Performance Assessment of the Board of Directors

Zyxel Group has established the "Board of Directors Performance Assessment Regulations" and had the same approved by the Board of Directors on March 14, 2019, in order to have the Board members keep pushing themselves and improve the Board's operations. The Regulations require the performance assessment on the Board, individual Board members and functional committees, respectively, to be conducted at least once per year. The assessment conducted by an entrusting external professional institution or external expert team at least once per three years.

The Result of Self-Assessment

The 2025 performance assessment on the Board, individual Board members and functional committees (including Audit Committee and Remuneration Committee), respectively, showed “Excellent.” Apparently, the Board of Directors and functional committees operated successfully. The assessment results will be reported at the Board meeting on March 09, 2026.

The <u>Board</u> performance assessment shall cover the following five major indicators:
A. Level of participation in company operations
B. Improvement on quality of the Board decisions
C. Board composition and structure
D. Appointment of directors and directors’ continuing education.
E. Internal control

The <u>Board members</u> performance assessment shall cover the following six major indicators:
A. Grasp of company targets and missions
B. Understanding of the director's role and responsibilities
C. Level of participation in company operations
D. Internal relationship management and communication.
E. Professional and continuous education of directors.
F. Internal control

<u>Functional Committees(including Audit Committee and Remuneration Committee)</u> performance assessment shall cover the following five major indicators:
A. Level of participation in company operations
B. Understanding of the functional committee's role and responsibilities
C. Improvement on quality of the functional committee decisions
D. Functional committee composition and the election of the committee members

E. Internal control

The Result of External Assessment

Zyxel Group appoint Taiwan Institute of Ethical Business to execute the Board of Directors external assessment. Taiwan Institute of Ethical Business and its evaluation team have no business relationship with Zyxel Group and are independent. The performance of the board of directors and board members are evaluated in the form of questionnaires, document reviews, and interviews. The assessment report was released on December 4, 2024. Zyxel Group has submitted the evaluation results to the board of directors on March 3, 2025.

1. Assessmemt Items

   a.Professional Competence

   Evaluation Criteria: Diversity among board members, continuous professional development, and related aspects.

   b.Decision-Making Effectiveness

   Evaluation Criteria: The board's comprehensive understanding of each agenda item, formulation of clear business development strategies, and identification and management of risks involved in various proposals.

   c.Internal Control

   Evaluation Criteria: The board's evaluation of management performance, avoidance of conflicts of interest, and similar factors.

   d.Sustainable Development

   Evaluation Criteria: The board's attention to ESG issues such as climate change and human rights, as well as corporate talent development and succession planning.

2. Evaluation Results and Recommendations

Evaluation Results and Recommendations	Measures Planned by the Company
Enhancing Board Diversity To strengthen the board's functions, its composition should be diversified. Currently, female directors account for 1 out of 9 seats. It is recommended to broaden the scope of outreach in order to better balance gender representation and incorporate diverse perspectives from various backgrounds. Considering that the company's group operations involve international trade, and in	Moving forward, the company will proactively incorporate candidates with diverse backgrounds in its director selection process to ensure the board's composition reflects a wide spectrum of perspectives and professional expertise.

Evaluation Results and Recommendations	Measures Planned by the Company
response to evolving global ESG trends and regulatory changes, it is advised to consider appointing directors with specialized expertise in cybersecurity, intellectual property, legal affairs, and similar fields.	
Establishing a Succession Pipeline for Professional Talent To ensure the seamless continuity of the management team, the company should develop talent cultivation and development programs. It is recommended that the board determine strategic directions for building a talent pipeline, and delegate execution to the management team. Based on best practices from other companies, the following approaches may be considered: conducting a comprehensive talent inventory, establishing a talent pool, having managers select potential successors at various levels, setting short-, medium-, and long-term development plans tailored to each talent level, executing these plans, and regularly reviewing talent development effectiveness. These strategies aim to mitigate talent gaps.	The company places great importance on succession planning, continually engaging in thoughtful planning and evaluation to ensure the smooth progression of key management succession. We will conduct a thorough talent inventory and perform comprehensive assessments of potential successors.