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Sustainable Development Best Practice Principles

Chapter I- General Principles

Article 1 In order to Zyxel Group fulfill their sustainable development initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, by referring the regulations of Taiwan Stock Exchange Corporation ("TWSE") and Taipei Exchange ("TPex"), the "Zyxel Group Sustainable Development Best Practice Principles" are established for compliance.

Article 2 The Principles apply to the Company, including the entire operations of each such company and its business group. When conducting business, Zyxel Group has been monitoring and fulfilling the social responsibilities, by emphasizing the ethical management principles and observing the business ethical codes, to seek contribute us and play the role as a corporate citizen, and be aligned with the international corporate governance trend in the regards of economy, social, and environment. The principles promulgate our own sustainable development principles in accordance with the principles to manage their economic, environmental and social risks and impact.

Article 3 When fulfilling the sustainable development, Zyxel Group, in particularly, understands the interests and concerned issues of the stakeholders; for managing the issues concerned by the stakeholders, the implementation goals are set by Zyxel Group, and the operational procedures for the stakeholders are established. Through the identification of the stakeholders and the analysis of the issue of concerns, the plans for the stakeholders are formulated. The communication is carried out through the communication channels of the stakeholders to improve the relationship with the stakeholders

and strengthen the corporate responsibility for the stakeholders.

- Article 4 For the fulfillment of the sustainable development, the Company responds in the aspects of economy, society, and environment; and the purpose and principles of implementing the sustainable development describe as the follows:
- I. Economy: implementation of corporate governance.
Striving for creating shareholder's interests and protecting investors' interest.
 - II. Environment: development of a sustainable environment.
Caring about the environmental and energy issues, and continuing the development and manufacturing of eco and energy-saving products.
 - III. Society: preserving public welfare
Enhancing the employee relationship and benefits, and promoting the social welfare actively.
 - IV. Enhancement of disclosing sustainable development
- Article 5 The Company complies with the laws and regulations, as well as the Articles of Incorporation. The Company also prescribe the sustainable development policies, system and related management system by considering the international and domestic development trends of the sustainable development issues, the overall operating activities of the Company and Group, to be approved by the board of directors and reported to the shareholders' meeting. When a shareholder proposes a motion involving sustainable development, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.

Chapter II-Economy: Implementation of Corporate Governance.

- Article 6 The Company complies with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies, the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the Code of Ethical Conduct for TWSE/GTSM

Listed Companies to establish effective corporate governance frameworks and relevant ethical standards so as to enhance corporate governance.

- Article 7 The Company respect for the rights and interests of stakeholders and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important sustainable development issues which they are concerned about.
- Article 8 For the purpose of managing sustainable development initiatives, the Company establishes an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development policies, systems, or relevant management guidelines, and concrete promotional plans and report to the board of directors periodically.
- Article 9 The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations of the Company, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.
- Article 10 The board of directors shall exercise the due care of good administrators to urge the company to perform its sustainable development initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its sustainable development policies. The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's performance of its sustainable development initiatives:
- I. Identifying the company's sustainable development mission or

vision, and declaring its sustainable development policy, systems or relevant management guidelines.

- II. Making sustainable development the guiding principle of the company's operations and development, and ratifying concrete promotional plans for sustainable development initiatives.
- III. Enhancing the timeliness and accuracy of the disclosure of sustainable development information.

Article 11 When conducting business, the Company shall comply with the related laws and regulations, and implement the following matters to create fair competition environment:

- I. Avoiding conducts involving unfair competitions.
- II. Thoroughly fulfilling the obligations as a taxpayer.
- III. Countering bribes and corruption, with proper management system being established.
- IV. The donations align with the internal operating procedures.

Article 12 The Company organizes education and training on the implementation of sustainable development initiatives via various channels, to promote the corporate ethic education and the operating activities and directions of development related to sustainable development to employees.

Article 13 The Company adopts reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.

Article 14 The employee performance evaluation system be combined with sustainable development policies, and that a clear and effective incentive and discipline system be established.

Chapter 3-Environment: Development of a Sustainable Environment

Article 15 The Company shall follow relevant environmental laws, regulations and international standards to properly protect the environment and

shall endeavor to promote a sustainable environment when engaging in business operations and internal management.

Article 16 The Company endeavors to improve the energy utilization efficiency, and use renewable materials which have a low impact on the environment to improve sustainability of natural resources.

Article 17 The Company shall establish proper environment management systems based on the characteristics of their industries. Such systems shall include the following tasks:

- I. Collecting sufficient and up-to-date information to evaluate the impact of the company's business operations on the natural environment.
- II. Establishing measurable goals for environmental sustainability, and examining whether the development of such goals should be maintained and whether it is still relevant on a regular basis.
- III. Reviewing the environmental sustainability purpose or the progress toward the goal on a regular basis.

Article 18 The Company is advised to establish a dedicated unit or assign dedicated personnel for maintaining relevant environment management systems and should hold environment education courses for their managerial officers and other employees on a periodic basis.

Article 19 The Company is advised to take into account the effect of business operations on ecological efficiency, promote and advocate the concept of sustainable consumption, and conduct research and development, procurement, production, operations, and services in accordance with the following principles to reduce the impact on the natural environment and human beings from their business operations:

- I. Reduce resource and energy consumption of their products and services.

- II. Reduce emission of pollutants, toxins and waste, and dispose of waste properly.
- III. Improve recyclability and reusability of raw materials or products.
- IV. Maximize the sustainability of renewable resources.
- V. Enhance the durability of products.
- VI. Improve efficiency of products and services.

Article 20 To improve water use efficiency, the Company shall properly and sustainably use water resources and establish relevant management measures.

The Company shall construct and improve environmental protection treatment facilities to avoid polluting water, air and land, and use their best efforts to reduce adverse impact on human health and the environment by adopting the best practical pollution prevention and control measures.

Article 21 The Company is advised to adopt standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:

- I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.
- II. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.
- III. Other indirect emissions: The emissions generated from the Company's activities are not the indirect energy emissions, but generated from the emission sources owned or controlled by other companies.

It is advised to assess the current and future potential risks and opportunities that climate change may present to enterprises and to adopt climate related measures, while based on the operation status and outcomes of greenhouse gas inventory, to establish the strategies for energy-saving, and carbon and greenhouse gas-reduction.

Chapter IV-Society: Preserving Public Welfare

Article 22 The Company shall comply with relevant laws and regulations, and the International Bill of Human Rights, with respect to rights such as gender equality, the right to work, and prohibition of discrimination. The Company, to fulfill its responsibility to protect human rights, shall adopt relevant management policies and processes, including:

- I. Presenting a corporate policy or statement on human rights.
- II. Evaluating the impact of the company's business operations and internal management on human rights, and adopting corresponding handling processes.

The Company shall comply with the internationally recognized human rights of labor, including the freedom of association, the right of collective bargaining, caring for vulnerable groups, prohibiting the use of child labor, eliminating all forms of forced labor, eliminating recruitment and employment discrimination, and shall ensure that their human resource policies do not contain differential treatments based on gender, race, socioeconomic status, age, or marital and family status, so as to achieve equality and fairness in employment, hiring conditions, remuneration, benefits, training, evaluation, and promotion opportunities.

The Company shall provide an effective and appropriate grievance mechanism with respect to matters adversely impacting the rights and interests of the labor force, in order to ensure equality and transparency of the grievance process. Channels through which a grievance may be raised shall be clear, convenient, and unobstructed. Company shall respond to any employee's grievance in an appropriate manner.

Article 23 The Company shall provide information for their employees so that the employees have knowledge of the labor laws and the rights they enjoy in the countries where the companies have business operations.

Article 24 The Company is advised to provide safe and healthful work

environments for their employees, including necessary health and first-aid facilities and shall endeavor to curb dangers to employees' safety and health and to prevent occupational accidents.

The Company is advised to organize training on safety and health for their employees on a regular basis.

Article 25 The Company is advised to create an environment conducive to the development of their employees' careers and establish effective training programs to foster career skills. The Company shall appropriately reflect the business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.

Article 26 The Company shall establish a platform to facilitate regular two-way communication between the management and the employees for the employees to obtain relevant information on and express their opinions on the company's operations, management and decisions. The Company shall respect the employee representatives' rights to bargain for the working conditions, and provide the employees with necessary information and hardware equipment, in order to improve the negotiation and cooperation among employers, employees and employee representatives.

The Company shall inform employees of operation changes that might have material impacts by reasonable means.

Article 27 The Company shall take responsibility for their products and services, and take marketing ethics seriously. In the process of research and development, procurement, production, operations, and services, the company shall ensure the transparency and safety of their products and services. They further shall establish and disclose policies on consumer rights and interests, and enforce them in the course of business operations, in order to prevent the products or services from adversely impacting the rights, interests, health, or safety of consumers.

Article 28 The Company shall ensure the quality of their products and services by following the laws and regulations of the government and relevant standards of their industries.

The Company shall follow relevant laws, regulations and international guidelines in regard to customer health and safety and customer privacy involved in, and marketing and labeling of, their products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.

Article 29 The Company is advised to evaluate and manage all types of risks that could cause interruptions in operations, so as to reduce the impact on consumers and society.

The Company provides a clear and effective procedure for accepting consumer complaints to fairly and timely handle consumer complaints, shall comply with laws and regulations related to the Personal Information Protection Act for respecting consumers' rights of privacy and shall protect personal data provided by consumers.

Article 30 The Company is advised to assess the impact their procurement has on society as well as the environment of the community that they are procuring from, and shall cooperate with their suppliers to jointly implement the sustainable development initiative.

The Company is advised to assess whether there is any record of a supplier's impact on the environment and society, and avoid conducting transactions with those against corporate social responsibility policy, before starting any business relationship.

When the Company enters into a contract with any of their major suppliers, the content should include terms stipulating mutual compliance with sustainable development policy, and that the contract may be terminated or rescinded any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.

Article 31 The Company shall evaluate the impact of their business operations on the community, and adequately employ personnel from the

location of the business operations, to enhance community acceptance.

The Company is advised to promote community development through commercial activities, endowments, volunteering service or other charitable professional services, and participate in events held by citizen organizations, charities and local government agencies relating to community development and community education.

Chapter 5-Enhancing Disclosure of Sustainable Development Information

Article 32 The Company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their sustainable development initiatives to improve information transparency.

Relevant information relating to sustainable development which the Company discloses includes:

- I. The policy, systems or relevant management guidelines, and concrete promotion plans for sustainable development initiatives, as resolved by the board of directors.
- II. The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.
- III. Goals and measures for realizing the sustainable development initiatives established by the Company, and performance in implementation.
- IV. Major stakeholders and their concerns.
- V. Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.
- VI. Other information relating to sustainable development initiatives.

Article 33 The Company shall adopt internationally widely recognized standards or guidelines when producing sustainable reports, to disclose the status of their implementation of the sustainable development policy. It also is advisable to obtain a third-party

assurance or verification for reports to enhance the reliability of the information in the reports. Relevant information shall includes:

- I. The policy, system, or relevant management guidelines and concrete promotion plans for implementing sustainable development initiatives.
- II. Major stakeholders and their concerns.
- III. Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.
- IV. Future improvements and goals.

Chapter 6-Supplementary Provisions

Article 34 The Company shall at all times monitor the development of domestic and foreign sustainable development standards and the change of business environment so as to examine and improve their established sustainable development framework and to obtain better results from the implementation of the sustainable development policy.

Article 35 The Principles are implemented upon the approval of the board of directors; the same applies to amendments.

Article 36 The Principles were established on November 10, 2015.
The first amendment was approved on March 14, 2022.