Ensuring Quality and Safety

Since its founding in 1899, NEC has continued to develop a corporate culture based on "Better Products, Better Services". This means creating products and services that meet the expectations of and are more valuable to our customers. It also means that every one of us at NEC understands, considers, and quickly responds to what our customers expect in order to make NEC a company that is trusted and chosen by customers.

The word “Better”, not "Best", in our statement of "Better Products, Better Services" embodies our desire to "continuously make improvements to achieve our very best in providing better products for customers".

Based on these values, we hope that all our employees will be confident in NEC’s quality standards by raising the quality of their own work, the products they create, and the services they provide.

Policy

NEC’s Quality and Safety Principles and Code of Conduct require strict adherence. They are defined as follows.

### Quality and Safety Principles

Continue to provide safe, high-quality products based on our belief in providing "better products, better services –customer satisfaction always first”.

### Code of Conduct

1. Quality management
   1) Think and act from the customer’s viewpoint.
   2) Maintain and develop the NEC brand.
   3) Everyone must strive to improve quality.
   4) Comply with product-related laws and regulations.

2. Safety management
   1) Recognize the importance of product safety.
   2) Strive to ensure the safety of our products.
   3) Respond in good faith to product issues related to safety.

Promotion Framework

### Quality and Safety Risk Management System

One of the most important management issues is how to deal with quality and safety risks in products, systems and services. In October 2000, NEC reconfigured the company-wide quality and safety risk management systems to ensure a smooth and carefully monitored operation.

NEC is working specifically to clarify a range of actions for this system by defining company-wide rules and standards and ensuring that these are disseminated by appointing quality/safety management officers for each business division. Mechanisms and systems for compliance will also be established with rules specifically relating to product quality and safety.
In this way – improving the safety and reliability of our technology, standardizing key components and sharing know-how – we can prevent errors from occurring or recurring.

To deal with the large-scale social impact that could occur in the unlikely event of a major system outage or failure of a major component, an urgent risk management report (immediate escalation to management) is submitted. This is followed by a visit from the rapid response task force, not only to the business division in question but also the specialist staff division. This provides a method to study how customers are treated, the response of those in authority and whatever publicity measures are appropriate. The consultations are rapid and decisions are made concerning the most appropriate overall policy. This implementation is also used to construct and operate an auditing framework that meets the standards of NEC’s auditing department.

In October 2010, as a way to strengthen the company’s response to escalation of important quality issues, NEC revised the rules whereby major product failures and system issues facing customers can be escalated directly to top management from the relevant business sector, and we have been operating it as “One NEC”.

**Quality and Safety Risk Management System**

[Diagram of Quality and Safety Risk Management System]

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<th>Education (Human Resources Development –Safety and Peace of Mind)</th>
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Improving product safety and quality requires a focus on improvements in employee training and skills. NEC offers 16 training classes that focus on job roles and field of specialization to improve practical skills in design and construction and provide basic and specialist knowledge related to quality and safety management standards and technical standards. In particular, NEC offers specialist education to all quality and safety management officers who are responsible for managing quality and safety risks.

NEC is also training more safety technology specialists by holding safety review workshops where safety technology is taught using actual equipment.
Ensuring Product Safety

Based on the concept of ensuring customer safety, the NEC Group has adopted a basic “global first” policy. This policy focuses on increasing a product’s international value by conforming to international standards while designing products and services. NEC is working to ensure the safety of its hardware products by basing designs on IEC 60950-1 that is widely recognized global standard for information technology equipment.

Reinforcing the IEC 60950-1 standard required NEC to establish a group safety standard that incorporates the company’s own safety measures. To prevent product safety incidents, NEC’s objective is to ensure product safety by establishing basic safety rules, performing risk assessments and specifying safety standards requirements across the entire NEC Group.

Compliance with Relevant Laws and Regulations

In terms of compliance with technical laws and regulations that apply to our products, and to conform with the Electrical Appliance and Material Safety Law and various domestic laws and regulations, including Japan’s Radio Law and Telecommunications Business Act and the laws and regulations of other countries, the NEC Group is working to comply with these technical laws and regulations by producing a map of technology laws and regulations (44 product-related regulations and 901 staff-related regulations) with the aim of visualizing those technical laws and regulations that apply to each product.
Main Activities for Fiscal 2016

NEC Group Quality Promotion Meeting

The NEC Group Quality Promotion Meeting is an event where those responsible for product quality have the opportunity to meet together. Meetings are held with the quality and safety management staff responsible for constructing and operating the NEC Group’s systems and compliance frameworks with laws and regulations relating to product quality and safety. Quality policies are explained and information is shared through presentations on quality-related cases.

The event was held twice this year in June and November and on both occasions involved lively discussions concerning specific cases. NEC believes that quality must be built in and promoted early in the product life cycle, not something promised at a later date.

Project Management Award

NEC holds an annual presentation of outstanding cases and presents a project management award to the organization or group that demonstrated the best project support, or a project team that tackled a difficult project and achieved a particularly outstanding result.

This award was designed to honor the achievements of teams that have demonstrated outstanding performance by:

1. Taking on risky projects and overcoming whatever issues arose
2. Managing to recover from a project that entailed a significant amount of risk
3. Supporting a project by coming up with innovative measures while out in the field

In this way, NEC has a strong belief in the need to raise awareness of the importance of project management among all NEC Group employees and to demonstrate the significance of accomplishment and recovery in those projects that have a high level of risk.

NEC also recognizes that the presentation of award-winning cases will be useful in preventing risk in new projects through the horizontal spread of risk management best practices throughout the NEC Group.