



NIPPON KOEI INDIA PVT. LTD.
Consulting Engineers

RISK AND CRISIS MANAGEMENT REGULATIONS (RCM)

[Established on December 28, 2018]

December 2018
New Delhi, India



Risk and Crisis Management Regulations (RCMR)

Article 1 Purpose

These Regulations shall provide for basic matters with respect to risk and crisis management.

Article 2 Definition and Classification:

1. Risk shall be defined as “possibility of loss caused by an event that impedes the achievement of the business purpose of the Company”. Risk shall be evaluated and measured from the perspectives of “frequency of occurrence” and “scale of impact”.
2. Risk management shall be defined as “activities aimed at the minimization of loss by responding to the risk event and eliminating or alleviating the causes”.
3. The subject of risk management includes, but is not limited to, the items listed below:
 - a) Possibility of directly or indirectly causing economic loss to the Company
 - b) Possibility of interrupting or suspending the continuation of the business of the Company
 - c) Possibility of discrediting the Company and damaging its brand image

Article 3 Classification of Risk Management:

The risk management carried out by the Company shall be classified as follows.

1. Preventive management

The essence of risk management is prevention. Preventive management shall refer to management aimed at eliminating or alleviating the causes of anticipated risks in advance.

2. Response to materialized event

Response to materialized event shall refer to response to materialized risk events (excluding crisis management in Item 3).

3. Crisis management

Crisis management shall refer to response to materialized risk events that are likely to make a major impact on the business promotion of the Company (crisis events).



Article 4 Risk Management Promotion Structure:

1. The Board of Directors of the Company controls and promotes risk management by identifying, assessing and monitoring risks in general associated with its business operation and giving directions related to such risks and monitoring materialized risk events or crisis events. In addition, the Board has constituted a subordinate "Risk Management Committee".
2. The Managing Director of the Company is appointed as the highest ranked officer for Risk Management.
3. The department specifically to promote risk management of the Company in general shall be the Corporate Management Division and the Director in Charge of the department is appointed as the Risk Management Representative.
4. Risk management for each different business operation is the responsibility of the Director/General Manager of the department in charge of such operation. The Director/General Manager of each department shall assign personnel in charge of risk management within the department (hereinafter referred to as "personnel in charge of risk management"), if so instructed by the Managing Director or the Risk Management Committee.
5. The Internal Auditing Office of the Company shall endeavor to prevent risk materialization by auditing the business operation system and the implementation status of operations

Article 5 Basic Process of Preventive Management:

The basic process (PDCA) of preventive management shall be as follows:

1. Risk identification, evaluation and analysis
2. Formulation of plan
3. Implementation
4. Evaluation of the effectiveness of preventive management and formulation of improvement measures
5. Implementation of the improvement measures and verification



Article 6 Preventive Management of Common Risks:

1. For preventive management of risks that can be commonly found within the Company (risks related to compliance, information security, accounting, workforce, health and safety, etc.), administrative departments shall, within the scope of their duties, develop necessary systems and regulations and provide training in order to promote company-wide risk management,
2. For preventive management of risks that can be commonly found in NK India, Administrative Departments shall, within the scope of their duties, cooperate with departments in charge of risk management at NK India's Corporate Office and ensure that group-wide risk management be promoted in an integrated manner.

Article 7 Creation of Risk Management Plan by Each Department:

1. Each department shall identify all the conceivable risks and estimate the occurrence frequency and the scale of impact taking the characteristics of each department into consideration. It shall develop specific measures to avoid, alleviate, transfer (share) or accept (retain) the risks to compile a risk management plan (risk management list and risk management sheet) and submit it to the Risk Management Committee each term.
2. When creating a risk management plan, the Managing Director shall develop a list of priority issues (priority items and activities) for the Company's risk management plan. In addition, the Managing Director shall make decisions concerning the unit of departments that creates the risk management plan mentioned in the preceding paragraph and how it shall be created.

Article 8 Formulation of Risk Management Plan:

1. At both the beginning and the end of each fiscal year, the Risk Management Committee shall review the priority issues and the risk management plan submitted by each department and, following the review, shall approve them as an integrated Risk Management Plan subject to ratification by Board of Directors.
2. The Managing Director shall immediately report the Risk Management Plan that has been approved by the Board of Directors to General Manager/Project Manager. The General Manager/Project Manager shall request that revision should be made in the risk (management plan submitted, if he or she finds such revision is necessary).



Article 9 Implementation and Reporting on Risk Management:

1. Each department shall implement risk management in accordance with the risk management plan (priority issues, risk management list and risk management sheet).
2. Each department, on a quarterly basis, shall keep record of the status of risk management in the risk management sheet and assess the effectiveness of the risk management plan and, after making improvement in the risk management plan (risk management list and risk management sheet) of each department as necessary, shall report the implementation status of risk management plan to the Risk Management Committee. In addition, each department shall report the materialization of major risk events (including crisis events) and the response made to such events during the past quarter (hereinafter collectively referred to as the "quarterly monitoring").
3. The Board of Directors and the Managing Director may give direction to make revisions with respect to the content of the quarterly monitoring reported by each department, as the Board and the Managing Director consider it necessary.
4. The Managing Director shall report the content of the quarterly monitoring reported at the Board of Directors to General Manager/Project Manager.
5. Directions given by the Board of Directors or the Managing Director shall be implemented by the manager of each department

Article 10 Audit Risk Management by Internal Auditing Office:

1. The Internal Auditor shall report to the Managing Director quarterly on the status of its activity and also report to the Managing Director on the result of each audit at the time it is completed.
2. Receiving the report on the audit results mentioned in the preceding paragraph, the Managing Director shall give an order for improvement as necessary to the General Manager of the relevant department. The General Manager of the department shall create an improvement plan and submit it to the Managing Director promptly via the General Manager of the Administration Department. The Managing Director shall report the audit results and the content of the improvement plan to the Board of Directors.
3. The Internal Auditor shall monitor the implementation of the improvement plan and report the result quarterly to the Managing Director.



Article 11 Reporting and Response to Materialized Risk Events:

1. If any risk materializes during the execution of operations, officers, employees and staff dispatched by manpower agencies (hereinafter collectively referred to as "officers and employees") shall immediately report the details (facts) of the risk event (including crisis events, and the same shall apply hereinafter) to the Managing Director.
2. Officers and Employees (it does not necessarily have to be the Managing Director) shall report details (facts) of any materialized risk events immediately to General Manager/Project Manager.
3. If officers and employees (it does not necessarily have to be the Managing Director) obtain any information related to a crisis (information on the occurrence of a crisis or possibility of such occurrence; hereinafter referred to as "crisis information"), they shall report it immediately to General Manager/Project Manager. In addition, if such crisis information is related to a possible group crisis, officers and employees shall report it immediately also to Risk Management Committee and the Managing Director of NKI.
4. Depending on the significance of the risk event, the Managing Director shall make decision on whether the Emergency Unit shall be established in accordance with Article 16 of these Regulations or response shall be made by each department within the scope of its normal personnel structure.
5. The General Manager of each department shall promptly develop countermeasures (including measures to prevent recurrence, if necessary) and report the details and implementation status of such countermeasures to the Managing Director.
6. In addition to the above, officers and employees concerned shall follow the reporting regulations and other internal rules or the command and order of their superiors and report the prescribed matters to the prescribed personnel or meeting structure
7. When responding to a risk event, reviews shall be made concerning not only how to respond to the individual risk event but also measures to prevent future materialization of similar risk events, working to ensure that the risk management plan be improved in accordance with Article 9.2.



Article 12 Definition of Crisis and Basic Principles:

1. A “crisis” refers to a risk that can have a serious impact on the Company (a phenomenon likely to have an adverse effect on the implementation of the Company’s business operations) which has appeared (become manifest). Specifically, there are the following crises:
 - a) Life-threatening situations for officers and employees (hereinafter referred to as “officers and employees”) of the Company
 - b) Serious incidents and accidents that cause major economic loss to the Company
 - c) Serious incidents and accidents that impair the reputation and credibility of the Company
2. The basic principles of crisis management shall be as follows:
 - a) Top priority shall be placed on securing the life and physical safety of the Company’s officers and employees and their families, business partners, and persons related to them.
 - b) All the related officers and employees shall collaborate to respond to a crisis promptly in an organized manner in pursuit of swift restoration, minimization of loss, and prevention of recurrence.

Article 13 Classification of Crisis and Scope of Application:

1. “Crisis” is classified as follows:

(1) Group crisis

A group crisis refers to a crisis that has an enormous impact on the NK and NKI group Companies and requires the establishment of an Emergency Unit jointly with NK.

(2) Company crisis

A company crisis refers to a crisis that has a serious impact on the NKI and requires the establishment of an internal Emergency Unit.



Examples of the crisis level classification are shown in the table below.

		Assumed typical example of crisis
Group crisis	Disaster	<input type="checkbox"/> Major earthquake <input type="checkbox"/> Huge fire (such as a fire in the head office building) <input type="checkbox"/> Outbreak of a serious infectious disease
	Accident	<input type="checkbox"/> Fatal accident due to negligence of the Company (such as a defect in design) <input type="checkbox"/> Fatal accident of officers and employees in relation to work
	Incident	<input type="checkbox"/> Serious crime committed against officers and employees (such as terrorism, kidnapping, and hijacking) <input type="checkbox"/> On-site inspection by a public office because of law violations <input type="checkbox"/> Extensive leakage of confidential information such as customer information <input type="checkbox"/> Law violation or misconduct by an officer in relation to work <input type="checkbox"/> Arrest or prosecution of officers and employees for a cause related to work
	War	<input type="checkbox"/> Civil war or war between states in a country or region that bears a close relationship with the Company
Company crisis	Disaster	<input type="checkbox"/> Major disaster, huge fire, and outbreak of a serious infectious disease in a country <input type="checkbox"/> Disaster on site (such as landslide) <input type="checkbox"/> Disaster that occurs at an office (such as flooding and fire)
	Accident	<input type="checkbox"/> Injury due to negligence of the Company (such as a defect in design) <input type="checkbox"/> Serious accident in relation to work <input type="checkbox"/> Serious industrial accident (such as death from overwork)
	Incident	<input type="checkbox"/> Law violation or misconduct by an employee in relation to work <input type="checkbox"/> Arrest or prosecution of officers and employees for a cause not related to work <input type="checkbox"/> Limited leakage of confidential information <input type="checkbox"/> Bankruptcy of a major business partner <input type="checkbox"/> Filing of a major lawsuit against the Company as the defendant
	War	<input type="checkbox"/> Civil war or war between states in a country or region that bears a relationship with the Company



Article 14 Reporting of Crisis Information:

1. An officer or employee, when acquiring crisis information shall immediately report such information in accordance with Article 11.3.
2. Crisis information may be reported by word of mouth, telephone, e-mail, or any other means.
 - a) Detailed information about a crisis (specific facts)
 - b) Circumstances of acquiring such information, current status of crisis response, and other relevant information

Article 15 Continued Reporting and Fact Finding:

1. A department that bears a relationship to a crisis, after reporting pursuant to the preceding article, shall continue to do its best to find detailed facts and collect information on the latest status and report such information as required via the channels set forth in the preceding article.
2. The Emergency Unit may conduct fact finding directly from the concerned parties as required.

Article 16 Establishment of Emergency Unit:

1. When receiving report on any crisis information, the Managing Director, in consultation with General Manager/Project Manager, shall determine the possibility of occurrence of a crisis and the crisis level and make decision on the establishment of the Emergency Unit. In case of a group crisis, the Emergency Unit in principle shall be established jointly with NK.
2. The Managing Director shall determine the organizational structure of the Emergency Unit in consultation with GM/Project Manager.
3. In the absence of the Managing Director, his or her duties shall be exercised by the Risk Management Representative.
4. The Emergency Committee shall conduct the following operations:
 - a) Collection and analysis of information and support for the persons concerned
 - b) Decision on specific measures or response policy and supervision of implementation
 - c) Internal and external corporate communications
 - d) Decision on measures for preventing recurrence
 - e) Discussion and decision on other important matters



Article 17 Organizational Details of Emergency Unit:

1. The organizational details of the internal Emergency Unit shall be, in principle, as follows:

Organization	Members	Major roles

2. The organizational details of the Joint Emergency Unit shall be, in principle, as follows:

Organization	Members	Major roles

3. The Board of Directors may modify the organizational details set forth in the preceding paragraph as the need arises.

Article 18 Response after Establishment of Company-level Emergency Unit:

1. An Emergency Unit meeting shall be held promptly.
2. Specific measures or response policy shall be discussed and decided in an Emergency Unit meeting.
3. The head of the crisis-affected department shall instruct and execute specific measures or response policy in his or her department.
4. Other persons concerned shall continuously do their best to find facts and collect and analyze information and modify the specific measures or response policy flexibly.

Article 19 Measures for Preventing Recurrence and Dissolution:

1. The Emergency Unit shall decide measures for preventing recurrence including the following details if deemed necessary.
 - a) Details of measures for preventing recurrence
 - b) Implementation Manager and department in charge shall implement the measures for preventing recurrence
2. The Managing Director, when the crisis subsides, shall dissolve the Emergency Unit after discussion with the NK Head Office.



Article 20 Research Authority:

1. The NK Head Office and the Managing Director of NK India may require departments and parties or persons concerned within the Company to disclose or report relevant documents, if it is necessary for the purpose of risk management.
2. The Managing Director may research relevant matters within the range required for the purpose of risk management by ordering a person that he/she considers appropriate to do so (including the third party) or department.

Article 21 Department in Charge and Revision or Abolition:

1. The department in charge of these Regulations shall be the Corporate Management Division. Proposals for the revision or abolition of these Regulations shall be initiated by said Department and implemented based on the decision of the Managing Director, who established these Regulations.
2. Notwithstanding the provision in Paragraph 1, formal changes accompanying changes in the organizations and the titles shall be implemented based on the decision of the Director of the Corporate Management Division.



PROJECT NAME : NK India Corporate Office

PROJECT CODE :

REPORTS & DOCUMENT CONTROL SHEET

Report Title : Risk and Crisis Management Regulation

Report Reference : Part of Operation and Management Manual

DOCUMENT CONTROL

Issue : 01	Prepared by	Reviewed by	Approved by
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Issue: 02	Prepared by	Reviewed by	Approved by
Date			
Date			
Signature			

REPORTS & DOCUMENT ISSUE RECORD

Issue No.	Issue Date	Reason for change
1	Dec/28, 2018	Original Issue