Cairn's anti-corruption policies and procedures are only available from 2014 onwards.

**Note:** The Board received anti-bribery and corruption training at the Board meeting in March 2015. Two new Board members joined the Company after the training was provided.

**Note:** All Cairn employees have been trained in Cairn's anti-corruption policies and procedures, but these are the figures for employees who received training in the reporting year. The majority of employees received training at the end of 2014 and the rest were trained in 2015.

## Employees trained in Cairn's anti-corruption policies and procedures, and country breakdown

(number/%)

	2014	2015
Greenland	0/0	NA
Morocco	0/0	0/0
Norway	6/35	0/0
Senegal	NA	0/0
Spain	0/0	NA
United Kingdom	99/64	23/18

**Note:** All Cairn employees have been trained in Cairn's anti-corruption policies and procedures, but these are the figures for employees who received training in the reporting year. The majority of employees received training at the end of 2014 and the rest were trained in 2015. A training workshop was delivered to all personnel in the Senegal office in September 2015, however these were all contractors so are not included in these figures.

**Note:** An employee is defined as a person employed by and on the payroll of Cairn. Persons employed under short-service contracts are included as Cairn employees provided they are paid directly by Cairn. Personnel who are contracted for more than 3 months to an organisational position and who are categorised as 'other workers' in the database are not included in the employee numbers for these indicators.

**Note:** Data on board members cannot be broken down by country as Cairn has only one board of directors which is located in the UK. Data on business partners cannot be broken down by country as they only include business partners in Senegal, our only operational asset in 2015.



## Total business ethics

		2011	2012	2013	2014	2015
Incidents of non-compliance with Cairn's 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	(£ pounds sterling)	0	0	0	0	0

## Investment proposals that covered results of CR due diligence

(%)

	2013	2014	2015
Investment proposals	100	100	100

**Note:** Investment Proposals (IPs): In 2015 Cairn required that any new investment with a net expenditure in excess of \$1 million should be assessed against specified investment criteria, which include an assessment of the potential CR risks involved with the opportunity. For those investment opportunities that are taken forward to the Board for approval, an Investment Proposal (IP) is required which summarises the outcome of the review (including the CR assessment), the recommended terms of the offer and how the opportunity would be managed in the event of success. These IPs are signed off by all Functional Department Heads, the Chief Operating Officer (COO) on behalf of the Management Team (MT) and the Chief Executive Officer (CEO) on behalf of the Executive Team (ET).

## Anti-competitive behaviour

(number)

	2014	2015
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	0	0



# Payments to governments

## Total payments to governments

(US \$'000)

	2014	2015
Licence, rental and entry fees	1,475	1,033
Infrastructure improvements	1,995	0
Corporate Income Tax	(66,000)	(51,865)
Withholding tax withheld on payments to group companies	4,029	333
VAT	(9,285)	(6,257)
Customs Duty	1,058	309
Training allowances	987	607
PAYE and NI	16,069	18,009
Withholding tax withheld on payments to third parties	28,051	10,095
Other	5,460	1,388

## Payments to governments

(US \$'000)

	2014	2015
Licence, rental and entry fees:		
Greenland	779	205
Ireland	214	68
Malta	146	551
Mauritania	136	61
Norway	37	0
Senegal	107	107
Spain	43	0
United Kingdom	13	41
Infrastructure improvements:		
Morocco	1,995	0
Corporate income tax:		
Ireland	0	0.3
Norway	(66,000)	(51,865)
Withholding tax withheld on payments to group companies:		
Morocco	4,029	333
VAT		
Ireland	(23)	17
Malta	0	(251)
Morocco	16	20
Norway	(2,024)	(1,533)
Spain	(170)	(105)
United Kingdom	(7,084)	(4,405)
Customs Duty		



Senegal	1,058	309
<b>Training allowances:</b>		
Greenland	539	0
Malta	38	0
Morocco	176	271
Senegal	200	200
Mauritania	34	136
<b>PAYE and NI:</b>		
Greenland	228	20
Morocco	154	29
Norway	3,794	2,714
Spain	216	132
United Kingdom	11,677	15,114
<b>Withholding tax withheld on payments to third parties:</b>		
Greenland	0	236
Ireland	14	0
Morocco	14,495	1,011
Senegal	13,542	8,848
<b>Other:</b>		
Greenland	536	416
Ireland	245	0
Morocco	2,232	362
Nepal	0	516
Norway	2,343	58
Senegal	104	36

**Note:** Data has been provided for individual countries where relevant payments have been made.

**Note:** We disclose gross payments for assets that we operate and net payments for our non-operated assets.

**Note:** Negative figures reflect refunds received. These figures represent a net of payments and refunds.

**Note:** We are reporting a greater number of payment categories this year. Data in this format is only available since 2014. 2014 figures have been reorganised into the new categories but totals remain the same.

Cairn reports these figures in support of two transparency initiatives, namely the European Union Accounting Directive and the Extractive Industries Transparency Initiative (EITI). The figures include both payments to government included in our EITI reporting, such as corporate income tax, licence fees and withholding tax suffered, and additional payments made including VAT and payroll taxes and social security costs.





# Human rights assessments, grievances and training

## Operations that have been subject to human rights reviews or impact assessments

(number/%)

	2014	2015
Cairn total	5/62.5	2/50

**Note:** For the purposes of this indicator we define an operation as a country in which we had operational activity (including field and office activity) in the reporting year. It should be noted that we may have more than one set of assets in a given country.

**Note:** All field operations have been assessed for risks related to corruption although the assessments may not have taken place in the reporting year itself.

## Total human rights grievances and incidents of discrimination

(number)

	2012	2013	2014	2015
Filed	0	0	0	0*
Filed and addressed	0	0	0	0
Filed, addressed and resolved	0	0	0	0
Filed prior to reporting period but resolved during reporting period	0	0	0	0

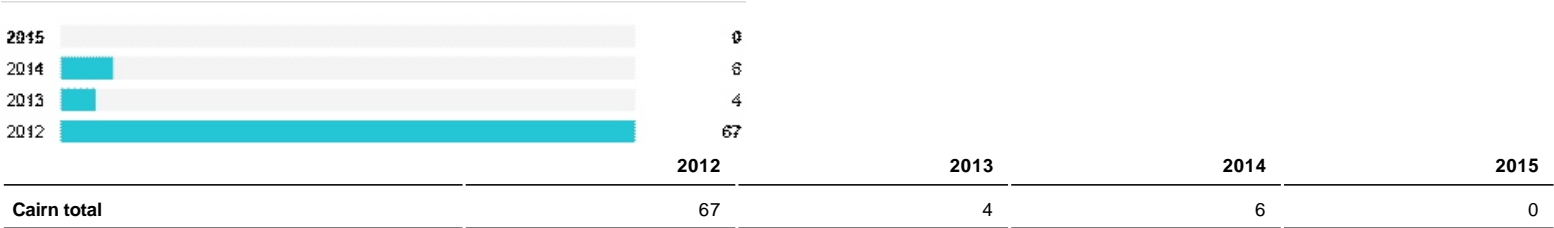
**Note:** \*A grievance was received regarding damage to fishing nets in connection with the offshore Senegal 3D seismic campaign in September 2015. This is included in 'Impacts on society grievances' data.

## Employees trained on human rights policies and procedures

Chart: [Employees trained on human rights policies and procedures](#)

Table: [Employees trained on human rights policies and procedures](#)

(%)



**Note:** An employee is defined as a person employed by and on the payroll of Cairn. Persons employed under short-service contracts are included as Cairn employees provided they are paid directly by Cairn. Personnel who are contracted for more than 3 months to an organisational position and who are categorised as 'other workers' in the database are not included in the employee numbers for this indicator.

## Total employee training on human rights policies and procedures

(hours)

	2012	2013	2014	2015
Cairn total	182	18	28	0

## CR and HR practitioners trained on human rights policies and procedures

(%)

	2013	2014	2015
Cairn total	50	38	0



**Note:** CR (Corporate Responsibility) and HR (Human Resources) Practitioners are defined as employees or 'other workers' (contracted for more than 3 months to an organisational position) who are specialists in Corporate Responsibility or Human Resources.

**Note:** This figure is calculated using the number of CR and HR practitioners in place at the end of the year.

Labour relations

(%)

	2011	2012	2013	2014	2015
Total employees covered by non-retaliation and grievance policy	100	100	100	100	100



# Compliance

## Non-compliance with laws and regulations (excluding environmental)

		2011	2012	2013	2014	2015
Incidents	(number)	0	0	0	0	0*
Non-monetary sanctions	(number)	0	0	0	0	0
Monetary value of significant fines	(£'000 pounds sterling)	0	0	0	0	0

**Note:** \*Cairn filed VAT/withholding tax returns late on four occasions in Morocco in 2015, it incurred penalties of \$0.4MM, the equivalent of approximately 26% of tax payment when it was acting on its own behalf and as agent on behalf of its suppliers. The vast majority of this assessment (\$0.4MM) arose as a result of late filling of annual tax summaries for 2013 and 2014.



## People

Cairn recognises that its people provide the foundation for its success, and place great emphasis on attracting, engaging and retaining the right blend of talent across the business. We strive to provide an open, stimulating and rewarding work environment to encourage high levels of staff engagement and drive strong performance at every level across the organisation. Our Company values of respect, relationships and responsibility are at the very heart of this.

In 2014, Cairn undertook a review of the Group’s organisation to ensure that it was appropriately resourced for the future activity levels and work programme. As a result, by the end of 2014, we had effected a 40% head count reduction across employees and contractors whilst retaining core competencies. The industry has been heavily impacted in 2015 by the continuing low oil price, with consequent reduction in workforces being seen across the sector. Following our actions in 2014, these market conditions did not impact Cairn staff levels in 2015 and we have remained properly resourced with the right skills to enable us to deliver our planned work programme.

With a new organisational structure from 1 January 2015, the focus naturally shifted to further engaging within the organisation and ensuring that we remained best placed from a resource and capability perspective to deliver our 2015/16 business objectives.

In order to provide assurances that the new organisation structure was operating effectively, the business through its internal auditors, conducted a review in Q3 2015, which examined key governance, oversight and communication processes and controls under the new structure. The review concluded that the business was effectively structured following the 2014 reorganisation, with only a very small number of low- to medium-risk development areas identified, which have since been addressed.

### 2015 highlights

- Development of a revised succession plan.
- Management ‘Bootcamp’ training developed and rolled out to an initial group, ‘cohort’, of managers.
- Comprehensive review of all UK HR policies.
- Further embedding of performance management across the Group.
- Enhanced health and wellbeing provision through implementation of new Private Medical Insurance 2016 objectives.
- Further Management ‘Bootcamp’ training.
- Investors in People re-accreditation.
- Refresh of on-boarding and recruitment process.
- Roll out of revised UK HR policies, standards and guidelines.

### 2016 objectives

- Review the People Management Policy Manual.
- Refresh the staff induction and roll-out of e-learning.
- Improve travel risk assessment and support for travellers across the Group.
- Further improvements to health and wellbeing.



## Learning and development

Cairn aims to develop the talents of our staff, actively supporting people to develop their skills and career, by ensuring they receive training and gain the necessary experience to perform their jobs effectively, to help Cairn deliver its strategic objectives.

In November, we launched our Management Bootcamp programme; a seven-module, management development programme for managers across the business. This will continue throughout 2016 to enable all our managers to attend, and aims to support staff in further developing and refining their management skills to best deliver results through people.

Our geoscientists continued professional development through various field trips to help understanding of different geologies in basins similar to those we are working in. With staff from across the regions and functions attending, this also provided an opportunity for teambuilding.

Lunch and Learn seminars continue to be popular with staff and we had another varied and comprehensive programme during 2015. The programme included a mix of internal and external speakers, focusing on topics that ranged from oil and gas specific, health and wellbeing, management, and general interest. This year's programme also featured talks from Scottish businessman and entrepreneur Jim McColl OBE and the Scottish academic historian Sir Tom Devine.

Cairn continues to be accredited as an Investor in People (IIP), having been awarded accreditation in 2004.

## Succession planning

Having a structured but flexible approach to succession planning is critical for ensuring successful continuity of the business in the event of a change – either planned or unplanned – in management and leadership or other key positions. Owing to the 2014 reorganisation, it was essential that a revised succession plan be developed for the business.

Following a thorough analysis of the organisation's talent pool, the Board was presented with a revised succession plan which provided a clear understanding of our skills base across the organisation; identified which key roles have potential successors and similarly where there are gaps and risks associated from a succession perspective. Targeted plans were then prepared to confidently address the key gaps identified and recruitment efforts throughout the remainder of the year resulted in successfully filling gaps deemed most critical and unable to be filled internally.





## Culture and engagement

We continue to focus on engaging our employees to ensure they are performing at their best and are satisfied with the nature of the work they undertake.

Employee engagement remained a key focus area in 2015.

We recognise that communication is key to ensuring that people are informed and engaged from both a strategic and operational perspective. As such, we continued to communicate through regular team and staff meetings as well as updates from senior management. We also introduced the new step of offering staff the opportunity to pose questions anonymously in advance of town hall staff meetings to ensure that areas of particular interest or concern could be addressed. In addition, our executive directors host regular 'coffee and chat' sessions with small groups from across the business to facilitate conversations on strategy, operations and the working environment.

As part of our commitment to Corporate Responsibility, we encourage staff to participate in volunteering opportunities and provide up to three days' volunteering paid leave per year. In 2015, a number of staff participated in two team charity events. These events included a 50 mile cycle from Glasgow to Edinburgh to raise money for Bowel Cancer UK and a 26.2 mile walk over the hills in the annual Pentland Push, raising funds for St. Columbas Hospice. As well as raising money and awareness for these very deserving charities, the events gave the opportunity to teambuild and encourage employees to get active. In total, £15,000 was raised with widespread support among employees.

The Company Social Committee is an active part of Cairn and gives staff opportunities to mix with their colleagues from across the organisation, helping to foster positive working relationships and a collaborative work environment.

## Office environment and security

In 2015, we undertook an office refurbishment in Edinburgh. The office space was reconfigured on a regionally focused basis to help support the delivery of the Group's work programmes, with an emphasis on creating an open, collaborative environment allowing ease of communication across regions and functions. To further enhance our commitment to health and safety, new health, safety and environment (HSE) and security communication posters were created and placed in focal points across our offices as a reminder to all staff that health and safety is at the forefront of all that we do.

The Company, in conjunction with Police Scotland, also delivered a series of security workshops in the Edinburgh office. Sessions were aimed at raising staff awareness in the current environment and included the roll out of new Cairn-specific office security handbooks. These were well-received by all those who attended.



## Performance and reward

Recognition and reward are key to engaging and motivating our people.

Cairn has a performance management process designed to reward, recognise and drive positive individual, team and organisational performance and behaviour. The process was streamlined and implemented in 2014 and continued to embed across the business in 2015. The alignment of individual objectives to team goals and Company Key Performance Indicators (KPIs) are core to the process, which is further supported through monthly 1-to-1 meetings between staff and their line manager. This enables employees and managers to be engaged, give and receive feedback, regularly discuss progress being made against objectives and ensure that efforts are continuing to focus in the right areas. It provides a means to discuss in depth each employee's development and future career aspirations in the Company. The performance management process is also intended to reinforce the importance of the Company's high-performing behaviours and company values of respect, relationships and responsibility, thereby ensuring staff at all levels are aligned in their understanding of 'how' our business undertakings – both internally and externally – should be conducted to best deliver objectives.

Recognising staff for their efforts is also an important element of employee engagement. Our Cairn Adding Value Award scheme (CAVA) flourished in 2015, with awards made to a variety of nominees for wide-ranging reasons over the year. The CAVA scheme, which is overseen by the CEO, is intended to reward outstanding achievements and behaviours, recognising those who accomplish an extraordinary achievement outwith their normal responsibilities. In 2015, recipients included staff who developed processes, systems or solutions that resulted in significant cost savings; those who went out of their way to go above and beyond that expected of their role; and those who delivered exceptional results in challenging circumstances.

## Employee wellbeing

Having undertaken a review of our private health insurance scheme for UK-based staff following feedback from staff, the Company transferred to a new supplier with a view to providing an enhanced level of cover. As part of this transfer, the Company added two new benefits available to staff: dental cover and annual health assessments. Feedback on the new provider has been excellent with 73% of the UK-based staff taking advantage of the optional health checks by the end of 2015.

In addition, Cairn launched a health and wellbeing intranet site to encourage healthy lifestyles. As well as providing information on health and wellbeing themes, various initiatives were rolled out, including healthy eating advice, a Mindfulness 'Lunch and Learn' session and a summer walking group.

## Total reward statements

Cairn recognises that its people are core to the business and understands that success depends upon the wholehearted support and commitment of employees. Our employee package is intended to reflect this and we regularly review the overall benefits package on offer to ensure we remain competitive.

To help employees to better understand the breadth and value of the total rewards and benefits, the Company issued personalised total reward statements to all our staff in 2015, which included not only salary but also health and wellness-related benefits, retirement benefits, and others.



## Diversity

The Company continues to be committed to equality and diversity, and recognises that a diverse workforce is fundamental to our business and essential for the delivery of our objectives.

We understand the importance of a diverse workforce in broadening our skill base, bringing different approaches, perspectives and ideas, challenging norms and encouraging creativity, all of which support the business in successfully achieving its goals.

Our People Management Policy manual has a section dedicated to diversity, which lays out the Company's overall position on equality and diversity and how this is implemented with respect to areas such as recruitment and selection, training and development, and remuneration and benefits. The section also includes policies specific to disability, religion and belief, and the treatment of those employed on a part-time basis. We continue to capture data on the gender, nationality and disability of our appointed staff through our voluntary equal opportunities form.

While it remains an area of continued focus, we are proud that our workforce now comprises 16 different nationalities and is made up of 48% women. Currently, 25% of management roles are held by women and since May 2015, women represent 20% of the Company's appointed Management Team (increasing from 8%). Our practice continues to be to engage with the local talent in our international offices and we seek, wherever practicable, to fill our local resource needs with nationals of the country of operation.

### At year-end 2015:

- 48% of Cairn staff were women (73 of 151 employees);
- 7.3% of Cairn staff worked part time (11 employees);
- 86% of women returned to work following maternity/adoption leave (six of seven employees) and 100% of men returned following adoption/paternity leave;
- 16 different nationalities were employed at Cairn;
- 3.3% of the workforce had a disability (five employees);
- the average age at Cairn was 43;
- 25% of management roles were held by women (12 of 48 managers); and
- one of the nine members of the Board was a woman (11%).

See performance data [Employees, contractors, diversity and equal opportunity](#).





## Health, safety and security

A number of important issues highlighted by the materiality process relate to protecting people's health, safety and security, and preventing major accidents.

Cairn is committed to operating safely and responsibly at all times, ensuring the wellbeing of our employees, our contractors and local communities where we operate. In 2015, we revised our Corporate Responsibility Management System (CRMS), which reflects our Business Principles, CR policies, the overarching framework of operating standards and the standard operating procedures that govern our operations.

## Responsibility

Our Senior Leadership Team is responsible for embedding the CR approach and procedures across the Group. Applying them to our operating environment falls to the Management Team. We have set in place a safe system of work that employees and contractors must take responsibility for following. Regional directors are responsible, at an operational level, for ensuring that operations adhere to our health, safety and environment (HSE) standards and procedures; that all risks are managed to As Low As Reasonably Practicable (ALARP) levels; and plans are in place to manage risks. We have a robust incident management process that ensures incidents are recorded and investigated as required, and lessons are learnt. Assurance of the implementation of these standards is overseen by the most senior company personnel and performance updates are reported to the Board.

The importance given to HSE performance is also recognised in Cairn's Remuneration Policy. The Remuneration Committee has assigned a 15% weighting in the Group's 2015 and 2016 Key Performance Indicators (KPIs). Performance against the Group's KPIs is an important criterion for assessing the annual discretionary bonus and individual performance (see [CR objectives and KPIs](#)).

## Health management

During our planning process for work in Senegal, we identified a specific need to address health issues in West Africa and this focus continued in 2015. The primary concern was, and remains, effective understanding and management of potential exposure to malaria and other infectious diseases. In 2015, in collaboration with the well activities delegate, we implemented effective online briefing and management arrangements to raise awareness of malaria among all personnel, and demonstrated practical measures to avoid it.

In 2015, we saw a decline in Ebola cases across West Africa and the risk to exposure in Senegal remains low; however, the online awareness briefing session implemented in 2014 remains an integral part of pre-travel to the region. Cairn continues to monitor the situation and manage our operations accordingly (see [Supply chain](#), [Contractor engagement](#)).

Cairn also continues to assess threats to the health of personnel travelling on business to new locations and, where there is a risk from endemic diseases, provide appropriate advice and the support of healthcare providers. We have continued to build on the improvements made in 2014 and this has been integrated into the travel management process to ensure all travel is managed according to the risks presented.

## Contractor engagement programme

A key element of Cairn's approach to safety is applying the lessons learnt from previous operations. Such lessons are seen as an opportunity for improvement and we initiated a high-profile programme to enhance engagement of all our key contractors at an early stage in the planning process. This was one of the main indicators of performance identified for 2014 carried into 2015, with the successful introduction of a new Shorebase Operations Guidance Document, which provides front-line operational staff with the required tools to ensure safe and efficient operations. In addition, we have worked with our well activities delegate in Senegal to clarify contractor responsibilities and instituted monthly contractor health and safety meetings to improve integrated working.

Effective contractor management includes senior managers proactively working with our lead contractors to promote and reinforce good HSE and Corporate Responsibility (CR) behaviours. In 2015, we enhanced HSE supervision and are training two local Senegalese HSE Advisors to strengthen our HSE team. We also ran specialist lifting training for our contractors in Senegal, building on the training received in 2014, to improve skills for handling specific equipment used in our industry. The absence of any Lost Time Injuries (LTIs) in 2015 can be attributed in part to the success of this programme and the strong field leadership of the Senegal base and offshore teams. Indeed, our Senegal base celebrated over 900 days without an LTI in January 2016, a substantial achievement in a difficult and complex location.

### Senegal case study

The primary contractors in our Senegal campaign provided a wide range of services, including drilling rig, aviation, vessel and supply base services and drilling support activities, such as chemicals, logging services, fuel, waste management and surveys. In addition to our standard planning and operational activities to highlight risks through our Project Delivery Process (PDP), senior personnel emphasised the importance of HSE and CR to Cairn and stressed that risks are understood and time is taken to operate safely in order to achieve all our objectives. All key contractors were engaged early at senior level by asset managers, project managers or higher. An example is a number of high-profile vendor HSE meetings that were held in Dakar and included all contractors engaged in significant activities within our operations, and senior managers from both Cairn and ConocoPhillips were in attendance to



reinforce HSE expectations. Rig visits were conducted by the Chief Executive Officer, Chief Operating Officer, Regional Director and Operations Manager, as well as the Board of Directors. Where incidents or 'high-potential' near misses were identified, members of the Management Team followed up with contractors as part of the investigation process and the application of lessons learnt. Progress on resolution of issues was reported to both the Management Team and the Senior Leadership Team.

Before our 2015 programme commenced, all major equipment and contractors were assessed for management compatibility and appropriate acceptance, and preparedness audits conducted with all major findings closed out prior to commencement.

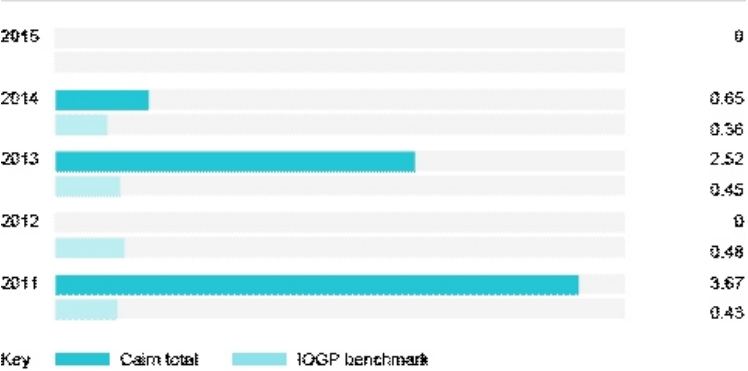
## Security highlights

We have continued to build on the improvements made in 2014 and this has been integrated into the travel management process to ensure all travel is captured. In 2015, there have been some significant changes in the global security landscape, with an increase in terrorist-related attacks that are not confined to high-risk countries. This emerging threat reiterates the requirement to ensure the safety and security of our employees and contractors (see [Security](#)).

## 2015 lagging indicators of performance

Overall, our performance has improved since 2014. Our Lost Time Incident Frequency (LTIF) rate and Total Recordable Incident Rate (TRIR) for 2015 were zero per million hours worked, compared to 0.65 and 3.88 respectively in 2014.

LTIF (employees and contractors)



See performance data [Health, safety and security](#).

**Zero**  
lost time injuries and recordable injuries in 2015.

**Zero**  
fatalities of Cairn staff or contractors for over five years.





## Health, safety and environment culture

Cairn recognises that delivering commitments and principles requires more than policies and procedures in our management systems.

We work hard to establish and promote the health, safety and environment (HSE) and Corporate Responsibility (CR) behaviours of our people and contractors to help deliver an HSE culture that puts these principles into practice. We established a formal HSE Culture Framework and conducted a number of workshops in 2013. During 2014, we continued to look for opportunities to promote the framework, and some of these behaviours were reinforced via our revision of induction and briefing programmes for personnel and within projects. In 2015, we have continued to promote behaviours of our own personnel and via our principal contractors by using this framework but also by promoting good practices and engaging the people involved.

### Developing HSE culture within Cairn

In 2015, we updated our CR Management System (CRMS). Along with the issue of this revised CRMS, we planned a series of workshops to engage all Edinburgh-based staff with regard to the enhancements made and solicit their feedback to the system. These workshops have continued into 2016.

To reinforce commitment, new HSE and security communications were created and placed in focal points across our offices as a reminder to all staff that health and safety is at the forefront of all we do.

Additionally, HSE awareness-raising initiatives have been implemented. For example, in conjunction with Police Scotland, we delivered a series of security workshops in the Edinburgh office. Sessions were aimed at raising staff awareness in the current security environment. We also launched a health and wellbeing intranet site to encourage healthy lifestyles.

Cairn recognises the importance of continuing to promote our culture with our employees, contractors and partners as this influences our performance, protects our reputation and helps secure our licence to operate. Our corporate objectives (see [CR objectives and KPIs](#)) focus on both leading and lagging indicators, which are linked to our HSE culture and to Company and individual performance. The achievement of these objectives is dependent on delivery of the right behaviours across the business and success in accordance with these objectives is judged by the Remuneration Committee. Strong exhibition of the application of our HSE culture includes ongoing reminders and delivery of our Business Principles, policies and CRMS through projects and promotion of proactive measures through line management, supported by the HSE teams in all locations. This extends to supporting non-operated activities where we promote timely delivery but not at the expense of our HSE culture.

### A shared focus on HSE

As most of our operational activities are carried out by our specialist contractors, we also focus on building a shared HSE culture with our contractors. This has included senior managers from Cairn proactively working with our lead contractors to promote good HSE behaviours through an ongoing contractor engagement plan. Promotion of HSE with our contractors, both international and local, commences during the initial meetings, tendering and selection processes right through to readiness to proceed and subsequent delivery. In this way, continued communication support and encouragement of what is important from HSE and CR perspectives benefits all parties (see [Contractor engagement](#)).



## Security

The mitigation of security risks to our people, assets, investments, data and reputation are fundamental to Cairn. We recognise the need to understand the steps required to ensure these are protected. We use an external security risk management specialist to assess our areas of operation for a wide range of risks, such as geopolitical, crime, terrorism and infrastructure.

We have established Group security procedures that address the steps to be taken to mitigate security risks in our operations. These also seek to ensure that standards of operations, equipment and training of personnel meet the requirements of the Voluntary Principles on Security and Human Rights and reflect the requirements of key UN human rights guidelines.

The global security landscape has changed dramatically in recent years with the increase in terrorist-related attacks, including in countries previously regarded as 'low' risk. This has prompted changes in approach to business travel risk assessment across the industry and maintenance of security around our operations. In 2015, we updated our travel health, safety and security procedure, strengthening travel risk assessments and travel management plans for trips to locations deemed to have heightened health, safety or security risks. Additional enhancements to the travel management of personnel were made and country-specific personal security guidance is now in place to protect our employees and contractors. In 2016, we will introduce new technological advances in our mitigation of travel risk with the adoption of a risk management system designed to help further protect business travellers.

Operations in Senegal are served by a local security consultancy that provides security assistance in the event of an emergency or serious threat. An independent security review was conducted as part of the planning process for our Senegal operations in 2014, and in 2015, we continued to assess all operational areas for emerging threats to ensure that our security provision meets industry standards. This process confirmed the suitability of our marine, base and aviation security arrangements. In addition, ahead of employees being deployed to Senegal and other key locations, Cairn commissioned a detailed security assessment to ensure security risks were fully identified.

Cairn subscribes to a number of security risk monitoring systems that inform management of any planned events that may heighten security alertness, such as protests and demonstrations. This was used successfully in 2015 and no security incidents were experienced.

Cairn Energy PLC's active role in the International Association of Oil & Gas Producers (IOGP) Security Committee ensures that we collaborate with industry members to provide good practice guidance and proactive discussion on the current security situation, and allows knowledge sharing across the international oil and gas community.



# Health, safety and security

## Health and safety

Total hours worked  
(hours)

	2011	2012	2013	2014	2015
Employees <sup>1</sup>	290,392	306,178	366,232	390,096	274,473
Contractors <sup>2</sup>	1,616,750	39,023	426,908	1,155,123	397,713

Hours worked by employees<sup>1</sup>  
(hours)

	2011	2012	2013	2014	2015
Greenland	3,382	2,952	3,048	1,752	NA
Morocco	NA	0	5,974	8,087	4,541
Nepal	6,240	6,264	3,176	NA	NA
Norway	NA	28,062	36,866	31,950	37,927
Senegal	NA	NA	352	11,496	19,032
Spain	3,432	13,392	11,840	11,116	1,168
United Kingdom	277,337	255,508	304,977	325,695	211,805

Hours worked by contractors<sup>2</sup>  
(hours)

	2011	2012	2013	2014	2015
Greenland	1,616,750	29,307	69,189	0	0
Ireland	NA	NA	NA	29,684	0
Malta	NA	NA	NA	7,645	0
Morocco	NA	9,716	345,815	313,736	0
Nepal	0	0	0	NA	NA
Senegal	NA	NA	11,904	804,058	397,713

**Note:** Hours worked are collected for employees and for contractors. Employee hours are derived from Cairn’s time-writing system that all employees use to log their working hours. Employee hours include hours worked by ‘other workers’ as these are captured in the time-writing system. Cairn’s Human Resources department compiles the figures and enters them into the database each month. Contractor man-hours are collected monthly, along with the rest of the KPI data, from contractors (rig, vessels, aircraft, shore bases) working on field operations. For offshore workers, the hours are often calculated on a 12 hours per work day basis.

**Note:** Health and safety data includes employees and contractors unless where specifically stated it is broken down by employee/contractor.

1. An employee is a person employed by and on the payroll of Cairn. Persons employed under short-service contracts are included as Cairn employees provided they are paid directly by Cairn. Cairn has a lot of other individuals who work on behalf of Cairn in the office. Those who are contracted for more than 3 months to an organisational position are categorised as ‘other workers’ and these individuals are included as employees for the purposes of reporting health and safety statistics. They are not paid directly by Cairn but through their employing organisation.
2. A contractor is someone contracted to work on company business on a temporary basis in field-based positions or a sub-contractor through another company. These people are not paid directly by Cairn but through their employing organisation. We record contractor work-related activities in-line with IOGP definitions of mode 1 and mode 2 contractors, mode 3 are excluded as per the IOGP guidelines.

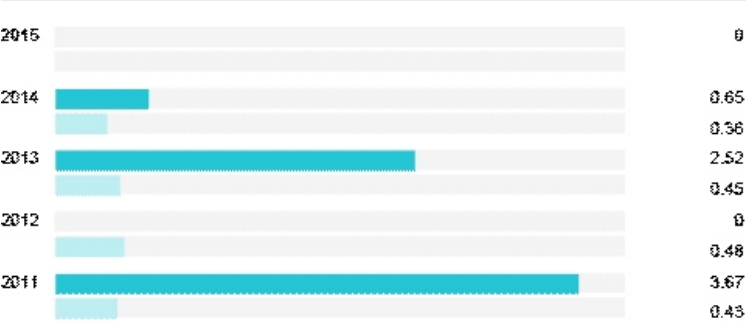
### Lost Time Injury Frequency (LTIF)

[Chart: Lost Time Injury Frequency \(LTIF\)](#)

[Table: Lost Time Injury Frequency \(LTIF\)](#)



(Lost time injuries per million hours worked)



Key: Cairn total, IOGP benchmark

	2011	2012	2013	2014	2015
<b>Cairn total</b>	3.67	0.00	2.52	0.65	0.00
Employees	0.00	0.00	0.00	0.00	0.00
Contractors	4.33	0.00	4.68	0.87	0.00
IOGP benchmark	0.43	0.48	0.45	0.36	

**Note:** Lost Time Injury Frequency is defined as the number of Lost Time Injuries (fatalities + Lost Work Day Cases) per 1,000,000 hours worked (IOGP).

**Note:** IOGP is the International Association of Oil and Gas Producers. We have included overall IOGP benchmark figures (average of onshore and offshore for employees and contractors). IOGP benchmark figures are not yet available for 2015.

**Note:** Cairn TRIR and LTIF statistics can be higher than the IOGP benchmark after only one incident, or a small number of incidents, because our exploration activities often last for only a short time period, so there are relatively few hours worked compared with on-going production and other long-term operations.

### Lost Time Injury Frequency (LTIF) and country breakdown

(Lost time injuries per million hours worked)

	2011	2012	2013	2014	2015
<b>Greenland</b>	4.32	0.00	0.00	0.00	0.00
<b>Morocco</b>	NA	0.00	5.69	0.00	0.00
<b>Senegal</b>	NA	NA	0.00	1.23	0.00
<b>United Kingdom</b>	0.00	0.00	0.00	0.00	0.00

### Lost Time Injury Frequency (LTIF) and gender breakdown

(Lost time injuries per million hours worked)

	2013	2014	2015
<b>Cairn total male/female</b>	1.58/6.24	0.74/0.00	0.00/0.00
Morocco male/female	2.92/101.55	0.00/0.00	0.00/0.00
Senegal male/female	0.00/0.00	1.26/0.00	0.00/0.00

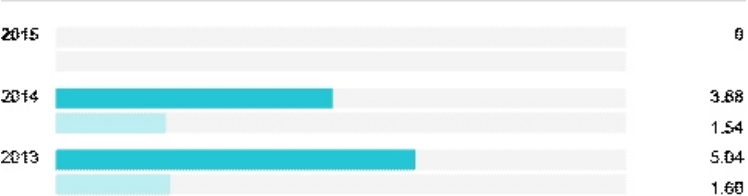
**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

### Total Recordable Injury Rate (TRIR)

Chart: Total Recordable Injury Rate (TRIR)

Table: Total Recordable Injury Rate (TRIR)

(Total recordable injuries per million hours worked)





	2011	2012	2013	2014	2015
<b>Cairn total</b>	7.34	0.00	5.04	3.88	0.00
Employees	0.00	0.00	0.00	3.53	0.00
Contractors	8.66	0.00	9.37	4.33	0.00
IOGP benchmark	1.76	1.74	1.60	1.54	

**Note:** Total Recordable Injury Rate is defined as the number of recordable injuries (fatalities, lost work day cases, restricted work day cases and medical treatment cases) per 1,000,000 hours worked (IOGP).

**Note:** IOGP is the International Association of Oil and Gas Producers. We have included overall IOGP benchmark figures (average of onshore and offshore for employees and contractors). IOGP benchmark figures are not yet available for 2015.

**Note:** Cairn TRIR and LTIF statistics can be higher than the IOGP benchmark after only one incident, or a small number of incidents, because our exploration activities often last for only a short time period, so there are relatively few hours worked compared with on-going production and other long-term operations.

### Total Recordable Injury Rate (TRIR) and country breakdown

(Total recordable injuries per million hours worked)

	2011	2012	2013	2014	2015
<b>Greenland</b>	8.64	0.00	0.00	0.00	0.00
<b>Morocco</b>	NA	0.00	11.37	3.11	0.00
<b>Senegal</b>	NA	NA	0.00	4.90	0.00
<b>United Kingdom</b>	0.00	0.00	0.00	3.07	0.00

### Total Recordable Injury Rate (TRIR) and gender breakdown

(Total recordable injuries per million hours worked)

	2013	2014	2015
<b>Cairn total male/female</b>	4.74/6.24	3.68/5.33	0.00/0.00
Morocco male/female	8.77/101.55	3.23/0.00	0.00/0.00
Senegal male/female	0.00/0.00	5.03/0.00	0.00/0.00
United Kingdom male/female	0.00/0.00	0.00/7.33	0.00/0.00

**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

### Total Lost Day Rate (LDR)

(Lost days per 200,000 hours worked)

	2013	2014	2015
<b>Cairn total for employees and contractors</b>	6.30	14.63	0.00
Employees	0.00	0.00	0.00
Contractors	11.71	19.57	0.00

**Note:** The GRI definition is used for this indicator. IOGP definitions are used for the rest of health and safety statistics, but no Lost Day Rate definition is provided by IOGP.

### Lost Day Rate (LDR) and gender breakdown

(Lost days per 200,000 hours worked)

	2013	2014	2015
<b>Cairn total male/female</b>	4.42/13.73	16.65/0.00	0.00/0.00





Morocco male/female	8.19/223.40	0.00/0.00	0.00/0.00
Senegal male/female	0.00/0.00	28.44/0.00	0.00/0.00

**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

### Total Recordable Injuries (TRI)

(number)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	14	0	4	6	0
Greenland	14	0	0	0	0
Morocco	NA	0	4	1	0
Senegal	NA	NA	0	4	0
United Kingdom	0	0	0	1	0

**Note:** Total Recordable Injuries is defined as the sum of fatalities + Lost Work Day Cases + Restricted Work Day Cases + medical treatment cases.

### Total fatalities

(number)

	2011	2012	2013	2014	2015
<b>Employees</b>	0	0	0	0	0
<b>Contractors</b>	0	0	0	0	0
<b>Third Party</b>	0	0	0	0	0

**Note:** Fatalities: cases that involve one or more people who died as a result of a work-related incident or occupational illness (IOGP).

**Note:** A third party is a person with no business relationship with Cairn.

### Lost Work Day Cases (LWDC)

(number)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	7	0	2	1	0
Greenland	7	0	0	0	0
Morocco	NA	0	2	0	0
Senegal	NA	NA	0	1	0
United Kingdom	0	0	0	0	0

**Note:** A Lost Work Day Case is defined as any work related injury, other than a fatal injury, which results in a person being unfit for work on any day after the day of occurrence of the occupational injury. 'Any day' includes rest days, weekend days, leave days, public holidays, or days after ceasing employment (IOGP).

### Lost Work Day Cases (LWDC) and gender breakdown

(number)

	2013	2014	2015
<b>Cairn total male/female</b>	1/1	1/0	0/0
Morocco male/female	1/1	0/0	0/0
Senegal male/female	0/0	1/0	0/0

**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

### Days unfit for work (lost work days)



(days)

	2013	2014	2015
<b>Cairn total</b>	25	113	0
Employees	0	0	0
Contractors	25	113	0

#### Days unfit for work (lost work days)

(days)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	228	0	25	113	0
Greenland	228	0	0	0	0
Morocco	NA	0	25	0	0
Senegal	NA	NA	0	113	0
United Kingdom	0	0	0	0	0

**Note:** Days unfit for work are defined as the sum total of calendar days (consecutive or otherwise) after the days of the occupational injuries on which the people involved were unfit for work and did not work.

#### Days unfit for work (lost work days) and gender breakdown

(days)

	2013	2014	2015
<b>Cairn total male/female</b>	14/11	113/0	0/0
Morocco male/female	14/11	0/0	0/0
Senegal male/female	0/0	113/0	0/0

**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

#### Restricted Work Day Cases (RWDC) and gender breakdown

(number)

	2013	2014	2015
<b>Cairn total male/female</b>	0/0	1/0	0/0
Morocco male/female	0/0	1/0	0/0

**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

**Note:** A Restricted Work Day Case is defined as any work-related injury other than a fatality or lost work day case which results in a person being unfit for full performance of the regular job on any day after the occupational injury. Work performed might be an assignment to a temporary job, part-time work at the regular job, continuation full-time in the regular job but not performing all the usual duties of the job. Where no meaningful restricted work is being performed, the incident is recorded as a Lost Work Day Case (LWDC).

#### Medical Treatment Cases (MTC) and gender breakdown

(number)

	2013	2014	2015
<b>Cairn total male/female</b>	2/0	3/1	0/0
Senegal male/female	0/0	3/0	0/0
United Kingdom male/female	2/0	0/1	0/0

**Note:** Data has only been reported for 2013 onwards because gender data was not collected in our database prior to 2013.

**Note:** A Medical Treatment Case is defined as a case that is not severe enough to be reported as a fatality or Lost Work Day Case or Restricted Work Day Case but is more severe than requiring simple first aid treatment.



# Total Absenteeism Rates

Chart: Total Absenteeism Rates

Table: Total Absenteeism Rates

(%)



	2012	2013	2014	2015
Cairn total	1.39	1.03	1.00	0.65
United Kingdom	1.27	1.08	0.96	0.58
CIPD	3.40	3.80	3.30	3.70

**Note:** We do not have figures for absenteeism prior to 2012.

**Note:** This data covers employees only. Contractor absenteeism is the responsibility of the contractor, and is not monitored by Cairn for reporting purposes.

**Note:** CIPD rate applies to the UK only.

## Employee absenteeism and gender breakdown

(%)

	2013	2014	2015
Cairn total/male/female	1.03/0.49/1.62	1.00/0.85/1.14	0.65/0.37/0.94
Greenland total/male/female	0.51/0.51/NA	0.00/0.00/NA	NA/NA/NA
Norway total/male/female	0.77/0.54/1.10	1.68/1.51/1.91	1.11/0.63/1.59
Senegal total/male/female	NA/NA/NA	NA/NA/NA	0.00/0.00/NA
Spain total/male/female	0.85/1.15/0.38	0.81/0.70/0.96	NA/NA/NA
United Kingdom total/male/female	1.08/0.46/1.71	0.96/0.79/1.10	0.58/0.33/0.84

**Note:** Data has only been reported for 2013 onwards as gender data was not collected prior to 2013.

## Process safety events

(number)

	2014	2015
Drilling	0	0

**Note:**

Process Safety Event, Tier 1: an unplanned or uncontrolled loss of primary containment (LOPC) of any material including non-toxic and non-flammable materials (e.g. steam, hot condensate, nitrogen or compressed air) from a process, resulting in one or more of the following consequences:

- an employee, contractor or subcontractor lost work day injury and/or fatality;
- hospital admission and/or fatality of a third party;
- community evacuation or community shelter-in-place (officially declared by a local authority);
- fires or explosions resulting in greater than or equal to US\$25,000 of direct cost to the company;



a pressure relief device discharge resulting in rain out, discharge to an unsafe location, on-site shelter-in-place, or a public protective measure, and in excess of the Tier 1 threshold quantities (detailed in API RP 754);

a release of material greater than the threshold quantities as described in the Tier 1 table in the API RP 754, in any one-hour period.

Process Safety Event, Tier 2: a less severe event than in the Tier 1 criteria above, that results in one or more of the consequences listed below and is not reported in Tier 1:

an employee, contractor or subcontractor recordable injury;

a fire or explosion resulting in greater than or equal to US\$2,500 of direct cost to the company;

a pressure relief device discharge resulting in rain out, discharge to an unsafe location, on-site shelter-in-place, or a public protective measure, and in excess of the Tier 2 threshold quantities (detailed in API RP 754);

a release of material greater than the Tier 2 threshold quantities (detailed in API RP 754), in any one-hour period.

RP 754 is Recommended Practice 754, Process Safety Indicators for the Refining and Petrochemical Industries, April 2010 (available at [American Petroleum Institute website](#)).

IOGP guidance states that Tier 1 and Tier 2 process safety events are applicable to drilling and production activities only when operating 'in hole' or when 'connected to the process'. It lists various activities that are outside the scope of process safety event reporting and these include marine transportation unless connected to the facility or process, office and warehouse activities, and fuel/oil leaks involving other vehicles.

**Note:** There have been no recordable occupational diseases so no data has been reported for this indicator.

**Note:** Records of all incidents, including all recordable injuries, are kept in our online incident reporting system. Contractors are required to report all incidents to Cairn management as soon as possible after the event, and the details are logged into our incident reporting system, which keeps key personnel informed, by email, about progress with the reporting and investigation.

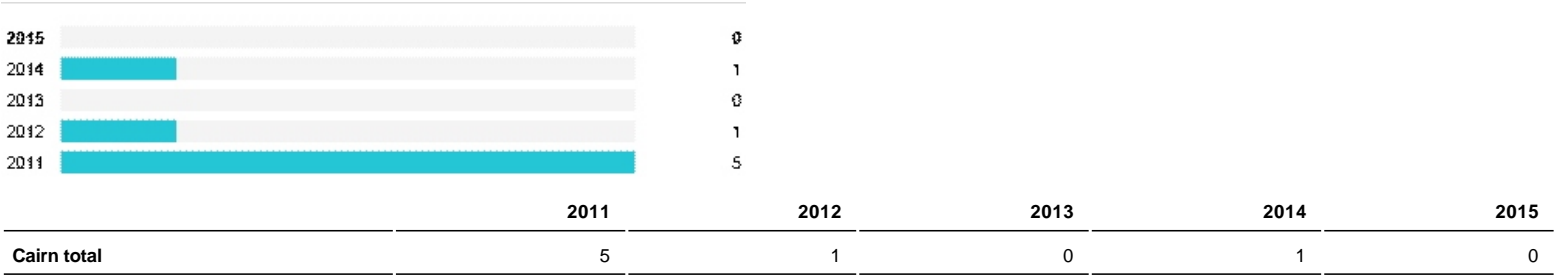
## Security and risk management

### Total security incidents

[Chart: Total security incidents](#)

[Table: Total security incidents](#)

(number)



**Note:** A security incident is defined as any fact or event which could affect personal or organisational security. We break security incidents down into incidents against employees, incidents against contractors, incidents against security personnel, incidents against assets and incidents involving threat or extortion.

### Security incidents and country breakdown

(number)

	2011	2012	2013	2014	2015
<b>Greenland</b>	3	0	0	0	0
<b>United Kingdom</b>	2	1	0	1	0

### Security personnel that received human rights training

(%)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	0	0	0	0	0

**Note:** Data has been provided for individual countries where applicable health, safety and security activities or incidents have taken place.



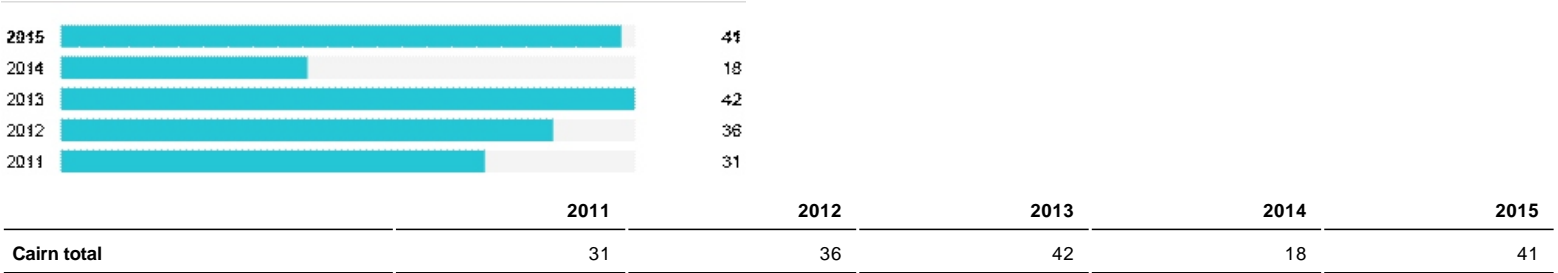
# Training and development

## Total employee training

Chart: Total employee training

Table: Total employee training

(average hours per employee)



## Employee training and gender breakdown

(average hours per employee)

	2012	2013	2014	2015
<b>Cairn total</b>	36	42	18	41
Cairn total male/female	38/42	46/37	19/17	54/27
<b>Greenland total</b>	14	1	0	NA
Greenland male/female	14/NA	1/NA	0/NA	NA/NA
<b>Morocco total</b>	NA	0	0	0
Morocco male/female	NA/NA	0/0	NA/0	NA/0
<b>Norway total</b>	38	55	41	48
Norway male/female	38/38	42/73	38/46	55/40
<b>Senegal total</b>	NA	NA	NA	14
Senegal male/female	NA/NA	NA/NA	NA/NA	14/NA
<b>Spain total</b>	72	74	13	NA
Spain male/female	48/120	9/171	16/12	NA/NA
<b>United Kingdom total</b>	40	41	16	41
United Kingdom male/female	39/41	50/32	16/16	54/26

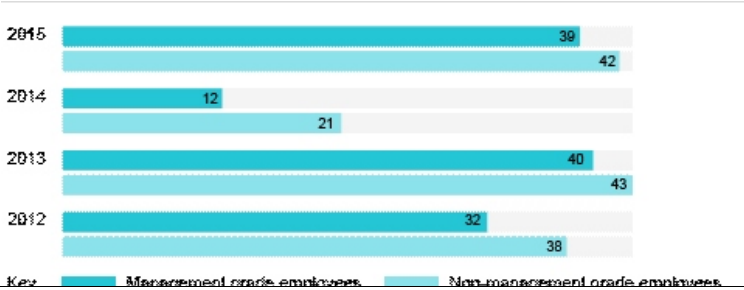
**Note:** Cairn commenced measurement and monitoring of gender breakdown in training in 2012.

## Total management and non-management training

Chart: Total management and non-management training

Table: Total management and non-management training

(average hours per employee)







	2012	2013	2014	2015
Management grade employees	32	40	12	39
Non-management grade employees	38	43	21	42

**Note:** Management is defined as personnel that have responsibility for managing other people, including senior management, middle management and team leaders. N.B. some senior roles, e.g. in the technical department, do not include responsibility for managing other people.

### Total performance and career development reviews

(% of employees)

	2012	2013	2014	2015
Cairn total	91	100	100	100
Male	88	100	100	100
Female	93	100	100	100
Management grade employees		100	100	100
Non-management grade employees		100	100	100



# Employees, contractors, diversity and equal opportunity

## Cairn workforce: a snapshot

(number)

	2013	2014	2015
<b>Cairn total</b>			
<b>Employees<sup>1</sup>/other workers<sup>3</sup>/contractors<sup>2</sup></b>	207/74/539	178/49/707	151/46/435
<b>Employees male/female</b>	104/103	91/87	78/73
<b>Other workers male/female</b>	55/19	41/8	33/13
<b>Contractors male/female</b>	522/17	683/24	419/16
<b>Greenland</b>			
Employees/other workers/contractors	2/0/114	1/0/0	0/0/0
Employees male/female	2/0	1/0	0/0
Other workers male/female	0/0	0/0	0/0
Contractors male/female	110/4	0/0	0/0
<b>Ireland</b>			
Employees/other workers/contractors	NA	0/0/98	0/0/0
Employees male/female	NA	0/0	0/0
Other workers male/female	NA	0/0	0/0
Contractors male/female	NA	93/5	0/0
<b>Malta</b>			
Employees/other workers/contractors	NA	0/0/41	0/0/0
Employees male/female	NA	0/0	0/0
Other workers male/female	NA	0/0	0/0
Contractors male/female	NA	40/1	0/0
<b>Morocco</b>			
Employees/other workers/contractors	2/2/393	2/0/281	2/0/0
Employees male/female	1/1	0/2	0/2
Other workers male/female	1/1	0/0	0/0
Contractors male/female	382/11	271/10	0/0
<b>Norway</b>			
Employees/other workers/contractors	17/2/0	17/1/0	21/1/0
Employees male/female	10/7	11/6	11/10
Other workers male/female	2/0	1/0	1/0
Contractors male/female	0/0	0/0	0/0
<b>Senegal</b>			
Employees/other workers/contractors	0/2/32	0/6/287	1/9/435
Employees male/female	0/0	0/0	1/0
Other workers male/female	2/0	4/2	5/4
Contractors male/female	30/2	279/8	419/16
<b>Spain</b>			
Employees/other workers/contractors	5/1/0	3/0/0	0/0/0
Employees male/female	3/2	1/2	0/0
Other workers male/female	0/1	0/0	0/0



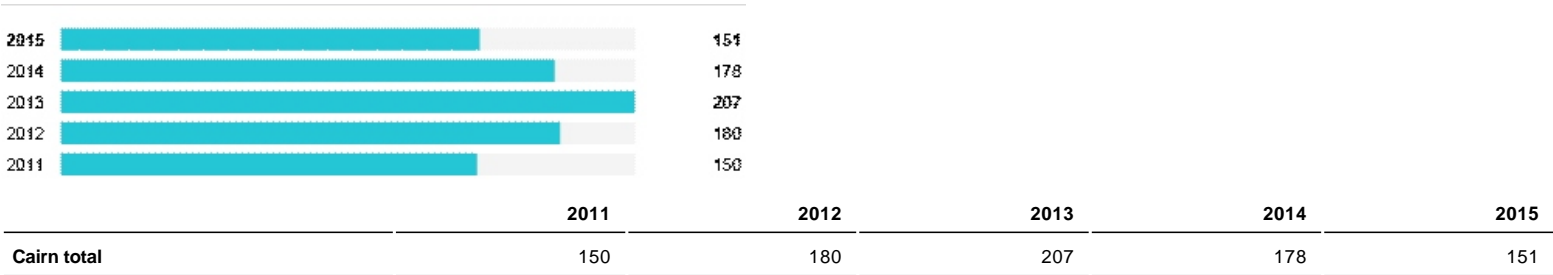
Contractors male/female	0/0	0/0	0/0
<b>United Kingdom</b>			
Employees/other workers/contractors	181/67/0	155/42/0	127/36/0
Employees male/female	88/93	78/77	66/61
Other workers male/female	50/17	36/6	27/9
Contractors male/female	0/0	0/0	0/0

## Total employees<sup>1</sup>

Chart: [Total employees](#)

Table: [Total employees](#)

(number)

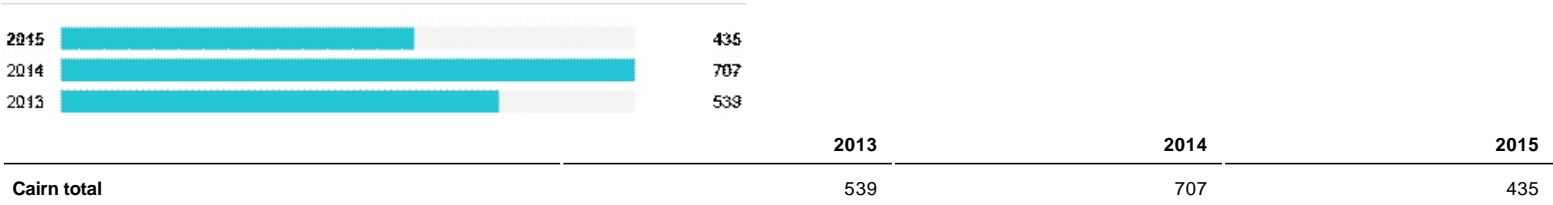


## Total contractors<sup>2</sup>

Chart: [Total contractors](#)

Table: [Total contractors](#)

(number)



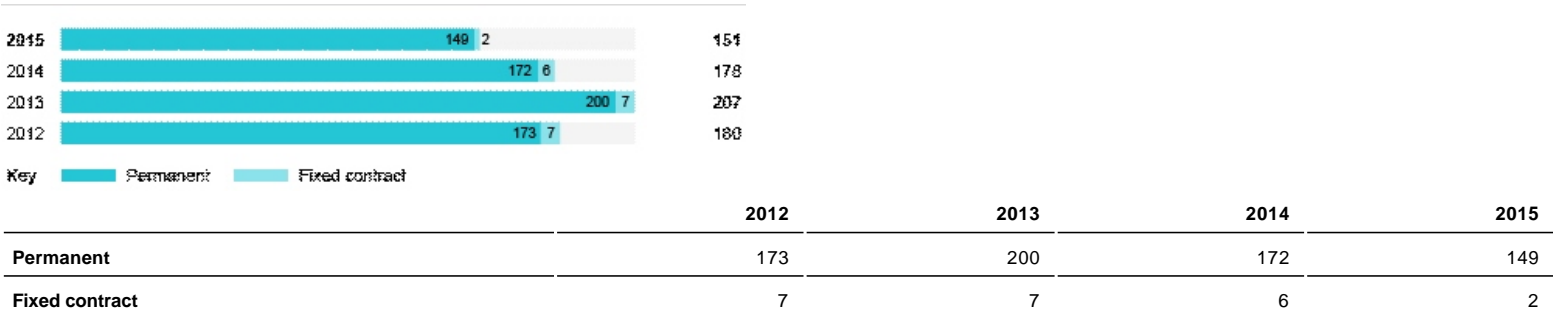
## Employee contract types

### Employee<sup>1</sup> contract type totals

Chart: [Employee<sup>1</sup> contract type totals](#)

Table: [Employee<sup>1</sup> contract type totals](#)

(number)



**Note:** A permanent contract of employment is a contract with an employee for full-time or part-time work for an indeterminate period. A fixed-term contract is a contract of employment that ends when a specific time period expires.



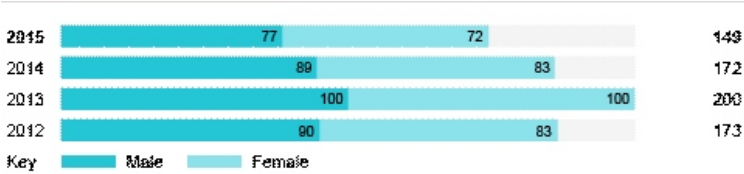
## Contract types and gender breakdown

Permanent

[Chart: Permanent](#)

[Table: Permanent](#)

(number)



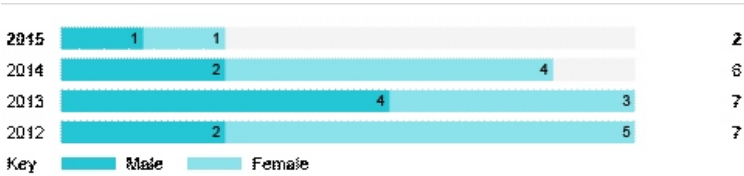
	2012	2013	2014	2015
Male	90	100	89	77
Female	83	100	83	72

Fixed

[Chart: Fixed](#)

[Table: Fixed](#)

(number)



	2012	2013	2014	2015
Male	2	4	2	1
Female	5	3	4	1

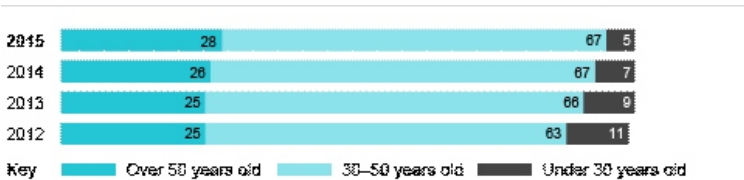
## Employee age groups

Employee<sup>1</sup> age group totals

[Chart: Employee1 age group totals](#)

[Table: Employee1 age group totals](#)

(%)



	2012	2013	2014	2015
Over 50	25	25	26	28
30-50	63	66	67	67
Under 30	11	9	7	5

## Age groups and gender breakdown

Over 50 years old

(%)

	2012	2013	2014	2015
Cairn total/male/female	25/36/14	25/34/16	26/35/16	28/37/18



Greenland total/male/female	50/50/0	50/50/0	100/100/0	NA/NA/NA
Morocco total/male/female	0/0/0	0/0/0	0/0/0	0/0/0
Norway total/male/female	41/55/17	35/50/14	35/45/17	29/45/10
Senegal total/male/female	NA/NA/NA	NA/NA/NA	NA/NA/NA	100/100/0
Spain total/male/female	0/0/0	0/0/0	0/0/0	NA/NA/NA
United Kingdom total/male/female	24/34/14	25/34/16	25/33/17	28/35/20

30-50 years old  
(%)

	2012	2013	2014	2015
<b>Cairn total/male/female</b>	63/51/76	66/56/77	67/56/78	67/54/82
Greenland total/male/female	50/50/0	50/50/0	0/0/0	NA/NA/NA
Morocco total/male/female	0/0/0	100/100/100	100/0/100	100/0/100
Norway total/male/female	53/45/67	65/50/86	59/45/83	67/45/90
Senegal total/male/female	NA/NA/NA	NA/NA/NA	NA/NA/NA	0/0/0
Spain total/male/female	100/100/100	100/100/100	100/100/100	NA/NA/NA
United Kingdom total/male/female	63/49/76	65/55/75	67/58/77	68/56/80

Under 30 years old  
(%)

	2012	2013	2014	2015
<b>Cairn total/male/female</b>	11/13/9	9/10/8	7/9/6	5/9/0
Greenland total/male/female	0/0/0	0/0/0	0/0/0	NA/NA/NA
Morocco total/male/female	0/0/0	0/0/0	0/0/0	0/0/0
Norway total/male/female	0/0/0	0/0/0	6/9/0	5/9/0
Senegal total/male/female	NA/NA/NA	NA/NA/NA	NA/NA/NA	0/0/0
Spain total/male/female	0/0/0	0/0/0	0/0/0	NA/NA/NA
United Kingdom total/male/female	13/16/10	10/11/9	8/9/6	5/9/0

## Minority groups

Employees<sup>1</sup> from minority groups  
(%)

	2012	2013	2014	2015
<b>Cairn total</b>	2	2	0	3

Minority groups and gender breakdown  
(%)

	2012	2013	2014	2015
<b>Cairn total/male/female</b>	2/1/3	2/1/4	0/0/0	3/1/4
Greenland total/male/female	0/0/0	0/0/0	0/0/0	NA/NA/NA
Morocco total/male/female	0/0/0	0/0/0	0/0/0	0/0/0
Norway total/male/female	0/0/0	0/0/0	0/0/0	0/0/0
Senegal total/male/female	NA/NA/NA	NA/NA/NA	NA/NA/NA	0/0/0





Spain total/male/female	0/0/0	0/0/0	0/0/0	NA/NA/NA
United Kingdom total/male/female	3/1/4	3/1/4	0/0/0	3/2/5

## Managerial and non-managerial grade employees

Total managerial employees<sup>1</sup> and gender breakdown

Chart: Total managerial employees<sup>1</sup> and gender breakdown

Table: Total managerial employees<sup>1</sup> and gender breakdown



Key: Male (%) Female (%)

		2011	2012	2013	2014	2015
<b>Cairn total</b>	(number)	48	56	71	56	48
Male	(%)	73	71	72	75	75
Female	(%)	27	29	28	25	25

**Note:** Management are personnel that have responsibility for managing other people, including senior management, middle management and team leaders. N.B. some senior roles, e.g. in the technical department, do not include responsibility for managing other people.

Managerial employees<sup>1</sup> and gender breakdown

(%)

	2012	2013	2014	2015
<b>Greenland male/female</b>	100/0	100/0	0/0	NA/NA
<b>Morocco male/female</b>	0/0	50/50	0/100	0/0
<b>Norway male/female</b>	67/33	67/33	67/33	67/33
<b>Senegal male/female</b>	NA/NA	NA/NA	NA/NA	100/0
<b>Spain male/female</b>	100/0	100/0	100/0	NA/NA
<b>United Kingdom male/female</b>	70/30	72/28	77/23	76/24

## National and expatriate employees

Total national and expatriate employees<sup>1</sup>

(%)

		2011	2012	2013	2014	2015
Employee total	(number)	150	180	207	178	151
National	(%)	99	99	99	99	98
Expatriate	(%)	1	1	1	1	2

**Note:** An expatriate employee is an employee who is sent to live and work abroad for Cairn for a defined period. A national employee is a resident in the country of operation and employed by the local Cairn office.

Total national and non-national contractors<sup>2</sup>

Chart: Total national and non-national contractors<sup>2</sup>

Table: Total national and non-national contractors<sup>2</sup>





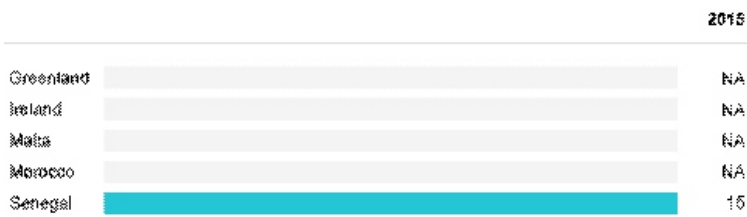
		2013	2014	2015
<b>Contractor total</b>	<i>(number)</i>	539	707	435
National	<i>(%)</i>	15	17	15
Non-national	<i>(%)</i>	85	83	85

## Contractors<sup>2</sup> that are national

Chart: Contractors<sup>2</sup> that are national

Table: Contractors<sup>2</sup> that are national

(%)



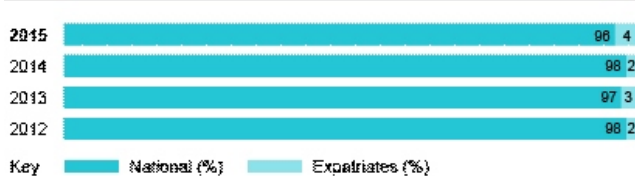
	2013	2014	2015
<b>Greenland</b>	11	NA	NA
<b>Ireland</b>	NA	19	NA
<b>Malta</b>	NA	0	NA
<b>Morocco</b>	18	23	NA
<b>Senegal</b>	3	13	15

**Note:** National contractors are from the country of operation, i.e. having the nationality (born or naturalised) of that country. Non-national contractors are not from the country of operation, i.e. not having the nationality of that country.

## Total national and expatriate managerial employees<sup>1</sup>

Chart: Total national and expatriate managerial employees<sup>1</sup>

Table: Total national and expatriate managerial employees<sup>1</sup>



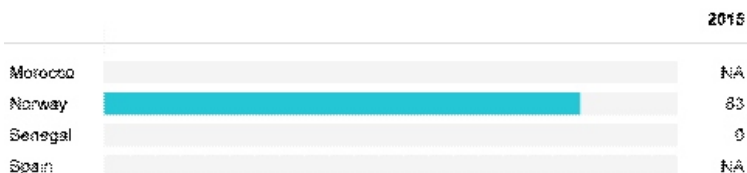
		2012	2013	2014	2015
<b>Managerial employee total</b>	<i>(number)</i>	56	71	56	48
National	<i>(%)</i>	98	97	98	96
Expatriates	<i>(%)</i>	2	3	2	4

## Managers hired from the local population

Chart: Managers hired from the local population

Table: Managers hired from the local population

(%)





UK

100

	2013	2014	2015
Greenland	0	NA	NA
Morocco	50	100	NA
Norway	100	83	83
Senegal	NA	NA	0
Spain	100	100	NA
United Kingdom	100	100	100

**Note:** This data covers employees and not contractors.

**Note:** Managers are personnel that have responsibility for managing other people, including senior management, middle management and team leaders. N.B. some senior roles, e.g. in the technical department, do not include responsibility for managing other people.

**Note:** Data has been provided for individual countries where there are relevant employees and contractors.

**Note:** The KPIs regarding national, expatriate and non-national are defined differently for employees and contractors. For employees, the terms are applicable to office staff and are defined in accordance with employment contracts. For contractors, the data is collected for the purpose of measuring Cairn's impact on the communities in which we work and the definitions are simply regarding whether a contractor is from the country of operation or not.

1. An employee is a person employed by and on the payroll of Cairn. Persons employed under short-service contracts are included as Cairn employees provided they are paid directly by Cairn. Personnel who are contracted for more than 3 months to an organisational position and who are categorised as 'other workers' in the database are not included in the employee numbers for this indicator.
2. A contractor is someone contracted to work on company business on a temporary basis in field based positions or a sub-contractor through another company. These people are not paid directly by Cairn but through their employing organisation. Many contractors work on rotation (back-to-back), e.g. one month on, one month off, so it is not practical or meaningful to give the total number of individuals who have worked as contractors on Cairn projects through the year. Instead we provide the total number of contractor positions during 2013.
3. 'Other workers' are defined as personnel who are contracted for more than 3 months in an organisational position. They form part of Cairn's organisational workforce in the office.



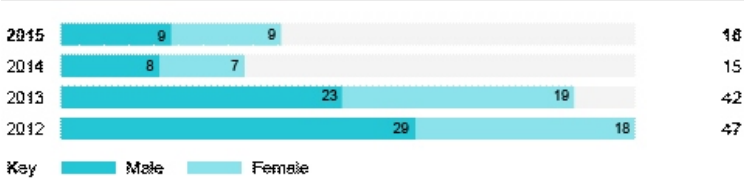
## New hires

### Total new hires and gender breakdown

Chart: [Total new hires and gender breakdown](#)

Table: [Total new hires and gender breakdown](#)

(number)



	2012	2013	2014	2015
Male	29	23	8	9
Female	18	19	7	9

### New hires and gender breakdown

(number/%)

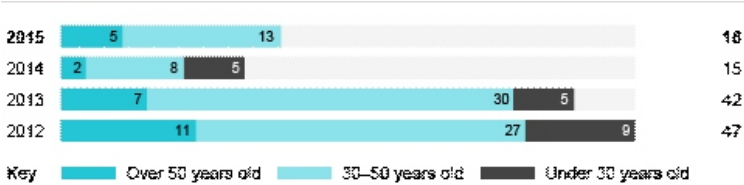
	2012		2013		2014		2015	
	Male	Female	Male	Female	Male	Female	Male	Female
Cairn total	29/32	18/20	23/22	19/18	8/9	7/8	9/12	9/12
Morocco	NA	NA	0/0	1/100	0/0	1/50	0/0	0/0
Norway	12/109	6/100	1/10	1/14	3/27	0/0	5/45	6/60
Senegal	NA/NA	NA/NA	NA/NA	NA/NA	NA/NA	NA/NA	1/100	0/0
Spain	2/50	0/0	0/0	0/0	0/0	0/0	0/0	0/0
United Kingdom	15/21	12/15	22/25	17/18	5/6	6/8	3/5	3/5

### Total new hires and age group breakdown

Chart: [Total new hires and age group breakdown](#)

Table: [Total new hires and age group breakdown](#)

(number)



	2012	2013	2014	2015
Total	47	42	15	18
Over 50	11	7	2	5
30-50	27	30	8	13
Under 30	9	5	5	0

### New hires and rate of new hires – over 50 years old

(number/%)

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	2012	2013	2014	2015
<b>Cairn total</b>	11/24	7/13	2/4	5/12
<b>Norway</b>	7/100	0/0	0/0	2/33
<b>Senegal</b>	NA/NA	NA/NA	NA/NA	1/100
<b>Spain</b>	0/0	0/0	0/0	0/0
<b>United Kingdom</b>	4/11	7/16	2/5	2/6

## New hires and rate of new hires – 30–50 years old

(number/%)

	2012	2013	2014	2015
<b>Cairn total</b>	27/24	30/22	8/7	13/13
<b>Morocco</b>	0/0	0/0	1/50	0/0
<b>Norway</b>	11/122	2/18	2/20	9/64
<b>Spain</b>	2/33	0/0	0/0	0/0
<b>United Kingdom</b>	14/15	27/23	5/5	4/5

## New hires and rate of new hires – under 30 years old

(number/%)

	2012	2013	2014	2015
<b>Cairn total</b>	9/45	5/28	5/9	0/0
<b>Norway</b>	0/0	0/0	1/24	0/0
<b>Spain</b>	0/0	0/0	0/0	0/0
<b>United Kingdom</b>	9/45	5/28	4/7	0/0

**Note:** Data has been provided for individual countries where there has been applicable hiring.





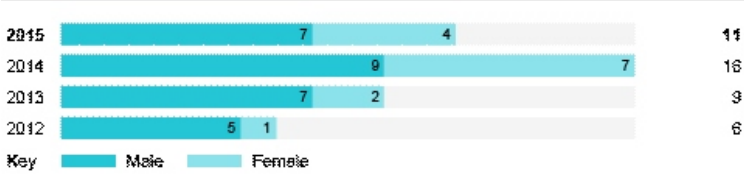
# Turnover

## Total employees leaving employment and gender breakdown

Chart: Total employees leaving employment and gender breakdown

Table: Total employees leaving employment and gender breakdown

(number)



	2012	2013	2014	2015
Cairn total	6	9	16	11
Male	5	7	9	7
Female	1	2	7	4

## Turnover, rate of turnover and gender breakdown

(number/%)

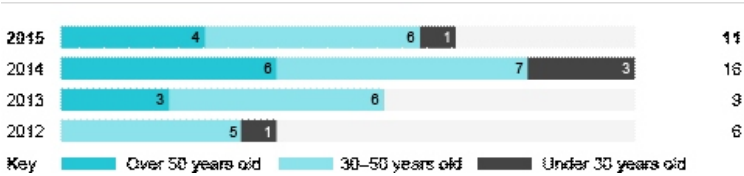
	2012		2013		2014		2015	
	Male	Female	Male	Female	Male	Female	Male	Female
Cairn total	5/5	1/1	7/7	2/2	9/10	7/8	7/9	4/5
Norway	1/9	0/0	2/20	0/0	3/27	1/17	5/45	2/20
Senegal	NA/NA	NA/NA	NA/NA	NA/NA	NA/NA	NA/NA	0/0	NA/NA
Spain	0/0	0/0	1/33	0/0	0/0	0/0	NA/NA	NA/NA
United Kingdom	4/5	1/1	4/5	2/2	5/6	6/8	2/3	2/3

## Total employees leaving employment and age group breakdown

Chart: Total employees leaving employment and age group breakdown

Table: Total employees leaving employment and age group breakdown

(number)



	2012	2013	2014	2015
Cairn total	6	9	16	11
Over 50 years old	0	3	6	4
30-50 years old	5	6	7	6
Under 30 years old	1	0	3	1

## Turnover and rate of turnover – over 50 years old

(number/%)

	2012	2013	2014	2015
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<b>Cairn total</b>	0/0	3/0	6/0.1	4/0.1
Norway	0/0	1/0	3/0.5	3/0.5
Senegal	NA/NA	NA/NA	NA/NA	0/0
Spain	0/0	0/0	0/0	NA/NA
United Kingdom	0/0	2/0	3/0.1	1/0.03

## Turnover and rate of turnover – 30–50 years old

(number/%)

	2012	2013	2014	2015
<b>Cairn total</b>	5/4	6/4	7/6	6/6
Morocco	0/0	0/0	1/50	0/0
Norway	1/11	1/9	1/10	4/29
Spain	0/0	1/20	0/0	NA/NA
United Kingdom	4/4	4/3	5/5	2/2

## Turnover and rate of turnover – under 30 years old

(number/%)

	2012	2013	2014	2015
<b>Cairn total</b>	1/5	0/0	3/23	1/14
Norway	0/0	0/0	0/0	0/0
Spain	0/0	0/0	0/0	NA/NA
United Kingdom	1/5	0/0	3/25	1/17

**Note:** Turnover figures include only employees who left voluntarily (i.e. resignators).

**Note:** Turnover figures are calculated using employee numbers at the end of the year.



# Parental leave and retention

## Total parental leave and retention rates

		2012	2013	2014	2015
Employees entitled to parental leave	(number)	180	207	178	151
Employees entitled to parental leave: male/female	(number)	92/88	104/103	91/87	78/73
Employees that took parental leave	(number)	13	17	20	10
Employees that took parental leave: male/female	(number)	7/6	4/13	7/13	3/7
Employees that returned to work after parental leave	(number/%)	13/100	9/100	13/76	9/90
Male employees that returned to work after parental leave	(number/%)	7/100	4/100	7/100	3/100
Female employees that returned to work after parental leave	(number/%)	6/100	5/100	6/60	6/86
Total employees who returned to work after parental leave who were still employed 12 months after return to work	(number/%)	13/100	8/100	7/78	13/100
Male employees that returned to work after parental leave who were still employed 12 months after return to work	(number/%)	7/100	4/100	2/50	7/100
Female employees that returned to work after parental leave who were still employed 12 months after return to work	(number/%)	6/100	4/100	5/100	6/100

**Note:** An employee is a person employed by and on the payroll of Cairn. Persons employed under short-service contracts are included as Cairn employees provided they are paid directly by Cairn. Personnel who are contracted for more than 3 months to an organisational position and who are categorised as 'other workers' in the database are not included in the employee numbers except for the purpose of reporting health and safety statistics.



# Total labour practices grievances

(number)

	2014	2015
Filed	0	0
Filed and addressed	0	0
Filed, addressed and resolved	0	0
Filed prior to reporting period but resolved during reporting period	0	0



## Environment

Protecting the environment is a high priority, and therefore we have introduced a robust series of procedures to avoid and minimise the impact of our operations.

Cairn is committed to applying good industry practice in relation to the environment. Environmental and social assessments of our impacts are integrated into the planning of projects as a matter of routine. This helps us determine strategies for managing risks and identifying opportunities for improvements through the life of a project. Our materiality process also considers environment issues associated with our operations, ranging from strategic issues of climate change and biodiversity to specific project-related factors (see [Biodiversity](#), [Climate change](#) and [Materiality](#)).

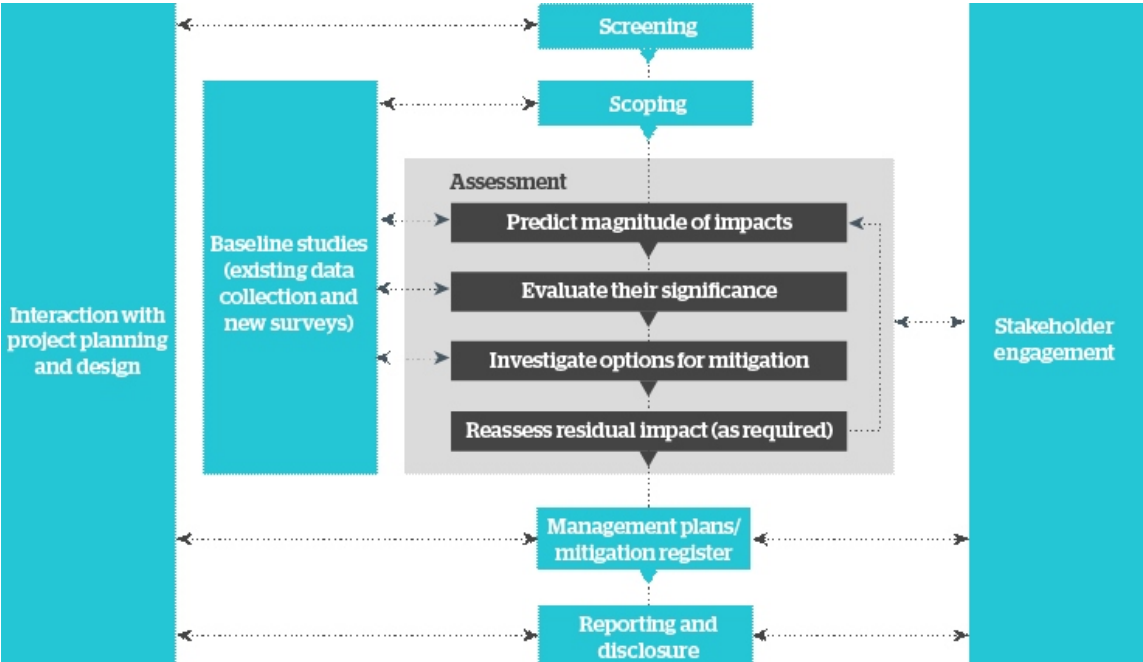
The accidental escape of oil into the environment is an area to which we pay particular attention. The most likely releases are relatively small and we continue to aim to prevent these. High-profile major spills are rare events but these are at the forefront of our planning and risk management process, including the planning of our projects in terms of well design and assessment, and the execution of prevention mechanisms (see [Major accident and spill prevention](#)).

We continue to seek ways to avoid and reduce impacts from discharges and wastes arising from our operations, through our environmental management process and day-to-day operational procedures (see [Chemicals, water management and waste](#)).

### Environmental management

Through our Corporate Responsibility Management System (CRMS), environmental considerations form a central part of our Project Delivery Process (PDP) and are taken into account at every stage of the project life cycle, from identification of opportunities, to production and return. We use a precautionary approach, and one that we believe is best in safeguarding the areas in which we work.

Our operations also take into account the legal and regulatory requirements of the countries in which we work, and we cooperate fully with all government regulatory bodies. While we apply all local regulations, our CRMS requires us to consider industry good practice, for example International Association of Oil & Gas Producers (IOGP) guidelines and UK Continental Shelf (UKCS) custom and practices especially in locations with no local regulations. We aim to comply with the expectations of investors and shareholders in relation to the environmental and social impacts of our business.







## Managing our environmental footprint

We make every effort to minimise the environmental footprint of our operations both onshore and offshore. This translates into a number of project-related activities. For example, in Senegal, where offshore drilling activities were supported from the Port of Dakar, operations were planned to ensure that:

- our physical footprint onshore was minimised and confined to existing industrial sites (warehouses, lay-down areas, offices, etc.) within the well-defined port area;
- physical distribution of drill cuttings discharges was modelled to understand the likely scale of impacts on the seabed; and
- waste is managed to ensure reduction at source and minimisation of potentially recyclable materials requiring disposal in landfill.

We are also committed to constantly improving the ways in which we operate in order to reduce any potential risk to the environment. This is demonstrated by our willingness to learn from our experiences by continually assessing and reviewing our operations.

## Stakeholder engagement and grievance mechanisms

Cairn's Group Public Consultation and Disclosure Plan (PCDP) Framework provides an overview of how we engage with our stakeholders, and our activities and any potential impacts they may have on the environment, workforce or communities. At a corporate and project level, and through our environmental and social impact assessment processes, we communicate with a range of stakeholders to ensure we understand any concerns relating to our proposed operations. Where there are directly affected communities we work to ensure there is a regular and ongoing process of consultation and engagement. If we anticipate adverse impacts on affected communities, we establish a local grievance mechanism to receive and facilitate resolution of the affected communities' concerns. We publicise this in different ways, including through our website and local publications. We aim to provide responses to all queries and grievances within 30 days.

Highlights and objectives that relate to the environment are summarised below.

## 2015 highlights

Our initial 2014 exploration operations in Senegal were completed in line with our ESIA and a summary of performance against set targets was completed and submitted to the regulator.

An addendum to our 2014 Senegal ESIA was developed for the 2015 campaign to take into account proposed changes and mitigations were implemented. Our appraisal drilling campaign offshore Senegal received approval from the Technical Committee set by the Ministry of Environment and Sustainable Development (Department for the Environment and Classified Installations) in August 2015.

The Senegal drilling Project Risk Study and Dossier for Installations Classified for Environmental Protection (ICPE, covering dangerous operations, equipment and substances) and the Plan of Internal Operations (POI, emergency preparedness and response strategy) were all updated to support the amended ESIA.

Environmental and social assessment and mitigation measures, although not statutory requirements, were implemented for our Senegal 3D seismic campaign with emphasis on protecting the fishing community and marine mammals.

Ongoing social and environmental engagement with the regulators in Senegal for the appraisal drilling programme is being managed through a Communications Plan by both the Dakar and the Edinburgh teams.

## 2016 objectives

Track and understand developments arising from the Intergovernmental Panel on Climate Change, Conference of the Parties (COP 21) in Paris and consider implications for the business and our assets.

No oil spill reaching the environment.

We will continue to support assets in avoiding and minimising our environmental footprint and assess our impacts and mitigate them as our activities change.



## Operating a balanced portfolio in challenging conditions

Cairn has assets in both established and emerging locations. Some of these locations have their own specific challenges, due to factors such as deep water, remoteness and limited local infrastructure and expertise.

Cairn takes a rigorous and responsible approach to identifying, avoiding and managing risks associated with these challenges. We operate to the highest standards in both simple and complex environments; this helps us protect our licence to operate and allows us to add value to our assets.

### Challenging locations

We continue to maintain our assets in deep water locations such as Senegal, Morocco and Greenland, and in terms of technical drilling, many deep water wells are no more complex to drill than shallow ones. However, some may present unique risks, including those arising from weather variations and extreme climate or sea states, or logistical challenges due to limited infrastructure and inexperienced personnel. Cairn has a strong track record of safe operations in such environments and is well equipped to apply our expertise under such circumstances.

Cairn's reputation for responsible exploration rests upon rigorous planning and project implementation. This includes health, safety and environment assessment, well design, well control and environmental protection. Our stringent, uncompromising approach to well design and operation is applied to all categories of well, no matter how shallow or deep the water.

All our drilling programmes are governed by a Drilling Management System, which we continue to develop and refine in line with our commitment to continual improvement. This system helps us to assess, manage and mitigate potential risks, resulting in safe, effective and efficient operations.

### Operating in Senegal

In 2015, we started our exploration and appraisal drilling programme in Senegal, building on the success of our 2014 campaign. We drew on our experience and lessons learned in 2014 and the expertise of our partners, which included our well activities delegate, ConocoPhillips. We identified and addressed similar challenges in 2015 as we encountered the previous year, while ensuring safe operations and competitiveness against a backdrop of reorganisation across the industry and rationalisation of key contractors. We successfully revised our major accident hazard assessment work and completed all Corporate Responsibility (CR) submissions to the Senegal authorities, while meeting our internal approval process without delay.

We continued to use and increase our deployment of local expertise and maintained momentum in capacity building with authorities, as well as training local contractors to work to industry standards in a complex contracting environment. This included positively influencing contractors not under our direct control. Our shore base team achieved a milestone figure of 900 days without a lost time accident on 23 January 2016. Their activities and safe operations were achieved within a difficult port environment with limited space and variable standards of operation by some other port users.

### Applying our experience in UK and Norway

Cairn has highly experienced teams in Stavanger and London who continue to oversee the performance of the development projects Catcher and Kraken in the UK Continental Shelf (UKCS), applying our knowledge and expertise of complex challenging environments to support the operators of these assets in the UK and Norwegian sectors.

In 2015, we also applied for, and achieved, operatorship in the Norwegian sector, where we saw an opportunity to leverage our technical and CR capability in challenging environments. This includes meeting the strict Norwegian legislation requirements and applying lessons learned from working in the Arctic environment in Greenland, such as managing weather extremes, working in sensitive and remote locations, and liaising closely with stakeholder communities. Our experience of similar locations will be of great value should we commence any operations in the Barents Sea.



## Major accident and spill prevention

Preventing a major incident or spill is of paramount importance to all our operations. This is why strict planning, design and operating procedures are backed up with a comprehensive emergency response capability.

### Preventing major accidents

The emphasis for major accident control remains prevention. We place substantial effort on both internally and externally assured well design, equipment inspection and operational audits for all drilling programmes as part of our commitment to prevent major incidents (see [Asset protection and major accident prevention](#)).

### Emergency response planning

We prepare for the very low possibility of a high-impact event, and have robust plans in place to manage potential incidents. In advance of our Senegal drilling activities in 2015 we revised our Emergency Response Plan (ERP) to integrate with our well management delegate systems, and likewise aligned and improved the Oil Spill Contingency Plan (OSCP). An ERP was also in place for our seismic activities in Senegal, which completed in 2015. Following a substantial revision of our Crisis and Emergency Response Manual, the Crisis and Emergency Response Team (CERT) – the focal point to support Group crisis management – was revised, briefed and exercised in a variety of crisis and emergency scenarios, including major accident and oil spill. Exercises were carried out on a routine basis to improve and maintain preparedness skills.

### Oil spill contingency planning

We invested heavily in memberships to gain access to specialist equipment managed by Oil Spill Response Limited (OSRL) during 2015. These memberships allow access to a toolbox of different response equipment and techniques, including mechanical containment and surface dispersant application systems, sub-sea systems, and aerial surveillance and dispersant spraying capability. Specialist sub-sea equipment includes the Sub-sea Incident Response Toolkit (SIRT), which enables debris clearance and application of dispersant at or near any well releasing hydrocarbons, and also improves mixing and efficiency of treatment and dispersal. This, in turn, improves amenability to biodegradation of spilled oil. We also have access to a Global Dispersant Stockpile, which consists of substantial amounts of commonly used dispersants that can be drawn on should our supplies run out.

Membership of the Capping Stack System (CSS) allows access to well-capping stacks situated at four strategic locations worldwide. These can be deployed to shut-in a well and prevent oil from escaping to sea, at which point sub-sea dispersant is no longer needed. We continue to plan for relief well drilling as an option to address such an event. The nature of the response depends on numerous factors relating to logistics and effectiveness.

Each drilling programme has specifically tailored emergency response plans, which include regional variations. We continue to work extensively with authorities in Senegal, including participation in an International Maritime Organisation workshop on offshore dispersants and a full offshore equipment deployment exercise.

### Case study: Oil spill prevention and contingency planning in Senegal

Wherever Cairn operates, oil spill planning starts with detailed prevention activities including well designs that exceed requirements for the expected characteristics of the geological formations to be encountered. All well designs are verified by specialists. In this way, primary and secondary well control is built into the design (see [Asset protection and major accident prevention](#)).

In the very unlikely event that both primary and secondary well control barriers prove ineffective, tertiary response methods are employed. In accordance with International Association of Oil & Gas Producers (IOGP) guidance, a number of hydrocarbon release scenarios are examined including the 'worst credible case discharge'. The latter is used in conjunction with information gathered via the Environmental and Social Impact Assessment (ESIA) to develop an appropriate plan. Our OSCP for Senegal was no exception and this was developed in close consultation with local authorities and in accordance with IOGP guidance. We held a capacity-building session with a variety of stakeholders in 2015, which assisted in raising awareness of response techniques included in the OSCP. The ERP and OSCP were used in producing the 'Plan d'Opération Interne' (POI) that formed part of the application for approval process in Senegal.

The OSCP is based on a three-tier response system. Tier 1 is a response to a localised spill close to the operation. Equipment and personnel to respond to a localised spill are located on the rig and the platform support vessels. In Senegal, we deployed an enhanced range of Tier 1 response equipment in Dakar port and on vessels. Selected personnel received specialist International Maritime Organisation (IMO)-approved oil spill training and equipment deployment exercises were run to assess operational readiness.

If an incident requires resources beyond this local Tier 1 capability, resources from Tier 2 are provided from the shore base and from the national capability, where available. In Senegal, we joined the regional spill organisation West and Central Africa Aerial Surveillance and Dispersant Spraying Service (WACAF), which provides capability directly from West Africa and improves response time in the event of a major spill.

In the event that Tier 2 may become overwhelmed, an international oil spill capability can be drawn on (Tier 3). This is achieved via our membership of OSRL. We continue to look for



improvements in our capabilities and held logistic workshops and reviews regarding deployment of the CSS and SIRT systems for the Senegal programme.

Unfortunately, we had two very small spills both of less than one litre in 2015, one offshore as the result of flare 'drop-out' during testing of the SNE-2 well, and residual waste oil to a surface drain at Dakar port during tank cleaning. In both cases the oil spill was less than one litre and the environmental impact was insignificant.





## Biodiversity

Global awareness of biodiversity has increased dramatically in recent years. As a result, there is more understanding of the many issues that threaten it. This places a greater onus on businesses like Cairn to recognise the impact that our activities may have on biodiversity, and to commit to protecting it in the regions in which we operate.

### Biodiversity Framework

Oil and gas exploration and development activities have the potential to affect biodiversity both on land and in the marine environment. Our commitments and principles related to biodiversity are laid out in our Business Principles and our Environment Policy. For example, Cairn does not explore, develop or enter into joint ventures in UNESCO World Heritage sites. Moreover, we take a precautionary approach believing that where there are threats of serious or irreversible damage, even where such damage is not scientifically certain, cost-effective damage-prevention measures should still be taken.

We take our responsibilities very seriously for all operations that may affect critical habitats, protected areas and/or the welfare of local communities relying on ecosystem services. We undertake extensive due diligence of potential biodiversity impacts, and engage with relevant technical specialists, government departments and non-governmental organisations, along with local stakeholders. Such dialogue helps us by guiding our subsequent mitigation activities.

Cairn assesses potential biodiversity impacts early on and at all stages of project development, from asset acquisition through to decommissioning. We assess direct impacts as well as the potential cumulative and indirect impacts of operations on biodiversity, and we consider these impacts in the wider context (i.e. beyond the immediate physical footprint of the asset). This entails an Environmental and Social Impact Assessment (ESIA) and includes consideration of the supply chain for primary products. Any project in which significant potential impacts to biodiversity are identified undergoes additional studies and a formal assessment. These will demonstrate how potential impacts have been managed.

We develop asset and site-specific Environmental and Social Management Plans that integrate biodiversity. Cairn also develops Biodiversity Action Plans where there is a significant risk to biodiversity or a measurable benefit for targeted biodiversity conservation action(s). Cairn ensures appropriate resources and expertise to manage biodiversity risks and impacts, and commissions external specialists as necessary.

When identifying, assessing and managing biodiversity risks and impacts, we follow the requirements outlined in the International Finance Corporation's Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), and other internationally accepted good industry practice.

Our Biodiversity Framework sets out a common approach, with processes and deliverables that apply to all Cairn's business and operations. The Framework is owned and governed by the highest level of management within Cairn and implemented locally in accordance with the Cairn Project Delivery Process (CPDP) (see [Assessing risks and opportunities](#)).

### Impact assessments

#### Senegal

Exploration drilling was carried out in Senegal in 2014 and Cairn commenced an appraisal and further exploration campaign in October 2015.

During 2015, the 2014 exploration campaign was concluded, and submission made, of all documentation relating to compliance with the conditions of the approved ESIA. In addition, successful close-out consultations with local stakeholders, including regulators and local community representatives, were conducted in Dakar and six other regions.

Though our ESIA remained valid in 2015, we revisited it to consider the implications of using different equipment and working in new locations for the appraisal and exploration wells planned. This was accompanied by revisions to supporting documentation, including the Project Risk Study (EDD), the dossier for Classified Installations (ICPE) and Plan of Internal Operations (POI). Consultations with key stakeholders took place, and a communications plan with the regulator was agreed on, to improve understanding and reporting methods.

Mitigation measures were implemented as part of the amended ESIA. We revised all associated operational documentation, including the Corporate Responsibility (CR) Plan, waste management plan and base operating manual.

#### Seismic studies in Senegal

In 2015, Cairn conducted a significant 3D seismic programme in Senegal to assess the Rufisque block and parts of our Sangomar and Sangomar Deep blocks, and to assist in improving the exploration and appraisal programme begun in 2015.

Although not a regulatory requirement, we conducted an environmental and social assessment to better understand the likely risks to local communities and wildlife, especially in the





shallow Rufisque block. This identified the importance of local artisanal fishing activities and the presence of diverse marine mammals. As a consequence, we initiated an intensive communication programme with fishing community representatives, which included operational look-ahead, radio broadcasts and provision of extra 'chase' vessels to interface with active fishermen during operations. A grievance process was set up to handle any complaints. One was received and it was managed through this process.

From the perspective of mammals, we maintained our high standard of protection, applying soft-start techniques and passive acoustic monitoring (PAM). In addition, we employed supplementary marine mammal observers and collated their findings into our environmental database, which we shared with the regulators.

See performance data [Biodiversity](#).



## Climate change

We accept that there is a growing global consensus that the supply of hydrocarbons to meet energy demand is leading to an increase in greenhouse gases (GHGs), which in turn is contributing to climate change. However, we also believe that until reliable alternatives are found to power a low-carbon economy, the use of gas and oil remains essential for economic and social progress.

### Our approach to climate change

Our oil and gas exploration and production activities are carbon intensive, and we are improving our approach to climate change in light of current external developments and our updated Business Principles. Our approach to climate change continues to include:

- GHGs measuring and reporting;
- due consideration for climate change risks and opportunities associated with all our projects;
- promoting efficient use of energy in our activities and, wherever possible, including efficient and timely completion of projects;
- integrating climate change considerations and potential costs into investment decisions;
- stakeholder engagement, for example, through participating in industry associations, on mitigation and adaptation to climate change measures; and
- contribution to local programmes that address environmental and social impacts within our sphere of control and reasonable influence.

### Our emissions

GHGs form a part of our operational environmental footprint. We monitor and manage the GHGs emitted during our activities and disclose them in accordance with industry requirements and standards. In 2015, we updated our methodology for calculating Scope 2 emissions in line with the Greenhouse Gas Protocol Scope 2 guidance, issued in January 2015 (see [Air emissions](#)). Our reporting methodologies can be found in [Reporting Guidelines for 2015 Key Performance Indicators](#).

We disclose on an 'operational control' basis, which means we report emissions from those assets that are operated by us and not those controlled by our partners. With no operated production facilities, our direct GHG emissions occur primarily from the combustion of fuel on rigs and vessels during the drilling of wells or acquisition of seismic.

Our GHG emissions over five years shows that they are heavily dependent on the level of operational activity in any given period. Our emissions levels in absolute terms vary with the length of operations and operational requirements, which is often also influenced by safety considerations (e.g. vessel or rig selection to meet specific operational requirements).

The varying levels of operational activity make it very difficult to identify a baseline and set targets for total GHG reduction over time.

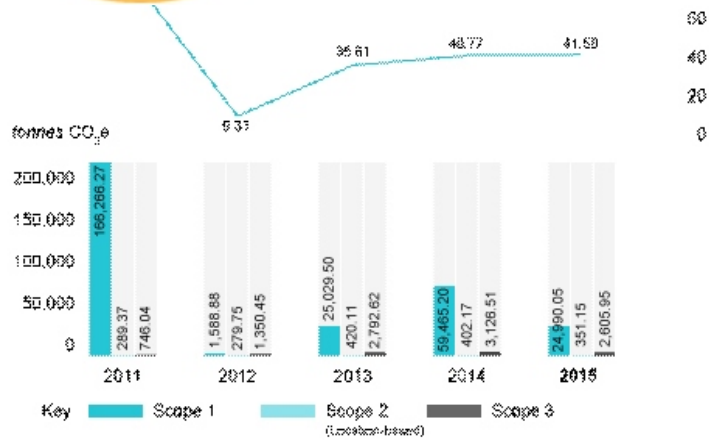
Our GHG emissions intensity is calculated per thousand hours worked, as this provides a direct relationship with our activity. Factors, such as the nature of the work in hand (i.e. drilling or seismic survey), environmental conditions and distances between operations and logistic support bases, have further significant influences on the intensity of GHG emissions. We strive to reduce the footprint of our activities by operating efficiently and quickly but not to the detriment of safety.

The quantity of GHG emissions from our activities has reduced in 2015 from 2014 due to reduced levels of operational activity. GHG intensity levels in 2015 are similar to those achieved in 2014.

At the end of 2015, the UN Intergovernmental Panel on Climate Change (IPCC) Conference of the Parties (COP 21) took place in Paris. The resulting agreement required countries to work within their action plans to limit global GHG emissions and review these every five years from 2020. While we will assess the implications of the agreement to our business more fully in 2016, we expect that emissions management and controls will become increasingly important to any future production.

Total absolute and normalised GHG emissions (Scopes 1, 2 and 3)





See performance data [Air emissions](#).



## Chemicals, water management and waste

We appreciate that our business depends upon water resources and the use of chemicals and generates waste.

### Chemical management

Chemical formulation for drilling fluids for our exploration campaigns undergoes rigorous selection to ensure well safety and minimisation of impacts on the environment.

We identify and assess the potential risks and impacts of chemicals as part of the Environmental and Social Impact Assessments (ESIAs) we carry out before starting new operations. We have a stringent approach to chemical waste management.

Cairn manages chemicals in accordance with the Oslo and Paris Convention for the Protection of the Marine Environment of the North-East Atlantic (OSPAR). It is an internationally recognised mechanism, developed by 15 governments of the western coasts and catchments of Europe, together with the European Union.

We continued using water-based drilling fluids during exploration and appraisal drilling in Senegal but chose a formulation in line with the Best Practicable Environmental Option (BPEO) approach. This allowed us to minimise the use and discharge of chemicals classified as candidates for substitution under the OSPAR system, reducing the potential for adverse effects on marine wildlife while maintaining the safety of drilling operations and minimising potential for well control incidents.

Every chemical used in the Senegal exploration campaign was checked for its suitability for the drilling programme before submission for approval by the regulatory authority.

Unfortunately, we had a very small spill of waste oil to a surface drain at Dakar port during tank cleaning. This was less than one litre in volume and the environmental impact was insignificant.

### Water management

At Cairn, we appreciate that our business both impacts and depends on water resources close to our operations, while recognising that access to clean water by communities is a key human right. We have had a water resource strategy in place for some years, which covers:

- monitoring and assessing the need for fresh water abstraction and use, and potential impacts on fresh water resources of our operations;
- investigating ways to improve our fresh water management processes;
- identifying, evaluating and implementing improvement measures to reduce impacts on fresh water; and
- enhancing reporting of our fresh water resources management.

In our present exploration activities offshore our use of fresh water is very limited and some seawater is used in drilling fluid formulation. For offshore activities, we carefully manage all discharges into the sea. Sewage, organic kitchen waste, bilges and contaminated drainage water are all treated and discharged in strict compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL).

### Waste management

Our management of wastes is in line with internationally accepted best practices and legal requirements and 'Duty of Care' standards remain our priority.

Our exploration activities generate different volumes and types of waste, including oil-contaminated wastes, chemical wastes, non-hazardous wastes from office and domestic operations, and clinical wastes from medical facilities offshore.

All wastes generated during offshore support operations (i.e. ship-based activities excluding drilling) are managed in accordance with MARPOL 73/78 requirements. Wastes that cannot be discharged at sea or incinerated offshore are segregated and transferred to shore for further treatment and disposal.

In Senegal, we partnered with an international waste service provider to ensure that:

- the waste management options in-country are well understood prior to start-up of operations;
- local facilities and service providers have been audited and, where gaps are identified, plans are put in place to meet our requirements;
- the Waste Management Plan was informed by the findings from in-country reviews and audits;



daily supervision of the waste management activities is set up for the duration of operations and a cradle-to-grave approach is followed through for each waste stream;

hazardous wastes, which cannot be treated locally in Senegal, are transferred to suitable treatment and disposal facilities outside Senegal and in full compliance with international law, including the Basel Convention; and

records of wastes and their treatment and disposal routes are maintained at all times.

On completion of exploration and appraisal activities, all waste management facilities used in the course of the project are subject to a close-out audit and final disposal.

The majority of Cairn's waste is produced by contractors, so our priority for 2015 was to put Waste Management Plans in place before operational activity started.

In 2015 we generated 33 tonnes of hazardous waste and 273 tonnes of non-hazardous waste. 42% of our total waste was recycled or reused (see performance data [water](#) and [waste](#)).







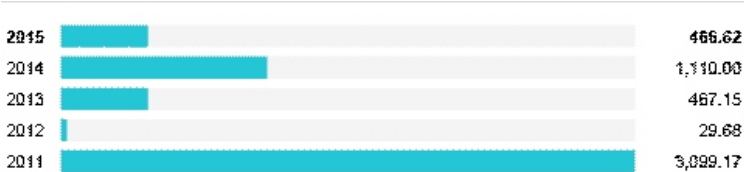
Norway	NA/ NA	0.00/ 0.00	0.00/ 0.00	0.23/ 0.01	0.00/ 0.00
Senegal	NA/ NA	NA/ NA	383.26/ 31.27	41,270.54/ 50.60	24,990.05/ 59.96
Spain	NA/ NA	4.58/ 0.34	3.21/ 0.27	3.21/ 0.29	0.00/ 0.00

Total NO<sub>x</sub> emissions

Chart: [Total Total NOx emissions](#)

Table: [Total Total NOx emissions](#)

(tonnes)



	2011	2012	2013	2014	2015
<b>Cairn total</b>	3,099.17	29.68	467.15	1,110.00	466.62

NO<sub>x</sub> emissions

(tonnes)

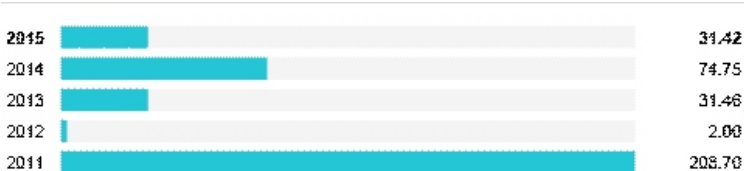
	2011	2012	2013	2014	2015
<b>Greenland</b>	3,099.17	11.29	107.24	0.04	0.00
<b>Ireland</b>	NA	NA	NA	88.18	0.00
<b>Malta</b>	NA	NA	NA	9.33	0.00
<b>Morocco</b>	NA	18.17	352.69	241.85	0.00
<b>Nepal</b>	0.00	0.13	0.00	NA	NA
<b>Senegal</b>	NA	NA	7.16	770.53	466.62
<b>Spain</b>	NA	0.09	0.06	0.06	0.00

Total SO<sub>2</sub> emissions

Chart: [Total SO2 emissions](#)

Table: [Total SO2 emissions](#)

(tonnes)



	2011	2012	2013	2014	2015
<b>Cairn total</b>	208.70	2.00	31.46	74.75	31.42

SO<sub>2</sub> emissions

(tonnes)

	2011	2012	2013	2014	2015
<b>Greenland</b>	208.70	0.76	7.22	0.00	0.00
<b>Ireland</b>	NA	NA	NA	5.94	0.00



Malta	NA	NA	NA	0.63	0.00
Morocco	NA	1.22	23.75	16.29	0.00
Nepal	0.00	0.01	0.00	NA	0.00
Senegal	NA	NA	0.48	51.89	31.42
Spain	NA	0.01	NA	0.00	0.00

## Total VOCs

Chart: Total VOCs

Table: Total VOCs

(tonnes)



	2011	2012	2013	2014	2015
Cairn total	104.35	1.00	15.73	37.37	15.71

## VOCs

(tonnes)

	2011	2012	2013	2014	2015
Greenland	104.35	0.38	3.61	0.00	0.00
Ireland	NA	NA	NA	2.97	0.00
Malta	NA	NA	NA	0.31	0.00
Morocco	NA	0.61	11.88	8.14	0.00
Senegal	NA	NA	0.24	25.94	15.71

## Indirect air emissions

Absolute and normalised GHG emissions from purchased electricity (location-based scope 2<sup>a</sup>)

(tonnes CO<sub>2</sub>e/tonnes CO<sub>2</sub>e per 1,000 hours worked)

	2011	2012	2013	2014	2015
Cairn total	289.37/0.15	279.75/0.81	420.11/0.53	402.17/0.26	351.15/0.52
Greenland	21.56/0.01	14.40/0.45	17.97/0.25	11.35/6.48	0.00/0.00
Morocco	NA/NA	0.00/0.00	4.69/0.01	4.96/0.02	2.80/0.62
Nepal	0.01/0.00	0.00/0.00	0.00/0.00	NA/NA	0.00/0.00
Norway	NA/NA	1.60/0.06	1.48/0.04	1.30/0.04	8.46/0.22
Senegal	NA/NA	NA/NA	1.87/0.15	22.10/0.03	27.22/0.07
Spain	0.00/0.00	16.20/1.21	17.07/1.44	13.38/1.20	0.00/0.00
United Kingdom	247.29/0.89	247.54/0.97	377.02/1.24	349.07/1.07	312.67/1.48

Absolute and normalised GHG emissions from purchased electricity (market-based scope 2<sup>a</sup>)

(tonnes CO<sub>2</sub>e/tonnes CO<sub>2</sub>e per 1,000 hours worked)

	2015
Cairn total	102.18/0.15



Morocco	2.80/0.62
Norway	43.25/1.14
Senegal	27.22/0.07
United Kingdom	28.92/0.14

#### Total absolute and normalised GHG emissions from business travel (scope 3<sup>3</sup>)

		2011	2012	2013	2014	2015
<b>Business travel</b>	<i>(tonnes CO<sub>2</sub>e/tonnes CO<sub>2</sub>e per 1,000 hours worked)</i>	<b>746.04/ 0.39</b>	<b>1,350.45/ 3.91</b>	<b>2,792.62/ 3.52</b>	<b>3,126.51/ 2.02</b>	<b>2,605.95/ 3.88</b>
Air travel	<i>(tonnes CO<sub>2</sub>e)</i>	746.04	1,342.63	2,783.67	3,117.61	2,601.65
Rail travel	<i>(tonnes CO<sub>2</sub>e)</i>	NA	7.81	8.95	8.91	4.31

**Note:** Data has been provided for individual countries where there have been relevant emissions.

**Note:** We report our GHG emissions in accordance with the GHG Protocol Corporate Accounting and Reporting Standard (World Resources Institute/World Business Council for Sustainable Development). All GHG emissions are reported in tonnes of carbon dioxide CO<sub>2</sub> equivalent (CO<sub>2</sub>e).

To meet UK reporting requirements, GHG emissions need to be reported normalised to an appropriate performance measure representative of the business. As Cairn did not have revenue or operated production facilities in 2015, or the previous four years, and activities were of an exploration nature only (i.e. seismic surveys and exploration drilling), its GHG emissions have been normalised to total employee and contractor hours.

- Scope 1 emissions:** direct GHG emissions which occur from sources that are owned or controlled by the company, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles, etc.

At present Cairn is undertaking exploration activities only. We are not operating any production assets. Our Scope 1 emissions arise from:

- fuel combustion during offshore rig, marine vessel and aircraft operations as well as a very small amount during use of land-based vehicles (total: 99.999%); and
- incineration of waste on marine vessels/rigs (0.001%).

The rig, vessels and helicopters keep a daily log of fuel usage and each provide us with a total figure for fuel consumption, in litres, at the end of each month. Fuel consumption figures for land-based vehicles (<0.3% of total fuel consumption) are partly drawn from accurate fuel consumption records and partly from estimates when exact fuel usage is impractical to track.

A fuel density figure is used to convert litres of fuel into tonnes. The fuel density is provided by the rig, vessels or helicopter operator when available (most of the time in 2015). Otherwise, a typical density is used from 'Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry', American Petroleum Institute (API), 2009. Figures in tonnes are then converted into CO<sub>2</sub>e using emission factors.

For calculating Scope 1 GHG emissions we use emission factors for carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) from the API Compendium 2009.

#### Estimates and uncertainties

- Petrol and diesel consumption for land-based vehicles at shore bases/offices was partly estimated. This represents less than 0.3% of fuel consumption during operations in Senegal and overall.
- The mass of waste incinerated on board vessels is usually based on estimates however this represents a tiny amount compared to overall emissions (<0.0001 tonnes CO<sub>2</sub>E).
- We use the most applicable emission factors available but there will always be a small margin of error from these as they may not match fuel type exactly.

- Scope 2 emissions:** indirect electricity emissions are from the generation of purchased electricity consumed by the company. Purchased electricity is defined as electricity that is purchased or otherwise brought into the organisational boundary of the company.

Our Scope 2 Emissions arise from:

- Use of electricity in our offices and shore bases.

In 2015 we updated our methodology for calculating Scope 2 Emissions in line with the new Greenhouse Gas Protocol Scope 2 Guidance that was launched in January 2015. As a result we now report Scope 2 emissions in two ways: according to a location-based method and a market-based method. For the location-based method we use emission factors from the IEA (International Energy Agency) Report 'CO<sub>2</sub> emissions from Fuel Combustion Highlights' (2013 Edition), p110-112 'CO<sub>2</sub> emissions per kWh from electricity generation'. These are grid average emission factors for each country. For district heating and cooling we use location-based emission factors from DEFRA 2015.

For the market-based method we use emission factors, where available, in the following order of preference:

- Supplier-specific emission factor – obtained from Cairn offices' electricity suppliers.
- Residual mix emission factors - obtained from the RE-DISS II document 'European Residual Mixes 2014', last updated in June 2015.
- Location-based emission factors. These are the same IEA and DEFRA emission factors that we use for calculating location-based emissions.

Supplier-specific emission factors were requested from the electricity suppliers of all of Cairn's offices but were only available for the Edinburgh and London offices. Market-based scope 2 figures for Norway were calculated using the residual mix emission factor for Norway. For Morocco and Senegal there were no residual mix factors available so the location-based factors were used.

We are not able to obtain supplier-specific emission factors for previous years so all Scope 2 data prior to 2015 is calculated according to the location-based method.

#### Estimates and uncertainties



- Most of our electricity consumption happens in our head office in Edinburgh (77% of our total electricity consumption in 2015), followed by London and Stavanger (both 9% of total). Electricity consumption for the Edinburgh, London, Dakar (<5% of total) and Rabat (<1% of total) offices is taken from meter readings. London office figures were taken from October 2014 to October 2015 because the fourth quarter figure for the London office is not yet available at reporting time. Electricity consumption for the Stavanger office is calculated as a proportion of the overall building consumption.
  - There is always a degree of inaccuracy in emission factors. Also, there is no electricity emission factor available for Greenland so we use the Denmark factor instead.
3. **Scope 3 emissions:** Scope 3 emissions are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.

Cairn currently reports Scope 3 emissions from business travel, including air and rail travel, but not tube travel.

For calculating Scope 3 (business travel) GHG emissions we use the DEFRA methodology, including its recommendation to include an uplift for the influence of radiative forcing in air travel emissions. This uplift ensures that the maximum climate impact of an organisations' travel habits is captured. In our air travel GHG emissions calculations we use journey type (domestic, short haul, long haul), seat class (economy, premium economy, business, first) and distance travelled. In our rail travel GHG emissions calculations we use rail type (national rail, international rail) and distance. We updated to [DEFRA](#) 2015 emission factors this year.

It is Cairn policy that all travel for Edinburgh and London based staff, and usually the smaller offices, is booked using its corporate travel agent, HRG, except under special exception. As a result of this, the majority of our travel data is obtained in a report from HRG and includes details on journey type, seat class and kilometres travelled. Travel data is also obtained from other Cairn offices, from a travel expense claim report from Edinburgh's accounts department, and through communication with executive assistants in the Edinburgh office. Where journey kilometres are not provided with the data, these are obtained from internet resources, e.g. [air miles calculator](#), [travelmath](#) and [Virgin trains](#).

#### Estimates and uncertainties

- Not all HRG flight data can be broken down into flight sectors with the corresponding seat class so there is a degree of uncertainty in this, e.g. GHG emissions for some of the domestic flight sectors may be calculated using short or long haul flight emission factors.
- Travel data obtained from travel expenses does not always show whether a journey is single or return so this sometimes has to be assumed. In addition, the seat class of these flights is not shown however flights booked outside the HRG system are usually with budget airlines so the majority are known to be economy class. These flights are not broken down into sectors but the majority are domestic or short haul/European flights which are only one flight sector.
- For rail travel data obtained from travel expenses, some of the journey distances are based on estimates.
- Travel data provided by Cairn's Norway office (from their travel provider) does not include train journeys so an estimate has to be made for these.
- Occasional flights/train journeys booked by individuals, based in Cairn's offices outside the UK, might get missed however this is considered minimal.





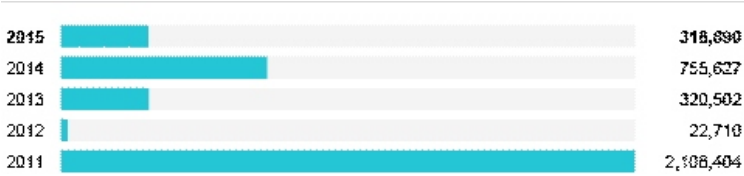
# Energy consumption

## Total direct and indirect energy consumption

Chart: Total direct and indirect energy consumption

Table: Total direct and indirect energy consumption

(GJ)



	2011	2012	2013	2014	2015
<b>Total energy (direct and indirect) consumption</b>	2,108,404	22,710	320,502	755,627	318,890
Direct energy consumption	2,106,086	20,117	316,562	751,985	315,911
Indirect energy consumption	2,318	2,593	3,940	3,642	2,978

## Direct energy consumption by primary source

Aviation gas

(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	108,549	0	5,114	10,294	1,720
Greenland	108,549	0	0	0	0
Morocco	NA	NA	5,114	6,116	0
Senegal	NA	NA	0	4,178	1,720

Diesel

(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	3,824	185	1	774	779
Greenland	3,736	145	0	0	0
Ireland	NA	NA	NA	48	0
Morocco	NA	NA	0	39	0
Nepal	87	39	1	NA	NA
Senegal	NA	NA	0	688	779

Fuel oil (marine diesel)

(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	1,993,383	19,788	310,924	740,367	313,384
Greenland	1,993,383	7,445	72,504	0	0
Ireland	NA	NA	NA	59,617	0
Malta	NA	NA	NA	6,310	0
Morocco	NA	12,291	233,576	157,679	0
Nepal	0	52	0	NA	NA
Senegal	NA	NA	4,843	516,761	313,384



Gasoline (petrol)  
(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	278	70	472	495	28
Greenland	278	70	65	33	0
Morocco	NA	0	407	343	0
Senegal	NA	NA	0	119	28

Heating oil  
(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	0	0	1	3	0
Norway	NA	NA	1	3	0

Natural gas  
(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	52	74	52	52	0
Spain	52	74	52	52	0

Indirect energy (purchased electricity<sup>1</sup>) consumption

(GJ)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	2,318	2,593	3,940	3,642	2,978
Greenland	252	144	205	130	NA
Morocco	NA	NA	23	24	14
Nepal	13	13	6	NA	NA
Norway	NA	346	409	360	272
Senegal	NA	NA	10	115	142
Spain	226	245	211	165	NA
United Kingdom	1,827	1,846	3,075	2,847	2,550

**Note:** Data has been provided for individual countries where there has been relevant energy consumption.

1. Most of our electricity consumption happens in our head office in Edinburgh (77% of our total electricity consumption in 2015), followed by London and Stavanger (both 9% of total). Electricity consumption for the Edinburgh, London, Dakar (<5% of total) and Rabat (<1% of total) offices is taken from meter readings. London office figures were taken from October 2014 to October 2015 because the fourth quarter figure for the London office is not yet available at reporting time. Electricity consumption for the Stavanger office is calculated as a proportion of the overall building.



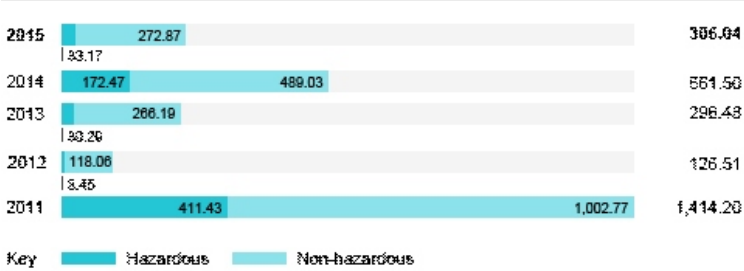
# Waste

## Total hazardous and non-hazardous waste

Chart: Total hazardous and non-hazardous waste

Table: Total hazardous and non-hazardous waste

(tonnes)



	2011	2012	2013	2014	2015
Total hazardous and non-hazardous	1,414.20	126.51	296.48	661.50	306.04
Hazardous	411.43	8.45	30.29	172.47	33.17
Non-hazardous	1,002.77	118.06	266.19	489.03	272.87

## Total regulated hazardous waste quantities by disposal method

(tonnes)

	2011	2012	2013	2014	2015
Incineration or used as fuel	36.10	0.00	2.38	112.24	20.25
Recycling	0.00	0.09	21.36	52.78	8.24
Reuse	0.50	0.00	0.00	0.00	1.03
Landfill	0.00	0.00	0.02	0.96	3.50
On-site storage	0.00	0.00	0.00	1.17	0.14
Unspecified disposal	374.83	8.36	6.53	5.32	0.00

## Total regulated non-hazardous waste quantities by disposal method

(tonnes)

	2011	2012	2013	2014	2015
Composting	0.60	1.61	0.98	0.44	1.02
Incineration or used as fuel	498.40	5.37	62.49	30.66	7.56
Recycling	165.51	57.42	97.22	181.63	94.64
Reuse	0.00	0.00	0.00	67.52	23.35
Landfill	49.95	50.17	73.41	136.96	137.70
On-site storage	3.18	0.00	0.00	2.60	0.00
Unspecified	285.14	3.50	32.08	69.21	8.61

## Hazardous and non-hazardous waste

(tonnes)

	2011	2012	2013	2014	2015
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Greenland hazardous	411.41	8.21	2.02	0.00	0.00
Greenland non-hazardous	907.86	8.77	45.14	0.40	0.00
Ireland hazardous	NA	NA	NA	14.15	0.00
Ireland non-hazardous	NA	NA	NA	12.10	0.00
Malta hazardous	NA	NA	NA	0.00	0.00
Malta non-hazardous	NA	NA	NA	3.64	0.00
Morocco hazardous	NA	0.00	27.58	46.14	0.00
Morocco non-hazardous	NA	1.27	106.32	79.24	1.00
Nepal hazardous	0.00	0.00	0.00	NA	NA
Nepal non-hazardous	0.80	2.07	1.00	NA	NA
Norway hazardous	NA	0.00	0.05	0.00	0.15
Norway non-hazardous	NA	1.12	1.14	1.38	2.94
Senegal hazardous	NA	NA	0.36	111.99	32.52
Senegal non-hazardous	NA	NA	3.35	254.57	150.81
Spain hazardous	0.00	0.00	0.00	0.01	NA
Spain non-hazardous	0.09	0.33	0.33	0.49	NA
United Kingdom hazardous	0.03	0.24	0.29	0.19	0.49
United Kingdom non-hazardous	94.02	104.50	108.90	137.21	118.12

**Note:** Data has been reported for countries where waste has been generated. Similarly, data has been reported for applicable waste disposal methods that have been used.

**Hazardous waste:** all waste that is defined as hazardous, toxic, dangerous, listed, priority, special, or some other similar term as defined by an appropriate country, regulatory agency or authority. We use the European Union definitions and waste codes.

**Non-hazardous waste:** industrial wastes resulting from company operations, including process and oil field wastes (solid and liquid) disposed of either on-site or off-site. Includes, trash and other office, commercial (e.g. retail) or packaging-related wastes. Excludes hazardous waste as defined above.

**Disposal method:** the method by which the waste is disposed. This is split into the following categories in line with GRI reporting requirements: reuse, recycling, composting, incineration, landfill, on-site storage, other. Waste data, including information on disposal method, is provided by our waste disposal contractors where applicable, or by contractors who are responsible for waste generated during short term operations. We use the European Union definitions and codings.

We generate waste during rig, marine vessel and shore-based operations, as well as from our offices in the UK and other locations.

**Waste from field based operations:** Waste generated during field-based (including offshore - except where offshore treatment is allowed such as garbage incineration under MARPOL) operations is transferred to shore based waste disposal facilities and waste transfer notes are used to record and track each transfer as part of our 'Duty of Care'. Waste figures are submitted to Cairn at the end of each month by the vessels themselves (in the case of short-term operations such as seismic) or by the waste disposal contractor (in the case of longer term operations such as current drilling operations in Senegal). This data is then checked and entered into our database, split by hazardous/non-hazardous and by disposal method.

Waste figures are reported in tonnes. We ask our contractors to weigh waste wherever possible and report by mass (tonne, kg). Where this is not possible, tonnage is calculated by multiplying the volume of waste by a conversion factor. We provide contractors with a set of standard conversion factors from [WRAP](#), a non-government organisation working with UK governments, the EU and other funders, to help deliver their policies on waste prevention and resource efficiency.

**Office waste:** Waste data is collected from our offices at the end of each year. This covers all types of waste including general office waste, controlled waste and recycling waste, e.g. paper and toner cartridges. Figures for Cairn's head office in Edinburgh are received from the waste contractors that service the building, and are partly estimated. Figures for Cairn's Stavanger office are obtained from the building managers. For both these offices some figures are calculated as a proportion of the overall building. For other offices waste figures are estimated using per person per month Edinburgh office figures.

#### Estimates and uncertainties

There is a degree of uncertainty in the volumes of waste measured and in the conversion factors used to convert volume to tonnes and these will arise from the method used.

Waste figures for offices are, for the most part, estimated as a proportion of the overall building or using per person per month Edinburgh office figures.



# Water

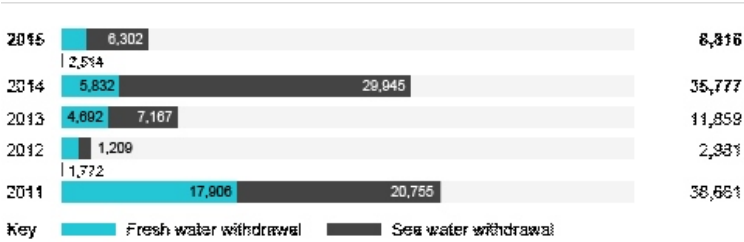
## Water consumption

Total water withdrawal

Chart: Total water withdrawal

Table: Total water withdrawal

(m<sup>3</sup>)



	2011	2012	2013	2014	2015
Cairn total	38,661	2,981	11,859	35,777	8,816
Fresh water	17,906	1,772	4,692	5,832	2,514
Sea water	20,755	1,209	7,167	29,945	6,302

**Note:** Water consumption data is collected under the categories of fresh water, brackish water and sea water. There has been no brackish water consumption since before 2011. Some fresh water used by Cairn's activities is produced by reverse osmosis from sea water. This data is included under sea water as this is the source of the water.

Total water withdrawal by source

(m<sup>3</sup>)

	2011	2012	2013	2014	2015
<b>Fresh water</b>					
Municipal water supplies or other water utilities	16,113	1,711	4,670	5,686	2,452
Groundwater sources	80	26	13	0	0
Another organisation's waste water	2	0	0	0	0
Unspecified sources	1,711	36	9	146	62
<b>Sea water</b>					
Surface water sources	20,755*	1,209*	7,167	29,945	6,302

**Note:** \*The categorisation of some sea water data in 2011 and 2012 has been corrected, e.g. moved from brackish water to sea water for 2011 (it had previously been recorded under brackish/sea water and when the categories were broken down it was incorrectly categorised as brackish water) and moved from unspecified to surface water sources in 2012.

## Fresh water withdrawal sources

Municipal water supplies or other water utilities

(m<sup>3</sup>)

	2011	2012	2013	2014	2015
Greenland	14,466	138	1,645	5	0
Ireland	NA	NA	NA	77	0
Morocco	NA	0	1,477	1,439	59
Nepal	150	17	9	NA	NA
Norway	NA	145	143	150	291
Senegal	NA	NA	103	2,948	1,195
Spain	64	96	71	72	NA





United Kingdom	1,433	1,315	1,222	995	907
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Groundwater  
(m<sup>3</sup>)

	2011	2012	2013	2014	2015
Nepal	80	26	13	NA	NA

Another organisation's waste water  
(m<sup>3</sup>)

	2011	2012	2013	2014	2015
Greenland	2	0	0	0	0

Unspecified  
(m<sup>3</sup>)

	2011	2012	2013	2014	2015
Greenland	1,711	4	0	0	0
Malta	NA	NA	NA	131	0
Morocco	NA	0	2	3	0
Senegal	NA	NA	7	12	62
United Kingdom	0	32	0	0	0

## Sea water withdrawal sources

Surface water  
(m<sup>3</sup>)

	2011	2012	2013	2014	2015
Greenland	20,755	1,060	0	0	0
Ireland	NA	NA	NA	391	0
Malta	NA	NA	NA	2	0
Morocco	NA	149	6,710	8,337	0
Senegal	NA	0	457	21,215	6,302

## Water effluent and discharges to water

Water effluent discharged to surface  
(m<sup>3</sup>)

	2011	2012	2013	2014	2015
Cairn total	4,618	230	2,851	22,452	1,758
Greenland	4,618	142	1,094	0	0
Ireland	NA	NA	NA	438	0
Malta	NA	NA	NA	120	0
Morocco	NA	88	1,717	6,172	0
Senegal	NA	NA	40	15,722	1,758



Oil discharged in water effluent to surface  
(tonnes/mg per litre of water discharged to surface/mg per million tonnes of hydrocarbon produced)

	2011	2012	2013	2014	2015
Cairn total	0.00/0.00/ 0.00	0.00/0.00/ 0.00	0.00/0.00/ 0.00	0.00/0.00/ 0.00	0.00/0.00/ 0.00

**Note:** There has been no hydrocarbon production since 2010.

**Note:** Water effluent data includes domestic water effluent discharged from vessels but not from taps in offices. Domestic water effluent discharge from vessels is usually based on estimation as vessels do not often have discharge metres.

**Note:** Data has been provided for individual countries where there has been relevant water consumption or effluent and discharges to water.



# Spills to the environment

## Total number of spills to the environment

(number)

	2011	2012	2013	2014	2015
Oil	0	0	0	0	1*
Fuel	1	0	0	0	0
Chemical	0	1	0	0	1**
Waste	0	0	0	0	0
Other	2	0	0	0	0

**Note:** \*A minor spill of oil drop-out from the flare during testing on the SNE-2 well.

**Note:** \*\*A minor spill of waste hydraulic oil to surface drain at Dakar port.

## Total volume spilled to the environment

(barrels)

	2011	2012	2013	2014	2015
Oil	0.00	0.00	0.00	0.00	0.002
Fuel	0.06	0.00	0.00	0.00	0.00
Chemical	0.00	2.20	0.00	0.00	0.006
Waste	0.00	0.00	0.00	0.00	0.00
Other	9.44	0.00	0.00	0.00	0.00

## Oil

(number/barrels)

	2011	2012	2013	2014	2015
Senegal	0/0.000	0/0.000	0/0.000	0/0.000	1/0.002

## Fuel

(number/barrels)

	2011	2012	2013	2014	2015
Greenland	1/0.06	0/0.00	0/0.00	0/0.00	0/0.00

## Chemical

(number/barrels)

	2011	2012	2013	2014	2015
Senegal	0/0.00	0/0.00	0/0.00	0/0.00	1/0.006
United Kingdom	0/0.00	1/2.20	0/0.00	0/0.00	0/0.00

## Other



(number/barrels)

	2011	2012	2013	2014	2015
Greenland	2/9.44	0/0.00	0/0.00	0/0.00	0/0.00

**Note:** Spill category definitions:  
Oil: crude oil.  
Fuel: diesel, gasoline, kerosene, heating oil, aviation fuel.  
Chemical: any other raw material or ancillary.  
Waste: any material (solid, liquid, 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 report against the category that provides the most information, e.g. chemical rather than waste when reporting waste chemicals.

**Note:** Data has been provided for individual countries where there have been relevant spills.



## Environmental compliance, grievances and expenditure

### Non-compliance with environmental laws and regulations

Cairn total

		2011	2012	2013	2014	2015
Incidents	(number)	0	0	0	0	0
Non-monetary sanctions	(number)	0	0	0	0	0
Monetary value of significant fines	(£'000 pounds sterling)	0	0	0	0	0

### Environmental impact grievances

(number)

	2014	2015
Filed	0	0
Filed and addressed	0	0
Filed, addressed and resolved	0	0
Filed prior to reporting period but resolved during reporting period	0	0

### Environmental protection expenditure and investments

(£ pounds sterling)

	2014	2015
Prevention and environmental management	4,163,358	966,402
Waste disposal, emissions treatment, and remediation	302,088	148,545

**Note:** These are approximate figures. We are developing our methodology for obtaining these figures and this has changed from 2014 to what we think is a more robust methodology in 2015:

In 2014 we obtained figures from purchase orders and did not include in-house expertise (employees and 'other workers'/long term office-based consultants).

In 2015 we obtained figures from records of invoices booked in the reporting year (UK, Senegal and Greenland). An estimate for in-house expertise was included. Some expenditure may have been omitted as it is not always easily recognisable in the invoice records as environmental-related. There was less operational activity in 2015.



## Biodiversity

### Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

These are reported on the basis of Cairn operatorship only as at the end of 2015.

Area of operations	Geographical location; type of operation	Protected areas (distance to licence block, status)
Senegal, Sangomar deep offshore	Approximately 85km <b>offshore</b> from the nearest coast, in water depths ranging from 800m to 2,000m.  Appraisal and exploration drilling (FAN-1, SNE-1 in 2014, SNE-2 and SNE-3 wells in 2015).	<b>Saloum Delta Biosphere Reserve and National Park</b> ( <b>onshore</b> at least 85km away). The biosphere reserve comprises 72,000 ha of marine areas, 23,000 ha of flooded areas, and 85,000 ha of terrestrial islands. The National Park, which forms part of a UNESCO World Heritage Site and a Ramsar Convention site, lies within a 180,000 ha biosphere reserve.  Other protected areas in the vicinity include <b>Magdalen Islands National Park, Gorée Island, Popenguine Natural Reserve, Joal Fadiouth Protected Marine area, Protected Marine area of Bamboung, Protected Marine area of Abéné, Lower Casamance National Park</b> .
Senegal, Sangomar offshore and Rufisque offshore blocks	Blocks run from shore south of Dakar to Joal-Fadiouth to the south and offshore to border Sangomar deep.  Seismic shot nearest location 16km from coastal region of Le Petite Côte, 23km from Dakar and 28km from Rufisque. Water depths from 20m to 1,500m m over approximately 2,300km <sup>2</sup> .	<b>RAMSAR site Saloum Delta Biosphere Reserve and National Park</b> (43km on shore to east – see above). <b>Magdalen Islands National Park</b> (21km north), <b>Langue de Barbarie National Park</b> (20km north) and <b>Popenguine Nature Reserve</b> 15km to north-east. Other areas include <b>Cap Vert, Joal-Fadiouth</b> and <b>La Petite Côte</b> International Bird Areas. Protected Marine areas of <b>Kayar</b> (Grand Côte) and <b>Saint Louis</b> . Others see diagram.
Spanish Point (FEL 2/04), Spanish Point (FEL 4/08) North and FEL 1/14 Porcupine Basin, offshore Republic of Ireland	Approximately 130km off the west coast of the Republic of Ireland.  No activities in 2015, 800km <sup>2</sup> of 3D seismic in 2014.	There are three offshore Special Areas of Conservation (SACs) in the locale of the survey area (Figure 1: Protected areas offshore Ireland). The closest is the Hovland Mound site.  The Hovland Mound site has been selected as a SAC for reefs (biogenic); a habitat that is listed on Annex I of the E.U. Habitats Directive.  The Hovland Mound Province is located on the northern margins of the Porcupine Seabight, approximately 7.45km from the Spanish Point and 130km west of the south-west Irish coast. Other coastal sites are over 150km to the east. Special Areas of Conservation (SAC) and candidate SACs are over 130km east. These include Lower River Shannon, West Connacht Coast (cSAC), Blasket Islands and Roaringwater Bay and Islands. Designated Marine Protected Areas are considerable distances away with the exception of Hovland Mound See Figure 2.
Offshore Malta 1,2 and 3 (Area 3 licence)	Approximately 1,500km of <b>offshore</b>  No activities in 2015. 2D seismic survey in Area 3 off the north coast of the Maltese archipelago in 2014.	Malta has a large number of protected areas under national and international designations (Figure 3: Protected areas in Malta, Gozo). These include six relatively recently designated Marine Protected Areas that cover 80% of the seagrass meadows in the shallow waters around the islands.  These protected areas are in-shore or on land and at their closest are approximately 1.9km (1 nautical mile) from the closest point on the survey area, outside Cairn's licensed area of activity. See Figure 3.
UK offshore Scylla, licence P2149 (block 9/6).	Lies approximately 150km south and east of the Shetland Islands.  No activities.	Strategic Environmental Assessment (SEA2) available for area. SEA2 indicates blocks are important for some marine mammals including harbour porpoise. No immediate Marine Protected Areas known near the location although some features are located over 100km to the south including Braemar Pockmarks (SAC), Central Fladen Nature Conservation MPA is situated some distance to the south west and Pobie Bank Reef and other features adjacent to the Shetland Coast.
Pitu offshore Greenland licence 2011/13	Lies approximately 150km north west of Upernavik in the high Arctic. The block lies between 25km-45km offshore at its nearest point in Baffin Bay.  No activities.  3D seismic conducted in 2011.	No Ramsar sites lie within the block. The Melville Bay Nature Protection Area is situated to the north of the licence block and was designated primarily to protect polar bears. Although a nature protection area, traditional hunting is allowed in an outer part and exploration for petroleum and minerals is allowed throughout. According to the Greenland Nature Protection Law several areas along the coastline to the south of the licence block are nature reserves. The Bird Protection Law also designates Bird Protection Areas, where breeding colonies are protected and access is prohibited in the breeding season. See Figure 4.

Figure 1: Protected areas in offshore Senegal





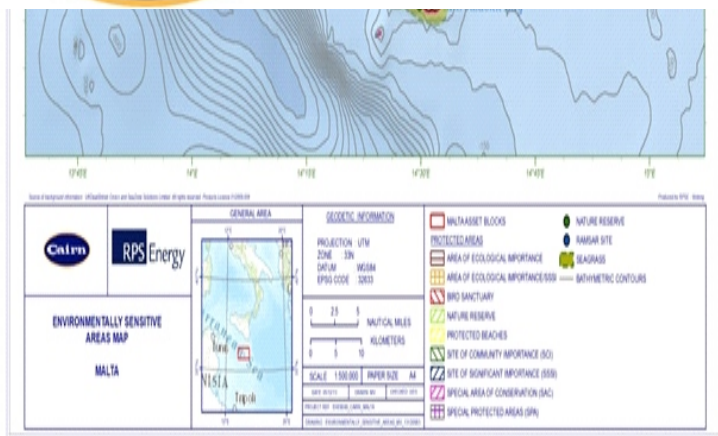
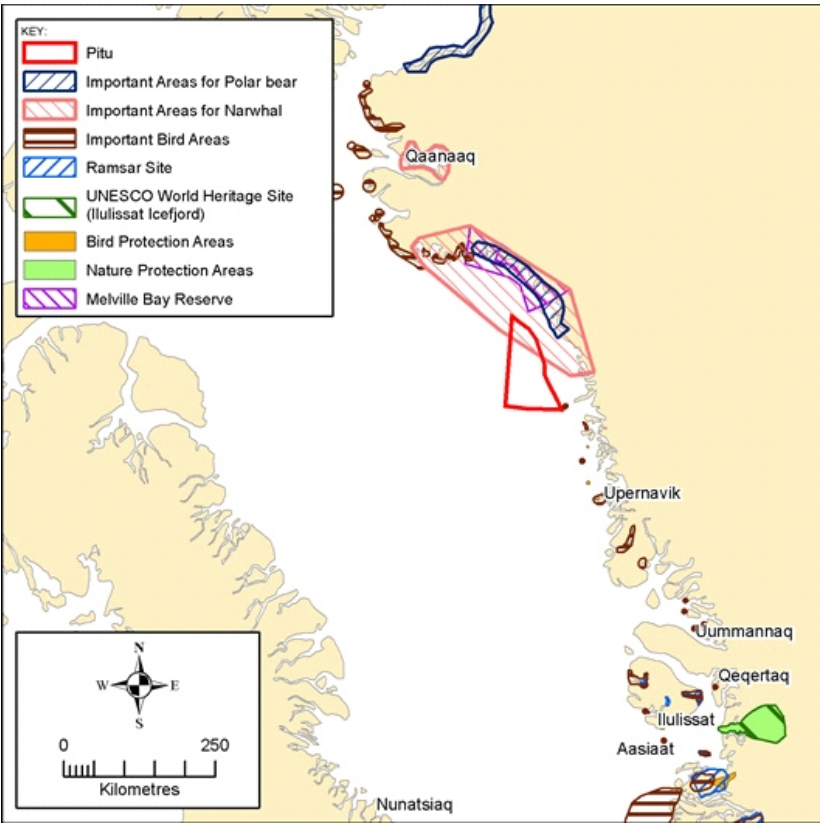


Figure 4: Nature Protection and Important Bird Areas Pitu, Greenland



## Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas

This section reports on 2015 activities only in operated assets.

Area of operations*	Nature of significant direct or indirect impacts on biodiversity	Significant direct or indirect impacts on species
Senegal, Sangomar deep offshore	Potential for direct impacts on the biodiversity of the benthic environment in the vicinity of the Sangomar deep wells was identified due to smothering by drill cuttings and from the discharge of drilling fluids.	No significant direct or indirect impacts on biodiversity were identified during the ESIA process undertaken for operations in Senegal. Water-based chemicals were selected as drilling fluids to pose little or no risk (PLONOR) and to be the least toxic in order to maintain function and safety. Discharges were kept to a practical minimum during drilling. Localised smothering of non-mobile benthic organisms in the immediate vicinity of the well was anticipated and observed but no overall direct or indirect impact on biodiversity occurred.  The assessment work was supplemented in 2015 for further exploration and appraisal work using different equipment. This work indicated no substantial changes in impacts on biodiversity.
Senegal, Sangomar offshore and Rufisque offshore blocks	Disruption of marine mammal communication and behaviour was identified as a potential impact due to the use of air guns for sound generation used in the seismic process. Potential impact on fishing communities including artisan fishing activities.	A voluntary baseline environmental assessment was conducted to understand potential impacts and required mitigation measures identified. Mitigation measures were applied based on UK JNCC guidelines including 'soft start' and Passive Acoustic Monitoring (PAM). Marine mammal observers were placed on the vessel to assist in identification of vulnerable species and feedback



observations as part of the mitigation process.

No significant or lasting direct or indirect impacts are considered to have occurred.

Spanish Point (FEL 2/04), Spanish Point (FEL 4/08) North and FEL 1/14, Porcupine Basin, offshore Republic of Ireland	No activities in 2015 although planning commenced regarding appraisal drilling for Spanish Point and this included revising an Environmental Area Assessment and Natura Impact Assessment report first developed in 2013. This activity was postponed until a later date.	NA
Offshore Malta 1,2 and 3 (Area 3 licence)	No activities in 2015	NA
UK offshore Scylla, licence P2149 (block 9/6).	No activities in 2015	NA
Pitu offshore Greenland licence 2011/13	No activities in 2015	NA

\*No operations occurred on other licences

## Habitats protected or restored

The impacts from Cairn drilling operations on the environment and biodiversity in Senegal were, although measurable, very limited in scale and localised. No habitats required restoration following completion of drilling activities. Seismic operations in Senegal had no notable or measurable impacts on the environment or biodiversity.

The following measures were implemented, or planned for implementation, during the 2015 exploration drilling campaigns and seismic programmes.

Activity	Potential impact	Mitigation/protection measures
Routine drilling operations	Potential disturbance and behavioural changes in fish, marine mammals and reptiles due to increase in background marine noise levels from drilling operations.	<p>Days on location of the Mobile Offshore Drilling Unit (MODU) were kept to a minimum.</p> <p>Operational and maintenance procedures on the MODU aimed to optimise the efficiency of equipment and schedule of operations.</p> <p>Vessel and helicopter movements were optimised by careful planning and avoiding environmentally sensitive areas and periods.</p> <p>Circling or hovering over marine mammals or sites identified as sensitive for seabird colonies were prohibited.</p>
Routine Seismic and drilling operations	Noise from seismic surveys.	<p>Qualified marine mammal observers (MMOs) were on site during seismic survey operations.</p> <p>The MMOs visually monitored the 500m exclusion zone around the rig or vessel location for at least 30 minutes to ensure that no marine mammals or sea turtles were within this area prior to commencement of seismic operations.</p> <p>A 'soft start' of no less than 20 minutes had been undertaken prior to commencement of Seismic While Drilling (SWD) operations.</p> <p>A single gun mitigation shot was fired every 10 minutes.</p> <p>Application of Passive Acoustic Monitoring (PAM)</p>
Routing drilling operations	Potential for obstruction to fishing operations due to presence of exclusion zone around the MODU (loss of access to fishing ground) or by seismic vessels. Economic costs to fisheries.	<p>A safety exclusion zone was maintained at 500m from the MODU.</p> <p>A vessel was on standby at all times, monitoring transit/fishing vessels within the area and maintaining the exclusion zone.</p> <p>Early-warning radar and communication systems on board the standby vessel and MODU were used to identify and communicate with any approaching vessels.</p> <p>Liaison with the shipping and fishing authorities and other fishing groups had been maintained.</p> <p>The shipboard emergency response plans of the MODU and supply/support vessels had been verified by Cairn for adequacy to respond to the potential collision threat.</p> <p>Use of 'chase' vessels to warn fishing vessels regarding approach of seismic vessel in addition to pre-notifications and liaison with fishing organisations.</p>
Routine drilling operations	Potential land take, increased use of local/limited/infrastructure, services, accommodation facilities and resources, increased air, marine and onshore traffic due to presence of onshore logistic base and support activities.	<p>Local disturbance was minimised by use of existing facilities, optimisation of supply/support and crew change operations.</p> <p>Local employment and use of available services/resources was maximised to benefit local population and businesses.</p> <p>Local content strategy was implemented.</p> <p>Stakeholder engagement strategy was developed and implemented, and included a grievance mechanism to ensure that any concerns or issues were addressed in a timely manner.</p>
Routine drilling operations	Disturbance of seabed habitats and associated fauna due to anchoring of the drilling rig.	Site survey had confirmed the absence of sensitive features at the proposed anchoring location. The rig used in 2015 was dynamically positioned and therefore was not anchored.





Routine drilling and seismic operations	Emissions to air.	<p>Main power generation equipment had been well maintained and operated.</p> <p>Contracted vessels were required to control fuel use, maintain equipment, manage energy and optimise voyage management, wherever possible.</p> <p>All drilling and seismic activities were planned so as to minimise duration and ensure efficient operations.</p> <p>The design of any well test programme is optimised to minimise quantities of oil and gas flared.</p> <p>Use of high combustion efficiency burners during the well test operations to prevent oil drop out (see below).</p>
Routine drilling and seismic operations	Waste management.	<p>All vessels and bases had a Waste Management Plan and Waste Transfer documentation was implemented.</p> <p>Cairn enforced strict segregation and containment of waste.</p> <p>All solid wastes, including any oil recovered from the slops tank or drains, had been transferred to shore for further shipment and/or disposal at appropriate licensed facilities.</p> <p>All waste transfers had been logged and recorded in shipboard logs and transfer notes.</p> <p>No unauthorised waste materials had been discharged to sea.</p> <p>All wastes had been managed and disposed of according to the Waste Management Plan, the Duty of Care and based on EU definitions and legislation.</p>
Routine drilling and seismic operations	Contamination of soil/groundwater and visual impact due to onshore disposal.	<p>Use of authorised, assessed and properly managed waste-handling facilities onshore.</p> <p>Shipment and disposal by specialised and registered waste-handling contractors.</p> <p>Medical waste had been incinerated at the approved facilities onshore.</p> <p>Waste oils had been transferred to the approved facilities onshore.</p> <p>Specific hazardous wastes in Senegal were identified to have no appropriate disposal point in the country. These were managed in accordance with the Basel Convention on transfrontier shipment of such wastes.</p>
Routine drilling and seismic operations	Marine pollution due to discharges to sea.	<p>Sewage from MODUs and support vessels had been treated and discharged in strict compliance with International Convention for the Prevention of Pollution from Ships (MARPOL) requirements (Annex IV Prevention of Pollution by Sewage from Ships).</p> <p>Organic kitchen waste was treated and discharged to sea in strict compliance with MARPOL requirements (Annex V Prevention of Pollution by Garbage from Ships).</p> <p>Water-based mud (WBM) only was used by Cairn for the drilling campaign in Senegal and drill cuttings had been treated prior to being discharged to sea under approval from the regulatory authority. WBM is discharged to sea when spent.</p> <p>Drilling fluids were recirculated and unused, but pre-mixed drilling fluids were retained on the MODU for use on subsequent wells by Cairn.</p> <p>No discharge of hydrocarbon-contaminated cuttings or drilling fluids to sea.</p> <p>The majority of WBM chemicals are considered as Pose Little or No Risk (PLONOR) chemicals. Where non-PLONOR chemicals had been required for operational or safety reasons, their use and discharge was strictly monitored and minimised to the greatest extent possible and are approved by the country regulator.</p> <p>Bilges and contaminated drainage water had been treated and discharged in strict compliance with MARPOL requirements (Annex I Regulations for the Prevention of Pollution by Oil).</p> <p>Ballast discharges complied with International Maritime Organization (IMO) guidelines.</p>
Non-routine operations	Marine pollution from a large fuel spill due to vessel collision or re-fuelling incident. Two very minor releases to environment in 2015 (both <1 litres – oil from flare out and chemical during tank cleaning)	<p>A safety exclusion zone was maintained at 500m from the MODU.</p> <p>A vessel was on standby at all times, monitoring transit/fishing vessels within the area and maintaining the exclusion zone.</p> <p>Early-warning radar and communication systems on board the standby vessel and MODU were used to identify and communicate with any approaching vessels.</p> <p>Liaison with the shipping and fishing authorities and other fishing groups had been maintained.</p> <p>The shipboard emergency response plans of the MODU and supply/support vessels had been verified by Cairn for adequacy to respond to the potential collision threat.</p> <p>Strict refuelling procedures.</p> <p>Port contingency plans.</p> <p>Tier 1 response kit onboard MODU, standby vessels and port facilities,</p>





supplemented by shoreline response package.

Personnel trained in spill response.

Vessel collision and refuelling incident scenario covered in the Oil Spill Contingency Plan (OSCP).

Non-routine drilling operations	Uncontrolled release of reservoir fluids (hydrocarbons) during the well blow-out. No incidents in 2015.	<p>Drilling activities followed established drilling safety and design standards to minimise the risk of well-control loss. Includes independent verification of well designs.</p> <p>A shallow gas survey was undertaken.</p> <p>Experienced crew trained in well-control techniques and supervision.</p> <p>Emergency drills were held regularly.</p> <p>Well design and construction were reviewed by an independent well examiner.</p> <p>Blow-out preventer in place and regularly maintained and tested.</p> <p>Tiered emergency response plans, OSCP and oil spill response equipment were in place.</p>
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## Total 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 operations	Geographical location; type of operation	IUCN Red List species
Senegal, Sangomar deep offshore	Approximately 85km from the nearest coast, in water depths ranging from 800m to 2,000m.  Exploration drilling (SNE-2 and SNE-3).	Our Environmental and Social Impact Assessment (ESIA) indicated that five marine turtle species have been recorded in Senegal waters, and nesting in the Saloum Delta and around the Cape Verde peninsula: the hawksbill turtle ( <i>Eretmochelys imbricata</i> ) and the leatherback turtle ( <i>Dermochelys coriacea</i> ) both critically 'endangered'; green turtle ( <i>Chelonia mydas</i> ) and loggerhead turtle ( <i>Caretta caretta</i> ) both 'endangered' on the IUCN Red List of Threatened Species; and the olive ridley turtle ( <i>Lepidochelys olivacea</i> ). The nesting periods of green and leatherback turtles overlap with the time of the proposed drilling operations (March, and December to February respectively).
Senegal, Sangomar offshore and Rufisque offshore blocks	Blocks run from shore south of Dakar to Joal-Fadiouth to the south and offshore to border Sangomar deep.  Seismic shot nearest location 16km from coastal region of Le Petite Côte, 23km from Dakar and 28km from Rufisque. Water depths from 20m to 1,500m over approximately 2,300km <sup>2</sup> .	Our baseline environmental report indicated the Atlantic chub mackerel ( <i>Scomber japonicas</i> ) migrates along the West African coast and is listed as a species of 'least concern' as is skipjack tuna ( <i>Katsuwonus pelamis</i> ) which aggregates in upwelling areas. The bigeye tuna ( <i>Thunnus obesus</i> ) and Atlantic bluefin tuna ( <i>Thunnus thynnus</i> ) are rated as 'vulnerable' and 'endangered' respectively and are both present in Senegalese waters. A total of 29 cetaceans may occur in Senegalese waters. Of the five IUCN listed species Sei whale ( <i>Balaenoptera borealis</i> ) and fin whale ( <i>Balaenoptera physalus</i> ) are both 'endangered' but were unlikely to be present during operations. The blue whale ( <i>Balaenoptera musculus</i> ) is 'endangered' and a possible visitors; the Atlantic humpback whale ( <i>Sousa teuzii</i> ) and sperm whale ( <i>Physeter phonocena</i> ) are both 'vulnerable' and more likely visitors. The critically endangered pinniped Mediterranean monk seal ( <i>Monachus monachus</i> ), has been recorded as a 'vagrant' but was not expected in the location. See also above for turtles.
Spanish Point (FEL 2/04), Spanish Point (FEL 4/08) North and FEL 1/14 Porcupine Basin, offshore Republic of Ireland	No operations in 2015	NA
Offshore Malta 1,2 and 3 (Area 3 licence)	No operations in 2015	NA
UK offshore Scylla, licence P2149 (block 9/6).	No operations in 2015	NA
Pitu offshore Greenland licence 2011/13	No operations in 2015	NA

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

Cairn activities in 2015 were assessed as not requiring development of project-specific Biodiversity Action Plans (BAPs) – all biodiversity-related mitigation measures were incorporated into the Environmental Management Plans (EMPs).

Location	Area of operations*	Percentage of operating sites assessed for biodiversity risks	Significance of biodiversity risks	BAPs implemented and monitored
Senegal, Sangomar Deep	2,781km <sup>2</sup>	100%	No risk to biodiversity from routine operations.	No BAP developed; biodiversity-protection measures incorporated into ESMP and monitored as part of operational performance.
Senegal Sangomar, Senegal Rufisque	2,300km <sup>2</sup>	100%	No risk to biodiversity from routine operations.	No BAP developed; biodiversity-protection measures incorporated into ESMP and monitored as part of operational performance.

\* defined as area of licence block.





## Communities

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

We work with the local communities where we operate to develop strong relationships built on trust and respect. We work hard to keep local communities informed and up to date with our activities. We help to develop community assets and support educational and enterprise opportunities as well as develop energy sources that contribute to community and social development. We also aim to add value through focused social investment. This commitment to our communities allows local people to enjoy the economic benefits our operations can bring.

Our Corporate Responsibility (CR) Policy, Corporate Responsibility Management System (CRMS) and Stakeholder Management Guidelines formally set out how this takes place.

### 2015 highlights

We defined a social investment programme for Senegal and established a transparent process and procedure for its implementation.

We continued to deliver a programme of institutional capacity building and extended this to students in Senegal.

We have supported enterprise initiatives through sponsorship of the Great Entrepreneur Competition in Senegal and financial support to The Hunger Project's microfinance in Senegal programme.

The Charity Committee donated over £229,000.

### 2016 objectives

Continue to deliver a transparent social investment programme in Senegal.

Run a focused engagement programme to gauge perception of Cairn in Senegal.

Develop a performance indicator to track value added to communities through our activities.

Develop a CR communication document for Senegal.

**£656,000**

total group social investment in 2015.

**76**

number of delegates attending institutional capacity building provided by Cairn in Senegal.

**28**

students provided with English language training in Senegal.

See [Creating value in Senegal](#).



# Managing social risks

We have recognised for some time that the effective management of both social risks and environmental issues are critical to sound project development. We have established robust processes to meet this challenge.

We use a 'gated' management process, which we call the Cairn Project Delivery Process (PDP), (see [Operational and project performance](#)). This ensures Corporate Responsibility (CR) risks are assessed and managed throughout the life cycle of a project in a structured and consistent manner. To guide our approach to managing social risks we have adopted a six-stage process, as illustrated below.



The beginning of any major new project includes a review of potential social issues. The review seeks to identify risks that may have an impact on local communities and/or raise local sensitivities and, which may therefore, make our activities a focus of attention for other stakeholders.

Where risks are considered to be high, or where Cairn has not previously been involved in the country, we may seek assistance in this review process from external experts.

We assess potential social risks for all new major projects. These assessments may be standalone Social Impact Assessments (SIAs) or incorporated into other studies such as Environmental and Social Impact Assessments (ESIAs). The scope of any social assessment will be informed by the risk identification process and by the potential needs and concerns of the stakeholders. Increasingly, regulations in many countries require companies to assess the human, social, economic and cultural impacts as a standalone activity or as part of an environmental assessment process. Gauging socio-economic impacts helps us to mitigate adverse effects and ensure that human rights are respected and protected. In 2015, we assessed social risks to our projects offshore Senegal within the revised ESIA.

Our social assessments are informed by our engagement activities, which we set out in a Public Consultation and Disclosure Plan (PCDP). Where challenging issues such as land acquisition, resettlement, water use, human rights, security and potential or perceived impacts on livelihoods are involved, we consult extensively with key stakeholders (see [Stakeholder engagement](#)). This engagement helps us to identify and assess potential social impacts and utilise local knowledge in the formulation of plans to manage these impacts. Through this open process, we look to forge strong relationships with communities, governments and business partners, and lay the foundations for long-lasting partnerships.

As part of our offshore Senegal exploration drilling programme in 2014, an Environmental and Social Management Plan (ESMP) integrated both environmental and social mitigations. This plan was revised for our 2015 operations. The 2015 ESMP has focused on reducing any potential negative impact on the activities of fishermen working near to our operations and using the same ports, seeking to incorporate local resources into the supply chain and contribute to local capacity building whenever possible (see [Social and economic benefits delivered in Senegal](#)).

## Monitoring, evaluating and communicating



Monthly performance reports are required for every major project; from all contractors involved. We stipulate that all such reports must include social performance metrics. These are then collated and reviewed on a monthly basis by project managers. Examples of performance metrics include levels of local employment generated by Cairn and its contractors, the value of contracts placed locally, and the number of grievances made to us about our activities.

We also establish mechanisms for local communities and individuals affected by our operations to raise queries, concerns or grievances so that unresolved issues can be addressed (see [Community engagement](#)).

Communicating internally and externally is important for achieving business objectives related to social performance. In addition to the monthly reviews of performance metrics, formal reports may also be required for external authorities to assess our performance against social management plans. In Senegal, we reported to the authorities on our performance to an ESMP under an agreed communication plan. This was agreed and closed out with the authorities in 2015.





## Community engagement

The people who may be impacted by our operations represent one of our most important stakeholder groups, and we are keen to give them the opportunity to have their say about our activities.

We engage with local communities on issues including employment, community development, safeguarding the environment and livelihoods; using methods such as consultation meetings as part of Environmental and Social Impact Assessments (ESIAs), media briefings and public meetings.

In Senegal, formal discussions were held with the regulators, National Technical Committee members and regional and district authorities to discuss the performance of the 2014 activities and the proposed 2015 activities. Local council representation at each meeting was around 80%. Discussions centred on the potential impacts on fishing activities, an important local industry.

For both government and national authorities, institutional capacity building with regard to the oil and gas industry is considered an important issue. To address this, we have continued to deliver oil and gas awareness courses, and emergency response training during 2015.

## Grievance process

We understand that meetings are not always the easiest or most appropriate way for people to comment on our activity and that we cannot predict all potential issues through our Social Impact Assessments (SIA).

Local residents who have concerns about our activities are also encouraged to contact our local representatives or email us directly. We publicise these channels through our website and our country information brochures.

In Senegal, we also publicised the grievance mechanism through posters at our office and shore base in Dakar.

In 2015, we had a single grievance from a local fisherman regarding loss of nets during our seismic activity. This was addressed in line with the grievance process by local staff.

[Concerns regarding Capricorn Senegal English PDF 5.46MB](#)

[Concerns regarding Capricorn Senegal French PDF 5.46MB](#)

For further details about materiality at Cairn, and the issues that affect our stakeholders, please see [Materiality](#) and [Stakeholder engagement](#).

## Case study: Stakeholder participation in the review of the ESIA Senegal

As part of our application to carry out exploration and appraisal drilling offshore Senegal, we undertook a review of the ESIA submitted for the 2014 exploration drilling programme. The aim was to identify the impacts of planned changes in Senegal including rig, vessels, aviation and overall approach. This included assessing and mitigating risks arising from project changes in the following areas:

environmental and social impacts of operational equipment, locations and increased local environmental and social knowledge;

emergency and oil spill preparedness, changes in terms of operational approach and increased knowledge of oil characteristics;

changes to critical safety elements associated with the rig, vessels and aviation; and

an assessment of environmental impacts for the proposed 3D seismic campaign offshore Senegal, including implications for the fishing community including local artisan fishermen.

The impact of changes in the drilling programme from 2015 were submitted as an addendum to the original drilling programme ESIA, submitted to the regulatory authorities and originally approved in 2014. The development and submittal of the addendum was a voluntary initiative by Cairn and involved formal discussions with the regulators, review by a reconvened National Technical Committee and a programme of consultations with regional authorities and interested groups.

The programme of consultations was designed in coordination with the Senegalese authorities, covering six locations outside Dakar (in Fatick, Bassoul, Foundiougne, Toubacouta, Djirinda and Dionewar). The meetings aimed to keep communities informed of the results of the 2014 programme and development of the project in 2015 and the potential impacts of its activities, and highlight any changes from the previous year. Around 80% of the local council representatives attended each meeting.

## Responsiveness





A key issue raised was the potential impact on fishing. The fishing sector in Senegal is vital both socially and economically, providing a major food source, jobs and a significant percentage of the country's exports by value. Responding to this stakeholder concern, we were able to present mitigation measures for noise, vibration and vessel movement, and share study findings showing that drilling activities have a low impact on marine fauna. We also addressed concerns about oil spills resulting from our activities by talking through our Oil Spill Prevention and Contingency Plan. In 2015, we were invited to support a jointly sponsored International Maritime Organisation (IMO)/Global Initiative West & Central Africa (GI-WACAF) national workshop on the development of the national policy for the use of dispersants, held in Senegal. Cairn contributed by running an interactive case study scenario session to examine the most suitable treatments and the implications of using dispersants, and participated in a desk-based scenario simulation.

"In response to requests from the authorities in Senegal we have provided a variety of opportunities for capacity building in the offshore oil and gas industry in a country where the industry has little previous experience."

Julia Adamson  
*Corporate Responsibility Advisor*



## Social and economic benefits to local communities

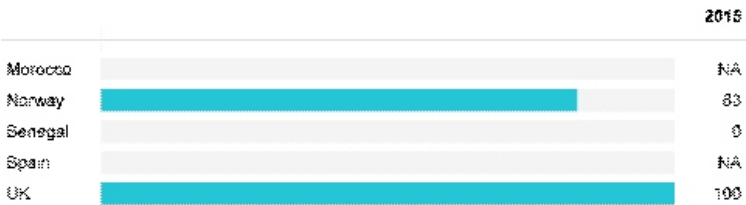
Whether our operations are long or short term, we always seek to create a positive impact and ensure our activities continue to bring benefits after we have left.

We make social and economic contributions through a variety of means, including:

### Local hiring

Wherever we establish in-country offices we look to hire from the local population, where possible. Local participation in oil and gas activities is important to communities. In 2015, we have operated offices in Edinburgh, London, Stavanger and Dakar. Our employees are 98% nationals and 2% expatriates. We no longer have offices in Spain or Morocco. Our office in Dakar opened in September 2013. 80% of staff in the office, at the end of 2015, were nationals. A capacity building programme is in place at all our offices.

Managers hired from the local population (%)

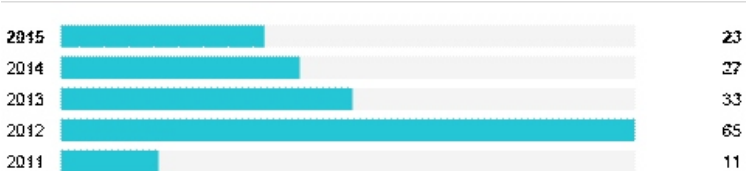


See performance data [Employees, contractors, diversity and equal opportunity](#).

### Engaging local businesses to support our activities

In all operations we look to maximise local participation in our activities through engaging local businesses. The extent of local participation in our supply chain is dependent on local businesses being able to meet the technical, health, safety and environment (HSE), and commercial requirements of any contract. This is more challenging in areas where oil and gas operations are not well established.

Total proportion of spending on local suppliers (%)



See performance data [Supply chain](#).

### Employment generation and training opportunities

Through direct local hiring and the contracting of local businesses, we help to generate employment. We work with local contractors, where feasible, to develop necessary capabilities (see [Contractor engagement](#)).

### Payment of taxes to host governments

We contribute to the host government through the payment of taxes and duties. These may include corporate income tax, employee national insurance, VAT, withholding tax, customs duties, training allowances, licence rental and entry fees. We disclose our payments to governments (see [Transparency, Payment to governments](#)).



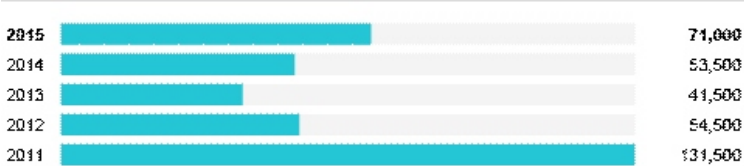
## Support to educational or capacity-building initiatives

We place particular emphasis on support to education and capacity building, both in our social investment programmes and our charitable giving. Through our charitable giving we have supported projects such as Winning Scotland Foundation and Street League (see [Charitable giving](#)). In 2015, we provided a programme of institutional capacity building in Senegal as well as supported educational institutions. We also supported capacity building through training allowances payable through our licence agreements.

## Support to community development initiatives

We have an established procedure for developing Social Investment Plans (SIPs) across our operational activities (see [Social investment](#)). As part of our SIP in Senegal, we have partnered with The Hunger Project to support their microfinance programme in 10 community clusters in Senegal, as well as sponsoring a nationwide competition for the Great Entrepreneur run by the British Council in Dakar.

Community development funding (Group operated) (£)



	2011	2012	2013	2014	2015
Community development funding (Group operated) (£)	131,500	54,500	41,500	53,500	71,000

## Contributions to environmental knowledge

As part of our Environmental and Social Impact Assessments and environmental monitoring and management programmes, we collect data on the environments within which we work. This data is shared with national authorities and forms part of a national resource.

## A legacy in India

Our continuing commitment to the communities where we work has a foundation in our approach and success in India. Cairn has been involved in India since 1994. In 2004, the major discoveries of the Mangala, Arshwariya and Bhagyam fields were made in Rajasthan, with production commencing in 2009. Today the Rajasthan fields account for 27% of India's domestic crude production. In addition to the significant contribution to meeting India's energy demands, the discovery of these fields had also contributed to growth in Rajasthan. Some notable contributions from Cairn's time as an operator in Rajasthan included sharing our extensive subsurface knowledge to aid the Rajasthan water authorities to manage the scarce and vital resource, and the development of the Barmer Enterprise Centre, in partnership with the International Finance Corporation (IFC). The Barmer Enterprise Centre continues to contribute to the development and empowerment of the people of the area.

In 2007, Cairn Energy listed Cairn India on the Bombay Stock Exchange. At the time, this was the largest initial public offering (IPO) in Indian corporate history. In 2010, Cairn sold 40% of its holding in Cairn India to Vedanta Resources plc, a global natural resources company. Cairn holds a ~10% investment in Cairn India Limited (CIL) at the end of 2015. Although we no longer have any operational control, we believe Cairn's legacy of partnership with the communities and local authorities has provided ongoing benefits to both local communities and CIL's operations.

See performance data [Community](#).

**£370,000**  
of expenditure on education and capacity-building projects in 2015 across the group.



## Social and economic benefits delivered in Senegal

Following the discoveries made offshore Senegal in 2014, we continued with an exploration and appraisal drilling programme and further seismic studies offshore Senegal in 2015. Our activities are now focused on proving the presence of a commercially viable oil and gas resource for development and production. At this stage in the oil and gas life cycle, there is still some uncertainty as to whether this will be achieved. However, confidence in a longer-term project is growing as we make the transition from a purely exploration phase to a longer appraisal phase. This is reflected in the increasing scope of the social and economic benefits the project is bringing to Senegal.

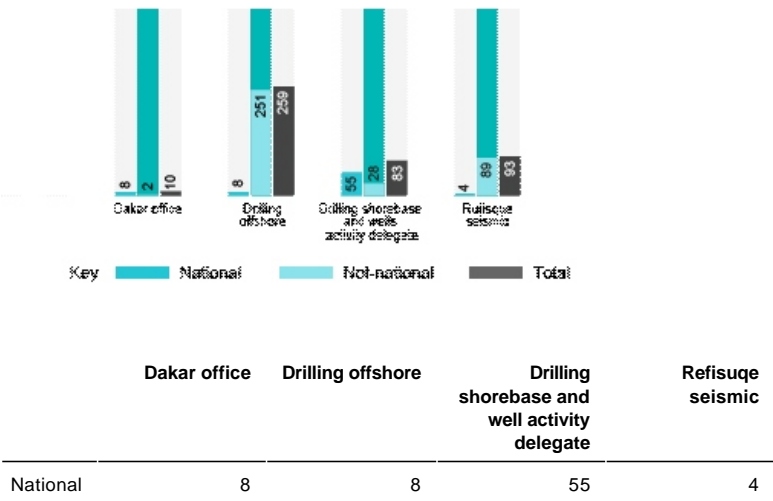
### Employment generation and training opportunities

We established an office in Dakar in September 2013. By the end of 2015, we were employing an organisation in the Dakar office of 10, including eight Senegalese nationals. We are committed to maximising local Senegalese employees where we can, and look to provide training opportunities to develop our staff to further participate in the international business of oil and gas. In our Senegalese office we have offered a number of training opportunities, including English language training, first aid, firefighting and defensive driving.

In 2015, we engaged a number of Senegalese companies operating locally to assist our operations with logistics and base support, waste management services, aircraft-handling services, transport services, fishing liaison, administration, accommodation, and environmental and social consultancy services. With the growing confidence resulting from the 2014 discoveries, we can now build towards forming longer-term relationships. Such relationships will help us to address challenges including developing local participation in our supply chain and meeting international standards of operation. For example, last year we retendered and restructured our logistics requirements into a longer-term contract to promote the training and development of local dedicated staff to these key roles.

In practice, this means that 16 local port workers are dedicated to our logistics operations. These port workers are coached by our expatriate Health, Safety and Environment (HSE) Supervisor and Logistics Supervisors, who are also training two local Senegalese HSE advisers. Within our contract with the local logistics agent, specific on-the-job training is also provided by us bringing in industry experts to deliver expertise in lifting operations and the use of emergency equipment in the event of an oil spill within the port. In addition, a local customs-handling agent and a local first response logistics agent are assigned to the contract and are again accompanied in the role by an experienced international adviser to bring together international standards and local knowledge. Read more about this in [Supply chain](#), [Contractor engagement](#).

### National personnel participating in Senegal (2015)





Not-national	2	251	28	89
<b>Total</b>	<b>10</b>	<b>259</b>	<b>83</b>	<b>93</b>

We have also placed particular emphasis on support to education and institutional capacity building in Senegal over the last two years. In 2015, we built on the institutional capacity programme that we initiated in 2014. This programme provides awareness and training opportunities to the regulatory authorities to increase their knowledge and understanding of the oil and gas business. Last year, we provided the following to members of the main regulatory authorities governing the oil and gas industry in Senegal including the Ministry of Environment, Ministry of Energy, High Authority for the Coordination of Maritime Safety, Security, and the Protection of the Marine Environment (HASSMAR), and the Senegalese national oil company, Petrosen:

continuing oil and gas awareness sessions; and

English language training delivered through the British Council in Dakar.

In addition, we were invited by HASSMAR to support a jointly sponsored International Maritime Organisation (IMO)/Global Initiative for West, Central and Southern Africa (GI-WACAF) national workshop on the development of the national policy for the use of dispersants, held in Senegal. The overall objective of the three-day workshop was to develop a legal framework on the use of dispersants. Cairn contributed by running an interactive case study scenario session to examine the most suitable treatments and implications of using dispersants, and by participating in a desk-based scenario simulation on day three of the workshop (see [Major accident and spill prevention](#)).

Through direct local hiring to the Cairn organisation and through the contracting of local businesses, we are helping to generate employment. Although during exploration and appraisal activities this tends to be at a fairly low level, we are also developing experience and skills for potential future activities, even though future activities are still dependent on the success of our ongoing appraisal programme.

## Payment of taxes to host governments

We contribute to the Senegalese Government through the payment of taxes and duties. In 2015, we paid fees to the Government of Senegal principally for training allowances, withholding taxes and licence fees. We have for many years disclosed our payments to governments as part of our commitment to the Extractive Industries Transparency Initiative (EITI). We are also participating with working groups of the EITI in Senegal (see [Transparency](#), [Payment to governments](#)).

## Support to community development initiatives

We have an established procedure for developing Social Investment Plans (SIPs) across our operational activities (see [Social investment](#)). As part of our SIP in Senegal we have partnered with [The Hunger Project](#) to support their microfinance programme in 10 community clusters in Senegal, as well as sponsoring a nationwide competition for the [Great Entrepreneur](#) run by the British Council in Dakar. We have also supported an entrepreneur who won the Great Entrepreneur in 2014/15 to forward her business for the community collection and recycling of plastic waste.

## Contributions to environmental knowledge

As part of our Environmental Impact Assessments (EIA) and environmental monitoring and management programmes, we collect data on the environments in which we work. This data is shared with national authorities and forms part of a national resource. In 2015, we collected information on marine mammals and seabird observations during our seismic operations, which will be shared with the Senegalese authorities.

See performance data [Community](#).

**28**

students participating in Capricorn Senegal-sponsored capacity building.

**76**

institutional stakeholders participating in Capricorn Senegal-sponsored capacity building.

**54**

contractor staff participating in Capricorn Senegal-sponsored HSE capacity building.

**£181,000**

social investment - education and training expenditure (includes USD\$200,000 training allowance paid to the Senegal Government as part of licence agreement).

**US\$9.5 million**

in payments to the Senegalese Government in 2015.

**£56,000**

community development project expenditure in Senegal 2015.

**£10,000**

environment project expenditure in Senegal 2015.





## Social investment

We define social investment as the ‘proactive contributions or actions we take to help bring benefits to communities where we operate’. Through this, we seek to deliver returns for those communities and the business.

Healthy and prosperous communities and educated workforces in the areas where we operate are important for our business success. We also aim to make positive contributions to local socio-economic development. Examples of some of the potential benefits that the oil and gas industry can bring are described in our [Social and economic benefits to local communities](#) section.

In 2014, we established new guidelines within our Corporate Responsibility Management System (CRMS) for social investment to be applied across the Group.

We recognise that social investment needs to be integrated and aligned with our business and to fit in with other planning processes. We have therefore integrated the management of social investments within our Project Delivery Process (PDP) (see [Operational integrity](#)).

We identify possible priorities and needs for social investment through the Social Impact Assessment (SIA) and Environmental and Social Impact Assessment (ESIA) processes (see [Managing social risks](#)), and stakeholder engagement (see [Stakeholder engagement](#) and [Community engagement](#)). To help us assess these priorities, we have established corporate criteria for social investments. Guided by these, each major project will clarify criteria for determining options and selecting partners for social investment activities. Clarifying our criteria, rules and principles for social investment enables us to make decisions that are aligned with Company and community priorities. Clarity and transparency on how we make decisions also helps to manage expectations and avoid potential conflict.

## Case study: Investment in Senegal

In accordance with the Corporate Guidelines for Social Investment established in 2014, we have developed and implemented a Social Investment Plan (SIP) for Senegal. The plan reflects the early exploration and appraisal phase of the Senegal project while recognising the potential for a longer term presence for Cairn in Senegal in the event of successfully proving a commercially viable oil and gas resource for development and production.

Key strands of the Senegal SIP are:

### Education and training

This has included:

**Capacity building for key stakeholders** – aiming to provide access to key skills for regulatory and other authorities involved in oil and gas activities in Senegal. Last year, we provided a number of capacity-building opportunities to the Ministry of Environment departments and High Authority for the Coordination of Maritime Safety, Security, and the Protection of the Marine Environment (HASSMAR), in particular, regarding health, safety and environment (HSE) and emergency response for oil and gas activities. These have been built upon this year. In addition, we have also set up a rolling programme of English language training for officers of the ministries and departments involved in permitting approvals. At the end of 2015, 76 candidates had taken advantage of these courses, for which we partnered with the British Council in Dakar to provide.

**Capacity building for students in disciplines relevant to oil and gas activities** – aiming to provide future geology and engineering students with English language skills and other relevant business skills. A first programme has been established with 28 students of the Institute of Earth Sciences (IST) to provide them with English language training and basic presentation skills. This is again being provided through the British Council in Dakar.

### Enterprise development

We are proud to be sponsoring the [Great Entrepreneur](#) competition for 2015/16 in Senegal, a British Council initiative. The competition selects a shortlist of projects whose sponsors are then given a range of training and coaching opportunities to build their business. From these an eventual winner is chosen. The aim of the competition is to promote opportunities for young entrepreneurs in Senegal and develop their skills to progress their ideas. The winner was announced in February 2016.

In addition, we supported The Hunger Project's microfinance programme. The Hunger Project (THP) has been working in Senegal since 1991. This non-profit organisation uses integrated programmes that combine confidence-building tools and training to empower communities to take the lead in their own development. Ultimately, the aim is that communities are able to take the necessary steps to end their own hunger and poverty using a model known as the Epicentre Strategy. THP has 10 epicentres in Senegal that serve a population of some 178,000 across 211 villages. Through this strategy, between 15,000 and 25,000 people are brought together in each epicentre – or cluster of villages – giving villages more influence with local government and better access to basic services, and increasing a community's ability to collectively use resources. As part of the Epicentre Strategy, we have committed to support THP's programme to create a women-led microfinance programme that will encompass financial management training and seed a microloans and savings facility for rural communities within the epicentres.



Environment, health and wellbeing

We have approved investment in ECOBAG, a project that won the Great Entrepreneur competition in 2014. ECOBAG collects plastic waste from neighbourhoods and recycles it into plastic pellets to sell on to producers of plastic products. The project promotes waste recycling and a community refuse collection system. Cairn is providing support for the purchase of improved equipment to grow the business and promote HSE standards on the site.

Charitable giving and humanitarian aid

There have been no activities in 2015. This strand has been identified to provide some discretionary support in the event of a major emergency in the country, such as major floods as have been experienced in Dakar in recent years.

**£656,000**  
total Group social investment expenditure.



## Charitable giving

We want to give something back to the communities in which we work, both through focused social investment and charitable donations.

The Cairn Charities Committee's primary focus is on distributing its annual budget among charities based in Edinburgh and the Lothians area, where Cairn is headquartered. The Charities Committee evaluates applications based on our selection criteria.

We also support local communities in regions where we are operationally active, through charitable donations and social investment. This activity is coordinated and managed in-country by the Regional Director.

All requests for funding are required to be submitted using our [application form 0.14MB](#).

### Selection criteria

Cairn looks to support charities that, first and foremost, share our core values of 'Respect', 'Relationships' and 'Responsibility'.

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

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

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

We also look to support charities that encourage the behaviours we value in our own organisation, such as teamwork, fostering individual potential and encouraging entrepreneurial spirit.

Cairn supports charities across a number of categories including young people, communities, health, environment, arts and culture, and education and learning.

Please note, Cairn does not fund the following:

- charities with religious or political affiliations;
- political parties;
- places of worship;
- labour unions;
- organisations where there is a potential conflict of interest;
- organisations that discriminate; or
- individual sponsorship.

See performance data [Community](#).



## 2015

In 2015, Cairn provided charitable funding to a wide range of organisations as part of our commitment to give something back to the communities in which we work.

**Scottish Ballet's 'The Close'** is an innovative way of inspiring marginalised and at-risk young people, positively affecting their lives by building confidence, exploring their own creativity and directly contributing to their ability to cooperate with each other through the arts. Cairn Energy's donation supported the project's costs for two school groups, providing participant tickets to the ballet, workshop delivery costs, professional staff fees and film creation.

*"The Close was an extremely positive and fulfilling experience for our pupils...the workshops had a life-changing effect for a number of our kids. It is only by working with organisations like Scottish Ballet that they get the opportunity to learn new skills and believe in themselves."*  
**Gavin Sinclair, Teacher at Kibble School**



Cairn Energy's donation to **St Columba's Hospice** allowed patient lounges and ward reception areas to be decorated. Lounges in the inpatient unit are used by patients and their loved ones on a daily basis and provide a homely environment to catch-up and enjoy each other's company, and help to provide a sense of normality to families through difficult times.

*"The new lounges offer a welcoming space in which to 'just be' with loved ones. The value that this adds to people's time in the Hospice is immeasurable."*

**Care staff**



Each year, **Music in Hospitals'** professional musicians give around 1,800 concerts in hospitals, care homes, hospices, day centres and special schools throughout Scotland.

Cairn's donation covered the cost of providing a series of 19 specially tailored live performances for people with dementia, helping to increase their self-esteem and reduce feelings of isolation by connecting with others and participating in any way that feels natural.



*Music in Hospitals: Care staff at Whitecraigs*

*"The concert was a perfect way for our residents, who have dementia and Alzheimer's, to spend their afternoon singing along, tapping their feet and smiling. They were captivated and thoroughly occupied by this performance – they remembered tunes that were long forgotten."*

**Care staff at Whitecraigs Care Home, Glasgow**

**The John Byrne Award** encourages the consideration and expression of values. Each year, 16 to 19 year olds across Edinburgh are challenged to interpret a stimulus and express their values in response, through the production of a creative piece of work.

*"This award represented an extraordinary opportunity to allow participants to achieve acclaim through a prestigious prize; and also to go beyond that, to connect and provoke people to consider things in new ways. To then transform this into art is something wonderful, looking at art in its most fundamental, human and communicative way."*

**Ruairidh Macleod, Winner of the 2015 Award.**

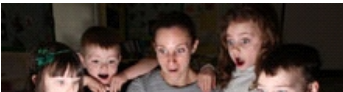


Ruairidh's improvisation on his violin was in response to Clydesdale trade union activist Jimmy Reid's inaugural speech, as rector of Glasgow University in 1972, on alienation.

**Winning Scotland's Growth Mindset** initiative is based on the research of world-renowned psychologist Professor Carol Dweck. In 2015, the Foundation significantly raised the profile of the benefits of this approach in education and wider within communities, and several local authorities and schools were supported to develop their own growth mindset approaches.

*"When you think about it, it's obvious. If you believe that you can get better, that school is going to have an impact, that you can develop your brain, your intelligence, your skills, your attributes, then school is going to offer more possibilities... If you believe you can't improve your maths, that your talents are fixed, then school offers you nothing."*

**Nick Quail, Former Deputy of Vale of Leven Academy talking about growth mindset**



**Streetleague** delivers a combined sport and employability programme across Scotland to support young people aged 16 to 24, who face socioeconomic barriers to employment, education and training. Referrals are made by partner organisations, such as Skills Development Scotland Career Teams, Job Centres, Third Sector organisations, and by former participants. Cairn's funding supported the Edinburgh Sighthill Academy programme.



*"Being on Street League has changed my life in such a positive way. Through different workshops and activities, my confidence has grown massively and I've met lots of new people. My mock interview at State Street was a particular highlight, it made me believe that I could actually get a job and move forward with my life."*





**Dean Anthony Gary Stewart, participant, June 2015, Sighthill Academy**

Based in Edinburgh, **The Yard** is the only purpose-built adventure playground for children with disabilities in the East of Scotland. At The Yard, children have the chance to experience an unparalleled sense of freedom to play in a safe and inclusive environment supported by our skilled staff. For families, it provides a lifeline and a place to come and meet others facing similar challenges, and build friendships and support networks.

Cairn’s funding enabled The Yard to continue to deliver its popular drop-in families’ session run every Friday afternoon, all day Saturday and six days a week throughout school holidays, benefiting 376 families so far this year.

*“My family and I now have a solid social group, staff offer solace, support and routine. It is probably the most important part of our network of support we have as a family. It has and continues to be the main support for my child with autism and her sibling. Each of us is supported equally.”*

**Dawn, Mum to Cissie aged 14**

**The Wilderness Foundation’s** ‘Imbewu’ Scotland programme allows young people to take part in week-long trails on estates across Scotland, learning about opportunities to work in the rural sector. The majority of participants come from urban, and in many cases, deprived backgrounds within the central belt. The programme has evidence of significant improvement in confidence, social skills and self-esteem, helping participants to achieve their potential and become more employable.

Post-trail, participants benefit from pathwaying support and help towards further education, apprenticeships, work experience and employment.

Sean Campbell, who attended Hollybrook Academy in Glasgow, a school for pupils with additional learning needs, was offered work experience with the game-keeping department on The Douglas Estate after completing the trail; and a second week at The Hirsell Estate, which culminated with The Douglas & Angus Estate offering him a two-year Modern Apprenticeship in game keeping.

*“Through the Wilderness Foundation and the kindness of the people at Douglas & Angus Estates, Sean has been given the chance to experience his dream job.”*

**Steven Lawrie, Head Teacher at Hollybrook Academy**

The **Edinburgh International Fashion Festival** is the only festival of its kind in Edinburgh and is free to attend. The festival began in 2012 and has, through partnerships and support, delivered diverse, educational and inspirational programming. Taking in technology, sustainability, sound, science and scent, art and literature, poetry, education and the digital revolution, the festival’s many themes have delved deeply into the core issues concerning the world’s fashion industry.

2015 focused on ‘designing out waste’, reducing dependency on sourcing new materials and examining sustainability with the industry.

Support has enabled events to reach a wide, international audience and bring skills, inspiration and energy to the growing Scottish fashion industry.

*“The Festival is unlike anything I have ever experienced. It has given me the chance to discover and make thoughts felt in word, paint, film and cloth. It is rare to be given the change to contribute.”*

**Amanda Harlech**

## Matched funding

Cairn continues to support staff and contractors in fundraising for a variety of good causes through matched funding. One of this year’s largest amounts raised by staff, on behalf of St Columbus Hospice, was achieved by our ‘We CAIRN do this’ team, who took part in the Pentland Push and raised a total of £9,515.



*The Wilderness Foundation*







# Community

## Social investment

(£ pounds sterling)

	2011	2012	2013	2014	2015
<b>Cairn total</b>	1,023,520	343,920	343,139	354,558	426,867
<b>Community development</b>	49,199	0	0	101	56,274
Greenland	49,199	0	0	0	0
Senegal	NA	NA	0	101	56,274
<b>Education</b>	622,088	343,920	343,139	352,390	360,142
Greenland	622,088	343,920	343,139	108,782	0
Ireland	NA	NA	NA	12,543	0
Morocco	NA	0	0	60,705	178,783*
Senegal	NA	NA	0	170,360	181,359*
<b>Environment</b>	352,233	0	0	1,240	10,452
Greenland	352,233	0	0	0	0
Senegal	NA	NA	0	0	10,452
Spain	0	0	0	1,240	0
<b>Other</b>	0	0	0	827	0
Morocco	NA	0	0	827	0

**Note:** \*These figures include training allowances paid to governments that are also included in the 'Payments to governments' data.

## Charitable giving in the UK

(£ pounds sterling)

	2011	2012	2013	2014	2015
<b>United Kingdom total</b>	471,414	452,661	455,333	487,995	229,318
Children	4,160	265,000	280,000	280,750	108,333
Community development	82,500	54,500	41,500	53,500	15,000
Culture	51,500	28,500	18,000	21,500	35,000
Disaster relief	0	0	0	0	10,000
Education	36,500	40,500	41,378	65,133	10,000
Environment	49,000	20,000	17,000	20,000	15,000
Health	43,954	44,161	34,000	34,500	25,000
Other	203,800	0	23,455	12,612	10,985

## Impacts on society grievances

(number)

	2014	2015
<b>Filed</b>	0	1*
<b>Filed and addressed</b>	0	1
<b>Filed, addressed and resolved</b>	0	0
<b>Filed prior to reporting period but resolved during reporting period</b>	0	0



**Note:** \*A grievance was received regarding damage to fishing nets in connection with the offshore Senegal 3D seismic campaign in September 2015. The grievance was responded to within the 30 day target and was followed through in line with Senegal regulator procedures. It is, however, still to be resolved pending evidence to substantiate the claim.

## SO1 Percentage of operations with implemented local community engagement, impact assessments and development programmes

	UK and Norway	Senegal	% of all operations (with operated field operations in 2014)	% of all operations (where Cairn has staff presence)
<b>Activity 2015</b>	Office activities and non-operated field operations.	Offshore 3D seismic survey.  Exploration and appraisal drilling programme.  Shore base and office.		
<b>Social impact assessments including gender impact assessments, based on participatory processes</b>	n/a	Environmental and Social Impact Assessment (ESIA) revised and presented to authorities and public as part of application process for exploration and appraisal drilling in 2015.  Environmental and social assessment carried out for offshore seismic activities.	100	n/a
<b>Environmental impact assessments and ongoing monitoring</b>	Ongoing 'See to' obligations in Norway non-operated activities.	Revised ESIA and Environmental and Social Management Plans (ESMP) presented to authorities as part of application process for exploration drilling in 2015.	100	n/a
<b>Public disclosure of ESIA results</b>	n/a	Revised ESIA presented to authorities and public through a regulator-led enquiry process.	100	n/a
<b>Local community development programmes based on local communities' needs</b>	Charity Committee.	As part of the Senegal Social Investment Plan, including:  institutional capacity building provided; support to student training; and support to The Hunger Project's Microfinance Programme in Senegal.	100	100
<b>Stakeholder engagement plans based on stakeholder mapping</b>	Corporate stakeholder register in place.	Public Consultation and Disclosure Plans (PCDP) for Senegal updated in 2015 following announcement of discoveries offshore Senegal.	100	100
<b>Broad-based local community consultation committees and processes that include vulnerable groups</b>	n/a	Engagement with fishing community representatives carried out as part of the enquiry process for the 2015 drilling programme.	100	n/a
<b>Work councils, occupational health and safety committees and other employee representation bodies to deal with impacts</b>	Health, Safety and Environment (HSE) Leadership Committee Office, HSE Committee Edinburgh. HSE Leadership Committee stood down and duties divided between Management Team and Senior Leadership Team.	HSE briefing and meetings on rig, vessels and shore base. Includes operational readiness review.	100	100
<b>Formal community grievance process</b>	Operational contact through website.	Formal grievance procedure established in Senegal through representative office and country email.	100	50

Cairn also holds interests in Greenland, Ireland, France, Morocco, Spain, Malta and Mauritania but has not carried out operational activities in these countries in 2015, nor does Cairn have an office in any of these countries.



## Supply chain

With the commencement of our appraisal and exploration programme and the acquisition of 3D seismic in Senegal, 2015 was an exciting and challenging year for Cairn's Contracts and Logistics function. Cairn has continued to foster local contractors, develop in-country partnerships and promote our industry-leading health, safety and environment (HSE) performance.

### 2015 highlights

- Completed 2015 without any Lost Time Incidents (LTIs) or Recordable Incidents. The Dakar base has now completed over 900 days without an LTI.
- Acquired 2,292km<sup>2</sup> 3D seismic data within budget and within schedule with no LTIs.
- Following implementation of the Well Management Contracting Strategy for the Senegal drilling project, Cairn provided oversight and assurance of the contracting activities undertaken by the selected well management company.
- Successfully tendered 40 contracts in support of the 2015/16 Senegal drilling and 3D seismic acquisition/processing projects.
- Reviewed, revised and enhanced all Logistics Guidelines and policies.
- Reviewed our contractor management and procurement process, as well as improved performance monitoring, as a result of our 'Continuous Improvement and Lessons Learned' campaigns.
- Successfully trained and certified local teams of logistics and shore base personnel in Senegal in safe lifting techniques and oil spill response, using world-leading training providers.

### 2016 objectives

- Maintain and continue to develop the Company's Corporate Responsibility (CR) record and on-time project delivery successes.
- As part of a continuous improvement process, including incorporating lessons learned from 2015, review risk-screening criteria for CR risks in the Well Management Contracting Strategy and operating model for future operational activities.

### Mitigating the risks

- We revised our Contractor Selection and Management procedure in 2014. This details the requirements and standards expected by Cairn from all those who undertake work on our behalf and continues to be the basis for our contracting activities. In 2015, this was incorporated into the Cairn Standard Operating Procedures. In summary, all procurement activities must:
- adhere to Cairn Group Business Principles, CR obligations and our HSE and quality standards;
  - comply with corporate governance, joint venture/partner agreements, legislation and regulatory requirements;
  - comply with the anti-bribery and corruption (ABC) requirements set out in the ABC Management System, Code of Business Ethics and ABC Assessment and Selection of Services Providers;
  - comply with the Cairn Contract Committee requirements; and
  - provide a basis for a clear audit trail to support cost recovery.
- In addition to the above, Cairn operates a comprehensive Business Risk Management System. This recognises the importance of contractor selection and management in terms of appropriate understanding and management of risk and performance, including:
- pre-qualification of contractors to establish their compliance with HSE performance requirements;
  - agreement of an appropriate HSE plan with contractors. Developed from the HSE risk process, this plan will formally document how the contractor will manage identified HSE risks to levels that are As Low As Reasonably Possible (ALARP);
  - monitoring of performance metrics against the HSE plan;



timely and efficient delivery of services and equipment;

addressing commercial and contractual apportionment of risk through robust contract terms;

quality of delivery from contractors through an objective contractor performance management process, including contractor management responsibilities at all levels of the Company; and

undertaking due diligence to meet the ABC Management System and Cairn Group Code of Business Ethics and ABC requirements, as detailed in the ABC Assessment and Selection of Services Providers.

Cairn also recognises the benefits of local procurement and utilises local suppliers where they are available (see [Local contractors](#)). All contractors and suppliers are subject to the conditions detailed above.



## Contractor engagement

The relationships between Cairn and our contractors are paramount to a safe and efficient operation. Cairn has consistently engaged positively with all contractors to ensure our expectations are met in the delivery of the services provided. This proactive approach has proved invaluable to the shared collaborative delivery of our ongoing Senegal operations.

2015 has proved to be another extremely busy year for Cairn, with the planning and completion of a 2,292km<sup>2</sup> seismic project in Senegal, and the planning and execution of an appraisal drilling campaign to assess the significant discoveries made in 2014, as well as the roll out of the Cairn Operating Standards and the revised Corporate Responsibility Management System (CRMS).

Contractor working hours on Cairn projects have dropped from 1.16 million in 2014 to 397,713 in 2015, as our Senegal drilling programme did not commence full field operations until late September.

Verifying that our contractors share our focus on all aspects of health, safety and environment (HSE) and Corporate Responsibility (CR) is essential to maintaining our licence to operate. Experience, competence and demonstrating good performance are some of the key considerations when it comes to choosing the right people to supply the provisions, equipment and services needed to help run our business. Cairn applies a rigorous selection process in choosing contractors, which is embedded in Cairn's Contractor Management Procedures.

Cairn's Invitations to Tender (ITTs) set out our expectations and emphasise the requirement for all contractors to behave consistently with Cairn Group Business Principles, our HSE and quality standards, corporate governance requirements, joint venture/partner agreements, and the need to adhere to legislation and regulatory requirements. All potential contractors must confirm their capability to comply, and we assess their capability to do so, which takes substantial planning and checking. We seek to promote use of local suppliers where possible but our standards must not be compromised (see [Local contractors](#)).



For the 2015/16 Senegal exploration and appraisal drilling campaign, Cairn appointed ConocoPhillips as our well activities delegate (see [Working in partnership](#)). This involved substantial planning and integration from both companies to ensure the collaborative approach was understood and operationally safe and efficient. The drilling operations commenced in October 2015 and have been running smoothly, mostly due to the careful planning and integration achieved in the preparatory phase.

## Focus on HSE

During an offshore drilling campaign, a number of activities are undertaken that may pose significant HSE risks. These crucial processes include, but are not limited to, the rig, marine vessels, helicopters and supply base operations.





The key criteria for assessing risks when selecting contractors are based on industry practices and associated considerations, such as the implications of potential accidents, the number of people involved and sensitivity of environments. Significant due diligence is carried out on the HSE performance of our contractors prior to contract award. During operations, this is measured using audit activities, reporting of Key Performance Indicators (KPIs) and maintaining regular engagement at various levels. Cairn recognises that leadership plays a vital role in embedding appropriate HSE behaviours in our organisation and expects the same attention from all contractors and service providers who undertake work on our behalf. Our HSE focus originates at the Board level and that commitment is communicated to all contractors throughout the project cycle.

When planning operations in Senegal, local contractors and service providers were identified. Due to the lack of previous oil and gas business opportunities in these geographical areas, a number of actions were taken by Cairn to encourage these businesses to actively promote HSE behaviours and to improve the way they manage HSE in their organisations. Cairn provided advice and guidance on what was expected of contractors providing services to Cairn, which resulted in the majority of contractors improving their HSE performance and management of risk, and improving our overall performance for 2015 over 2014.

## Monitoring and checking

Our contractor performance management process includes a number of contractor HSE KPIs. Key contractors are required to complete and deliver a regular scorecard detailing their HSE performance, which includes both leading and lagging indicators. We use this to assess whether they are meeting expectations, or their performance requires improvement or is unsatisfactory, in which case immediate action is taken.

Where Cairn is a minority joint venture partner and does not have operational control, we conduct due diligence and engage constructively with partners to ensure familiarity with the operator's standards before an agreement to proceed on operations is made. This included significant input in support of our partners, in Catcher and Kraken developments and delivery by their contractors (see [Health, safety and security](#)).

## Anti-bribery and corruption (ABC) and the supply chain

Our robust ABC policies are of growing importance as we start to operate in new areas of the world.

We have a zero-tolerance approach to bribery and corruption (see [Governance](#)) and conduct risk-based due diligence on contractors, as detailed in our ABC – Selection of Service Providers Procedure, which was monitored throughout 2015. This requires contractors to provide copies of their own ABC policies and, where necessary, we can also engage a specialist external consultant to carry out background verification checks on contractors.

We also spend a lot of time gathering information, finding out the background to companies and whether there is any history of ABC risk. In 2015, Cairn's HSE presentation to contractors included a strong emphasis on ABC.

An ABC training package was rolled out for all Cairn employees in 2015 and delivered in sessions by our corporate risk manager in the UK and in Senegal.

## Disease control and management

We evaluate the health threats faced by our people in all the locations in which we operate. In Senegal, Cairn compiled a Health Management Plan to ensure all health impacts that may face both employees and contractors had been assessed, and preventative or mitigation measures were in place. The objectives of the Health Management Plan are to provide personnel with information, guidance and procedures to ensure they remain fit and well while living and working in Senegal, with the philosophy that everyone should return home each day without harm to their health, wherever they may work in the world.

It was recognised that there are particular health risks in Senegal, most notably malaria, which is endemic in the region, and the situation with the Ebola virus is constantly monitored. It was therefore essential that all staff, contractors, visitors to Senegal and their families were fully aware of the health risks prior to travel and understood means to avoid contracting such diseases.

Cairn, in partnership with ConocoPhillips, created an online malaria and Ebola briefing pack that all travellers to the country were obliged to complete prior to mobilisation. These presentations highlight the origins, signs and symptoms, and treatment of each of these potentially deadly diseases.

## Outlook

Supply chain and logistics services are provided as part of the Well Management Contracting Strategy that was implemented by Cairn and ConocoPhillips during operated projects in 2015. Cairn will continue to provide oversight and assurance of the well activities delegate and will continue to champion good HSE behaviours to meet our commitments.

See performance data [Supply chain](#).



## Local contractors

We regularly operate in countries with little or no experience of oil and gas activity.

To ensure that Cairn creates social and economic benefit for communities in the countries where we work, our procurement policy encourages the use of local contractors wherever the right expertise is available, or can be developed without compromising our high standards and principles. We include local companies with the required competence in bid lists and request international contractors to consider the use of local subcontractors where possible. In 2015, 15% of contractors used by Cairn were national to the country of operation.

Total national and non-national contractors (%)

	2015
<b>National</b>	15
<b>Not national</b>	85

## Building the skills capacity in Senegal

Given the exploratory nature of our drilling programme in 2014, the contractual commitments that we entered into were short term in nature. With the growing confidence from last year's discoveries, we have been looking towards forming longer term relationships and increasing our capacity building activities. Longer term relationships help us to address challenges such as improving and developing local participation in our supply chain.

One such example has been the contracting of our logistics agent in Senegal. We have again, in 2015, contracted an international logistics agent with a well-established business in Senegal. A particular challenge in 2014, was the changing personnel from the contractor through the duration of the contract in areas such as customs handling, first response in-country logistics and port workers. To address this, we have retendered and restructured our logistics requirements into a longer term contract to promote the training and development of local dedicated staff to these key roles.

In practice, this means that 16 local port workers are dedicated to our logistics operations. These port workers are coached by our expatriate health, safety and environment (HSE) supervisor and logistics supervisors, who are also training two local Senegalese HSE advisers. Within our contract with the local logistics agent, specific on-the-job training is also provided by us bringing in industry experts in order to deliver 'North Sea standard' expertise in lifting operations and the operation of emergency equipment in the event of an oil spill within the port. In addition, a local customs-handling agent and a local first response logistics agent are assigned to the contract who are again accompanied in the role by an experienced international adviser to bring together international standards and local knowledge.

The longer term arrangement also works well for the investment in equipment and infrastructure in order to meet the operating and health and safety standards we require. In 2015, we have, with our logistics agent, upgraded the warehousing facilities available to the project with efforts continuing to adopt a consolidated quay and laydown areas. In this way, our investment in our contractor relationships is developing local participation in our activities and promoting higher standards within and beyond our operations.

The quality of the training and supervision, combined with the consistent work ethic that has been employed throughout our port operations, is reflected in the great achievement of over 900 days of continuous operations without a Lost Time Incident (LTI).

## Case Study – Alioune Dieng – Senegalese HSE and Security Adviser

Alioune Dieng is based in our office in Dakar, Senegal where he is the HSE and Security Adviser. Alioune was born and brought up in Joal Fadiouth, which is a village to the south east of Dakar. Prior to working with Cairn in Senegal, Alioune held positions in security management in the aviation industry and health and safety supervision roles in the gold mining industry. In addition to this experience, Alioune also holds a master's degree in Law (Litigation) awarded by the Dakar University, the National Examination Board in Occupational Safety and Health (NEBOSH) International General Certificate in Occupational Health and Safety, and is a former Senegalese championship basketball player and also represented his country in the sport.

Since starting with Cairn's subsidiary Capricorn Senegal, Alioune's responsibilities have increased as the drilling and seismic campaigns have got underway. His responsibilities cover: overseeing the HSE and security performance of all operational activities carried out in Senegal; being the focal point of the social investment programme; and advising on regulatory permits and approvals relating to HSE and compliance with these. It is an important role requiring liaison with governmental departments and local community and municipal leaders.

Alioune is also actively engaging with local communities, businesses and authorities to build awareness of the oil and gas industry in Senegal. As the very busy 2016 Senegal work programme begins, Alioune will be instrumental in driving the smooth running of operations, as well as maintaining the communication lines within the Senegalese Government, local communities and local businesses.



"Working with Cairn has been very positive for me. In a few months I have learnt a lot and sometimes it feels like I have been working for the company for years!! The teamwork is very strong and people are very keen to share their knowledge and everyone is very respectful. It is a real pleasure to work with Cairn and I pray for the company to go forward, achieve its objectives across the whole business, but, above all, in Senegal which will benefit my country as a whole."

"Safety first, last and always."

Alioune Dieng  
*Senegalese HSE and Security Adviser*



## Working in partnership

We work with key contractors and partners in different ways to deliver diverse projects in line with our Corporate Responsibility (CR) expectations.

As a result of our reorganisation in late 2014, we have adapted our approach to outsourcing resources. While we retain our main processes, including the Cairn Project Delivery Process (CPDP) and our revised CR Management System (CRMS), we have formed partnerships with organisations to aid us in the delivery of our projects. In all cases, we retain a strong assurance that contractors adhere to our high CR standards.

For our initial preparations for the postponed Spanish Point appraisal well in Ireland, we contracted a well management company to oversee all aspects of the well delivery on our behalf while retaining accountability as operator. We also maintained all health, safety and environment (HSE) permitting roles, our CRMS requirements still applied, and we remained the interface with key stakeholders such as regulators and local communities.

In a similar way, in 2015, we contracted seismic providers to perform the 3D shoot over the Sangomar deep and Rufisque blocks, offshore Senegal. All HSE arrangements and management systems were bridged, and all roles and responsibilities defined to ensure effective communication and risk management.

We continue to work collaboratively on the Senegal exploration and appraisal well programme, using the Ocean Rig Athena, under contract from our joint venture (JV) partner ConocoPhillips, to deliver our three-well programme. ConocoPhillips was appointed well-activities delegate, while Cairn retains control of onshore matters, accountability with the regulatory authorities as operator and responsibility for the engagement with our stakeholders and social investment.

This has presented a unique opportunity to draw on the expertise of both companies, adding value to the project. However, it also presented a challenge in creating clear lines of responsibility and defined linkages, which was overcome by the partnership developing a delegation agreement and project execution plan.

An important factor in delivering success was the collaborative working between ConocoPhillips and Cairn HSE departments to ensure all aspects of CR management were covered. For example, ConocoPhillips as the well-activities delegate, was the party responsible for provision and delivery of a suitable Emergency Response Management Plan linked and bridged to the Cairn Crisis and Emergency Response Team (CERT) arrangements. This involved understanding the standard approach of each organisation and ensuring that foreseeable emergency scenario responses were in place and any gaps were filled. We employed a variety of tools to do this, including regular meetings and discussions, and arranging briefing and training workshops in Dakar and Edinburgh. Furthermore, emergency exercises were carried out for the duration of the project.

Cairn maintained an assurance role throughout, including application of a modified Project Delivery Process (PDP) to allow both organisations to fulfil their 'gated' requirements.



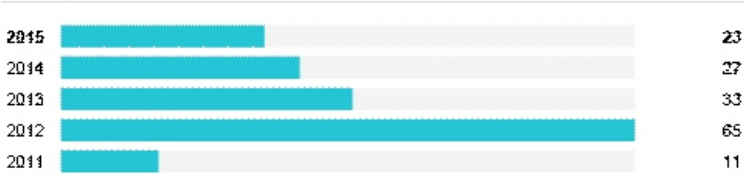
# Supply chain

## Total proportion of spending on local suppliers

Chart: Total proportion of spending on local suppliers

Table: Total proportion of spending on local suppliers

(%)



	2011	2012	2013	2014	2015
Cairn total	11	65	33	27	23

**Note:** Local suppliers are considered as those operating from the country of operation. They are classified as such by having a local address and, where appropriate, further registration as may be required by local authorities to recognise these companies officially (NINEA number for example in Senegal).

## Proportion of spending on local suppliers

(%)

	2011	2012	2013	2014	2015
Greenland	9	41	7	54	26
Ireland	NA	NA	NA	11	6
Malta	NA	NA	NA	7	31
Morocco	NA	1	14	9	43
Nepal	0	0	98	42	NA
Norway	NA	79	59	93	94
Senegal	NA	NA	1	11	5
Spain	72	81	87	87	100
United Kingdom	47	86	73	87	53

**Note:** We break down this data by country as our 'significant locations of operation'.

## Completion of contractor engagement plan

(%)

	2013	2014	2015
Contractor engagement meetings	91	100	<a href="#">see note*</a>

**Note:** \*In the 2015 drilling programme we operated offshore activities and contracts via our well activities delegate ConocoPhillips (COP). Capricorn Senegal Limited (CSL) managed COP's onshore contracts for shore base activities on their behalf. COP retained many relationships with their contractors from previous programmes and managed engagement of them directly including on HSE matters with support and assurance from Cairn. This was prescribed under the COP-CSL Delegation Agreement and Project Execution Plan. CSL maintained direct engagement with onshore contractors by provision of HSE requirements in contracts, providing selected training of local personnel (e.g. lifting and hoisting) and performing an onshore readiness assessment prior to commencing. This revealed some misalignment of HSE related standards by all contractors working for CSL directly or who have shore activities for servicing offshore assets. Cairn and COP consequently collaborated to implement monthly Contractor HSE Meetings at Dakar port aligning these with the offshore programme and introducing an onshore HSE inspection and observation programme across these shore-based contractors.

Cairn expects a UK North Sea standard of HSE performance across shore base operations as outlined in the Shore Base Guidelines issued to all contractors working on the asset. In order to encourage this standard of HSE culture and to recognise positive HSE behaviours and actions, Cairn runs a Safety Award system in the shore base. The Hazard Observation Card system is used to capture positive and negative HSE practices. The best of these is selected on a regular basis for recognition through small awards including watches, rucksacks and local supermarket vouchers.

## New supplier screening





(%)

	2014	2015
<b>Environmental</b>	33	33
<b>Impacts on society</b>	22	33
<b>Labour practices</b>	22	33
<b>Human rights</b>	0	17

**Note:** Supplier screening data is only available from 2014 onwards.

**Note:** This data shows the percentage of significant new suppliers (any that require approval from Cairn's Contracts Committee) that were screened for corporate responsibility risks in four different areas as shown, i.e. environmental, impacts on society, labour practices and human rights. This data is compiled by reviewing Cairn's Contracts Committee records to identify new suppliers that Cairn considered selecting or contracting with during the reporting year. Tender and contract documentation for those suppliers are then reviewed to identify which CR risks are covered in the screening process for each one.

The methodology for compiling this data was improved in 2015: instead of only covering those suppliers that were considered relevant to this indicator, all suppliers were included. As a result the figures for 2014 have been restated and they have decreased. In 2015, 75% of suppliers that were not screened were data processing companies and suppliers of materials for which CR issues were not considered a particular risk.

## Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

(number/%)

	2014	2015
<b>Cairn total</b>	0/0	1/14

**Note:** A significant investment agreement is defined as one that requires Board approval. This equates to one with a net expenditure in excess of US\$1 million.

**Note:** Significant investment agreements and contracts are assessed against specified investment criteria, which include an assessment of potential corporate responsibility, including human rights, and risks involved with the opportunity. The Investment Proposal (IP) summarises the outcome of the review (including the CR assessment), the recommended terms of the offer and how the opportunity would be managed in the event of success. These IPs are signed off by all Functional Department Heads, the Chief Operating Officer (COO) on behalf of the Management Team (MT) and the Chief Executive Officer (CEO) on behalf of the Executive Team (ET).

All operations are screened broadly for human rights issues at the investment proposal stage. In this indicator we include only those that make specific reference to human rights.

**Note:** None of the investment proposals approved in 2014 had particular human rights risks and so no specific human rights clauses were included in them. They were all UK or Norway investments.

**Note:** In 2015, one investment proposal included specific reference to human rights. Four others, although not counted in the data, made specific reference to our commitment to social responsibilities including local community rights, grievance procedures and local involvement/benefits.



# Glossary

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

## A

### AA1000

International Assurance Standard for measuring and reporting ethical performance. The AccountAbility Principles Standard 2008 (AA1000APS) 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

### ABC

Anti-Bribery and Corruption

### ABCMS

Anti-Bribery and Corruption Management System

### ALARP

As Low as Reasonably Practicable

### API

American Petroleum Institute

## B

### BAP

Biodiversity Action Plan

### Board

The Board of Directors of Cairn Energy

### BOEMRE

Bureau of Ocean Energy Management, Regulation and Enforcement

### BOP

Blow-Out Preventer

### BRINDEX

Association of UK Independent Oil and Gas Exploration Companies

### BRMS

Business Risk Management System

### Business Principles Group CR

Business Principles that describe Cairn's fundamental values and approach to managing CR issues in its business

## C

### Cairn



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The Company and/or its subsidiaries as appropriate

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**Cairn (excluding Cairn India)**

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The Company and/or its subsidiaries excluding Cairn India Limited and/or its subsidiaries

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**Cairn India**

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Cairn India Limited and/or its subsidiaries as appropriate

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**CAVA**

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Cairn Adding Value Award

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**CEO**

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Chief Executive Officer

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**CFO**

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Chief Financial Officer

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**CHARM**

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Chemical Hazard and Risk Management

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**CO<sub>2</sub>**

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Carbon dioxide – a greenhouse gas

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**CO<sub>2</sub>e**

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Carbon dioxide equivalent

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**Company**

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Cairn Energy

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**COO**

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Chief Operating Officer

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**COP**

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Intergovernmental Panel on Climate Change, Conference of the Parties

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**CR**

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Corporate Responsibility

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**CRMS**

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Corporate Responsibility Management System

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**Critical Path Analysis**

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Analysis of key tasks which may cause a project to fail or be adversely affected in terms of delivery

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**CRR**

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Corporate Responsibility Report

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**CSR**

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Corporate Social Responsibility

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**CSS**

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Capping Stack System

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## D

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### DECC

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Department of Energy and Climate Change

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### DEEC

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Direction de l'Environnement et des Établissements Classés (English: Directorate of Environment and Classified Establishments; Senegal)

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## E

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### E&P

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Exploration and Production

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### EAA

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Environmental Area Assessment

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### EAC

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(House of Commons) Environmental Audit Committee

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### EBL

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Environmental Baseline Survey

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### EEMS

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European Environmental Monitoring System

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### EIA

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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

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### EIRIS

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Ethical Investment Research and Information Service

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### ETI

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Extractive Industries Transparency Initiative

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### ERP

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Emergency Response Procedures

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### ESG

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Environmental, Social and Governance

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### ESIA

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Environmental and Social Impact Assessment

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### ET

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Executive Team

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### EU

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European Union

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### EVP



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Employee Value Proposition

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## F

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### Float Analysis

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the amount of time that a task in a project network can be delayed without causing a delay to subsequent tasks or the project as a whole

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## G

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### GHG

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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

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### GOIA

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Greenland Oil and Gas Industry Association

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### GRI

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Global Reporting Initiative

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### Group

---

Cairn Energy and/or its subsidiaries as appropriate

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## H

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### HASSMAR

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La Haute Autorite Charge de la Coordination de la Securite Maritime (Senegalese maritime safety and emergency response authority)

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### HAZID

---

Hazard identification

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### HR

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Human Resources

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### HRIA

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Human Rights Impact Assessment

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### HSE

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Health, Safety and Environment

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### HSES

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Health, Safety, Environment and Security

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### HSS

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Health, Safety and Security

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## I

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### IBA

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Impact Benefit Agreement

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## IEA

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International Energy Agency

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## IFC

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International Finance Corporation, a member of the World Bank Group

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## IIP

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Investors in People

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## IMO

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International Maritime Organisation. The IMO is the United Nations' agency responsible for improving maritime safety and preventing pollution from ships

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## IOGP

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International Association of Oil & Gas Producers – a worldwide association of oil and gas companies involved in exploration and production of hydrocarbons

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## IOOA

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Ireland Offshore Operators Association

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## IP

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Investment Proposal

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## IPCC

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Intergovernmental Panel on Climate Change

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## IPIECA

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International Petroleum Industry Environmental Conservation Association

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## ISO 26000

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International Standard for Guidelines for Social Responsibility

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## IT

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Information Technology

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## IUCN

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International Union for Conservation of Nature

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## J

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### JIP

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Joint Industry Project

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### JNCC

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Joint Nature Conservation Committee

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### JV

---

Joint venture

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## K

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km

Kilometres

KPI

Key Performance Indicator

L

LPI

Leading Performance Indicator – indicator of activity used to assist in preventing or reducing the occurrence of an undesirable event (e.g. training)

**Lagging Performance Indicator**

indicator which gives information about change after an undesirable event has happened (e.g. lost time incident frequency rate)

LRP

Livelihoods Restoration Plan

LTI

Lost Time Injury – a fatality or Lost Work Day Case

LTIF

Lost Time Injury Frequency – the number of Lost Time Injuries (fatalities + Lost Work Day Cases) recorded for a group of workers per million hours worked

LWDC

Lost Work Day Cases – any work related injury, other than a fatal injury, which results in a person being unfit for work on any day after the day of occurrence of the occupational injury. 'Any day' includes rest days, weekend days, leave days, public holidays, or days after ceasing employment (IOGP)

M

m<sup>3</sup>

cubic metres

MARPOL

International Convention for the Prevention of Pollution from Ships

MMO

Marine Mammal Observer

MODU

Mobile Offshore Drilling Unit

MT

Management Team

MTC

Medical Treatment Case – a case that is not severe enough to be reported as a fatality or Lost Work Day Case or Restricted Work Day Case but is more severe than requiring simple first aid treatment



## N

### NGO

Non-governmental organisation

### NOx

A mixture of oxides of nitrogen – emission of these gases can contribute to acid rain and other air-quality problems

## O

### OCNS

Offshore Chemical Notification Scheme

### OLF

Norwegian Oil and Gas Association

### ONHYM

Morocco's Office National des Hydrocarbures et des Mines

### OSPAR

OSPAR is 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

### OSCP

Oil Spill Contingency Plan

### OSRL

Oil Spill Response Limited

## P

### PCDP

Public Consultation and Disclosure Plan

### 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

### PLONOR

Chemicals which Pose Little or No Risk

### PPE

Personal Protective Equipment

### Precautionary approach

An expression of a need by decision-makers to anticipate harm before it occurs. It is the responsibility of a proponent of an activity to establish that it will not (or is very unlikely to) result in significant harm



## R

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### RAP

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Resettlement Action Plan

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### RWDC

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Restricted Work Day Case – any work-related injury other than a fatality or Lost Work Day Case which results in a person being unfit for full performance of the regular job on any day after the occupational injury. Work performed might be an assignment to a temporary job, part-time work at the regular job, continuation full-time in the regular job but not performing all the usual duties of the job. Where no meaningful restricted work is being performed, the incident is recorded as a Lost Work Day Case (LWDC).

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## S

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### SEA-PT

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Shannon Estuary Anti-Pollution Team

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### SIA

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Social Impact Assessment

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### SIRT

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Sub-sea Incident Response Toolkit

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### SLT

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Senior Leadership Team, consisting of a senior members the Management Team and the full Executive Team

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### SO<sub>2</sub>

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Sulphur dioxide – emission

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### Social Investment

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Pro-active contributions or actions taken by Cairn to help bring benefits to communities where we operate

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### SOP

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Standard Operating Procedure

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### SO<sub>x</sub>

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A mixture of oxides of sulphur

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### SWD

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Seismic While Drilling

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## T

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### TRI

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Total Recordable Injuries – the sum of fatalities + Lost Work Day Cases + Restricted Work Day Cases + medical treatment cases

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### TRIR

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Total Recordable Injury Rate – the number of recordable injuries per million hours worked

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U

UDHR

Universal Declaration of Human Rights

UK

United Kingdom

UN

United Nations

UNGC

United Nations 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

UNESCO

United Nations Educational, Scientific and Cultural Organization

V

VPSHR

Voluntary Principles on Security and Human Rights

W

WBM

Water-Based Drilling Fluids (water-based mud)

WMC

Well Management Contractor

WEC

Well Engineering and Construction

WWF

World Wide Fund for Nature





[Homepage](#) / [Responsibility](#) / [Contact details](#)

## 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.

To contact us please [email our CR Team](#).