

Cairn Foundation

Annual Report
2015-16

COMMITMENT TO THE LOCAL COMMUNITY

Local Community Engagement

Cairn Foundation operates in some of the most remote parts of the country and our operations bring us in contact with far-flung, often economically backward communities.

To do business in these parts we don't just need the financial and technological acumen, but also the buy-in of the communities we come in contact with.

We believe that this social license to operate from the communities where we work is just as importance as the Consent to Operate that we receive from the regulators.

While the Consent to Operate can be obtained by following procedure, getting a social license to operate is dependent on gaining the trust of the community over a period of time. Cairn's approach to developing sound relationships with the local communities rests on the three pillars of Respect, Relationship and Responsibility (3R's). In support of the 3R's, Cairn has followed three basic tenets in our interactions with local communities:

- ☛ *Being fair and transparent in all our interactions*
- ☛ *Being perceived to work for the benefit of the community*
- ☛ *Communicating sincerely with the local communities*

BEING FAIR AND TRANSPARENT

Cairn's believes in having a consistent, fair, and transparent approach in dealing with all our stakeholders. However, given the perceived socio-economic gap between the company and the local communities, many of whom are inter-generational farmers, building a perception of fairness is key to having a long-lasting, productive relationship.



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Cairn has set up a formal queue system for such requests and provided that the individual vehicles and their drivers match Cairn standards, we do contract with the community on a rotational basis.

A tracker is in place to monitor progress on the resolution of the grievances.

WORKING FOR THE BENEFIT OF THE COMMUNITY

ENGAGING LOCAL VENDORS

When a large company such as Cairn moves into a remote, rural community, there is a great expectation from the community members that they will benefit economically, largely through the provision of jobs or service contracts. To address these expectations, Cairn's 'Local Content Policy', mandates that when it comes to employing directly or indirectly an unskilled or semi-skilled workforce, we give first priority to those individuals who live in the same district as our operational sites. In fact, all major tenders require that a majority of our unskilled and semi-skilled job requirements be fulfilled by individuals living in the same district as our operations, subject to availability and project requirements.

economically backward regions of the country and being one of the largest private institutional actors in the region, it is our responsibility to ensure that we play a role in improving the quality of life of the local community.

Additionally, Cairn has invested considerable efforts to improve the capabilities of local vendor partners to bring them to a standard where they can comply with our HSE standards and fulfill our needs. We continue our efforts to make it easier for local vendors and contractors to do business with Cairn. In order to ensure that our suppliers understand our policies on health and safety, road transportation, and non-use of drugs and alcohol during service hours, we had these policies translated into Hindi. We continue to hold training programs on our health, safety, and environmental standards for the contract workers who enter our sites.

Spend on local suppliers constitutes nearly 7% of our total spend on suppliers.

CSR INTERVENTIONS

Our operations are located in some of the most

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Our CSR programs are designed around four core areas:

- **Health**
- **Education**
- **Sustainable Livelihoods – Skills development**
- **Sustainable Livelihoods – Farm based**

As our programs have matured, we have sought to achieve two inter-linked objectives:

- **Measurable Improvement in socio-economic status of the local community in our area.**
- **Continuous engagement will the local community to develop a relationship of mutual trust and interdependence**

The programs are designed with long-term sustainability in mind and seek out community participation to make them self-reliant. We also prefer to partner with existing government programs to extend their reach, provide technical, infrastructural or logistical assistance and ensure their long-term viability. For example, both our water and solar plants are successfully run and managed by local village level committees. Local entrepreneurs are setting enterprises to distributing safe drinking water; women masons from local community, who were trained at the Cairn Enterprise Center (CEC), are leading the construction of toilets; and electricians who were trained at the Cairn Enterprise Center are setting up and maintaining wiring for the Center. Local youths who have been trained under the Cairn Agri-Fellow program are setting up agro-enterprises based on new techniques and value added products.

In FY2015-16, we saw the reach of our programs widen and their scope deepen.

In FY2014-15, the vocational training program conducted by the Cairn Enterprise Center (CEC) was expanded significantly by adding 7 satellite centers (in Barmer and

Jalore district). This year we further opened a center in Sanchole district. In addition to basic courses, the satellite centers teach advanced courses on Electrician, Welder and Fitter trades so that the local youths are equipped with the knowledge and skills to work with various service providers of Cairn. Additional labs were established for Industrial Electricians and two government ITIs were adopted to enhance employability of local community and link them to opportunities provided by our business. A career resource center was established at Barmer College and CEC for soft-skill training, career counseling and placement of Barmer youth to prestigious companies across the nation. In FY2015-16 we trained 1,477 students (FY2015: 1,100) out of which 1,356 have been linked to employment. We continue to train women on masonry skills and they have gone on to participate in the construction of toilets under the “Swachh Bharat Abhiyan”. We also established two training centers in Barmer and Baitu, which will train women in tailoring and stitching. We continue our program to teach English-speaking and computer skills to differentially-abled adults. This training qualifies them for jobs at the rural-BPO center in Barmer (also funded by Cairn India).

Our horticulture and agriculture program has been scaled up from 2,500 to 3,788 farmers by improving management of water using drip irrigation practices and increasing soil moisture retention through the use of “khadins”. Khadins are specialized water harvesting structures and we have helped build 289 such structures so far with other 144 under construction. These interventions have allowed farmers to practice multi-cropping and grow cash crops such as vegetables and mushrooms. This project has seen farmer incomes rise in the short time-period that it has been active.

The Rural BPO that we had helped established in 2013 in Barmer city has now reached full capacity and employs 250 youth.

Our dairy cooperative program has been expanded to 2,398 households and milk production has increased from 7,500 to 9,500 liters per day.

Last year the reach of the safe drinking water program (“Jeevan Amrit”) doubled from 30,000 to 60,000 community members in Rajasthan, Gujarat and Andhra Pradesh. We had observed an increase in water



consumption by 3.5 times from 24,000 to 90,000 liters per day. This was accomplished by making additions to our water distribution mechanism, like door-to-door water delivery services as part of the “Jal Rath” campaign.

The “Jal Raths” are run by local entrepreneurs. 13 “Jal Raths” have been setup so far. In FY2015-16, we launched the process of establishing 330 additional water purification plants across the Barmer district

CSR BY NUMBERS

Program	Aspect	2015-16 Performance	2014-15 Performance	2013-14 Performance
CEC (Cairn Enterprise Center)	Skill training, career counseling, job placement	1,477	1,110	579
	Trained youth linked to employment	1,356	902	760
	Number of women trained in masonry	NA	25	NA
	Number of differentially-abled youth trained in English for employment in the BPO	38	25	NA
CCoE (Cairn Center of Excellence)	Number of students trained	~300	50	NA
Sustainable Livelihood – Farm based	Number of farmers in program	3,788	2,500	1,200
	Number of khadin's constructed	289 completed + 144 under construction	150	NA
	Volume of milk produced per day through the dairy cooperative program	9,500	7,500	5,000
Education	Number of schools being covered by the mobile science vans	60	60	
Health	Number of Mobile Health Vans	10	18	19
	Number of villages covered by MHV	144 – Rajasthan 115 – Gujarat	144 – Rajasthan 115 – Gujarat	144 – Rajasthan 115 – Gujarat
	Population covered by the MHV	350,000	300,000	300,000
	Number of community members covered by the Mother & Child Initiative	500,000	500,000	
	Number of household toilets built under the Swachh Bharat Abhiyan	3,200	2,700	NA
	Number of school toilets built under the Swachh Bharat Abhiyan	188	70	NA
	Number of RO plants installed under the Jeevan Amrit program	0 (focus was on improving utilization; 75 RO plants under commissioning)	44	34
	Total number of population served by the Jeevan Amrit program	60,000	60,000	30,000

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in collaboration with the Public Health Engineering Department (PHED), Government of Rajasthan. This program will be spread across 800 villages and serve more than a million people in the district. It is one of the largest such initiatives in the country and is expected to result in several additional benefits such as direct and indirect local employment generation (operators at plant level, water distributors, electricians, and plumbers, among other service providers).

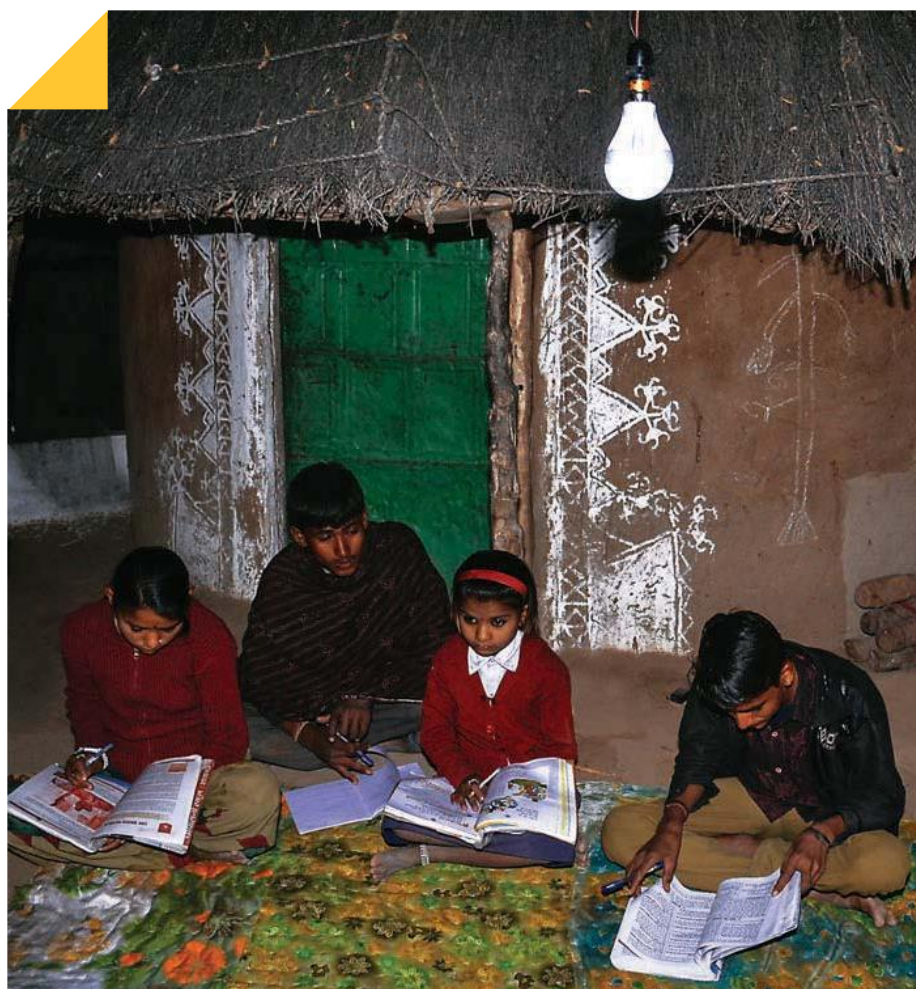
With the introduction of a female gynaecologist, who now accompanies the Mobile Health Vans (MHV), over 55% of the villagers who seek treatment are women. Currently 10 MHVs are providing basic medical services at the doorstep of 350,000 rural people across 144 villages in Rajasthan and 115 villages in Gujarat. Over the last three

years we have conducted 30 multi-specialty health camps and 35 health awareness camps.

The healthcare program for mothers and children reaches 500,000 community members. We have trained more than 1,500 health workers, supported national health-related campaigns, and sensitized about 2,000 adolescent girls and women and 150 adolescent boys on menstruation hygiene and reproductive health.

Our school adoption program continues to provide supplementary teachers to 37 Government schools where we have seen improvement in academic performance.

In the short time that the Cairn Center of Excellence (CCoE) has been in operation, it has established a solid





reputation for itself. In FY2015-16, it signed a MoU with the Rajasthan Skills and Livelihood Development Corporation (RSLDC) and has trained more than 600 individuals under this program. The Center has also received support from the Ministry of New and Renewable Energy's (MNRE) 'Suryamitra' program. We have also entered into MoUs with IIIT (Kota) and the Malaviya National Institute of Technology (Jaipur). Till April 2016, ~300 students have completed the training and some have received job offers from companies such as Suzlon, Vodafone, Amazon, PepperTap, Samsung, Minda, Hero Group, and the State Bank of India.

Cairn has thrown its support behind the national "Swachh Bharat Abhiyan". We have committed to build 20,000 household toilets and 188 school toilets

in partnership with the Government of Rajasthan. In FY2015-16, 3,200 household toilets and all 188 school toilets have been constructed. Additionally, we have completed 3,600 out of 4,000 toilets under the Nirmal Bharat Abhiyan. Collectively, these efforts have resulted in the Beriwalla Tala Gram Panchayat being declared as the first open defecation free Gram Panchayat in the district of Barmer.

Additionally, under a MoU signed between Vedanta Limited and the Women and Child Development Ministry, GoI, Cairn has committed to develop 2,000 anganwadis (court yard shelters) over a three year period. In FY2015-16, we constructed 50 anganwadis in Barmer, which can support 2,000 children (0-6 years) and around 1,000 pregnant and lactating women.

REVISITING THE SOLAR MICRO-GRID

It has almost been a year since electricity first arrived at Meghwallon Ki Dhani. Last year, in partnership with SunEdison, Cairn India had established a micro-grid powered by solar energy. The micro-grid brought a village into the light for the first time since independence and it supplied power to the 600 individuals living in the village. So how have the village fared after receiving electricity?

First some news about the micro-grid. Since it became operational it has been running smoothly and is a rare success story for such a project in India. We officially handed over the micro-grid to the community on January 2016. All the operations and maintenance expenses of the micro-grid are now being borne by the villagers. In fact, the plant operation is being managed by a villager who was trained in the

Cairn Enterprise Center – effectively proving the utility of two of our CSR programs.

With electricity in the village, the local economy is also beginning to shift. A local entrepreneur has established a flourgrinding facility in the village – run entirely on solar power. The grinding mill provides a service to the villagers as well as provides local employment.

We will continue to monitor the success of this project and let it serve as a bright light to us and the community as we look to further expand the solar electrification program.



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NEW AVENUES FOR AGRI-MARKETING

Farmers in the arid Baitu block of Rajasthan have it tough. Relying mostly on the scarce rainfall of the region to grow their crops, they are limited in what they can grow and therefore earn. Indra Kodecha and Dhapu Devi of village Bhimda were no different. Supporting his 8-member family through farming and livestock rearing, Indra (ironically) was often at the mercy of the rain-gods.

Recognizing the need of farmers like Indra, Cairn launched the Barmer Unnati program in 2013 in partnership with TechnoServe – an organization that seeks to improve agricultural output for farmers by teaching them better farming practices. Through demonstration farms and frequent trainings, Barmer Unnati has started to build the capacity of farmers across the region on good agricultural practices. The program provides the farmers access to high-quality farming inputs and introduces new agriculture technologies and strategies.

Additionally, under the Cairn Agri Fellow (CAF) component of the project, rural youth are trained on Agronomy and Agribusiness in a certified course from Institute of Agri Business Management, Bikaner Agriculture University.

Indra and his family were one of the first farmers to become associated with the program. Through soil testing, seed treatment, and based on what he learned from his trainings, Indra and his family expanded their crop portfolio to include vegetables (both

in winter & summer seasons) and cultivate mushrooms. He has also started to prepare on-farm organic agri-inputs, which not only help enhance the productivity of his soil, but also help reduce his overall costs. .

Mushroom cultivation is new to the area and what started out as a 700 rupee experiment, resulted in earnings of more than INR 5,000 in less than 70 days. The 45 kg of oyster mushroom harvested by Indra's wife, Dhapu has given her the confidence to expand its cultivation. She has trained women in her villages Self Help Group (SHG) and now manages a booming mushroom crop. The initiative has not just made her an earning member of her family, but it has also empowered all the women associated with this program.

The improved overall production on the farm has increased the average profit by ~24%, giving the family the opportunity to expand livestock from 4 cows to 20 high-yielding animals, further boosting family income.

Says Indra, "Through the Cairn Agri-Fellows program, I got an opportunity to study at Bikaner Agriculture University where I learnt about improved agricultural techniques from the experts. This has allowed me to not just grow a new variety of crop, but also help earn more money for my family."



FARM-BASED SUSTAINABLE LIVELIHOOD PROGRAMS

Cairn's farm-based sustainable livelihood programs were launched to provide improved income-earning opportunities to the 50,000 families residing in the rural villages near our area of operation. These families earn less than INR 40,000 per year from farming activities, making them seek supplemental incomes from job opportunities at Cairn and other similar companies.

While Cairn has provided jobs or contracts to locals, our ability to do so is limited, which means that a large section of the local population still earns low wages through farming and seeks out ways to get employed with Cairn or one of the service contractors working with us. The farm-based sustainable livelihood programs seek to break that dependency on Cairn for employment.

An update on the program is given in the table below:

UPDATES FROM THE 'BARMER UNNATI' PROGRAM

Components	Deliverables for a period of 5 years	Achievements to date (from 1 ST Aug 2013 – 31 ST May 2016)
Livelihood Models and Value Chain Interventions	100 model farms established 10,000 farmers covered - Forward linkages with market developed for sale of produce	70 demo farms established 60 farmers facilitated for market linkages for sale of produce, 600 farmers provided with crop advisory services and 290 farmers linked with quality agri inputs
Natural Resource Management Models	500 Khadins developed 500 agri horti units/kitchen gardens developed 5 Nadi's developed as a community resource 5 Silvi Pastural units developed as community owned grazing land	289 khadins constructed, 476 Agri Horti Units established, 2 Nadis renovated, and 2 Silvi Pasture Unit establishment in progress
Cairn Agri Fellows	100 Agri-Fellows developed in the region through classroom and on-the-job training 20% of such Agri-Fellows will be women 30 Agri fellows provided hand holding and necessary support to develop agri-business units	23 completed classroom training including 1 female CAF, 2 CAFs found employment in MPOWER project, 6 CAFs experimented mushroom cultivation, 3 business proposals are ready for submission to bank and remaining proposals in progress



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One of the challenges for Cairn has been to bridge the cultural and communication gap that exists between the company and the local community. Given the nature of the relationship, most of our interaction with local communities has been transactional in nature, based on negotiating land pricing or understanding the needs to the community before implementing a CSR program. The other common interface with the community has been when there is a grievance and there is need for grievance redressal or conflict resolution.

COMMUNITY CONNECT

Over the years, we have come to realize that such interactions do not help us build real trust between the company and the community. To bridge this gap, Cairn has started the “Community Connect” program to engage with all of the villages that surround our current or future operations. The interactions, which take place in the respective villages are non-transactional in nature and

seek to make the community members aware of how Cairn plans to expand its business, and the programs and procedures the company has in place to address community concerns. We also seek their feedback and input on the effectiveness of existing programs and how current interactions with the communities are being perceived.

The community connect program is a substantial exercise since it regularly plans to connect with 100% of the villages that fall within our area of operations, impact, and influence.

In FY2015-16, we conducted over 48 community connect meetings in 50 villages across the Rajasthan block.

Overall, we have been very satisfied with this initiative and the insights that we have been able to glean. We will continue to engage with the local community in this manner and true success of this activity will be when we have zero blockages for frivolous reasons.



TALKING TO THE WIND

"Even an Engineering qualification means nothing," said 23 year old Goma Ram, a young boy from a remote village in the Barmer district just a few months ago. That has now changed dramatically.

Born into a poor farming family with many siblings, Goma Ram's father thought that if his son could get an engineering qualification from Balotra it would help the family in many ways. But both soon realized that despite a degree life was not so easy and Goma Ram still struggled to find a job. The college education had left the family in debt and they needed to repay the expenses quickly.

Goma Ram then thought of Cairn Enterprise Center, as a potential source of employment.

Goma Ram came to the Cairn Enterprise Center (CEC), a vocational institute run by Cairn at Barmer. The counsellors at CEC advised him that since he had an engineering degree already, it would be better if he went to the Cairn Centre of Excellence (CCOE) at Jodhpur, established by Cairn for delivering more advanced courses. He subsequently attended a mobilization drive held by CCOE in Barmer and was convinced he should try it out.

His interest increased when he learnt that

among the courses offered at CCOE, was one on wind energy, given that he had a background in mechanical engineering. After enrolling himself, he made all efforts to ensure that he was one of the most sincere and hard-working students in his batch.

He recalls that the urge to learn more and ask questions was fostered due to the environment he found at this training center. The faculty were dedicated; and that made him give his best too. Post successful completion of the training course, he commenced On-the-Job Training (OJT) in one of the largest wind energy companies in India - Suzlon.

The one month OJT helped him hone the practical skills that he had first learnt in the lab at CCOE. His good work ethic added to his performance rating during this tenure and helped him secure a permanent position at the company's head office in Pune.

Today, when he looks back, the only thing he has to say is "I cannot thank Cairn India and TUV enough as my entire life has changed. I am being respected in my community and now I contribute to running my household. Of course, this is just a start; I know I have yet miles to go to make everyone proud."

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FROM A HOME MAKER TO A SELF RELIANT WOMAN

– THE JOURNEY OF SHUGNI DEVI

Gender roles in rural Rajasthan are well-defined. Especially in economically poor families. Women take care of the household and help with farming and rearing livestock. Men work as daily wage laborers on farms or anywhere they can find work. With literacy rates in the Barmer district being ~ 58% (41% for women), it is not uncommon to find families where education and literacy have not taken root.

Shugni Devi was not different. A mother of three, she and her husband struggled to make ends meet for a family of five. In her 30's, Shugni had gotten used to the idea that life for her family would continue to be a struggle and as a woman, there was very little that she could do to change it. Yet, she had not given up on the idea that one day her family would see better days.

When Cairn Enterprise Center arrived at Bhimda Village trying to enroll people in their masonry training program organized as the CEC Bhimda Village spoke center, Shugni Devi was among the first to enroll. The program wanted to empower village women and make them self-sufficient. 25 women enrolled for the three-month training program.

It was not easy for Shugni Devi to enroll in the training program. Her family and fellow villagers opposed her participation as it was

unthinkable for women take training and think about earning a living outside their homes. However, after several rounds of counseling by Cairn staff, the family members and villagers finally gave her the permission to enroll for the program.

While teach masonry skills was the primary objective of the training, CEC staff knew that true self-sufficiency would only come when the women became literate. The three-month program also included a special provisional literacy program designed for adults. Shugni Devi recalls that she felt very proud to carry the training bag, hold a pencil and learn to read and write as she had never been to school in her life! This training transformed a simple village woman to a literate mason; someone who could dare to break the barriers of society and of orthodox living, to rise above her current status.

The leadership qualities of Shugni Devi and her classmates have inspired other women in her village. They see their peers have become self-employed and work as assistant masons for constructing household toilets under Nirmal Bharat Abhiyan Programme, implemented jointly by Cairn Foundation and Government of Rajasthan. Their earnings have increased from a meagre INR 150/- to 200/- per day to INR 450/- to 500/- per day. Shugni Devi continues to work and aspires to become financially independent.

It's a new beginning for village women in Barmer and in days ahead these brave women can inspire thousands of others to take a new path towards empowerment. Says Shugni Devi, "I am not just another woman, I am confident of speaking my mind now. The training programme is changing the scenario inside each house of our Dhani. I hope it continues."

Financials 2015-16

Sl. No.	Thematic Area	Project	Spend (INR Cr)
1	Agriculture and Animal Husbandry (Livelihoods)	Barmer Unnati	1.43
2	Children Wellbeing and Education	Nand Ghar	3.88
3	Skill Development	Skill Development courses at Cairn Enterprise Center and Cairn Center of Excellence	0.34
4	Water and Sanitation	Household Sanitation Project	0.005
5	Program admin	Consultant – Cairn Enterprise Center	0.03
6	Other expenses and liabilities	Taxes	0.42