Zyxel Group Corporation

Guidelines for the Adoption of Codes of Ethical Conduct

Article 1 In recognition of the necessity to assist the company in their establishment of codes of ethical conduct, these Guidelines are adopted with reference to Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies for the purpose of encouraging directors and managerial officers of the company to act in line with ethical standards, and to help interested parties better understand the ethical standards of the company.

The Guidelines apply to the company's directors, managerial officers and other persons authorized to manage affairs and sign documents on behalf of the company. The aforementioned objectives are hereinafter known as "The Company Personnel".

Article 2 The Guidelines to be adopted should include the following six matters:

1. Prevention of conflicts of interest:

   To avoid conflicts of interest occur when personal interest intervenes in the overall interest of the company which leads to that The Company Personnel is unable to perform their duties in an objective and efficient manner, it is prohibited The Company Personnel takes advantage of their position in the company to obtain improper benefits for either themselves or their spouse, parents, children, or relatives within the second degree of kinship. When The Company is involved with loans of funds, provisions of guarantees, and major asset transactions or the purchase (or sale) of goods involving the affiliated enterprise at which the aforementioned personnel work, the related Company Personnel shall voluntarily explain whether there is any potential conflict between them and The Company.

2. Minimizing incentives to pursue personal gain:

   When the company has an opportunity for profit, it is the responsibility of The Company Personnel to maximize the reasonable and proper benefits that can be obtained by the company. The Company Personnel shall avoid engaging in any of the following activities: (1) Seeking an opportunity to pursue personal gain by using company property or information or taking advantage of their positions. (2) Obtaining personal gain by using company property or information or taking advantage of their positions. (3) Competing with the company.

3. Confidentiality:

   The Company Personnel shall be bound by the obligation to maintain the confidentiality of any information regarding the company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the company or the suppliers and customers.

4. Fair trade:

   The Company Personnel shall treat all suppliers and customers, competitors, and employees fairly, and may not obtain improper benefits through manipulation, nondisclosure, or misuse of the information learned by virtue of their positions, or through misrepresentation of important matters, or through other unfair trading practices.

5. Safeguarding and proper use of company assets:

   The Company Personnel have the responsibility to safeguard company assets and to ensure that they can be effectively and lawfully used for official business purposes to avoid any theft, negligence in care, or waste of the assets.

6. Legal compliance:

   The Company Personnel shall strengthen its compliance with the Company Law, Securities and Exchange Act and other applicable laws, regulations, and bylaws.

Article 3 The Company Personnel shall raise awareness of ethics internally and encourage employees to report to a company audit committee, managerial officer, chief internal auditor, or other appropriate individual upon suspicion or discovery of any activity in violation of a law or regulation or the code of ethical conduct. The Company Personnel shall keep awareness for any conduct of violation of government laws, job ethical conducts and fraud behaviors. If suspicions or discoveries of any conduct of violation of government laws, job ethical conducts and fraud behaviors (The misconduct or serious un-appropriate behavior of The Company Employee or Supervisor) are founded, the message can be sent to email address audit@zyxelgroup.com for reporting. (The email will be automatically forwarded to the supervisor of internal auditing department). When the whistle-blowing is received, The Company will establish an investigating team to investigate the suspicious fraud described in the whistle-blowing.

Article 4 When The Company Personnel violates the code of ethical conduct, the company shall handle the matter in accordance with the disciplinary measures prescribed in the code. It is advisable that the company establish a relevant complaint system to provide the violator with remedies.

Article 5 The code of ethical conduct adopted by the company must require that any exemption for The Company Personnel from compliance with the code be adopted by a resolution of the board of directors, and that information on the date on which the board of directors adopted the resolution for exemption, objections or reservations of independent directors, and the period of, reasons for, and principles behind the application of the exemption be disclosed without delay on the MOPS, in order that the shareholders may evaluate the appropriateness of the board resolution to forestall any arbitrary or dubious exemption from the code, and to safeguard the interests of the company by ensuring appropriate mechanisms for controlling any circumstance under which such an exemption occurs.

Article 6 The Company shall disclose the code of ethical conduct it has adopted, and any amendments to it, on its company website, in its annual reports and prospectuses and on the MOPS.

Article 7 The Company's code of ethical conduct, and any amendments to it, shall enter into force after it has been adopted by the board of directors, delivered to each independent director members on the audit committee, and submitted to a shareholders meeting.

This procedure was drawn up on November 11, 2014.

The first amendment was modified on March 17, 2015.

The English version was drawn up on November 23, 2017.

The second amendment was modified on March 14, 2019 and effective from June 12, 2019.