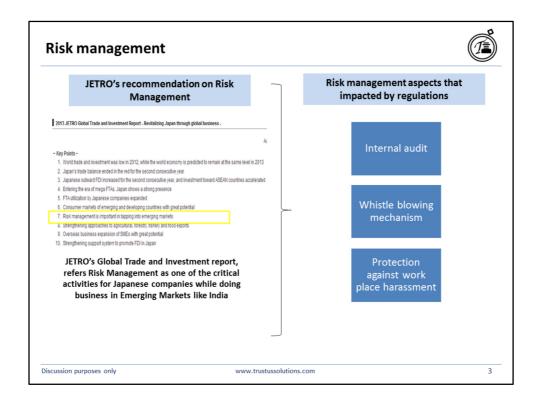
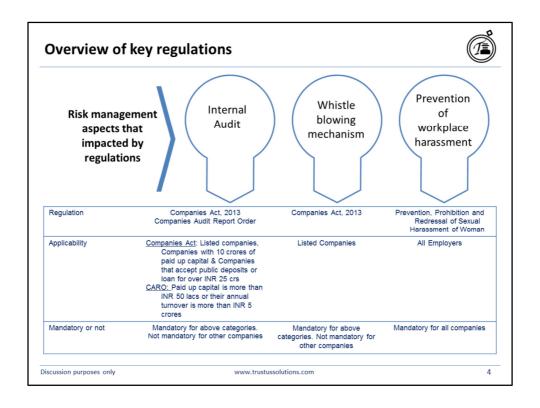


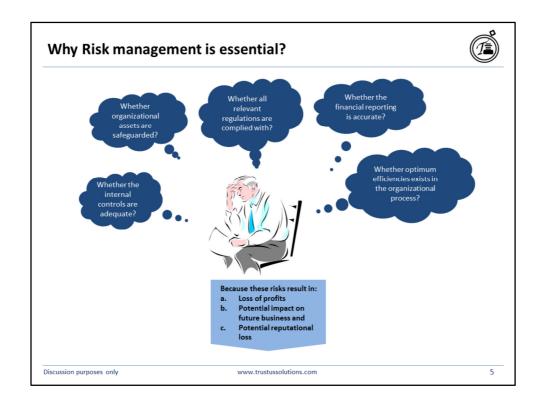
- India is one of the key investment destination for Japan
- Japan had invsted over USD 2.8 bn in 2012
- India has enormous business prospects with its projected growth, young population and technological advancement
- Business in India faces multiple challenges
- These challenges contribute to the slow down and in certain instances potentially impact business progress



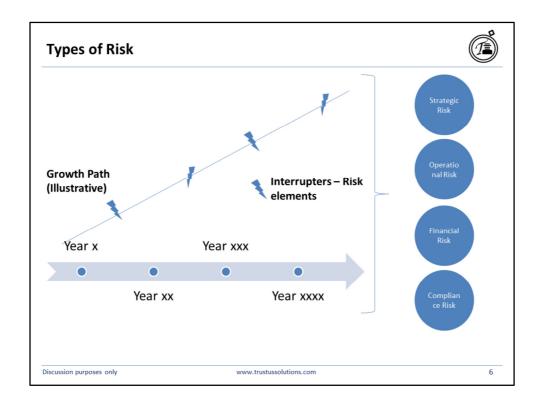
- JETRO's trade and investment report had provided key guidance on certain aspects to Japanese Businesses
- These guidelines include guidance for SME expansion in developing economies to the need for risk management while operating in developing economies
- India in the recent past has reflected its approach towards risk management through regulations.
- Key thoughts that were reflected on risk management are need for internal audit, mandating whistle blowing for certain category of companies and prevention of workplace harassment



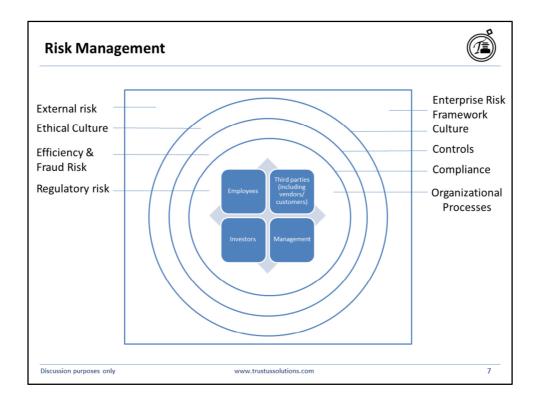
- These risk management aspects are outcome of key regulations that came in force in 2013
- These regulations have mandated the risk management for certain class of companies.



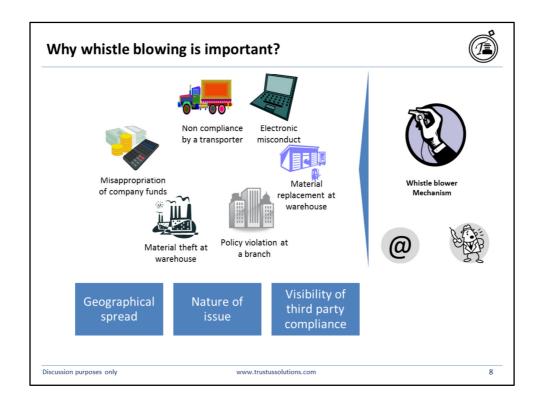
- The basic premise of risk management is to
 - 1. Effectiveness of assessing and managing business and control risks;
 - 2. The adequacy and effectiveness of internal control system;
 - Effectiveness and efficiency in safeguarding the organizational assets (including information systems and computer applications);
 - 4. Compliance with applicable laws and regulations; and
 - 5. Accuracy, reliability and timeliness of management information system;
- These principles guide organizations to manage risks
- Adopting risk management aids organizations in preventing potential losses (current and future) and impact to business reputation



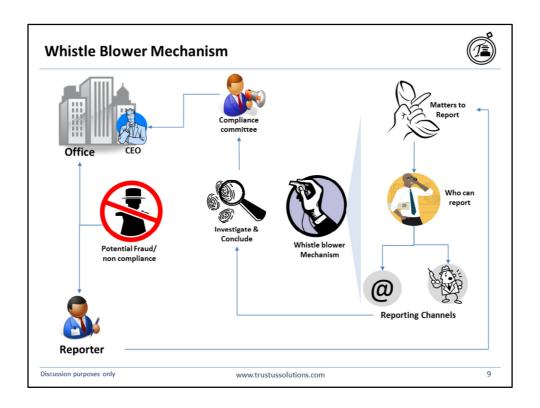
- Risks are often divided into 4 key categories. They are strategic risk, operational risk, financial risk and compliance risk.
- Strategic risk: Eg. Risk of theft of Intellectual Property by subcontracting the activity to third party
- Operational risk: eg. Risk of potential accident/impact on operation due to lack of clearly articulated health & safety standards
- Financial risk: Risk of fall in margin due to non consideration of cost escalation of key input (metal/ oil etc)
- Compliance risk: Risk of non compliance to regulations like Companies Act, Prevention of harassment at workplace against woman



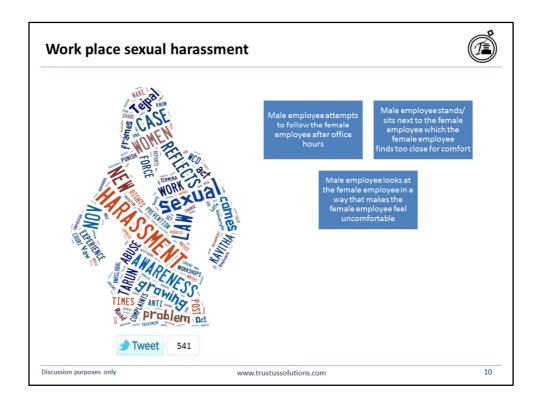
- Organizations shall have a broader boundary on their risk management consideration
- This boundary provides clarity on external risks considered as impact to business
- Culture: Building ethical culture of the organization. Such culture should be driven by the tone at the top
- Control : Internal controls to enhance efficiencies and reduce potential losses/ frauds
- Compliance: To ensure compliance to organizational policies and regulations



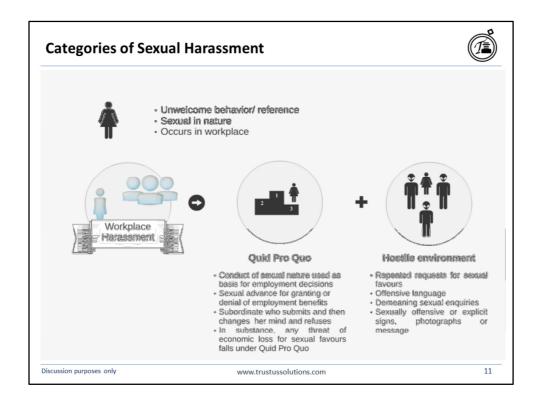
- Organization comes across multiple forms of risks/ events of frauds
- These issues arise in multiple geographies or differ in nature or occurs in areas where management has limited visibility
- Whistle blowing mechanism helps organizations in hearing about such issues



- Organization whistle blowing mechanism helps in gathering the key red flags
- The whistle blower mechanism shall be driven by clearly articulated policy. The policy shall refer matters that shall be reported, who can report and how such issues shall be reported
- Such mechanism shall be managed by a committee and reported to senior management



- Potential issues relating to work place harassment
- Some examples:
 - A supervisor demanding the women reportee to travel with him in car
 - A Co-worker showing private messages to women associate
 - Threatening women employee about performance review
 - Employee abusing a woman unrelated to business



Factors considered for determining whether certain behaviour is sexual harassment or not

- · Unwelcome behaviour
- · Sexual in nature and
- Occurance at workplace
- Some examples as referred in the act:
 - Promise of preferential treatment
 - · Threat of detrimental treatment
 - Threat on present or future employment
 - · Interference, intimidating, offensive, hostile behaviour
 - · Humiliating treatment of sexual nature



- Applies only to Woman unlike regulations across globe
- Penalty & cancellation of license for non-compliance
- Workplace = any organization, enterprise or undertaking (including branches) & Employer = The head of any workplace
- Employee definition includes stipend earners or interns or apprentice
- Woman of any age is referred as aggrieved woman if she is sexually harassed
- ICC should conclude investigation in 3 months
- Responsibility of employer:
 - Treat SH as misconduct
 - Constitute ICC
 - · Organize workshop/ training/ awareness sessions
- Minimum 4 members. 1 presiding officer (woman), 2 members amongst employees and 1 from NGO
- 1/2 of the members shall be woman

