Implementation of Board policy on diversification

Article 4 of Zyxel Group's "Regulations for Election of Directors" has established the diversity policy and specific management targets of the Board members and has actually implemented them. The directors who serve as Zyxel Group's managerial officers are less than one-third of the whole directors for the time being. However, Zyxel Group values gender equality in the Board members. The 9 Board members include 1 female director, i.e. 11% of the whole directors. Further, in terms of professional knowledge and skills, Zyxel Group's Board members are specialized in engineering, mechanical engineering, management science and finance and have the industrial experience needed by Zyxel Group's business. For the time being, Zyxel Group's Board is composed based on the policy and targets set forth by Zyxel Group. There are 3 directors who are also Zyxel Group's employees. There are 3 independent directors in the Board. There is 1 director aged between 41 and 50, 5 directors aged between 61 and 70, and 3 directors aged between 71 and 80. There are 5 directors with a tenure of less than 3 years, 2 directors with a tenure of 4 to 10 years, and 2 directors with a tenure of over 10 years. The average tenure of directors is 6 years.

Due to the characteristics of the technology industry, the proportion of women in the workforce is relatively low, resulting in the percentage of female directors in the company being less than one-third. To improve this situation, the company will implement the following measures: First, promote the development of internal female talent by providing more opportunities for growth and advancement. Second, broaden the talent search scope by actively recruiting external female experts or cross-disciplinary professionals. Additionally, enhance advocacy for gender equality to raise awareness and support for diversity among internal employees and external stakeholders. Through these actions, the company aims to gradually enhance gender diversity on the board and strengthen corporate governance.

The specific management targets of the diversity policy and achievement are as below:

Management target	**Achievement**
At least one seat of female director	Achieved
At least one director has the financial and accounting background	Achieved
No more than one third of directors concurrent serves as the Company's managerial officers	Achieved

Implementation of the current Board member diversity policy is disclosed as follows:

Core items under diversity / Name of Director	Basic Requirements			Professional knowledge and skills						
	Gender	Nationality	Academic degree	Ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Industry knowledge	International market perspectives	Leadership ability	Decision-making ability
Shun-I Chu	Male	R.O.C.	Electronics	✓	✓	✓	✓	✓	✓	✓

Core items under diversity / Name of Director	Basic Requirements			Professional knowledge and skills						
	Gender	Nationality	Academic degree	Ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Industry knowledge	International market perspectives	Leadership ability	Decision-making ability
			Engineering							
Gordon Yang	Male	R.O.C.	Management	✓	✓	✓	✓	✓	✓	✓
Yuh-Long Chen	Male	R.O.C.	Electronics	✓	✓	✓	✓	✓	✓	✓
Ping- Chin Li	Male	R.O.C.	Electrical Engineering	✓	✓	✓	✓	✓	✓	✓
Wayne Huang	Male	R.O.C.	Electrical Engineering	✓	✓	✓	✓	✓	✓	✓
Ping-Jie Chu	Female	R.O.C.	Finance	✓	✓	✓	✓	✓	✓	✓
Chin-Tang Liu	Male	R.O.C.	Accounting	✓	✓	✓		✓	✓	✓
Chin-Liang Wang	Male	R.O.C.	Electronics	✓		✓	✓	✓	✓	✓
Yi-Bing Lin	Male	R.O.C.	Computer Engineering	✓		✓	✓	✓	✓	✓

Board diversity policy has been established as of Article 4 of the Company's "Rules Governing the Board Performance Evaluation".

Article 4: The board of directors of the Company shall direct company strategies, supervise the management and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with applicable laws, regulations, its articles of incorporation and the resolutions of the shareholder meetings.

The structure of the Company's board of directors shall be determined by choosing board members of an appropriate number, not less than five, in consideration of its business scale, the holdings of its major shareholders and practical operational needs.

The composition of the board of directors shall be determined with diversity in mind. It is advisable that the number of directors concurrently serving as company officers does not exceed one-third of the board members, and that an appropriate policy of diversity based on the company's business operations, operating dynamics and development needs to be formulated and shall include, but not limited to, the following two general standards:

1. Basic requirements and values: gender, age, nationality and culture.
2. Professional knowledge and skills: a professional background (e.g. law, accounting, industry, finance, marketing and technology), professional skills and industry experience.

All members of the board shall have the gender equality, knowledge, skills and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make judgments for operations.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.