Hazardous Substance Management Policy

May 2026

Version 1.0

1. Vision and Commitment

To fulfill our commitment to sustainable product stewardship and responsible supply chain management, Zyxel Group Corporation (hereinafter referred to as "the Company") is dedicated to developing, manufacturing, and delivering products that minimize environmental footprints across their life cycles and prevent the use of restricted substances.

The Company establishes and maintains a Hazardous Substance Free (HSF) control framework to ensure full compliance with global environmental regulations, customer requirements, and international standards. We continuously advance circular economy performance and product durability, committing to proactively reduce and phase out substances of very high concern (SVHCs), restricted substances, and targeted hazardous chemicals across our product portfolio within technically and economically feasible boundaries.

2. Scope

This policy applies to:

- Products and services
- Raw materials, components, batteries, packaging materials, and accessories
- Manufacturing processes and outsourced operations
- Suppliers, contractors, and partners involved in the product supply chain

3. HSF Management Principles and Commitments

3.1 Regulatory Compliance

The Company complies with applicable global environmental and chemical substance regulations, including their latest amendments, such as but not limited to:

- EU RoHS (Restriction of Hazardous Substances)
- EU REACH (Substances of Very High Concern, SVHC)
- US TSCA (Toxic Substances Control Act)
- POPs Regulation (Stockholm Convention)
- California Proposition 65
- EU PPWR (Packaging and Packaging Waste Regulation)
- EU Batteries Regulation
- Customer-specific environmental requirements

3.2 Hazardous Substance Management

The Company maintains an operational controlled substance governance framework encompassing:

- Restricted substances
- Prohibited substances
- Regulatory exemption management
- Exemption management
- Chemical risk assessment and monitoring

Subject to technical and economic feasibility, priority is given to reduction and substitution:

- By 2028, proactively qualify safer, technically validated alternatives for key components currently relying on specific hazardous substances or regulatory exemptions.
- By 2030, in alignment with evolving international standards, progressively reduce halogen content in plastic parts to ensure verified compliance with the IEC 61249-2-21 halogen-free standard.
- The Company commits to publishing verified progress against these quantifiable milestones annually in its public sustainability disclosures.

3.3 Sustainable Supply Chain Governance

We collaborate with suppliers to enforce HSF compliance and responsible materials management through:

- Standardized supplier environmental specifications
- Full Material Disclosure (FMD) submissions
- Material composition verification
- Supplier audits and performance assessments
- Accredited third-party laboratory testing
- Engineering change management and traceability control

3.4 Integration with Sustainable Product Strategy

HSF management is systematically integrated into the Group's product lifecycle architecture to advance:

- Eco-design and circularity
- Low-carbon and resource-efficient products
- Life Cycle Assessment (LCA)
- Product Carbon Footprint (PCF) accounting
- Product Environmental Footprint (PEF) evaluation
- Material durability, recyclability, and resource optimization
- Standardized ESG disclosures

4. HSPM System Commitment

The Company maintains and continuously refines its Hazardous Substance Process Management (HSPM) system certified under IECQ QC080000 and related international quality benchmarks.

5. R&D Resource Allocation and Industry Collaboration

The Company actively participates in industry technical consortiums and value-chain alliances to evaluate and validate viable substance substitution pathways. We allocate defined engineering budgets and testing resources to verify alternative materials, ensuring component safety, performance reliability, and the phased elimination of targeted chemicals.

6. Responsibilities

All business units, operating subsidiaries, suppliers, and value-chain partners are required to uphold and execute the operational requirements set forth in this policy.

7. Continuous Improvement

The Company drives continual refinement of its chemical stewardship metrics to maintain regulatory compliance, strengthen stakeholder trust, and reinforce enterprise resilience.