

Ensuring Quality and Safety

Policy

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 in terms of quality and safety. It also means that every one of us at NEC understands, considers, and quickly responds to what our customers expect as our corporate culture.

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 policy by raising the quality of their own work, the products they create, and the services they provide. Also we hope to be NEC that is trusted as “NEC Quality” and chosen by customers. NEC defines “maintaining and improving quality” as a critical initiative to promote “Governance and compliance” – one of its “materiality,” the priority management themes from an ESG perspective – and defines “Quality and Safety Principles” and “Code of Conduct” as follows to enforce the initiative.

Quality and Safety Principles

NEC puts CS (Customer Satisfaction) first and continues to provide “Better Products, Better Services.”

Code of Conduct

1. Quality management
 - 1) Think about the new values of customers and society and act accordingly.
 - 2) Maintain and develop the NEC brand.
 - 3) Raise awareness in everyone about the importance of quality and the necessity of striving to make improvements.
 - 4) Ensure the quality of products and services and comply with product-related laws and regulations.
 - 5) Address issues related to product quality and services with integrity.
2. Safety management
 - 1) Raise awareness in everyone about the importance of product safety.
 - 2) Ensure the safety of products and services and comply with safety-related laws and regulations.
 - 3) Address issues related to product safety and services with integrity.

Promotion Framework

Quality and Safety Risk Management System

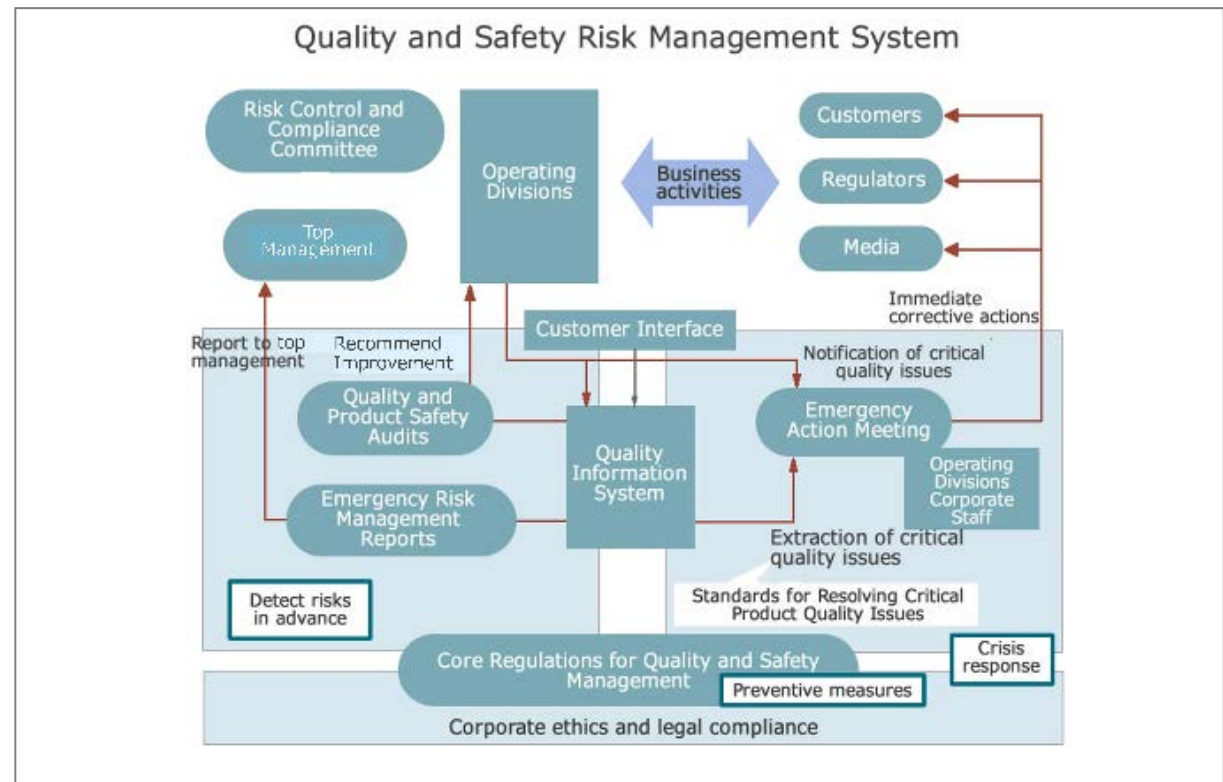
One of the most important management issues is how to deal with quality and safety risks in products, systems and services. In October 2000, NEC reconfigured the company-wide quality and safety risk management systems and it has ensured a smooth and carefully monitored operation since then.

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. We have consolidated and informed thoroughly the systems and frameworks to comply with laws and regulations related to the products' quality and safety, etc., and set up the "Quality and Safety Action Policy." 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 any large-scale social impact that could occur in the unlikely event of a major system outage or the failure of a major component, an urgent risk management report that is immediate escalation to top management is submitted and an emergency troubleshooting meeting is held. The business division in charge and the specialist staff division confer and reach a quick decision on how customers are to be treated, the response of those in authority and whatever other publicity measures might be appropriate. The consultations are rapid and decisions are made concerning the most appropriate overall policy. This implementation can be audited with an auditing framework that meets the standards of NEC's auditing department.

As a way to strengthen its response to escalation of important quality issues, in October 2010, 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. In this

manner, the NEC Group has been dealing with quality and safety risk management promptly as one.



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Education to Develop Human Resources for Safety and Peace of Mind

Improving product safety and quality requires a focus on improvements in employee training and skills. NEC Corporation 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.



Testing the strength of a locked power cable at Safety Review Workshop



Measuring voltage at Safety Review Workshop

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 (JIS C 6950-1) / IEC62368-1 (JIS C 62368-1), the widely recognized global standard for information technology equipment and one of the international safety standards.

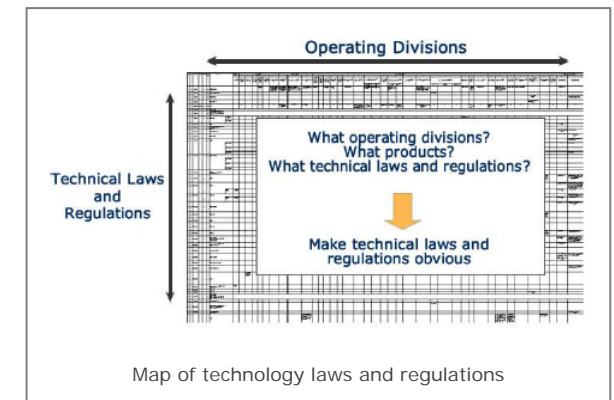
Reinforcing the IEC 60950-1/ IEC62368-1 standard required NEC to establish a "Group safety standard" that incorporates its own safety measures. Establishing "basic safety standards," NEC ensures product safety and prevents product safety incidents, by performing risk assessments and specifying Group safety standards.



Compliance with Relevant Acts and Regulations

To "visualize" the technical laws and regulations with which those products of NEC Group companies must comply, NEC developed a "map of technology laws and regulations" to make it easier to identify what kind of laws and regulations are applied to which divisions' products. By using this map, we strive to comply with those technical laws and regulations by precisely conforming with various countries' domestic laws and regulations, including Japan's the Electrical Appliance and Material Safety Act, Radio Act and Telecommunications Business Act and the laws and regulations of other countries.

NEC is enforcing compliance with relevant acts and internal rules for indications and labels for quality and safety of products and services. If violations are found, NEC will properly address the problem by following the direction of the relevant ministries and agencies.



Main Activities for Fiscal 2018

NEC Group Quality Promotion Meeting



An “NEC Group Quality Promotion Meeting” is held twice a year with the quality and safety management staff and quality officers of NEC Corporation to have cross-company discussions throughout the NEC regarding its product quality and safety, and its systems and compliance frameworks with laws and regulations relating to it.

The meeting’s purpose is to share information among the parties concerned and horizontally spread it within the organization through explanations of quality policy and cases and group discussions. In fiscal 2018, the meeting was held in July and November.

NEC operates while actively having frequent discussions based on the concepts of “Customer Oriented,” “Full Participation” and “Continuous Improvement.”

Quality Dialogue Meeting



A Quality Dialogue Meeting was held between top management and front-line employees, where both parties discussed how “quality” can be passed on to ensure the culture of “NEC Quality” in the future.

Top management talked about their passion for “Quality First” and participants reaffirmed the history of quality so important to the NEC since its foundation. Discussions also focused on how to ensure the corporate culture toward quality in the future; self-reflection by individual members and linking this thinking to their own specific future actions is a way to raise awareness about quality.

In this way, NEC continues its pursuit of becoming a company that is trusted by its customers; all employees continue their work with high quality awareness firmly in mind.

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.

The intent of this award is 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 penetration of award-winning cases will be useful in preventing risk in new projects through the horizontal spread of risk management practices throughout the NEC Group.