3.7 Fulfillment of Ethical Corporate Management and Deviations from "the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Assessment Item	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		(I) Zyxel Group has established the "Principles and Procedures for Ethical Management and Guidelines for Conduct," approved by the Board of Directors, and disclosed on Zyxel Group's website and MOPS. The personnel shall actively implement the regulations. In terms of corporate social responsibility commitments, the "corporate governance" is clearly stated: "We will comply with relevant legal requirements and emphasize the principle of ethics, and observe business ethics."	No material variance.
(II) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct within a scope no less than the activities prescribed in paragraph 2, Article 7 of the "Ethical	✓		(II) Zyxel Group has established the evaluation mechanism of unethical behavior risks based on the RBA management system and regulations. The annual analysis is conducted to identify risks with the "Identification and Evaluation Form of Ethical Risks;" the departments with high risks must complete the commercial ethics checklist and sign the commercial ethics pledge, to be reviewed and approved in the audit meeting of the risk panel. Evaluate the operating	No material variance.

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Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?			activities having higher unethical behavior risks within the business scope, and established the "Principles and Procedures for Ethical Management and Guidelines for Conduct," to formulate prevention programs for the matters set for in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the related procedures must be observed.	

(III) Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and appealing procedures, and periodically reviews and revises such policies?	✓		(III) The Board has established the "Principles and Procedures for Ethical Management and Guidelines for Conduct," to formulate prevention programs for the matters set for in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Such conduct is only permitted through the required procedures. The "Employee Code of Conduct" has been established as the basic behavioral guidelines and ethical standards to be followed when all employees perform their daily duties, and clarify and restate Zyxel Group's existing management philosophy and values, and the spirit signified by related laws and regulations. Zyxel Group has "Employment Procedures for Employees," specifying that employees are not allowed to accept bribes and commissions, so to prevent employees from sacrificing the Company's interests instead of their personal interests. All employees are required not to provide or accept bribe, or other improper benefits in any form. For the internal implementation planned for ethical management, promotions and training are conducted, and the risks are evaluated, while the disciplinary system for violations and complaint channels are provided. The audit unit is responsible for conducting the risk evaluation related to the ethics and overseeing the implementation, maintaining the complaint channels and providing the review and correction proposals via the self-assessment and audit	No material variance.

			of the internal control.	
II. Ethic Management Practice (I) Whether the company has assessed the ethics records of whom it has business relationships and include business conduct and ethics	✓		(I) Zyxel Group has established relevant evaluation mechanisms for its clients and suppliers, and detailed the rights and obligations of both parties when	No material variance.

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	Yes	No	Summary	
related clauses in the business contracts?			entering into contracts with them, with non-disclosure terms. The suppliers are required to complete the "Survey for Evaluating Supplier's Social Responsibility," and onsite audits are conducted for the suppliers. The due diligence of ethical behavior is conducted with the "CSR Appraisal and Inspection Form of Supplier's Onsite Audit." The suppliers are required to complete the "Declaration and Promise on the Supplier's Corporate Social Responsibility" and "Promise of Ethics and Integrity" to commit to compliance with the commercial ethic requirements related to anti-corruption.	
(II) Whether the company has set up a unit that is dedicated (or concurrent) to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	✓		(II) The Company appoints the " Zyxel Group Sustainability Committee-Corporate Governance Team" as the management organization for commercial ethics and ethical management, responsible for coordinating the establishment, supervision and implementation of the internal ethical management policies and regulations in Zyxel Group, and regularly reviewing its promotion and compliance every year to report to the Board of Directors. Implementation in 2024: directors and managerial officers have signed a statement of compliance with the ethical management policy;	No material variance.

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			employees have conducted ethical risk assessments, and completed ethical education and training with a completion rate 97.7%. These will report to the Board of Directors on May 05, 2025.	
(III) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		(III) Zyxel Group has established a "Code of Ethical Conduct" to prevent conflict of interest, and provides related complaint channels. Meanwhile, the "Principles and Procedures for Ethical Management and Guidelines for Conduct" require Zyxel Group and all personnel establish the relationships with clients, supplier, and other external persons in the business manner of fairness, openness, and honesty. None of the staff shall solicit customers for business in an unfair manner. The staff shall use the best effort to upgrade the product and service level that satisfy clients' need. The "Procedures for Stakeholder's Appeal and Whistleblowing" regulates all internal and external whistleblowing, to be handled by the appeal review team. Each appeal is established as an individual case, and recorded or retained in the manner of writing, electronic files, or system approval construction. Shall any major violation is discovered from an investigation,	No material variance.

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			the Internal Auditing Office shall take the initiative to report to the independent directors or supervisor, and give appropriate rewards to the whistleblower when the violation is verified as truth.	
(IV) To implement relevant policies on ethical, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and has its ethical conduct program audited by internal auditors or CPA periodically?	✓		(IV) Zyxel Group has established an effective accounting system, and shall not have external accounts or keep secret accounts. The system shall be reviewed frequently to ensure that the design and implementation of the system continue to be effective. An effective internal control system has also been established, and an internal audit unit under the Board of Directors has been set up, to report to the Board of Directors quarterly; CPAs may be retained to perform inspections. If required, professional personnel may be commissioned to assist.	No material variance.

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(V) Does the company provide internal and external ethical conduct training programs	✓		(V) The "Principles and Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct" are disclosed at Zyxel Group's website and MOPS. The HR Department hosts promotional sessions for all managers and employees of the Group through e-learning. The contents include all business activities, the relationships with clients, suppliers, and other external persons, all employees in the Group, and the practice of social responsibility, and thus the Group's philosophy, values, and spirits of related laws and regulations are understood, for the observation of the principles and codes, and implemented in the daily tasks. Zyxel Group conducts training related to ethical management every year. The completion rate of employee integrity-related education in 2024 is approximately 98%.	No material variance.
III. Implementation of Complaint Procedures (I) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		(I) Zyxel Group has established the "Principles and Procedures for Ethical Management and Guidelines for Conduct," to specify the whistleblowing system, including whistleblowing mailbox and hotline, assignment of dedicated staff, and measures to protect whistleblowers. The "Procedures of Complaint and	No material variance.

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			Whistleblowing by Stakeholders" are established for the internal and external complaint channels and handling system, with the complaint mailbox, hotline, and e-mail box. The internal stakeholders may file the complaints via the email of the Human Resource Department: care@zyxelgroup.com; the external stakeholders may file the complaints via the email of the Internal Auditing Office: audit@zyxelgroup.com	
(II) Whether the company has established standard operating procedures for investigating the complaints received, follow-up measures after the investigation is completed, and ensuring such complaints are handled in a confidential manner?	✓		(II) Zyxel Group's "Procedures of Complaint and Whistleblowing by Stakeholders" regulate all internal and external whistleblowing, which are handled by the complaint review team. Each complaint will be an individual project, and documented or retained in writing, electronic files, or system approval. Any material violation found via an investigation shall be reported to the independent directors actively by the Internal Auditing Office; when the complaint is verified as a fact, the proper reward shall be granted to the whistleblower(s). Zyxel Group shall handle the whistleblowing cases confidentially, and in the way of being fast, fair, and objective, while protecting the identities of whistleblowers in absolute confidentiality.	No material variance.

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	Yes	No	Summary	
(III) Does the company adopt proper measures to prevent a whistleblower from retaliation for his/her whistleblowing?	✓		(III) Zyxel Group's "Procedures of Complaint and Whistleblowing by Stakeholders" stipulates necessary steps to protect whistleblowers and investigators, ensuring that they are not subjected to undue treatment, retaliation, or unfair practices due to their whistleblowing activities.	No material variance.
IV. Enhancing information disclosure Does the company disclose its ethical corporate management best practice principles as well as information about implementation of such guidelines on its website and Market Observation Post System ("MOPS")?	✓		Zyxel Group discloses the "Principles and Procedures for Ethical Management and Guidelines for Conduct," and announces the "Principles and Procedures for Ethical Management and Guidelines for Conduct" and "Code of Ethical Conduct". The official website and the Sustainability Report disclose the Principles of Ethical Management and the outcomes of promotion.	No material variance.
V. If the Company has established its ethical corporate management practice principles according to the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," please describe the operational status and variance. Zyxel Group has established the "Ethical Corporate Management Best Practice Principles," specifying the principles of ethical behaviors for employees, and complies with such principles without material variance.				
VI. Other important information to facilitate a better understanding of the company's ethical corporate management practices: (e.g., reviewing and amending the company's corporate management best practice principles): None.				