



2025 ZYXEL GROUP SUSTAINABILITY REPORT



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About the Report

Zyxel Group has published an annual sustainability report since issuing its first Corporate Social Responsibility Report in 2011. We remain committed to transparently disclosing our sustainability goals, progress, and actions.

By embedding corporate responsibility into our operations, we strengthen customer trust in our governance, foster employee engagement, and work with our partners to create shared value. This report outlines our commitments and efforts as we continue advancing sustainable development for all stakeholders.

Scope of the Report

Based on the materiality assessment, the reporting scope covers Zyxel Group in Taiwan, including Black Cat, and its subsidiaries Zyxel Communications, Zyxel Networks, MitraStar, and MitraStar's subsidiary, Wuxi MitraStar. For other overseas subsidiaries, only financial and workforce information is reported. The reporting scope remains unchanged from the previous reporting period.

Content

Report period: January 1 ~ December 31, 2025

Issues of Stakeholders' Concern

This part covers the consideration of the potential impacts of stakeholders on the Company as well as the identification of significant issues associated with the operations and actual achievements in terms of economy, environment and society and discloses the Company's strategies, implementation processes, and outcomes. The significant issues this year are slightly different from those in the report for the previous year. Please refer to Chapter "Communication with Stakeholders" for details.

UN Sustainable Development Goals (SDGs)

Zyxel Group supports the 17 United Nations Sustainable Development Goals (SDGs) and has identified seven priority SDGs to guide its sustainability actions.

The Zyxel Group Sustainability Development Committee reviews economic, social, and environmental issues relevant to the Company and its stakeholders. These issues are prioritized based on their significance to stakeholders and their impact on the Company, forming the basis of our ESG strategy and aligning our actions with the selected SDGs.

Website: [United Nations Sustainable Development Goals](#)

Report Framework

This report is prepared in accordance with the Taiwan Stock Exchange's rules governing the preparation and filing of sustainability reports and the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies. Disclosures are aligned with the GRI Standards, SASB Standards, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Corresponding disclosure indexes are provided in the appendices.

In line with IFRS S1 and S2, the report also discloses the financial impacts of ESG-related matters and outlines the implementation timeline, scope, and response strategies for incorporating material sustainability risks into financial reporting.

GRI Standards

This report is prepared in accordance with the GRI Standards, using the Core option. The materiality assessment results, related disclosures, and stakeholder feedback are presented throughout the report.

SASB Standards

SASB disclosures are aligned with the Group's business activities. MitraStar follows the *Electronics Manufacturing Services & Original Design Manufacturing* industry standard, while Zyxel Communications and Zyxel Networks follow the *Hardware* industry standard.

TCFD

The Group assesses and discloses the climate-related risks and opportunities, their potential financial impacts, and corresponding response measures.

Internal Audit

This report has been disclosed only after internal audit.

Department review: Reviewed by the heads of relevant business departments.

Sustainability Development Committee: The Sustainability Development Committee's communications team compiles the information, drafts the report after discussing with relevant departments

Chief Sustainability Officer: submit for approval.

External verification: verification audit

Board of Directors: submit for approval by the Board of Directors

Disclosure on the official website

External Verification

Financial Information: The financial figures in this report are prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the Financial Supervisory Commission (FSC), and have been audited and verified by KPMG. All financial data are presented in New Taiwan Dollars (NTD).

Report Assurance: This report has been independently verified by AFNOR Asia Ltd., in accordance with the AA1000 Assurance Standard (v3), Type 2, Moderate level of assurance, as well as the GRI Standards. The independent assurance statement issued is included in Appendix IV of this report.

Report Publication

Zyxel Group publishes its Sustainability Report on an annual basis. The previous report was issued in August 2025, this report in August 2026, and the next report is scheduled for August 2027.

Management System Verification Certificates

- ISO 9001 Quality Management System
- TL 9000 Telecommunications Quality Management System
- ISO 14001 Environmental Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 14064-1 Greenhouse Gas Inventory Certificate
- ISO 14067 Carbon Footprint Verification
- ISO 27001 Information Security Management System
- QC 080000 Hazardous Substance Process Management System

Feedback

If you have any questions or suggestions regarding the content or activities of this report, please feel free to contact us.

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Any revisions to the information in this report will be noted with a description of the changes at the relevant disclosure sections.

Message from the Chairman

The global business landscape is being reshaped by geopolitical tensions, trade barriers, supply chain realignment, and the physical impacts of climate change. At the same time, rapid advances in artificial intelligence (AI), high-speed connectivity, and cloud computing are transforming industries and creating new opportunities. For Zyxel Group, networking is no longer simply a technology business—it is essential infrastructure for the digital economy and a key enabler of a smarter, lower-carbon future. Against this backdrop, we remain focused on sound management, innovation, and sustainable growth. By bringing together our digital and sustainability agendas, optimizing our global manufacturing footprint, and strengthening resilient, localized, and lower-carbon supply chains, we aim to provide customers worldwide with secure, reliable, and responsible connectivity solutions.

We are investing in AI-enabled networking and cybersecurity technologies while embedding responsible AI, information security, and energy efficiency into our governance and product development processes. In doing so, we help customers realize the benefits of digitalization while reducing environmental impacts.

Sustainability is fundamental to our long-term value creation. Our progress has been recognized through the EcoVadis Platinum Medal, inclusion in the Top 1% of the Communications Equipment industry in the 2026 S&P Global Sustainability Yearbook, and validation of our greenhouse gas reduction targets by the Science Based Targets initiative (SBTi).

Looking ahead, we will continue to strengthen our environmental, social, and governance practices and work closely with our employees, customers, suppliers, and other stakeholders to build a more resilient, sustainable, and connected future.



A handwritten signature in black ink, which appears to read 'Sheng-Jen Chen'.

Zyxel Group Chairman

Message from the COO & CSO

Sustainability is evolving from environmental disclosure into a core element of business management. As international standards, climate requirements, and supply chain due diligence continue to develop, companies must integrate climate action, human rights, supply chain management, product responsibility, and information security into daily decision-making and risk management.

For Zyxel Group, sustainability is embedded in operations rather than treated as a standalone initiative. Through governance frameworks, environmental management, product stewardship, supplier engagement, and human rights risk management, we translate ESG issues into measurable targets, data-driven management, and continuous improvement.

Value chain management is central to this transition. In response to increasing customer expectations on supply chain emissions, human rights, and environmental performance, we extend our management experience to suppliers through GHG inventories, energy management, low-carbon product design, training, communication, and risk assessments. Together, we strengthen carbon data capabilities, identify decarbonization opportunities, and build a more resilient and competitive supply chain.

In 2026, Zyxel was recognized in the S&P Global Sustainability Yearbook as Top 1% in the Communications Equipment industry, and received the JAC Supply Chain Risk Governance Award, EcoVadis Platinum Medal, and TCSA Information Security Leadership Award. These recognitions affirm our progress while guiding further improvement.

On the environmental front, we use science-based targets as a key foundation for long-term low-carbon management. In 2025, Zyxel Group's targets were validated by the Science Based Targets initiative (SBTi), establishing both near-term and net-zero pathways. Scope 1 and 2 GHG emissions have been reduced by 25.15% from the 2021 baseline, and the Group has been named among **Business Weekly**'s Carbon Competitiveness Top 100 for four consecutive years. Through data tracking and improvement actions, we integrate decarbonization into energy and operational management.

On the social front, we focus on talent development, education, social inclusion, and human rights management. Human rights due diligence helps us identify potential risks across our operations and value chain, providing a basis for prevention and continuous improvement. We also recognize that sustainability progress depends on the participation of employees and external partners; therefore, we continue to build responsible, trust-based workplaces and partnerships through communication and collaboration.

Sustainability is not a one-time goal, but an ongoing management approach. Looking ahead, Zyxel Group will further strengthen ESG management through practical and measurable actions, embedding sustainability requirements into operational processes, management systems, and value chain initiatives. By working with customers, suppliers, and other stakeholders, we aim to enhance operational resilience, management quality, and long-term competitiveness.



A handwritten signature in black ink, appearing to read 'Dew Li'.

Zyxel Group COO & CSO

About Zyxel Group

Zyxel Group Corporation is listed on the Taiwan Stock Exchange under stock code 3704. Its principal subsidiaries—Zyxel Communications, Zyxel Networks, and MitraStar—provide comprehensive broadband access and networking solutions for telecommunications service providers, businesses, and home users.

Zyxel Communications is committed to empowering service providers to expand the possibilities of broadband connectivity. It develops comprehensive and reliable solutions for next-generation networks, supporting the deployment of fixed and mobile broadband infrastructure worldwide. Zyxel Networks focuses on channel markets, offering products and services tailored to small and medium-sized businesses and home users. MitraStar specializes in product and technology innovation, combining advanced hardware and software capabilities with high-quality design and manufacturing services.

The Group's subsidiaries place customers at the center of product development and service delivery. Each company builds expertise within its respective market while strengthening Group-wide competitiveness and advancing the convergence of networking technologies. This enables the Group to address evolving connectivity needs, create differentiated value, and sustain long-term growth.

Through decades of transformation in the rapidly evolving networking industry, Zyxel Group has become one of the few global providers offering comprehensive solutions across customer premises equipment, telecommunications infrastructure, cybersecurity, switches, wireless networking, smart homes, and the Internet of Things.

Zyxel Group is committed to high standards of corporate governance, transparency, and sound business development. We also continue to advance green, low-carbon, and environmentally responsible practices while fulfilling our role as a responsible corporate citizen.

Organizational Development

- August, 2010: Zyxel Group Corporation was funded through a share swap with Zyxel Communications. Zyxel Communications has been a totally held subsidiary of Zyxel Group Corporation from then on.
- January, 2011: The Product R&D and Manufacturing Business Unit was separated from Zyxel Communications. Zyxel Group Corporation established MitraStar Technology, another totally held subsidiary thereof. Zyxel Group Corporation is the parent company with Zyxel Communications and MitraStar Technology as its main affiliates.
- February, 2019: Zyxel Communications segmented its channel business units. Zyxel Group Corporation founded Zyxel Networks. Since the organizational segmentation and adjustment were carried out, Zyxel Communications has concentrated on the development of its business in the telecommunication market to offer well-structured broadband solutions and application services to telecommunications service providers and meet their needs for customization. Zyxel Networks has been devoted to satisfying the needs of small and medium-sized enterprises as well as domestic users.
- June, 2023: The company changed its English name from "Unizyx Corporation" to "Zyxel Group Corporation."



4.1

NT\$ 4.1 billion Capital

25.3

NT\$ 25.3 billion
Revenue in 2025

3,477

Total Employees in 2025

Products & Services

The Zyxel Group offers service providers, businesses and home users with products and services through the Zyxel brand and MitraStar DMS services. In collaboration with customers, suppliers and all partners, Zyxel Group strives to stay ahead of the digital wave with its advanced, reliable broadband connectivity products and solutions.

To satisfy every demand from consumer devices to remote central office equipment, wired to wireless, home to cloud applications, we at Zyxel Group created a solid foundation with next-generation network technologies built into every new product for customers to design their own integrated applications. The efforts also allow the Zyxel Group to have a cross-the-board understanding on the global market and to create a more comprehensive range of solutions that empowers users to enjoy the best contemporary, smart networking experience.

We share the same values with our customers, and we are eager to satisfy them as well. Backed by our experienced teams, outstanding products and exceptional customer services, we are confident about every promise with our name on it.

For more details of products and services, please visit the [Zyxel Communications](#), [Zyxel Networks](#), [MitraStar Technology](#) websites.

Customer Segments

Service Provider	Business	Home
		
EMPOWERING SERVICE PROVIDERS TO UNLOCK THE POTENTIAL OF BROADBAND	EXPERIENCE A TRUE ONE NETWORK LIKE NO OTHER	INSPIRE SMART DIGITAL LIFE

Key Products

Building on next-generation networking and communications technologies, Zyxel Group focuses on the development and manufacture of wired and wireless broadband networks, next-generation networks, digital home multimedia, and smart living applications, while expanding the global presence of the Zyxel brand. Its key products and solutions include:

Broadband Access Equipment		Fiber Access Equipment		Enterprise Networking Equipment			Home Networking Equipment	
Wireless and Mobile CPE	Fixed-Line CPE	Fiber CPE	Central Office Equipment	Ethernet Switches	Enterprise Wireless Solutions	Network Security Products	Wireless Broadband Routers	High-Speed WiFi Extenders

Global Market Presence

Zyxel Group serves 150 markets worldwide, with operations spanning the Americas, China, Southeast Asia, Europe, and the Middle East. For more information on the Group's global locations, markets, production, and sales, please see page 103 of the [Zyxel Group 2025 Annual Report](#).

Sustainability Performance

Awards & Recognition

2026 S&P Global Ratings

Top 1%

Communications
Equipment Industry



FTSE Russell

Top 15 %

Global Communications
Equipment Industry



MSCI ESG Ratings

A



EcoVadis

Zyxel Communications

Platinum Award



JAC Supplier Management Best Practice Awards

Supplier Risk Analysis



CDP Rating

Climate Change **B**

Water Security **B**



TCSA Taiwan Corporate Sustainability Awards

**Sustainability Performance
Award**



TCSA Sustainability Report

Sustainability Report

Gold Award



TAISE Taiwan Sustainability Action Awards

SDG 4: Quality Education

Gold Award



Business Weekly

Selected for Four Consecutive Years

**Carbon Competitiveness
Top 100**



CommonWealth Magazine Sustainable Citizenship Award

Large Enterprises /Manufacturing



Sustainable Achievements

Governance Aspect

Business Continuity Management Plan

Complete risk plans and drills for supply chain disruptions and production interruptions.

Employee Business Ethics

Employee Business Ethics Training Completion Rate: **99.2%**
Material Business Ethics Violations: **0 cases**

Information Security Management

Material Information Security Incidents: **0**
Obtained ISO 27001 Certification

Customer Relations

Business confidential protection course completion rate: **99.4%**

Sustainable Supply Chain Management

2 Supplier Conferences Held in Hsinchu and Wuxi
Key Supplier Code of Conduct Signing Rate: **100%**
ESG Training Completion Rate: **100%**

Environmental Aspect

Science Based Targets initiative (SBTi)

Near-term and net-zero targets validated by the SBTi in 2025

Low-carbon Transformation Plan

Implemented the MOEA subsidy program: **Lead the Supply Chain's Low-Carbon Transformation and Upgrade.**

Greenhouse Gas Inventory and Emissions Reduction

Conducted a **Scope 3** greenhouse gas inventory
Reduced emissions by **25.15%** from the 2021 baseline in 2025

Biodiversity Risk Assessment

Applied the **TNFD LEAP** approach to assess operational sites and suppliers

SGS Green Mark – Restricted Substances Award

Zyxel Communications received the award for the second consecutive year

Social Aspect

Women in Technology

Women in Senior Management: **16.7%**
Women in STEM Positions: **23.2%**

Human Capital Investment

Human Capital Return on Investment: **6.4**
Average Training Hours per Employee: **24.5h**

Human Rights Due Diligence

Human rights risks identified through a **due diligence questionnaire**
Material Human Rights Violations: **0**
Human Rights Training Completion Rate: **99.1%**
Zero Recruitment Fees for Migrant Workers

Talent Training, Social Care

Shun-I Chu Scholarship: NT\$20.36 million awarded to 378 students in 2025.
Sponsored **8** talent development activities and 8 community care initiatives
Held the 3rd Zyxel Charity Summer Camp
Cumulative donations of networking equipment reached nearly **NT\$4.5 million** from 2022 to 2025

Sustainability Highlights

MitraStar Process Waste and Carbon Reduction Project — Solder Dross Waste Management

To manage solder dross generated by high-temperature equipment during production, MitraStar launched a process waste and carbon reduction project covering equipment upgrades, process controls, and precision chemical management. These improvements enhance resource efficiency and reduce environmental risks.

The project received the **Silver Award in the Source Management Category of the Ministry of Environment's 2025 Outstanding Enterprise in Resource Circulation Awards**.

Improvement Measures

Equipment Upgrades

Replaced older equipment with high-efficiency, energy-saving models featuring precise temperature control and heat recovery technologies to improve process stability and reduce energy consumption.

Optimized Solder Dross Management

Applied process parameter controls and oxidation suppression technologies to strengthen recycling and reuse mechanisms and increase the solder dross reuse rate.

Precision Chemical Management

Precisely controlled the flow rate and spray angle of flux to prevent excessive application, thereby reducing volatile organic compound (VOC) emissions and additional solder dross generation.

Project Results

- **Solder Dross Reduction:** Solder dross ratio reduced by 45%
- **Waste Reduction:** 80 metric tons of solder dross waste avoided annually
- **Resource Circularity:** Solder dross recycling and reuse rate increased to 70%
- **Environmental Benefits:** Reduced VOC emissions and improved the workplace environment and employee health
- **Carbon Reduction:** 157.8 metric tons of CO₂e reduced annually, equivalent to the annual carbon sequestration of 13,149 trees



Supplier Sustainability Conference

In 2025, Zyxel Group held two Supplier Sustainability Conferences—one at its Taiwan headquarters and one at MitraStar's Wuxi facility—under the theme **“Co-creating a Resilient Supply Chain for a Sustainable Future.”** Nearly 200 representatives from key suppliers attended.

The conferences featured updates on sustainable supply chain governance, Zyxel Group's sustainability achievements, and the Science Based Targets initiative (SBTi). Suppliers with outstanding ESG performance were also recognized, encouraging all partners to take active steps toward sustainability and carbon reduction. The events demonstrated Zyxel Group's commitment and responsibility as a leader in the networking industry.



▲ Supplier Conference in Wuxi



▲ Recognition of Outstanding ESG Suppliers

Zyxel Communications Receives SGS Green Mark for Restricted Substances

Zyxel Communications received the **SGS Green Mark – Restricted Substances** certification for the second consecutive year, demonstrating its strong performance in implementing rigorous hazardous substance controls.



Zyxel Group Signs Cybersecurity MOU with NICS

To address increasingly sophisticated global cyber threats and strengthen Taiwan's cybersecurity defense network, Zyxel Group signed a Memorandum of Understanding (MOU) on cybersecurity cooperation with the National Institute of Cyber Security (NICS). The signing ceremony was jointly hosted by Zyxel Group Chairman Shun-I Chu and NICS President Ying-Dar Lin.

The partnership focuses on two key areas: two-way threat intelligence sharing and product supply chain security. The two parties will deepen cooperation in analyzing malicious scanning activities, identifying potential vulnerabilities, and responding to cybersecurity incidents. This collaboration reflects their shared commitment to strengthening cybersecurity resilience through public-private cooperation.

Under the agreement, if NICS identifies malicious exploitation or cybersecurity incidents involving Zyxel Group products, including devices, software, or components, during incident investigations or threat analysis, it will promptly notify Zyxel Group through an established reporting mechanism.

NICS will also provide relevant technical threat intelligence after applying appropriate data de-identification measures. This information will help Zyxel Group identify potential vulnerabilities and risks more accurately, accelerate investigation and remediation, shorten time to mitigation, and strengthen the security resilience of networking product supply chains. The partnership marks an important step in advancing Taiwan's cybersecurity approach from post-incident investigation toward proactive early warning and security by design.



Zyxel Communications Honored with Chunghwa Telecom's "Carbon Reduction Cooperation Award"

In support of Chunghwa Telecom's "Net-Zero Sustainability, Walking Together" initiative, Zyxel Communications received the **"Carbon Reduction Cooperation Award"** at the 2025 Chunghwa Telecom ESG Supplier Partner Conference, represented by General Manager Jenny Lin. This award highlights Zyxel's leadership in supply chain decarbonization and its commitment to co-creating a low-carbon value chain.



Zyxel Communications Achieves Gold Award in Network X "Better Stands Program"

At Network X 2025, Zyxel Communications adhered to the Better Stands Program standards established by Informa Group. By incorporating circular design principles and eco-friendly materials across booth structures and product displays, Zyxel successfully minimized environmental impact and waste. Demonstrating excellence in sustainable exhibition design, Zyxel achieved the highest Gold Award recognition alongside global industry leaders including Nokia, Sagemcom, and Qualcomm, underscoring its long-term commitment to environmental responsibility.



ESG EDM

To communicate Zyxel Group's core values of sustainable development, we have published our Sustainability Newsletter since 2023. As a strategic communication platform, it keeps stakeholders informed on our latest ESG initiatives while inspiring collective action. The newsletter reflects our environmental and social commitments, fosters a culture of continuous improvement, and drives positive impacts. Additionally, its digital format minimizes resource consumption, reinforcing our commitment to sustainability. ([Read More](#))



Zyxel Group recently held its annual supplier conferences at its headquarters in Hsinchu, Taiwan, and its Wuxi facility in China, bringing together nearly 200 key supply chain partners. The conference focused on sharing Zyxel's supply chain governance principles, key achievements, product design guidelines, and success stories.

To strengthen collaboration and align efforts with Zyxel's sustainability strategies, Zyxel presented awards to three top performing suppliers at each event. These award recipients shared their best practices and achievements, inspiring all partners to collectively advance sustainability initiatives and create a more resilient, sustainable supply chain. ([Read more](#))



This May, we shine spotlight on the women shaping the future of technology at Zyxel Group. Through stories of leadership, team empowerment, and personal resilience, our female managers and directors share how they navigate the challenges of the tech world — while staying grounded in purpose and balance.

The cover features a Mubius strip, symbolizing the limitless potential of women in tech and the continuous drive for sustainability — core to our ESG values. At Zyxel Group, diversity isn't just a goal; it's the foundation for innovation and growth. Women are a constant force of clarity, compassion, and strength on this journey.

Breaking Barriers in Tech: Denise Lin's Leadership Journey

Denise Lin, Chief Sustainability Officer of Zyxel Group, has spent over 30 years breaking norms in the tech industry. Rising from frontline roles to executive leadership, she embraced challenges with resilience and action, from rebuilding supply chains to launching ESG from scratch, she proves that women can lead boldly, empower teams, and shape the future of tech with courage, learning, and purpose. ([Read more](#))



Zyxel Group partnered with NJIB empower national cybersecurity

Dr. Shun-I Chu, Chairman of Zyxel Group, signed a Memorandum of Understanding (MOU) with Taiwan's Ministry of Justice Investigation Bureau (NJIB), a key government agency safeguarding national security. This collaboration underscored Zyxel's core competence in leading national cybersecurity technology.

The MOU focused on establishing a comprehensive nationwide framework for shared threat intelligence, cybersecurity drills, incident response, and legal support. This collaboration positioned Zyxel Group as a trusted partner in the nation's top initiatives.



Zyxel Group has earned the Platinum Medal in the 2025 EcoVadis Sustainability Rating, placing the company in the top 1% of all assessed organizations worldwide. This marks Zyxel's first time receiving the highest distinction from EcoVadis, recognizing its strong performance across key ESG areas—environment, social responsibility, and governance.

As part of its commitment to climate action, Zyxel Group continues to invest in green product design, low-carbon solutions, and a sustainable value chain. In 2025, the company's science-based emissions reduction targets were officially approved by the Science Based Targets Initiative (SBTi), reinforcing its pathway toward net-zero operations and collaborative climate action with suppliers. ([Read more](#))



About EcoVadis:
EcoVadis is a globally recognized sustainability rating platform, evaluating over 150,000 companies across 180+ countries and 200+ industries. Its assessment is based on international standards and focuses on four key themes: Environment, Labor & Human Rights, Ethics, and Sustainable Procurement. The rating is widely used by global brands to evaluate and select responsible business partners.

Zyxel Group Honored with Best Practice Award by JAC

Zyxel Group was recognized at the 11th Joint Alliance for CSR (JAC) Supplier Forum, receiving the Best Practice Award in Supplier Risk Governance. Selected from a wide field of global participants, the award highlights Zyxel's outstanding performance in supply chain risk identification, sustainability governance, and responsible sourcing.



"Many of Zyxel Group's key customers are members of the JAC Alliance," said Denise Lin, Chief Operating Officer and Chief Sustainability Officer of Zyxel Group. "Being highly rated in this year's award selection not only affirms our sustainability management capabilities, but also enhances our brand visibility and strengthens customer trust in our expertise." ([Read more](#))



| Sustainable Governance

A. Strategy & Blueprint

B. Sustainability Governance Structure

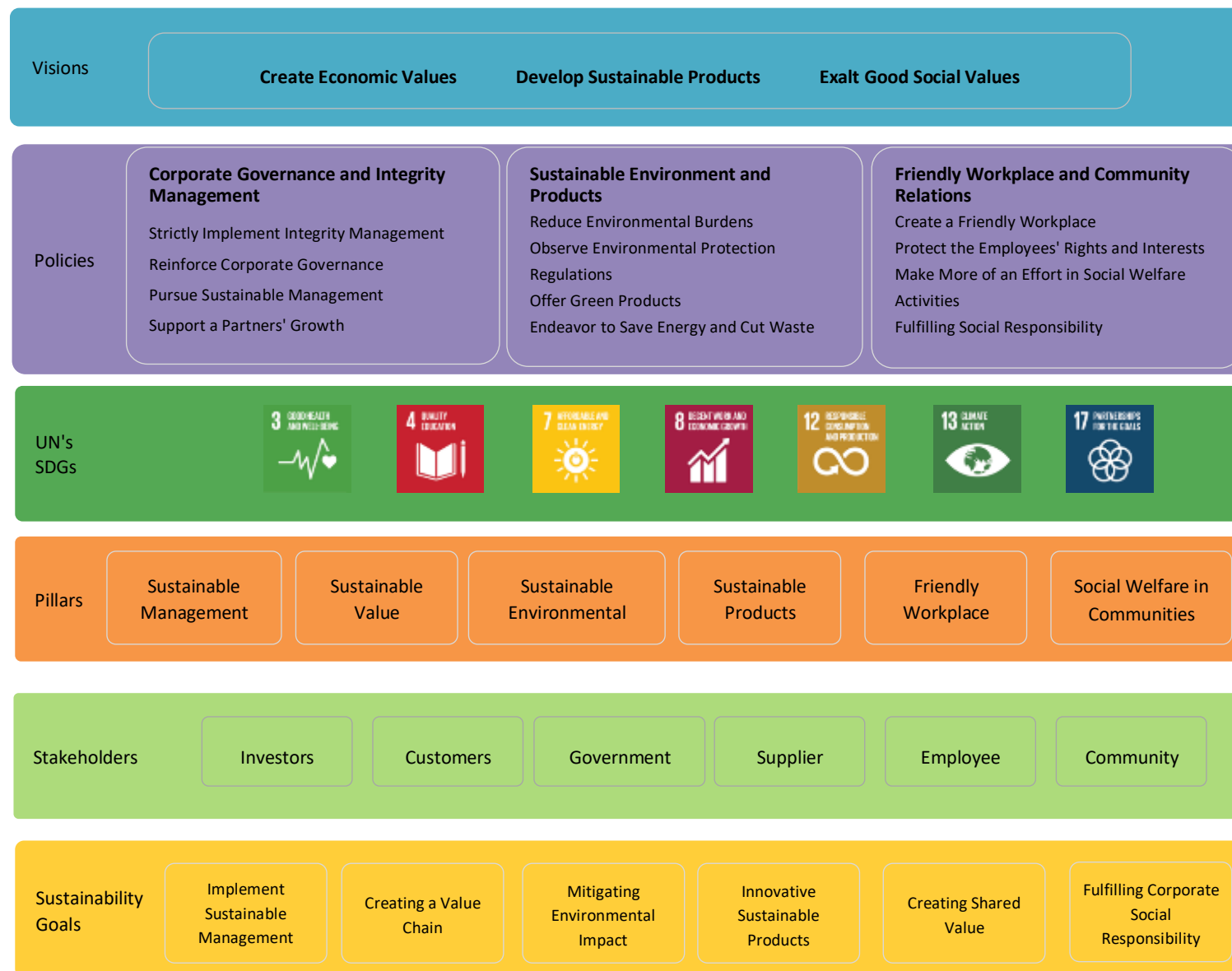
C. Stakeholder Communication



A. Strategy & Blueprint

Zyxel Group's sustainable management framework is based on our visions and integrated with our sustainability policies. We supervise sustainability matters and formulate and execute strategies through the Company's management platforms, such as the Board of Directors, Advisory Committee and Sustainability Development Committee.

The Sustainability Development Committee responds to the UN's SDGs and analyzes and identifies the material issues of the main stakeholders' concern, e.g., investors, customers, government agencies, suppliers, employees, and communities, thereby setting the Company's sustainable development goals. Our sustainability policies are implemented on the basis of our five main sustainability focuses, namely sustainable management, corporate governance, environmental protection, sustainable products, and friendly workplace and social welfare in communities.



B. Sustainability Governance Structure

Sustainability Development Committee

Zyxel Group's Sustainability Development Committee is a Board-level functional committee comprising Directors, senior executives, and representatives from relevant sustainability functions. The Committee provides strategic direction and oversight for the Group's sustainability agenda, supporting the Board in monitoring material sustainability matters, strategic priorities, and implementation progress.

The Committee is guided by the Group's Sustainability Policy and is responsible for setting the Group's sustainability vision, strategy, and medium- to long-term targets. It also oversees the sustainability management approach and targets adopted by the Group's three core subsidiaries, and reviews progress on a regular basis.

The Group Chief Operating Officer serves as Chief Sustainability Officer (CSO). The Sustainability Office acts as the Group's central coordinating function, working closely with subsidiaries and responsible departments to drive sustainability strategies, targets, and initiatives. It consolidates performance updates and material issues for regular reporting to the Sustainability Development Committee and the Board of Directors.

The Sustainability Office has established cross-functional working groups for key ESG topics. Led by the relevant functional heads, these groups set annual and medium- to long-term objectives, monitor implementation, evaluate results, and identify opportunities for improvement. Regular engagement with the CSO ensures that sustainability priorities are embedded in business operations and translated into measurable actions.

The Stakeholder Engagement Working Group coordinates communication and resource sharing across Zyxel Group and its three subsidiaries. It supports the delivery of Sustainability Office initiatives and is responsible for preparing the Sustainability Report and maintaining sustainability-related website disclosures, ensuring that sustainability information is clear, consistent, and transparent.

Through ESG newsletters, internal communications, and targeted training programs, the Sustainability Development Committee promotes awareness of the Group's ESG commitments and progress among employees and customers. These efforts strengthen employee engagement, integrate sustainability into the Group's culture and day-to-day operations, and support the achievement of its sustainability goals.

2025 Key Sustainability Office Initiatives and Achievements

- Conducted two business continuity management exercises to strengthen preparedness for risk events.
- Completed the Ministry of Economic Affairs' "Leading SMEs toward Low-Carbon and Smart Manufacturing Transformation" subsidized project.
- Obtained validation of the Group's science-based emissions reduction targets from the Science Based Targets initiative (SBTi).
- Completed human rights due diligence and an employee engagement survey to identify and assess human rights-related risks.

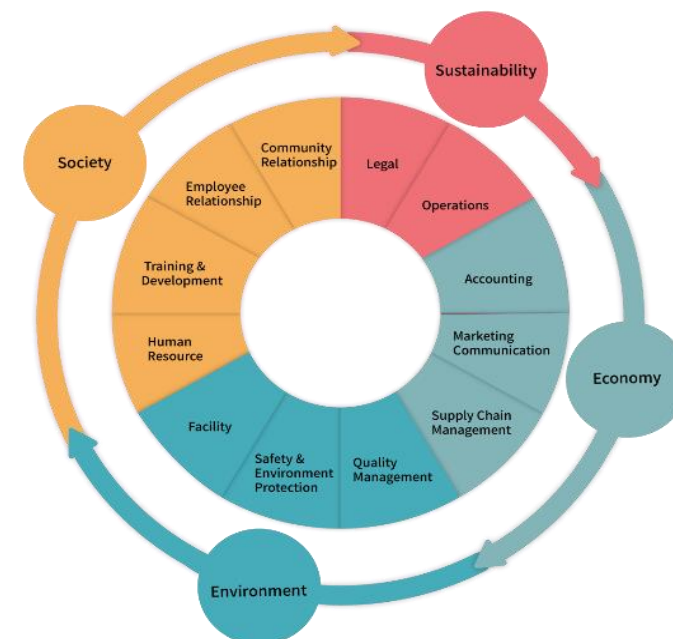
ESG KPIs for Senior Management and Departments

To strengthen ESG governance, Zyxel Group incorporates ESG performance targets into the performance management of senior management and relevant departments, reinforcing accountability and execution.

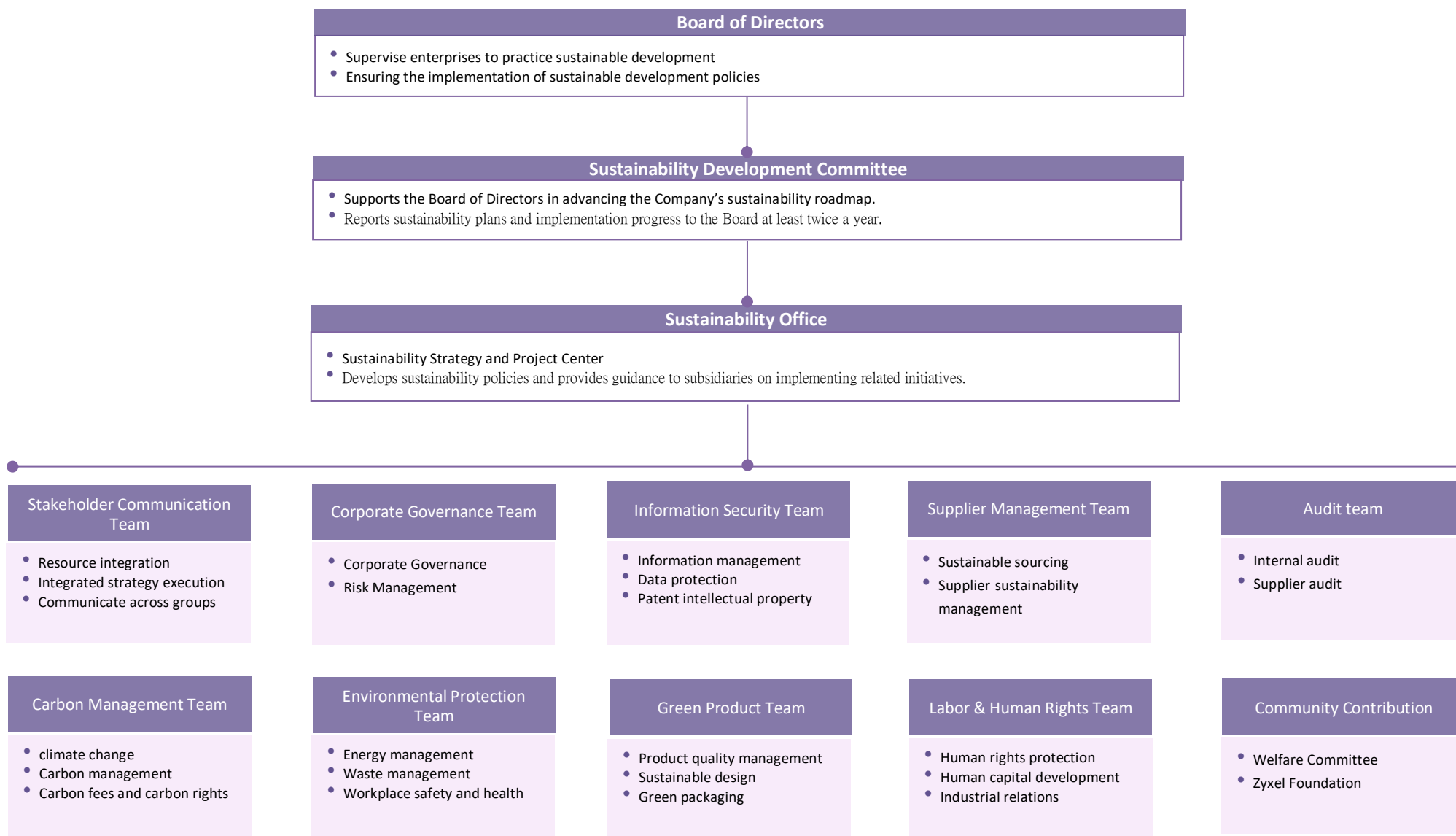
For senior management, ESG objectives are included in performance evaluations based on each executive's responsibilities and sustainability priorities. Clear targets and regular reviews support leadership accountability and cross-functional collaboration.

For departments participating in sustainability working groups, annual ESG KPIs are set in line with the Group's sustainability goals and departmental responsibilities. These KPIs cover carbon reduction, resource efficiency, sustainable supply chain management, employee development, social engagement, and sustainability communication.

By linking management and departmental ESG KPIs, the Group embeds sustainability into daily operations and decision-making through regular progress tracking and performance reviews, strengthening sustainability performance and organizational resilience.



Sustainability Development Committee Management

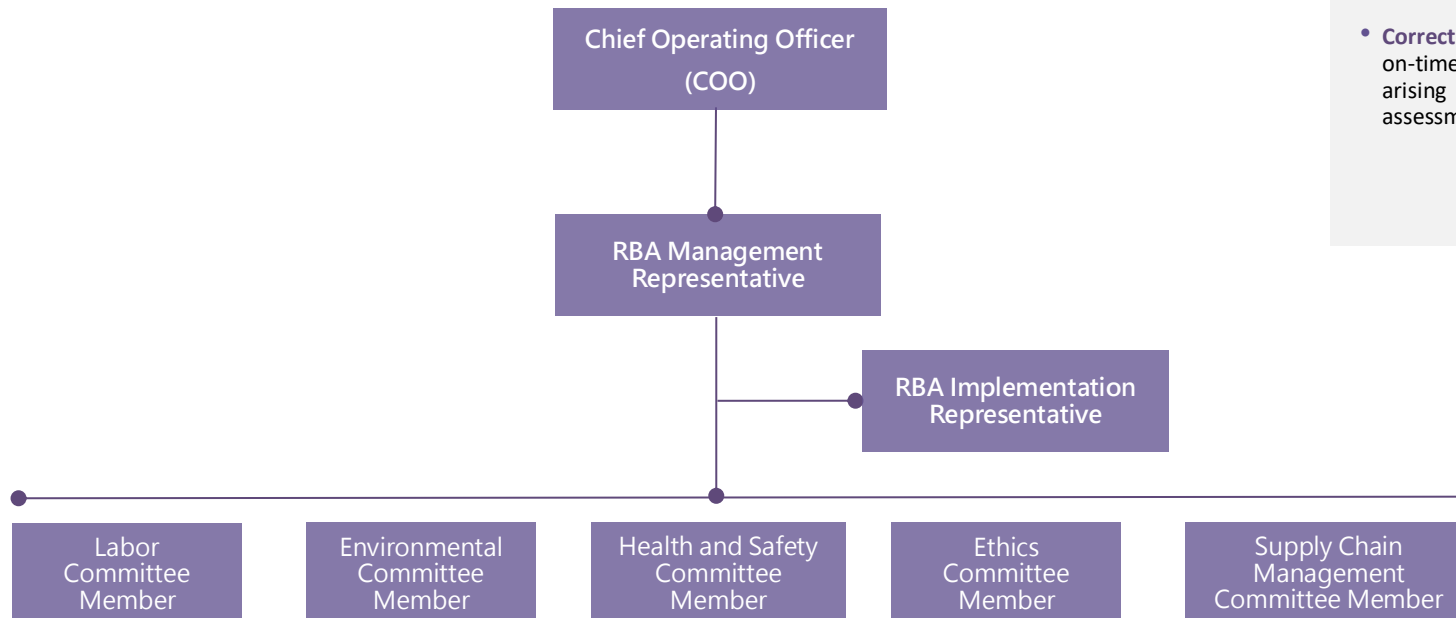


RBA Management Committee

To fully implement the Responsible Business Alliance (RBA) Code of Conduct, the Company has established an RBA Implementation Committee under the guidance of the Chief Operating Officer (COO), who provides the necessary resources, assumes ultimate responsibility for social responsibility performance, and is committed to continual improvement. A designated RBA Management Representative oversees the social responsibility management system, while the Internal Audit function conducts audits and follows up on corrective actions to ensure compliance with international standards and applicable laws.

The RBA Implementation Task Force coordinates RBA activities across the Company. Relevant departments are responsible for labor and human rights, occupational health and safety, environmental protection, production safety, business integrity, intellectual property protection, whistleblowing channels, facility management, and contractor oversight.

The Company also incorporates the RBA Code of Conduct into supplier and contractor management through regular assessments, improvement guidance, and information sharing. All employees are expected to comply with health and safety requirements and are encouraged to participate in reporting mechanisms, community engagement, and sustainability initiatives.



2025 Key RBA Committee Initiatives and Performance

- **No-Fee Policy:** Fully implemented the employer-pays principle, with no cases of foreign migrant workers being subject to unlawful retention of identity documents or recruitment fees.
- **Employee Training:** Achieved 100% training coverage on RBA requirements and human rights awareness for new hires, foreign migrant workers, and outsourced facility personnel
- **Zero Workplace Safety Incidents:** Achieved zero major occupational injuries and fatalities, with 100% participation in emergency response and fire drills at sites and dormitories.
- **RBA Supply Chain Communication and Coverage:** More than 95% of key material and service suppliers signed the *Commitment to Comply with the RBA Code of Conduct*.
- **Corrective Action Plan (CAP) Closure Rate:** Achieved a 100% on-time closure rate for corrective and preventive actions arising from internal audits, customer audits, and supplier assessments.

C. Stakeholder Communication

In managing stakeholder concerns, Zyxel Group has established a stakeholder management process with reference to the Global Sustainability Standards Board (GSSB) Universal Standards, including GRI 3: Material Topics (2021), the SASB industry standards, and the IFRS Sustainability Disclosure Standards. In addition, the process aligns with the principle of double materiality set forth in the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG) under the EU Corporate Sustainability Reporting Directive (CSRD), as well as the Enterprise Risk Management (ERM) framework for identifying, assessing, responding to, and monitoring risks that may affect the achievement of corporate objectives.

Through the identification of stakeholders and analysis of their concerns, Zyxel Group determines its key stakeholders. Applying the ESRS principle of double materiality, the company conducts assessments of financial materiality (impact on operations) and sustainability materiality (impact on sustainable development). Combined with stakeholder surveys on the level of attention to sustainability topics, Zyxel Group evaluates both the positive and negative impacts of these issues on business operations and sustainable development, thereby defining the company's material topics.

Based on these results, Zyxel Group formulates strategies, establishes implementation guidelines, defines management procedures, and sets short-, medium-, and long-term targets. The company also builds communication channels and develops action plans to strengthen stakeholder engagement. Progress and outcomes of stakeholder engagement and material topics are reported to the Board of Directors annually and disclosed on the company's website and in its Sustainability Report. Zyxel Group continues to monitor, review, and improve the effectiveness of these measures to reinforce its corporate responsibility toward stakeholders.

Materiality Analysis Project

Stakeholder Issue Survey Project

To comprehensively engage with our stakeholders and understand their concerns regarding the company, we launched the "Zyxel Group Stakeholder Issue Survey Project" in 2022, commissioning the Center for Corporate Sustainability at Tunghai University as a third-party consultant. The Zyxel Group Sustainability Development Committee first underwent training on stakeholder surveys.

Based on the Committee's feedback on company-related issues, and considering GRI, CDP, and DJSI questionnaire topics, we designed two surveys: one for company executives on the "Impact of Sustainability Issues on Operations," and another for employees, suppliers/contractors, customers, investors, and government/community stakeholders on the "Level of Concern for Sustainability Issues." We also plan to conduct regular assessments.

In 2026, Zyxel Group plans to conduct a new stakeholder material topic survey to reassess stakeholder concerns and expectations.

Stakeholder Issues Online Survey

Zyxel Group values feedback from all stakeholder groups and maintains an online stakeholder survey on its corporate website. The survey is conducted annually to gather stakeholders' views on issues of concern. Dedicated personnel review the feedback and coordinate with relevant departments for assessment and response.

In 2025, a total of 155 valid responses were received. Although the survey results showed minor fluctuations, the updated double materiality assessment identified the same 13 material topics as in the previous year, demonstrating the stability and continuity of the Group's medium- and long-term strategies and operational priorities.

Double Materiality Assessment

In accordance with the double materiality principles of the European Sustainability Reporting Standards (ESRS), the Risk Management Team under the Sustainability Development Committee assessed the impacts of Zyxel Group's operations on the economy, environment, and people, including human rights. The assessment referenced the impact-related principles and classifications outlined in GRI 1: Foundation 2021 to provide a more comprehensive evaluation of material topics. Further details are provided in the Risk Management chapter.

The assessment also incorporated a survey of management personnel regarding the impacts of sustainability issues on business operations, thereby covering both impact materiality and financial materiality.

Materiality Identification and Analysis Process

Understanding the Organizational Context

1 Identification

6 stakeholders: Investors,
Employees, Customers,
Suppliers, Contractors,
Government/Communities

- In accordance with the GRI Standards and AA1000 Stakeholder Engagement Standard (AA1000SES) 2015, Zyxel Group established its stakeholder identification and engagement process through internal discussions based on five principles: dependency, responsibility, tension, influence, and diverse perspectives.
- Through an ESG consensus meeting, the Zyxel Group Sustainability Committee identified six key stakeholder groups based on individuals and organizations that may affect, or be affected by, the Group's economic, environmental, and social activities.

2 Collect issue

26
Preliminary Issues

- Feedback from 52 members of the Zyxel Group Sustainability Development Committee during ESG consensus meetings.
- Consideration of regulatory requirements from governing bodies, international laws and guidelines, various management systems, questionnaires, feedback from grievance mechanisms, and media reports, along with consultation with internal and external experts.
- A decision to evaluate 8 governance, 6 economic, 6 environmental, and 6 social sustainability issues.

Identifying the Magnitude of Impacts

3 Interest
Identification

**Stakeholder
Engagement**

- Survey recipients were selected for "representativeness" based on three key principles: "frequency of interaction," "level of impact," and "degree of concern," targeting the six key stakeholder groups identified.
- A total of 236 "Stakeholder Concern for Sustainability Issues" questionnaires were collected.

4 Double Materiality
Assessment
Financial Materiality

**Operational
Impact**

- A survey of 286 company executives was conducted to assess the "Impact of Sustainability Issues on Operations."
- Quantitatively assessed the severity of positive and negative impacts on four business dimensions—business growth, customer trust, talent retention, and risk response—using a scale of 1 to 5.

5 Double Materiality
Assessment
Impact Materiality

**Sustainability
Impact**

- The Risk Management Team under the Sustainability Development Committee conducted a comprehensive assessment in accordance with the GRI Standards and ESRS. Governance, economic, environmental, and social topics were evaluated on a scale of 1 to 5 based on impact severity, short-, medium-, and long-term impacts, likelihood of occurrence, and whether the impact had previously occurred.

Impact Analysis

6 Identify Positive and
Negative Impacts

Matrix Diagram

- Integrating the analysis of "Stakeholder Concerns Regarding Sustainability Issues," "Impact on Organizational Operations," and "Impact on Sustainable Development," we identified 26 preliminary sustainability issues. For each issue, we discussed the positive and negative impacts, both actual and potential, and mapped them on a positive/negative impact matrix.

Determining Material Topics

7 Determine
Major Issues

13
Major Issues

- Based on the double materiality assessment criteria, 13 material topics were identified through consultation with internal and external experts and internal discussions.
- The selected material topics were presented to the Board of Directors through the Sustainability Development Committee and subsequently incorporated into internal performance management procedures.
- For each material topic, the impact on operations was assessed, strategies were developed, management approaches were defined, and short-, medium-, and long-term goals were established. The progress of these goals is reviewed annually to track performance and inform future improvements.

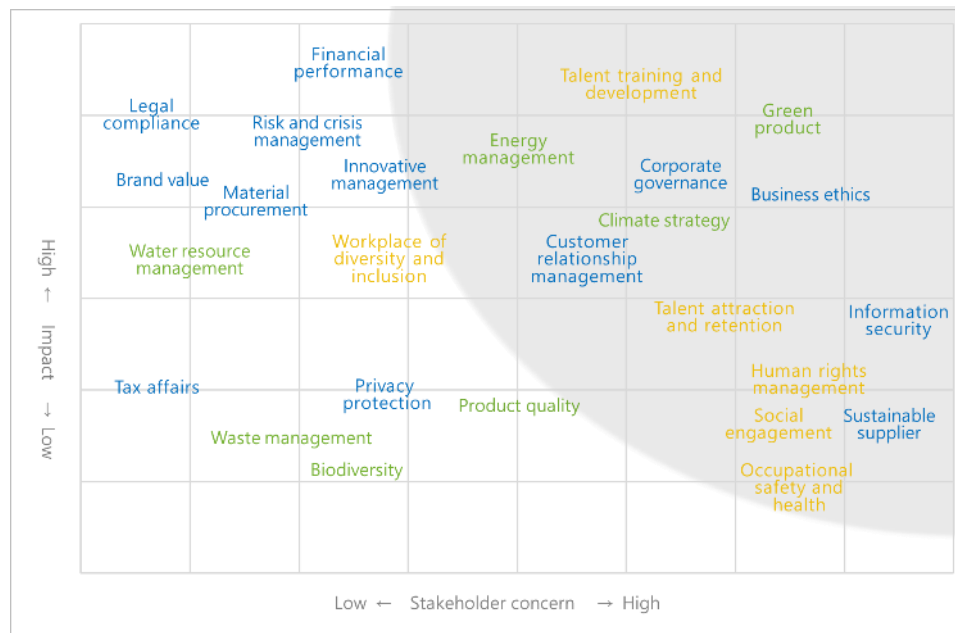
Double Materiality Scoring Criteria

- **Calculation:** The final materiality score for each topic is calculated by multiplying the sustainability impact score (X) by the business impact score (Y). Topics are then ranked based on the resulting scores, which range from 1 to 25.
- **Threshold:** Following assessment by the Sustainability Development Committee, topics ranking within the top 50% and receiving a total score of 9 or above are considered significant. Topics meeting this quantitative threshold are further reviewed through qualitative discussions with internal and external experts. The final 13 material topics are then confirmed and reported to the Board of Directors.

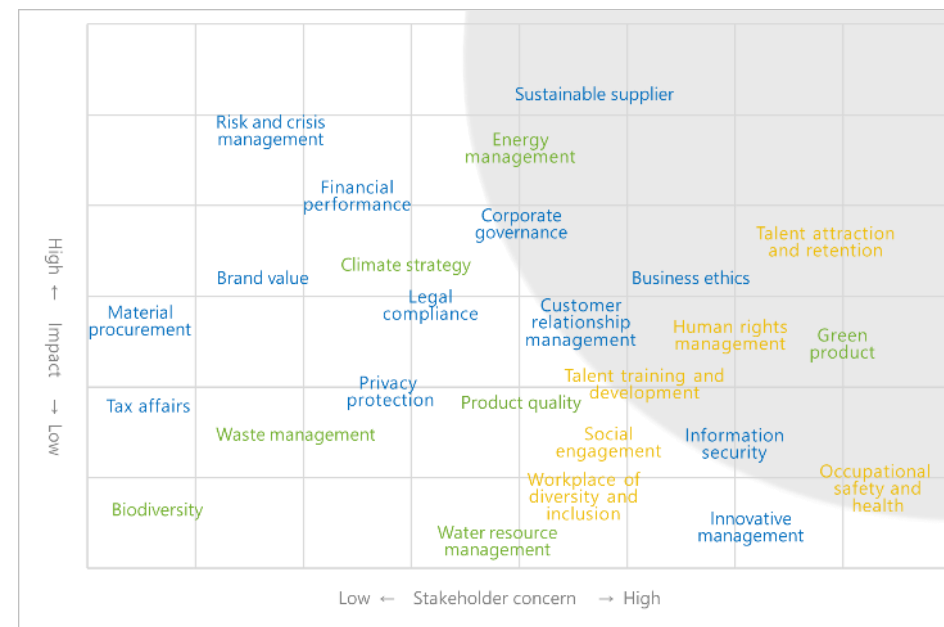
Score / Impact Level	Financial Materiality: Impact on Business Operations	Impact Materiality: Sustainability Impacts
	Assessed through a management survey covering business growth, customer trust, talent retention, and risk response	Evaluated by the Risk Management Team based on "Impact Severity, Speed of Onset, and Likelihood."
5 (Very High)	Critical impact on core revenue or corporate reputation, or potential suspension of operations or major regulatory penalties	Irreversible environmental or human rights harm, or long-term impacts that are highly certain to occur
4 (High)	Significant adverse impact on key customer relationships or talent retention, accompanied by external public pressure	Widespread impacts that are difficult to remediate and highly likely to occur in the short to medium term
3 (Medium)	Moderate or localized operational impacts that can be addressed through additional management costs and measures	Localized impacts that can be remedied within a reasonable timeframe and at a reasonable cost
2 (Low)	Isolated internal complaints or minor financial impacts that can be readily addressed through existing mechanisms	Minor impacts limited to a specific scope, with a high potential for natural recovery
1 (Very Low)	Little or no discernible impact on operations, financial performance, or corporate reputation	Little or no substantive impact on the economy, environment, or society



Positive Impact Matrix Diagram



Negative Impact Matrix Diagram



13 Major Issues

5 Governance/Economic Issues

Corporate Governance
Business Ethics
Information Security
Customer Relationship Management
Sustainable Supply Chain



3 Environmental Issues

Climate Strategy
Energy Management
Product Sustainability



5 Social Issues

Talent Attraction and Retention
Talent Training and Development
Human Rights Management
Occupational Safety and Health
Social Engagement



Impacts of Material Topics on Operations and the Value Chain

Dimension	Material Topic	Impact Identification			Impacts on Operations				Impacts on the Value Chain			Significant Impacts				Actions to Address Significant Impacts
		Actual Impacts	Potential Impacts	Time Horizon	Business Growth	Customer Trust	Talent Retention	Risk Response	Upstream Suppliers	Company Operations	Downstream Customers	Positive Impacts		Negative Impacts		
												Actual Impacts	Potential Impacts	Actual Impacts	Potential Impacts	
Governance	Corporate Governance		●	Long term	●	●	●	●		●		Reduce operational risks and strengthen stakeholder trust.	Enhance sustainable competitiveness and attract investors and customers.	Potential penalties and reputational damage may increase operating costs.	May weaken investor confidence.	Strengthen governance through an effective framework and control mechanisms.
	Business Ethics		●	Short term				●		●		Foster a culture of integrity and reduce incidents of fraud and conflicts of interest.	Strengthen brand reputation and stakeholder trust.	Ethical misconduct may result in operational losses.	Ethical violations may undermine stakeholder trust.	Conduct ethics risk assessments and ongoing monitoring.
	Information Security	●		Short term		●		●		●	●	Meet customer and regulatory information security requirements.	Enhance customer trust and cybersecurity competitiveness.	Cybersecurity incidents may disrupt operations and result in financial losses.	Increasing cyberattacks may damage brand reputation.	Identify cybersecurity risks and prevent security incidents.
	Customer Relationship Management	●		Long term	●	●		●		●	●	Enhance customer satisfaction and loyalty, driving orders and revenue growth.	Build long-term partnerships and expand into new markets and customer segments.	Higher customer relationship management costs may affect business performance.	Customer complaints or poor service quality may harm brand reputation.	•Maintain effective customer communication channels. •Deliver high-quality products and services tailored to customer needs.
	Sustainable Supply Chain	●		Short term	●	●		●	●	●		Build a stable and resilient supply chain to reduce supply risks.	Enhance supply chain ESG performance to meet international customer expectations.	Material price volatility may increase costs, while shortages may affect delivery schedules.	Poor supplier ESG performance may lead to the loss of customer business.	•Strengthen material risk management. •Diversify sourcing and maintain appropriate safety stock.
Environmental	Climate Strategy		●	Long term		●		●	●	●		Implement carbon reduction measures to lower energy costs and emissions.	Leverage low-carbon competitiveness to capture green opportunities.	Extreme weather events may disrupt operations and increase costs.	Carbon fees, carbon taxes, and stricter regulations may raise operating costs and affect competitiveness.	•Identify climate-related risks and opportunities, and implement mitigation measures. •Set carbon reduction targets and strategies.
	Energy Management		●	Long term		●		●		●		Improve energy efficiency to reduce energy costs and carbon emissions.	Increase the share of renewable energy to enhance energy resilience.	Energy price volatility may increase operating costs.	Unreliable energy supply may affect production and delivery capacity.	Increase the use of renewable energy.
	Product Sustainability	●		Short term	●	●		●		●	●	Energy-efficient, environmentally responsible products enhance value.	Green products can drive revenue growth and strengthen brand value.	Investment in green product development may increase costs.	Failure to meet environmental regulations and market expectations may weaken competitiveness.	Develop product design capabilities that minimize environmental impacts.
Social	Talent Attraction and Retention	●		Short term			●	●		●		Foster an inclusive workplace to enhance employee satisfaction and retention.	Attract top talent to drive innovation and competitiveness.	Employee turnover may increase recruitment and training costs.	A shortage of critical talent may hinder business growth and technology development.	Monitor market compensation trends to maintain competitive total rewards.
	Talent Development	●		Short term			●	●		●		Enhance employee capabilities and job performance.	Build a strong talent pipeline to support long-term business development.	Talent development and management may increase costs.	Skills gaps may affect product quality and innovation.	Offer diverse learning and development programs to attract and retain talent.
	Human Rights Management	●		Short term			●	●	●	●		Promote a human rights-respecting workplace and strengthen corporate reputation.	Align with international human rights standards to expand opportunities with global customers.	Human rights violations may result in regulatory penalties.	Failure to meet human rights expectations may result in audit findings, penalties, and reputational damage.	Promote awareness of and respect for human rights.
	Occupational Health and Safety	●		Short term			●	●	●	●		Reduce workplace injuries and enhance employee well-being and productivity.	Build a strong safety culture to reduce operational risks and insurance costs.	Regulatory non-compliance may result in penalties and increased operating costs.	Major safety incidents may lead to legal liabilities, operational disruptions, and reputational damage.	Provide a safe and healthy working environment.
	Community Engagement		●	Long term			●			●		Build positive community relationships and strengthen employee engagement.	Enhance social impact and public trust.	Community sponsorship and engagement activities require financial resources.	Insufficient community investment or engagement may weaken reputation and community support.	Build strong community relationships and actively participate in community initiatives.

Material Topic Disclosure Boundary

	Major Issue	GRI Standards	SASB	SDGs	Company internal boundaries					Company external boundaries			Chapter
					Zyxel Group	Zyxel Communications	Zyxel Networks	MitraStar	Overseas subsidiaries	Customer	Supplier	Governance /Community	
Governance	Corporate governance	207, 405-1			•	•	•	•	•				Financial Performance Diversity and inclusion Recruitment
	Business ethics	205, 206			•	•	•	•	•				Business Ethics
	Information Security	417, 418			•	•	•	•					Information Security Management
	Customer relationship management	418-1				•	•	•		•			Customer Relation
	Sustainable supplier	204-1, 308-2, 414-2	TC-ES-320a.2 TC-ES-320a.3 TC-ES440a.1 TC-HW-430a.1 TC-HW-430a.2 TC-HW-440a.1			•	•	•			•		Supplier Sustainability
Environment	Climate strategy	201-2 305-1~305-4, 305-6~305-7			•	•	•	•				•	Climate Change
	Energy management	302-1, 3~4			•	•	•	•					Energy Management
	Product Sustainability	416-2, 417	TC-ES-410a.1 TC-HW-230a.1 TC-HW-410a.1 TC-HW-410a.2 TC-HW-410a.3 TC-HW-410a.4			•	•	•		•	•		Sustainable Product
Society	Talent attraction & retention	401, 405-1	TC-HW-330a.1		•	•	•	•	•				Diversity and inclusion Recruitment
	Talent cultivation & development	404			•	•	•	•	•				Human Capital Development
	Human rights management	402-1, 405, 406, 407, 408, 409	TC-ES310a.1		•	•	•	•	•		•		Human Rights Management
	Occupational Safety & Health	403	TC-ES-320a.1		•	•	•	•					Workplace Health & Safety
	Social Participation	203-1 203-2			•	•	•	•				• •	Community Contribution

Material Topic Disclosure Boundaries

Pillar	Strategy	Issue	Stakeholder	Operational Impact	Risk	Opportunity	Action Plan	Key Performance Indicator	Targets			SDGs	Report Section
									2026 Short-term	2028 Medium-term	2030		
Sustainable Operations	Implementing Sustainable Operations	Corporate Governance	Investors, Government	Achieving Sustainable Business Goals	Leading to Operational Risks and Reputational Damage	Enhancing Decision-Making Efficiency and Sustainable Competitiveness	Establishing an Effective Corporate Governance Structure and Control Mechanisms to Enhance Governance Functions	Training Hours for Directors	≥ 6h	≥ 6h	≥ 6h		Corporate Governance
		Business Ethics	Investors, Government, Customers, Suppliers	To create a sustainable business environment, avoid dishonest acts that harm customer trust and cause corporate losses.	Harming Customer Trust and Bringing Operational Risks	Building an Ethical Corporate Culture and Sustainable Trust	Establishing Business Ethics Policies and Regulations to Shape a Corporate Culture Based on "Integrity" and Conducting Ethics-Related Risk Assessments and Supervision	Completion Rate of Business Ethics Education and Training	>98%		100%		Corporate Governance C. Business Ethics
								Number of Major Business Ethics Violations	0 Cases				
	Information Security		Customers	Ensuring the Confidentiality of Information Assets to Comply with Regulations and Gain Customer Trust	Leading to Operational Disruptions and Reputational Losses	Protecting Data Confidentiality, Complying with Regulations, and Strengthening Customer Trust	Identifying Information Security Management Risks, Preventing Information Security Incidents, and Enhancing Employee Information Security Awareness and Knowledge	Completion Rate of Information Security Education Courses	>99%		100%		Corporate Governance E. Information Security Management
								Number of Major Information Security Incidents	0 Cases				
								Annual ISO 27001 Certification	Annually Certified				
Environmental Protection	Customer Relationship Management		Customers	Gaining Customer Satisfaction and Trust to Achieve Greater Profits	Damaging Customer Loyalty and Revenue Performance	Improving Customer Satisfaction and Business Trust	Establishing Smooth and Efficient Customer Communication and Implementing Customer Information Protection Mechanisms	Customer Satisfaction (Full Score: MitraStar 10, ZCom 100, ZNet 5)	MitraStar >9 ZCom >90 ZNet >4.3	MitraStar >9.5 ZCom >92 ZNet >4.5			Value Chain A. Customer Relationship
								Coverage Rate of Trade Secret Protection Courses	>95%	>97%	>99%		
	Sustainable Suppliers		Suppliers	Supplier's sustainable management will strengthen partnerships with the supply chain and practice the company's sustainable value.	Lack of Sustainability Awareness Brings Operational Disruptions and Brand Risks	Strengthening Partner Collaboration and Value Chain Resilience	Implementing a Sustainable Supply Chain Management Model and Establishing Sustainable Supply Chain Partnerships	Key Suppliers: • Completion Rate of Signing CSR Commitments • Completion of ESG Assessment Questionnaires • Completion of ESG Education and Promotion Courses	MitraStar 80%	ZCom/ZNet 100%	MitraStar: 90% ZCom/ZNet: 100%		Value Chain B. Supplier Management
Sustainable Value	Mitigating Environmental Impact	Climate Strategy	Government Community Investors Customers Suppliers	Understanding the Risks and Opportunities of Climate Change Can Supervise Operational Strategies and Financial Planning, Reducing the Financial Impact of Climate Risks	Causing Production Disruptions and Financial Losses	Enhancing Operational Resilience and Carbon Management Effectiveness	- Conduct Climate Disaster Drills for Business Continuity Management Plans to Strengthen Climate Resilience - Set science-based emissions-reduction targets and advance GHG reductions toward net zero by 2050.	Number of Days of Production Disruption Caused by Climate Disasters	0 Day	0 Day	0 Day		Sustainable Environment A. Climate Change
		Energy Management	Government Community Investors Customers Suppliers	Assisting in Sustainable Operations, Implementing Environmental Protection and Energy Conservation Visions, Reducing Greenhouse Gas Emissions, and Reducing Energy Costs	Increasing Cost Expenditures and Environmental Risks	Improving Energy Efficiency, Reducing Emissions, and Reducing Operating Costs	Commit to using 100% renewable energy by 2050.	Complete Solar PV Installation; Increase Renewable Energy Use	100% solar installation at the Hsinchu plant Renewable energy >6%	100% solar installation at the Vietnam plant Renewable energy >25%	Renewable Energy Use: >30%		Sustainable Environment B. Energy Management

Pillar	Strategy	Issue	Stakeholder	Operational Impact	Risk	Opportunity	Action Plan	Key Performance Indicator	Goals			SDGs	Report Section
									2026	2028	2030		
Sustainable Value	Innovative Sustainable Products	Product Sustainability	Customers, Suppliers	Enhancing the Sustainable Value of Products, Implementing Green Product Research and Development and Design to Establish Product Design Capabilities that Reduce Environmental Impact	Weakening Market Advantages and Brand Image	Reducing Environmental Impact and Enhancing Product Competitiveness	• Establish Green Product-Related Design Guidelines and Checklists • Product Carbon Footprint Inventory and Management • Implement Green Product Design and Packaging	• Establish Product Carbon Footprint Operating Procedure Documents • Achievement of Product Carbon Footprint Management Goals • Green Product Design Implementation Ratio	• Establish comprehensive product environmental footprint impact reports. • Achieve 100% adoption of green design.	Complete environmental footprint reports.	Reduced life cycle carbon emissions of flagship products and obtained third-party verification.		Sustainable Product
Friendly Workplace	Talent attraction & retention		Employees	Attracting and retaining top talent can enhance operational performance.	Talent Loss Leading to Operational Challenges	Improving Operational Performance	Understanding Market Salary Trends and Ensuring the Provision of Competitive Total Compensation Packages	Indirect Employee Turnover Rate	<15%	<14%	<12%		Sustainable Product
	Talent cultivation & development		Employees	Diverse training programs will attract and retain talent	Lack of Training May Reduce Employee Skills and Loyalty	Diverse and Comprehensive Training Programs Help Attract and Retain Talent	Provide Diverse Talent Training Programs	Annual Training Program Completion Rate	>98%	>99%	>99%		Friendly Workplace A: Diversity and Inclusion Recruitment
	Human Right Management		Government Supplier Employees	Maintain human rights to establish a sustainable work environment	Impact on Corporate Reputation and Compliance Risks Safety Incidents Will Bring Operational Disruptions and Legal Risks	Creating a Fair and Inclusive Work Environment Ensuring Employee Health and Continuous Operation	Focus on Women's Career Development	Percentage of Female Managers	>30.7%	>30.8%	>31%		Friendly Workplace A: Human Capital Development
	Workplace Health & Safety		Government Supplier Employees	Maintain a safety-first work environment to ensure continuous operations and steady growth.	Damage to Corporate Image and Community Relations Impact on Corporate Reputation and Compliance Risks	Building Good Relationships and Enhancing Corporate Image Creating a Fair and Inclusive Work Environment	Promote a Culture of Occupational Safety	Coverage Rate of Occupational Safety and Health Education Courses	>99.7%	>99%	100%		Friendly Workplace C: Human Right Management
Community Contribution	Fulfilling Corporate Social Responsibility	Community Contribution	Community	Public welfare activities help build strong relationships with the local community and enhance corporate image	Safety Incidents Will Bring Operational Disruptions and Legal Risks	Ensuring Employee Health and Continuous Operation	Through Scholarships, Industry-Academia Collaboration, Self-Organization, and Sponsorship of Talent Development-Related Activities	Long-Term Sustainability	NT\$8.8 million	NT\$8.8 million	NT\$8.8 million		Community Contribution A: Cultivation of Talent
							Organize or Sponsor Public Welfare Activities Promoting Social Care and Environmental Protection and Carbon Reduction Within the Company or in the Community Every Year						
								Number of Events Held	8 Events	8 Events	8 Events		Community Contribution B: Care of the Community C: Environmental Protection

Material Topic Engagement Outcomes and Improvements

Stakeholder	meanings	Issues	Channels	Frequency	Actions	2025 Engagement Outcomes	Chapter
Investor	Provide transparent disclosure of operational status to investors, enhance investment value, and increase investor confidence	Corporate governance Business ethics	Board of Directors	Quarterly	- Provide investors with appropriate returns on investment - Provide timely and accurate financial information - Release major announcements through the public information observatory	- Organize shareholder meetings to communicate with shareholders - Collaborate with the Financial Supervisory Commission to complete corporate governance evaluation tasks	Governance Structure Business Ethics
			Zyxel Group Investor Conference	Every year			
			Zyxel Group company annual report/ sustainability report	Every year			
			Zyxel Group company website: investor relations webpage	Quarterly			
			Market Observation Open System	Aperiodic			
			Spokesman	Aperiodic			
Customer	Maintain product quality and service excellence, provide optimal solutions for customers, and foster mutual growth between the company and its customers	Business Ethics Information Security Customer Relationship Management Sustainable Product	Regular Business Meetings	Weekly	- Online courses on legal regulations for the protection of business secrets - Customer Satisfaction Survey - Customer Service Online System - Provide high-quality products - Committed to the research and development of environmentally friendly products and technologies - Cooperate with customers' specifications for environmentally friendly products	- Trade Secret Training Coverage Rate: 99.4% - Continue Enhancing the Online Customer Service System 2025 Customer Satisfaction: MitraStar9.6/10, Zyxel Communications: 100/100, Zyxel Networks4.6/5 - Provide Business Continuity Management Documents, Certificates, and Sustainability Reports	Information Security Management Customer Relationship Supplier Management Sustainable Product
			ESG Planning Meetings	Quarterly			
			Online Customer Service System	Aperiodic			
			Customer Satisfaction Survey	Every year			
			Customer Questionnaire Responses	According to customer requirements			
			Customer Audits	According to customer requirements			
Employees	Employees are vital assets for the company's growth. Building strong labor-management relationships is essential for continuous innovation and improved operational performance	Talent attraction and retention Cultivation of Talent Human Right Management Safety and Health	President's town hall meeting	Quarterly	- Communication Through Diverse Employee Communication Channels - Online course - Diversified courses for physical, mental and career development - Subsidies for diverse club activities - Diverse health promotion activities - A working environment that meets labor regulations and standards - Factory accident and disaster prevention	22 president's town hall meeting, 57 labor-management meetings 1,511 questionnaires for employee opinion survey - Completion rate of human rights-related training courses for new recruits 100% - Sexual harassment prevention courses cover 99.2% - Activity Satisfaction 4 or above out of 5, 92% - Occupational Safety Education Course Completion Rate: 98.6%	Diversity and inclusion Recruitment Human Capital Development Human Rights Management Workplace Health & Safety Community Contribution
			Labor-management meeting	Periodic			
			Internal staff website	Aperiodic			
			Welfare Committee website	Aperiodic			
			Company announcement	Aperiodic			
			Suggestion mail box	Aperiodic			
			Employee satisfaction survey	Every year			

Stakeholder	meanings	Issues	Channels	Frequency	Actions	2025 Engagement Outcomes	Chapter
Supplier Contractor	Suppliers are important partners for the company, working together to create a sustainable value chain	Business Ethics Sustainable Supplier Sustainable Product Workplace Health & Safety Human Rights Management	Supplier survey	Every year	- Systematize document sign-back processes - Require supplier compliance with Code of Conduct - Secure supplier CSR commitment signatures - Conduct supplier CSR assessment surveys - Perform on-site supplier audits - Provide ESG training for suppliers - Host annual supplier conferences - Utilize GPMS to help suppliers meet all green standards	- Systemized document sign-back processes - Code of Conduct sign-off rate: MitraStar 89%, Zyxel Communications 100%, Zyxel Networks 100%* - Key supplier CSR self-assessment completion rate: 100% - On-site supplier audit completion rate: 100% - Supplier ESG training completion rate: 100% - Hosted 2 supplier conferences	Business Ethics Supplier Management Workplace Health & Safety
			Supplier on-site audit	Aperiodic			
			Supplier training materials	Every year			
			Supplier conference	Every year			
			Sustainable Management System	Aperiodic			
Government	Coordinate with legal and policy advocacy, comply with government and regulatory standards, and engage in proactive communication to gain government support	Corporate Governance Business Ethics Climate Strategy Energy Management Human Rights Management Workplace Health & Safety	Association of Science Park Industries	Aperiodic	- Regulatory compliance - Align with government policy advocacy and events - Maintain constructive dialogue with authorities - Participate in Park Bureau EHS events - Official correspondence and site visits - Attend government briefings and forums	- Zero major non-conformities in EHS and energy management - Zero major non-conformities in working conditions - Awarded MOEA subsidy for Large-to-Small Low-Carbon Transformation Program - Participated in HSCP EHS Month events	Governance Structure Business Ethics Human Rights Management Workplace Health & Safety
			Government department communication meetings	Aperiodic			
			Government seminars and public hearings	Aperiodic			
			Government Evaluation	Every Year			
Community	Establish strong communication relationships, participate in community affairs, and maintain ongoing interactions with industry peers and associations. Through continuous communication and collaboration, contribute positively to society	Climate Strategy Energy Management Community Participant	Internal company clubs	Irregularly	- Participate in community contribution activities - Zyxel Foundation Scholarship - Industry-academia collaboration programs	- NT\$20.36M in scholarships granted to 378 students - Sponsored/Hosted 8 talent development events - Sponsored/Hosted 8 social care activities - Hosted 1 environmental protection event - Adopted "Nature Valley Environmental Trust" restoration project - Zero community complaints received	Community Contribution
			Progress Education Foundation	Annually			
			Zyxel Foundation	Annually			
			Company website	Ongoing			
			Press releases	Irregularly			
			Spokesperson	Irregularly			
			Complaint channels	Available anytime			

| Corporate Governance



A. Governance Structure



B. Financial Performance

C. Business Ethics

D. Risk Management

E. Information Security Management



Corporate Governance



Corporate Governance Policy

"Integrity" is a core value of Zyxel Group and its subsidiaries. In corporate governance, we adhere to high ethical standards and full regulatory compliance. We believe robust governance generates maximum value for all stakeholders, fulfilling our responsibility as a good corporate citizen.

Financially, we safeguard shareholder interests and maximize returns through timely, transparent disclosures. Operational, financial, and governance information is regularly published via annual reports, financial statements, and press releases on our website, supported by a formal inquiry mechanism and an official spokesperson system in compliance with regulations.



Sustainable Strategy: Implement Sustainable Management



Major Issue: Corporate Governance, Business Ethics, Information Security



Stakeholders: Investors, Customers, Suppliers, Government



SDGs:



Performance Highlights

Employee Business Ethics Training Completion Rate	TCSA Award	Employee Information Security Training Completion Rate
99.2%	Information Security Award	98.7%
0 Major Business Ethics Violations	ISO 27001 Certification	0 Major Cybersecurity Incidents

Corporate Governance Targets and Achievements

Strategy	Issue	Operational Impact	Actions	Performance Indicators	2025 Target	2025 Achievements	Goals			
							2026 short-term	2028 mid-term	2030 long-term	SDGs
 Implement sustainable management	Corporate Governance	Achieve the company's sustainability goals	Establishing an effective corporate governance framework and control mechanisms to enhance governance functions.	Board of Directors Training Hours	≥ 6 Hours	6+ Hours of Continuing Education for Each Director	v	≥ 6 Hours	≥ 6 Hours	≥ 6 Hours
	Business Ethics	To create a sustainable business environment, it is essential to avoid any dishonest practices that could undermine customer trust and lead to corporate losses	- Establish a business ethics policy and standards - Foster a corporate culture based on "integrity" and conduct ethical training - Conduct ethical risk assessments and supervision through internal control self-assessments and audits	Training completion rate for education programs	>98%	99.2%	v	>98%	>98%	100%
				Number of major business ethics violations	0 Cases	0 Cases	v	Major business ethics violation: 0		
				Completion rate for information security training courses	>98%	98.7%	v	>99%	>99%	100%
	Information Security	Ensure the confidentiality of information assets to comply with regulations and gain customer trust.	- Identify cybersecurity management risks to prevent security incidents - Enhance employees' awareness and knowledge of information security	Number of major information security incidents	0	0	v	major information incident: 0		
				Annual acquisition of ISO 27001 certification	Annual acquisition	Acquisition	v	Annual acquisition		
										

A. Governance Structure

Zyxel Group's Board of Directors serves as the highest governing body. It has established an Audit Committee, a Remuneration Committee, and a Sustainability Development Committee to strengthen management and oversight. A Chief Corporate Governance Officer is responsible for corporate governance matters. The Company has also adopted the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles and Procedures and Guidelines of Conduct, and Sustainable Development Best Practice Principles to enhance its governance framework.

In financial and business management, the Company follows the principles of complete and timely disclosure to safeguard shareholders' rights and create long-term shareholder value. Financial, business, and corporate governance information is disclosed through annual reports, financial reports, and press releases on the Company website. The Company also maintains an inquiry response mechanism and implements a spokesperson system in accordance with applicable regulations.

1. Strengthening Board Functions

Zyxel Group has a nine-member Board of Directors, including three independent directors. Directors are nominated by the Board and elected by shareholders for a three-year term, with re-election permitted. The Company has established both a Remuneration Committee and an Audit Committee to strengthen oversight and governance mechanisms.

The Finance Division is responsible for corporate governance matters. In March 2021, the Board appointed a Chief Corporate Governance Officer to oversee related affairs.

In 2025, the Board convened eight meetings, and the annual shareholders' meeting was held on June 17, 2025.

Board Independence

In 2025, Zyxel Group had four independent directors, representing 44% of the total Board. During their tenure, each independent director signs an annual Declaration of Independence confirming compliance with the qualifications set forth in the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and the Securities and Exchange Act.

Among all Board members, only two directors are spouses or relatives within the second degree of kinship, in compliance with the requirements of the Securities and Exchange Act.

Board Diversity

Zyxel Group has established a Board Diversity Policy covering gender, age, nationality, cultural background, professional expertise, skills, and industry experience.

Directors concurrently serving as Company managers account for no more than one-third of Board seats. The Board includes three parent-company employee directors, one executive director with a managerial role, and four independent directors. The average Board tenure was 4.8 years in 2025.

Of the nine Board members, one is female (11%). Members include one director aged 41–50, five aged 61–70, and three aged 71–80. Board members possess expertise in engineering, electrical engineering, management, and finance, as well as relevant industry experience and sustainability management capabilities. They oversee the planning and implementation of sustainable development initiatives in accordance with the Company's established policies and objectives. For further information, please refer to the [Zyxel Group Investor Relations website](#) and the [2025 Annual Report](#) (P 7).

2025 Board Diversity Policy: Management Objectives and Implementation Results

Target	2025 Achievement	Achieved
At least one female director	1 Female Director, Representing 11% of the Board	✓
At least one director with a finance or accounting background	2 Directors with Financial/Accounting Backgrounds	✓
Managerial directors ≤ 1/3 of Board seats	Executive Directors Kept Under 1/3 of Board Seats	✓

Significant Events After the Reporting Period

In 2026, Zyxel Group's nine-member Board includes four executive directors, one non-executive director, and four independent directors. Non-executive directors account for 56% and independent directors 44% of the Board. Two female directors represent 22% of Board members. Board independence and gender diversity both improved from 2025. For more information, please visit the [Zyxel Group Investor Relations website](#).

Name	Title	Sustainability Governance Responsibilities	Term	Gender	Education	Professional Knowledge and Experience							
						Operational Judgment	Accounting and Finance	Business Management	Industry Knowledge	International Market Perspective	Leadership	Decision Making	Sustainable Development
Shun-I Chu	Chairman	Chair of Sustainability Guidance Committee, Chair of Zyxel Foundation	16	Male	Electronics Engineering	•	•	•	•	•	•	•	
Ping-Chin Lee	Director	-	4	Male	Electronics Engineering	•	•	•	•	•	•	•	
Wayne Huang	Director	Member of Sustainability Guidance Committee	4	Male	Electronics Engineering	•	•	•	•	•	•	•	
Chueh-Min Hsu	Director		1	Male	Electronics Engineering	•		•	•	•	•	•	
Ping-Jie Chu	Director	Member of Sustainability Guidance Committee Member of Zyxel Foundation	4	Female	Finance	•	•	•	•	•	•	•	•
Chin-Tang Liu	Independent director		7	Male	Accounting	•	•	•		•	•	•	
Chin-Liang Wang	Independent director		4	Male	Electronics	•		•	•	•	•	•	
Yi-Bing Lin	Independent director		2	Male	Electronics	•		•	•	•	•	•	•
Hsing-Hai Wei	Independent director		1	Male	Accounting	•	•	•	•	•	•	•	•

Board Accountability and Governance

Zyxel Group continuously strengthens its board governance mechanisms to ensure high accountability for long-term shareholder value. In 2025, the average attendance rate at board meetings reached **86.84%**. Pursuant to the Articles of Incorporation, directors serve three-year terms and undergo re-election upon term expiration to maintain renewal and accountability. Furthermore, amendments to the Articles of Incorporation require shareholder resolution and must be registered with competent authorities within 15 days, safeguarding shareholder rights to participate in major corporate decisions.

Currently, no board member holds more than four official positions at other listed companies. The company has established a board performance evaluation mechanism, the results of which serve as a key reference for director re-election and remuneration. Regarding director liabilities, Zyxel Group directors must comply with the "Taiwan Stock Exchange Corporation Directions for Compliance Requirements on the Establishment and Exercise of Powers of Boards of Directors of Listed Companies," with no limitation on associated legal responsibilities.

Note: The average actual attendance rate at board meetings does not include attendance by proxy.

Note: For details on directors holding other authorized positions in listed companies, please refer to page 6 of [Zyxel Group's 2025 Annual Report](#).

Conflict of Interest Management

Zyxel Group has stipulated explicit conflict-of-interest regulations in both the "Rules of Procedure for Board of Directors Meetings" and the "Audit Committee Charter." If a director, or the corporate entity they represent, has a personal interest in any matter under consideration, the director must explain the key details of that interest during the meeting. If such interest risks harming the company's interests, the director is prohibited from participating in discussion and voting, must recuse themselves from both, and may not act as a proxy for other directors to exercise voting rights. An interest held by a director's spouse, relatives within the second degree of kinship, or a company with a controlling/subsidiary relationship with the director is deemed a personal interest of the director. The names of relevant directors, details of the conflict, and recusal status are fully recorded in the meeting minutes.

Zyxel Group has appointed Independent Directors who provide objective and impartial recommendations based on their expertise and experience. When discussing any motion, the Board fully considers the opinions of Independent Directors and records their reasons for approval or dissent in the meeting minutes. This ensures adherence to conflict-of-interest principles and effectively safeguards company interests. For details regarding the performance and records of board recusal, please refer to page 14 of the [Zyxel Group 2025 Annual Report](#).

Linking Board Performance Evaluation with Sustainability Performance

Linking Board Performance Evaluation with Sustainability Performance Zyxel Group has established the "Rules for Performance Evaluation of the Board of Directors" to encourage self-regulation among board members and enhance board operations. The company conducts an internal questionnaire evaluation at least once a year to assess the previous year's performance of the Board of Directors, individual board members, and functional committees against various performance indicators. Once collected and compiled, the results are reported to the Board to review and implement improvements for areas requiring enhancement. These evaluation results also serve as a reference basis during director nominations. Furthermore, an external evaluation is conducted every three years by an independent professional institution or expert team. In 2024, Zyxel Group commissioned the "Taiwan Association of Integrity and Ethics" to perform performance evaluations for the Board of Directors, Audit Committee, and Remuneration Committee.

Simultaneously, the Board of Directors is tasked with urging the company to practice sustainable development, continuously reviewing implementation effectiveness to ensure the execution of sustainability policies. The Board articulates the sustainability mission and vision, formulates policies and management strategies, integrates sustainability into corporate operations and strategic direction, approves concrete execution plans, and guarantees the timeliness and accuracy of ESG disclosures. The board performance evaluation result for 2025 was rated as "Excellent" and was formally reported to the Board of Directors on March 9, 2026.

For detailed information, please visit our [website](#).

Director Continuous Professional Development

Zyxel Group ensures directors maintain professional knowledge through regular courses on topics like management, finance, risk management, and sustainable development. The company provides relevant training information and regularly assesses the independence of the auditing firm. Corporate social responsibility courses are also offered to help directors understand corporate governance and sustainability trends. For course details, please refer to pages 84–85 of the [Zyxel Group 2025 Annual Report](#).

2025 Board Function Execution

- At least four separate meetings are held annually between independent directors, the CPA, and the head of internal audit.
- The board composition includes diverse backgrounds, such as engineering, electrical engineering, management, and finance, and includes one female director.
- Each re-elected director participates in at least six hours of continuing education courses related to corporate governance and sustainable development annually.
- The board conducts a self-performance evaluation annually, and an independent external institution is commissioned to conduct an external evaluation at least every three years.
- In 2024, the "Taiwan Integrity and Ethics Association" was commissioned to conduct a performance evaluation of the board.

2025 Board of Directors' Sustainability-Related Agenda Items

Category	Agenda Item
ESG Report	* 2024 ESG Performance
	* 2025 ESG Annual Plan
	* 2024 Sustainability Report
	* H1 2025 ESG implementation status
Sustainable Management	* Stakeholder Engagement Status
	* SBTi Target Implementation Progress
	* Community Engagement and Philanthropy Progress
Corporate Governance	* Integrity Management Implementation
	* Board and Functional Committee Performance Evaluation (Internal and External)
	* Intellectual Property Management Plan and Implementation
Risk Management	* 2025 BCM Business Continuity Management Plan
	* Information Security Risk Management

Five Key Areas of Board Performance Evaluation

• Participation in the Company's operations	• Directors' appointment and continuing education
• Enhancement of Board decision-making quality	• Internal control
• Board composition and structure	

Functional Committee Operation

To strengthen Board functions and sustainability governance, Zyxel Group has established an Audit Committee, a Remuneration Committee, and a Sustainability Development Committee. Their responsibilities and performance are outlined below:

Audit Committee	Remuneration Committee	Remuneration Committee
• Purpose: Strengthens corporate governance and Board oversight by providing independent, professional support for Board decision-making. • Composition: Comprises all independent directors, with at least three members. One member serves as convener, and at least one member has accounting or financial expertise. Members serve three-year terms and may be re-elected. • Meetings: Held at least quarterly, with separate communication with internal audit and external auditors. • Key Responsibilities: Reviews internal controls, financial statements, material asset transactions, derivatives, loans, guarantees, external auditor appointments and remuneration, and the appointment or dismissal of key finance, accounting, and internal audit executives. • 2025 Performance: 5 meetings / 94.12% attendance	• Purpose: Ensures transparent and fair remuneration for directors and management. • Composition: Three members appointed by the Board, including at least one independent director serving as convener and chair. • Meetings: At least twice annually. • Key Responsibilities: Reviews and recommends policies and standards for director and management performance evaluation and remuneration. • 2025 Performance: 2 meetings / 100% attendance	• Purpose: Established to advance the Company's sustainability goals and strengthen sustainability governance. • Composition: Consists of at least three members appointed by the Board. Members must possess sustainability expertise, with at least one director participating in oversight. • Meetings: At least twice annually. • Key Responsibilities: Develops and advances sustainability policies, annual plans, and strategies; reviews sustainability performance and disclosures; reviews the sustainability report; and oversees implementation of the Company's sustainability commitments. Establishment: August 2026

More information: [Zyxel Group annual report 2025](#) P16-19

More information: [Zyxel Group annual report 2025](#) P19-21

Executive Compensation

The company has established a "Compensation Committee" as an independent unit, which holds at least two meetings annually. This committee formulates relevant compensation policies for senior management, proposes compensation for the Chairman, CEO, and senior managers based on market standards and management considerations. These proposals are approved by the "Compensation Committee" and then submitted to the company's Board of Directors for resolution.

The compensation policy is based on the company's "General Manager Performance Bonus Regulations," which comprehensively evaluate operational performance, contribution, team stability, future constructiveness, and social responsibility.

CEO and Senior management compensation is determined not only by individual performance but also by the company's operational and financial performance. Variable compensation is linked to the company's financial indicators, including the annual growth rate of consolidated revenue, consolidated gross profit, consolidated operating profit, and operating profit margin. Furthermore, the General Manager's various sustainability performance indicators, including the integration of company operations with ESG strategies and the top-down internal integration of ESG planning, are also used as metrics. More Information: [Zyxel Group annual report](#) 2025 p13

Long-term incentives

To attract, retain, and motivate top talent while enhancing employee engagement, Zyxel Group issues Restricted Stock Awards (RSAs). The company establishes individual performance targets with employees, tied directly to operational goals and sustainability metrics. The weighting framework includes: Individual Performance Metrics (0–80%), Operational Metrics—comprising revenue growth and operating income growth (0–40%), and Sustainability Metrics (0–20%). The proportion of vested shares is calculated based on these performance metrics, reinforcing long-term incentives for both operational growth and sustainable business development.

CEO to Employee Compensation Ratios

CEO Compensation to Median Employee Salary Ratio	CEO Compensation to Average Employee Salary Ratio
7.1	6.01

Note: The ratios represent the relationship between the total annual compensation of the CEO and the average or median salaries of employees, calculated by dividing the CEO's compensation by the average or median employee salary.

CEO Compensation Indicators

Variable Compensation	Category	Performance Indicators
	Financial Returns	Annual growth rates of consolidated revenue, gross profit, operating income, and operating profit margin
	Relative Financial Indicators	• Risk Management: Identification and mitigation of high-risk projects. • Sustainability Indicators: Various sustainability development metrics and rankings from sustainability indices.

2. Shareholder Rights

Protection of Rights

Designated personnel handle shareholder suggestions or disputes and engage Mega Financial Transfer Agency to assist with these matters. Stock personnel monitor the situation of major shareholders and disclose this information on the designated information disclosure website of the competent authority on a monthly basis, effectively managing the list of significant shareholders and ultimate controllers. Meanwhile, a risk control mechanism is established with related companies to formulate regulations regarding loans to others and endorsements and guarantees, preventing potential financial malfeasance and its cascading impact on related companies.

Shareholder Communication

An Investor conferences is held and the executives at the management level directly explain the business overview, strategic planning and future development to the investment corporation and the media, and report the target plan and results of sustainable development.

Information Disclosure

Zyxel Group's official website (www.zyxelgroup.com) features a dedicated "Investor Relations" section to disclose operational and corporate governance information, alongside an inquiry response mechanism for investors. The website is available in both Chinese and English, with designated personnel responsible for collecting and disclosing corporate information. The company also fully implements the official spokesperson system in accordance with regulations, ensuring all relevant information is publicly accessible on the company website for investor reference.

3. Regulatory Compliance

The company maintains high standards of regulatory compliance, establishing robust compliance and internal control systems to ensure that operations adhere to all applicable laws, regulations, and industry standards. We value integrity and a culture of compliance, continuously strengthening internal governance and risk management to ensure the company operates soundly within legal and ethical frameworks. Shareholder Communication.

Policy Formulation and Updates

The legal and compliance team regularly monitors regulatory changes and updates internal policies in a timely manner to ensure consistency with current legal requirements.

Incident Reporting and Response

The company has a clear reporting mechanism for employees to raise compliance concerns or potential violations. All reports are promptly investigated and properly addressed.

Incident Reporting and Response

The company has established a clear reporting mechanism for employees to report compliance concerns or potential violations. All reports are promptly investigated and properly handled.

In 2025, the company incurred no fines or penalties due to violations of corporate governance, anti-corruption, anti-monopoly, or other regulatory laws. Furthermore, there were no incidents involving personal data leaks, privacy breaches, or insider trading by directors or executive management. In addition, the company continuously monitors regulatory requirements related to employee rights—such as human rights and labor practices—and safeguards workplace fairness and employee well-being through institutional design and training mechanisms, fostering a safe, equal, and respectful work environment for all.

4. Internal Control

Organization

Zyxel Group establishes an internal audit unit under the board of directors. In accordance with the company's scale, business conditions, management needs and other relevant laws and regulations, Zyxel Group has deployed several qualified and appropriate full-time internal auditors and deputies.

Duties of Internal Auditor

The internal audit plan is a key work item of Zyxel Group's enterprise risk management. It audits the operation of each unit and subsidiary and proposes improvement measures to ensure the performance of enterprise operations.

- Assist the Board of Directors and management in examining and reviewing deficiencies in the internal control system, evaluating operational effectiveness and efficiency, and providing recommendations for improvement to ensure the continuous and effective implementation of internal controls, serving as a basis for review and revision.
- Each internal unit and subsidiary conduct a self-assessment annually in accordance with regulations. The Internal Audit Department reviews these self-assessment reports along with the remediation of internal control deficiencies and irregularities identified during audits.
- Based on risk assessment results, the Internal Audit Department formulates the annual audit plan, which is approved by the Board of Directors. The plan reviews the appropriateness of the internal control system and the effectiveness of operational implementation.
- Ongoing and project-based audits are carried out, covering the Company and its subsidiaries. Monthly audit reports are submitted to the Audit Committee in accordance with regulations, with quarterly follow-ups and re-examinations conducted on identified deficiencies.
- The head of Internal Audit regularly attends meetings of the Board of Directors and the Audit Committee to report on the implementation of audit plans and to confirm the effectiveness of the internal control system. No significant internal control deficiencies were identified in 2025.

2025 Internal Audit Result

Number of Internal Audit Operations	Number of Deficiencies	Number of Improvements
34	4	4

B. Financial Performance

1. Financial Performance Statement

Direct Economic Value Generated: Income

According to the 2025 consolidated statement of comprehensive income, Zyxel Group reported consolidated revenue of NT\$25.3 billion, gross profit of NT\$6.74 billion, net income after tax of NT\$652 million, and earnings per share (EPS) of NT\$1.56.

Operating Results (Unit: NT\$ thousand)

Item	2022	2023	2024	2025
Net operating income	30,515,803	30,379,982	25,969,435	25,295,196
Gross profit	6,987,954	6,679,139	6,434,215	6,743,321
Net operating profit (loss)	1,847,262	1,289,242	441,109	866,622
Before-tax profit (loss)	1,992,303	1,556,690	718,820	918,608
Consolidated net profit (loss)	1,626,931	1,355,592	591,534	652,489

Profitability Analysis

Item		2022	2023	2024	2025
Return on assets %		6.95	5.83	2.96	3.24
Return on equity %		16.92	12.83	5.28	5.64
Proportion to paid-in capital %	Operating profit	46.16	31.48	10.72	20.86
	Net profit before tax	49.79	38.02	17.47	22.11
Profit margin %		5.33	4.66	2.96	2.58
EPS/NT\$		3.87	3.38	5.28	1.56

Economic Value Distributed

Employee Remuneration and Welfare (Unit: NT\$ thousand)

Type Total Payroll expense	3,416,112
Labor and health insurance expense	374,184
Pension expense	193,970
Other employee benefit expenses	142,851

Payments to the Government: Total Consolidated Income Tax Paid in 2025 Amounted to NT\$120,284 thousand

2025 Revenue Breakdown by Main Product Category

	Sales Revenue (NT\$ thousand)	Sales Ratio (%)
Broadband Equipment	19,458,562	76.93%
Enterprise Networking Equipment	3,793,605	15.00%
Other	2,043,029	8.07%
Total	25,295,196	100%

2. Tax Management and Risk Control

Tax Management and Risk Control Commitment

Zyxel Group adopts a sustainable tax management policy. As a global networking company, Zyxel Group actively monitors international tax regulations and periodically reviews its tax policy to ensure full compliance with local laws and regulations.

The Board of Directors serves as the highest decision-making body for the Group's tax policy. The Accounting Department is the designated unit responsible for income tax filing, executing filings following appropriate approval procedures. The accounting departments of subsidiaries report regularly to executive management on local tax management and outcomes, enabling the leadership team to maintain complete oversight of tax policy execution.

The company maintains proper communication with stakeholders—including regulatory bodies, tax authorities, investors, the Board of Directors, and the Audit Committee—exchanging information on tax compliance, regulatory changes, and material tax issues while addressing stakeholder concerns in a timely manner.

To manage tax risks and complex regulatory compliance across global operations, we continuously monitor and evaluate updates in tax legislation. In addition to conducting internal training, we engage external professional tax advisors as appropriate to provide strategic guidance on major transactions, effectively mitigating potential tax risks.

Tax Management Policy

- Committed to comply with the spirit and contents of the tax laws and regulations in the countries where the company operates.
- Committed to not transfer created value to low-tax jurisdictions.
- Committed to not use tax structures that lack commercial substance.
- Committed to apply the Arm's Length Principle in transfer pricing.
- Committed to not use secrecy jurisdictions or so-called "tax havens" for tax avoidance.
- The process for approving tax policies is overseen by the Board of Directors.

Tax information (Unit: NT\$ thousand)

Item	2024	2025
Revenue	25,969,435	25,295,196
Profit before tax	718,820	918,608
Current income tax payable	205,816,	116,761,
Effective tax rate	28.6%	12.7%
Income tax paid	428,782	120,284
Cash effective tax rate	59.7%	13.1%

Note: For related information, please refer to p. 6 of [the Q4 2025 Zyxel Group Financial Report](#).

2025 Economic Value Generated and Distributed by Region

Item	Asia	Europe	Other	Total
Operating Revenue	52%	41%	7%	100%
Profit before tax	64%	25%	11%	100%
Current income tax payable	82%	27%	-9%	100%
Income tax paid	116%	23%	-39%	100%

Note: Other Regions: United States, Brazil, and other countries

3. Policy Influence

Zyxel Group actively participates in various industry associations and non-profit organizations, focusing on areas such as industry development, technological innovation, and corporate sustainability. Through these associations and activities, the company gains the latest information related to the industry and technology, while maintaining strong relationships with companies and organizations in relevant fields. Zyxel Group also ensures that its policies align with government public policies and the positions adopted by its industry associations. Participation will be evaluated and adjusted if positions are significantly inconsistent with the company's sustainability or climate commitments.

The company maintains open communication with its stakeholders and upholds a politically neutral stance, refraining from engaging in political election activities or making political donations. Zyxel Group has not contributed to any political campaigns, public policy groups, or legislative organizations.

In 2025, the company paid a total of NT\$ 1,738,200 in membership fees to industry associations and organizations.

Government Financial Subsidies in 2025 (Unit: NTD)

Region	Project/ Item	Subsidy Amount
Taiwan	MitraStar+N Taiwan Networking Supply Chain and International Initiative Low-Carbon Transformation Project	5,084,939
	Job Redesign Service Subsidy (Taoyuan-Hsinchu-Miaoli Regional Branch, Workforce Development Agency)	335,440
	Kaohsiung 5G AIoT Park Rent Subsidy	317,953
	Wage Subsidies for 6th and 7th Days of Pregnancy and Companion Check-up Leave	37,386
China	Steady Growth Support Fund	67,559
	Municipal Smart Manufacturing Demonstration Benchmark Award Fund	900,780
	Steady Growth and Project Incentive Fund	99,968
	Job Expansion Subsidy	18,818
	Wuxi Employment Stabilization Subsidy and Refund	2,378,740
	Wuxi High-Tech Zone Special Fund for Intelligent Transformation and Digitalization	285,242
	Special Fund for Foreign Trade Development: Technology Export Subsidy	2,718,709
Total		15,366,611

Membership in Associations and Organizations in 2025

Industrial Development

- Taiwan Science Park Industries Association(TSPIA)
- Taiwan Electrical and Electronic Manufacturers' Association(TEEMA)
- Taiwan Information and Communications Association(TAICS)
- Taiwan Defense Industry Development Association(TW-DIDA)
- Institute for Information Industry(III)

Technological Innovation

- Telecommunications Industry Association
- THE BROADBAND FORUM
- Wi-Fi Alliance
- GLOBAL CERTIFICATION FORUM (GCF)
- Forum of Incident Response and Security Teams (FIRST)

Corporate Sustainability

- Taiwan Institute for Sustainable Energy
- CIO Taiwan
- Hsinchu City Human Resources Management Association
- Taiwan Corporate Governance Association
- TALENT, in Taiwan
- Computer Audit Association (CAA)
- The Institute of Internal Auditors-Chinese Taiwan (IIA Taiwan)

Public Affairs Engagement Expenditure

Category	2022	2023	2024	2025
Industry Associations or Non-Profit Organizations Involvement	1,088,115	845,647	758,433	1,738,200
Interest Group Lobbying	0	0	0	0
Political Campaign Organizations or Candidate Donations	0	0	0	0
Other expenditures, such as election or referendum spending	0	0	0	0
Total	1,088,115	845,647	758,433	1,738,200

C. Business Ethics

Business Ethics Policy

Zyxel Group, based on the principles of integrity, transparency, and accountability, has established policies rooted in honesty and has implemented robust Corporate Governance and control mechanisms to create a sustainable business environment. The Group has developed global standards applicable to all employees, business partners, and suppliers, ensuring that the same standards are followed in work and business operations. This also guarantees fair and equitable treatment of customers, suppliers, and competitors.

Employees: For employees, the internal focus is on establishing policies and procedures that comply with the relevant laws and regulations, providing training, publicity activities and declarations, regular risk assessments, and internal control and auditing. While the external focus is on using notification channels and whistleblower protection mechanisms to protect third-party participants.

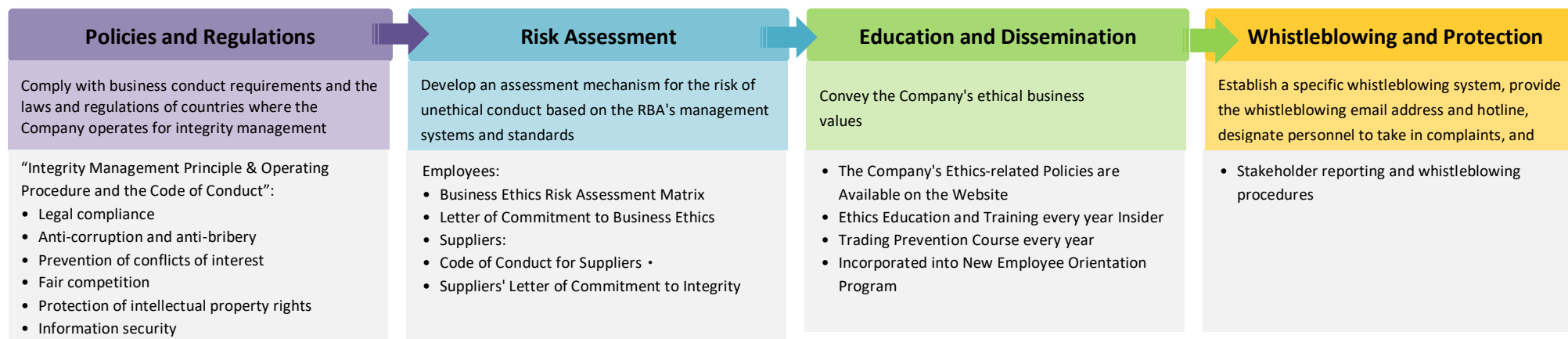
Suppliers: We also extend Zyxel Group's integrity management concept to review and assist suppliers in ethical management so they can understand the core value of Zyxel Group's integrity management and jointly establish sustainable business cooperation partnerships.

Targets & Achievements

Targets & Achievements											
Major Issues	Stakeholders	Channels	Actions	Performance Indicators	2025 Target	2025 Achievements		Goals			SDGs
								2026 short-term	2028 mid-term	2030 long-term	
Business Ethics	- Investor - Government - Customer - Supplier	- Annual report - Government Seminars and Public Hearings - Customer audit - Supplier survey	- Coordinate with legal advocacy and related activities - Online course on legal regulations for trade secret protection - Require suppliers to sign a code of integrity and ethics commitment	Completion rate of ethics training programs	>98%	99.2%	V	>98%	>98%	100%	
				Number of major ethics violations	0	0	v	Number of major ethics violations: 0			

Management Procedure

The Company's management procedure for integrity management involves **policies and regulations**, **risk assessment**, **education and dissemination**, and **whistleblowing and protection**. We observe business conduct requirements and the related laws and regulations of countries where we operate, map out policies and procedures, develop an assessment mechanism for preventing the risk of unethical conduct based on the RBA's management systems and standards, and provide relevant dissemination and training courses to convey the Company's ethical business values. A specific whistleblowing system is established accordingly and the whistleblowing email address and hotline are offered. The Company also designates personnel to take in complaints and adopts whistleblower protection measures for preventive response.



Management Organization

Zyxel Group Sustainability Development Committee - Ethics Team: The team is a management organization for business ethics and integrity management. It is responsible for coordinating the development, monitoring and implementation of the Company's integrity management policies and regulations, regularly reviewing the promotion of and compliance with the policies and regulations every year, and making reports to the Board of Directors.

The Group's subsidiaries draw up their own operating procedures and codes of conduct in accordance with Zyxel Group's policies, conduct internal implementation planning, organize dissemination and training courses, assess risks, and provide whistleblowing channels.

Internal Auditing Office's Internal Control, Self-evaluation, and Auditing: The office assesses moral hazards, monitors and audits the assessment process, maintains the whistleblowing channels, and frames review and corrective plans.

The Ethics Policy and Code is geared towards:

Corporate Compliance

- Every employee should comply with local laws, rules, and regulations while conducting business.
- Our business partners must follow the regulations.

Anti-bribery and Corruption

- All employees including top executives shall not engage, directly or indirectly, in any bribery or other activities which may be construed as corrupt business practices.
- In all relations with governmental agencies, customers, and suppliers, we shall not, directly or indirectly, engage in bribery, kick-backs, payoffs, or other activities which may be construed as corrupt business practices.
- Any form of bribery, corruption, extortion, fraud, embezzlement, and money laundering is strictly prohibited.

Prevention of Conflicts of Interest

- The involvement of personal interests in the Company's overall interests is prevented to avoid conflicts of interest which may lead to the failure of the Company's personnel to handle business matters in an objective and effective manner

Fair Competition

- The Company conducts transactions with customers in conformity with fair business, marketing and advertising standards and adopts reasonable measures to ensure the safety and quality of the goods or services provided.
- The employees shall not bring in business from customers by offering improper benefits and shall be dedicated to improving the products and services that meet the requirements of the customers.

Protection of Intellectual Property Rights

- To respect the intellectual property rights of others, all our employees and senior management shall ensure the confidentiality of the confidential information of the Company and our customers.

Information Security

- Information on the Company and our customers and suppliers shall be kept confidential unless the Company is authorized or required by the laws to disclose the information.
- An effective mechanism shall be used to prevent improper use of the confidential information.

1. Policies and Specifications

Zyxel Group's ethical policies and norms are based on the basic premise of complying with business conduct standards and the relevant laws and regulations where it operates, and implementing honest business operations. The content covers: anti-bribery and corruption, prevention of conflicts of interest, fair competition, intellectual property protection, and information security.

The Board of Directors of Zyxel Group has passed the “[Guidelines for Integrity Management and Operational Procedures and Conduct](#)”, which is formulated in accordance with the Code of Integrity Management of Listed OTC Companies and the relevant laws and regulations where the company operates, in order to implement the integrity management policy and prevent dishonest behavior.

The Staff Code of Conduct stipulates the basic code of conduct and ethical standards that all employees must abide by when performing their duties every day and expounds and reiterates the company's existing concepts, values, and spirit of relevant laws and regulations. The Employee Appointment Measures clearly stipulate employees shall not accept bribes, commissions, etc., so as to prevent employees from sacrificing the rights and interests of the company for personal interests.

Business ethics and Integrity related norms:

- Sustainability Policy
- Sustainable Development Best Practice Principles
- Guidelines for Integrity Management and Operational Procedures and Conduct
- Procedure for Ethical Management and Guidelines for Conduct
- Internal Procedures for Handling Material Information
- Code of Business Conduct and Ethics
- Stakeholder Appeal and Prosecution Guidance
- Ethical Corporate Management Best Practice Principles
- Fair competition Management Procedures

2. Risk Assessment

To strengthen integrity management and ethical governance, a systematic integrity risk assessment mechanism has been established in accordance with the RBA management system and standards. This mechanism comprehensively identifies and manages both internal and external stakeholders. Concrete implementation measures are promoted internally for directors, senior managers, and employees, and externally for suppliers and contractors

Stakeholders: Utilizing a Risk Assessment Analysis Matrix, an ethical risk assessment—including anti-corruption—is conducted for employees interacting with various stakeholder groups, including direct and indirect employees, young workers, student interns, migrant workers, employee representatives, contractors, customers, and local communities. This evaluation assesses the impact of ethical issues on operations and stakeholders, identifying potential risks such as bribery, extortion, and fraud to ensure integrity across operations and business dealings. For high-risk activities, potential risks are mitigated through enhanced due diligence and internal audits.

Directors/Managers: Signed Statement of Compliance with Corporate Integrity Policy: [100% Signing Rate](#)

Employees: Corporate integrity policies were advocated and signed, reaching [7,204](#) person-times in [2025](#).

Suppliers/Contractors: Suppliers and contractors are required to sign the "Supplier Code of Conduct," achieving a [100% signing rate](#). Suppliers must complete the "Supplier CSR Assessment Questionnaire." On-site audits are conducted using the "Supplier On-Site CSR Audit Checklist" for integrity due diligence. Suppliers are also required to sign the "Supplier CSR Statement and Commitment" and the "Integrity and Honesty Commitment" to ensure compliance with anti-corruption and business ethics regulations.

3. Training, Communication, and Advocacy

To guide Zyxel Group's stakeholders to better understand our business ethics standards, Zyxel Group has released our ethical related policies on the company website. We also communicate our concept of business ethics through education, promotion, mandatory online training courses, and various other communication channel and methods.

Ethics Training Course: Annual online courses cover anti-bribery, anti-corruption, legal compliance, conflict of interest, whistleblowing, data protection, intellectual property, and fair trade. Principles prohibiting kickbacks, bribery, extortion, fraud, and facilitation payments are communicated. [Training is mandatory for all employees and new hires, achieving a 100% completion rate for new hires and 99.2% for existing employees.](#)

Insider Trading Prevention Online Course: To enhance employee awareness of insider trading, an online course on insider trading prevention was established. Employees are required to complete the training and pass an assessment with a score of 80 or above. Course content covers the causes and identification process of insider trading, as well as legal liabilities for violations.

Corporate Integrity Training Courses

2025	Course Content	Trainees	Participants	Times	Coverage%
Business Ethics	Anti-Bribery & Anti-Corruption, Legal Compliance, Conflict of Interest, Whistleblowing & Grievances, Data Protection, Intellectual Property Protection, and Fair Trade	All employee	7,264	3,608	99.2%
Insider Trading Prevention	Insider Trading Awareness		1,430	716	99.0%

4. Whistleblower Mechanisms and Protection

The Company's Stakeholder Grievance and Whistleblowing Management Procedure governs reports received from internal and external stakeholders. All cases are handled by the Grievance Review Team, the unit responsible for the whistleblowing mechanism. A dedicated review and investigation is conducted for each case. Reports may be submitted anonymously or with the reporter's name; anonymous reports are assessed for acceptance in accordance with established procedures.

Upon receipt, the Grievance Review Team clarifies the reported matter, collects relevant evidence, and maintains complete records of the investigation process and results through written, electronic, or system-approved documentation. Investigations are conducted confidentially, promptly, fairly, and objectively. Report content and the reporter's identity are accessible only to authorized personnel. The Company maintains a zero-tolerance policy for retaliation to protect reporters and investigation participants from adverse treatment.

The reporter is appropriately informed of the outcome within 30 days of receipt of the complaint. Cases involving directors, senior management, material violations, or potential significant harm to the Company are proactively reported by the Internal Audit Office to independent directors or supervisors. Where a report is substantiated, the reporter may be rewarded in accordance with relevant regulations. For further details, please refer to ["the Group Stakeholder Grievance and Whistleblowing Procedure"](#).

Whistleblowing Mailbox

Internal Stakeholders	External Stakeholders
Human Resources Department	Audit Office
Whistleblower email: Care@zyxelgroup.com	Whistleblower email: ethic@zyxelgroup.com

2025 Business Ethics Violations and Whistleblowing Cases

Material regulatory violation case	0
Business Ethics Violation Cases	1 *
Incidents reported through the whistleblower system	0

* In April 2025, a proactive audit identified logistics compliance non-conformities at a subsidiary. The case was handled per regulations and referred to authorities. Internal control optimization has been completed to reinforce governance.

D. Risk Management

Zyxel Group includes the risk management in its business strategies and corporate culture, in order to manage the exposure of various potential risks and hazards to operations and earnings. Through the top-down hierarchical organization, we establish systematic risk response policies and procedures in order to effectively identify, analyze and evaluate risk management mechanisms, control various risks, and establish corresponding mitigation policies to effectively control the enterprise's risk, and mitigate the effects posed by the risks to related stakeholders accordingly.

The “[Risk Management Policies & Procedures](#)” are adopted by the board of directors as the highest guiding principle for risk management. Meanwhile, we have set up a risk management policy group subordinated to the “Zyxel Group Sustainability Development Committee”, which establishes the corresponding policies and procedures in accordance with ISO31000 Risk Management Guidelines, and is responsible for implementing the risk management policies authorized by the Board of Directors.

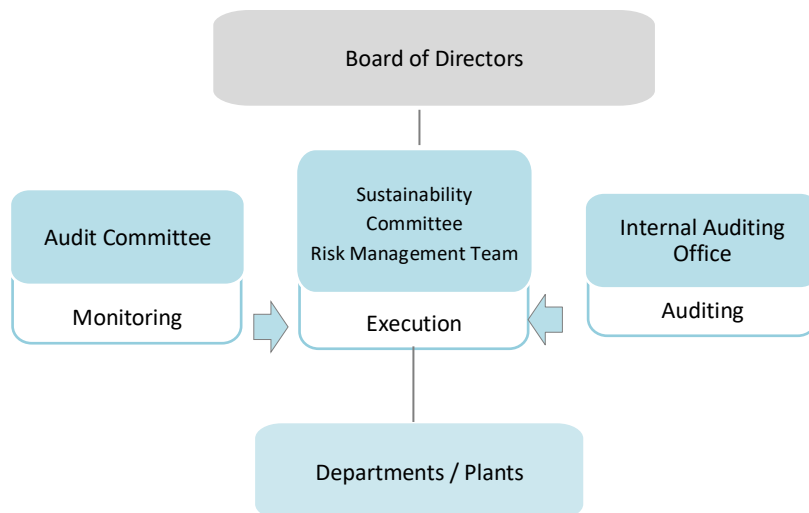
Risk Management Policy

As the top guiding principle for risk management, the policy defines all types of risks based on the Company's overall management policy to establish a risk management mechanism enabling early identification, precise measurement, effective monitoring, and strict control. In this way, we can prevent possible losses within acceptable risk levels, respond to internal and external environmental changes, and make continuous adjustments and improvements in order to boost the shareholders' interests and the Company's value.

Risk Management Goal

Awareness of risk management is required for Zyxel Group's business management and must be ingrained into the management strategies and organizational culture. Through systematic and institutionalized management and effective risk identification, analysis, and assessment mechanisms, we can control risks, formulate corresponding mitigation measures, and keep track of corporate risks in an effective manner so as to mitigate the impacts of the risks on relevant stakeholders.

1. Risk Management Team



Responsibilities of the Risk Management Organization

Board of Directors

The Board of Directors serves as the top management and decision-making unit in the risk management organization and reviews the risk management strategies as a whole based on the overall business strategies and exasperating environment.

Audit Committee

The “Audit Committee” subordinate to the Board of Directors is responsible for reviewing the internal control system, ensuring compliance with related laws and regulations, and controlling existing or potential risks to the Company.

Internal Auditing Office

The independent internal audit unit is responsible for internal auditing and control, regularly reviewing subsidiaries' financial and operational aspects, and ensuring the adequacy of internal control system design and implementation. It supervises internal control, completes the annual audit plan, reports to the Board of Directors, and follows up on subsequent improvements.

Risk Management Team

It formulates relevant response policies and procedures according to the ISO 31000 Principles of Risk Management and executes risk management policies approved by the Board of Directors. A risk management meeting shall be held at least once a year to report the implementation of risk

Departments /Plants

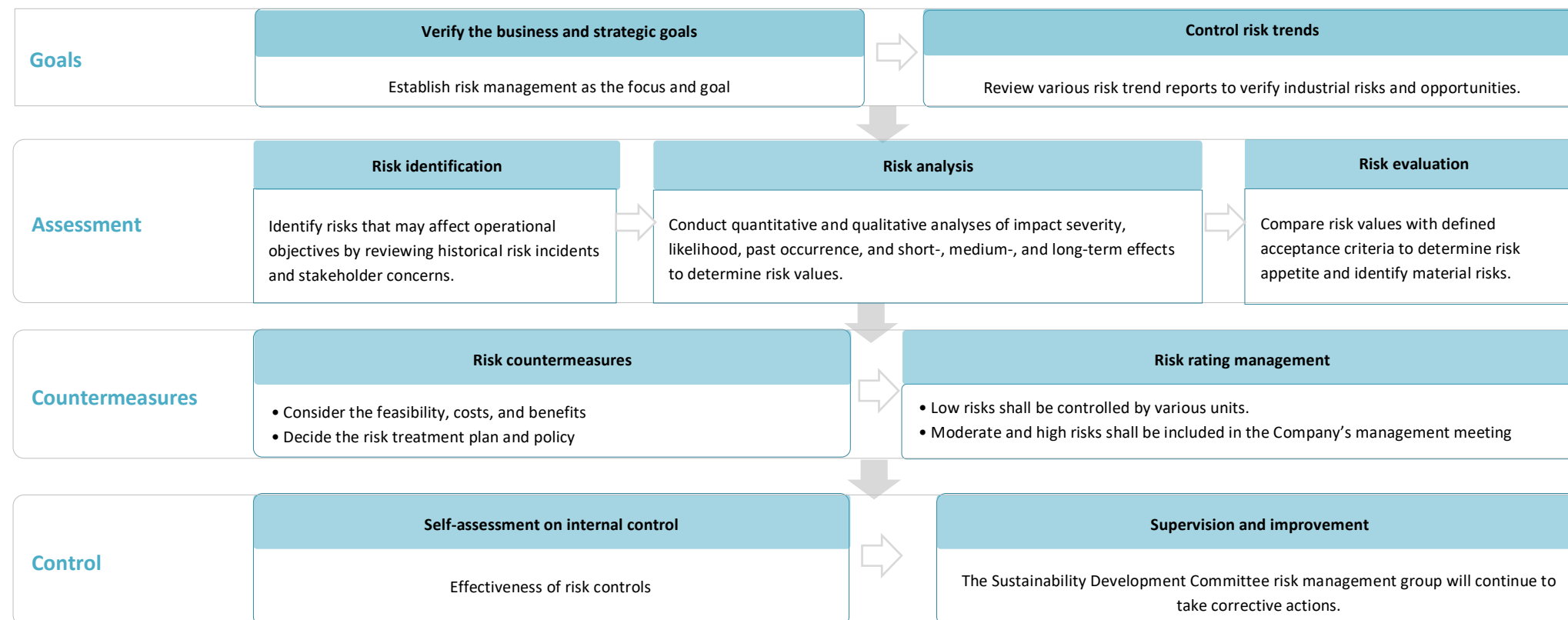
Each department, including Strategy, Finance, Legal, Information Technology, Human Resources, Environmental Safety, Research and Development, Manufacturing, and Sales, formulates policies to align with key strategic directions. Functional departments and subsidiaries establish effective two-way and horizontal communication mechanisms through regular meetings to manage potential risks.

2. Risk Management Process

The Company defines operational and strategic objectives to establish risk management priorities. It reviews risk trend reports, industry and economic developments, and historical risk incidents to identify and assess risks that may affect business objectives. Based on risk assessments, management proposes risk appetite and tolerance levels, while the Risk Management Team develops response plans and measures. The process includes documentation, communication, consultation, monitoring, review, and reporting to the Board.

A comprehensive risk assessment is conducted every three years, with annual reviews by each functional unit to ensure the effectiveness of risk identification, response, management, and controls. The Company completed a comprehensive risk assessment in 2022 and an effectiveness review in 2025.

Risk Identification Matrix



Risk Assessment and Strategies

Zyxel Group and its subsidiaries conduct detailed risk identification through the professional division of responsibilities across functional units. Risk impacts are assessed through stress and sensitivity analyses, together with cross-analysis of the likelihood of occurrence, to determine risk values. Material risks are identified by considering whether risks have occurred previously, their acceptability, and their potential short-, medium-, and long-term impacts.

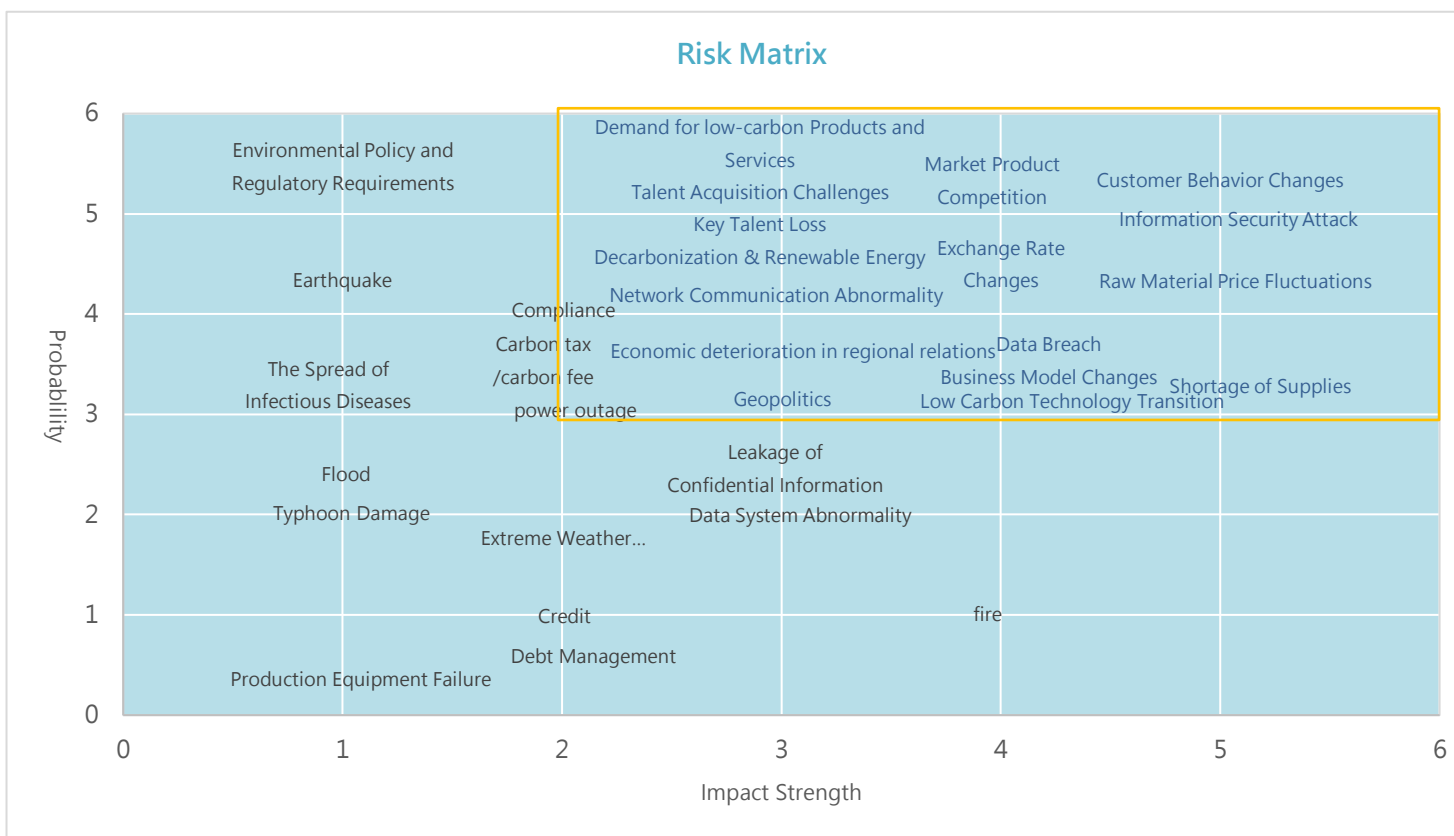
For identified risks, the Company develops mitigation, transfer, or avoidance strategies and response plans. Business Continuity Plan (BCP) and scenario drills are established for material risks. In the event of an emergency or significant incident, Zyxel Group activates its crisis management mechanism. The general manager of each subsidiary serves as incident commander, convenes relevant functions, establishes response teams, implements contingency measures, and communicates timely information to ensure transparency and business continuity. The Company conducts annual internal control self-assessments to evaluate the effectiveness of risk controls under relevant risk scenarios. Changes in the external environment and business model are considered to support ongoing monitoring, improvement, and effective risk management.

The Company also conducts annual internal control self-assessments to evaluate the effectiveness of controls under relevant risk scenarios, taking account of changes in the external environment and business model to drive ongoing monitoring and improvement.

Risk Assessment and Countermeasures

Zyxel Group proactively addresses the challenges posed by evolving risks. Based on factors such as geopolitics, economy, technology, environment, and society, the company has identified 55 types of risks, including decision-making, economic, financial, cybersecurity, market, supply chain, climate change, and human resources risks. After assessing their acceptability, 27 risk items were shortlisted. These risks were evaluated based on their impact intensity and likelihood of occurrence. Sixteen significant risks, with a risk value greater than 9, were identified as having the potential to affect the company's operations, and Risk Management measures were implemented accordingly.

Zyxel Group has long been concerned with major risks such as financial risks caused by currency fluctuations, supply chain shortages, and information security risks arising from increased digitization. The Group also refers to the Global Risks Report published by the World Economic Forum (WEF) and continuously identifies emerging risks that are expected to have long-term impacts on business operations. This proactive approach allows Zyxel to closely monitor changing risk trends and develop appropriate response strategies. According to the [2025 Global risk report](#), Zyxel Group has identified three emerging risks expected to arise in the next 3 to 5 years. These include customer concerns about geopolitical risks, rising operational costs due to inflation, and increased customer demands for carbon reduction and the use of renewable energy. This has made the company's need for renewable energy and carbon credits more urgent. Zyxel Group has analyzed the potential impacts of these risks and is actively taking mitigation measures to address them.



Impact (L)	Score
Very high	5
High	4
Medium	3
Low	2
Very Low	1

Probability (P)	Score
Almost certain (67% > 99% probability of occurring)	5
Likely (51% > 66% probability of occurring)	4
Possible (33% - 50% probability of occurring)	3
Unlikely (5% < 32% probability of occurring)	2
Almost impossible (< 5% probability of occurring)	1

Risk (R) = Impact (L) x Probability (P)	
Very high	17-25
High	9-16
Low	1~8

Major Risk Identification and Mitigation Measures

Aspect	Risk Category	Description	Potential Impact	Measures Taken	Correspondence
Emerging Risks (3-5 Years)					
Decision Risks	Geopolitical Conflict	US-China and Cross-Strait dynamics enter a new phase of risk management, while Middle East conflicts and global tariffs continue to challenge the global economy.	- Customers request production relocation to mitigate geopolitical risks, resulting in higher costs for new production sites. - Geopolitical conflicts may disrupt operations and supply chain activities.	- Developed new production sites to address geopolitical risks. - Established Business Continuity Plans (BCPs) for potential supply chain or production disruptions. Regular drills are conducted to review and improve crisis management and response mechanisms. - Assessed markets exposed to geopolitical risks and developed response strategies.	Corporate Governance: D. Risk Management : BCM
Economic Risks	Economic Climate Change	Driven by the AI boom, Taiwan's exports showed strong momentum, with the NDC economic indicator maintaining a "red light" (booming).	Despite economic momentum, inflationary volatility from geopolitical and global trade risks requires ongoing caution.	- Conduct market intelligence and research to anticipate market developments and respond proactively. - Optimize production capacity allocation and strengthen collaboration with customers and supply chain partners in response to changing global conditions. - Provide risk management training for directors.	
Climate change Risks	Carbon Reduction and Renewable Energy	Countries continue to set net-zero emission targets and revise environmental laws. Customers demand carbon reduction and adherence to international initiatives. Green energy price fluctuations also cause uncertainty in carbon credit purchases.	- Compliance with international net-zero goals and environmental laws may require adjustments in production processes, energy use, and emission controls, increasing compliance costs and risks. - More resources are needed to invest in green product development, increasing R&D costs. - Meeting customers' demands for carbon reduction and renewable energy usage may require higher expenditures. - The shortage of renewable energy in Taiwan increases the difficulty of achieving carbon reduction goals.	- Identify climate-related risks and opportunities, implement mitigation measures, and assess operational and financial impacts. - Set carbon reduction targets and strategies, strengthen carbon emissions management, and install solar energy systems. - Collaborate with suppliers on carbon reduction initiatives, with incentives provided to relevant personnel upon project completion.	Sustainable Environment: A. Climate change
Major Risks					
Financial Risks	Currency and Interest Rate Fluctuations	Currency and interest rate fluctuations affect global economic development.	The company's high export ratio exposes it to foreign exchange risks due to currency fluctuations.	Monitor market information and exchange rate trends to implement timely hedging operations.	2025 annual report
Cyber-security Risks	Cyber Attacks	Covers a range of threats from human error to malicious attacks. Major risks include data breaches, cyber attacks, social engineering, internal threats, physical security, and natural disasters or accidents.	System anomalies and cyber attacks may disrupt operations, leading to financial losses.	- Establish a cross-departmental "Information Security Management Committee" chaired by the CEO and appointed a Chief Information Security Officer to coordinate information security policies and resource allocation. - Employees must complete annual mandatory cybersecurity courses and undergo irregular e-mail social engineering drills to enhance cybersecurity awareness and vigilance. - Implement SBOM (Software Bill of Materials), engage in CMMC 2.0 certification, and evaluate the adoption of the NIST CSF maturity assessment framework to strengthen defenses across six dimensions: governance, identification, protection, detection, response, and recovery.	Corporate Governance: E. Information Security Management
	Confidential Data Breach		Confidential data breach, ransomware, and deepfake fraud	Implement data classification, define roles and responsibilities, and utilize Data Loss Prevention (DLP) solutions to prevent unsafe or improper sharing, transmission, or use of sensitive data.	Corporate Governance: E. Information Security Management

Aspect	Risk Category	Description	Potential Impact	Measures Taken	Correspondence
Market Risks	Customer Behavior Changes	Changes in customer preferences may lead to different considerations when choosing products or services.	The inability to respond to market demands in a timely manner may impact company revenue.	- Monitor market trends, understand customer needs, and proactively develop new products and core technologies. - Invest in related technology R&D, increasing capacity and investment in innovation.	
	Market Product Competition	Changes in market competition, leading to the redistribution of customers and markets	- Easy access to low-cost product technology affects market prices. - Increased demand for technology integration in the market.	- Prioritize staying attuned to market trends to meet customer needs and improve satisfaction. - Establish a "Project Risk Management Policy" to implement Risk Management plans during new product planning, ensuring timely risk management in product development.	
	Demand for Low-Carbon Products and Services	- Increased global or regional sustainability awareness has led to different considerations for customers when choosing products or services. - Demand for products with low consumption rates and those made from recycled materials is rising.	- High-energy or high-emission products and services face obsolescence due to misalignment with market demand. - Designing green products incurs additional costs, leading to higher overall product prices.	- Stay abreast of green product market trends, understand customer needs, and proactively develop new products and core technologies. - Develop green product technologies to reduce power consumption or standby energy use.	2025 annual report
Supply Chain Risks	Supply Shortages	Supply shortages, delays, or interruptions in the supply of critical raw materials and consumables.	Affects delivery timelines.	- Establish sustainable supply chain partnerships. - Diversify risk management based on supplier production sites. - Actively develop new material sources to avoid reliance on a few suppliers. - Establish safety stock levels.	Partnerships: B. Supplier Management
	fluctuations in raw material prices	Fluctuations in raw material prices due to changes in market and international economic conditions.	cost increase	- Establish a Raw Material Price Risk Management mechanism. - Implement group-based procurement to enhance raw material supply chain management, adapting to macroeconomic changes. - Conduct market intelligence gathering or surveys to understand market conditions and respond proactively.	Value Chain: B. Supplier Management
Climate Change Risks	Low-Carbon Technology Transformation	The company has consistently designed products with energy-saving and carbon-reduction features, improving production processes.	Climate change may necessitate innovative processes, service delivery changes, or financial expenditures under current conditions.	- Use recyclable materials in products. - Automate production processes. - Prioritize energy-saving targets for high energy-consuming, low-efficiency equipment.	Sustainable Products
Human Resources Risks	Talent Acquisition Challenges	Intense competition in the labor market affects recruitment.	Inability to recruit talent promptly may impact business development and lead to a loss of competitive advantage.	- Implement effective human resource management mechanisms and performance evaluation processes. - Strengthen talent recruitment and training channels.	Friendly Workplace A. Diversity and inclusion Recruitment B. Human Capital Development
	Key Talent Loss	Industry changes and economic conditions cause talent mobility.			

3. Business Continuity Management (BCM)

To ensure that Zyxel Group maintains operational resilience in the face of various threats that may cause disruptions, and to ensure that business, production, and management activities continue uninterrupted, thereby safeguarding the interests of the company and its stakeholders, Zyxel Group implements operational continuity management and planning to minimize the impact of disasters.

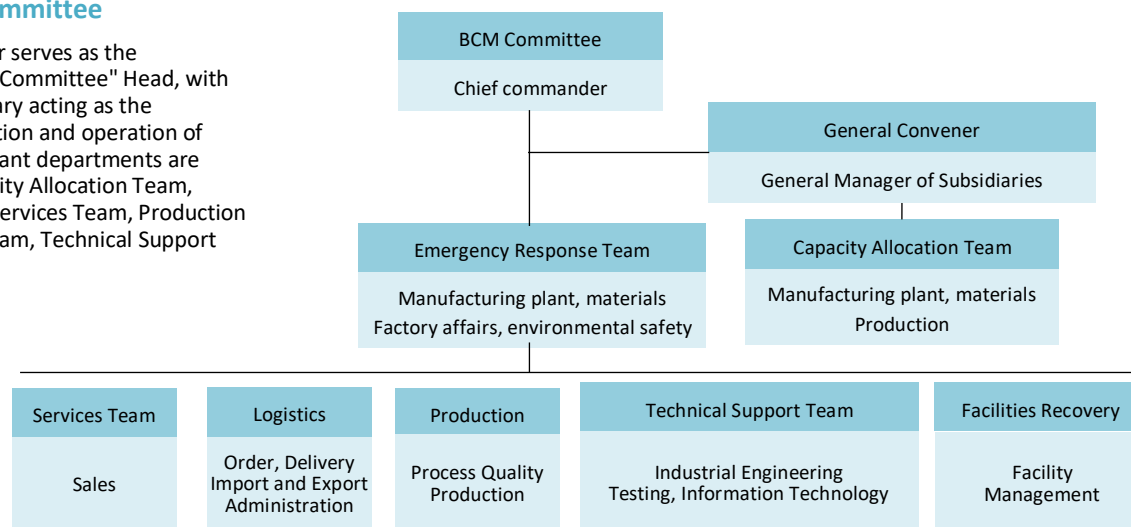
Zyxel Group has established the "Operational Continuity Management Guidelines" and formed an "Operational Continuity Management Team." Each subsidiary has set up an execution team that develops risk-based Business Continuity Plans (BCPs) according to the company's operational risk analysis. The company conducts drills for specific risk scenarios each year and makes improvements and follow-ups, embedding operational continuity into its daily operations and management processes.

BCM Policies

- Ensure operational continuity
- Reduce the impact of operational disruptions
- Protect information, assets, and personnel safety
- Minimize property loss
- Comply with regulations
- Enhance operational resilience
- Safeguard stakeholder interests

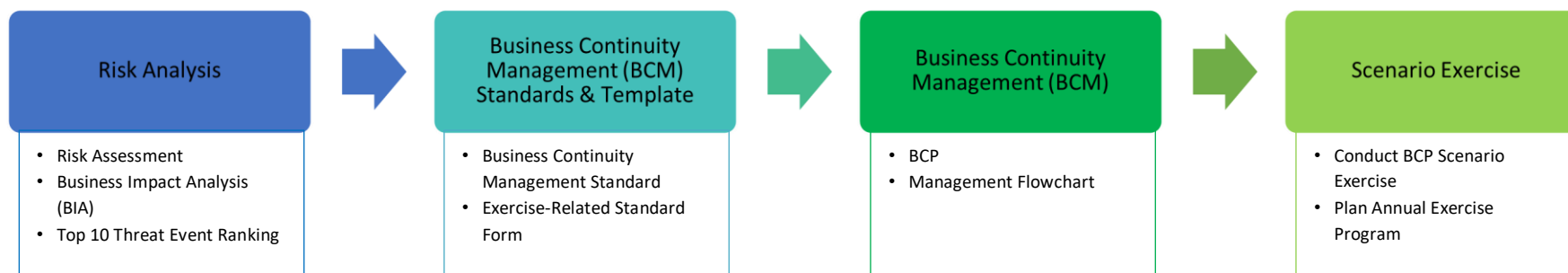
BCM Organization – BCM Committee

The Group's Chief Sustainability Officer serves as the "Operational Continuity Management Committee" Head, with the General Managers of each subsidiary acting as the Chairpersons. They oversee the execution and operation of their respective subsidiaries. The relevant departments are divided into seven main groups: Capacity Allocation Team, Emergency Response Team, External Services Team, Production Operations Team, Logistics Support Team, Technical Support Team, and Facility Recovery Team.



BCM Process

In accordance with ISO 22301 for Business Continuity Management Systems, we have established a Business Continuity Management (BCM) system. This involves conducting operational risk impact analyses, establishing standards and forms based on the implementation framework, and developing Business Continuity Plans (BCPs) for operational disruptions. We have also established procedures for incident response, crisis communication, business continuity, and recovery. Additionally, we simulate business disruption scenarios each year based on operational conditions, conduct drills, review results, and make improvements and follow-ups.



Business Continuity Plan (BCP)

Experts were invited to review current business continuity management (BCM) measures, discuss improvements through training courses, and revise operational procedures. Based on recent risk analysis, supply chain disruption and production disruption were identified as the two primary operational risks. Subsidiaries developed specific Business Continuity Plans (BCPs) for these scenarios and conducted simulations for key triggers, including war and fire. Through an established BCM system, a comprehensive crisis management and emergency response mechanism has been built. Regular annual exercises and continuous improvements are planned to embed operational resilience into daily management.

War-Induced Production Disruption Drill

Scenario	Facing the threat of war and economic blockade, Taiwan has initiated offsite contingency plans by establishing backup site.
Drill Objectives	Resume production within 6 months
Process	1. Due to the inability to restore production capacity within 6 months, the Business Continuity Planning (BCP) is activated by the BCM Committee 2. Material Transfer Plan 3. Develop recovery plan 4. Notify customers of the transfer of orders to the backup site and provide the estimated updated delivery dates
Improvement Results	Sales performance assessment and production scheduling are divided by customer, accelerating the generation of reports.



▲ Business Continuity Plan Training

Fire-Induced Production Disruption Drill

Scenario	Due to an electrical fire, the packaging department's production activities at Hsinchu site were interrupted.
Drill Objectives	Resume production within 3 weeks
Process	1. The safety department reports to the relevant units, extinguishes the fire, conducts damage assessment, and informs the capacity adjustment team. 2. The capacity adjustment team evaluates the situation and determines that the production interruption will last more than two weeks, reporting to the convenor. 3. Due to the extent of the damage, which cannot be repaired within two weeks, the Business Continuity Management Committee decides to activate the BCP. 4. Plant operations, IT, and production lines conduct an inventory, report the damage, recovery methods, and estimated recovery time. 5. A temporary production line and production process system are established. 6. The sales department informs the customer and updates the delivery date.
Improvement Results	Enhance the speed of emergency communication between reporting personnel and relevant units.



▲ Business Continuity Plan Meetings



▲ Business Continuity Plan Meetings

Information Security Backup and Disaster Recovery Drills

Zyxel Group conducts annual disaster recovery simulation drills for critical application systems as part of its information security management. The company defines the maximum tolerable data loss time (RPO) and maximum tolerable downtime for information services during a disaster, ensuring the company's capability to respond effectively in critical situations. More information [Information Security Management](#)

E. Information Security Management

Zyxel Group is committed to optimizing cybersecurity, driving digital transformation, and creating a trustworthy and secure online world through technological innovation and close collaboration with key partners. As a major network communications company with information security software and hardware equipment and technical capabilities, we have an extensive and diverse information security solution portfolio and have obtained ISO 27001 information security certification in the face of increasingly severe information security threats. We continue to strengthen the integration of network and information security, ensure product information security, and at the same time enhance employee information security awareness, evaluate supplier information security, and protect the intellectual property security of customers and partners.

Policy

Zyxel Group's security policy sets information security management regulations, guidelines, standards, rules, and codes of conduct to achieve our information security goals, ensuring the effectiveness of Zyxel Group's information security practices. We formulated information security management policies and codes of conduct including "Network Security Management Measures", "Software Asset Management Measures", "Personal Computer Equipment Services and Management Measures", and others in accordance with the ISO 27001 international standard.

Company employees, subsidiaries of online operations, and manufacturers providing information services get notified of the relevant security management information in writing or electronically.

Targets & Achievements

Goal	Major Issue	Operational Impact	Actions	Performance Indicators	2025 Target	2025 Achievement		Targets			
								2026 short-term	2028 mid-term	2030 long-term	SDGs
Delivering Sustainable Business	Information Security	Ensure the confidentiality of information assets to comply with regulations and gain customer trust	Identify cybersecurity risks to prevent security incidents	Completion rate for information security training courses	>98%	98.7%	v	>99%	>99%	100%	
				Number of major security incidents	0	0	v		0		
			Enhance employees' information security awareness and knowledge	Annual ISO 27001 certification maintained	Obtain certification annually	Obtain certification annually	v	Maintain certification			
				ISO/IEC 17025 Accredited Cybersecurity Laboratory	Obtain certification annually	Obtain certification annually	v	Maintain certification			



2025 Information Security Management Highlights

Cybersecurity

- Deployed perimeter firewalls, Intrusion Detection and Prevention Systems (IDS/IPS), and Virtual Private Networks (VPN) to protect network boundaries and ensure secure remote connections.
- Implemented Multi-Factor Authentication (MFA) and established fine-grained access control policies to strengthen user authentication and authorization.
- Adopted Data Loss Prevention (DLP) technologies to prevent unauthorized data access.
- Conducted data classification and continuously monitored data integrity.

Data Security

- Implemented data and disk encryption to ensure confidentiality.
- Applied Data Loss Prevention (DLP) technologies to prevent unauthorized access.
- Conducted data classification and monitored data integrity.

Application Security

- Conducted dynamic and static application testing to identify vulnerabilities.
- Deployed a Web Application Firewall (WAF) to protect web applications from attacks.

Device Security

- Deployed Endpoint Detection and Response (EDR), implemented Multi-Factor Authentication (MFA), and conducted regular scans and patching of endpoint vulnerabilities.
- Performed regular vulnerability scans and penetration tests to remediate system weaknesses.
- Utilized a cybersecurity management dashboard for attack tracking and incident analysis.

AI Strategy and Guidelines

- Developed an AI strategy and established clear guidelines to ensure responsible and secure adoption of artificial intelligence technologies.

Information Security Governance and Risk Management

- To ensure information confidentiality, integrity, and availability, the company has maintained ISO 27001 certification via BSI since 2015. Management documentation, asset inventories, risk assessments, business impact analyses (BIA), disaster recovery drills, access control audits, vulnerability scans, penetration testing, and social engineering drills are maintained under the ISO 27001:2022 standard. Through a PDCA approach, information security management and technical defenses are continuously refined to protect customer data.
- The Product Security Incident Response Team (PSIRT) became a formal member of FIRST (Forum of Incident Response and Security Teams), making the company the first in Taiwan's networking industry to join as a PSIRT. Membership enables real-time threat intelligence and vulnerability sharing with over 800 global teams, accelerating incident detection, response, and product security governance.
- BlackCat Information Security Lab obtained TAF ISO/IEC 17025:2017 / CNS 17025:2018 accreditation (Accreditation No. 4396). This accreditation certifies that testing workflows, technical capabilities, and quality systems meet international standards, demonstrating professional, objective, and credible testing capabilities that enhance competitiveness in vulnerability scanning and penetration testing.

TCSA Information Security Award

- Received the TCSA Information Security Leadership Award for two consecutive years (2023–2025), recognizing Zyxel Group's commitment to sustainable innovation and building cybersecurity resilience.



1. Information Security

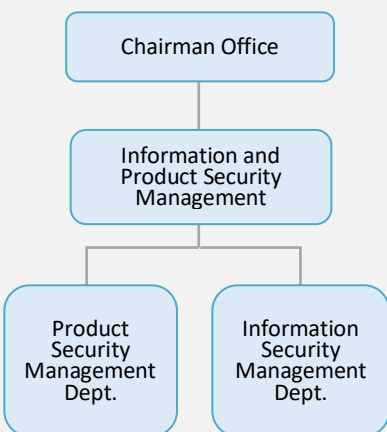
Information Security Organization

Dedicated Information Security Organization: Zyxel Group has a dedicated Chief Information Security Officer (CISO) responsible for coordinating information security strategy planning. In 2014, the company established an information security organizational framework based on ISO 27001 and formed a specialized Information Security Team under the leadership of the CISO. This team is responsible for formulating information security strategies and objectives, monitoring security incidents and activities, executing various information security tasks and projects, and conducting information security awareness and training programs.

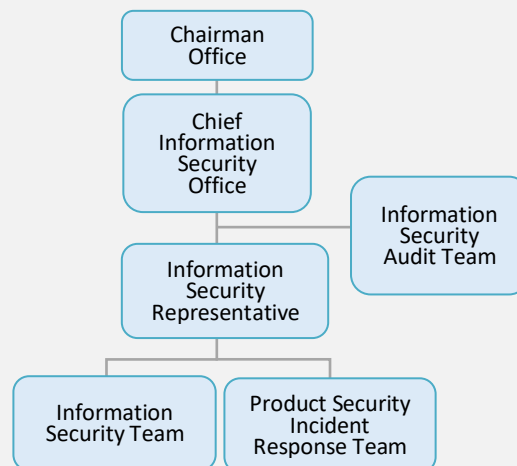
Direct Subordination to the Chairman's Office: In response to the escalating threats in information security, the "Zyxel Group PSIRT Committee" (Product Security Incident Response Team, PSIRT) operates under the "Information and Product Security Management Division." This division comprises the Information Security and Product Security Management Departments, both of which are directly under the oversight of the Chairman's Office. They are responsible for continuous monitoring of potential external threats and providing immediate responses to security issues.

Monitoring by the Board of Directors: The implementation of information security is reviewed regularly on an annual basis. Management review meetings are also held in an effort to unceasingly promote and improve the information security management system. With the aim of ensuring the continuous and effective operation of the internal information security management mechanism, a report on information security work plans and their implementation is made to the Board of Directors at least once a year.

Information Security Organization



Information Security Committee



Information Security Management Scope

The company's information security management encompasses four key control domains to prevent data misuse, leakage, tampering, or destruction resulting from human error, malicious intent, or natural disasters, thereby mitigating potential organizational risks and hazards.

- Organizational controls
- Physical controls
- Personnel controls
- Technical controls

Information Security Management System

Zyxel Group established an Information Security Management System (ISMS) in compliance with international standards and obtained ISO/IEC 27001:2022 (including national standard CNS 27001:2023) certification.

Since initially implementing and certifying its ISMS in 2015, the company has successfully passed annual surveillance audits and recertification assessments for 10 consecutive years. By maintaining certification through triennial recertification and regular surveillance audits, Zyxel Group continuously improves and optimizes its security management and technical defenses.

Information Security Resources and Investments

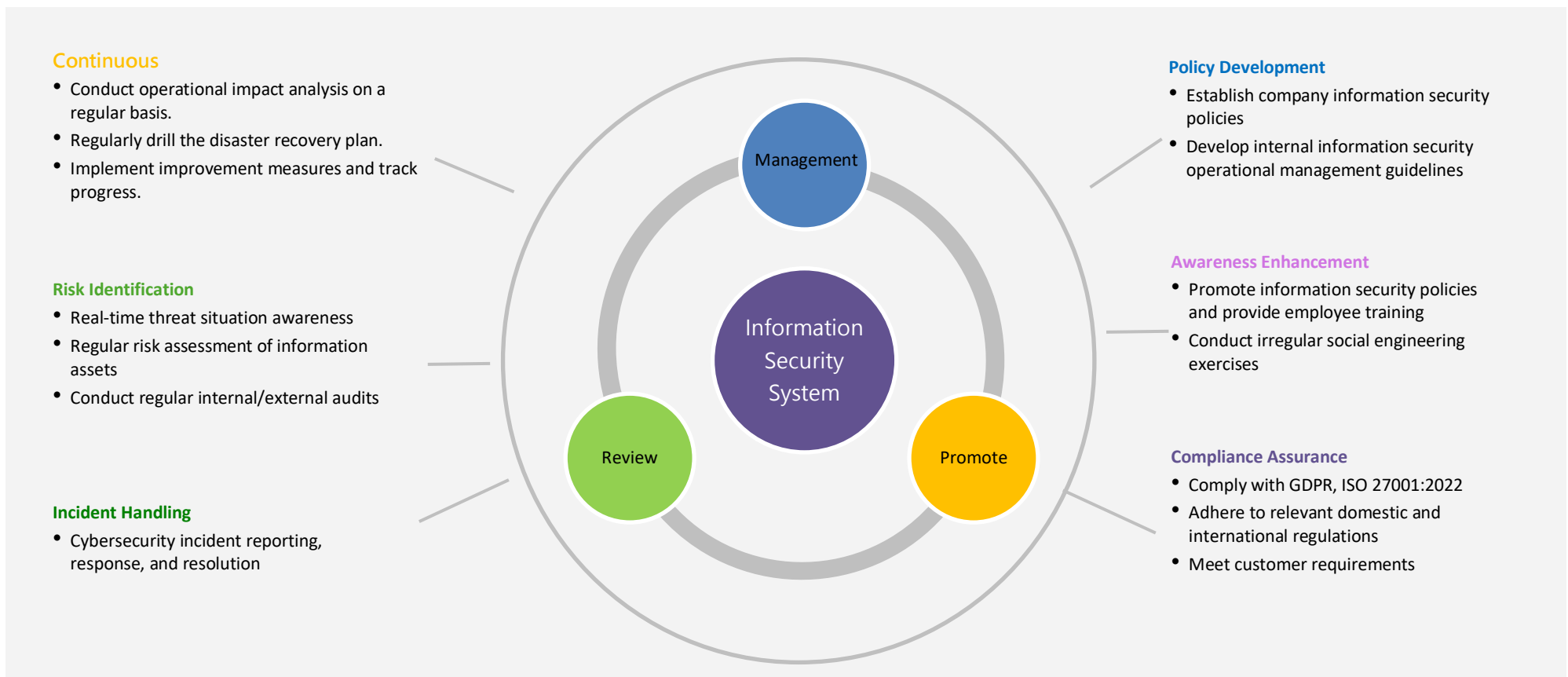
Zyxel Group established dedicated Information Security and Product Security Departments in 2017, supported by independent security professionals. The team currently comprises 20 specialists, with 40% senior experts with years of experience and 60% industry talents, forming a balanced and innovative structure. Team members hold leading international certifications, including Certified Chief Information Security Officer (CCISO), ISO 27001 Lead Auditor, EC-Council Certified Ethical Hacker (CEH), and EC-Council Security Analyst (ECSA).

The company actively engages with global and domestic cybersecurity organizations, including the Science Park ISAC (SP-ISAC), TWNIC High-Tech Cybersecurity Alliance, and the CVE Program. Zyxel Group drives industry-academic collaboration and talent development through cybersecurity competitions and online cybersecurity training portals. In October 2025, the company joined the Forum of Incident Response and Security Teams (FIRST) to strengthen defense capabilities through threat intelligence exchange and benchmarking.

Information Security Management Framework

In order to strengthen information security management, Zyxel Group has set up a safe and reliable digital operation platform to ensure the sustainable operation of data, systems, equipment, and networks. We have implemented security control mechanisms for data processing, transmission, and storage while taking information security and work efficiency into account. We have set up a complete information security management framework, with governance, promotion, and inspection as the three management directions.

As part of our information security policy, we raise awareness about information security and undergo and pass ISO 27001 information security certification audits regularly to ensure our compliance measures and track improvements.



Data Protection Mechanisms and Security Operations Center

Zyxel Group's information security team built an in-house Security Operations Center (SOC). Leveraging data collection and a big data platform, the team establishes security threat intelligence and databases, combined with User and Entity Behavior Analytics (UEBA) and machine learning. Through multi-dimensional correlation analysis, the system detects security incidents and abnormal connections, providing real-time early warning mechanisms to monitor internal and external cyber threats, respond to incidents immediately, and minimize potential security damage.

Information Security Risk Management

To ensure operational continuity and mitigate the risk of critical IT system disruptions caused by major disasters or cybersecurity incidents, Zyxel Group has established an Information Security Management System (ISMS) in accordance with ISO/IEC 27001:2022. The company regularly conducts information security risk assessments and Business Impact Analyses (BIA) while evaluating regulatory compliance and the adequacy of internal security policies to guide policy adjustments and control enhancements.

The company continuously monitors internal and external cybersecurity threats using vulnerability scanning, intrusion detection and prevention systems (IDPS), and log and anomaly monitoring. Upon detecting abnormal events, the cybersecurity team initiates immediate incident response according to established classification and reporting procedures. Incident evaluation, containment, recovery, and root-cause analysis are completed within specified timeframes, with escalation to executive management and relevant units based on severity. When required by regulations or contracts, the company proactively notifies affected customers and stakeholders regarding impact and remedial measures to prevent recurrence. Additionally, the company enhances employee awareness of cyberattacks and phishing tactics through security training, social engineering drills, and reporting mechanisms. Employees are encouraged to report suspicious activities, vulnerabilities, or incidents to IT, security management, and line managers, fostering a two-way security culture combining top-down and bottom-up approaches.

Zyxel Group also conducts periodic information asset risk evaluations, internal and external audits, and failover and switching drills for core IT systems to validate Disaster Recovery Plans (DRP). Following a PDCA approach, improvement metrics are continuously tracked to reinforce overall cyber resilience.

Cybersecurity Alerts and Incident Management

- **Standardized Incident Process:** Systematic reporting, classification, grading, response, and tracking for rapid recovery.
- **APT & SOC Integration:** Combines APT threat monitoring and SOC operations to accelerate detection and response.
- **External Collaboration:** Partners with external security experts to capture threat intelligence and strengthen incident handling.

Backup and Disaster Recovery Drills

Zyxel Group conducts regular disaster recovery drills every year to ensure the company's ability to respond effectively during critical moments. The recovery mechanisms we employ in the event of a disaster swiftly restore business operations to a normal or an acceptable level, enabling essential application systems to continue functioning and ensuring uninterrupted business operations.

Backup administrators perform data recovery tests at least once a year. In 2025, 15 backup storage devices were selected for recovery testing across 6 key application systems, resulting in the successful recovery of the backed-up data.

The results of the 2025 disaster recovery drill revealed that the maximum tolerable data loss time in the event of a disaster (Recovery Point Objective, RPO) is 5 hours. Additionally, the maximum acceptable information service recovery time following a disaster (Recovery Time Objective, RTO) is 20 hours.

The results of drills in the past three years have all achieved the company's set objectives. Detailed statistical data is provided in the following table.

	Target	2023	2024	2025
A critical annual practice involves conducting disaster recovery simulations for key application systems to ensure uninterrupted business operations.	RPO <= 10 hrs	7 hrs.	5 hrs.	5 hrs.
	RTO <= 24 hrs	19 hrs.	20 hrs.	20 hrs.

Note1 : RPO: Recovery Point Objective

Note2 : RTO: Recovery Time Objective

Social Engineering Drill

2 social engineering drills are implemented for information security education and awareness-raising to intensify our employees' awareness of information security and avoid email scams.

Information Security Education and Dissemination

To improve the employees' cognitive ability for information security, enhance their information security awareness, facilitate all personnel's understanding of the importance of information security, provide them with knowledge of all potential security risks and response approaches, and thereby maintain overall information security, an internal information security website, "Information Security Website", is built to offer real-time information security news to the employees.

Information Security Education and Training

Employees are required to complete mandatory online information security training covering security policies, usage guidelines, and compliance standards. Tailored annually to different organizational levels, these courses enhance awareness of security risks, emphasize the importance of data protection, and ensure adherence to security regulations.

In 2025, the company launched courses on "Network Security for Personal Data, Windows Security Defense, and Malware Awareness and Prevention." A total of 2,072 participants completed the training, achieving a 100% completion and test pass rate across all employees.

2. Product Information Security

To continuously monitor potential external threats and respond swiftly to security issues, Zyxel Group established a Product Security Management Department under the Group PSIRT (Product Security Incident Response Team) Committee. The department is responsible for planning and implementing product security controls, working with product security representatives from each business units to identify areas for improvement, and applying agile and continuous corrective actions. Security-by-design practices have been embedded by developing security architecture design principles, conducting source code security reviews, and implementing product security verification to address risks at the root cause and integrate cybersecurity into product design.

Since 2021, Zyxel Group has served as a CVE Numbering Authority (CNA) under the NIST CNA program, a member of the MITRE Common Vulnerabilities and Exposures initiative, responsible for evaluating vulnerability risks and impacts. In June 2023, the Group achieved the highest NVD Acceptance Level "Provider" certification, further strengthening vulnerability management and product security mechanisms while enhancing brand reputation. By obtaining international membership and adhering to external requirements, Zyxel aims to accelerate the internalization of product security practices and fully implement Security by Design. These efforts ensure that every R&D process follows security design principles, safeguarding the confidentiality, integrity, and availability (CIA) of Zyxel Group's information assets against internal and external risks.



3. Intellectual Property Protection

With the evolution of network technology and the growth of market demand, Zyxel Group actively develops various network technology and other products. In order to maintain Zyxel Group's competitive advantage in innovative technology capabilities and protect the interests of all stakeholders, we prioritize the protection and control of intellectual property and confidential information.

Intellectual Property System

Zyxel Group has developed intellectual property management strategies and established a mechanism to improve the advantages and value created from intellectual property. Zyxel Group's "Procedural Management Guidelines for Intellectual Property" were formulated to set up the management objectives, application policies, and management maintenance of intellectual property rights. Zyxel Group has also adopted the Taiwan Intellectual Property System (TIPS) to strengthen Zyxel Group's intellectual property management system and enhance Zyxel Group's competitiveness.

Patent Protection

Zyxel Group attaches great importance to the development of various types of patents, and enhances Zyxel Group's competitiveness in intellectual property through the strategies of education, a rewards system, and a talent training management system.

- **Reward:** Zyxel Group formulated the "Employee Creative Invention Proposal Reward Guidelines" and related patent invention bonuses to encourage R&D colleagues to actively engage in innovative R&D, provide creative proposals, apply for patents, and continue to accumulate patent rights, copyrights, trademark rights, trade secrets, and professional technique intellectual assets.
- **Training:** The "Valuable Patent" course is held, with business and product managers and R&D colleagues as the main teaching target, to introduce the definition of valuable patents and Zyxel Group's patent proposal application process and improve the quality of patents.

Protection of Intellectual Property for Suppliers

We also request our suppliers to protect intellectual property and specify in the procurement contract with them that the subject matter delivered by the suppliers shall not infringe the patent right, trademark rights, copyright, or the rights of others.

Dissemination and Training Courses

To accumulate our R&D capacities, new employees are required to take courses on intellectual property rights. These courses cover an introduction to patent systems and the prevention of rights violations and focus on intellectual property management training. The Company promotes the responsibility and obligation to protect intellectual property with the employees and adopts non-disclosure agreements for the protection of the intellectual property.

All our employees must also complete our CSR courses involving the protection of intellectual property rights every year. They are required to maintain the confidentiality of the confidential information of the Company and customers, are obligated to protect the information, and shall not communicate or obtain such information for internal and external individuals, companies or organizations unauthorized to access it.

Trade secret protection training completion rate reached 99.4% in 2025.

Zero patent infringement incidents occurred in 2025.

| Value Chain

A. Customer Relation

B. Supplier Sustainability



A. Customer Relation

Customer Service Policy

Zyxel Group is devoted to listening to the voice of customers, creating values with service quality, and satisfying the customers' needs. The customers' complaints are always prioritized. We take the customers' critiques and suggestions on the chin with a proactive and ethical attitude and strive to improve our product and service quality.

Customer Service Commitment

We offer innovative design, manufacturing and services and deliver competitive and high-quality products and services in time to ensure customer satisfaction.

Targets and Achievements

Major Issues	Operational Impact	Actions	Performance Indicators	2025 Target	2025 Achievements	Targets			SDGs
						2026 short-term	2028 mid-term	2030 long-term	
Customer Relationship Management	Customer satisfaction and trust can be built for higher profits	Maintain smooth and effective communication with customers	Customer satisfaction: MitraStar 10/10 Zyxel Communications 100/100 Zyxel Networks 5/5	MitraStar >9.0 Zyxel Communications=100 Zyxel Networks >4.3	MitraStar 9.28 Zyxel Communications 100 Zyxel Networks 4.45	V	MitraStar>9.0 Zyxel Communications=100 Zyxel Networks >4.3	MitraStar>9.5 Zyxel Communications=100 Zyxel Networks >4.5	
		Implement the customer information protection mechanism	Business Confidentiality Training Coverage Rate	>95%	99.7%	V	>95%	>97%	>99%

1. Protection of Confidential Information

With the aim of protecting the interests of all stakeholders, Zyxel Group highly values the protection and control of confidential business information. Hence, the Company has developed the "Management Guidelines for the Classification of Confidential Documents" to specify appropriate methods to keep confidential documents secure and related protection measures and thereby facilitate the management of the Company's business secrets and internal confidential documents.

When entering into a contract with a third party, we request it to observe the information confidentiality rules and explicitly state that both parties shall be responsible for keeping the confidential information of the opposing party known or held thereby for performing the contract confidential and shall not divulge the confidential information of the opposing party to others, provide them with the information, or assist them in obtaining it, in any form. Both parties shall perform necessary measures to prevent the confidential information from being stolen or divulged, including reasonable measures for ensuring that employees having access to the confidential information of the opposing party do not disclose it.

2025 Trade Secret Protection Training Completion Rate

Subsidiaries	Completion Rate
Zyxel Group	100%
MitraStar	100%
MitraStar Wuxi	99%
Zyxel Communications	99%
Zyxel Networks	100%
Total	99.6%

2. Customer Communication Platform

The Company's revenue is primarily generated through business-to-business (B2B) operations. Its subsidiaries—MitraStar Technology, Zyxel Networks, and Zyxel Communications—have established customer communication, feedback, complaint-handling, and satisfaction management mechanisms for enterprise customers, telecommunications operators, and channel partners.

Digital and Real-Time Support Channels: Customers can access AI chatbots, online forms, email and telephone support, community forums, and the 24/7 [MySupport portal](#) for product information and technical assistance.

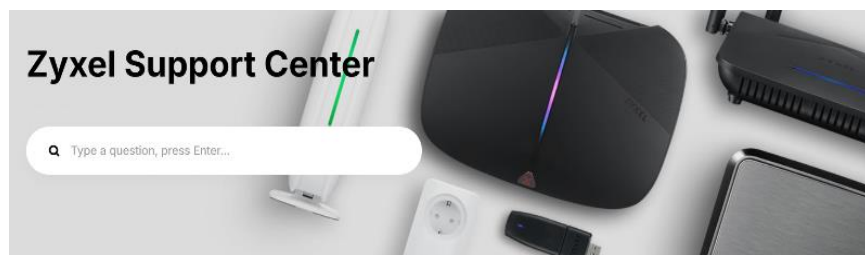
Accessibility Improvement: The Company publishes an [Accessibility Statement](#) on its official website to enhance accessible digital experiences through improved visual readability, navigation, and accessible content.

e-ITS Customer Service and Knowledge Platform: Zyxel Communications and Zyxel Networks provide the [e-ITS customer service system](#) for end-to-end tracking of product inquiries, solutions, software updates, product documentation, and training. Knowledge bases and online community forums also support technical information sharing among frontline staff, channel partners, and customers.

Channel Partner Engagement: Zyxel Networks regularly holds partner events, shares product roadmaps and after-sales service capabilities, and provides online training and certification to strengthen local service quality.

3. Complaint Handling Process and External Verification

The Company has established a systematic complaint-handling process. Upon receiving a complaint, the case is promptly acknowledged, and the e-ITS customer service system provides customers with transparent access to resolution timelines and progress updates. These processes are independently verified under ISO 9001 and TL 9000, supporting service quality and operational reliability. Relevant certificates are available on the [Company website](#).



4. Integrating Customer Feedback

The Company uses a structured feedback mechanism to incorporate customer experience and suggestions into product and service improvements.

Feedback Collection and Analysis: Feedback on product features, software interfaces, and service quality is collected through e-ITS, technical support records, channel partners, and online forums.

Product and Service Improvement: R&D and product management teams regularly review this feedback and incorporate it into product design, firmware and software updates, and after-sales service.

5. Customer Satisfaction Surveys

MitraStar Technology conducts annual after-sales service satisfaction surveys to understand brand customers' needs and expectations. Survey results are analyzed and shared with relevant departments for improvement, with progress subsequently reported to customers.

Key survey areas include technical service quality, response speed, and effectiveness of issue resolution. Customers are invited by email to complete the survey, and follow-up interviews may be conducted to clarify feedback where necessary.

Zyxel Networks, operating under the Zyxel brand, provides high-quality products, responsive technical support, and services for small and medium-sized businesses. Its customer satisfaction surveys focus on service quality, service attitude, and satisfaction with issue resolution.

MitraStar Customer Satisfaction Score (Perfect score:10)

Year	2022	2023	2024	2025	2025 Target
Score	9.49	9.64	9.28	9.62	>9
Percentage of Customers Surveyed	76.7%	89.3%	93.8%	96.6%	95%

Zyxel Communications Customer Satisfaction Score (Perfect score: 100)

Year	2022	2023	2024	2025	2025 Target
Score	98.96	98.1	94.19	100	100
Percentage of Customers Surveyed	100%	100%	100%	100%	100%

Zyxel Networks Customer Satisfaction Score (Perfect score: 5)

Year	2022	2023	2024	2025	2025 Target
Score	4.28	4.84	4.36	4.45	4.5
Percentage of Customers Surveyed	94%	83%	79%	94%	80%

B. Supplier Sustainability

A. Supply Chain Overview

B. Supplier Management System

C. Supplier Sustainability Management Approach

D. Sustainable Procurement

E. Supply Chain Sustainability Capacity Building



Sustainable Supply Chain Highlights

2 Supplier Conferences

Supplier Code of Conduct

Completion Rate: **100%**

Supplier Audit Improvements

Completion Rate: **100%**

Supplier ESG Courses

Completion rate: **100%**

Supplier Zero Carbon Academy

Total Participants: **2,987**

Total Training Hours: **4,218**

Procurement Staff ESG Training

Completion Rate: **100%**

1. Supply Chain Overview

To build a resilient and responsible supply chain, Zyxel Group supports and adheres to the UN Global Compact (UNGC), the United Nations Sustainable Development Goals (SDGs), the OECD Guidelines for Multinational Enterprises, and the International Labour Organization (ILO) Core Labour Standards. We also follow the international standard *ISO 20400 Sustainable Procurement Guidelines* and the Responsible Business Alliance (RBA) Code of Conduct. In addition, the Board of Directors has reviewed and approved the [Sustainable Supply Chain Management Policy](#), which explicitly covers key areas including human rights protection, labor practices, and environmental stewardship, requiring all suppliers to comply with relevant international standards and codes of conduct. Beyond internal capacity building for our supplier management teams, Zyxel Group has also established an [ESG Supplier Management Taskforce](#) to strengthen sustainable supply chain management. Through the adoption of a digital management system, we standardize processes, conduct risk assessments and audits, and implement diverse capacity-building programs for suppliers. These initiatives include training and engagement on carbon reduction, energy efficiency, green procurement, and human rights management, enabling suppliers to collectively create long-term sustainable value with Zyxel Group.

Supplier Sustainability Policy and Commitment

- Valuing Supply Chain Sustainability and Enhancing Supplier Sustainability Capabilities
- Partnering with Suppliers to Build a Responsible Supply Chain Ecosystem

Supplier Chain Management Strategy

- **Integrate Group Resources:** Leverage strategic partnerships to achieve competitive costs.
- **Strengthen Supplier Relationships:** Value strong vendor partnerships and foster friendly collaboration.
- **Implement Sustainable Management:** Realize a sustainable supply chain management model.
- **Uphold Compliance & Standards:** Strictly adhere to regulatory commitments and implement international initiatives and standards.
- **Evaluate Supplier Performance:** Periodically audit and evaluate suppliers across Quality, Cost, Delivery, and Service (QCDS).
- **Build a Green Supply Chain:** Co-build a green supply chain through close collaboration with suppliers.

Targets and Achievements

Major Issues	Operational Impact	Actions	Performance Indicators	2025 Targets	2025 Achievements		Goals			SDGs
							2026 short-term	2028 mid-term	2030 long-term	
Sustainable Supplier	Sustainable supplier management can deepen the partnership with the supply chain and put into practice the Company's sustainability values	• Realize a supply chain sustainability management model • Build sustainable supply chain partnerships	Supplier Completion Rate for Signing the Sustainable Supplier Management Policy and Supplier Code of Conduct	MitraStar 85% Zyxel Communications /Zyxel Networks 100%	MitraStar 89% Zyxel Communications /Zyxel Networks 100%	V	MitraStar 92% Zyxel Communications /Zyxel Networks 100%		MitraStar 95% Zyxel Communications /Zyxel Networks 100%	
			Suppliers Signing the Social Responsibility Declaration and Commitment	MitraStar 85% Zyxel Communications /Zyxel Networks 100%	MitraStar 92.7% Zyxel Communications /Zyxel Networks 100%	V	MitraStar 93% Zyxel Communications /Zyxel Networks 100%		MitraStar 95% Zyxel Communications /Zyxel Networks 100%	
			Supplier Corrective and Preventive Action Plan (CAP) Implementation	MitraStar 100% Zyxel Communications /Zyxel Networks 100%	MitraStar 100% Zyxel Communications /Zyxel Networks 100%	V	MitraStar 100% Zyxel Communications /Zyxel Networks 100%		MitraStar 100% Zyxel Communications /Zyxel Networks 100%	

Key Supplier Procurement Categories

MitraStar: The primary raw materials and components procured by MitraStar include integrated circuits, printed circuit boards, display panels, electromechanical components, mechanical parts, and packaging materials. Production consumables mainly consist of solder paste, solder wire, and other materials used in manufacturing processes. In 2025, MitraStar had 396 suppliers accounting for the top 80% of procurement transactions for raw materials, components, and production consumables across its operating sites. These suppliers were primarily located in Taiwan, mainland China, Hong Kong, Malaysia, South Korea, Singapore, and the United States, of which 88 were identified as key suppliers.

Zyxel Communications: The primary procurement categories of finished-goods suppliers include customer premises equipment, central office equipment, wired and wireless access network equipment, and mobile broadband solutions. In 2025, Zyxel Communications worked with six finished-goods suppliers, with the top three accounting for 80% of total procurement value. These suppliers were primarily located in Taiwan, mainland China, and Thailand, of which one was identified as a key supplier.

Zyxel Networks: Zyxel Networks collaborates with original design manufacturers (ODMs) responsible for final assembly to jointly develop communications products. Finished products are procured from these suppliers and delivered through Zyxel Networks' sales channels, providing customers with value-added products, services, and solutions. In 2025, Zyxel Networks worked with ten finished-goods suppliers, with the top four accounting for 90% of total procurement value. These suppliers were located in Taiwan and mainland China, with major production facilities based in mainland China. They also have the flexibility to manufacture information security products in Taiwan based on customer requirements. Of these suppliers, four were identified as key suppliers.

Supplier Overview

	Definition	MitraStar	Zyxel Communications	Zyxel Networks	Total
Number of Tier 1 Suppliers	MitraStar: Suppliers accounting for the top 80% of procurement transactions Zyxel Communications / Zyxel Networks: Qualified suppliers	396	6	10	412
Number of Key Tier 1 Suppliers	MitraStar: Annual Evaluation Category – PVL Zyxel Communications / Zyxel Networks: Suppliers accounting for over 80% of annual procurement value	88	1	4	93
Percentage of Procurement Spend from Key Tier 1 Suppliers (%)		26.3%	98.9%	96.1%	-

New Supplier Evaluation

To ensure alignment with the Company's sustainability goals and responsible procurement principles, all new suppliers undergo an evaluation process. This includes signing the Supplier Code of Conduct, which commits suppliers to environmental protection, labor and human rights, business ethics, and compliance requirements. Suppliers also complete an ESG assessment questionnaire covering their environmental, social, and governance policies, actions, and performance.

Suppliers are evaluated based on questionnaire responses and supporting documentation. On-site audits may be conducted when necessary to verify their sustainability capabilities. In 2025, 100% of new suppliers passed the environmental criteria and ESG assessment screening.

Procurement locally

Each plant prioritizes sourcing materials from local suppliers, which not only shortens material lead times and reduces the environmental footprint of the raw materials required for manufacturing but also indirectly increases employment opportunities and promotes socio-economic development. This approach enables suppliers to provide services more efficiently and strengthens long-term partnerships with them.

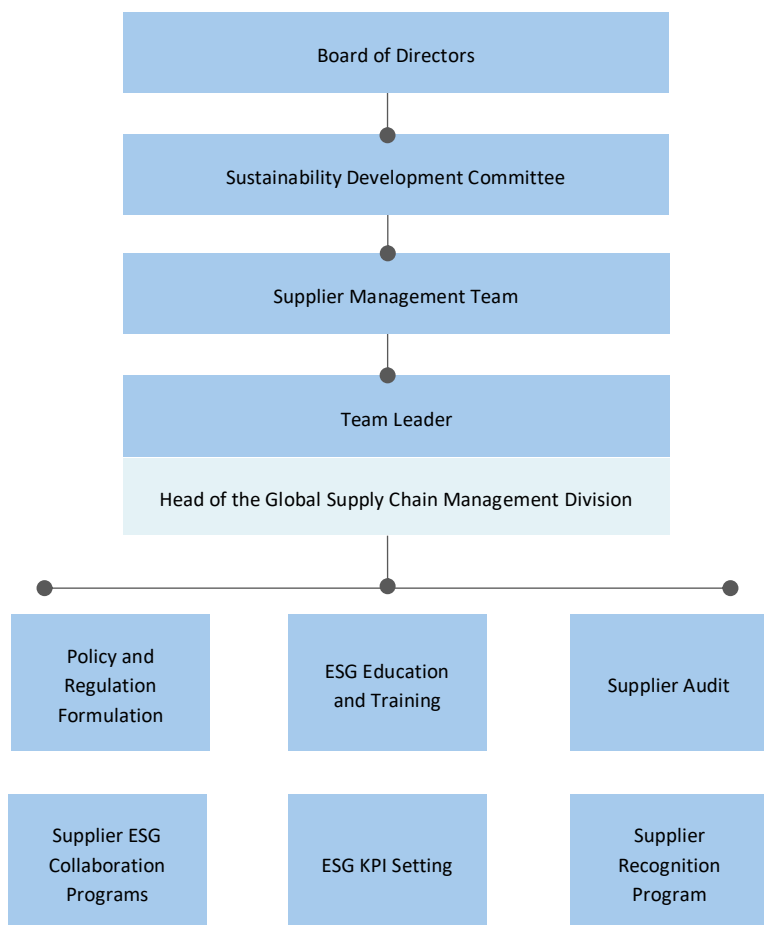
Proportion of Local Procurement by Each Subsidiary

Subsidiary	MitraStar	MitraStar Wuxi	Zyxel Communications	Zyxel Networks
Local Procurement Ratio	72%	73%	98%	57%

2. Supplier Management System

Supplier Management Organization

To advance sustainable supply chain management, Zyxel Group's Global Supply Chain Management Division has established the Supplier Management Group under the Zyxel Group Sustainability Development Committee. The Group integrates supply chain functions across subsidiaries and oversees the planning and implementation of relevant initiatives. The Sustainability Development Committee, a functional committee under the Board, reports regularly to the Board, which oversees sustainable supply chain management performance.



Supplier Sustainability Digital Management Platform

To enhance supply chain management efficiency, the Company has implemented the "Supplier Sustainability Digital Management Platform," covering supplier risk identification, data management, tiered governance, response mechanisms, and capacity building. The platform integrates supplier ESG self-assessment data, declarations and commitment letters, audit records, and early warning indicators to establish an evidence-based, systematic, and data-driven risk management mechanism that strengthens supply chain resilience. It not only improves multi-tier supply chain visibility and information transparency but also enhances risk identification and early warning capabilities, ensuring consistency in audit processes and traceability of documentation. By leveraging digital governance, the Company mitigates operational and compliance risks, supports the collection of carbon and ESG-related data, and fosters supplier participation in green transformation, thereby building a more resilient and responsible supply chain ecosystem.

Training of Suppliers' Management Staff

The Company is committed to enhancing supplier management capabilities by actively promoting sustainability knowledge and concepts through training programs. Specific courses are designed to strengthen employees' skills in supplier management. In particular, for supplier on-site audit teams, the Company places emphasis on training in audit planning, techniques and methodologies, process management, and supplier improvement facilitation, ensuring professionalism and effectiveness in audit execution. Furthermore, the performance of supplier management personnel in advancing sustainable procurement goals and strategies is incorporated into performance evaluations, demonstrating the Company's strong commitment to supply chain sustainability management and execution.

- **ESG Training:** Supplier management personnel complete annual ESG training, achieving a [100% training completion rate](#).
- **Sustainable Procurement Training:** Courses are launched for the management staff of the suppliers. The courses are classified into two categories, "ESG Education and Training Materials for the Group/Suppliers - Basic" and "ESG Education and Training Materials for the Group/Suppliers - Advanced". Relevant concepts are promoted through online education and courses in the hope of incorporating the concept of sustainable procurement into supplier selection and management.
- **Training for the Supplier Audit Team:** For the training of the "Supplier Audit Team" for supplier audit capabilities, training programs have been implemented. Training meetings are convened for the Supplier Audit Team before on-site supplier audits to not only discuss SOPs for the on-site audits and appoint members who will be in charge, but also to conduct audit R&R drills and training.

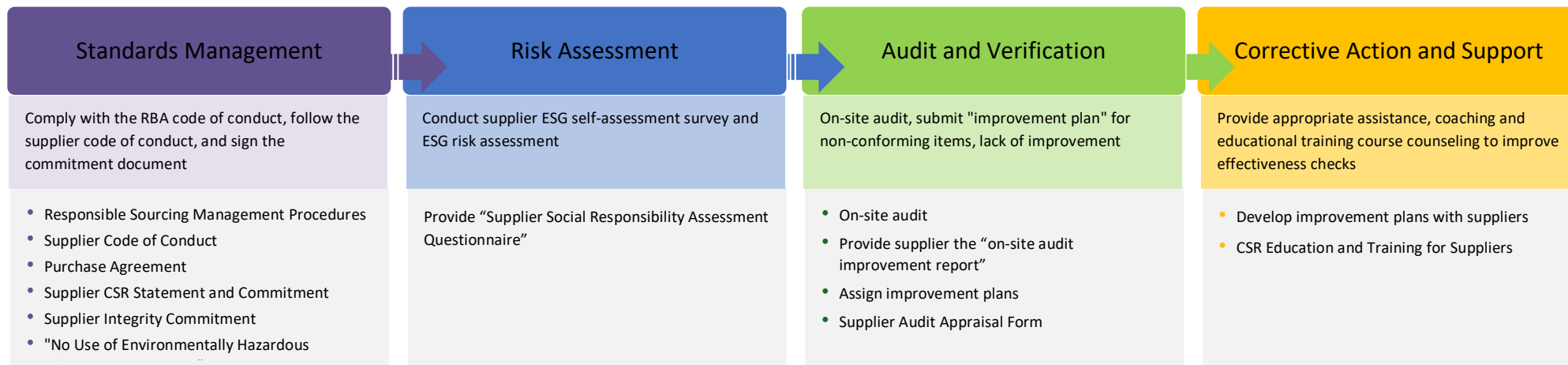
Supplier Whistleblowing Channels

An anonymous whistleblowing channel for suppliers is available on the Company website, directly overseen by the audit and senior management to manage ethical risks.

Reporting Channel for Violations of Ethical Business Conduct: audit@zyxelgroup.com

3. Supplier Sustainability Management Approach

As part of the Zyxel Group procurement and supply chain development policy and commitment, we established a four-stage sustainability supply chain management process with requirements management, risk assessment, audit confirmation, and continuous improvement. We evaluate the performance of the supply chain with regards to the three aspects of economy, society, and environment. This helps ensure that suppliers meet standards and improve their sustainable performance.



Step 1: Standards Management

To build a supply chain aligned with Responsible Business Alliance (RBA) standards, Zyxel Group assesses suppliers' capabilities in fulfilling their social responsibility commitments. The Group has established the [Responsible Procurement Management Procedures](#) and the [Supplier CSR Audit Guidelines](#) to encourage suppliers to meet its sustainability requirements. Suppliers are also required to enter into [Continuity/Product Purchase Agreements](#), ensuring that the products they provide comply with applicable environmental laws and regulations as well as product safety standards. They must also declare that conflict minerals are prohibited, thereby supporting the Group's objectives of preventing pollution, reducing environmental impacts, and safeguarding personal health and safety.

With reference to the standards of the International Labour Organization (ILO), the RBA Code of Conduct, and leading practices adopted by benchmark companies in the electronics industry, Zyxel Group has established a comprehensive [Supplier Code of Conduct](#). The Code covers labor practices, health and safety, environmental protection, business ethics, and management systems. The Group also continuously reviews its supplier-related procurement practices to ensure compliance with the Supplier Code of Conduct and the effective implementation of relevant RBA requirements.

Suppliers are required to sign the [Supplier Corporate Social Responsibility Declaration and Letter of Commitment](#), the [Integrity and Anti-Corruption Commitment](#) in relation to business ethics, and the [Declaration of Non-Use of Environmentally Hazardous Substances](#) concerning environmental protection. Through these commitments, suppliers are expected to comply with the Supplier Code of Conduct and fulfill their social and environmental responsibilities.

Reference: [Supplier Code of Conduct](#)

2025 Supplier Code of Conduct Signing Rate

	Number of Signatory Suppliers	Number of Supplier	Signing Target	Achievement Rate
MitraStar	353	396	85%	89%
Zyxel Communications	6	6	100%	100%
Zyxel Networks	14	14	100%	100%
Total	368	411	89%	90%

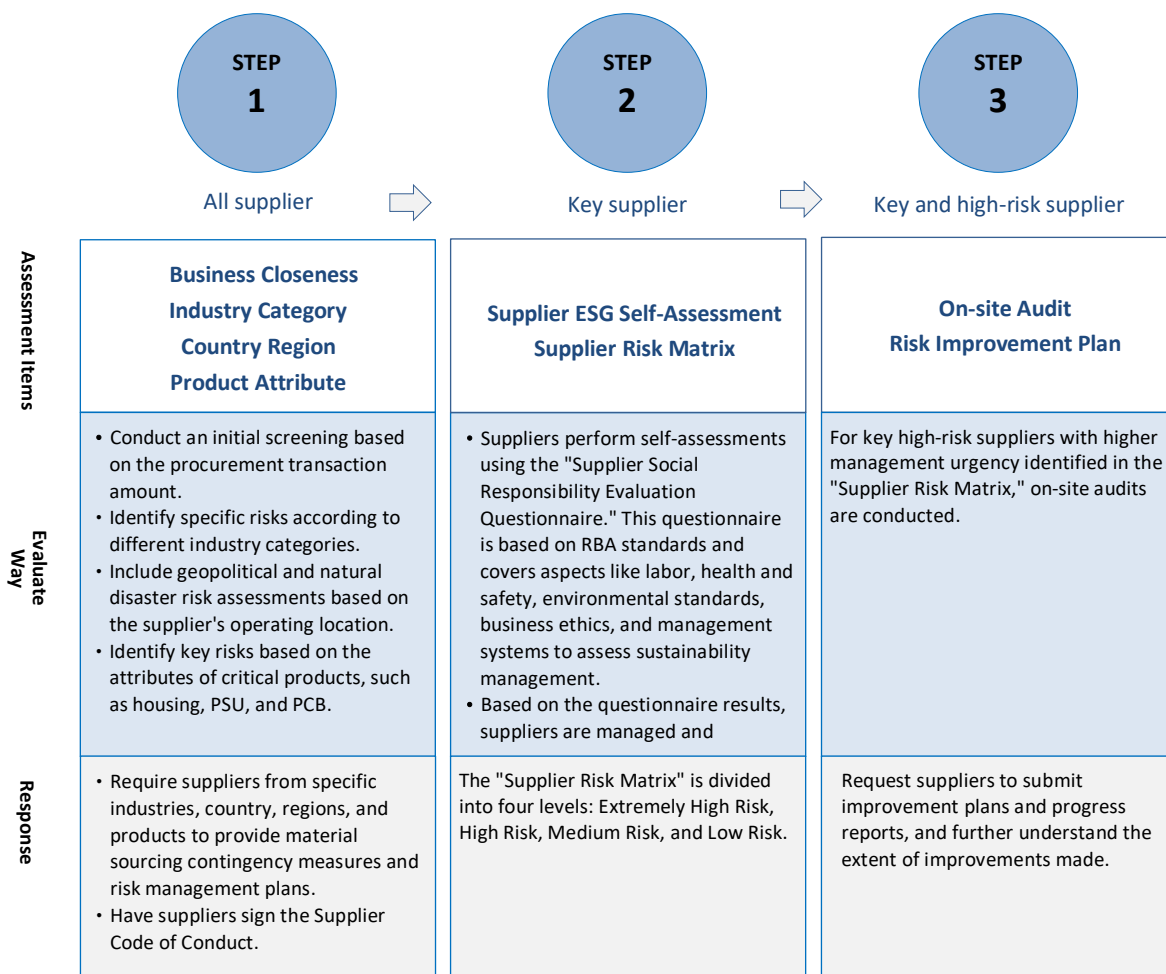
2025 Supplier Signing of the Social Responsibility Declaration and Letter of Commitment / Integrity and Anti-Corruption Commitment

	Number of Signatory Suppliers	Number of Supplier	Signing Target	Achievement Rate
MitraStar	367	396	85%	92.7%
Zyxel Communications	6	6	100%	100%
Zyxel Networks	9	9	100%	100%
Total	382	411	95%	97.6%

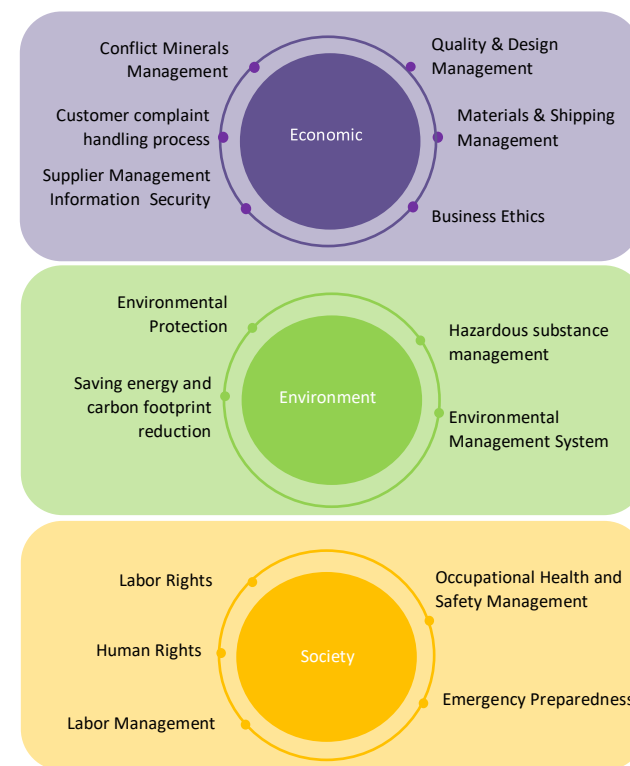
Step 2: Risk Assessment

To gain a deeper understanding of supply chain development and identify potential risks, a three-stage supplier risk assessment mechanism is implemented. Based on business relationships with suppliers, this mechanism evaluates potential risks in governance, environmental, and social aspects according to the supplier's industry category and operating region. Suppliers are periodically required to provide corporate social responsibility evaluation data. Using the "Supplier ESG Evaluation Questionnaire," risk management measures are employed for monitoring. Subsequently, "on-site audits" are conducted to produce formal audit reports to identify supply chain sustainability risks. These findings are incorporated into supplier selection and evaluation criteria. Audits and guidance are conducted for suppliers that may pose higher risks to ensure effective control and mitigation of these risks.

Supplier Risk Assessment Mechanism



Supplier Risk Identification and Assessment



Step 3: Audit and Verification

Supplier ESG Audit Team

Consisting of the Supplier Quality Management, Human Resource, Environmental Safety and Health, and Procurement Departments, the “Supplier ESG Audit Team” is responsible for the evaluation, assessment and management of the suppliers’ social responsibility capabilities. The audit team shall receive training on the RBA standards and the Company’s system manual, as well as training courses for internal auditors.

Conduct a written audit of the "Supplier ESG Evaluation Questionnaire"

Conduct a written audit of the "Supplier ESG Evaluation Questionnaire" for all suppliers. The questionnaire, based on RBA standards, covers labor, health and safety, environmental standards, business ethics, and management systems. This audit aims to understand suppliers' awareness of sustainability management and identify supplier risks.

On-site Audits

The Company performs on-site audits for our key suppliers for their compliance with the RBA Code of Conduct and laws and regulations in terms of labor, ethics, health, safety, and environment according to the RBA Validated Assessment Program (VAP) so as to identify and validate supply chain sustainability risks through the issued audit report. We also use “supplier social responsibility audit reports” as an indicator for supplier selection and evaluation.

Results

Based on the severity of non-compliance issues identified in suppliers, different deadlines for improvement are provided. If suppliers fail to meet the requirements within the given timeframe, the business relationship will be terminated. In 2025, 23 on-site audits of key suppliers were conducted, and no supplier relationships were terminated due to audit results or failure to meet improvement requirements.

2025 Supplier Audit Overview (Including Desk and On-site Audits)

	Number of Suppliers Audited	Target Number of Suppliers to Be Audited	Audit Completion Rate	Number of Key Suppliers Audited	Total Number of Key Suppliers	Percentage of Key Suppliers Audited
MitraStar	95	100	95%	95	100	95%
Zyxel Communications	5	5	100%	5	5	100%
Zyxel Networks	4	4	100%	4	4	100%

Third-Party Audit by Independent Institutions

To ensure compliance with international responsible supply chain standards, customers commission reputable third-party audit firms, such as SGS, to conduct RBA (Responsible Business Alliance) and JAC (Joint Audit Cooperation) assessments on suppliers. These audits cover labor rights, environmental protection, health and safety, and ethical practices. Through independent professional evaluations, the transparency and compliance of the supply chain are strengthened, while advancing sustainable business practices. Auditors conduct on-site visits to assess suppliers’ ESG policies, systems, and performance, including document and record reviews, facility inspections, and interviews with company representatives, employees, and other stakeholders.

2025 Supplier Desk Audit

	Number of Suppliers Surveyed	Target Number of Suppliers to Be Surveyed	Survey Completion Rate
MitraStar	95	100	95%
Zyxel Communications	2	2	100%
Zyxel Networks	4	4	100%
Total	101	106	98%

2025 On-site Supplier Audits

	Number of Suppliers Surveyed	Target Number of Suppliers to Be Surveyed	Survey Completion Rate
MitraStar	16	16	100%
Zyxel Communications	3	3	100%
Zyxel Networks	4	4	100%
Total	23	23	100%

Step 4: Corrective Action and Support

Zyxel Group's supply sustainability plan aims to improve the sustainable supply chain capabilities of our suppliers. Learning materials for the “Supplier CSR Education and Training” are designed according to the “Responsible Business Alliance (RBA) Code of Conduct” that we adhere to. In this way, we can disseminate labor rights, ethical, health, environmental, and management system standards and assist the suppliers in ongoing improvements. In addition, a supplier whistleblowing channel is in place with the chief auditor and top management as the recipients to avoid malpractice.

Specific suppliers proposed origin material contingency measures and risk management

For high-risk countries, industries, material supply origins, and products, require key suppliers to provide detailed reports, disclose information on public websites, or communicate via email outlining their risk management practices and contingency measures. This helps in assessing and identifying risks associated with the suppliers to effectively reduce those risks.

Supplier Audit Findings and Corrective Actions

In 2025, Zyxel Group subsidiaries conducted ESG audits of key suppliers in accordance with RBA requirements. Corrective Action Plans (CAPs) were implemented for 16 key suppliers of MitraStar, five of Zyxel Communications, and four of Zyxel Networks, covering a total of 57 audit findings. Suppliers were required to take corrective actions in response to the identified findings, and the implementation and effectiveness of these improvements were subsequently tracked.

2025	Implementation of Supplier Corrective Action Plans		Assessment of Suppliers with Significant Actual/Potential Adverse Impacts		
	Actual Suppliers Implemented	Targeted Suppliers	Number of Suppliers	Suppliers Supported with Corrective Action Plans	Number of Terminated Suppliers
MitraStar	16	16	0	0	0
Zyxel Communications	5	5	0	0	0
Zyxel Networks	0	0	0	0	0

Category	RBA Item	Key Issues Identified	Corrective Actions	Numbers	Completion Rate
Labor & Human Rights	Working Hours	Total weekly working hours exceeded 60 hours.	Implemented continued overtime pre-alert system to prevent excessive working hours; coordinated manpower allocation with production lines. Since 2024, weekly working hours exceeding 60 hours have significantly decreased.	1	100%
Health & Safety	Emergency Preparedness	No clear inspection records for emergency lights and exit signs.	Emergency lights and exit signs have been added to the inspection checklist. The checklist has been renamed to: Detail Checklist for Fire Extinguishers, Emergency Lights, and Exit Signs.	44	100%
	Occupational Health & Safety Management	No documented occupational safety and health regulations or management plan found.	Obtained occupational safety and health regulations and management program guidelines; documentation currently under development.		
	Occupational Health & Safety Management	X-ray machine lacked training certificates, “Pregnant Women Keep Away” warning labels, and operators did not wear radiation dosimeter badges.	1. Workplace rules or relevant guidelines now define operational qualifications, prohibited items, and compliance requirements. 2. Radiation areas are segregated and marked with warnings; awareness training has been conducted to prohibit unauthorized personnel from entering restricted areas.		
Environment	Solid Waste Management	Waste wiping cloth storage area had two bins (one for waste cloths, one for general waste), but the general waste bin was not properly labeled, leading to risk of misplacement.	“General Waste” labels have been added to bins to prevent misplacement of waste materials.	3	100%
Management Systems	Environmental Policy	No documented environmental protection policy statement found.	An environmental protection policy statement has been established; the company has adopted green procurement practices and is actively addressing environmental sustainability issues.	4	100%
		Grievance channels are not sufficiently promoted; anonymity is not ensured (monitored by CCTV).	The suggestion box has been relocated to the employee break room, which is free of CCTV monitoring, to ensure confidentiality.	5	

4. Sustainable Procurement

When selecting business partners, Zyxel Group requires that all auxiliary materials used in supplier components and throughout the product manufacturing process strictly comply with applicable international environmental regulations. Environmental issues stipulated by the Responsible Business Alliance (RBA) are incorporated into the evaluation criteria for new suppliers. Regarding conflict minerals management, Zyxel Group has integrated the prohibition of conflict minerals into its Green Product Policy, committing to avoid the use of such materials. Through these requirements and standards, the company implements its strategy for establishing a sustainable supply chain management model.

Sustainable Procurement Management

- The Green Product Management - New Supplier Evaluation Operation process developed to select manufacturing suppliers that meet international hazardous substance management requirements to ensure all products comply with relevant regulations.
- The Supplier Green Product Purchasing Contract and Supplier Corporate Social Responsibility Statement formulated to standardize suppliers' compliance with environmental protection directives including "the Restriction of the use of certain hazardous substances in electrical and electronic equipment", the "Waste Electrical and Electronic Equipment Directive", the "Directive of Packaging and Packaging Waste", "Registration, Evaluation, Authorization and Restriction of Chemicals", the "Batteries and Accumulators and Waste Batteries and Accumulators Directive", the "Directive of Eco-design Requirements of Energy-using Products (ErP)", "US Conflict Minerals", the "Stockholm Convention on Persistent Organic Pollutants (POPs)", and "TSCA, the Toxic Substances Control Act", and address environmental issues of corporate social responsibility and other requirements.
- Suppliers are required to submit product-related component testing and verification reports during the product design stage, and the product development progress and implementation results are monitored through the review report.
- Green Management Platform: Aiming to implement "green management operational processes" among suppliers, the company established its green management requirements to be communicated and enacted through an online platform (B to B mode). This platform facilitates the collection of relevant data, including surveys and test reports, to enable investigation into whether the components provided information by suppliers contains hazardous substances. It provides crucial information for supplier management and component approval processes. Simultaneously, it generates essential databases of green components and qualified supplier information.

Responsible Minerals Management

To ensure compliance with conflict minerals requirements, Zyxel Group has established a Conflict Minerals Procurement Policy and management process. The Company incorporates restrictions on conflict minerals into its Green Product Policy for Suppliers and commits not to use minerals sourced from non-conformant smelters in the Democratic Republic of the Congo and adjoining countries, including tantalum (Ta), tin (Sn), gold (Au), tungsten (W), cobalt (Co), mica, and palladium (Pd). The Responsible Minerals Management Policy and Commitment is publicly available.

The Company has established an internal conflict minerals management process and uses the Responsible Business Alliance (RBA) Conflict Minerals Reporting Template (CMRT) to conduct Reasonable Country of Origin Inquiries (RCOIs). Suppliers that may use metal minerals in product components are surveyed to identify the source of 3TG minerals and determine whether they originate from conflict-affected areas.

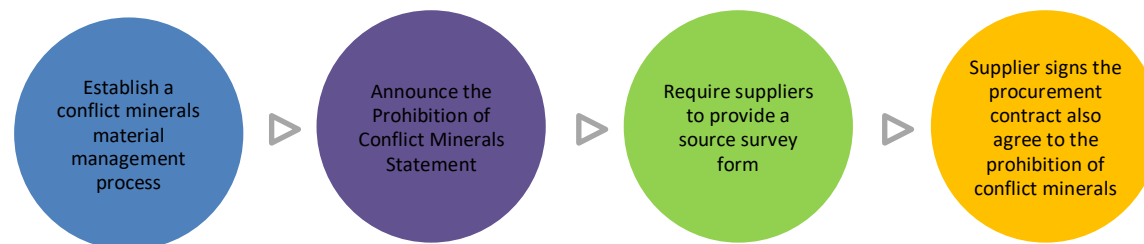
Conflict minerals requirements are incorporated into procurement procedures and supplier contracts. All new suppliers are required to sign the Supplier Code of Conduct and commit not to use conflict minerals. In 2025, the signing rate was 100%.

Conflict Minerals Management Process

Responsible Minerals Management Policy and Commitment

Zyxel Group and its subsidiaries are committed to responsible and sustainable procurement. The Company has established a *Responsible Minerals Management Policy* and responsible sourcing procedures. We do not accept metals sourced from conflict-affected areas or non-conformant smelters, and conduct supplier due diligence to ensure that all suppliers comply with the Company's responsible minerals procurement policy.

[Responsible Minerals Management Policy and Commitment](#)



5. Supply Chain Sustainability Capacity Building

We actively collaborate with suppliers to advance environmental sustainability. In addition to ESG-related training, we support suppliers in continuous improvement and climate action by encouraging the adoption of ISO 14064-1 greenhouse gas inventories. This provides a foundation for product carbon reduction and future supplier low-carbon management targets. Incentive programs are also provided to encourage supplier participation.

Supplier ESG Training

To communicate its sustainability commitments and support continuous supplier improvement, Zyxel Group has developed an online Supplier Corporate Social Responsibility Training Program based on the RBA Code of Conduct. The program covers labor and human rights, ethics, health and safety, environmental management, and management systems.

The training is delivered in two stages: the first introduces ESG principles and Zyxel Group's ESG policies and direction; the second explains supplier CSR audit processes and methods. Video-based courses are provided annually through an online platform, and suppliers are required to complete the training. [In 2025, the ESG training completion rate for key suppliers was 100%](#)

Supplier Excellence Award Program – Zyxel Group Supplier Sustainability Awards

To encourage suppliers to advance sustainability and build long-term sustainable supply chain partnerships, Zyxel Group incorporates ESG performance into supplier evaluations. Suppliers are assessed annually based on independently verified sustainability performance, demonstrated improvement, and on-site assessment results. Qualified suppliers with outstanding performance are recognized at year-end.

Supplier Conferences -Sharing the Latest ESG Trends

To communicate Zyxel Group's sustainability policies and targets, promote ESG engagement and information exchange, and strengthen supplier partnerships, the Company held supplier conferences at its Taiwan and Wuxi, China sites in 2025, with a total of 200 suppliers participating. Zyxel Group shared its sustainability achievements, while external experts presented on global net-zero trends and the latest developments in the Science Based Targets initiative (SBTi).



Supplier Carbon Management Capability

To support Zyxel Group's greenhouse gas reduction targets and establish a basis for product decarbonization and future supplier low-carbon management goals, the Company assesses key suppliers' greenhouse gas inventory and product carbon footprint practices. Assessments cover ISO 14064-1:2018 greenhouse gas inventories and ISO 14067:2018 product carbon footprint inventories.

The Company plans to incorporate these requirements into ESG criteria for its Preferred Vendor List (PVL) selection process, encouraging key suppliers to obtain relevant ESG certifications and recognitions. Suppliers with proven practices are also expected to share experience and support other suppliers in advancing sustainable supply chain management.

Key Supplier Signing the Net-Zero Emissions Commitment

	Number of Suppliers	2025 Target	2025 Achievement Rate
Signing the Net-Zero Emissions Commitment	- MitraStar: 88 - Zyxel Communications: 6 - Zyxel Networks: 2	- MitraStar: Completion rate 90% - Zyxel Communications: Suppliers were required to complete the assessment by the end of 2025 - Zyxel Networks: completion rate 100%	- MitraStar: 97.7% - Zyxel Communications: 83% - Zyxel Networks: 100%

Highlights

Large companies leading smaller enterprises to a low carbon and smart supply chain transformation" project

To advance supply chain decarbonization and digital transformation, Zyxel Group participated in the Ministry of Economic Affairs Industrial Development Administration's Leading Enterprises Driving Low-Carbon and Smart Transformation in Manufacturing program from 2023 to 2025 and received government funding following review.

Working with suppliers, the Company launched a decarbonization transition program covering three areas: low-carbon digital transformation, supply chain decarbonization, and low-carbon green products. The program established short-, medium-, and long-term targets and included carbon reduction pathway planning, an ESG digital sustainability platform, ISO 14064-1 greenhouse gas inventories, ISO 14067 product carbon footprint assessments, a Supplier Net-Zero Academy, supplier conferences, low-carbon product development, and participation in international initiatives—supporting progress toward net zero by 2050.

Net-Zero Academy Courses: 23 courses / 111 hours

Corporate ESG Low-Carbon Transition Path Overview	Introduction to ISO14068 Carbon Neutrality Standard
Introduction to Scope 3 Greenhouse Gas Inventory	ISO14067 Internal Auditor Training 1, 2
Key Communication Points - Introduction to ESG Sustainability Report	Product NetZeroPro Low-Carbon Digital Transformation Platform Introduction
Disclosure Requirements - GRI Standards & SASB Sustainability Accounting Standards Introduction	ISO14067 Supplier Training 1, 2, 3
ISO14064-1 Internal Auditor Training	Carbon Trading Basics and Practical Trading
Organizational NetZeroPro Low-Carbon Digital Transformation Platform Introduction	EU CBAM Corporate Response Strategy
ISO14064-1 Supplier Practical Training 1, 2, 3	Introduction to Internal Carbon Pricing (ICP)
Introduction to ISO50001 Energy Management	Practical Path to Net Zero Transition 1, 2
Factory Energy Saving Case Studies & Energy-Saving Technology Sharing	

Supplier Net-Zero Academy: 111 Hours of Training to Build Carbon Management Capacity

Zyxel Group conducted supplier interviews to understand their operations, carbon knowledge, current decarbonization practices, and support needs. Based on the findings, the Company launched the Supplier Net-Zero Academy to help suppliers build foundational carbon disclosure knowledge and digital capabilities, enabling joint climate action.

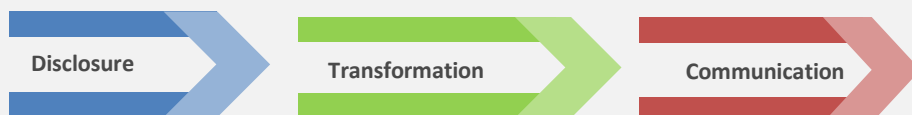
The program is also open to Zyxel Group employees to strengthen professional knowledge and promote energy-saving and carbon reduction awareness.

The curriculum follows three stages—disclosure, transition, and communication—and covers carbon management fundamentals, energy-saving and carbon reduction diagnostics and solutions, and low-carbon product strategies. From 2023 to 2025, the program delivered 111 training hours. By 2025, it had reached 2,987 participant-times, totaling 4,218 training hours.

Development of Low-Energy Consumption Product Materials

Zyxel Group integrates sustainability into its core product design by focusing on environmentally friendly designs using low-toxicity, energy-efficient materials that are easy to disassemble, recycle, and refurbish, extending product life for optimal ecological benefits. Collaborations with the supply chain include:

- Developing, verifying, and introducing PCR plastic materials with raw material suppliers
- Designing eco-friendly packaging and applying sustainable ink
- Optimizing structural and aesthetic designs to reduce secondary processing
- Minimizing mold openings to reduce waste and pollution
- Streamlining product casing designs and standardizing pallet specifications
- Implementing energy-saving software and hardware designs to lower energy consumption
- Ensuring products are easy to disassemble and recycle.



Supporting Suppliers in ISO 14064 Implementation

Zyxel Group launched an improvement program for 11 key suppliers in sectors including packaging materials, passive components, equipment, and power supplies. External consultants provided on-site support for GHG inventories, decarbonization actions, and use of a digital low-carbon transition platform. The program helps suppliers obtain external verification of organizational GHG inventories and establish future carbon management targets and reduction plans.

Digital Low-Carbon Transition Service Platform: Building Carbon Data Management with Suppliers

This system includes: - Organizational Carbon Zyxel Group has established a carbon management platform to manage its own carbon data and support supply chain data collection and inventory calculations. The platform includes an Organizational Carbon Disclosure and Management Module and a Product Carbon Footprint Calculation Module, supporting ISO 14064-1 organizational GHG inventories and ISO 14067 product carbon footprint assessments.

By digitizing carbon inventory processes, the platform helps suppliers manage carbon data, improve data quality and verification efficiency, reduce transition costs, and plan decarbonization pathways. It also enables Zyxel Group to strengthen supply chain carbon management and advance low-carbon supply chain goals.

Highlights

Supplier Human Rights Due Diligence& Employee Engagement Survey

Zyxel Group promotes responsible supply chain management through both internal and supplier-focused assessments. In addition to employee human rights due diligence and engagement surveys, the Company conducts supplier human rights due diligence covering labor conditions, occupational health and safety, and compliance, along with supplier engagement surveys on workplace and corporate culture.

Supplier Human Rights Due Diligence

The survey covered nine human rights topics—reasonable working hours and compensation, human trafficking, child labor, forced labor, occupational health and safety, workplace harassment, employment discrimination, freedom of association, and grievance mechanisms—with 25 questions in total. Results were analyzed based on frequency and impact, and issues were classified into low, medium, and high risk.

Supplier Due Diligence Risk Mitigation Measures

The human rights due diligence assessment identified grievance mechanisms and freedom of association as relatively higher-risk issues. The Company will require suppliers to establish and publicly disclose relevant policies, strengthen supply chain human rights management, and mitigate potential risks.

Responses	Response Rate
532	96%

Supplier Engagement Survey

The survey assessed six aspects of supplier employees' experience—satisfaction with work environment and corporate culture, sense of purpose, well-being, stress level, support, and engagement—covering 17 work-related questions in total. Employee engagement was measured on a 5-point scale, with a target score of 3.8 defined as high engagement.

Supplier Engagement Survey – Follow-up Measures

- **Enhanced Communication:** Share survey results with suppliers and establish two-way communication mechanisms.
- **Partnership Collaboration:** Organize meetings/workshops to strengthen strategic alignment.
- **Capacity Support:** Provide training and resources to enhance sustainability and compliance capabilities.
- **Incentive Mechanisms:** Recognize outstanding suppliers and include results in performance evaluations.

Item	Average Score
Satisfaction	4.74
Sense of Purpose	4.71
Well-being	4.67
Stress Level	4.71
Support	4.65
Engagement	4.69
Total Average Score	4.70

| Sustainable Environment

A. Climate Change

B. Energy Conservation

C. Water Management

D. Waste Management

E. Air Pollution Prevention

F. Biodiversity



Sustainable Environment



Sustainable Environment Commitment

Climate change has become one of the most pressing global environmental issues. With the rise of low-carbon and circular economy trends, Zyxel Group recognizes that only by pursuing environmental sustainability can we secure opportunities for sustainable operation in the global trend and competitive market. Zyxel Group is committed to addressing the impacts of climate change, prioritizing environmental sustainability as a major issue in our sustainable operations. We aim to meet stakeholders' concerns and expectations regarding environmental issues.



sustainable Strategy: Mitigating environmental



Major Issues: Climate Strategy & Energy Management



Stakeholders: Customer Supplier Government Community



SDGs



Performance Highlights

Achieved SBTi Validated Targets	Business Weekly Carbon Competitiveness Top 100	Build a Digital Carbon Management Platform	Days of Production Halted by Climate-related Disasters 0
Greenhouse Gas Reduction Compared to the 2021 Base Year 25.15%	Water withdrawal intensity is reduced compared to the 2021 base year 5.56%	Waste recycling rate 82.84%	Incidents of Non-Compliance with Environmental Regulations 0

Sustainable Environment Strategy

Zyxel Group identifies environmental sustainability as a material topic for sustainable operations. The Company is committed to complying with international conventions and applicable environmental laws and regulations. By integrating its environmental, health and safety, and green product policies, Zyxel Group sets management objectives, strategies, and performance indicators for climate change, energy, water, waste, biodiversity, environmental protection, and occupational health and safety. The Company also engages employees, investors, customers, suppliers, contractors, and other value chain partners to promote environmentally responsible actions.

- Align climate policies with the Paris Agreement's 1.5°C goal.
- Achieve net-zero emissions by 2050 in line with SBTi.
- Set, monitor, and improve environmental performance targets.
- Reduce environmental impacts across the product life cycle.
- Address climate risks, improve energy efficiency, and protect biodiversity.
- Build environmental awareness through stakeholder engagement and training.
- Conduct environmental due diligence for mergers, investments, and new suppliers.

Sustainable Environmental Strategy

Guided by its sustainability and green product policies, Zyxel Group advances three value-chain strategies: green supply chain, green operations, and green products, supported by supply chain decarbonization, climate mitigation and adaptation, and low-carbon product development.

The Company identifies climate risks and opportunities; sets GHG, energy, water, and waste reduction targets; reduces product life-cycle impacts through green product management; and discloses product carbon footprints. Supplier carbon inventories support product decarbonization and low-carbon supply chain targets. Through collaboration and continual improvement, Zyxel Group aligns with international sustainability initiatives.

Three Key Decarbonization Strategy Objectives

Upstream Supply Chains	Company's Operations	Downstream Customers
		
Strategy		
• Setting of low-carbon management goals for suppliers • Require suppliers to conduct carbon inventory • Suppliers to establish carbon reduction plans	• Net-zero carbon emissions • Energy management • Energy transformation • Life transformation • Support for international initiatives	• Introduction of a green product management system to reduce the environmental impacts throughout the life cycle of the products • Disclosure of product carbon footprints in response to customers' demand for information on the carbon emissions of the products

Note: Actions for the three environmental strategy pillars: For Green Supply Chain, refer to Chapter [Value Chain: Supplier Management](#), for Green Products, refer to Chapter [Sustainable Product](#), for Green Operations, please refer to this chapter Sustainable Environment

Sustainable Operation Targets and Performance

Topic	Operational Impact	Actions	Performance Indicators	2025 Targets	2025 Results		Goals			SDGs
							2026 short-term	2028 mid-term	2030 long-term	
Enhancing Climate Resilience	Identify climate change risks and opportunities to monitor operational strategies and financial planning, thereby reducing the financial impact of climate risks. Implement energy-saving initiatives, reduce greenhouse gas emissions, and lower energy costs.	Conduct annual climate disaster drills as part of the Business Continuity Management Plan.	Number of days of production interruption due to climate disasters.	0 days of production interruption.	0 days of production interruption.	V	0 days of production interruption.	0 days of production interruption.	0 days of production interruption.	
Greenhouse Gas Reduction		Adopt SBTi Science-Based targets.	SBTi Emissions Reduction Targets (Base Year: 2021)	-18%	-25.15%	V	-23%	-32%	-42%	
Energy Management		Increase the use of renewable energy.	Complete solar energy installations.	Completed solar power installation at Wuxi Plant	Wuxi Plant Installation: Completed	V	Hsinchu solar installation completed Renewable energy > 6%	Vietnam solar installation completed Renewable energy > 25%	Hsinchu plant Renewable energy > 30%	
Water Stewardship		- Implement water-saving measures - Promote water conservation awareness	Water Withdrawal Intensity Reduction (% vs. 2021 Base Year)	-5%	-5.56%	V	-6%	-8%	-10%	
Waste Management		- Promote waste sorting and reduction - Strengthen waste recycling and reuse	Percentage of reduction in waste intensity compared to the 2021 baseline year.	-10%	-10.72%	V	10% reduction	11% reduction	12% reduction	
			Waste Recycling Rate	>90%	82.84%	V	>90%	>92%	>96%	
Environmental Regulatory Compliance		Comply with regulations	Incidents of Non-Compliance with Environmental Regulations	0	0	V	0	0	0	
Environmental Management Systems		Ensure Environmental Compliance through External Management System Verification.	External Management System Certification.	100% External Verification of Environmental Management Systems	ISO 14001 Certification and GHG Inventory Verification Obtained	V	100% certified	100% certified	100% certified	

Note: Carbon emissions intensity = Carbon emissions / Zyxel Group's consolidated revenue

Note: Zyxel sites do not have manufacturing facilities; therefore, waste management information is not disclosed.

Note: For the annual targets and performance of the three key carbon reduction strategies, please refer to "Partnerships: Supplier Management" for Sustainable Supply Chain and "Sustainable Products" for Sustainable Products.

A. Climate Change

Climate change requires businesses to build mitigation and adaptation capabilities to reduce climate-related operational risks. Early planning and action are essential to sustainable business operations. Through collaboration and exchange with government agencies and environmental organizations, Zyxel Group strengthens the resources and actions needed to respond to climate change and advance its net-zero transition.

To align with international sustainability reporting trends, the Company has initiated planning for the adoption of IFRS S1 and IFRS S2. In accordance with the regulator's implementation roadmap and the Company's capital size, Zyxel Group plans to formally adopt the standards in 2028 and begin reporting in 2029. The Company will also assess the feasibility of voluntary early adoption in response to international supply chain expectations.

Zyxel Group will continue to strengthen climate-related financial risk governance, enhance mitigation and adaptation actions, and build long-term business resilience.

1. Participate in international climate initiatives

Response to SDGs Climate Action Goals



To respond to one of the UN's Sustainable Development Goals, **Goal 13: Climate Action**, emergency measures are adopted to cope with climate change and its impacts.

We aim for GHG reduction, energy saving, water resource management, the incorporation of product R&D into the life cycle of our products, and the disclosure of product carbon footprints.

CDP (Carbon Disclosure Project) Platform



Zyxel Group participates in the CDP disclosure annually, reporting its climate-related strategies, targets, and actions on the CDP platform. Based on CDP's evaluation criteria and results, the Group establishes improvement goals and plans. In addition, Zyxel Group benchmarks its performance against CDP requirements set by customers, conducts self-assessments, and implements enhancements to meet both customer expectations and international standards.

Participation in the SBTi (Science Based Targets initiative)



Zyxel Group is committed to international climate initiatives and actively participates in global actions. In May 2025, the Group's greenhouse gas reduction targets were validated by the Science Based Targets initiative (SBTi), with approval for both near-term and net-zero targets, all aligned with the Paris Agreement's 1.5°C pathway. Zyxel Group is also assessing participation in EV100 and RE100, reinforcing its commitment to global initiatives and its determination to drive decarbonization.

TCFD for Climate Scenario Analysis and Financial Impact Assessment



Zyxel Group has partnered with the "Tunghai University Center for Corporate Sustainability Development" to conduct climate scenario analysis and financial impact assessment. This analysis helps to identify current and future risk factors and their potential financial impacts on the company, allowing for the implementation of risk prevention and response measures.

Zyxel Group also discloses information on climate governance, strategy, risk management, and metrics and targets, including the results of TCFD climate scenario analysis and financial impact assessment. These disclosures cover the identification of climate-related risks and opportunities, as well as the corresponding strategies and actions to address them.

2. Climate-related Financial Disclosures (TCFD)

As an official supporter of the TCFD (Task Force on Climate-related Financial Disclosures), Zyxel Group integrates climate change into one of our assessment projects for significant risks to corporate sustainability. We follow the framework of the "Task Force on Climate-related Financial Disclosures" (TCFD) released by the Financial Stability Board to disclose information on climate governance, strategies, risk management, indicators, and targets, with annual updates. This information is disclosed in our sustainability report and financial annual report.

Through this framework, Zyxel Group identifies the climate-related risks and opportunities impacting our operations, enabling board-level governance to oversee operational strategies and financial planning. This approach mitigates the financial impacts of climate risks while allowing us to further explore climate opportunities—deepening R&D capabilities to continuously develop energy-efficient products and solutions. Additionally, we conduct climate scenario analyses to evaluate potential financial impacts and publish these findings in the *Zyxel Group Climate Action Report*.

Climate Change Strategy

- Identify the risks and opportunities arising from climate change, and promote climate change mitigation and adaptation plans.
- Mitigate potential climate change risks and build resilience to adapt to climate risks.
- Analyze opportunities related to climate change, enhance research and development capabilities, and continuously develop green and energy-efficient products and solutions.
- Set greenhouse gas reduction, water conservation, and waste reduction targets within energy management.
- Raise employees' awareness and encourage environmentally friendly actions.
- Integrate climate change-related risks into the corporate risk management system, conducting regular identification, evaluation, and management through standardized processes.

Governance Organization

Board-Level Oversight

Recognizing the risks and opportunities posed by climate change, Zyxel Group has established a Sustainability Development Committee under the Board as the highest oversight body for climate governance. The Committee is composed entirely of directors, including independent directors, ensuring that climate governance is integrated into the highest decision-making level. It meets at least twice a year to review climate response strategies, progress toward GHG reduction targets, and climate risk assessment results, and regularly reports to the Board.

Management Responsibilities

To implement Board-level decisions, the Chief Sustainability Officer leads the Sustainability Office, which includes the Environmental, Health and Safety Group, Green Product Group, and Supplier Management Group, with participation from relevant subsidiary functions. These groups coordinate actions on GHG reduction, energy efficiency, water management, low-carbon green products, and supply chain decarbonization, while communicating environmental policies and actions to internal and external stakeholders.

Climate-related Financial Disclosures (TCFD)

	Disclosure matters	Response to management strategies and actions
Governance	The board's oversight of climate-related risks and opportunities.	Zyxel Group established the Sustainability Development Committee under the resolution of the Board of Directors. As a functional committee under the Board, the Committee comprises directors, senior management, and representatives from sustainability-related functions. It is responsible for guiding, reviewing, and overseeing sustainability strategies, material sustainability issues, and implementation performance, and regularly reports to the Board of Directors.
	Describe the role of management in assessing and managing climate-related risks and opportunities.	- The Board of Directors appoints the Group Chief Operating Officer (COO) as the Chief Sustainability Officer (CSO) and establishes the Sustainability Office to coordinate and integrate sustainability initiatives across the Group. The Sustainability Office coordinates subsidiaries and responsible functions in implementing sustainability strategies, targets, and projects, consolidates material sustainability issues and implementation results, and regularly reports to the Sustainability Development Committee and the Board of Directors. - Under the Sustainability Office, a Climate Change Working Group is established to address climate-related issues. Led by the heads of relevant functions, the Working Group identifies and assesses climate-related risks and opportunities, evaluates their potential impacts on operations and financial performance, implements climate mitigation and adaptation actions, and regularly monitors progress, performance, and improvement measures.
Strategy	Identify short, medium, and long-term climate-related risks and opportunities	Based on strategic goals, risks and opportunities are identified. The short-term (3 years) focus is on resource use efficiency, raw material cost increases, environmental regulations, and immediate risks such as extreme weather events including floods and typhoons. The mid-term (3-5 years) primarily addresses the costs of low-carbon and high-efficiency technology improvements, as well as shifts in consumer preferences. The long-term (beyond 5 years) includes carbon pricing and carbon taxes, changes in supply and demand structures, and long-term risks such as chronic climate changes like rising temperatures.
	Climate-related risks and opportunities impact operations, strategy, and financial planning	Operationally, climate impacts can lead to shifts in consumer behavior, affecting market share. Strategically, product development requires investment in low-carbon and high-efficiency technologies. Financially, these factors result in increased investment expenses and operational costs.
	Consider the resilience of organizational strategies in different climate scenarios	Conducted climate scenario analyses to assess potential financial impacts program
Risk Management	Process for identifying and assessing climate-related risks	Use the TCFD framework to establish a climate risk identification process, and actively identify risks through the climate risk matrix.
	Process for managing climate-related risks	According to the risk identification process, the identification results are collected and discussed in the "Sustainability Development Committee" meeting held every year to formulate management practices.
	Integrate the process of identifying, assessing, and managing climate-related risks into the overall risk management of the organization	Integrate the process of identifying, assessing, and managing climate change risks and various operational risks into the enterprise risk management (ERM) system.
Metrics and Targets	Evaluation of climate-related risks and opportunities followed by strategies and risk management process indicators	- Greenhouse gas reduction, energy conservation, and water resource management are used as key indicators to measure the extent of risk impacts. - Product development incorporates the product life cycle, disclosing carbon emissions and setting low-carbon product targets.
	Greenhouse gas emissions and related risks in all areas	- Targets for greenhouse gas reduction, energy conservation, and water resource management are established, along with corresponding action plans. - Regular audits of greenhouse gas emissions are conducted to assess the operational impacts faced by the company.
	Targets for managing climate-related risks and opportunities, and the performance of corresponding targets	- Expose climate action to meet SDG goals - Participate in the SBTi scientific carbon reduction target initiative - Implement a monitoring mechanism and set targets for climate risks with a high degree of impact - Develop low-carbon indicators for product parts, analyze data on high-carbon parts, and provide relevant information on carbon reduction directions - Link the internal system and the data stream of the carbon footprint platform

Financial Impact Analysis of Climate Change Scenarios

In addition to recognizing the financial impacts of risks and opportunities related to climate change, in 2022, we initiated a significant risk and opportunity scenario analysis project. This project involves a self-assessment of the impact of climate change risks under different climate scenarios, enabling us to adopt adaptive strategies and response measures. Qiantech Corporation not only conducts risk analysis for itself but also includes suppliers within the analysis boundaries of our value chain. Different scenarios are established based on physical risks and transition risks:

Physical Risks

Scenario Setting: We conducted climate change risk assessment for 41 analysis subjects located within Taiwan for Zyxel Group. This includes 2 owned assets and 39 suppliers. Utilizing severity, vulnerability, and exposure as the calculation template for risk assessment, we analyzed extreme rainfall with severity, flooding potential causing vulnerability, potential for landslides and debris flow causing vulnerability, as well as exposure of the assets located in Taiwan, by conducting scenario simulations. The analysis method involves four scenarios described in the IPCC Fifth Assessment Report: RCP2.6, RCP4.5, RCP6, and RCP8.5, which outline future greenhouse gas emissions. Additionally, it encompasses Taiwan temperature and rainfall predictions for four periods based on government reports: short-term (2021-2040), mid-term (2041-2060), medium-long term (2061-2080), and long-term (2080-2100). This comprehensive approach involves climate simulation research up to the year 2100.

Physical Risk Analysis Findings: Zyxel Group's owned assets located in Taiwan do not have any significant physical risks. However, some of the suppliers operating in Taiwan, while not at risk of landslides or rockfalls, may face potential flooding risks in the future.

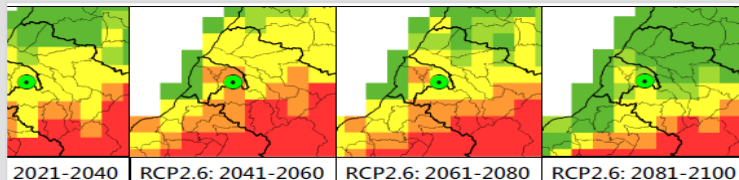
Transition Risks

Scenario Setting: Three scenarios were analyzed based on the Taiwan government's net-zero pathway, IPCC AR6's SSP1-1.9 scenario, and the SBT-NZ scenario, which requires achieving net-zero emissions before 2050 as stipulated by SBT. Three risk factors—regulatory, market, and reputation—were assumed as conditions for analysis. The financial impact estimation was projected until 2050. Regulatory risks primarily affect operational costs and capital expenditures, while market risks mainly influence potential revenue losses for the company.

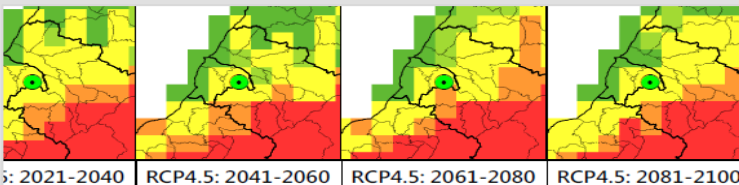
Transition Risk Analysis Findings: Under the scenario of achieving the government's net-zero target, Zyxel Group would require substantial investment in procuring renewable energy. The resulting financial impacts would mainly involve carbon taxes, with market and carbon penalty risks reduced to zero. In the case of achieving the SBT-NZ goal, compliance with SBT-NZ would commence around 2040. The primary cost driver would be the procurement of renewable energy. Additionally, the transition risk concerning customers would involve a decrease in market share for products.

Climate Risk Levels of Owned Asset Locations under RCP Scenarios - Scenario Simulation Chart Data

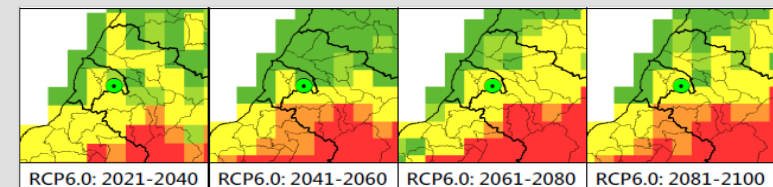
RCP 2.6



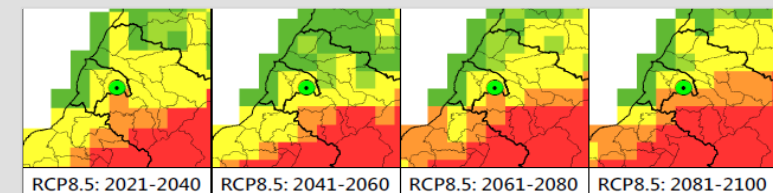
RCP 4.5



RCP 6



RCP 8.5



Transition Risks: Considerations and Assumptions for Scenario Analysis

	Risk	Consideration Factors and Assumptions	Cost Categories
Regulations	Carbon Tax	Based on different scenarios, the company's unit carbon tax payment varies significantly due to substantial differences in taxation systems, leading to a high degree of uncertainty. The assessment primarily considers three levels of carbon tax: 1. Government Net-Zero Pathway: SSP2-4.5 (Approximately 2-10 USD/tCO ₂ e from 2021 to 2050) 2. SSP1-1.9 and SBT-NZ: Carbon price under SSP1-1.9 (Reaching around 650 USD/tCO ₂ e by 2050)	Operating Costs
	Emissions Cap and Carbon Penalty	Currently, international regulations and trends lean towards imposing carbon taxes rather than utilizing carbon penalties or emissions caps. Therefore, only under the Government Net-Zero Pathway would additional consideration be given to carbon penalties (within regulations not exceeding 1500 NTD/tCO ₂ e).	Operating Costs
Technology	Renewable Energy Infrastructure Costs	The installation cost of setting up renewable energy generation facilities in-house is recognized as capital expenditure for the current year. The cost of renewable energy installations is obtained from the IRENA Renewable Energy Report 2022.	Capital Expenditures
	Renewable Energy Operational Costs	The operational costs of renewable energy are obtained from the IRENA Renewable Energy Report 2022.	Operating Costs
	Renewable Energy Procurement Costs	The procurement cost of renewable energy in Taiwan is calculated by adding the Taiwan Power Company's (Tai power) current average selling price of renewable energy to the public electricity fee (sourced from Tai power).	Operating Costs
	Cost of Purchasing Electricity from Taiwan Power Company	Procurement Cost and Benefits from Tai power are calculated at a rate of 2.55 NTD/kWh for industrial high-voltage electricity consumption.	Operating Costs
	Carbon Removal Costs	According to IEA data, the cost of Carbon Capture, Utilization, and Storage (CCUS) can vary depending on the specific circumstances. As this study considers carbon removal as the ultimate approach to achieving net-zero emissions, the most expensive direct air capture technology is used, which costs around 85-345 USD/tCO ₂ e. Therefore, based on three scenarios, the assumptions are as follows: 1. Immature Technology: 340 USD/tCO ₂ e ; 2. Average Price: 235 USD/tCO ₂ e ; 3. Mature Technology: 130 USD/tCO ₂ e	Anticipated Expenditure
Market	Risk of Decreased Market Share for Products	The estimation of market risk is based on the potential loss of customers who prioritize carbon reduction targets when a company does not achieve its transition goals. This could lead to an expected decrease in market share. 1. Government Net-Zero: 1% of revenue loss; 2. SSP1-1.9 and SBT-NZ: 25% of revenue loss	Projected Revenue

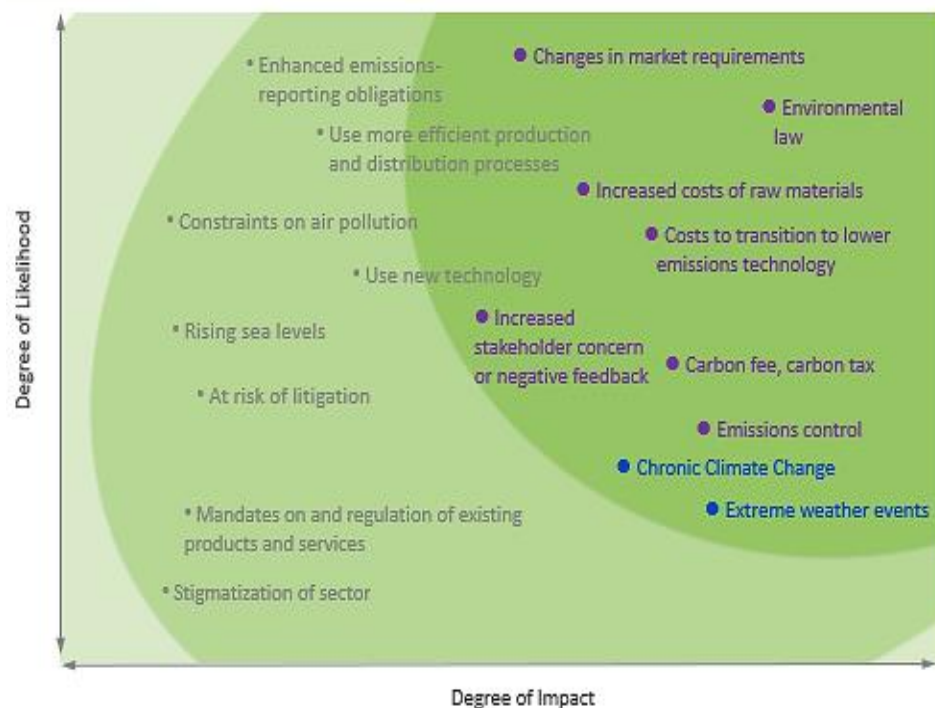
Financial Impact Analysis of Climate Change Scenarios

External Scenarios	Government Net-Zero Pathway	SSP1-1.9	SBT-NZ
Explanation	Based on the net-zero target currently proposed by Taiwan	Based on the SSP1-1.9 pathway outlined in the IPCC AR6 report	Estimated scenarios based on achieving the SBT Net Zero criteria
Assessment of Risks	Regulatory risk, market risk		
BAU situation: Financial Impact (No Implementation of Transformation Strategy)	Regulatory risk: Increasing cost of carbon penalties Regulatory risk: Relatively stable carbon tax fluctuation	Regulatory Risk: Short-Term Growth in Carbon Tax, Followed by Carbon Emission Reduction, Decreases by 2050 Market Risk: Potential Order Loss, Increased Financial Risk	Regulatory Risk: Carbon tax costs are expected to increase in the short term, then decline by 2050 as emissions are reduced. Market Risk: Potential order losses may increase financial risk.
Transition Scenario: Management Costs (Implementing Transformation Strategy)	Primary cost: Procurement of renewable energy	Primary Costs: Procurement of Renewable Energy, Carbon Tax	Primary costs: Procurement of renewable energy, carbon removal costs
Mitigation Measures	Procurement of renewable energy	Procurement of renewable energy	Procurement of renewable energy, Adoption of carbon removal technology

Climate Change Risk & Opportunity Classification

Based on the categories of climate-related risks and opportunities of TCFD, Zyxel Group's relevant departments collect and analyze information on international climate-related trends, industry concerns, and Zyxel Group's reply to the contents of the CDP (Carbon Disclosure Project) questionnaire and meet to evaluate and discuss them. The impacts of specific risk topics and scenarios on Zyxel Group's organization and operations are identified and climate-related risks and opportunities are ranked according to the degree of impact to find out the potential crises and possible opportunities in response to climate change. Plans to follow TCFD recommendations are included in the annual financial report where Zyxel Group exposes the most important climate-related risks and opportunities.

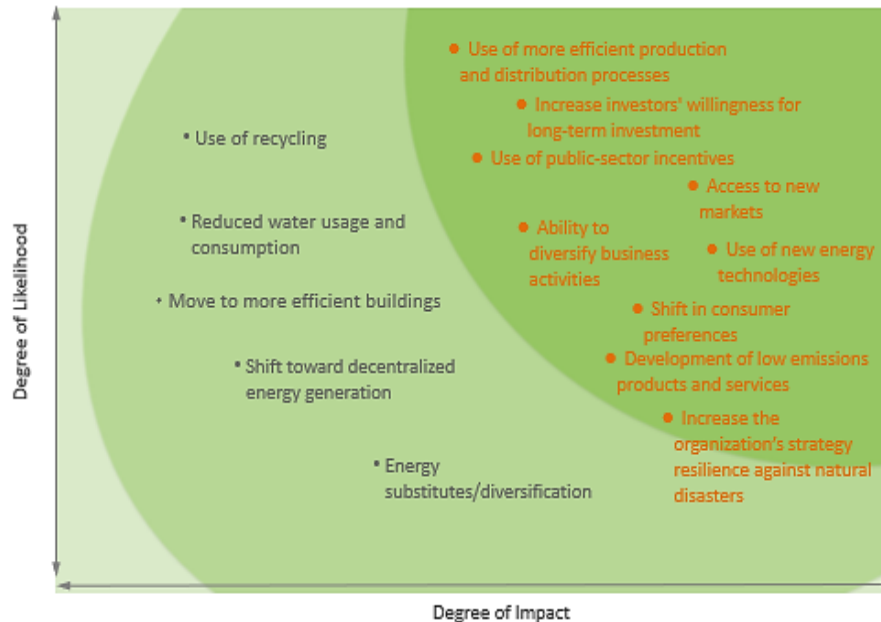
TCFD Climate-Related Opportunity



Analysis of Potential Financial Impacts of TCFD Climate Change Risks

Type	Aspects	Major Risks	Analysis of Potential Financial Impacts
Transition Risks	Policy and Legal	Carbon fee, carbon tax	Increased Tax, Management, and Investment Costs
		Environmental law	Increased Costs to Comply with Environmental Regulations
		Emissions control	Increased Costs for Low-Carbon Equipment
	Technology	Costs to transition to lower emissions and effective technology	Increased Costs for Technology Development
	Market	Changes in market requirements	Consumer Behavior Impacting Market Share
		Increased costs of raw materials	Increased Raw Material Procurement Costs
Physical Risks	Reputation	Increased stakeholder concern or negative feedback	Damaged Corporate Brand Image
	Acute	Extreme weather events (ex: typhoons, floods)	Resulting in Power Outages, Factory Equipment Loss, and Supply Chain Disruption
	Chronic	Chronic Climate Change (average temperature rise)	Increased Electricity Usage, Rising Carbon Emissions, Leading to Cost Increases

TCFD Climate-Related Opportunity



TCFD Climate-Related Opportunity Identification Matrix

Type	Major Opportunity	Analysis of Potential Financial Impacts
Resource Usage Efficiency	Use of more efficient production and distribution processes	Production Line Automation, Enhancing Production Efficiency
Energy Source	Use of new energy technologies	Reducing Energy Usage Costs
Products and Services	Development of low emissions products and services	Meeting Customer Demand for Energy-Efficient Products, Increasing Revenue
	Ability to diversify business activities	Exploring New Business Opportunities to Increase Revenue
	Shift in consumer preferences	Prioritize Capturing Market Trends, Meeting Customer Needs, and Enhancing Satisfaction
Markets	Access to new markets	Increase Revenue
	Use of public-sector incentives	Reduce Operational Production Costs
Resilience	Increase investors' willingness for long-term investment	Stabilize Shareholder Structure, Reduce Probability of Stock Value Volatility
	Increase the organization's strategy resilience against natural disasters	Reduce Probability and Impact of Operational Disruptions and Losses

Climate Change Risks and Opportunities Responses

Type	Aspects	Risks	Opportunity	Response Plans and Actions
Transition Risks	Regulations / Energy	• Carbon fee, carbon tax • Environmental law • Emissions control	• Use of more efficient production and distribution processes • Use of new technologies	• Set SBT carbon reduction targets • Greenhouse gas reduction, water saving, waste reduction targets • Continuous implementation of gas reduction measures • Assess the use of renewable energy
	Technology / Product	Costs to transition to lower emissions technology	• Development of low emissions products and services • Ability to diversify business activities • Shift in consumer preferences	• Introduce green product management system to reduce the impact of product life cycle on the environment • Expose product carbon footprint and respond to customers' demand for product carbon emissions information • Continue to invest in energy-saving product research and development
	Market	• Changes in market requirements • Increased costs of raw materials	• Access to new markets • Use of public-sector incentives	Develop low-carbon design products, improve product efficiency, and respond to market demand
	Reputation	Increased stakeholder concern or negative feedback	Increase investors' willingness for long-term investment	• Continue sustainable environmental goals and actions to establish a sustainable corporate image • Responding to international initiatives
Physical Risks	Acute	Extreme weather events (ex: typhoons, floods)	Increase the organization's strategy resilience against natural disasters	• Conduct risk assessment and risk mitigation measures for typhoon and flood disasters in the manufacturing plant area • Regular natural disaster emergency drills
	Chronic	Chronic Climate Change (average temperature rise)		

3. Carbon Management

To support the IPCC Special Report on Global Warming of 1.5°C, Zyxel Group's greenhouse gas reduction targets were validated by the Science Based Targets initiative (SBTi) in 2025. The targets align with the Paris Agreement's 1.5°C pathway. The Company has set a long-term goal of achieving net-zero emissions by 2050 and is implementing related decarbonization plans and strategies.

Decarbonization Pathway and Strategy

In line with the Science Based Targets initiative (SBTi) Net-Zero Standard, Zyxel Group has established science-based targets covering Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, with near- and long-term reduction pathways toward net-zero emissions by 2050.

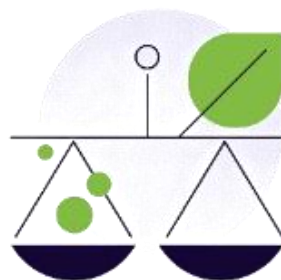
By 2025, Scope 1 and 2 emissions had decreased by 25.15% from the 2021 base year, while Scope 3 emissions had decreased by 26.28% from the 2023 base year.

Near-Term Targets

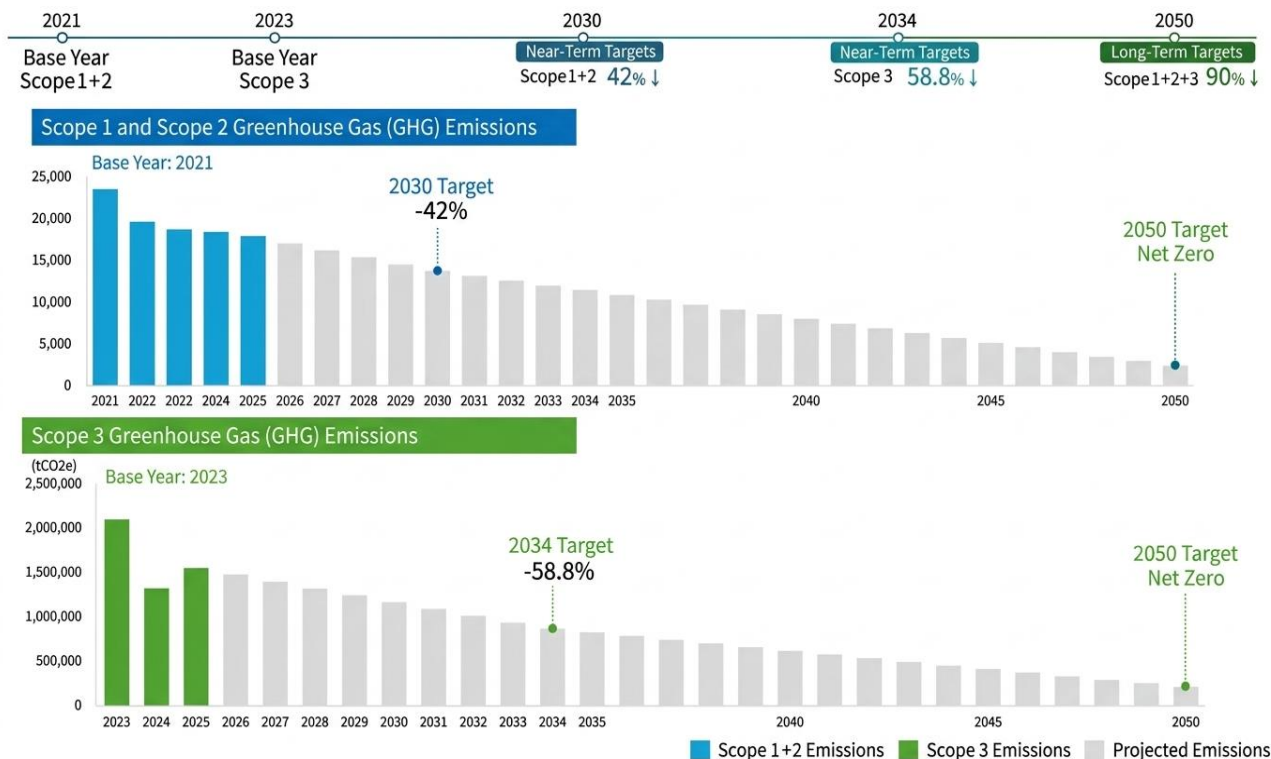
- **Scope 1 and 2:** Reduce absolute GHG emissions by **42% by 2030** from a 2021 base year.
- **Scope 3:** Reduce absolute GHG emissions by **58.8% by 2034** from a 2023 base year.

Long-Term Targets

- **Scope 1 and 2:** Reduce absolute GHG emissions by **90% by 2050** from a 2021 base year.
- **Scope 3:** Reduce absolute GHG emissions by **90% by 2050** from a 2023 base year.



Zyxel Group Science Based Targets initiative (SBTi) Pathway



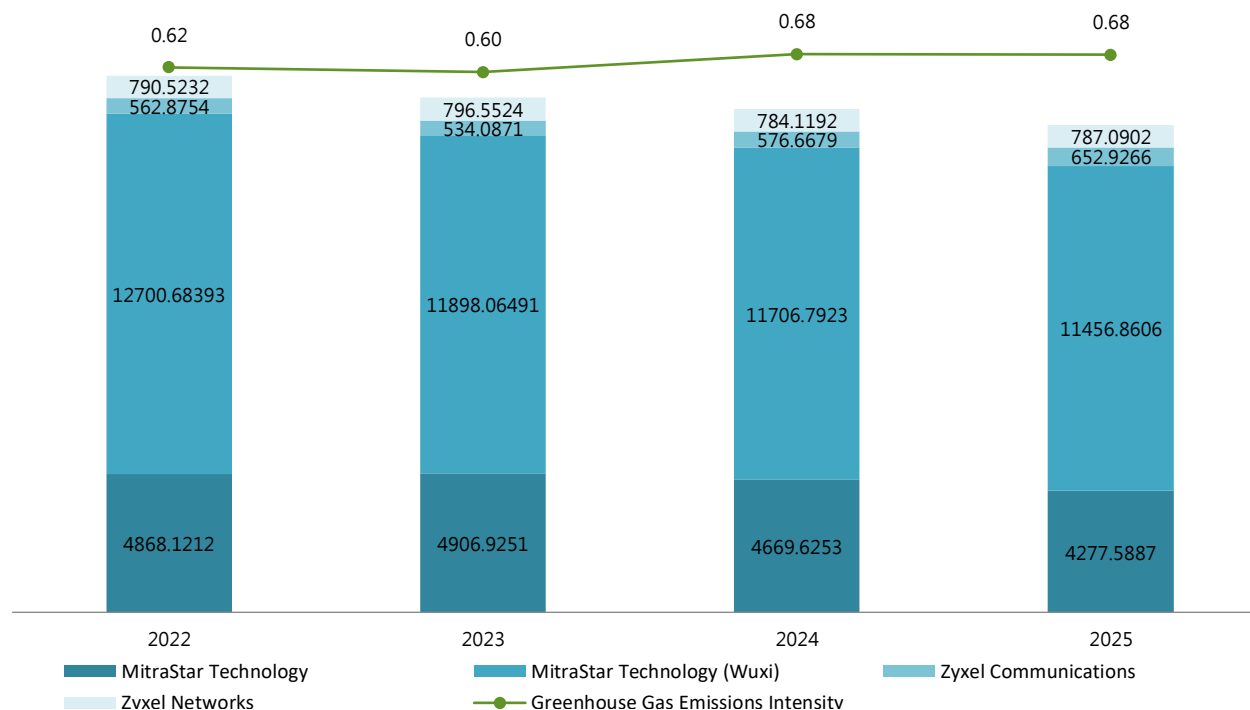
Greenhouse Gas Inventory

Zyxel Group's GHG inventory follows ISO 14064-1:2018 and the GHG Protocol. Organizational boundaries are defined using the operational control approach, with 2021 as the base year.

The inventory covers Zyxel Group and its subsidiaries—MitraStar Technology, Zyxel Communications, Zyxel Networks, and MitraStar Technology (Wuxi)—including the MitraStar and Zyxel Communications sites in Taiwan and the Wuxi site in China. Scope 1, Scope 2, and Scope 3 emissions are inventoried to support SBTi target management.

In 2025, Scope 1 emissions totaled 871.4191 tCO₂e, Scope 2 emissions totaled 16,303.0472 tCO₂e, and total Scope 1 and 2 emissions were 17,174.4663 tCO₂e. All subsidiaries obtained third-party verification under ISO 14064-1.

Historical Scope 1 and Scope 2 Greenhouse Gas Emissions by Subsidiary



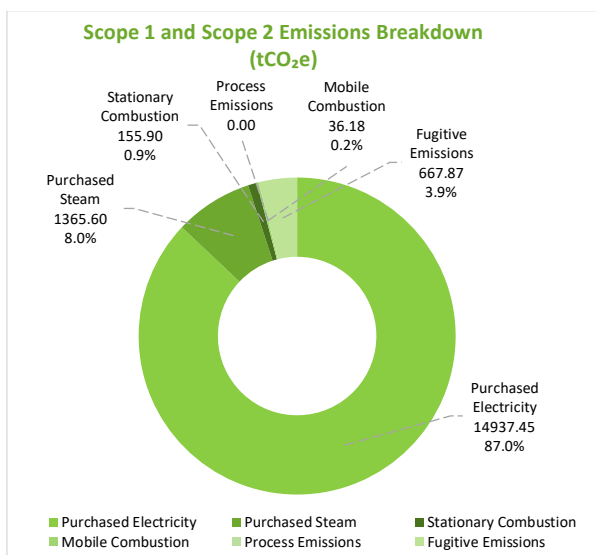
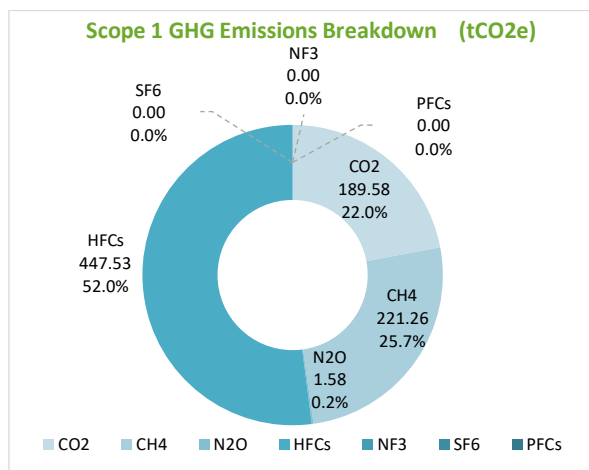
Scope 1 + Scope 2 Greenhouse Gas Emissions

Unit: tCO ₂ e	2022			2023			2024			2025		
	Scope 1	Scope 2 (Market-based/ Location-based)	Total Emissions	Scope 1	Scope 2 (Market-based/ Location-based)	Total Emissions	Scope 1	Scope 2 (Market-based/ Location-based)	Total Emissions	Scope 1	Scope 2 (Market-based/ Location-based)	Total Emissions
MitraStar	175.4766	4,692.6446	4,868.1212	491.6951	4,415.2300	4,906.9251	333.6776	4,335.9477	4,669.6253	253.1808	4024.4079	4,277.5887
Wuxi MitraStar	611.8729	12,088.8111	12,700.6839	633.9549	11,264.1100	11,898.0649	696.6394	11,010.1529	11,706.7923	325.5200	11,131.3406	11,456.8606
Zyxel communications	79.2234	483.6520	562.8754	78.3040	455.7831	534.0871	124.9768	451.6911	576.6679	207.7780	445.1486	652.9266
Zyxel Networks	97.3324	693.1908	790.5232	103.5237	693.0287	796.5524	100.3359	683.7833	784.1192	84.9402	702.1500	787.0902
Total	963.9053	17,958.2985	18,922.2037	1,307.4777	16,828.1518	18,135.6295	1,255.6297	16,481.5750	17,737.2047	871.4191	16,303.0472	17,174.4663
Emission Intensity	0.62			0.60			0.68			0.68		

Note: As Zyxel Group and MitraStar Technology operate at the same site, their Scope 1 and 2 emissions are calculated on a combined basis.

Zyxel Group's sites report Scope 1 direct emissions from stationary sources (e.g., generators and lawn mowers), mobile sources (e.g., company vehicles), and fugitive sources (e.g., fire suppression systems, refrigerants, and septic tanks). Emissions include carbon dioxide, methane, nitrous oxide, and hydrofluorocarbons.

Scope 2 emissions primarily include indirect emissions from purchased electricity and steam.



Scope 3 Greenhouse Gas Emissions

organizational boundary. As indirect emissions may be difficult to classify, quantify, and verify, the Company applies its Materiality Assessment Criteria Table to identify emission sources associated with material risks and opportunities. Following review by management representatives, material indirect emission sources are determined for each site based on practical, technical, and economic considerations. The inventory results are presented below. All subsidiaries have completed third-party verification and obtained ISO 14064-1 verification certificates.

Scope 3 emissions primarily arise from purchased goods and services (raw materials and product procurement) and the use of sold products, accounting for 98.89% of total Scope 3 emissions. Zyxel Group will continue to promote supply chain decarbonization, reduce emissions from purchased goods, and lower use-phase emissions through smart power management and energy-efficient product design.

GHG Protocol	ISO 14064-1 :2018	Sources of emissions	Emissions (tCO ₂ e)				Total
			MitraStar	Wuxi MitraStar	Zyxel Communications	Zyxel Networks	
C01	C04	Purchased goods and services	183,030.5777	372,224.9626	906.6686	3,227.9843	559,390.1932
C02	C04	Capital goods	1,471.0889	129.9179	98.9344	70.3020	1,770.2432
C03	C04	Fuel- and energy-related activities	944.2751	-	143.7265	167.1125	1,255.1141
C04	C03	Upstream transportation and distribution	92.8712	2,362.0418	0.1389	23.6737	2,478.7256
C05	C04	Waste generated in operations	481.5949	4.3839	35.0903	51.1881	572.2572
C06	C03	Business travel	17.9069	33.2329	59.1808	41.7094	152.0300
C07	C03	Employee commuting	472.9217	202.3083	285.8665	258.7212	1,219.8177
C08	C04	Upstream leased assets	-	-	-	-	-
C09	C03	Downstream transportation and distribution	3,244.3168	7,175.8338	7,419.2377	758.0635	18,597.4518
C10	C05	Processing of sold products	-	-	-	-	-
C11	C05	Use of sold products	-	-	830,181.9666	119,026.2787	949,208.2453
C12	C05	End-of-life treatment of sold products	-	-	263.4367	86.4945	349.9312
C13	C05	Downstream leased assets	-	-	-	-	-
C14	C05	Franchises	-	-	-	-	-
C15	C05	Investments	-	-	441.6425	-	441.6425
Total			189,755.55	382,132.68	839,835.89	123,711.53	1,535,435.652

Since Zyxel Holdings and MitraStar Technology operate at the same site, their Scope 3 data are calculated on a consolidated basis.

Carbon Management Mechanism

Under its green operations strategy, Zyxel Group addresses climate mitigation and adaptation through short-, medium-, and long-term targets for net-zero emissions, energy management and transition, lifestyle transformation, and participation in international initiatives. In line with its commitment to the Science Based Targets initiative (SBTi), the Company has established the following actions to achieve its GHG reduction targets:

Internal Carbon Pricing (ICP)

To strengthen climate risk management and support low-carbon transition decisions, Zyxel Group applies a shadow price as its core internal carbon pricing tool. This approach incorporates the potential environmental and financial costs of carbon emissions into operational and investment decisions. In 2025, the trial internal carbon price was set at USD 30–50/tCO₂e, with reference to the IEA Net Zero Emissions (NZE) pathway, international carbon market trends, and the direction of Taiwan's Climate Change Response Act and carbon fee system.

Internal carbon pricing is incorporated into investment evaluations for renewable energy, equipment, water and carbon management systems, energy-saving measures, and decarbonization projects. By quantifying carbon costs, the Company compares the costs and emissions reduction benefits of different options to support investment selection, resource allocation, and implementation of decarbonization actions.

The internal carbon price covered Scope 1 and Scope 2 emissions, achieving 100% emissions coverage within the selected boundary in 2025. Based on emission materiality and management needs, the Company will progressively extend its application to material Scope 3 emission sources, with priority given to procurement, transportation, and the use of sold products.

To ensure that the internal carbon price reflects external carbon costs and the Company's decarbonization needs, the ESG function regularly monitors the IEA net-zero scenario, carbon market prices, carbon pricing policies, Taiwan's carbon fee system, and relevant climate regulations. These factors are assessed together with the Company's SBTi targets, emissions trends, and decarbonization project performance. The price is reviewed at least annually for its appropriateness and applicability.

The review covers the price level and range, emissions coverage, application in investment decisions, and decarbonization benefits. Reviews are also initiated when carbon fees, market prices, or material climate policies and regulations change. Proposed adjustments are submitted to management for review and approval in accordance with internal procedures.

As global carbon regulation and carbon costs increase, Zyxel Group expects to gradually review and adjust its current USD 30–50/tCO₂e internal carbon price and expand coverage to material Scope 3 sources. This will strengthen the role of internal carbon pricing in investment and carbon management, supporting the Company's SBTi targets and long-term net-zero transition.

Climate Management Performance Incentives

To advance its sustainability transition, Zyxel Group has established ESG KPI incentive mechanisms that include climate change management. For senior management, climate-related performance is linked to annual performance evaluations and remuneration, reinforcing leadership accountability.

For ESG-related departments, achievement of environmental management targets and supplier engagement outcomes on environmental issues are incorporated into annual performance evaluations. The Company also promotes sustainability culture among all employees through environmental and carbon reduction activities, using non-monetary incentives such as awards and recognition to encourage sustainable daily practices.

Digital Carbon Management Platform

Zyxel Group has established a carbon management platform to manage GHG emissions and carbon footprint data, and to support supply chain carbon data collection and inventory calculations. The platform enables regular GHG inventories and product carbon footprint assessments, providing data visualization, progress tracking against reduction targets, analytical insights for decision-making, and support for decarbonization actions.

The system includes an Organizational Carbon Disclosure and Management Module and a Product Carbon Footprint Calculation Module, supporting ISO 14064-1 organizational GHG inventories and ISO 14067 product carbon footprint assessments.

Organizational Carbon Disclosure and Management Module: Supports Zyxel Group and its suppliers in managing decarbonization targets and organizational and product inventory data. Through communication, collaboration, support, monitoring, and capacity building, the platform helps suppliers develop carbon management capability and complete digital carbon inventories.

Product Carbon Footprint Calculation Module: Integrates with Zyxel Group's Green Product Management System to present life-cycle carbon footprint results. It supports rigorous review of emissions throughout the product life cycle—including design, supply chain collaboration, raw material procurement, manufacturing, packaging, logistics, recycling, and end-of-life treatment—to support low-carbon product development.



Carbon Reduction Actions

Company	Scope 1	Scope 1	Scope 3
MitraStar	- Assess company vehicle electrification - Procure temperature and humidity control equipment with lower refrigerant charges - Improve septic tank systems to reduce anaerobic emissions	- Install solar photovoltaic systems - Replace chillers with high-efficiency models - Replace energy-intensive process equipment - Implement energy-saving responsibility zones	- Reduce indirect emissions associated with purchased electricity - Reduce emissions from the use of sold products - Reduce waste from operations
MitraStar Wuxi	- Replace diesel forklifts with electric forklifts - Reduce generator test-run hours	- Replace low-efficiency, high-power equipment, such as chillers - Install additional solar photovoltaic capacity - Strengthen electricity-use controls - Replace T8 fluorescent tubes with LED lighting	Reduce waste from operations
Zyxel Communications / Zyxel Networks	- Reduce company vehicle use through online meetings - Reduce lawn mower use to lower gasoline consumption - Reduce diesel generator test-run hours where appropriate - Procure refrigeration equipment using environmentally friendly refrigerants	- Encourage stair use to reduce elevator use - Control lighting and air conditioning after hours - Use zone-based parking lot lighting outside commuting hours - Maintain energy-consuming equipment - Use smaller chillers during non-summer periods	- Reduce business travel through online meetings - Reduce product use-phase energy consumption - Reduce product and packaging weight to lower transport emissions - Improve end-of-life recycling and reduce incineration and landfill

B. Energy Management

Zyxel Group is committed to continuously improve energy and resource efficiency. Beyond optimizing the use of resources in product design and development, the Corporate Sustainability Development Committee closely monitors international trends and regulatory requirements, conducting risk impact assessments and formulating responses. The committee integrates energy-saving and carbon-reduction strategies and initiatives across relevant departments, establishes energy management plans, and continuously tracks performance and progress.

Zyxel Group implements measures such as energy-saving initiatives, enhancing manufacturing process efficiency, replacing energy-consuming equipment, introducing energy management systems, and planning for the use of renewable energy. These strategies are designed to address climate change risks and reduce the environmental impact of greenhouse gas emissions. Additionally, the company promotes energy-saving activities among employees and conducts educational programs to raise awareness about energy conservation and environmental protection.

Energy Goals and Achievements

Topic	Strategy action	Performance Indicators	2025 Goal	2025 Achievements	Goals			SDGs
					2026 short-term	2028 mid-term	2030 long-term	
Energy Management	Increase Renewable Energy Usage	Completion of solar energy installation.	Plan solar PV installations at the Wuxi and Hsinchu plants	- Hsinchu Plant Phase I: 100% completed - Wuxi Plant: 00%completed	- Hsinchu Plant Solar PV installation completed: 100% - Renewable energy: >6%	- Vietnam Plant Solar PV installation: 100% - Renewable energy: >25%	Hsinchu Plant Renewable energy: >30%	

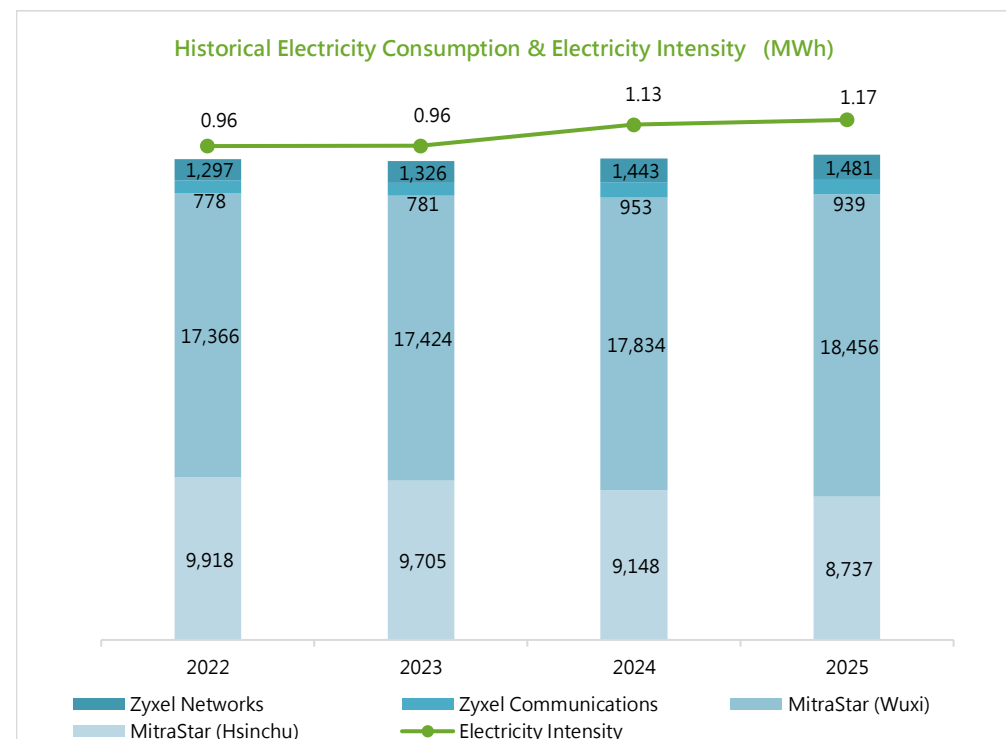
Energy Usage

Unit: MWh	2022	2023	2024	2025
Purchased Electricity	29,359.17	29,235.28	29,376.84	29,508.96
Diesel	52.49	55.55	197.22	578.47
Gasoline	57.50	151.11	179.72	134.66
Steam	3,239.72	3,275.83	3,555.28	3,340.40
Self-Consumed Solar Power	-	-	-	104.36
Total Electricity Consumption	29,359.17	29,235.28	29,376.84	29,613.32
Non-Renewable Energy Consumption	32,708.88	32,717.77	33,309.06	33,562.49
Total Renewable Energy Consumption	-	-	-	104.36
Total Energy Consumption	32,708.88	32,717.77	33,309.06	33,666.85
Renewable Energy Ratio (%)	-	-	-	0.31%

Note 1: Electricity emission factors by operating location: Taiwan: 0.474 kgCO₂e/kWh; China: 0.5306 kgCO₂e/kWh.

Note 2: According to the [Climate Change Administration, Ministry of Environment](#), the 2025 lower heating values are 8,636 kcal/L for diesel and 7,586 kcal/L for gasoline.

Note 3: Electricity intensity = electricity consumption (kWh) / consolidated operating revenue. Zyxel Group's consolidated operating revenue in 2025 was NT\$25,295 million.



Renewable Energy Deployment and Planning

Increasing renewable energy use is a key part of Zyxel Group's energy management and net-zero transition strategy. The Company continues to deploy solar photovoltaic (PV) systems to reduce operational GHG emissions.

Zyxel Group's U.S. subsidiary completed its solar PV installation in 2019. In 2025, the Group completed solar PV systems at Phase I of MitraStar's Hsinchu plant in Taiwan and the MitraStar Wuxi plant. A solar PV system at the MitraStar Hsinchu plant gymnasium was completed in April 2026, further strengthening on-site renewable energy generation for self-consumption.

A solar PV system is also planned for the Vietnam plant and will be implemented in line with the site construction schedule, expanding the Group's solar capacity and renewable energy use.

To support its SBTi net-zero target for 2050, Zyxel Group will continue to advance on-site solar generation while evaluating other renewable energy options and renewable energy certificate purchases. These actions will increase renewable energy use, reduce Scope 2 emissions, and support the Group's science-based targets and long-term net-zero transition.

Zyxel Group also continues to monitor the RE100 initiative and assess the feasibility of joining and pursuing related targets, demonstrating its commitment to clean energy and low-carbon transition.

Energy Management Platform

Zyxel Group has established a digital energy management platform that uses AI-enabled energy-saving technologies to improve energy efficiency. By analyzing energy efficiency, use, and consumption, the platform identifies high-energy-use hotspots and opportunities for performance improvement.

The platform includes modules for monitoring, data management, analysis and optimization, control, oversight, and reporting. It helps reduce energy costs while supporting a reliable and sustainable energy supply. Its smart energy management functions include digital management of air-conditioning systems and electricity use.

Energy Management Interface



Energy Saving Solutions

Energy Conservation Initiatives	Energy Savings / Carbon Reduction	2022	2023	2024	2025
Production System					
• Equipment Operation Integration • Replacement with Energy-Efficient Equipment	Energy Savings	-	-	2,649.02	-
	Carbon Reduction	-	-	384.79	-
Lighting System Improvements					
• LED Lighting Retrofit • Installation of Motion-Sensor Fixtures in Basement	Energy Savings	605.89	1,260.44	219.32	1,146.40
	Carbon Reduction	85.67	189.44	32.20	8,918.52
Air Conditioning System Improvements					
• Shorten Nighttime Chiller Operating Hours • Replace Cooling Tower Heat Dissipation Panels to Reduce Fan Motor Load • Replace Chiller Units	Energy savings	87.69	709.30	4,050.63	1,171.00
	Carbon reduction	12.40	111.97	548.55	160.00
Management System					
• Shorten Exhaust Fan Operating Hours	Energy savings	-	50.77	51.20	51.60
	Carbon reduction	-	6.97	6.74	6,795.83
Total	Energy savings	693.59	2,020.51	6,970.17	2,369.00
	Carbon reduction	98.06	308.37	936.29	15,874.35

Units: Energy Savings (TJ) | Carbon Reduction (tCO₂e)

Replacement of Aging Equipment

To advance low-carbon production and energy-saving and carbon reduction strategies, Zyxel Group identifies significant energy uses across its sites and reviews processes with potential for yield improvement and energy savings to prioritize equipment upgrades.

Based on efficiency assessments of SMT temperature and humidity control systems and wave soldering equipment, the Company identified aging, low-efficiency chillers, solder pots, and reflow ovens for replacement. These upgrades support process decarbonization by optimizing production processes and manufacturing technologies.

C. Water Management

The production processes at Zyxel Group's manufacturing sites—including the Hsinchu plant and Wuxi plant of its subsidiary, MitraStar Technology—focus primarily on assembly and do not require process water. Consequently, our operations do not consume large volumes of water. Water usage is mainly dedicated to basic facility operations and domestic consumption, with all water sourced from local municipal tap water.

Given the limited water resources in Taiwan, Zyxel Group conducts water risk assessments, actively monitors water consumption, installs water-saving facilities, and promotes water conservation awareness among employees to minimize water use. Through these active water-saving measures, our water withdrawal intensity has declined annually. In 2025, our water withdrawal intensity stood at 5.88, representing a 5.56% reduction compared to the 2021 base year.

Goals and Achievements

Issue	Strategy Actions	Performance Indicators	2025 Goal	2025 Achievement		Goals			SDGs
						2026 Short-term	2028 Mid-term	2030 Long-term	
Water Management	- Continue to implement daily water saving measures - Water Conservation Education and Advocacy	Percentage Reduction in Water Intensity Compared to Baseline Year 2021	-5%	-5.56%	V	-5%	-6%	-8%	

1. Water Resources Management Policy

The water resources management policy aims to achieve the results of saving water resources through water-saving facilities, water-saving measures and education promotion.

Water risk assessment

To understand water resource risks, we refer to the World Resources Institute (WRI) [Water Risk Assessment Tool](#), specifically the "Aqueduct Water Risk Atlas," to identify potential impacts and risks at each production site. The analysis indicates that our production and operational locations in Taiwan are situated in low water stress risk areas, while the Wuxi site in China, located in a high-risk area, has proactively implemented water conservation measures in response.



Water Usage

Company	Region	Primary Water Sources	Water Stress Risk Index	Wastewater Treatment Plant	Discharge Basin
MitraStar	Taiwan – Hsinchu Science Park	Baoshan Reservoir Baoshan Second Reservoir Hsinchu Water Treatment Plant (Touqian River)	Low – Medium (1–2)	Hsinchu Science Park Wastewater Treatment Plant	Keya Creek
MitraStar Wuxi	China – Wuxi	Yangtze River and Lake Tai	Low (1)	Xincheng Wastewater Treatment Plant	Municipal Wastewater Sewer Network
Zyxel Communications	Taiwan – Hsinchu Science Park	Baoshan Reservoir Baoshan Second Reservoir Hsinchu Water Treatment Plant (Touqian River)	Low – Medium (1–2)	Hsinchu Science Park Wastewater Treatment Plant	Keya Creek
Zyxel Networks	Taiwan – Hsinchu Science Park	Baoshan Reservoir Baoshan Second Reservoir Hsinchu Water Treatment Plant (Touqian River)	Low – Medium (1–2)	Hsinchu Science Park Wastewater Treatment Plant	Keya Creek

2. Water Management

Water saving measures

- Cherish water resources, specific measures include:
- Employee hand washing facilities are fully equipped with water-saving faucets
- Install water-saving toilets
- Control of external wall cleaning and water use for irrigation
- Adjust the ratio of the make-up of the discharge water from the cooling tower
- Promoting the concept of water conservation

Wastewater Management

Wastewater from the MitraStar and Zyxel Communications sites is discharged to the Hsinchu Science Park wastewater treatment plant for treatment. Wastewater treatment fees are paid quarterly based on water quality and volume, helping prevent adverse impacts on the surrounding environment and ecosystems.

The Company also commissions regular testing of wastewater discharged to the Hsinchu Science Park sewer system to ensure compliance with applicable standards. As industrial wastewater in the Hsinchu Science Park is centrally managed by the park administration's wastewater treatment plant, the Company is not required to obtain permits for pollution control facilities or wastewater discharge.

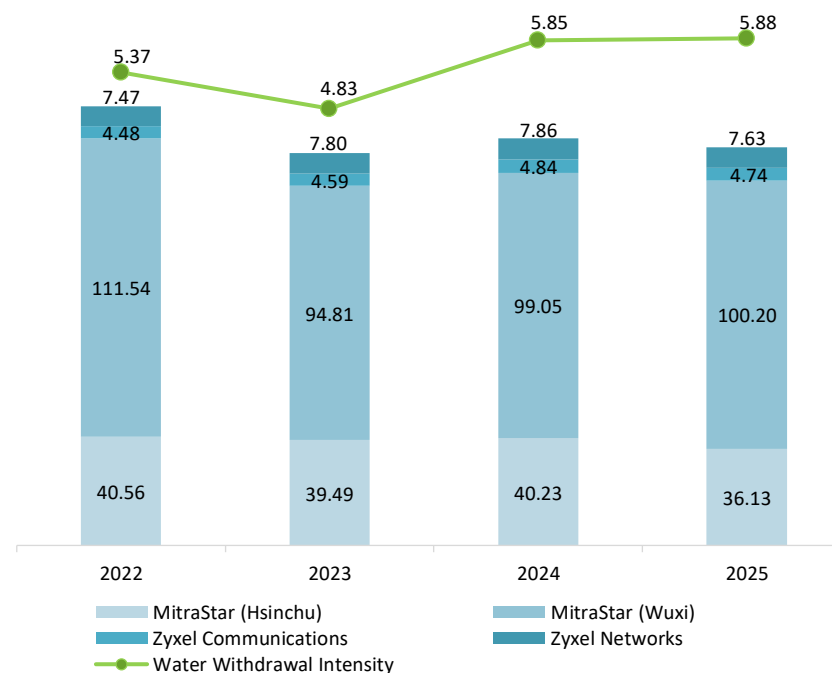
Through sewer connection, regular testing, and compliance management, Zyxel Group seeks to minimize potential impacts of operational wastewater on the surrounding water environment and ecosystems, contributing to SDG 6: Clean Water and Sanitation.

No Wastewater Pollution Incidents in 2025

Historical Water Usage

(M Liters/year)	2022	2023	2024	2025
Surface water	-	-	-	-
Underground water	-	-	-	-
Third-party water	164.06	146.69	151.98	148.70
Total water usage	164.06	146.69	151.98	148.70
Total water discharge	121.38	107.76	111.09	107.86
Total water consumption	42.68	38.93	40.88	40.84

Water Withdrawal & Water Withdrawal Intensity (ML/year)



D. Waste Management

We continue to improve our production equipment to meet international environmental protection requirements and help protect our environment. MitraStar's Hsinchu site includes a manufacturing plant. In terms of environmental considerations, the main environmental pollution sources that may arise are reflow ovens and wave soldering ovens for soldering operations. The exhaust gas contains trace metal fumes and volatile organic compounds.

Targets and Achievements

Topic	Strategy Actions	Performance Indicators	2025 Target	2025 Achievement		Targets			SDGs
						2026 Short-term	2028 Mid-term	2030 Long-term	
Waste management	- Promote Waste Classification and Reduction - Strengthen Waste Recycling and Reuse	Percentage reduction in waste intensity compared to the baseline year of 2021.	-10%	-10.72%	V	Reduce by 10%	Reduce by 11%	Reduce by 12%	
		Waste Recycling Rate	>70%	95.85 %	V	>90%	>92%	>96%	

1. Reduced use of raw materials

Carbon and Waste Reduction Project

MitraStar Technology promoted the "Process Waste & Carbon Reduction Project." Through equipment upgrades, process optimization, and precise chemical management, the project successfully reduced dross generation by 45%, eliminated 80 metric tons of waste annually, increased the waste recycling rate to 70%, and avoided 157.8 metric tons of CO₂e emissions. In recognition of these achievements, MitraStar was awarded the Silver Award in the Source Reduction Category of the "Resource Circulation Model Enterprise Awards" by the Ministry of Environment in 2025. For details, please refer to the Sustainability Special Topic chapter on page 10.



Waste Reduction and Circular Economy Actions

Zyxel Group entrusts all types of waste to qualified and certified entities in full compliance with relevant regulations. We actively drive waste reduction and resource circulation by converting waste solder dross, waste printed circuit boards (PCBs), waste paper, and plastic trays through recycling and re-manufacturing, material circularity, and energy recovery. These initiatives minimize environmental impacts and put the circular economy into practice.

Category	Circular Approach	Recycled Amount (metric tons)	Recycled Value (NTD)	GHG Reduction (tCO ₂ e)
MitraStar Technology (Hsinchu Plant)				
Solder Dross	Solder dross generated from soldering processes is collected and entrusted to certified recyclers for resource circulation, utilizing a barter system for remanufacturing.	1.3993	-	0.503748
PCB Offcuts	PCB offcuts are collected and sent to certified recyclers for metal recovery, extracting valuable metals such as gold and copper using professional technologies.	3.817	\$ 83,974	1.37412
Waste Wooden Pallets	Damaged wooden pallets are collected and crushed into wood chips by certified vendors, which are then supplied to livestock farms as bedding material for moisture absorption and odor control.	49.345	-	17.7642
Empty Solvent Containers	Chemical plastic drums are collected, washed, and sent to recyclers for crushing and pelletizing, then remanufactured into new plastic products.	0.24	-	0.0864
Waste Paper and Cartons	Waste paper is collected and sent to recycling mills for pulping and remanufacturing into recycled paper raw materials.	328.32	\$ 492,480	118.1952
Waste Plastic Trays	Plastic trays used in operations are cleaned and returned to suppliers for reuse, reducing the consumption of single-use packaging.	2.32	\$ 4,640	0.8352
Others	Plastic waste that cannot be recycled separately is processed by recyclers into Solid Recovered Fuel (SRF) as alternative fuel for energy recovery and power generation.	11.48	-	4.1328
MitraStar Technology (Wuxi Plant)				
Solder Dross	Solder dross is recycled and exchanged for recycled solder bars to improve resource circulation efficiency.	5.9251	-	17.7753
Waste PCBs	Waste PCBs undergo physical crushing and separation to recover valuable metals like copper, while resin powder is reused in building materials such as paving blocks.	43.175	-	129.525
Waste Paperboard	Waste paper is pulped and remanufactured into paperboard products.	148.72	210429.5	178.464
Waste Plastic Trays	Waste plastic trays are recycled and processed into recycled plastic pellets.	89.02	400329.5	142.432

2. Management and Recycling of Wastes

Zyxel Group continuously leverages process improvements and resource recycling to lower costs and reduce pollution, achieving a win-win objective of environmental protection and efficient resource utilization. All recyclable resources are sorted and processed based on waste characteristics, with tracking records filed online in compliance with Ministry of Environment regulations. Operational sites of Zyxel Communications and Zyxel Networks generate only general domestic waste and recyclables, which are centrally managed and cleared by the Hsinchu Science Park Bureau; therefore, separate waste transport weight records are not maintained for these sites.

In 2025, MitraStar Technology generated approximately 19.48 metric tons of general industrial waste and 122.14 metric tons of hazardous industrial waste, achieving a waste recycling rate of 82.97%. All waste management activities strictly complied with relevant environmental regulations. To effectively manage generated waste, the company has implemented the following measures:

- Invited the Environmental Protection Bureau to conduct on-site waste classification awareness campaigns
- Reused trimmed wastepaper and bindings to make notepads
- Recycled PVC packaging materials as raw materials
- Recovered tin-lead dross and processed it into ingots
- Recycled mixed metals for reuse as raw materials
- Entrusted to certified recycling contractors for distillation and reuse.

Waste Generation and Recycling Rate (Unit: Metric Tons)

	2022	2023	2024	2025
General Business Waste	39.85	30.80	41.16	19.48
Hazardous Business Waste	69.76	111.57	122.76	122.14
Total Recycling / Reuse Amount	1216.34	1129.25	838.63	689.78
Total Waste Generation	1325.95	1271.62	1002.54	831.41
Waste Recycling Rate (%)	91.73%	88.80%	83.65%	82.97%
Waste Intensity	0.043	0.042	0.039	0.033
Annual Intensity Reduction Rate (Base Year: 2021)	9.57%	12.80%	19.57%	31.52%

Waste Recycling Situation (Unit: Metric Tons)

Category	Handling Method	2022	2023	2024	2025
General Business Waste	Reuse for Original Purpose	0	0	0	0
	Recycling	1101.25	983.94	756.71	622.82
	Other Recycling	5.25	12.61	10.93	13.80
	Total	1106.50	996.55	767.64	636.62
	Rate (%)	96.52%	97.00%	94.91%	97.03%
Hazardous Business Waste	Reuse for Original Purpose	0.00	0.00	0.00	0.00
	Recycling	87.34	124.68	62.91	49.34
	Other Recycling	22.51	8.03	8.08	3.82
	Total	109.85	132.70	70.99	53.16
	Rate (%)	61.16%	54.33%	36.64%	30.32%

Waste Direct Disposal Situation (Unit: Metric Tons)

Category	Handling Method	2022	2023	2024	2025
General Business Waste	Landfilling	0	0	0	0
	Incineration for Energy Recovery	39.85	30.80	41.16	19.48
	Simple Incineration	0	0	0	0
	Other Treatments	0	0	0	0
	Treatment Unknown	0	0	0	0
	Total	39.85	30.80	41.16	19.48
Hazardous Business Waste	Landfilling	1.88	1.73	0.37	0.88
	Incineration for Energy Recovery	67.88	109.60	122.39	121.06
	Simple Incineration	0	0	0	0
	Other Treatments (Washing, Recycling & Reuse of Solvent Containers)	0	0.24	0	0.20
	Treatment Unknown	0	0	0	0
	Total	69.76	111.57	122.76	122.14

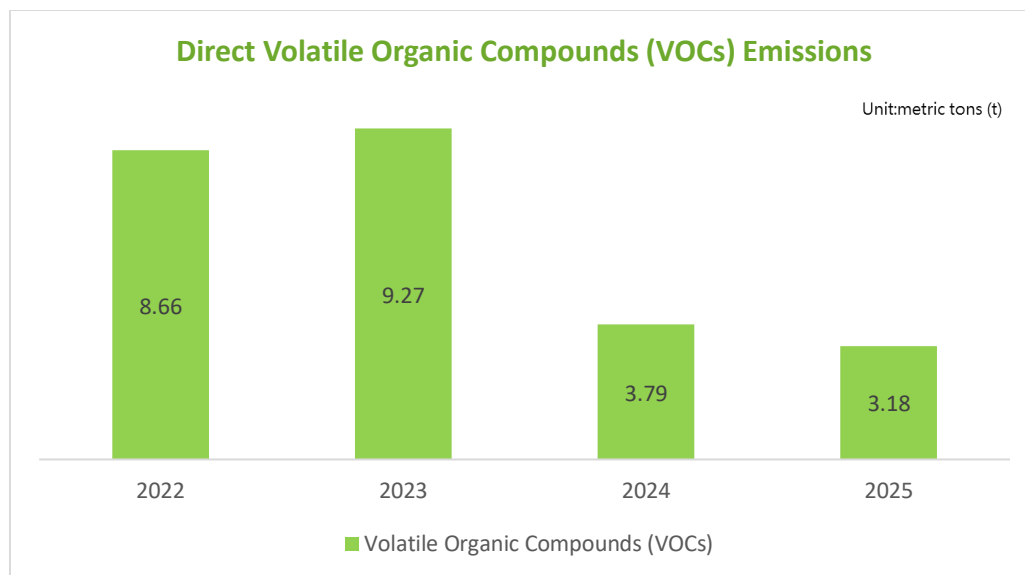
E. Air Pollution Prevention

MitraStar Technology and MitraStar Technology (Wuxi), Zyxel Group's main manufacturing sites, achieved 100% coverage in the 2025 air pollutant emissions inventory. No ozone-depleting substances, sulfur oxides, or other significant air pollutants were emitted during production; only volatile organic compounds (VOCs) were reported.

Total VOC emissions in 2025 were 3.18 metric tons. Emissions were reported quarterly and applicable fees were paid in accordance with regulations.

Indicator	2022	2023	2024	2025	2026 Target
Total VOC Emissions	8.66	9.27	3.79	3.09	10% Reduction YoY

Unit: Metric tons (MT)



Volatile Organic Compound (VOC) Emissions Reduction

To reduce volatile organic compound (VOC) emissions, Zyxel Group minimizes residual chemicals in containers and requires solvent containers to remain covered when not in use.

The Company has also introduced high-efficiency, energy-saving wave soldering equipment. The new equipment features advanced temperature controls, heat recovery technology, and optimized structural design, improving energy efficiency and process stability while reducing oil fumes and VOC emissions during heating, thereby minimizing impacts on air quality.

F. Biodiversity

Zyxel Group recognizes biodiversity as a cornerstone of sustainable development and supports the Kunming-Montreal Global Biodiversity Framework (GBF) and the UN Sustainable Development Goals (SDGs). The Company is committed to conserving and restoring natural capital.

In response to the TNFD, Zyxel Group has adopted a Board-approved [Biodiversity and No-Deforestation Commitment](#) and integrated natural capital into its Business Continuity Management (BCM) and risk management processes. In 2025, the Company formally adopted the LEAP (Locate, Evaluate, Assess, Prepare) approach to systematically identify and assess nature-related dependencies, impacts, risks, and opportunities across its operations and value chain. The findings support continued enhancement of nature-related management, natural capital conservation and restoration, and progress toward a nature-positive future.

TNFD Nature-related Financial Disclosures

1. Locate: Identifying the Interface with Nature

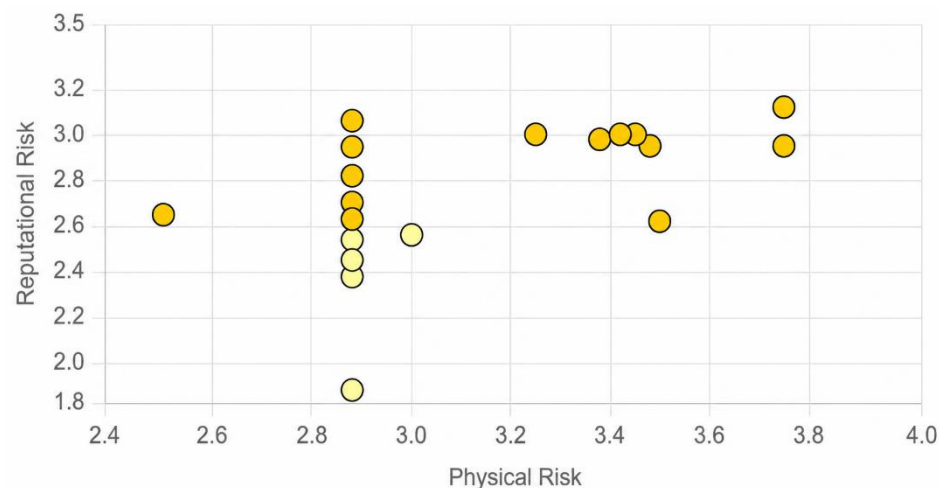
We conducted a comprehensive inventory of Zyxel Group's global operational sites and value chain distribution to identify intersections with ecologically sensitive areas. This assessment covers 20 operational locations across Asia, Europe, and the Americas. Furthermore, we evaluated 20 key suppliers based on their industry sector, geographic location, and operational significance to the Group.

2. Evaluate: Assessing Dependencies and Impacts on Nature

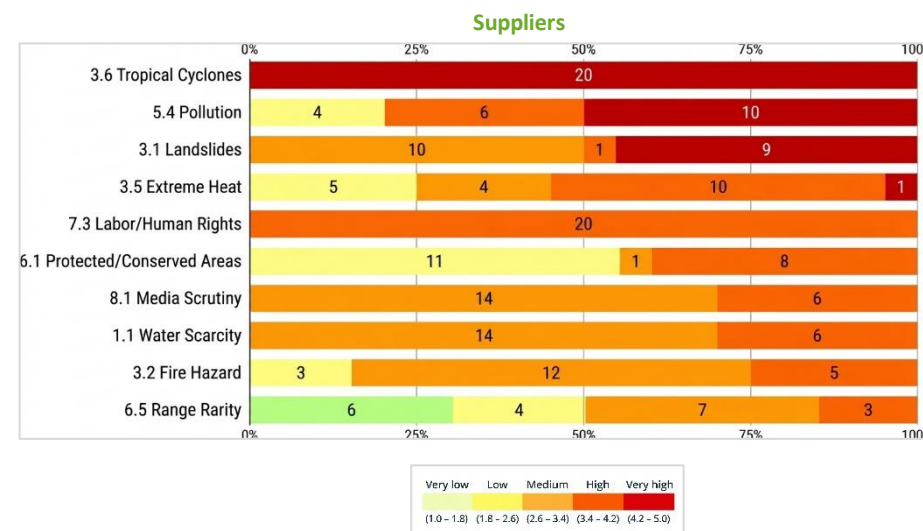
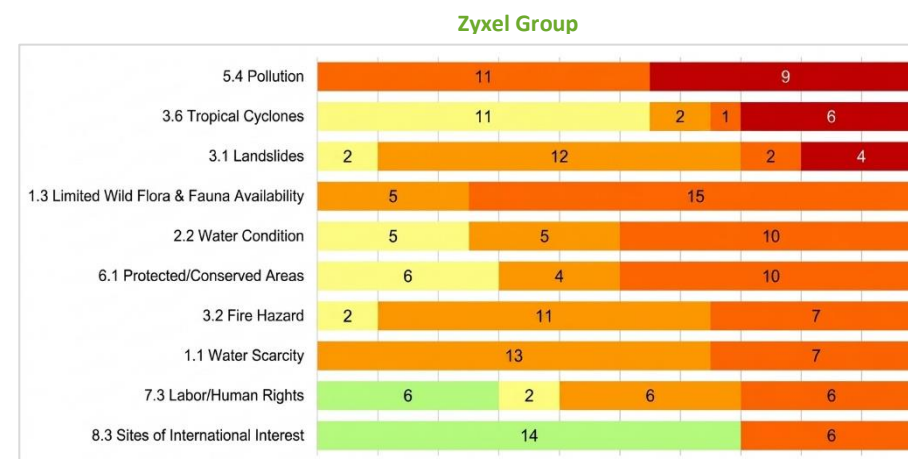
Zyxel Group uses the World Wide Fund for Nature (WWF) Biodiversity Risk Filter (BRF) to conduct in-depth assessments of biodiversity characteristics at its operating sites. The BRF evaluates biodiversity-related business risks by examining the Company's dependencies on, and impacts on, nature.

The assessment covers physical risks and reputational risks, comprising 33 risk indicators across eight categories, providing a basis for identifying and managing potential biodiversity-related risks.

Physical and Reputational Risk Assessment Matrix for Company Operational Sites



Top 10 Risk Categories - Number of Operational Sites with Risk Ratings



3. Assess: Assessing Nature-Related Risks and Opportunities

We have integrated biodiversity risks into the company's enterprise risk management framework and aligned them with our Task Force on Climate-related Financial Disclosures (TCFD) analyses. This allows us to identify compound impacts between climate change and biodiversity loss—such as extreme weather events causing habitat degradation that leads to supply chain disruptions. Based on the BRF analysis, high-risk areas are prioritized for quantitative financial impact assessments, effectively converting natural capital considerations into business decision-making metrics. Risk items unrelated to our industry—such as limited wildlife resources—as well as non-material risks including water quality, water scarcity, and water pollution, were excluded following evaluation.

Results from the analysis indicate that across Zyxel Group's operational sites and key suppliers, tropical cyclones represent the primary dependency risk, while proximity to protected areas constitutes the main impact risk.

Risk Category	Risk Item	Mitigation Measures
Dependency Risk	Tropical Cyclones	Conduct annual plant-wide emergency response drills in accordance with the <i>Emergency Event Response Operating Procedures</i> .
Impact Risk	Protected Areas	Ensure 100% compliance with all international and local forestry and biodiversity laws and regulations across all operating regions.

4. Prepare: Action Protocols and Sustainability Goals

Based on the assessment results, Zyxel Group actively implements the following strategic responses:

Supply Chain Management: We have incorporated biodiversity and no-deforestation mandates into our *Supplier Code of Conduct*. Priority is given to procuring eco-certified materials to minimize impacts on local ecosystems, encouraging our value chain partners to collectively advance forest conservation.

Stakeholder Engagement: We actively engage with external experts, local communities, and business partners throughout our operations to mitigate negative impacts on natural environments.

Mitigation Strategies: For high-risk locations, we formulate targeted response plans based on the Mitigation Hierarchy—"Avoid, Reduce, Restore, and Offset"—to enhance ecological resilience and address climate challenges.



Ecological Conservation Actions

All Zyxel Group operational sites in Taiwan are located in high-density urban areas and are not adjacent to ecologically protected areas. During both construction and ongoing operations, our facilities have had no significant impacts or disruptions on surrounding ecosystems. We strictly adhere to local environmental regulations to prevent operational activities from impairing biodiversity conservation. Furthermore, we actively execute natural ecosystem protection initiatives and employee education programs. Beginning with our local operating environments, we drive a series of nature preservation and biodiversity conservation activities to fulfill our responsibility in mitigating ecological impacts, ultimately working toward our goals of achieving a Net Positive Impact (NPI) on ecosystems and Zero Deforestation.

Zyxel Park, MitraStar Park

Both the MitraStar site and Zyxel site are equipped with parks, with the goal of preserving biodiversity. These parks also provide spaces for employee relaxation and serve as educational environments for promoting environmental diversity.

Zyxel Park

The green area of the park reaches 9,533 m²



MitraStar Park

The green area of the park reaches 5,140 m²



Nature Valley Environmental Trust Base" Reforestation Project

Since 2024, the Zyxel Foundation has sponsored the restoration initiative at the "Nature Valley Environmental Trust Site" in Hsinchu County—located near Zyxel Group's corporate headquarters—specifically supporting the *Endangered Flying Spider-Monkey Tree Fern Ark Project*. Through concrete actions, we actively support environmental sustainability and ecosystem preservation. (For further details, please refer to the *Community Contribution* section.)



| Product Sustainability

A. Product Sustainability Management

B. Design for Sustainability

C. Sustainable Materials Management

D. Packaging and Logistics

E. Product Circularity Management

F. Responsible Distribution



Product Sustainability



Product Sustainability Commitment

The era of environmentally conscious purchasing is approaching as the world's awareness of environmental protection and concern about climate change is raised. We, as an international network communication company, are deeply aware that developing low-carbon technologies and following international environmental regulations and standards will help sharpen our global competitive edge. Zyxel Group formulates product environmental stewardship policies, works together with the employees, suppliers, and customers in confronting the impacts of climate change on the world, commits to the systematically reducing environmental impacts throughout our products' life cycle, and supports science-aligned net-zero transition initiatives.



Sustainable Strategy: Eco-design for Sustainability



Major Issues: Product Sustainability



Stakeholders: Customer, Supplier



SDGs



Performance Highlights

**Post-Consumer Recycled (PCR)
Aluminum Solution**

**100% PE-Bag-Free
Packaging Design**

(excluding special customer requirements and EMS products)

**100%
Use of Plastic-Free,
Low-Plastic, or Highly Recyclable
Packaging Materials**

**100%
Design for Easy Assembly,
Disassembly, Recycling, and
Refurbishment**

**First-Version DPP Proof of
Concept (PoC) Validation**

**High-Recycled-Content PCR Plastic
Materials**

(excluding special customer requirements and EMS products)

**Implementation of a Product Carbon
Footprint Calculation and Management
Platform**

**0
Products in Violation of Hazardous
Substance Management Requirements**

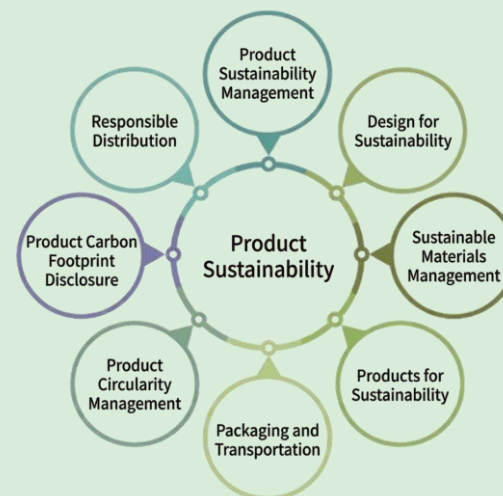
Product Sustainability Policy

Zyxel Group's product sustainability policy ensures that products meet international environmental standards throughout design, manufacturing, packaging, transportation, and end-of-life recovery processes. The policy develops strategies to reduce lifecycle environmental footprints and encompasses five core operational pillars: compliance with mandatory environmental regulations as a baseline, eco-design research and development, lifecycle environmental impact reduction, strict control of hazardous substances, and responsible supply chain environmental management. These efforts are directed toward resource efficiency, pollution prevention, and circular economy integration



Product Sustainability Management Strategies

Zyxel Group's subsidiaries, MitraStar Technology, Zyxel Communications and Zyxel Networks, strictly control their product quality and obtain the ISO 9001 & TL 9001 quality management system certificate on an ongoing basis. Different green management systems are introduced based on the business nature, e.g., R&D and OEM of products, brand management, and channel sales, for the product life cycle involving product design, supply chains, green products, manufacturing, packaging and transportation, and waste and recycling, thereby monitoring the environmental impacts of the products throughout all stages, from raw materials, production, transportation, use to disposal. We have initiated a product carbon footprint assessment project in response to our customers' demand for transparency regarding emission data, while aligning with our sustainability initiatives.



Targets and Achievements

Major Issue	Operational Impact	2025 Targets	2025 Results	2025 Achievements	Future Targets			SDGs
					2026 short-term	2028 mid-term	2030 long-term	
Product Sustainability	Enhance product sustainability value by advancing green product R&D and design capabilities that reduce environmental impacts.	- PCR plastic product housings - Plastic-free or low-plastic packaging - Highly recyclable paper-based packaging - PCR metal material solutions - Design for disassembly - USB Type-C integration, as requested - Product carbon footprint reports, as requested	- Completed PCR metal material solutions 100% of product designs incorporate ease of assembly, disassembly, and refurbishment 100% use plastic-free or low-plastic packaging materials - Completed bio-based and ocean-bound plastic (OBP) material solutions 100% completion of design-for-disassembly verification 100% of paper packaging designs use high-recycled-content pulp	V	- Implemented a product carbon footprint platform - Introduced a PCR recycled aluminum solution for heat sinks - Completed the first Product Digital Passport (DPP) proof of concept (PoC) validation for EE3301-00 - Advanced low-power design optimization for new products 100% of product designs comply with applicable external regulatory requirements	- Build capability to produce comprehensive product environmental footprint impact reports - Develop software and hardware energy-saving solutions to reduce use-phase emissions - Establish a comprehensive product durability and reparability assessment framework - Establish a systematic process to integrate DPP data collection and publication	- Reduce full life-cycle carbon emissions of flagship products and obtain third-party verification - Integrate a complete eco-design process into R&D review stages and decision gates - Complete product carbon footprint inventories for key products and environmental footprint/LCA reports for major products	

A. Product Sustainability Management

Zyxel Group integrates international environmental regulations and standards into product development and operations. Its management framework is based on ISO 9001, TL 9000, ISO 14001, and ISO 14040 life-cycle assessment principles.

Through its Product Lifecycle Management System (PLMS), environmental requirements and sustainable design principles are embedded throughout the product life cycle, from material selection and design to manufacturing, transportation, use, and end-of-life.

The Company uses Life Cycle Assessment (LCA) to evaluate sustainable products and references the EU Taxonomy, particularly climate change mitigation and the transition to a circular economy. This approach supports product carbon reduction, resource efficiency, circular materials, and improved environmental performance.

Product Sustainability Collaborative Information Management System

To strengthen product sustainability management and hazardous substance control, Zyxel Group has established the Product Sustainability Collaborative Information Management System. The digital platform integrates environmental regulations, customer requirements, eco-design principles, and product environmental data into product life-cycle management, connecting R&D, supply chain management, environmental performance assessment, and regulatory compliance.

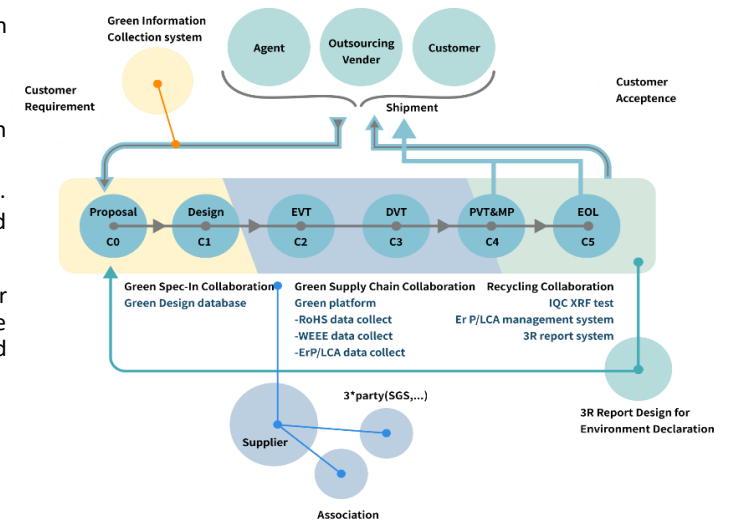
The system is jointly implemented by R&D and the Hsinchu, Wuxi, and Vietnam manufacturing sites. It follows the IECQ QC 080000 Hazardous Substance Process Management (HSPM) framework to enhance risk control and traceability throughout product design, component selection, supplier management, and mass production.

To further strengthen life-cycle environmental management, Zyxel Group has developed its in-house NetZero LCA platform. By integrating bills of materials (BoMs), material composition, process, and life-cycle activity data, the platform quantifies environmental impacts across raw material sourcing, manufacturing, distribution and transportation, product use, and end-of-life. The platform supports the traceability, quantification, and continual improvement of product carbon footprint and broader environmental performance.

The system comprises four core modules that use digitalized and structured management to strengthen sustainable product design and management:

- **Compliant & Eco-Design Component Database:** Ensures environmental compliance from component selection onward.
- **Product Life Cycle Assessment (LCA) Management System:** Provides scientific, quantitative assessments of product carbon footprints and environmental impacts.
- **Product 3R Recyclability Assessment Database:** Simulates product potential for Reduce, Reuse, and Recycle at the design stage.
- **Supply Chain Hazardous Substance Management System:** Connects upstream and downstream partners to manage restricted and prohibited substances and support a non-toxic supply chain.

By integrating these modules, Zyxel Group is transforming regulatory compliance, green design, life-cycle assessment, circular economy practices, and supply chain governance into a digital management framework spanning the full product life cycle. The Company continues to advance sustainable product design that is low-toxicity, low-carbon, easy to disassemble, recyclable, and energy-efficient, delivering on its environmental sustainability and circular economy commitments.



B. Design for Sustainability

Advancing Eco-Design Through the ECMA-370 Framework

Zyxel Group is establishing a cross-functional eco-design and Green Gate review mechanism based on ECMA-370. It covers hazardous substances, energy efficiency, recycled materials, packaging, durability, repairability, disassembly, recycling, and product environmental information.

Product managers define environmental targets by product type, market, and customer requirements. Cross-functional teams assess energy efficiency, PCR materials, plastic-free packaging, modularity, long-term SoC availability, and hardware and software upgradability. BoMs, material declarations, supplier evidence, energy tests, and repairability data are verified during product development; material gaps must be improved and re-verified before passing the Green Gate.

The Group applies life-cycle thinking to minimize environmental impacts and improve product energy efficiency, resource use, detoxification, dematerialization, and decarbonization. Design requirements reference ESPR, the EU Code of Conduct for Broadband Communication Equipment, U.S. DoE Level VI, and Canada's CSA C381.1-08 NRCAN.

Three Core Principles of Ecodesign:

1. Product Material Selection: Material reduction, use of recycled materials, and consideration of raw material ecological characteristics.

- **Material Reduction**

To support the circular economy, Zyxel Group reduces the use of virgin materials from the beginning of the product life cycle and increases component sharing.

- Promotes standardized components, including standard plastics, PCR plastics, screws, copper pillars, and other commonly used mechanical parts. A Preferred Component List (PCL) covering more than 38 categories of electronic components is being developed, with 305 part numbers planned for inclusion to improve component sharing and reduce material proliferation.
- Develops modular hardware circuit designs and has completed the design and validation of multiple modules for volume production in key projects. Based on structural and thermal requirements, selected designs use plastic containing up to **95% PCR content**.
- Implements DMAIC projects for shared plastic housing molds and packaging die cuts, standardizing PCB sizes, housings, packaging, and mechanical fasteners. This increases the reuse of housings, packaging, and production fixtures, reduces new mold development costs, and lowers the risk of product defects.

- **Circular Economy and Resource Recovery Considerations**

- **Green components:** Select chipsets and power supplies aligned with RoHS, Energy Star, ESPR, and Code of Conduct (CoC) requirements.
- **Hazardous substance management:** Products are designed to prioritize user safety and health while meeting RoHS, WEEE, ESPR, and REACH requirements.
- **PCR recycled metal solutions:** Develop recycled-metal heat sink solutions to meet customer demand for lower-carbon products.

Note: The Green Product Group of Zyxel Group's Sustainability Development Committee establishes Group-wide green product design guidelines. Actual product designs may vary by subsidiary according to local regulations, sales markets, and customer requirements.

According to the 2025 report of the European Rapid Alert System for Dangerous Products (RAPEX), the number of unsafe Zyxel Group products reported was zero.

2. Product Structural Design Principles: Simplification, Standardization, and Modularization

In accordance with the Ecodesign Design Guide, Zyxel Group incorporates material reduction, ease of disassembly, repairability, material circularity, and Zyxel Group integrates material reduction, design for disassembly, repairability, and low-impact manufacturing principles into mechanical engineering. Key practices include:

- Apply DFA/DFDA to reduce parts, materials, and assembly steps.
- Use snap-fits and structural fastening to reduce adhesives and foam.
- Standardize and reduce screws to improve repairability.
- Optimize antenna, PCBA, and heat sink fastening for reliability and refurbishment.
- Design housings for easy opening, replacement, and longer service life.
- Differentiate exterior surfaces from service and disassembly areas, using scratch-resistant textures and protective wrapping structures to extend the service life of the housing.
- Set PCR plastic selection criteria for ABS, PC/ABS, and PC.
- Use molded-in or laser markings to reduce inks and labels.
- Assess powder coating to reduce VOCs.
- Use shared, modular outdoor mounting brackets.
- Evaluate PCR aluminum for heat-dissipation components.



3. Product In-Use Design Principles: High Efficiency, Low Power Consumption, and Durability

To optimize in-use energy performance and hardware longevity:

Energy-Efficient Design

Software Energy-Saving Features

- Power-Saving Mode: Users can manually activate power-saving settings when high-performance connectivity is not required.
- Scheduling Mode: Users can set energy-saving schedules based on daily routines for automatic switching by time period.
- Smart Mode: Automatically detects network usage and switches between normal and power-saving modes (under development).

Hardware Energy-Saving Design

- Component Selection: Use high-efficiency, low-power components.
- LED Indicators: Zyxel Communications uses high-efficiency LEDs with lower default brightness; settings can be adjusted by button or software.
- External Power Supplies: Select power supplies aligned with RoHS, Energy Star, and ESPR requirements, with >90% DC/DC conversion efficiency.
- USB Type-C Power Supplies: In response to Regulation (EU) 2025/2052, evaluate USB Type-C alternatives for existing products and design USB Type-C power connectors into new models to improve energy efficiency and interoperability.
- Networking Mode Optimization: In line with Regulation (EU) 2023/826, networked standby power consumption will meet product-specific limits below 7 W from 2027.

Note: Group-wide green product design guidelines are established by the Green Product Group of Zyxel Group's Sustainability Development Committee. Actual product designs may vary according to local regulations, sales markets, and customer requirements.

Durability: Extending Product Service Life

- IP Protection Ratings: Outdoor routers meet IP65 or higher protection ratings for dust and water resistance, supporting operation in demanding environments.
- Built-in SFP/SFP+: Supports multiple network architectures and enables service providers to upgrade using the same product platform, helping reduce waste from technology upgrades.



Product Life Cycle Assessment

Guided by eco-design principles, Zyxel Group incorporates life-cycle thinking into product development and eco-engineering. Environmental impacts are systematically evaluated across all stages, from raw material extraction and component manufacturing to logistics, customer use phase, and end-of-life treatment.

Product Life Cycle Assessments (LCAs) follow the principles and framework of ISO 14040 and ISO 14044. Through goal and scope definition, life-cycle inventory, impact assessment, and interpretation, resource inputs, energy use, and environmental emissions across the supply chain and product life cycle are converted into quantifiable, comparable, and traceable environmental information.

The Company uses the professional LCA software SimaPro with international life-cycle inventory databases such as ecoinvent to conduct environmental impact assessments. Through supply chain collaboration, Zyxel Group continues to increase the use of primary data for key components and materials, moving from industry-average data toward information that better reflects actual products and supply chain conditions.

Contribution analysis across life-cycle stages identifies major sources of environmental impact. These insights directly inform R&D and hardware engineering, transitioning LCA from a measurement protocol into an operational decision-making tool for eco-design optimization and lifecycle environmental performance improvement



LCA Scope and Methodology

Lifecycle Assessment Methodology	Description	% of Total Products
Full Life Cycle Assessment	Uses SimaPro and Ecoinvent to assess the full life cycle of B2B and B2C products. Based on ISO 14027 and midpoint modeling, it evaluates global warming potential (CO ₂ e), carbon, water, and ecological footprints. The methodology has completed Taiwan's PEFCR process and received Ministry of Environment approval.	18%
Simplified Life Cycle Assessment	Uses SimaPro and Ecoinvent to assess the product life cycle from raw materials to end-of-life. It focuses on global warming potential (GWP), expressed as CO ₂ e, to quantify product carbon footprints.	82%
Other Externally Recognized Tools	Applies Product Environmental Footprint (PEF) and Material Flow Cost Accounting (MFCA) to identify environmental hotspots, improve resource efficiency, reduce waste, and support circular economy and product decarbonization initiatives.	0%
Total		100%

Environmental Impact Indicators

Uses the ReCiPe 2016 Midpoint methodology to conduct a comprehensive, quantitative full life cycle assessment, covering the following environmental impact indicators:

Global warming	Terrestrial acidification	Human carcinogenic toxicity
Stratospheric ozone depletion	Freshwater eutrophication	Human non-carcinogenic toxicity
Ionizing radiation	Marine eutrophication	Land use
Photochemical ozone formation	Terrestrial ecotoxicity	Mineral resource scarcity
Fine particulate matter formation	Freshwater ecotoxicity	Fossil resource scarcity

Product Carbon Footprint Inventory Program

Zyxel Group uses Life Cycle Assessment (LCA) as the basis for Product Carbon Footprint (PCF) inventories in accordance with ISO 14067. The program systematically quantifies GHG emissions across raw material acquisition, manufacturing, transportation, product use, and end-of-life, establishing a consistent and traceable product carbon management mechanism.

Beyond disclosing emissions data, the inventory identifies high-carbon hotspots across the product life cycle. Contribution analysis is used to identify major sources, including high-carbon materials, key components, manufacturing and logistics activities, and energy consumption during product use, providing a basis for prioritized product decarbonization actions.

Results are incorporated into Design for Environment (DfE) and product development processes. Actions include material reduction, post-consumer recycled (PCR) materials, packaging material optimization and plastic-free packaging solutions, material circularity, improved energy efficiency, and smart energy-saving design. This establishes a closed-loop management process: quantification → hotspot analysis → design improvement → performance verification → continual carbon reduction.

To enhance transparency and credibility, Zyxel Group is progressively pursuing ISO 14067 third-party verification for product carbon footprints. The Company also monitors the EU Ecodesign for Sustainable Products Regulation (ESPR), circular economy developments, and the EU Taxonomy, integrating climate mitigation and resource efficiency into its product sustainability strategy.

Product Carbon Footprint and Environmental Footprint Calculation Platform

As product models and supply chain environmental data continue to grow, Zyxel Group has developed the **NetZero LCA/Product Carbon Footprint Calculation Platform** since 2021. The platform integrates life-cycle assessment methodologies with product data, building digital capabilities for managing product environmental performance.

NetZero integrates bills of materials (BoMs), component weights, material composition, process information, energy use, and emission factors. It transforms data from R&D, manufacturing, and the supply chain into analyzable life-cycle data, supporting large-scale product carbon footprint quantification, environmental hotspot identification, and decarbonization opportunity analysis.

Beyond carbon footprints, the platform is progressively expanding to more comprehensive environmental footprint management. By combining SimaPro, international life-cycle databases, and third-party verification, it assesses multiple impacts, including climate change, resource use, and ozone depletion, moving from single carbon indicators toward multidimensional environmental performance management.

By integrating the digital platform with product development, Zyxel Group is building a management framework of **product data governance → life-cycle quantification → environmental hotspot analysis → third-party verification → design improvement → environmental performance tracking**. This makes environmental data a key input for low-carbon, energy-efficient, and circular product design.



C. Sustainable Materials Management

Guided by Life Cycle Thinking, we regard sustainable raw material management as the foundation of eco-design based on Life Cycle Assessment (LCA) and supply chain governance. From material selection, hazardous substance management, and the adoption of recycled materials to environmental data governance across the supply chain, we systematically manage the environmental risks and resource benefits associated with raw materials. Through the ISO 14001 Environmental Management System and the IECQ QC 080000 Hazardous Substance Process Management (HSPM) system, combined with environmental hotspot analysis based on Life Cycle Assessment (LCA) and Product Carbon Footprint (PCF), we continue to advance the transition toward lower-toxicity, lower-carbon, and more circular materials. We are progressively increasing the use of recycled and sustainably sourced materials, reducing reliance on virgin resources, and enhancing the transparency and traceability of environmental data from key suppliers.

Sustainable raw material management is not only about ensuring that materials comply with applicable requirements. More importantly, it involves considering the environmental impacts, resource value, and circularity potential of every material at the source. Each material choice can therefore become an important starting point for reducing a product's life-cycle environmental footprint, improving resource efficiency, and advancing the circular economy.

Sustainable Raw Materials

Policy

Zyxel Group is committed to sustainable material management across the value chain, from raw material sourcing to product manufacturing and sales. Through collaboration with internal and external stakeholders, the Company promotes responsible resource use and reduces environmental impacts. Sustainable materials are managed to support environmental protection, efficient resource use, circular economy practices across the supply chain, and a nature-positive future. The Company has established a Sustainable Materials Policy, which has been approved by the Board of Directors.

Strategy

- Strictly comply with international hazardous substance management standards and customer requirements to ensure that product design and manufacturing meet applicable requirements.
- Strengthen source-level management of sustainable materials to reduce environmental impacts from raw materials.
- Promote circular economy and resource regeneration to continuously improve product sustainability and circularity.
- Enhance the environmental disclosure of raw materials, require third-party verification, and reduce environmental harm associated with material sourcing.
- Collaborate with business and value chain partners to promote sustainable materials best practices.
- Identify and protect globally and nationally important biodiversity conservation areas; avoid materials that may originate from these areas to reduce impacts on natural resources and ecosystems.

Sustainable Raw Material Actions

• Raw Material Selection Priorities

Implement Life Cycle Assessment (LCA) to evaluate the entire life cycle of raw materials, including resource consumption and environmental impact. Recycling is the key consideration, involving not just end-of-life processing but also material recovery and reuse. We analyze "closed-loop recycling" and "open-loop recycling" and find that using specific post-consumer recycled (PCR) plastics can reduce energy consumption by up to 97% compared to virgin plastic production, based on life-cycle inventory data.

• Tracking Raw Material Sources

Apply LCA to trace the environmental impact of products from raw material procurement, manufacturing, usage, to disposal, identifying environmental impact hotspots and certified by a third party. Zyxel Group emphasizes the "Reduce, Reuse, Recycle" (3Rs) principle to minimize waste, extend product life, and increase recycling rates, thus reducing overall environmental impact.

• Reducing Negative Environmental Impacts of Raw Material Production

Use Life Cycle Impact Assessment (LCIA) to identify environmental impacts from raw material procurement to final disposal, highlighting the most significant environmental impact stages to guide sustainable design and operational decisions. Analyze environmental issues like Global Warming Potential (GWP) and Ozone Depletion Potential (ODP), using data and model results to implement eco-design measures, support policy development, and identify opportunities to reduce environmental impacts, providing scientific basis for product environmental labeling.

• Reducing Negative Social Impacts of Raw Material Production

According to ISO 14020 series standards, disclose environmental information about products and services, and attach environmental labels on products, sustainability reports, or promotional materials. These labels are based on scientific and fair assessment methods to help consumers understand the environmental impact of products and make more informed choices.

• Setting Targets for Sustainable Raw Material Shares and Recycled Material Ratios

We provide transparent environmental information for our products, presenting specific environmental data and benefits. Since 2022, Zyxel Group has implemented this environmental declaration approach, setting targets to meet customer needs and continuously improving through stakeholder engagement.

• Reporting Progress on Sustainable Raw Material Procurement Targets

All suppliers are required to obtain ISO 14064-1 verification statements from independent third-party verification bodies to promote LCA awareness and identify their own emission sources. The completion rate has reached 100%.

Key component suppliers—including power adapters, printed circuit boards (PCBs), Ethernet cables, BOSA components, and product housings—are required to obtain ISO 14067:2018 verification. The next phase will focus on reduction requirements and planning in accordance with ISO 14064-2 and ISO 14068-1.

• Trainings for Raw Material Management Personnel

Provide training on LCA and ESG basic concepts to business teams in order to effectively interact with customers and understand their needs. All LCA analysis team members hold ISO 14067 Lead Auditor qualifications. After receiving business feedback, they conduct professional analysis to support decision-makers in ESG strategy formulation and assist the procurement team in setting targets. To foster knowledge of sustainability and the capability to procure sustainable raw materials, training courses for supplier management personnel are offered, including basic and advanced versions of "Supplier ESG Education Training Materials," to integrate sustainable procurement concepts into supplier selection and management.

Hazardous Substance Management

Zyxel Group's subsidiaries are committed to providing products that comply with applicable regulations, reduce environmental impacts, and meet high safety standards. To reduce the potential impacts of products on ecosystems and human health throughout their life cycles, we integrate international environmental regulations and customers' green product requirements into global supply chain management. Through systematic risk classification and document review mechanisms, we work with partners worldwide to promote waste reduction and the use of safer materials and production practices at the source, supporting long-term sustainability collaboration across the supply value chain.

Comprehensive Compliance with EU and Global Environmental Requirements

Suppliers are required to comply with key international environmental regulations and directives, including:

- **Product and Chemical Safety:** EU Restriction of Hazardous Substances Directive (RoHS), EU REACH Regulation, California Proposition 65, and the U.S. Toxic Substances Control Act (TSCA).
- **Circular Economy and Eco-Design:** EU Waste Electrical and Electronic Equipment Directive (WEEE), Packaging and Packaging Waste Regulation (PPWR), Batteries Regulation, and Ecodesign for Sustainable Products Regulation (ESPR).
- **Global Environmental Protection and Responsibility:** Stockholm Convention controls on persistent organic pollutants (POPs), and conflict minerals due diligence at product and organizational levels.

Management Mechanisms and Source Control

- **Life-Cycle Monitoring:** Zyxel Group has developed its own Product Sustainability Collaborative Information Management System, integrating environmental regulations, customer requirements, and product environmental data into product life-cycle management. The system monitors the potential environmental impacts of products across key life-cycle stages, including raw materials, manufacturing, distribution, use, and end-of-life. It also incorporates a Supply Chain Hazardous Substance Restriction and Control Management System to strengthen the management of restricted and prohibited substances across the supply chain.
- **IEQC 080000 Verification:** The Company maintains IECQ QC 080000 Hazardous Substance Process Management System verification to ensure management system effectiveness.
- **Source Control:** In response to international regulatory trends, Zyxel Group progressively reduces halogen use in plastic components to meet IEC 61249-2-21 halogen-free requirements. Suppliers must provide a Declaration of Non-Use of Environmentally Hazardous Substances, and all auxiliary materials used in production must fully comply with hazardous substance management requirements.

Risk Management and Identification Mechanism

To ensure transparency and a sound scientific basis in its management system, Zyxel Group conducts risk assessments of the potential impacts of its products on human health and the environment. Based on its internally established **Environmental Hazardous Substance Management Procedures**, the Company has developed a four-step process comprising hazard identification, hazard characterization, exposure assessment, and risk characterization.

Hazard Identification

The Company monitors the European Chemicals Agency (ECHA) Candidate List of Substances of Very High Concern (SVHCs), the EU RoHS Directive, and the Stockholm Convention on Persistent Organic Pollutants (POPs) to identify potential environmental and health hazardous substances in product components and supplier manufacturing processes.

Hazard Characterization

For identified hazardous substances, the Company establishes specific substance restriction and control limits and evaluates their potential impacts and associated risks to ecosystems and human health.

Exposure Assessment

Based on chemical exposure and process-related risks, the Company applies a risk-based classification and management approach. Product components and materials such as housings, power cords, power supplies, and packaging materials are classified as high-risk items, for which suppliers are required to provide test reports issued by laboratories meeting ISO/IEC 17025 requirements. Other non-exposed components are classified as low-risk items.

Risk Characterization

By considering hazard characteristics and actual exposure levels, the Company has established an early-warning and preventive control mechanism. When test results approach 90% of the applicable regulatory limit, the system triggers an early warning for further investigation by the responsible management team. Where material risks or non-compliance are identified, appropriate control measures may be implemented, including prohibiting the use of non-compliant components, temporarily suspending mass production, or stopping shipments, to reduce potential environmental and human health risks.

Customer Health and Safety

Product Responsibility and Health and Safety Management

Zyxel Group integrates product safety management into product life-cycle processes. From design and component selection to development validation, mass production, and market launch, products are managed in accordance with applicable safety regulations and customer requirements in each sales market. This supports compliance with applicable safety, quality, and regulatory requirements and reduces potential risks to user health and safety.

Product Safety Testing and Safe Use

Before market launch, all products must complete required product safety and regulatory testing, including electrical safety, electromagnetic compatibility (EMC), radio frequency (RF), and reliability testing, and obtain market-specific certifications, where applicable. Product instructions, installation guidance, and technical support are provided, while firmware updates and ongoing maintenance help customers use products safely and reliably.

Health Risk Assessment and Management

The Company assesses product health and safety risks based on product characteristics and applicable regulations. Hazardous substance management ensures compliance with international requirements such as RoHS and REACH. Relevant specific absorption rate (SAR) testing is also completed in accordance with local regulations to reduce potential health and safety risks during normal product use.

Product Health and Safety Impact Assessment

Health and safety risk assessments are incorporated during product development. Potential impacts throughout design, manufacturing, use, and maintenance are evaluated based on product type and market requirements. Products are launched following applicable testing, compliance reviews, and quality verification processes to verify that relevant requirements have been met.

Regulatory Compliance and Incident Management

Zyxel Group complies with applicable product health, safety, and product responsibility regulations and maintains mechanisms for managing product quality incidents and customer feedback. Product safety and compliance are regularly reviewed to strengthen quality and risk management. In 2025, there were no material penalties or significant non-compliance incidents related to product health and safety regulations.



D. Packaging and Logistics

Product transportation and logistics are guided by the principles of emission reduction, resource efficiency, minimized packaging volume, and maximized loading efficiency. These practices also support the Company's commitment to material reduction and circular packaging design.

Product Packaging

Suppliers are required to comply with EU packaging and packaging waste requirements, guided by the principles of reuse, recycling, and reduction (3Rs).

Sustainable Packaging Eco-Design Principles

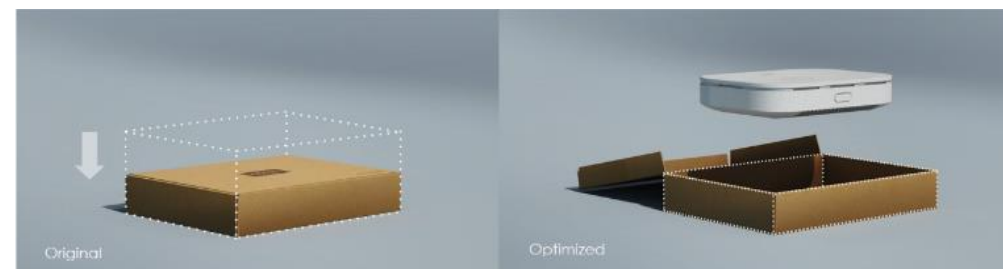
- Meet PPWR requirements for recyclability, reduction, labeling, plastic-free or low-plastic packaging, void space, and material mono-materiality.
- Prioritize replacing product PE bags with kraft paper, glassine paper, paper sleeves, or paper-based cushioning structures.
- Use paper sleeves, folded-paper structures, or cardboard dividers for accessories to reduce plastic bags for cables, power supplies, and other accessories.
- Secure fiber-optic cables, network cables, and other cables with kraft paper sleeves to reduce plastic ties and individual bags.
- Use corrugated cardboard and molded pulp to replace EPE, plastic trays, and composite cushioning materials.
- Prioritize recycled paper and FSC-certified paper materials, with relevant environmental claims managed in accordance with requirements.
- Reduce ink printing and prioritize embossed, debossed, or single-color markings to simplify materials and post-processing.
- Optimize packaging dimensions to reduce void space, paper use, and transport volume.
- Design packaging dimensions around common pallet sizes to improve stacking, loading, and transport space efficiency.
- New packaging solutions are validated through drop, vibration, abrasion, stacking, and appearance protection tests to achieve a balance between packaging reduction and product protection.

Product Transportation

Optimizing pallet utilization and product loading efficiency are key focuses in transportation design, as increasing loading rates directly contributes to carbon footprint reduction in product logistics. By refining product casing designs to reduce packaging volume, standardizing pallet specifications, and adjusting packaging dimensions, Zyxel Group aims to enhance the stacking and loading efficiency of pallets and containers. This approach not only increases the quantity of products transported per shipment but also reduces unit-level greenhouse gas emissions (Scope 3 transport emissions), supporting the Group's value-chain carbon reduction targets.



Note: The Zyxel Group's Sustainability Development Committee's Green Product Team has established the Group's Green Product Design Guidelines. Due to differences in business sales scope and customer attributes among the various subsidiaries under the Group, product designs need to adhere to local regulations and customer requirements. Therefore, actual designs for green products may differ from the general principles mentioned above.



E. Product Circularity Management

Zyxel Group applies life-cycle thinking and circular economy principles by integrating end-of-life management into product environmental governance. In each operating market, the Company establishes product take-back and resource circularity mechanisms for waste electrical and electronic equipment (WEEE) in accordance with applicable regulations. Through Extended Producer Responsibility (EPR), environmental responsibility extends from product design and manufacturing to end-of-life, reducing potential impacts from discarded products and returning resources to the circular economy.

The 3R principles—Reduce, Reuse, and Recycle—are integrated into product design, including consideration of disassembly, material recyclability, and reuse potential. Zyxel Group works with suppliers on product circularity management and conducts regular WEEE surveys and 3R assessments. A Product Recycling Database consolidates material composition, disassembly, and recycling information to support recyclers and customers in product recovery and resource reuse.

To ensure appropriate end-of-life treatment, the Company establishes electronic product take-back and reuse programs according to local requirements. In the EU, Zyxel Group works with legally approved WEEE registration, collection, transportation, sorting, treatment, and recycling systems, as well as Producer Responsibility Organizations (PROs), to ensure proper collection, recycling, and recovery of e-waste.

Product documentation, the Company website, and local recycling disclosures provide customers and consumers with product take-back and end-of-life treatment information. This promotes proper recycling and encourages use of authorized collection channels.

The Company annually compiles data from recycling partners to track key indicators, including WEEE collected, reuse and recycling rates, and final disposal rates. Continuous monitoring and analysis support the shift from proper waste treatment toward resource value preservation and circular use.

Future Directions

- **Expand Product Take-Back Coverage:** Strengthen recycling partnerships and collection channels across operating markets to increase the proportion of WEEE entering authorized recycling systems and improve end-of-life resource recovery.
- **Enhance Circular Product Design:** Continue improving product disassembly, recyclability, and material reuse potential to increase end-of-life resource value.
- **Establish Performance Management and Quantitative Targets:** Further develop management mechanisms for WEEE collection volumes, reuse and recycling rates, and final disposal rates, and set medium- to long-term targets by market.
- **Strengthen Customer Participation:** Provide clear and accessible product take-back and end-of-life information through the Company website, product documentation, and customer service channels to encourage proper e-waste recycling and resource circularity.

Product Circularity Management

	2022	2023	2024	2025	2030 Target
Total Weight of WEEE Collected Through Take-Back Programs (Metric Tons)	1,039.2394	159.3758	834.1550	926.8552	Increase the WEEE Recycling Rate to 35%
WEEE Reuse / Resale / Recycling Rate (%)	0.02%	5.2%	25%	32.44%	
WEEE Disposal / Landfill Rate (%)	99.98%	94.8%	75%	67.56%	

Note: The recycling rate is calculated based on the weight of WEEE collected through local take-back programs. The disposal rate includes e-waste subject to legally compliant final treatment. Data are compiled from annual statistics provided by Producer Responsibility Organizations (PROs) and recycling management organizations in each country.

F. Responsible Distribution

Responsible and Digital Distribution

Zyxel Networks integrates digital and physical sales channels, complementing traditional distribution through dedicated e-commerce platforms. Digital platforms streamline licensing and service delivery, supporting operational resource efficiency and direct engagement with customers.

In addition to its B2C platform, Zyxel Marketplace, for online license and subscription purchases, and its B2B platform, Zyxel Circle, Zyxel Networks has launched Zyxel Store, its own e-commerce platform for direct hardware purchases. Initially serving the 27 EU Member States, the platform has expanded to the United Kingdom and the United States.

We continue to advance our long-term sustainable business strategy. Since the platform's launch, our online customer base has remained stable. In addition to hardware devices, we actively expand software services, with digital licensing accounting for an increasing share each year, effectively supporting enterprise customers in advancing digital transformation and efficient service adoption.



Sustainability Education

Through after-sales service platforms and customer communication channels, Zyxel Communications and Zyxel Networks carry out information campaigns to raise awareness of sustainable product features and energy efficiency, empowering consumers to make informed and sustainable purchasing decisions. Environmental awareness and sustainable consumption can thus be promoted by enhancing consumers' understanding and engagement through practical experience.

Zyxel Group actively shares sustainability principles. Internally, the Company implements eco-design standards and encourages employees to take part in environmental initiatives. Externally, we engage in proactive interaction and cooperation with government agencies, communities, and industry partners to promote environmental protection and fulfill corporate responsibility through our global influence.

Promoting Energy-Efficient and Sustainable Design

Zyxel Communications and Zyxel Networks products are designed with a strong focus on high energy efficiency, reliability, and product durability. Design teams integrate consumer value, practicality, and user satisfaction into the development process. The following energy-saving technologies have been implemented:

- Automatic power consumption adjustment based on the status of the connected household appliances
- Automatic power consumption adjustment based on the length of network cables
- Wireless network connection timing
- Automatic device hibernation
- Custom PoE Power Scheduling Feature (Zyxel Networks)
- Smart energy-efficient fans
- Smart Ethernet energy-saving function

Enhancing Sustainability Awareness Among Employees and Consumers

- Encourage the employees to participate in internal environmental protection and energy-saving campaigns such as electricity saving in offices, waste battery recycling, etc.
- Actively join environmental protection activities in the community, e.g. the science park's Industrial Safety and Environmental Protection Month events
- Organize environmental protection experience sharing sessions
- Publish informative articles on sustainability and climate-related topics.

| Friendly Workplace



A. Diversity & Inclusion Recruitment

B. Human Capital Development

C. Human Right

D. Workplace Health & Safety



Friendly Workplace

Talent is the most valuable asset supporting the continuous growth of the company. In addition to fostering an innovative and diverse company culture, we are committed to providing employees with a challenging, enjoyable, and fairly rewarding work environment.

We prioritize the hiring of local employees at our operational sites around the world, encouraging contributions from marginalized groups. In addition to establishing comprehensive management systems to safeguard employee rights, providing smooth labor-management communication and complaint channels, we also offer competitive compensation and benefits, launch a variety of work-life balance programs, and ensure a safe and healthy working environment, all aimed at nurturing the holistic well-being of our employees.

Through a comprehensive education and training system and employee development planning, we assist employees in enhancing their professional skills and personal growth, making them a crucial driving force for the company's sustainable development.



Sustainable Strategy: Creating Shared Value



Major Issues: Talent Attraction & Retention, Talent Cultivation & Development, Human Rights Management, Workplace Health & Safety



Stakeholders: Employee Supplier Government



SDGs



Performance Highlights

Taiwan Talent Sustainability Action Alliance Member	Women in Tech Female Senior Executives: 16.7% Females in STEM Roles: 23.2%	Human Capital Return on Investment (HCROI) 6.4	Employee Training Average Training Hours per Employee: 245 hours Average Training Cost per Employee: NT\$ 2,106	Conducted Human Rights Due Diligence
Human Rights & Occupational Health and Safety (OSH)	Human Rights Training Completion Rate 99.1%	Occupational Safety Education Coverage Rate 99.5%	Major Occupational Accidents 0 cases	Conducted Employee Engagement Survey

Policies

Build a friendly workplace

Provide a good working environment, pay attention to employees' physical and mental health and career development

Protect the rights and interests of employee

Diversity and inclusion, human rights protection, no discrimination, bullying, harassment

Commitment

Support and respect, within its sphere of influence, the protection of international human rights set out in the United Nation's Universal Declaration of Human Rights, the International Labor Organization's (ILO) fundamental conventions and the Global Compact.

- Restrict any discrimination, harassment or persecution in the workplace. Forbid any discrimination regarding race, color, religion, national origin, gender, age, disability, sexual orientation, gender identity, pregnancy, political factions and marital status.
- Provide a safe working environment and require extensive training and safe equipment.
- Employees must be committed to maintaining a safe and healthy work environment by employing all safety operation procedures and principles while conducting business.

Friendly Workplace Objectives and Results

Strategy	Issue	Operational Impact	Strategic Actions	Performance Indicators	2025 Target	2025 Achievements	Status	Goals			SDGs
								2026 short-term	2028 mid-term	2030 long-term	
Creating Shared Value	Talent attraction & retention	Attracting and retaining top talent can enhance operational performance.	Monitor market salary trends to ensure competitive total compensation.	Indirect employee turnover rate	<15%	13.6%	V	<15%	<14%	<12%	
	Talent cultivation & development	Diverse training programs will attract and retain talent	Provide diverse talent training programs	Annual training program completion rate	> 92%	98%	V	> 98%	> 99%	> 99%	
			Ensure professional skills training opportunities for staff	Satisfaction with professional skills training courses (Maximum score: 5 points)	> 4	4.67	V	> 4.7	> 4.7	> 4.8	
	Human Right Management	Maintain human rights to establish a sustainable work environment	Focus on women's career development	percentage of female managers	> 30.7%	33.1%	V	> 30.7%	> 30.8%	> 31%	
			Human rights awareness promotion	Completion rate of human rights training courses	> 98.5%	99.1%	V	> 99.7%	> 99.8%	100%	
	Employee Care	High-Quality Work Environment and Employee Care to Enhance Employee Engagement	Providing Comprehensive Employee Facilities Offering Diverse Employee Activities	Employee Activity Satisfaction Rate	≥ 90%	92%	V	≥ 93%	≥ 93%	≥ 94%	
	Workplace Health & Safety	Maintain a safety-first work environment to ensure continuous operations and steady growth.	Promote a safety culture	Coverage rate of occupational safety education courses	> 98.5%	99.5%	V	> 99.7%	> 99.7%	100%	
			Implement preventive management	Number of major occupational accidents	0	0	V	0	0	0	

A. Diversity and Inclusion Recruitment

Human Resource Structure

As of the end of 2025, Zyxel Group employed a total of 3,477 people, with full-time employees accounting for 77.5% and part-time employees representing 0.6%. Among full-time staff, professional staff formed the primary core at 56.9%, followed by managerial staff at 19.3%, direct workforce at 14.4%, and administrative staff at 9.4%.

Regarding gender distribution, male and female employees represented 65% and 35% of the workforce, respectively. While male representation remains higher due to technology industry characteristics and talent market dynamics, the overall gender balance remains relatively well-proportioned. Geographically, 59% of the workforce is located in Taiwan, where the parent company and subsidiary headquarters are based. With an average employee age between 30 and 50 years and an average tenure of 8.6 years, our human capital provides a stable and experienced foundation supporting the company's steady long-term growth.

	Categories	Zyxel Group			MitraStar			MitraStar, Wuxi			Zyxel Communications			Zyxel Networks			Total Number / Proportion					
		Male	Female	Subtotal	Male	Female	Male	Male	Male	Subtotal	Male	Female	Subtotal	Male	Female	Subtotal	Male		Female		Total	
Type	Full-time	54	91	145	331	266	597	354	329	683	443	193	636	431	202	633	1,613 / 59.9%		1,081 / 40.1%		2,694 / 77.5%	
	Part-time	0	0	0	0	0	0	0	0	0	6	1	7	7	6	13	13 / 65.0%		7 / 35.0%		20 / 0.6%	
Job	Manager	25	24	49	86	34	120	77	57	134	94	31	125	77	25	102	355 / 68.0%		167 / 32.0%		522 / 19.3%	
	Professional	26	37	63	207	93	300	145	80	225	328	124	452	349	149	498	1,058 / 68.6%		484 / 31.4%		1,542 / 56.9%	
	ADM	3	30	33	3	32	35	22	69	91	21	38	59	13	36	49	55 / 21.6%		200 / 78.4%		255 / 9.4%	
	Direct Employee	0	0	0	35	107	142	117	121	238	0	0	0	0	0	0	153 / 39.1%		238 / 60.9%		391 / 14.4%	
Area	Taiwan	54	91	145	328	266	594	0	0	0	306	150	456	281	165	446	969 / 59.0%		672 / 41.0%		1,641 / 59.0%	
	Asia	0	0	0	1	0	1	361	327	688	12	0	12	35	15	50	402 / 53.9%		344 / 46.1%		746 / 27.7%	
	Americas	0	0	0	0	0	0	0	0	0	46	18	64	13	3	16	59 / 73.8%		21 / 26.3%		80 / 3.0%	
	Europe	0	0	0	0	0	0	0	0	0	79	25	104	110	27	137	189 / 78.4%		52 / 21.6%		241 / 8.9%	
Age	<30	2	9	11	136	168	304	85	53	138	60	26	86	74	33	107	202 / 62.2%		123 / 37.8%		325 / 12.1%	
	30-50	31	67	98	255	188	443	269	273	542	286	147	433	323	163	486	1,169 / 58.0%		847 / 42.0%		2,016 / 74.8%	
	>50	19	15	34	57	55	112	7	1	8	107	29	136	60	19	79	250 / 67.8%		119 / 32.2%		369 / 13.7%	
Average Tenure		11.7	9.8	10.5	10.3	9.5	10.0	6.1	6.5	7.1	9.6	9.1	9.4	7	8.1	7.6	8.4		8.3		8.6	

Note 1: Regular employees refer to full-time employees with permanent contracts. Part-time employees include staff without guaranteed working hours, fixed-term contract personnel, and interns.

Note 2: Workers who are not employees but whose work is controlled by the organization (e.g., agency workers) are primarily production-line support staff at MitraStar Technology (Wuxi).

1. Comprehensive Talent Recruitment

Zyxel Group advances a comprehensive talent acquisition strategy through internal and external recruitment channels. By integrating industry, government, and academic resources, the Company promotes its workplace through recruitment activities, online exposure, and social media engagement. Talent is recruited through employee referral programs, campus recruitment, internship programs, industry-academia partnerships, and R&D substitute service programs. The Company also uses internal newsletters, its corporate website, and social media channels—including Facebook, LinkedIn, and YouTube—to broaden outreach.

Young Talent Cultivation

To develop future talent, strengthen competitiveness, and advance network communications R&D, Zyxel Group engages deeply with universities through internship programs and industry-academia collaboration.

Campus Recruitment: Taiwan campus recruitment activities are held annually from March to April. Each event is staffed by HR personnel and engineers, enabling participants to learn about the Company and its network communications expertise. Interactive activities further strengthen public awareness of Zyxel Group's brand. In 2025, the Group participated in recruitment events at National Tsing Hua University, National Yang Ming Chiao Tung University, National Central University, National Chung Cheng University, National Yunlin University of Science and Technology, and National Formosa University.

Internship Program: The University Internship Program offers internships ranging from one semester to one year. Interns receive compensation above the statutory minimum wage, lunch support, and dedicated guidance from departmental colleagues. The program provides exposure to corporate information services operations and opportunities to apply academic knowledge in practice. In 2025, interns came from Yuan Ze University, National Tsing Hua University, National Yang Ming Chiao Tung University, Feng Chia University, and Chang Gung University.

Campus Recruitment Marketing and Internal Referrals



FB: [link!](#) LINKEDIN : [link!](#)

Taiwan Talent Sustainability Action Alliance

Talent sustainability is a key priority for Zyxel Group. To foster a more diverse, equitable, and inclusive workplace, the Company joined the 2025 TALENT, in Taiwan—Taiwan Talent Sustainability Action Alliance, working with corporate partners to advance the sustainable development of talent in Taiwan. [Learn more](#)



2. Diverse and Inclusive Workplace

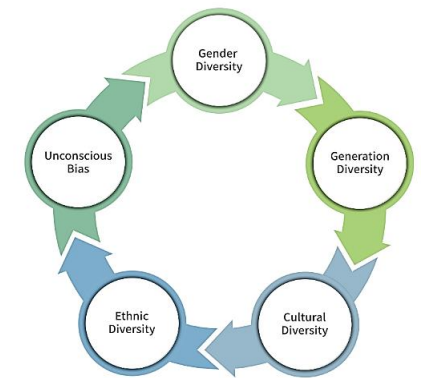
ZYXEL Group, its subsidiaries, and global operating sites use open, fair, and diverse recruitment channels to attract talent. In accordance with local laws and the Responsible Business Alliance (RBA) Code of Conduct, employment decisions are made without discrimination based on race, color, religion, nationality, gender, age, disability, sexual orientation, pregnancy, political affiliation, or marital status. The Company prohibits child and forced labor and safeguards the employment rights of minority groups, persons with disabilities, women, migrant workers, and non-employee workers.

Zyxel Group has established the Recruitment and Labor Hiring Management Procedure, Employee Code of Conduct, and Employee Recruitment Procedures in line with the RBA Code of Conduct and applicable local laws, supporting equal opportunity and an inclusive workplace.

Diversity and Inclusion Policy

Zyxel Group provides a friendly workplace of gender equity, generational inclusion, and cultural diversity. Our employees with different cultures and experiences around the world learn from and communicate with each other to form collaborative cohesion and contribute to the Company in their own ways.

The “Zyxel Group Diversity and Inclusion Policy” has been established to implement relevant action plans. Different action plans in line with the policy aiming for diversity and inclusion are developed according to the definitions of diversity.



My Hometown Photo Contest

In 2025, Zyxel Group launched the “Celebrating Diversity: My Hometown, My Story” photo and story collection campaign. Ten selected works were displayed in an exhibition, enabling employees to share diverse cultures and local perspectives. The initiative strengthened understanding and exchange among employees of different nationalities and backgrounds, advancing the Company's diversity, equity, and inclusion (DEI) values.



New Employee Overview

In 2025, Zyxel Group hired a total of 1,170 new employees, including 229 indirect employees. Subsidiary MitraStar Technology and its China-based subsidiary, MitraStar Technology (Wuxi), employed direct staff, with a total of 707 new direct employees. Among all new hires, 581 were male (60%) and 388 were female (40%). The average recruitment cost per employee was NT\$3,000.

Number of New Hires / New Hire Rate in 2025

	Indirect Employee		Direct Employee	
	Number of Employees	New Hire Rate	Number of Employees	New Hire Rate
Taiwan	133	8.9%	0	0.0%
Asia	50	10.1%	941	377.9%
Americas	7	8.8%	-	-
Europe	39	16.2%	-	-
Male	149	10.1%	412	230.2%
Female	80	9.4%	295	86.8%
≤30	84	34.9%	450	346.2%
31-49	130	8.8%	257	70.4%
≥50	15	4.3%	0	0.0%
Supervisor	11	2.1%	0	0.0%
Non-Supervisor	215	12.0%	707	136.2%
Total	229	9.9%	707	136.2%

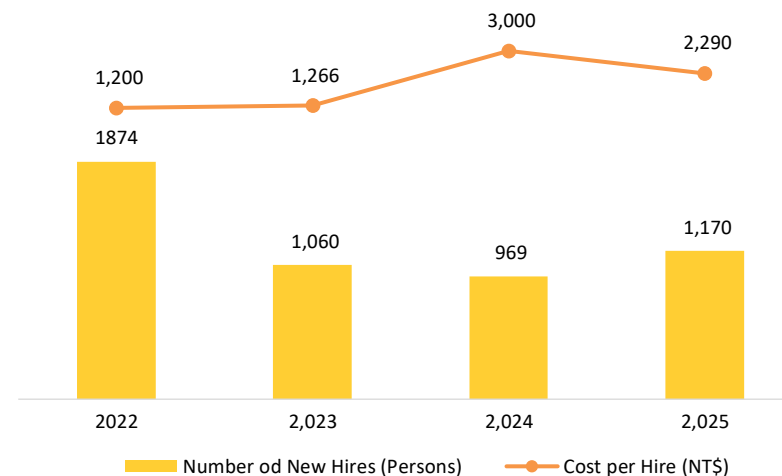
Enhancing New Hire Retention

Establishing an Indirect Personnel Newcomer Care Mechanism: Design a satisfaction survey for new hires one month after joining, complemented by newcomer care interviews. This aims to strengthen the integration of new hires with their mentors and departments, provide timely assistance for any adaptation issues, and effectively stabilize new employees.

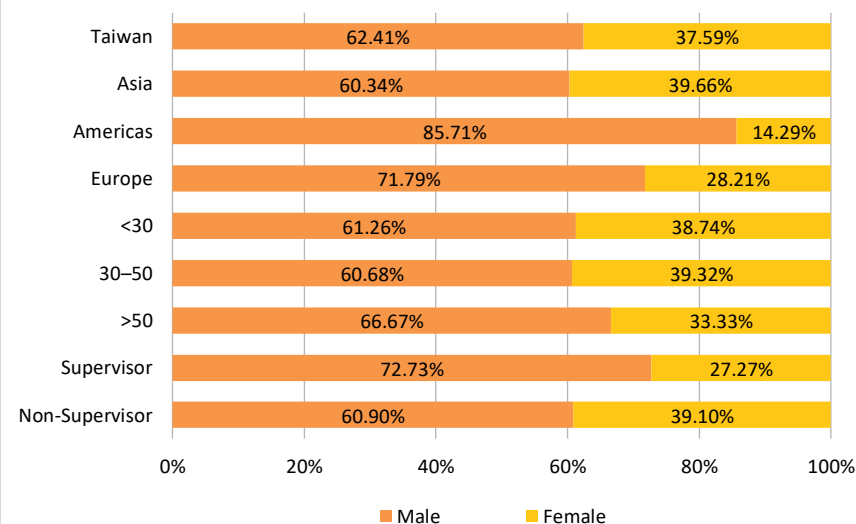
Establishing Direct Personnel Newcomer Training: To reduce instability among new hires on the production line, design specialized training for direct line employees. The training includes company policy introductions, environment orientation, ESG courses, occupational safety courses, production line quality/green products, ESD/6S, and more.

Rising Recruitment Costs: Recruitment expenses have increased year by year, reflecting the company's strong commitment to talent.

Number of New Hires/Average Cost per Hire



2025 New Hire Gender Distribution — by Region, Age Group, and Management Level



Local Employment

To capitalize on local market insights and adopt culturally aligned management practices, we recruit local talent across our overseas sales and operational sites, ensuring that most senior management positions in overseas entities are held by local personnel. Local hiring is defined as employing individuals who hold citizenship in the country where operations are located. In 2025, the number and proportion of local managers hired by region were as follows: Taiwan: 299 individuals (99.7%); China: 127 individuals (100%); the Americas: 21 individuals (100%); and Europe: 49 individuals (100%).



Employment of Minorities

Zyxel Group respects the unique cultures of minority groups, and talent recruitment is conducted without discrimination based on race or ethnicity. The company collects information on employee ethnicity to evaluate policies and practices related to equal employment opportunities. We respect individual privacy, and personal data related to minority groups is protected.

2025 Employment of Minority Groups / Proportion in Managerial Positions

	Number of Minority Group Members	Number of Minority Group Managers	Proportion of Minority Group Members
Taiwan	12	0	0.7%
China	33	2	4.8%
Americas	37	10	46.3%

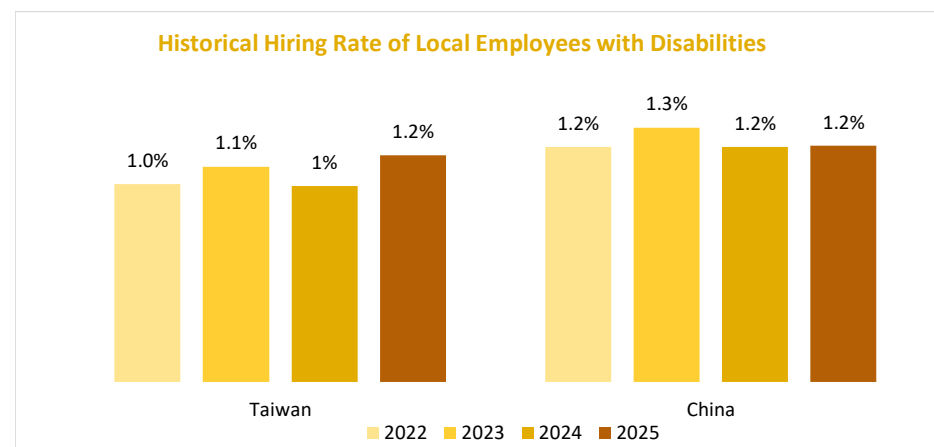
Note 1: Definition of minority groups: In Taiwan, minorities include Indigenous peoples and new immigrants; in China, minorities refer to non-Han ethnic groups; in the U.S., minorities encompass non-Caucasian or non-white populations. In Europe, due to strict privacy constraints under GDPR regulations, relevant personal data is neither collected nor disclosed.

Note 2: Managerial personnel: Includes entry-level (junior), mid-level, and senior management personnel.

Employment of Individuals with Disabilities

In adherence to the principle of fair employment, Zyxel Group actively provides equal job opportunities for persons with disabilities. We have implemented accessible workplace infrastructure, including ramps, accessible elevators, and accessible restrooms, to foster an inclusive work environment.

In 2025, the number and percentage of employees with disabilities hired across key operating regions were as follows: In Taiwan, 19 individuals with disabilities were employed, accounting for 1.16% of the local workforce and fully complying with statutory quota requirements. In China, 9 individuals with disabilities were employed, representing 1.21% of the local workforce.



Non-Employee Workers

Non-employee workers include temporary staff, as well as contractors engaged in security, cleaning, and catering services, and on-site medical personnel. In 2025, due to manpower shortages caused by production adjustments and the pandemic, MitraStar continued to collaborate with high-quality intermediary companies to allocate a portion of the work to temporary employees. By offering employment conditions that exceed labor law standards and providing company meals, we attracted talent to join our workforce. Additionally, we regularly offer opportunities for temporary employees to transition into permanent positions, aiming to establish long-term and stable working relationships with our staff.

2025 Number of Non-Employee Workers

	Number
Taiwan	93
China	40
Americas	8
Europe	9
Total	150

Gender Diversity – Women in Technology

Zyxel Group ensures equal employment opportunities regardless of gender in recruitment, compensation, and promotion. Women represented 39.9% of employees, 33.1% of managers, 16.7% of senior management, and 23.2% of employees in STEM positions.

Reflecting the technology industry, management and engineering roles are predominantly held by men, while women are more represented in production- and revenue-related functions. Female representation and the proportion of women in management have remained relatively stable.

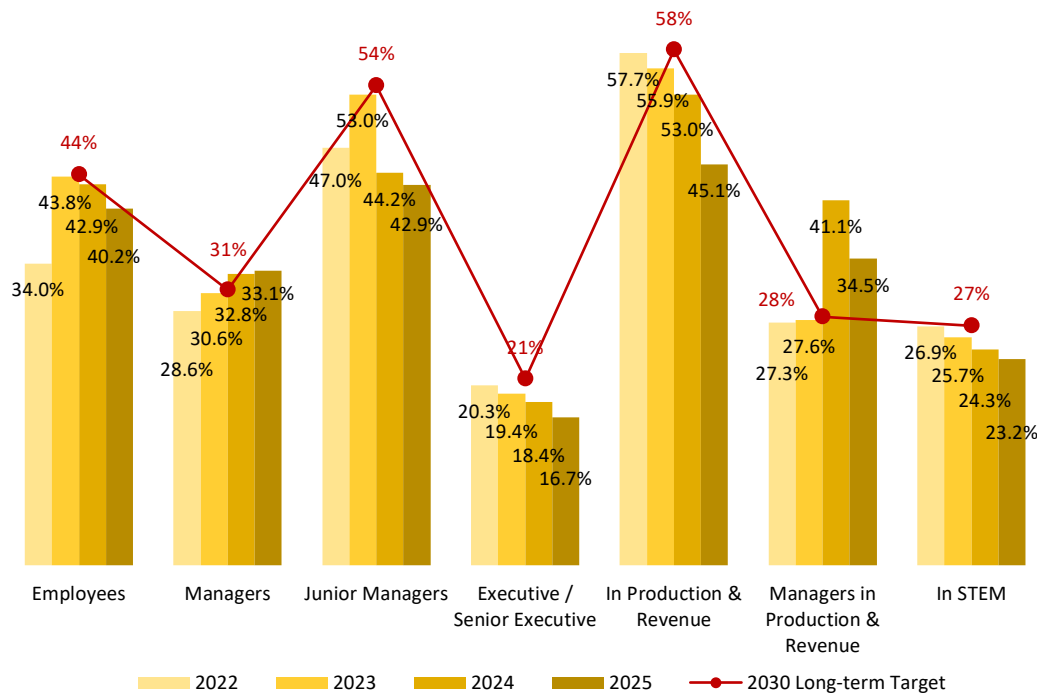
To strengthen gender diversity, talent attraction, and engagement, Zyxel Group has set 2030 targets for areas with comparatively lower female representation, aiming to improve gender balance across its talent pipeline.

Paid Parental Leave and Return-to-Work Support

Zyxel Group is committed to a caring and respectful workplace where employees can balance family responsibilities and work. The Company partners with childcare providers to offer preferential rates for employees with childcare needs.

When employees welcome a new family member, the Company provides paid parental leave for both primary and non-primary caregivers and proactively arranges return-to-work plans. Employees who need to personally care for family members may also apply for up to seven days of family care leave each year.

Female Workforce Representation by Category



Historical parental leave and return-to-work status at Taiwan locations

	2022		2023		2024		2025	
Employees Eligible for Parental Leave (A)	126		83		89		99	
Male / Female	58	69	37	46	41	48	48	51
Employees Taking Parental Leave (B)	37		28		24		24	
Male / Female	6	31	3	25	4	20	3	21
Parental Leave Application Rate (%) (B/A)	29.0%		33.7%		27.0%		24.2%	
Male / Female Ratio	10.3%	46%	8.1%	54.3%	9.8%	41.7%	6.3%	41.2%
Employees Due to Return from Parental Leave (C)	23		18		29		16	
Male / Female	1	22	1	16	1	14	1	13
Employees Returning from Parental Leave (D)	23		17		15		14	
Male / Female	1	22	1	16	1	14	1	13
Return-to-Work Rate (%) (D/C)	79%		94.4%		65.5%		87.5%	
Male / Female Ratio	20%	92%	100%	94.1%	33%	73.9%	33.3%	100%
Employees Returned from Parental Leave in Previous Year (E)	20		27		15		17	
Male / Female	1	19	23	4	1	14	1	16
Employees Retained 12 Months After Returning (F)	17		25		14		14	
Male / Female	1	16	21	4	0	14	0	14
Retention Rate (%) (F/E)	85%		92.6%		93.3%		82.4%	
Male / Female	100%	84%	91.3%	100%	0%	100%	0%	87.5%
Total Weeks of Paid Parental Leave Taken by Primary Caregivers	Not Tracked		81.4 weeks		81.6 weeks		122.3 weeks	
Total Weeks of Paid Parental Leave Taken by Non-Primary Caregivers	Not Tracked		19.4 weeks		50.9 weeks		35.4 weeks	

Employee Turnover Analysis

In 2025, Zyxel Group recorded 1,128 employee departures, comprising 52.2% male and 47.8% female employees. Compared with industry peers in Taiwan, the turnover rate remained relatively stable. The Company recognizes that an appropriate level of employee mobility supports the healthy development of human capital.

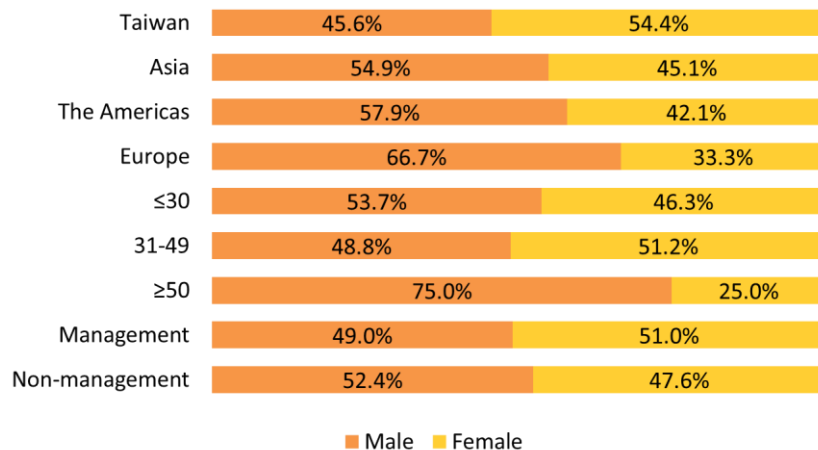
Number of Employee Departures / Turnover Rate in 2025

	Indirect Employees		Direct Employees	
	Number	%	Number	%
Taiwan	228	15.2%	138	97.2%
Asia	42	8.5%	674	270.7%
Americas	19	23.8%	-	-
Europe	27	11.2%	-	-
≤30	73	30.3%	439	522.6%
31-49	192	13.1%	372	68.1%
≥50	51	14.8%	1	4.2%
Supervisor	51	9.8%	0	0.0%
Non-Supervisor	265	14.7%	812	207.7%
Total	316	13.6%	812	207.7%

Note: Number of departures refers to full-time permanent employees who left.

Note: The turnover rate is calculated as the number of direct (or indirect) full-time permanent employees who left during the year divided by the total number of direct (or indirect) full-time permanent employees at the end of the year.

2025 Turnover by Gender: Regional, Age, and Level Breakdown



Historical Employee Turnover and Voluntary Turnover Rates

Indicator	2022	2023	2024	2025
Total Turnover Rate	35.7%	36.3%	43.1%	41.9%
Voluntary Turnover Rate	23.8%	34.1%	38.8%	34.9%
Involuntary Turnover Rate	2.4%	2.2%	4.3%	7.0%

Note: Total employee departures are the sum of voluntary and involuntary departures.

Turnover Reduction Strategy

Zyxel Group is committed to talent retention by integrating Group resources, improving organizational weaknesses, strengthening talent development and career management, and enhancing employee benefits.

- **Exit Interviews:** Identify departure reasons and improve retention.
- **Key Talent Database:** Track key talent development and retention risks.
- **Internal Mobility:** Provide internal transfer opportunities based on employee strengths.
- **Rehire Opportunities:** Invite suitable former employees to return.
- **Succession and Internal Recruitment:** Support business continuity and career development.

Historical Internal Hiring Rate

	2022	2023	2024	2025
Number	12	11	11	12
%	2.8%	6.1%	2.7%	6.8%

Note: Total Number of Indirect Employee Vacancies Filled by Internal Candidates / Total Number of Company Vacancies

Significant Operational Changes and Labor Rights Protection

The Company has not undertaken any significant mergers and acquisitions or large-scale layoffs during the past three years. If future operational adjustments require large-scale layoffs or employment termination, Zyxel Group will comply with applicable local labor laws at each operating location. In Taiwan:

- **Individual Termination Notice:** In accordance with the Labor Standards Act, employees receive a minimum notice period of 10 to 30 days based on length of service, or payment in lieu of notice as required by law.
- **Mass Layoff Notification:** In accordance with the *Mass Layoff Protection Act*, a layoff plan must be submitted to the competent authority and labor-management consultations initiated at least 60 days before the effective date, safeguarding employee rights.

3. Comprehensive Talent Retention Program

Employees are Zyxel Group's most valuable asset. The Company aims to create a supportive workplace where employees can grow and contribute over the long term. Talent retention focuses on four areas: competitive compensation, talent development, performance and incentives, and a healthy workplace. Clear labor standards cover working conditions, hours, pay, freedom of association, and non-discrimination.

Total Compensation

Zyxel Group's compensation policy balances shareholder and employee interests and complies with applicable laws. Starting salaries are determined by education, experience, and professional expertise, and exceed statutory minimum wages.

Compensation includes base salary, allowances, overtime pay, annual performance-related rewards, and cash or long-term incentives. Pay is based on individual contribution and performance, without discrimination, and employee personal information is protected.

Flexible Work Arrangements

To create a supportive workplace that balances productivity and employee well-being, Zyxel Group offers flexible work arrangements based on job requirements and operational needs. These include flexible working hours, remote work, and part-time opportunities to help employees balance work and family responsibilities, promote inclusion, and support talent retention.

Flexible Working Hours

Employees may adjust their start and end times by up to 30 minutes to accommodate childcare, family care, or other personal needs.

Part-Time Work Opportunities

The Company provides appropriate part-time opportunities based on job and business needs, including roles in basic testing and technical consulting. Employment, working hours, and compensation are managed in accordance with applicable labor laws to ensure a fair and compliant work environment.

Bonuses and Employee Rewards

Zyxel Group offers various incentive and reward programs to encourage outstanding performance from employees and teams and to share the company's operational success. These include: Lunar New Year bonuses, year-end bonuses, performance bonuses, special excellence awards, and stock options for high-performing employees.

Lunar New Year Bonuses:

Bonuses are provided annually during the Lunar New Year, Dragon Boat Festival, and Mid-Autumn Festival in Taiwan.

Profit Sharing Bonuses:

According to the "Performance Bonus Guidelines," bonuses are given based on the company's profit achievement rate. These include quarterly bonuses, annual bonuses, and special bonuses, which are provided to both indirect and direct employees to share in the company's profits. In 2025, up to 97.1% of employees received a surplus bonus.

Employee Stock Options:

The "Employee Stock Option Issuance and Subscription Guidelines" are established to offer stock options to high-performing employees. This aims to attract and retain outstanding talent long-term, while also motivating employees, enhancing their engagement, and fostering a sense of belonging.

Rewards for Creative and Inventive Proposals:

With the aim of encouraging employees to be engaged in innovative R&D, Zyxel Group has developed the "Guidelines on Rewards for Creative and Inventive Proposals" to offer rewards for creative proposals, patent application proposals, and invention patents.

Incentive Projects:

A wide range of incentive projects is provided to motivate our employees to give suggestions for job improvements and praise employees for their remarkable performance by posting their contributions on the internal website. In doing so, an incentive and a role model are provided for the employees. Cohesion among the employees can thereby be improved to boost the corporate competitiveness.

Employees of the Year:

Every year, department heads would recommend employees with exceptional performance as candidates for all employees to vote for the "Employees of the Year". Zyxel Group also offers rewards and acclamation to the winners to recognize their achievements. In 2025, a total of 72 outstanding employees and 14 model employees were recognized.

Reward for Long Tenures:

In the year-end company banquet, employees with long tenures will be rewarded and recognized for their long-time contribution to Zyxel Group.

The ratio of the minimum wage for entry-level personnel to the local statutory minimum wage

Work area	Category	Gender	
		Male	Female
Taiwan	indirect employees	1.12	1.12
	direct employees	1.00	1.00
China	indirect employees	1.27	1.26
	direct employees	1.10	1.10

Gender Pay Gap in Average Base Salary/Total Compensation

Work area	Category	Job Level	Male	Female	
				Average Base Salary	Total Compensation
Taiwan	indirect employees	supervisory position	1	0.83	0.21
		non-supervisory position	1	0.83	0.20
	direct employees	-	1	1.00	0.00
China	indirect employees	supervisory position	1	0.93	0.82
		non-supervisory position	1	0.99	0.77
	direct employees	-	1	1.00	0.99

Gender Pay Gap in Average Salary/Bonus and Median Salary/Bonus

Work area	Category	Male	Female			
			Average Salary	Median Salary	Average Bonus	Median Bonus
Taiwan	indirect employees	1	0.80	0.75	0.73	0.76
	direct employees	1	1.03	0.99	1.11	1.02
China	direct employees	1	0.80	0.82	0.79	0.79
	indirect employees	1	0.99	1	0.99	0.99

Note: Only Taiwan and China operations are disclosed. Other subsidiaries across Asia, Europe, and the Americas are excluded due to significant variations in local minimum wage standards.

Compensation of Full-Time, Non-Managerial Employees at Taiwan Sites

Item	2024	2025	Change from Previous Year
Number of Employees	1,865	1,698	-8.95%
Average Compensation (NT\$ thousand/person)	1,186	1,248	5.23%
Median Compensation (NT\$ thousand/person)	1,056	1,009	-4.45%

Insurance & Pension

Operations in Taiwan—including Zyxel Group and its subsidiaries MitraStar Technology, Zyxel Communications, and Zyxel Networks at their Taiwan headquarters—provide social insurance benefits superior to legal requirements to safeguard and enhance fundamental employee rights and welfare. In addition to statutory public programs such as Labor Insurance and National Health Insurance, the company offers further social security protections.

These include free group insurance for employees, spouses, and children, covering life insurance, accidental insurance, critical illness insurance, hospitalization medical insurance, injury medical insurance, cancer medical insurance, and occupational accident insurance. An on-site insurance service counter is also established within the facilities, allowing employees to receive consultation and process applications directly on-site.

In compliance with the Labor Standards Act and the Labor Pension Act, entities in Taiwan process retirement applications and benefit calculations accordingly. A "Labor Pension Fund Supervisory Committee" has been established to manage the fund, with monthly contributions deposited into the Central Trust of China (Taiwan Bank). For employees who elect the pension system under the Labor Pension Act, 6% of their monthly wage is contributed to their individual pension accounts at the Bureau of Labor Insurance.

B. Human Capital Development

Cultivating talents and learning culture

Based on the strategy of cultivating qualified and potential employees, we provide diversified learning resources and programs to strengthen all employees' professional skills and knowledge. Also, through the principle of knowledge and experience sharing, we encourage our employees to expand their experience level and to accumulate intellectual assets. For our efforts in nurturing talents, we won the bronze medal in the "Talent Development Quality Management System (TTQS)". We believe that good training quality will help our colleagues continue to grow and become an important driving force for the company's continuous advancement.

Human Capital Development Policy

- Consolidate human capital and improve the efficiency of core talent assets
- Cultivate corporate human resources and improve employee performance
- To meet the needs of organizational development, improve the company's productivity and competitiveness

Human Capital Development Strategy

- Establish a training system for multi-career planning and development
- Provide customized learning consultation and multiple learning channels
- Form an expert network system to provide knowledge inheritance and skill teaching

Human Capital Development Objective and Result

Sustainable Strategy	Major Issues	Operational Impact	Strategy action	Performance Indicators	2025 Target	2025 Achievements	Status	Goals			SDGs
								2026 short-term	2028 mid-term	2030 Long-term	
Creating Shared Value	Talent cultivation & development	Diverse training programs will attract and retain talent	Provide diverse talent training programs	Annual training program completion rate	>92%	98%	V	>98%	>99%	>99%	
			Ensure professional skills training opportunities for staff	Satisfaction with professional skills training courses (Maximum score: 5 points)	>4	4.65	V	>4.1分	>4.2 分	>4.3 分	

Human Capital Return on Investment

	2022	2023	2024	2025
Human Capital Return on Investment	8.33	7.98	6.52	6.4

Note: Return on Human Capital Investment = (Operating Revenue - (Operating Expenses - Employee-Related Expenses)) / Employee-Related Expenses

Note 1: Subsidiaries in Asia, Europe, and the Americas are excluded from disclosure due to significant variations in local minimum wage standards across regions. All tables disaggregate data for the Taiwan and China regions only.

Note 2: Gender pay differentials are expressed as a ratio relative to male compensation (set at a baseline of 1).

Note 3: Average total remuneration refers to average total annual compensation, which includes basic salary, annual allowances, and bonuses for full-time employees throughout the entire year.

Note 4: In accordance with TWSE regulations, annual comparisons of full-time non-executive headcount, average salary, and median salary are disclosed on the Market Observation Post System (MOPS) under: Aggregated Reports > Corporate Governance > Employee Welfare and Remuneration Statistics > Non-executive Full-time Employee Salary / Non-executive Full-time Employee Salary Information.

Employee Development Programs

To support employees in their growth and transformation throughout various stages of their careers, the Company has designed a variety of development programs tailored to different objectives. These include mentoring systems, team-based learning mechanisms, professional community exchanges, and strategic development plans. Through these initiatives, employees are encouraged to enhance their professional competencies, expand their networks, strengthen leadership skills, and prepare for future challenges.

Development Program Themes

Based on employees' competencies and career stages, Zyxel Group offers development programs covering leadership, cultural learning, digital transformation, ESG, and career and retirement planning. These initiatives develop key talent, strengthen organizational resilience, and prepare employees for future industry changes.

Leadership Development

Tiered programs for current managers and high-potential leaders combine practical exercises and effectiveness evaluations to strengthen management capability and leadership succession. In 2025, 10 internally promoted managers had participated in leadership development programs.

Cultural Learning

To support the establishment of the Vietnam site, the Company offers Vietnamese language and cultural understanding courses to strengthen cross-cultural communication and inclusion. From 2024 to 2025, 99 training hours were delivered to 68 prospective Vietnam-site managers, helping accelerate site readiness.

Digital Transformation Capability Building

Zyxel Group promotes AI application and digital transformation capabilities. AI-themed seminars in 2024 introduced foundational knowledge of generative AI, while an AI Chat platform was launched in July 2025 to support workplace applications. Employee usage coverage reached 60% within six months. The Company also provides annual training on AI tools and computer applications to improve digital skills and work efficiency.

ESG Capability Building

Basic sustainability training and digital learning materials are provided to new hires and all employees to build low-carbon operational awareness. From 2024 to 2025, the Net-Zero Academy offered practical courses for key teams on ISO 14064-1 GHG inventories, ISO 14067 product carbon footprints, SBTi decarbonization pathways, and sustainability reporting, building internal carbon management and disclosure capabilities.

Career and Retirement Planning

The Company provides retirement planning consultations and re-employment learning resources. Employees affected by employment termination receive information and support on severance pay, unemployment benefits, and vocational training in accordance with local regulations, safeguarding their rights and transition stability.

Learning Formats of Development Programs

Mentoring and Coaching

According to the needs of development programs, mentors are assigned to provide one-on-one guidance, helping employees clarify their goals and strengthen competencies. For employees with performance gaps, Performance Improvement Plans (PIP) are implemented with targeted coaching to enhance both performance and skills.

Team and Community-based Learning

Business units actively promote cross-team learning and knowledge transfer. Through technical and experience-sharing sessions, employees are able to strengthen practical skills and foster teamwork. On average, more than 60 thematic exchange sessions are held annually, covering topics such as SW R&D learning groups, CSO technical exchange forums, PQA automation workshops, PM/PLM learning sessions, Sales practice sharing, and HW R&D technical exchanges.

Part-Time Employee Training

Zyxel Group also places great emphasis on training for part-time employees. For interns, the company provides On-the-Job Training (OJT) to facilitate learning through practice, along with optional online access to general corporate courses for flexible learning.

Talent Development Strategy I: Create a training system for diverse career planning and development

Corporate University

Founded in 2006 with the aim of training all types of required talent and fostering their core competitive edges. We develop a competency-based training system, offer customized learning consultations and a diverse range of learning channels, and form an expert network system enabling the internal lecturers and consultants to be trained to pass their knowledge on and teach skills.

Rich learning resources

With our systematic management and training plan, we have also expanded our courses through use of on-line e-School learning. Along with internal/external training, all employees have many opportunities to improve their professional skills and their interaction with others. The courses include: new employee training, management courses of all levels, industrial safety, environment protection, marketing, quality assurance, research and development as well as other general and advanced sessions.

In addition to regular training courses, Zyxel also helps employees developing themselves in terms of collaborative ability and personal specialties. The in-depth, all-aspect development projects in turn make it possible for Zyxel Group to benefit from the talents.

Dual-Ladder Career Development

Provide a dual-ladder career roadmap which consists of both management-level and professional-level career training.

Multiple Career Plans and Development

Development Facet: Job rotation helps provide comprehensive training for Zyxel Group personnel.

Product Facet: Zyxel Group has a great variety of product lines and cross-product development.

Global Facet: Co-work with our subsidiaries and branch offices for a broad international point of view.

Education and Training Focus

Key Talent Development

Select key talent for the organization to carry out training and development plans based on the needs and future development of the organization.

Management Competency Training

Develop indicators for the leadership competencies required for the Group's management, utilize 360-degree competency assessment tools to identify deficiencies in their management competencies in an objective manner, and continuously enhance the competencies through training.

Professional Competency Training

Set up a department responsible for training and development to draw up a wide range of competency-based talent development programs and training blueprints comprehensively and systematically.

Education and Training System Blueprint

Training and

Development Framework

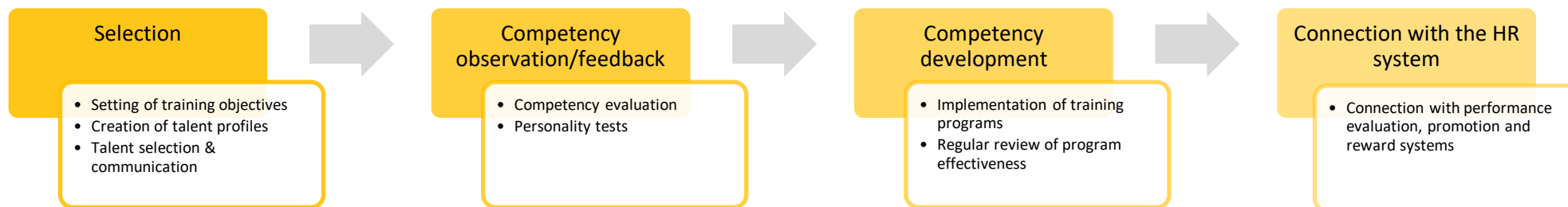
The training and development framework covers five areas: leadership development, functional training, general education, on-the-job training (OJT), and self-development (SD).

Job Position	Training by Job Level	Training by Competency	General Education and Training		OJT	SD
Strategic level	Leadership competency training for top management	Management strategy, market analysis, competitive edge, international management	Visions and values	Interpersonal communication and coordination	Job instruction programs Training programs Daily guidance	Further education courses for self-development
Operating level	Training for new management	R&D positions: Innovative thinking, problem analysis and solving Sales positions: Customer orientation, project management	Core competency courses	Microsoft Office utilization		
Management level	Leadership competency training for entry-level and middle management		Quality awareness	Knowledge on network communication products		
Individual contributor	Basic job management and team communication training	Marketing positions: Project management Customer service positions: Customer orientation, problem analysis and solving	Occupational safety awareness	Employee health management		
			Information security awareness	Self-encouragement		
			CSR awareness	Stress/emotional management		
			Customer satisfaction			
			Service quality			
New employee	New employee training	Education for new employees' transition to their departments				

Key Talent Development

Zyxel Group always values talent training and development. As the industry advances and changes, we put our focus on the departments' needs for key talent development and transformation training and develop a comprehensive talent development process model. A diverse range of training programs is also formulated to ensure that the competencies of the key talent meet the organization's needs and thereby allow them to confront future challenges jointly with Zyxel Group.

Talent Development Process Model

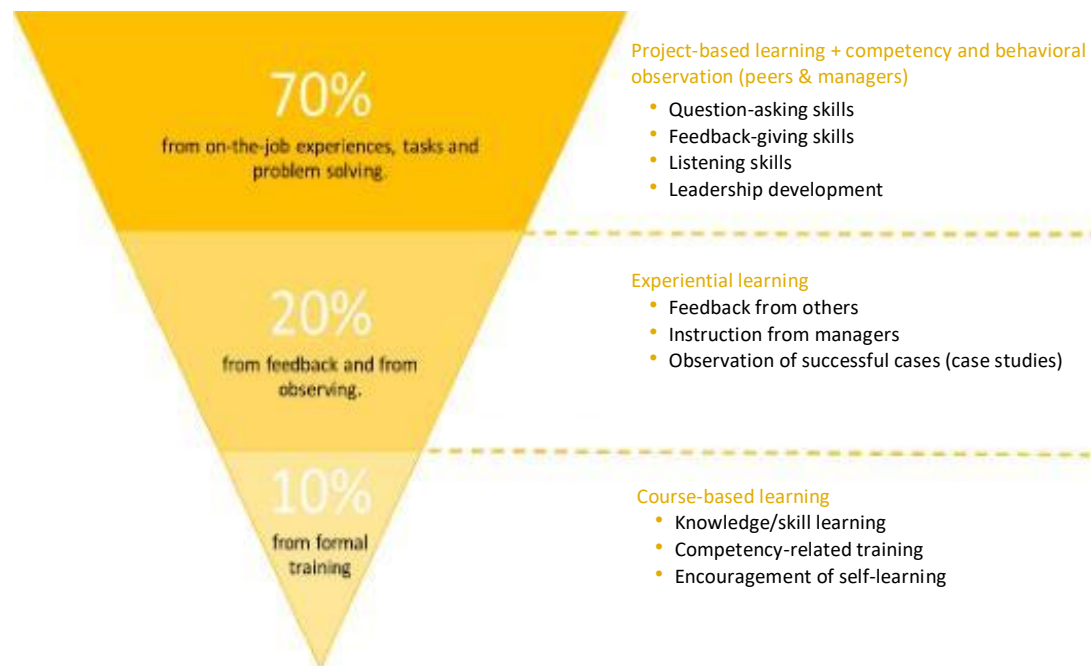


Election of R&D Talent for Transformational Development

The R&D of hardware requires collaboration between R&D, mechanism, and verification departments. To ensure quality and efficiency in meeting the needs of customers, the organization needs integrated leadership roles with technology backgrounds to effectively connect the lateral resources.

Therefore, we initiate an HPL (H/W Project Leader) training and development program to follow the talent development process model involving creating a talent profile for a role, selecting key talent with a certain level of R&D experience, and formulating training plans based on the 70-20-10 rule. The hardware R&D engineers are thereby allowed to step out of their field of expertise to learn the competencies of project management professionals (PMPs) and gain knowledge and skills in project management.

With the help of project-based and experiential learning, they can also enhance their eight competencies required for being an HPL and make corrections through actual practices during their gradual transition to an HPL.



Talent Development Strategy II:

Offer customized learning consultations and a diverse range of learning channels

Diverse learning channels

According to different job roles and development needs, we provide a variety of learning channels, combining a variety of the most suitable teaching methods, tools and activities, and design a diversified and systematic step-by-step development plan to help with different learning needs. We work to help employees grow their skills and abilities.

Internal training: internal e-school courses for professional skills, cultural and general knowledge along with management training.

External training: we provide subsidies for external training courses or conferences to offer employees with more opportunities to learn and to expand their professional knowledge.

Online learning: our online platform provides digital learning courses and experience sharing. Comprehensive learning resources are open anytime for employees anywhere.

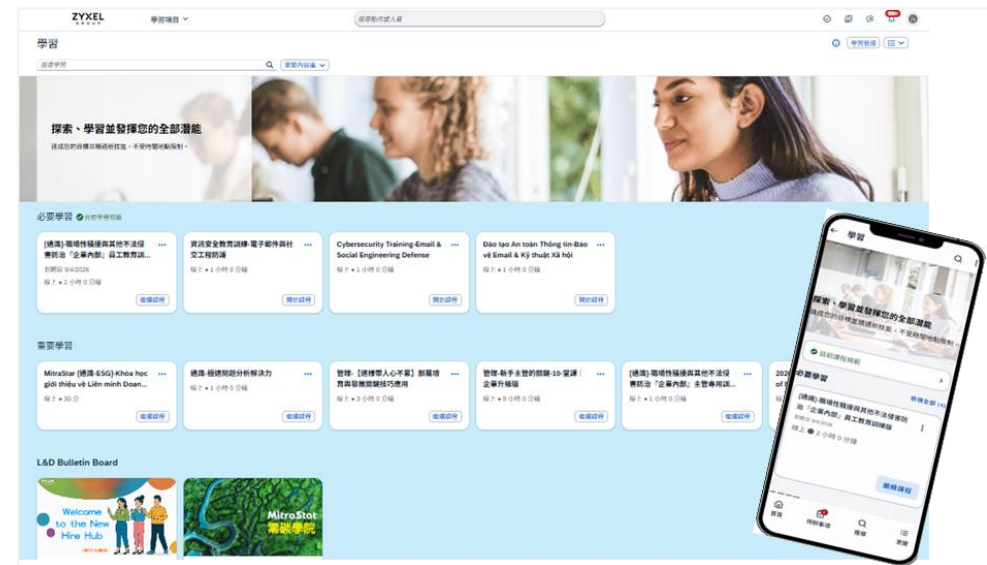
Supervisor's guidance: cultivating the necessary skills in each team member for their job roles

Help from mentoring: each new employee has a mentor to help he or she understanding Zyxel Group's company culture as well as to offer advice.

International personnel cultivation: online English courses and international projects.

SAP LMS Online Learning Academy

Zyxel Group integrates diverse learning resources through its SAP LMS Online Learning Academy, providing employees with access to training resources and personal learning records. Employees can search for and select relevant courses, track their learning progress, and access the platform on mobile devices. This enables flexible learning anytime and anywhere, promoting self-directed learning and a more accessible learning environment.



Talent Development Strategy III:

Form an expert network system for passing knowledge on and teaching skills

New Hire Camp

To help new employees quickly become accustomed to the organization and its culture, we develop individual guidance plans specifically for them before their on-boarding and designate mentors to assist the new hires. The system gives the new employees a helping hand to shorten their learning curve and smoothly complete the required basic job training. A series of training courses on general knowledge, covering both online learning courses and physical courses, are also designed for the employees in order for them to more understand Zyxel Group's related systems and fit in with the corporate culture.



Pre-onboarding

- Designate mentors for new employees
- Complete the guidance and learning items



Onboarding Day

- Show the new employees around the environment
- Explain the new employee guidance handbook



1 months after onboarding

- Understanding goals during the onboarding period



3 months after onboarding

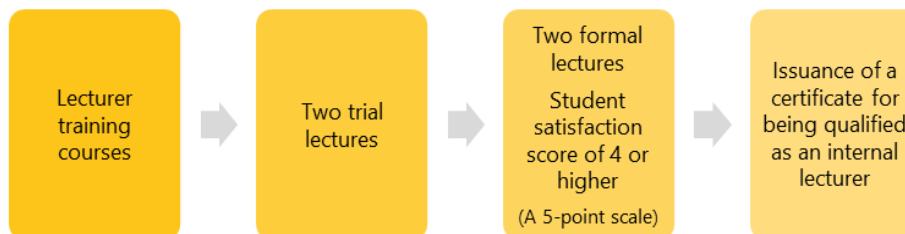
- New employee training (online + physical courses)
- Pay attention to the employees' adaptation to work and carry out new hire performance evaluations

2025 New Hire Training: 6,409 participants

Internal Lecturer Training

The internal lecturers and consultants are trained to pass their knowledge on and teach skills, which are two of the objectives of education and training. The Group has a well-developed internal lecturer training system to train talented trainee lecturers and accumulate our knowledge inheritance and training capacities.

Internal Lecturer Training System



- Development Goal: To develop internal talents with secondary skills and effectively pass on knowledge and skills within the organization.
- Development Outcome: As of 2025, the company has cultivated a total of 33 internal instructors, delivering a cumulative total of 1,202.6 training hours. This aligns with the corporate strategy of developing organizational talent and reducing training costs.

Training hours/cost

In 2025, Zyxel Group delivered over 114,690 training hours through internal and external classroom training and online courses, with 23,896 participant-times. Employees completed an average of 24.5 training hours each. Total training expenditure was approximately NT\$4.51 million, or NT\$2,106 per employee.

Item	Category	Number of Trainees	Training hours
Age	<30	9,174	79,564
	30-50	13,415	33,074
	>50	1,307	2,052
Gender	Male	13,725	66,725
	Female	10,171	47,880
Job category	Managerial Indirect Employees	3,137	5,287
	Non-managerial Indirect Employees	11,986	14,750
	Direct Employees	8,773	94,573
Course category	New Employee Training	6,409	93,341
	Management Training	326	924
	Professional Training	7,260	11,375
	Other Training	9,901	9,432
Total		23,896	114,690

Average training cost of employees (NT\$)

	2022	2023	2024	2025
Total training cost	6,726,476	4,144,066	4,138,728	4,514,647
Employee Number	2,329	2,433	2,221	2,144
Average training cost	2,888	1,703	1,863	2,106

Note: Training hours include employees in Taiwan and China.

Internal Transfer and Rotation Policy

Zyxel Group has always prioritized nurturing high-quality, potential talent. For employees with excellent performance evaluations who are identified as having development potential by their supervisors, the training and development department works with them to draft an Individual Development Plan (IDP). This plan addresses their developmental needs and suitability for certain projects. It includes short-term job rotations or role transitions to help them gain diverse experiences, broaden their perspectives, and bring new insights back to their original positions to spark innovation.

The internal mobility rate was **4.25%** in 2025. For details, please refer to the *Friendly Workplace: Diversity and Inclusive Employment* section.

International Assignment Mechanism

In terms of cultivating international talent, Zyxel Group strategically develops globally mobile employees. The company plans to recruit talent either locally or from within the parent company to strengthen its expanding bases and quickly build a pool of elite professionals worldwide. Senior leadership and the training and development unit collaborate to identify and develop high-potential candidates. After communicating with these individuals, the company tailors training programs aligned with future organizational development and strategic objectives.

Course Satisfaction Survey

	2022	2023	2024	2025
Number of Respondents	517	487	850	714
Training Satisfaction Average Value (out of 5)	4.61	4.65	4.38	4.67



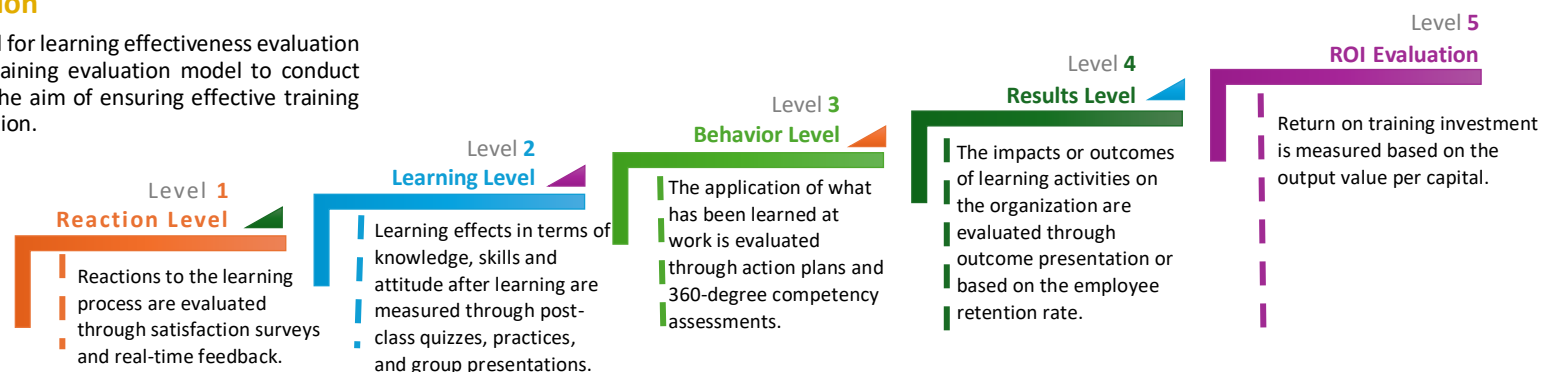
Performance Management

In order to fairly evaluate performance of employees, then reward them properly with job transfer, promotion, salary raise or training courses and to recognize the core competence and career path of every employee, Zyxel Group has created the “Performance evaluation guideline” to coordinate targets and plans. The guideline will ensure that PDCA is implemented effectively for Zyxel Group to align with the business roadmaps.

The new recruits will receive their first evaluation as soon as they are hired, while current employees are evaluated in the mid-year period and by the end of the year. Managers and their associates will discuss the progress of annual plans, confirm needs for additional trainings and draft new objectives and plans for the upcoming year. In 2025, The employee performance evaluation completion rate was 100%.

Training Effectiveness Evaluation

Zyxel Group adopts the Kirkpatrick Model for learning effectiveness evaluation in conjunction with Jack Phillips’ ROI training evaluation model to conduct training effectiveness evaluations with the aim of ensuring effective training as well as talent development and retention.



Evaluation Type

Item	Target	Frequency	Description
Management by Objectives (MBO)	All Employees	Annually / adjusted as needed	At the end of each year, the next year’s operational strategy is set, and specific goals are established by each Business Unit (BU) at the beginning of the following year. Senior management then cascades these goals down to departmental and individual levels. Throughout the execution of these goals, regular mid-term and end-of-term reviews are conducted to assess progress and performance. If there are any changes to the goals, managers can make adjustments as needed to ensure alignment with the intended objectives.
Performance and Competency Assessment	All Employees	Semiannually	Performance evaluations are conducted twice a year: mid-year and at year-end. During these evaluations, managers and employees review the achievement of goals, and managers provide evaluations and feedback based on both job performance and behavioral competencies. The weight of these evaluations differs for management and professional roles, emphasizing the importance of both achieving results and demonstrating good behavior.
Performance Ranking	All Employees	Annually	Based on the annual goal achievement, performance, and potential, performance rankings are conducted at the BU/Div. level, differentiated by management and professional roles. These rankings serve as a key reference for talent development and compensation systems.
Multi-dimensional Competency Evaluation	Specific Professionals (Key Talents, Leadership Talents, etc.)	As needed, based on project plans	For specific professional personnel, key talents identified by the organization undergo development assessments through a planned project. These assessments include "180° to 360° feedback" from supervisors and peers, which serves as a reference for further development.
Agile Dialogue	Cross-organizational project team	Ongoing, based on needs	A cross-organizational software R&D team was established to integrate resources, share technologies, strengthen business unit capabilities, and deliver flexible solutions while broadening R&D

C. Human Rights Management

Human Right Policy

- Committed to respecting the human rights of all stakeholders, including customers, employees, suppliers, contractors, communities, and investors.
- Our Human Rights Policy supports internationally recognized human rights standards and principles, including the "United Nations Universal Declaration of Human Rights," the "United Nations Global Compact," and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work." The policy is established based on the "United Nations Guiding Principles on Business and Human Rights" to ensure the protection of employee rights.
- In addition to adhering to relevant international standards and complying with the laws and regulations of the countries where we operate, Zyxel Group implements its Human Rights Policy in accordance with the "Responsible Business Alliance (RBA) Code of Conduct." We have also established a "Supplier Code of Conduct" to collaborate with supplier partners in protecting human rights.
- This policy applies to all Zyxel Group entities and direct operational activities, products, or services. It encompasses employees, customers, suppliers, contractors, and partners, ensuring the protection of human rights issues related to nationality, race, social class, language, thought, religion, political affiliation, place of origin, birth, gender, sexual orientation, age, marital status, appearance, physical or mental disabilities, and other groups.

For more details, please visit Zyxel Group's official website: [Human Rights Policy](#).

Human Right Management Implementation Policy

- Ensuring freedom of employment, equal job opportunities, training and development, and promotion opportunities.
- Safeguarding the labor rights of different ethnic groups, establishing a diverse, inclusive, and harmonious workplace environment.
- Legal and fair working hours and remuneration, with equal pay for equal work guaranteed.
- Prohibition of modern slavery, child labor, forced labor, and human trafficking.
- Zero tolerance for any form of harassment, bullying, or discrimination.
- Establishing information security and confidential information protection mechanisms to safeguard the information security of employees, customers, and suppliers.
- Taking measures to provide a safe, healthy, and hygienic working environment.
- Establishing a free two-way communication channel to provide employees with the freedom to express their opinions.
- Supporting employees' freedom of assembly, association, and collective bargaining rights.

Human Rights Management Organization

Zyxel Group's human rights management is overseen by the Board of Directors at the highest level. Under the Zyxel Group Sustainability Committee, the Labor and Human Rights Team is responsible for executing human rights management, with the Sustainability Audit Team conducting reviews. The Sustainability Development Committee regularly reports on execution results to the Board of Directors.

Achievements

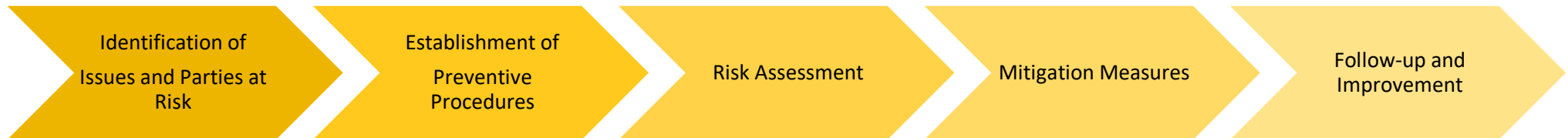
- In 2025, **no incidents involving forced labor, human trafficking or other human rights violations occurred within the Group** and no human rights-related complaints were received, handled and solved via the formal reporting mechanism.
- Completion Rate of Human Rights-Related Training Courses: **99.1%**
- Completion Rate of Employee Sexual Harassment Prevention Courses **99.2%**

Human Rights Goals and Achievements

Target	Major Issue	Operational Impact	Actions	Performance Indicators	2025 Target	2025 Achievement		Goals			SDGs
								2026 short-term	2028 mid-term	2030 long-term	
Creating Shared Prosperity Value	Human Rights Management	- Human Rights Protection - Promote the concept of human rights	Focus on Women's Career Development	Percentage of Female Managers	>30.7%	33.1%	V	>30.7%	>30.8%	>31%	 Gender Equality
			Human Rights Awareness Advocacy	Completion Rate of Human Rights Training Courses	>98%	99.1%	V	>98.5%	>99%	100%	

1. Human Rights Management Process

Zyxel Group has established a human rights management policy that outlines an implementation framework to address human rights issues encountered during operations. This involves identifying human rights risks, including the affected parties and specific issues. For different risk categories, we develop preventive guidelines and employ various investigation methods to assess the extent of human rights risks. By implementing mitigation measures and providing complaint channels, we aim to prevent incidents that could harm human rights, while continuously monitoring and improving our practices.



Identify issues and objects

Zyxel Group conducts internal and external stakeholder surveys by sending questionnaires by email and posting the questionnaires on the official website to gain a grasp of the issues of the stakeholders' concern, thereby identifying the parties exposed to high human rights risks, including the employees and suppliers. The issues and parties are then used as indicators for assessing the level of human rights risks and managing the risks.

Establishment of Preventive Procedures

For Employees: In addition to the "Work Rules", "Employee Handbook", and "Regulations for Staff Employment" specifying requirements for human rights protection, the "Regulations for Sexual Harassment Prevention Measures, Reporting and Punishment", "Management Procedure for Anti-forced Labor", "Procedure for Protection of Child and Underage Labor", "Management Procedure for Prohibition of Mental and Physical Abuse", "Anti-discrimination Management Procedure", "Religion and Belief Management Procedure", and other internal management regulations have been developed to explicitly affirm that we protect the rights of our employees and ensure they have access to appropriate care.

For Suppliers: To further ensure the human rights of all personnel in the supply chain, the "Code of Conduct for Suppliers" has also been instituted to, jointly with the suppliers, protect and take care of their employees.



Identification of Issues and Parties at Risk

Employees are a vital foundation for the sustainable development of the business, and human rights issues have become a key focus in the global ESG landscape in recent years. It is essential to proactively and systematically identify potential human rights impacts and their possible locations. For employees and suppliers considered high-risk groups, Zyxel Group employs various risk assessment methods. Based on the likelihood and severity of risks, we identify critical human rights issues and establish targets and strategies for implementing mitigation measures.

Employees:

“Labor Risk Factor Identification and Assessment Form”: The “Zyxel Group Risk Management Team” conducts a human rights risk survey for the employees using the “Labor Risk Factor Identification and Assessment Form” every year. The survey covers human rights topics such as “child labor”, “forced and compulsory labor”, “disciplinary measures and discrimination”, “working hours”, and “remuneration and compensation” and gives scores for the probability and frequency of occurrence and severity of the risk issues concerning the topics based on their descriptions. The risk level is then calculated using the hazard level assessment method to identify high-risk issues and a “high-risk item assessment result report” is issued. The report describes the control measures and the high-risk issues and rectifications made for the high-risk issues and records the reviews verified subsequently.

Internal Audit: Our subsidiaries carry out internal audits based on the RBA Code of Conduct. Document audits focusing on “child and underage labor”, “forced labor”, “discrimination and discipline”, “freedom of association and communication”, “working hours and wages”, and other human rights issues are executed. An audit report is then issued based on the audit result. The subsidiaries determine the required improvements and the deadline according to the level of the deficiencies and implement subsequent follow-ups while performing further on-site audits.

Suppliers:

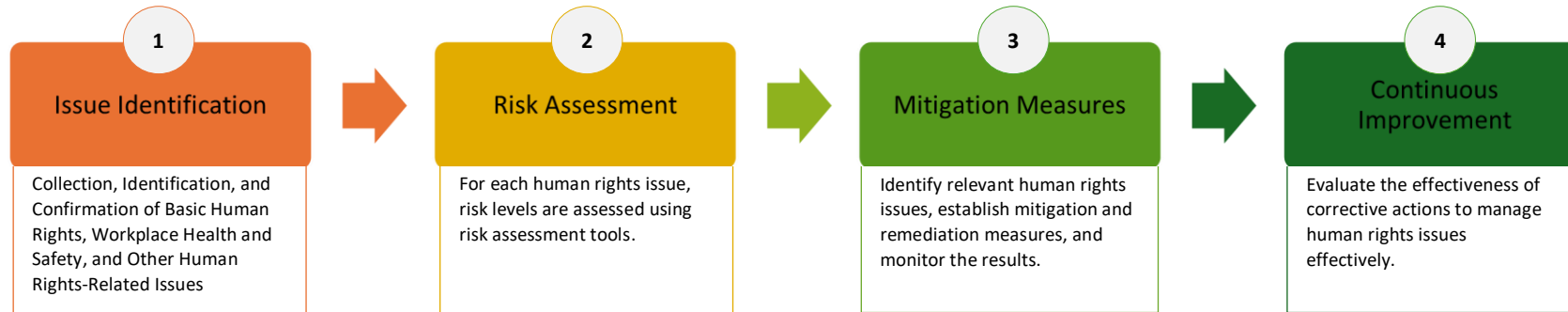
With the “Supplier Social Responsibility Evaluation Questionnaire” designed in accordance with the RBA Standards and “on-site audits”, the suppliers are audited for human rights issues such as “child and underage labor”, “forced labor”, “discrimination and discipline”, “freedom of association and communication”, “working hours and wages” and an audit report is issued to identify the human rights risks that may occur to the suppliers.



Human Rights Due Diligence

To ensure the implementation of its human rights policy, Zyxel Group has expanded its human rights due diligence in line with international standards and the European Union's "Corporate Sustainability Due Diligence Directive." This expansion is based on the annual Human Rights assessment results from the "Labor Risk Factors Identification and Assessment Form." The Zyxel Group Sustainability Development Committee's Labor and Human Rights Team conducts due diligence following the "Human Rights Due Diligence Process," which includes identifying potential human rights issues, assessing risks, implementing mitigation measures, and pursuing continuous improvements. To gather broader feedback and insights into the company's Human Rights issues, the team distributes online questionnaires to employees. This process helps in further understanding the current state of Human Rights issues within the company and employees' feedback, guiding future Human Rights risk management and strategies.

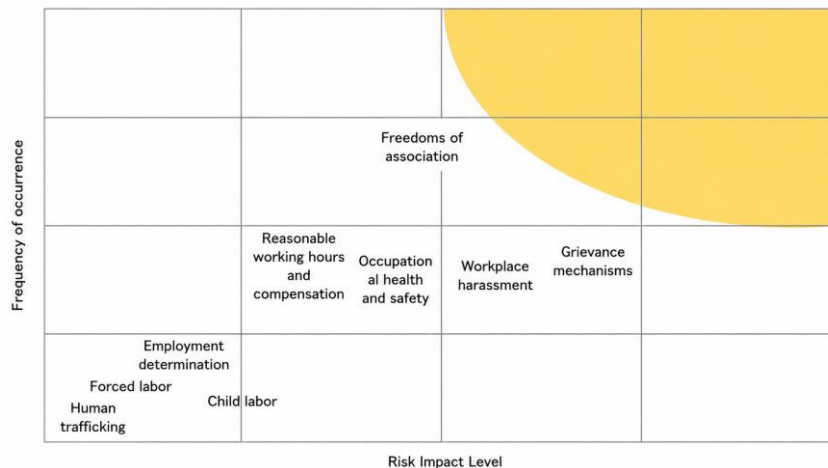
Human Rights Due Diligence Process



Human Rights Issues

In 2025, Zyxel Group expanded its human rights survey by referencing RBA-related issues and identifying 9 new topics: reasonable working hours and compensation, human trafficking, child labor, forced labor, occupational health and safety, workplace harassment, employment discrimination, freedom of association, and grievance mechanisms. In total, 25 human rights issues were included in the questionnaire. The survey was extended to all Group employees, including subsidiaries MitraStar Technology, Zyxel Communications, Zyxel Networks, and Wuxi MitraStar, covering both indirect and direct employees, including migrant workers. A total of 1,464 responses were collected, with a response rate of 50.01%. Based on frequency and impact, issues were categorized into low, medium, and high risk.

Human Rights Risk Matrix Chart



Human Rights Due Diligence Risk Response

The analysis identified "reasonable working hours and compensation" and a "safe and healthy working environment" as higher-risk issues. The company will implement several response measures and continue to track and improve in these areas.

Human Rights Issue	Mitigation Measures	Follow-up and Improvements
Reasonable working hours and wages	- Ensure a minimum salary level higher than the basic statutory wage for the employees - Flexible commuting system	Create an overwork management and tracking mechanism where taking one day off is required for every seven days of work
A work environment of safety and health	Ask the employees to follow the "Management Procedure for the Identification and Assessment of Safety and Health Hazards"	- Pass the certification audit for the ISO45001 - Conduct regular follow-ups on groups with potential health risks

Mitigation Measures

2. Labor-Management Relations and Communication

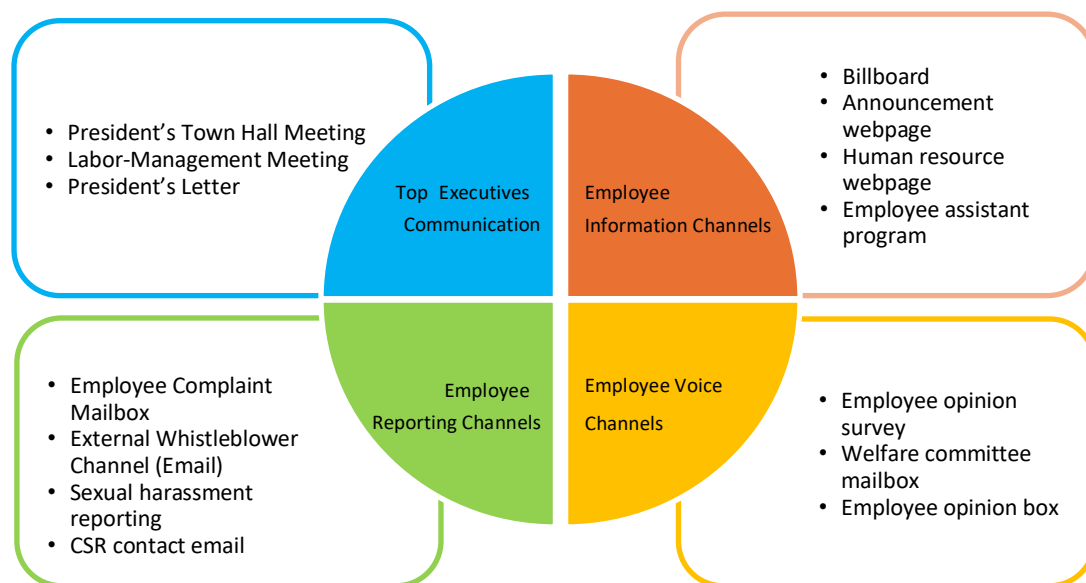
In addition to the identified high-risk issues, we develop goals and strategies for the human rights issues of significant concern. The Company executes mitigation measures and actions and establishes a mechanism for continuing follow-ups and improvements to monitoring the implementation effectiveness. Our measures for mitigating the impact of the human rights issues focus on **diverse communication channels, dissemination campaigns, education, and training** to achieve the goals set according to the implementation guidelines under Zyxel Group's human rights policy. °

Multiple communication channels

Zyxel Group not only have legitimate and competitive wages, working hours, benefits, vacation and retirement offerings, but also provide adequate channels for employees to communicate their thoughts and ideas with the management and to receive positive feedback through constructive interactions.

We strive to keep these communication channels open between employees and the management. Such conduits include meetings, suggestion boxes, bulletin boards, internal documents and e-mails for work groups. Managers are also given the opportunity to talk to their colleagues directly, in face-to-face affairs like "Free to Speak", "Groups of Honor" and "Town Hall Meetings". In these events, employees can freely express their opinions or doubts about company policies, followed up on by responsible managers.

Communication Channels



Freedom of Association

Zyxel Group respects employees' rights to collective bargaining and freedom of association. The company has established the *"Management Procedure for Freedom of Association and Labor-Management Meetings"* to explicitly inform employees of their right to freely join organizations of their choice, ensuring they will not face any adverse consequences or retaliation from the company as a result.

Labor-Management Committee

Zyxel Group has established a "Labor-Management Committee," with employer and employee representatives selected through open elections. Regular labor-management meetings are held where management presents work-related policies and initiatives while employee representatives offer feedback, engaging in routine communication regarding working conditions to reach mutual consensus on various issues and foster harmonious industrial relations. Employee representatives actively advocate for workers' rights during quarterly meetings. Through years of transparent internal communication, the percentage of employees covered by collective bargaining agreements stands at 100%.

Labor Union

The Chinese subsidiary, MitraStar Technology (Wuxi), has established a labor union that employees can join voluntarily. Employees can submit suggestions regarding management and factory operations through the union, which are then handled by designated responsible departments. Over 80% of employees at the location have joined the labor union.

The number of cases reported through the communication channels

	2022	2023	2024	2025
Labor management meeting MitraStar, Zyxel Communications, Zyxel Networks	23	52	58	57
Employee opinion survey MitraStar, Zyxel Communications, Zyxel Networks	517	487	1,164	1,511
President's Town Hall Meeting MitraStar, Wuxi MitraStar, Zyxel Communications, Zyxel Networks	55	24	1	22
Employee congress Wuxi MitraStar	62	39	28	28
Employee opinion box and hotline	4	7	2	1

Employee Engagement Survey

Zyxel Group conducts an "Employee Engagement Survey" by distributing online questionnaires on human rights-related topics to widely collect and analyze feedback from employees. This process deepens communication with employees, allowing more appropriate protection of employee rights and facilitates improvements. In addition to periodic assessments of organizational status, the survey also targets specific groups to understand their needs and make rolling, flexible adjustments to optimize human capital investment effectively.

Survey Objectives

- **Satisfaction:** Evaluate employees' satisfaction with job content, environment, and compensation benefits to identify factors affecting satisfaction and develop corresponding improvement measures.
- **Sense of Purpose:** Identify issues related to job goals and role responsibilities to further optimize work processes and organizational structure.
- **Well-being:** Assess whether employees maintain a balance between work and life, understand its impact on reducing work-related stress, and promote overall employee well-being and long-term loyalty.
- **Stress Level:** Evaluate employee work stress levels and their impacts to identify sources of stress and develop measures to alleviate it, promoting psychological health.
- **Support:** Gauge employees' views on leadership style, management capabilities, and level of support to identify strengths and areas for improvement in leadership effectiveness.
- **Engagement:** Understand employees' perceptions of work challenges and sense of achievement to determine if they find their work challenging and meaningful, aiming to enhance work motivation and engagement.

Target Audience

In 2025, the survey scope was expanded to include all employees across the entire group, covering all indirect, direct, and foreign migrant workers, achieving a 100% coverage rate. A total of 1,464 valid responses were collected, representing a response rate of 50%.



Satisfaction



Sense of Purpose



Well-being



Stress Level



Supportiveness



Engagement

Survey Items and Results

Employee engagement was surveyed on a 5-point scale, with a high engagement target set at 3.8.

Item	Average Score
Satisfaction	3.93
Sense of Purpose	3.88
Well-being	3.81
Stress Level	3.82
Supportiveness	3.77
Engagement	3.82
Average Score	3.84

Item/Year	2024	2025	2025 Target
Percentage of Highly Engaged Employees (High Engagement ≥ 3.5)	57%	66%	60%

Response Measures and Improvement Actions

The Company translates employee engagement survey findings into improvement actions to enhance employee satisfaction and overall performance.

- **Strengthen Career Development Support**
 - Establish formal career consultation and individual guidance mechanisms.
 - Provide regular professional training and cross-functional exchange activities.
- **Improve Work-Life Balance**
 - Review working hours and overtime policies, including compensatory leave and overtime pay.
 - Offer health promotion and counseling programs to support stress management.
- **Enhance Grievance and Feedback Mechanisms**
 - Provide convenient and secure anonymous reporting channels.
 - Improve transparency and response times, and regularly communicate improvement results.
 - Strengthen managers' roles and accountability in grievance handling.

Prevention of Workplace Unlawful Infringement

To protect employees from physical or mental unlawful infringement that may cause physical and mental health issues during their work, the company explicitly states, through written declarations and educational training, a zero-tolerance stance and attitude toward any unlawful infringement by company management, between employees, or from customers and strangers toward company employees.

Workplace Unlawful Infringement Statement:

Defines workplace unlawful infringement as any incident where staff experience abuse, threats, or attacks in a work-related environment (including commuting), which clearly or implicitly challenges their safety, well-being, or health. This includes physical, psychological, and verbal unlawful infringement, sexual harassment, and stalking.

Prevention of Workplace Unlawful Infringement

- Revise the "Prevention of Unlawful Infringement in the Course of Duty" operational guidelines.
- Conduct educational training to explain the definition and response measures for workplace unlawful infringement.
- Display "Workplace Unlawful Infringement Statement" posters within the facility for awareness.
- Announce it on the internal employee management system bulletin board.
- Provide channels and methods for filing complaints, encouraging employees to use the internal complaint handling mechanism for such disputes. Employees are required to assist in ensuring a workplace free from unlawful infringement. Anyone witnessing or hearing about such incidents should notify the HR department or call the employee complaint hotline.

Human Rights Complaint Channels

Zyxel Group will conduct confidential investigations upon receiving a complaint. If the investigation confirms the complaint, appropriate disciplinary action will be taken. Retaliation against the complainant, whistleblower, or those assisting in the investigation is strictly prohibited and will also result in disciplinary action.

Employees who halt operations or move to a safe location due to the discovery of imminent danger to their physical well-being or life while performing their duties will not face any adverse consequences for their actions.

Dedicated Grievance Hotline (Extension): 51140

Dedicated Grievance Email : care@zyxelgroup.com

Human Rights Protection Training

Zyxel Group provides online learning courses for employees. Upon onboarding, every new hire is required to undergo training on human rights compliance, sexual harassment prevention, and comprehensive occupational safety. Furthermore, the annual mandatory Corporate Social Responsibility (CSR) courses for all active employees incorporate these topics. In 2025, the number of participants, total training hours, and employee coverage rate for human rights-related training are detailed in the table below.

Human rights education and training/ Sexual harassment prevention training	Required Trainees	Actual Trainees	Training Hours	Coverage Rate (%)
MitraStar- HsinChu site	125	125	62.5	100.0%
MitraStar- Wuxi site	578	576	288	99.7%
Zyxel Communications- HsinChu	5,741	5,699	2,850	99.3%
Zyxel Networks- HsinChu	455	439	220	96.5%
Zyxel Networks – HsinChu	376	374	187	99.5%
Total	7,275	7,213	3,607	99.1%

Campaigns

President's Town Hall Meeting	Employee EDM	Workplace Unlawful Infringement Prevention Poster
		

Human Rights Policy and Issue Management

Prohibition of Discrimination, Harassment, and Abuse

The *Employee Code of Conduct* prohibits all forms of discrimination, harassment, and abuse in the workplace. Employees must not be treated differently based on race, color, religion, nationality, gender, age, disability, sexual orientation, pregnancy, political affiliation, or marital status. The *Anti-Discrimination Management Procedure* further sets out processes and measures to prevent all forms of discrimination.

The Company has established *Sexual Harassment Complaint and Disciplinary Measures* to prevent workplace sexual harassment and promote equal employment opportunity. Complaints may be submitted orally, by hotline, fax, mail, or email. A Sexual Harassment Review Committee, comprising Company and employee representatives, handles complaints and related disciplinary actions. In 2025, no incidents of discrimination, harassment, or abuse were identified at any Zyxel Group operating site.

No Forced Labor and No Child Labor

Zyxel Group supports the elimination of forced labor as defined by the International Labour Organization (ILO) and prohibits child labor. The Company does not employ individuals under the age of 16, as stipulated in its Employee Recruitment Procedures. Its Child and Young Worker Protection Procedure establishes measures to prevent child labor and protect the safety, health, education, and development of young workers.

New hires must present valid identification for age verification. In 2025, no cases of child labor were identified at any operating site.

Living Wage and Equal Pay

The Company conducts living wage assessments to ensure that minimum wages exceed local statutory minimum wages and relevant wage benchmarks, and meet or exceed estimated living costs. Equal pay for equal work and work of equal value is provided regardless of gender, race, or nationality. Temporary, dispatched, and outsourced workers are employed in accordance with local laws.

Overtime and Leave

The Company prevents excessive working hours by setting daily and weekly working-hour limits. Overtime is calculated and compensated in accordance with applicable laws. Employees are entitled to paid annual leave without affecting their salary or social security benefits. The Company promotes leave planning and flexible workforce arrangements to increase annual leave utilization. Any unused leave is compensated in accordance with applicable laws.

Religious Freedom

Zyxel Group respects employees' religious beliefs and supports gatherings for employees who share the same faith, such as English Bible study sessions. The Company also respects diverse cultural and religious needs and provides a process for employees to request appropriate religious spaces.

Human Rights of and Care for Foreign Employees

There are 140 production line employees at the MitraStar Hsinchu site, most of which are foreign migrant workers. 80% of them are Filipino and 20% are Vietnamese.

Zero Payment from Migrant Workers

In compliance with the RBA Trafficked and Forced Labor – Definition of Fees, MitraStar ensures responsible employment and recruitment that prevent the employees from being exploited when being employed. It protects their labor rights by making sure that they do not pay any expense for application, recruitment, employment and placement and bears processing fees to enable its foreign employees to work in Taiwan without worry. MitraStar Technology pays in full the expenses and placement fee required for its direct foreign employees to work when they are hired and requests the recruitment agencies not to charge the employees the placement fee.

Care for Foreign Employees

Life: In the dormitories, there is a convenience store offering foreign employee's snacks from their countries/groceries to meet their needs.

Health: Brand-new en-suite dormitories are provided for the employees to ensure their health.

Mentality: During the pandemic, MitraStar has provided grocery buying assistance, offered special meals, and organized festival activities to enrich the lives of employees in the dormitories while they were advised against going out.

Communication Meetings

Quarterly labor-management meetings with foreign employees are held as scheduled, providing a regular platform to discuss working conditions with employee representatives.

Privacy and Personal Data Protection

Regulations: Zyxel Group takes the employees' privacy and personal data protection seriously. Thus, the "Personal Data Protection Regulations" have been established to require our employees and suppliers to comply with Taiwan's "Personal Data Protection Act" and "Regulations for the Maintenance of the Safety of Personal Data and Files", the EU's "General Data Protection Regulation (GDPR)", and the laws and regulations concerning personal data protection of the countries where we operate in so as to regulate the protection, management, maintenance and treatment of personal data. We specify that personal data must be used in a legal and reasonable manner by personnel with particular permission to secure the storage and transmission of the data.

Dissemination and Education: Dissemination, education and training on the protection of personal data are implemented. All our employees are required to complete our CSR courses every year. These courses to the employees to respect any individual's private information during data processing. The Internal Auditing Office conducts irregular audits for personal data protection and management to ensure a thorough human rights-based management approach to privacy and personal data protection.

Supplier Management: Zyxel Group also audits the suppliers for their privacy and personal data protection and requires them to abide by the related laws and regulations to respect privacy and protect personal data together with them.

Human Rights Issue Management Practices and Goals

Human Rights Issue	Target	Planned targets	Regulation and Practice	Risk Assessment	Mitigation Measures	Remediation and mitigation measures	2025 Achievements
Reasonable working hours and wages	All employees	Compliance with reasonable working hours and remuneration standards	Compensation Policy	- Labor Risk Assessment Form - RBA Internal Audit - Human Rights Due Diligence	- Minimum pay above legal wage - Overtime pay ensured - Gender pay gap monitored for equal pay	- Overtime tracking (one-day-off-in-seven rule) - Flexible working hours	- Overtime tracking report for managerial reference - Monthly departmental overtime statistics reported to management
Interdiction of forced labor	All employees	No major violations of laws and regulations	- Anti-Forced Labor Management Procedure - Management Procedure for the Prohibition of Mental and Physical Abuse	- Labor Risk Assessment Form - RBA Internal Audit - Human Rights Due Diligence	Provide multiple communication channels	Human rights training	Human rights protection training was provided to 7,213 participants, achieving a coverage rate of 99.1%.
Zero tolerance of harassment and bullying	All employees	No sexual harassment complaints	- Sexual Harassment Prevention, Complaint, and Disciplinary Measures - Written Statement on the Prevention of Workplace Violence	- Annual Site Risk Assessment on Unlawful Infringements - Labor Risk Assessment Form - Human Rights Due Diligence	- Annual “Prevention Plan for Unlawful Infringements in the Performance of Duties” - Provide multiple communication channels	- Quarterly Workplace Infringement Prevention Committee meetings with records. - Human rights protection training	Workplace infringement prevention training.
Non-discrimination	Female employees Foreign workers	No discrimination complaints	- Employee Recruitment Policy - Anti-Discrimination Management Procedure	- Labor Risk Assessment Form - RBA Internal Audit - Human Rights Due Diligence	Provide communication and grievance channels	- Human rights training - Sexual harassment prevention course	Human rights protection training and sexual harassment prevention courses: 7,213 participants, with a coverage rate of 92.2%.
Physical/mental health and work balance	All employees	Activity satisfaction ≥ 90% (score of 4 or above)	Regular Labor-Management Meetings	- Employee Participation Rate - Human Rights Due Diligence	- Comprehensive employee facilities - Diverse clubs and employee activities	Employee Activity Satisfaction Survey	Quarterly labor-management meetings with employees and foreign workers held as scheduled.
A work environment of safety and health	All employees	Zero occupational accidents Zero incidence of occupational diseases	Environment, Health, and Safety (EHS) Policy	- High-Risk Workload Group Assessment - Annual Health Check - Annual Musculoskeletal Survey - Human Rights Due Diligence	Employee training on hazard identification procedure	- ISO 45001 management system certification obtained - Regular monitoring of high-risk health groups	ISO 45001 certified.
Human rights protection by suppliers	Suppliers	100% completion of awareness and training programs	Supplier Code of Conduct	- Supplier CSR Questionnaire - Supplier On-Site Audit	Annual supplier audits to prevent human rights risks	- Require suppliers to implement corrective actions on human rights risks - Establish the Supplier Code of Conduct	Supplier Code of Conduct completion rate: 100%
Responsible mineral sourcing	Suppliers	Survey coverage: Zyxel and Zyxel Networks > 99%, MitraStar > 80%	Conflict Minerals Prohibition Statement	Conflict Minerals Survey	Conflict Minerals Prohibition Statement published	Require suppliers to provide the Metal Minerals Source Survey Form.	Survey coverage rate: Zyxel 99.96%, Zyxel Networks >99.7%, MitraStar 82%.

D. Workplace Health and Safety

Our employees are our most important asset as well as the foundation of corporate sustainable development. Zyxel Group promises to offer the employees a workplace of well-being, health and safety. Through a diverse range of welfare measures and activities, every employee receives proper care. The physical and mental health of our employees are maintained with comprehensive health management and care in order for them to achieve work-life balance. In accordance with the ISO 45001 Occupational Health and Safety Management System, we provide our employees with a safe work environment and maintain the rights and interests as well as safety of the contractors, thereby building a workplace of well-being, health, and safety.



Goals and achievements

Sustainability Target	Issue	Operational Impact	Strategy	Performance Indicators	2025 Target	2025 Achievement		Future goals			SDGs
								2026 short-term	2028 mid-term	2030 long-term	
Create shared value	Occupational safety and health	The Company can ensure continuous operations and steady growth in a work environment with safety as a priority	Promote safety culture	Occupational safety course coverage	>98%	98.6%	V	>98.5%	>99%	100%	
			Implement preventive management	Number of major occupational accidents	0	0	V	0	0	0	

1. Supportive Workplace: Work-Life Balance

Employees are Zyxel Group's most important asset. The Zyxel Group Joint Employee Welfare Committee is committed to creating a high-quality workplace through Group-wide events such as Family Day, sports and cultural activities, and employee trips. The Company also provides benefits and initiatives that exceed legal requirements to help employees balance work and personal life. The Company fully supports employees' freedom to establish clubs and provides annual subsidies. A diverse range of clubs encourages both internal exchange and external engagement beyond the Group.

Benefits Beyond Legal Requirements

Category	Benefits and Measures
Flexible Working Hours	Employees may adjust start and end times by up to 30 minutes to meet personal needs.
Leave	Three days of new-hire leave are provided, exceeding Labor Standards Act requirements. No work is required on make-up workdays.
Employee Benefits	• Employee trips: Over 3,500 employee and family participant-times in 2025. • Allowances: Dragon Boat Festival, Mid-Autumn Festival, and birthday benefit points; emergency relief funds. • Group insurance: Coverage for employees and dependents. • Partner discounts: Corporate discounts for dining, clothing, housing, transportation, and other services. • Employee clubs: 19 active clubs, including basketball, volleyball, badminton, dance, yoga, oil painting, board games, volunteer service, and folk guitar.
Workplace Facilities	• Sports center: Multipurpose courts, dance studio, recreation room, and gym. • Free employee car and motorcycle parking • Convenience store, employee cafeteria, dormitory, and café lounge • On-site services, including banking, group insurance, and shuttle buses.
Health Promotion	• Health Examinations: Health screening is provided for general employees, managers, new hires, and high-risk employees, with examination items and frequency exceeding legal requirements. Employees requiring medical care may receive one day of medical appointment leave and medical consultation subsidies. • Group Insurance: Coverage is provided for employees and their dependents. • Employee Assistance Program (EAP): 43 participant-times in 2025.

Note: This table covers Taiwan only. Benefits at other locations are not disclosed because local regulations differ.



Sports Season Activities



Sports Season Activities



Spring Health Walk



Family Day Activities

Working place

Zyxel Group aims to promote work-life balance among its employees. We have various welfare facilities, including a gymnasium, recreation room, convenience store, employee cafeteria, coffee bar relaxation area, a lactation room for nursing mothers, and on-site services such as banking and group insurance.

Gymnasium with badminton, volleyball, basketball, billiards, table tennis, aerobics and weight training rooms allow employees to enjoy their favorite sports for better physical and mental health. In 2025, over 20,000 people used the Gymnasium.

Employee Welfare

- **Dining Delights:** The Zyxel Group Holdings cafeteria offers more than seven buffet lines every day. In addition, a coffee lounge provides nearly ten meal options, giving employees a variety of choices each day.
- **Dormitory:** Visiting employees can reside in the dorm until they find a more suitable place to stay in the future.
- **Parking Space:** All employees who commute by car or motorcycle can enjoy free parking spaces. Aside from the motorcycle parking lot, a four-level, underground car park is also provided. Special parking space for pregnant, injure and honor employees.
- **Group Insurance:** Provide group insurance for colleagues and dependents, and arrange insurance company personnel to provide insurance consulting and claim application services for colleagues.

Female-friendly Workplace

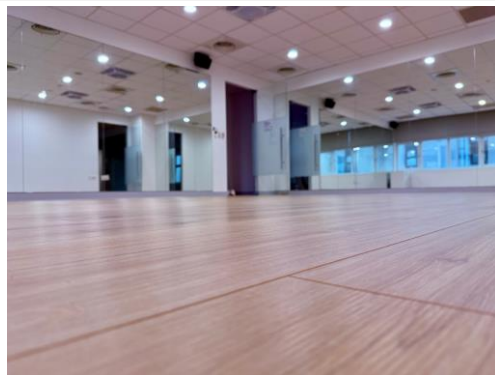
Zyxel Group cares about the relationship between the employees and their children as well as the female workers' needs at work and values gender equality at work. Therefore, a work environment offering diversely comprehensive protection and assistance in terms of systems/regulations, welfare measures, and employee facilities is provided.

- **Discrimination and Harassment Management Standards and Regulations:** The "Code of Conduct for Employees" stipulates that the employees must not be discriminated against, harassed or persecuted on the basis of gender, sexual orientation, pregnancy or marital status. The "Regulations for Sexual Harassment Prevention Measures, Reporting and Punishment" specify that the complaints made through the sexual harassment reporting channels and sexual harassment investigations shall be kept under wraps to protect the right to privacy and personality rights of the persons involved.
- **Flexi time making juggling family and work possible:** This system allows the employees to arrive or leave 0.5 hour early or late to meet their needs for picking up their young children, taking care of their families, or dealing with personal matters.
- **Unpaid Parental Leave and Resumption of Work:** The employees may apply for "family leave" when they need to take care of their family members. If the employees have a need to take care of their newborn family members, they may apply for "unpaid parental leave" in accordance with the laws. We make plans for their resumption of work on our own initiative before the end of their unpaid parental leave.
- **Health Protection of Female Workers:** Follow-ups are conducted using the "Maternal Health Protection Survey" to assist the Company and the employees in jointly assessing hazardous health risk factors and relevant protection measures.
- **Various Benefits for Female Workers:** We set up breastfeeding rooms equipped with heartwarming amenities and facilities and provide car and motorcycle parking spaces for expectant mothers to create a work environment friendly to female workers.

Staff Cafeteria



Aerobics Studio



On-Site Fitness Center



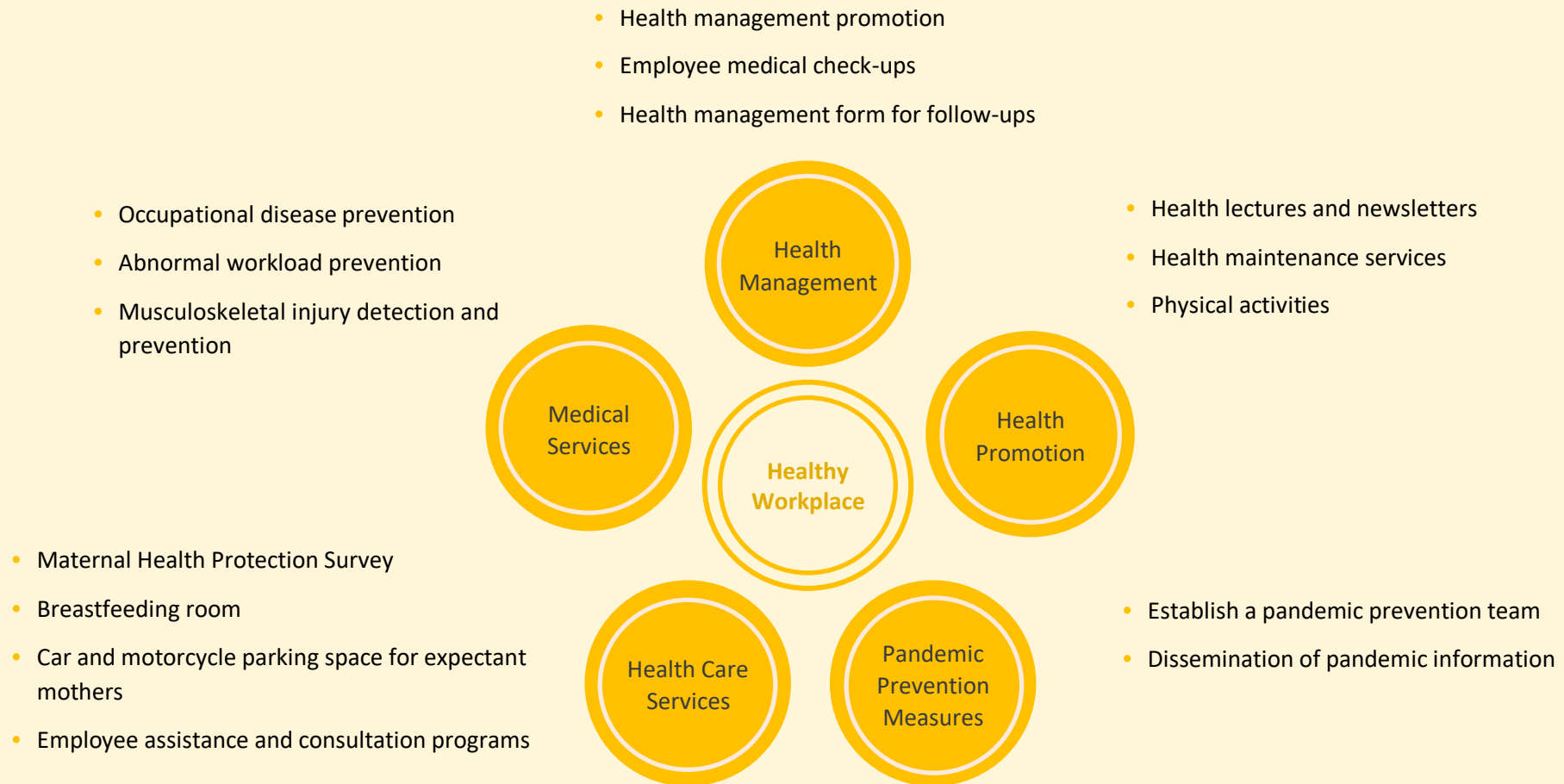
Multi-Purpose Sports Court



2. Healthy Workplace: Health Care for Employees

Zyxel Group cares about the physical and mental health of the employees and aims to boost their performance in all fields and promote their health. In addition to driving the employees' productivity at work, we hope that they can have a better quality of life and achieve work-life balance.

Thanks to our efforts, we were certified as a "Sports Enterprise" and received the "Workplace Health Promotion Certificate" from the government, stiffening our positive stance on the importance of health management for the employees.



Health Management

For general employees, management, and new employees, medical check-ups superior to those required by the laws in terms of examination items and frequency are provided every year. Medical check-ups involving advanced health management and examination items are also available for the management. The production line employees at high risk receive lead ion and ionizing radiation tests and all the examination expenses are paid by the company.

Employee health check-ups: Every year, Zyxel Group Hsinchu site provides regular employee health check-ups that exceed government standards. Physical checkups: according to the result of checkups, follow-up targets are categorized into different levels for the highest level of employee wellbeing - A: Normal, B: recommended to improve with healthy diet and exercise, C: recommended for further physician evaluation. And D: Abnormal, recommended for further treatment.

Except for the arrangement for C and D for further treatment consultation, Zyxel Group also provide one- day sick off and medical subsidy.

Health Management Information Dissemination: We post health-related information on the bulletin board and offer scales and blood pressure monitors for the employees to understand their health status at any time.

2025 Health check hierarchical management results

	A	B	C	D
Zyxel Group	7%	35%	24%	14%
MitraStar	14%	41%	28%	17%
Zyxel Communications	15%	44%	26%	15%
Zyxel Networks	17%	41%	33%	10%
Average	13%	40%	28%	14%

2025 Annual Health Checkup

	Zyxel Group	MitraStar	Zyxel Communications	Zyxel Networks
Number of people	116	849	439	386
Attendance rate	78%	87%	93%	95%

Occupational Disease Prevention

In addition to regular annual health check-ups, physical examinations are also arranged for employees to assess their physical health, which serves as a reference for work arrangements. To prevent occupational diseases, basic health data for workers are established. Examination items include general physical check-ups as well as specific occupational hazard checks (lead, ionizing radiation) conducted in conjunction with the annual health checks.

No records related to occupational diseases have been identified currently.

Abnormal Workload

Every year, processing the high-risk group identification and evaluation, keep tracking the abnormal working load employees and provide them with the health education.

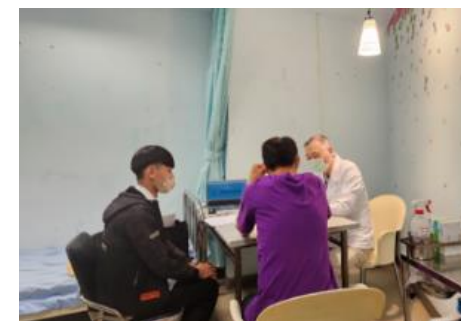
According to the advice of our occupational medicine physician, we conduct follow-ups on and take care of the employees who are identified as having abnormal workload classified as Level 2 or higher, have medium risk of cardiovascular comorbidity, and are under Level D health management according to the "Workload Scale".

Workload Assessment Items

Annual workplace health scale	Overload score	Work pattern
Personal overload score	Monthly overtime hours	-

Musculoskeletal Injuries

Each year, we initiate the 'Employee Musculoskeletal Symptom Survey' to ensure that employees are not suffering from musculoskeletal injuries caused by work-related factors. The questionnaire requires employees to rate their pain for different body parts, and for those who score above four, the cause of the pain is first identified. If the discomfort is determined to be work-related, an occupational specialist, nursing staff, department supervisor, and occupational safety and health management personnel will collaborate to assess the employee's working conditions and implement improvements, ensuring their safety and health in the workplace.



Health check

Multiple Health Promotion Activities

We collaborate with government agencies to organize health promotion activities, such as stress-relieving massages, weight loss activities, cancer prevention seminars, blood -pressure checking, blood donations and vaccination service. The activities effectively help employees to become more conscious about their health. We also prepare the AED training classes to create a health working environment for employees.

Health Promotion Activities

Activity Type	Main Activity
Physical activities	- Body-moving activities - Fast-walking activities
Health maintenance	- De-stress Massage Services - Cancer Prevention Campaigns: Pap smears, mammograms, fecal occult blood tests, and oral mucosal examinations - Smoking Cessation Programs - Vaccination Services - Regular Blood Donation Drives
Health resources	- Health lectures - AED training courses - Health information dissemination



Health Care Center

We have the nurse and doctor to provide the health consultation. Invite the blind masseuse to provide the stress relieving service for employee, and also taken care of disadvantaged people. In 2025, over 2,811 people used this free service and the satisfaction percentage is 99%.

Service:

Medical professionals' consultation service	Medical transfer service
Prevention of professional diseases	Cooperate with the government's four major guidelines for management
Provide employee the consultation service in service hours	

Employee Assistant Program, EAP

An expert team consisting of lawyers and consultants in psychology, financial and health fields provide a round-the-clock counseling service under the Employee Assistant Program (EAP). These experts help employees to overcome physical and mental health issues, legal issues, marriage, education, career management, insurance, tax and finance difficulties, etc. All personal information and records are under strict protection and supervision.

Following the program, various seminars are including tax and living issues are provided. 90% employees are satisfied with the seminars according to the questionnaire.

In 2025, a total of 43 cases sought counseling services through the use of the EAP (Employee Assistance Program) employee assistance service program.



Health Protection of Female Workers

Various Benefits for Female Workers

Zyxel Group cares about the relationship between employees and their children and values gender equality at work. Breastfeeding rooms equipped with heartwarming amenities and facilities, including breast milk bags, nursing pads, and emergency hotline phones, are set up and serve as comfortable spaces for our female employees. The employees are provided with satisfaction questionnaires to get their feedback and opinions.

Multiple welfare measures for female employees are also implemented, such as car and motorcycle parking spaces for expectant mothers, to offer a friendly and quality work environment.



Electronic Maternal Health Protection Survey

To effectively enhance the efficiency of health management for our female workers, we, through an online cloud management system, develop a “Female Worker Health Management Assessment Form” for follow-ups to manage the health of the workers in a real-time manner. The occupational health and safety personnel and medical personnel are then conduct job suitability assessments and classification management to smoothly assist the Company and the workers in jointly assessing hazardous health risk factors and relevant protection measures in accordance with the “Regulations of the Maternity Health Protection at the Workplace”.

In 2025, all our female workers were under Level 1 risk management (meaning that their jobs or health issues did not cause harm to them as mothers and their fetuses or babies).

Assessment Procedure:

Starts		Generate a “Maternal Health Protection Assessment Form” through the online information system
Stage 1	Maternal Workers	Fills in the form with the basic information, perceived job limits, and identified risks at work
Stage 2	Department Supervisor	Conducts an assessment to see if work adjustments are required
Stage 3	Occupational Nurse	Issues a health check-up report
Stage 4	Occupational Safety and Health Personnel	Conducts an assessment to determine if the work continuations are to be changed or if control and management measures are to be adopted
Stage 5	Occupational Physician	Assigns a health management level based on the assessment result, gives comprehensive advice on job suitability, and sets a time for the next follow-up
Stage 6	Maternal Workers	Checks the assessment result with the physician

3. Safe Workplace: Workplace Safety and Health

Zyxel Group places high importance on environmental protection, employee health, and occupational safety. Its Environmental and Occupational Health and Safety (EHS) Policy provides the basis for EHS management and for setting and reviewing related objectives. The Policy applies to all operations and employees, as well as contractors and other workers under the Company's supervision or management. Zyxel Group is committed to complying with applicable EHS laws, international standards, and other requirements in the locations where it operates, while continually improving EHS performance.

The Company is committed to providing a safe and healthy workplace. Workplace environmental and occupational health and safety risks are continuously identified and assessed, with improvement priorities and action plans established according to risk levels. Through training, prevention, and control measures, Zyxel Group seeks to reduce occupational injuries and health hazards. The Company also values the views and participation of workers and their representatives, using communication, consultation, and feedback mechanisms to involve employees and other workers in EHS management and improvement.

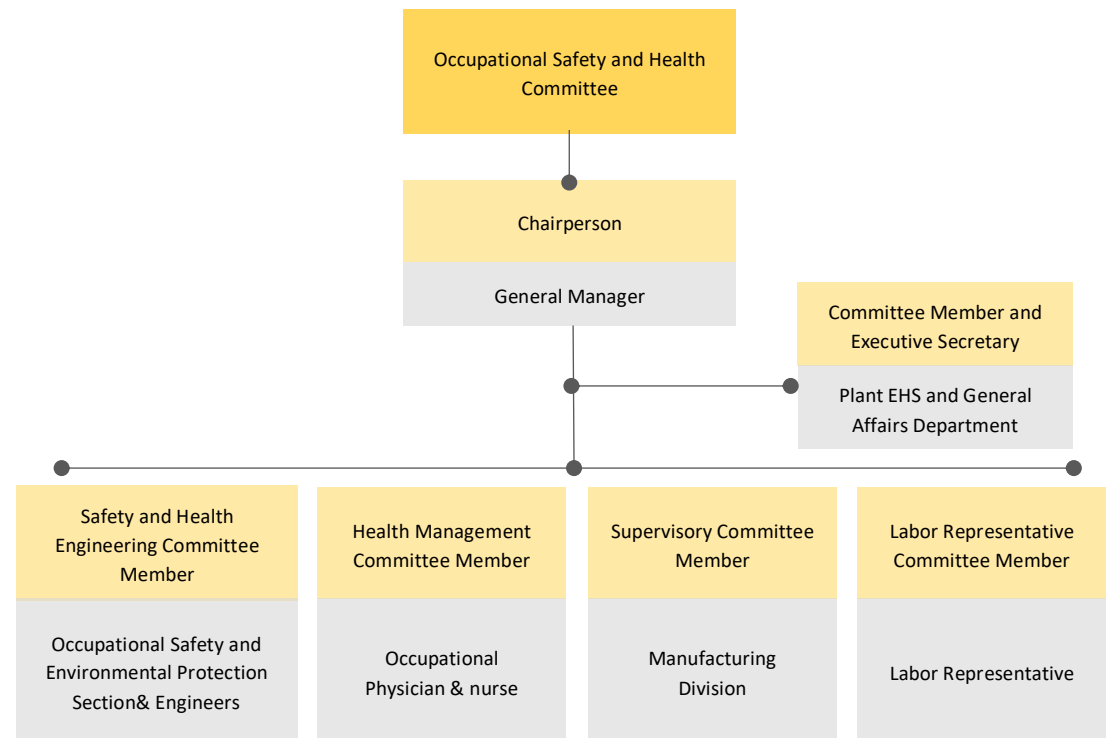
Zyxel Group applies the PDCA (Plan-Do-Check-Act) cycle to establish EHS performance indicators and quantitative targets, regularly track and review results, and drive continual improvement based on risks, incidents, and performance outcomes. Relevant EHS requirements are also incorporated into contractor and other worker management to promote shared responsibility across the supply chain and business partners.

Environmental protection and safeguarding employee health and safety are core responsibilities of Zyxel Group. This Policy is approved by the Board of Directors, supported by management, and regularly reviewed for suitability and effectiveness to ensure continual improvement of the EHS management system.

Safety and Health Committee

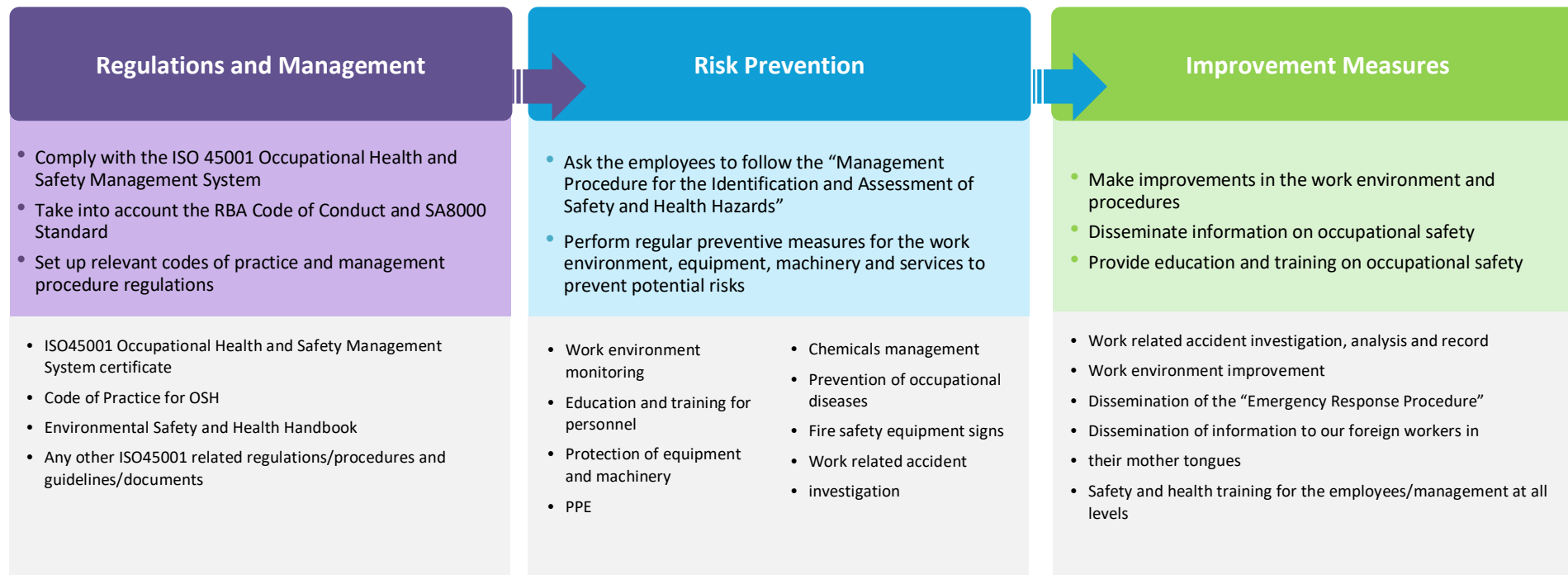
The formal Safety and Health Committee comprises management and employee representatives and meets quarterly. Meeting outcomes are reviewed by the General Manager. Members include occupational health and safety personnel, department managers, supervisory staff, engineering and technical personnel, occupational health service medical staff, and employee representatives.

In 2025, the Committee recorded **no grievance cases, penalties, or accidents** requiring follow-up.



3.2 Safety and Health Management Procedure

Zyxel Group implements environmental safety management in accordance with the “ISO 45001 Occupational Health and Safety Management System”, with the RBA Code of Conduct as well as the SA8000 Standard taken into account. Three sequential implementation guidelines, namely regulations and management, risk assessment and management, risk assessment, improvement and guidance, are developed to ensure the safety of our employees and contractors in the work environment and achieve the goal of zero incidents.



Step1: Regulations and Management

The subsidiaries of Zyxel Group, MitraStar, MitraStar Wuxi, Zyxel Communications and Zyxel Networks, currently passed the certification audit for the ISO45001 Occupational Health and Safety Management System. We continue to actively ensure their compliance with the latest standard in the country to sharpen their competitive edges.



ISO 45001 Occupational Health and Safety Management System Certificates: MitraStar, Wuxi MitraStar, Zyxel Communications, Zyxel Networks

Step2: Risk Prevention

Environment, Safety, and Health Risk Management

In terms of occupational safety and health risks, preventive measures include workplace environment monitoring, workplace improvements, employee training, machine and equipment protection, personal protective equipment, chemical management, fire safety equipment labeling, occupational accident investigations, risk assessments, and emergency response measures. Through these management mechanisms, we ensure that employees can work in a safe and comfortable environment.

Workplace Environment Monitoring

Physical factors: Noise, illumination.

Chemical factors: Carbon dioxide, organic solvents, lead.

Workplace Environment Improvements

- Implementation of 6S management practices.
- Maintaining a well-ventilated and bright workplace with properly arranged materials.
- Conducting inspections and documentation every six months; any abnormalities are addressed immediately.

Machine and Equipment Protection

Annual inspections of machinery (e.g., forklifts, public facilities) and hazardous equipment (e.g., high-pressure gas devices) are conducted, with hazard labels posted to ensure safety.

Personal Protective Equipment (PPE) Management

Employees potentially exposed to hazardous substances are required to use PPE, with clear labeling and usage instructions.

Temperature, Humidity, Noise, and Vibration Control

- Workplace and warehouse humidity maintained at 35%–60%; component temperature at 15–30°C.
- Accredited agencies conduct semi-annual monitoring; earmuffs or disposable earplugs are provided in designated noise areas.

Chemical Management

- Digital chemical management system with real-time access to updated Safety Data Sheets (SDS).
- “Hazard Communication Program” with training on classification, storage, use, and disposal of hazardous substances.

Firefighting Equipment and Signage

- Firefighting equipment installed per regulations with clear labels.
- Monthly inspections of evacuation signs, extinguishers, and hydrants; evacuation maps and emergency lights installed at key locations.
- Emergency generator ensures sufficient lighting during power outages; annual third-party inspections confirm functionality.



Emergency Response Measures

The “Occupational Safety and Health Hazard Identification and Risk Assessment Procedure” and “Emergency Response Procedure” are reviewed and updated annually or as needed, with employee training provided for compliance.

In addition to semi-annual training on fire extinguishing, reporting, and evacuation, regular emergency drills are conducted for fire, earthquake, and chemical spill scenarios.



Day & Night Shift Emergency Response Teams

Site	Function Group	Total
MitraStar site	6 Groups: Command Center, Reporting Team, Firefighting Team, Evacuation Guidance Team, Safety Protection Team, and First Aid Team	56 people
Zyxel Communications site	5 Groups: Reporting Team, Firefighting Team, Evacuation Guidance Team, Safety Protection Team, and First Aid Team	26 people

Occupational Incident Investigation, Analysis, and Records

In the event of an incident involving internal employees or contractors, on-site first-aid personnel respond immediately, while the EHS (Environmental, Health, and Safety) department conducts a thorough incident investigation and analysis to formulate effective recurrence prevention measures. Departments proactively designate personnel to assist with investigations, ensuring the efficacy of all corrective actions.

- **Near-Miss Reporting:** Any near-miss event within a department can be reported through department managers, designated staff, or directly to the EHS department. The EHS department consolidates near-miss records monthly to implement proactive preventive measures.
- **Monthly Incident Tracking:** On a monthly basis, we aggregate data on employee injuries, incident types, and days of sick leave taken to analyze root causes and implement targeted preventive measures for common on-site incidents.
- **Regulatory Compliance:** In recent years, Zyxel Group has maintained a clean record with zero disputes, regulatory fines, or compensation claims related to occupational health and safety.
- **Mandatory Reporting:** Occupational injury statistics are accurately compiled and reported online every month in full compliance with regulatory requirements.

2025 Occupational Injury Statistics

	Zyxel Group	MitraStar HsinChu	MitraStar Wuxi	Zyxel Communications	Zyxel Networks	Total
Total work hours(hours)	271,628	1,315,820	3,119,478	910,608	796,664	6,467,334
Number of Occupational Injury Fatalities	0	0	0	0	0	0
Number of Severe Occupational Injuries (S.R)	0	0	0	0	0	0
Number of Lost-Time Injury Cases	0	2	3	0	0	5
Lost-Time Injury Frequency Rate (LTIFR)	0	1.46	0.96	0	0	0.77
Number of Recordable Occupational Injury Cases	0	0	7	0	0	7
Recordable Occupational Injury Rate (IR)	0	0	0	0	0	0
False Alarm Incident Rate	0	0	0	0	0	0
Number of Recordable Occupational Disease Cases	0	0	0	0	0	0
Number of Occupational Disease Fatalities	0	0	0	0	0	0
Lost Days Due to Disabling Injuries	0	0	59	0	0	59

Total Occupational Injuries in the Past Four Years

	2022	2023	2024	2025
Total Hours Worked	6,968,808	7,566,082	6,912,056	6,467,334
Number of Fatalities as a Result of Work-Related Injuries	0	0	0	0
Number of High-Consequence Work-Related Injuries	0	0	0	0
High-Consequence Work-Related Injury Rate	0	0	0	
Number of Lost-Time Injuries (LTI)	6	6	7	7
Lost-Time Injury Frequency Rate (LTIFR)	0.79	0.87	1.01	0.77
Number of Recordable Occupational Diseases	0	0	0	0
Employee Data Coverage Rate	86.0%	86.3%	85.3%	86.5%

Note: Data cover Taiwan and China.

Note: Statistics include both employees and contractors.

Note: Total working hours = number of employees in each category at year-end × total working days × daily working hours.

Note: The occupational injury rate represents the number of work-related injuries per one million working hours: (total occupational injuries / total working hours) × 1,000,000.

Note: The number and rate of recordable occupational injuries include fatalities resulting from occupational injuries.

Note: Commuting injuries include only those occurring while using transportation arranged by the Organization.

Step3: Improvement

Safety and Health Education Training for Employees and Managers

- Safety and health education and training is required for our employees and management at all levels. According to the regulations, every employee must spend at least three hours for on-the-job in-plant safety and health education and training courses every three years.
- New and transferred employees are required to take a series of pre-service training on environmental safety as well as the ISO45001 management system. For the new employees, the training helps them understand all the systems, regulations, and skills required at work. For the employees transferred to new positions, they may perform tasks only after undergoing relevant training.

Occupational Safety Training Programs

- Environmental, Health and Safety (EHS) Internal Auditor Training
- EHS Training for Indirect/Direct Employees
- EHS Training for Contractors/New Contractors
- Firefighting and Emergency Response Training
- Emergency Evacuation Drill
- EHS and Energy Regulations Seminar
- In-Service Training for Nurses
- Occupational Safety and Health (OSH) Manager Training
- New Hire/In-Service Training for Supervisors
- First Aid Personnel Training
- Organic Solvent Operations Supervisor Training
- Respiratory Protection Training
- Ionizing Radiation Operator Training
- Energy Management Personnel Training
- In-Service Training for Professional Waste Management Technicians

2025 Occupational Health and Safety (OHS) Training: Participants & Hours

Employee Category	Trainees	Training Hours	Coverage Rate (%)
Regular Employees	2,816	1,763	98.6%
New Hires	4,453	104,373	100%
Non-Employee Workers	92	388	100%
Total	7,361	106,524	100%

Dissemination of Information to Foreign Workers in Their Mother Tongues and Education and Training

For our migrant workers, we design occupational health and safety slogans and posters in their mother tongues and provide education and training on the work environment and procedures.



3.3 Contractor Management

Zyxel Group's health and safety policy also covers the activities of contractors in the company, including contract workers, security personnel, catering, and cleaning staff. All contractors are required to observe our "Regulations for Security, Environment, and Hygiene of Contractors". Annual safety and health education and training are provided to contractors, in compliance with human rights-related regulations. Additionally, health care and management are extended to non-employee workers.

Regulations for contractors

- Contractor personnel must receive courses on environment, safety and hygiene topics.
- All on-site operations must be applied first, and contractors will be informed of the possible hazards before entering the work site.
- Supervisors will stay on-site and perform inspections before, during and after the working sessions.
- Application forms must be returned to the safety unit to confirm the completion of jobs.
- Any contractor violating the factory regulations will be penalized and ordered to stop until the condition is corrected.

Contractor training on safety, hygiene, and human rights issues

Each year, contractors receive safety and health education and training to help them understand the risks and hazards in the company's environment and reduce the occurrence of accidents. All security personnel are contracted from reputable professional security companies, selected through rigorous screening and relevant certification training, ensuring the proper execution of security-related tasks. Their education and training for contractors comply with human rights-related regulations.

	Number of required training participants	Number of trainees	Training hours	Coverage rate
Contractor	40	40	40	100%

Health follow-ups for contractors

We conduct annual reviews of contractors' health reports and follow up on the health outcomes of non-employee workers, while also promoting care initiatives. At the same time, we provide employees and contractors with diverse meal options, including healthy meals and vegetarian choices.

Occupational injury statistics for contractors

Number of Deaths Due to Occupational Injuries	0
Number of Severe Occupational Injuries	0
Number of Recordable Occupational Injuries	0
False Alarm Incident Rate	0
Number of Deaths Due to Occupational Diseases	0
Number of Recordable Occupational Disease Cases	0



| Community Contribution

A. Nurture Talent

B. Community Engagement

C. Regional Revitalization

D. Environmental Care



Community Contribution

Guided by its commitment to giving back to society, the Zyxel Group encourages and supports employees to participate in a wide range of community service and charitable initiatives that address societal needs and foster a strong culture of corporate social responsibility (CSR). In addition, to promote environmental awareness, Zyxel Group has long supported and sponsored community organizations while collaborating with government agencies to organize activities focused on nature conservation, environmental greening, and resource recycling. Through these efforts, the Group fulfills its corporate responsibilities and works together with stakeholders to create a better society and a more sustainable environment.

 **Strategy:** Fulfilling Corporate Citizenship

 **Major Issues:** Community Engagement

 **Stakeholders:** Local Communities

 **SDGs**  

Performance Highlights

Shun-I Chu Zyxel Scholarship			
Established 27 years	2025	Sponsored 8	Hosted/Sponsored 8
Donated over NT\$190 million	Donated NT20.36 million, 7 Schools	Talent training activities	Social care campaigns
Benefiting a total of 6,712 students	Benefiting a total of 378 students,		

Vision

Innovation is a core value of Zyxel Group, and we are committed to reflecting both innovative thinking and innovative practices in our community engagement initiatives.

Our senior management leads by example and actively encourages employees to participate in community engagement and give back to society. Zyxel Group believes that businesses should build a positive network of influence that benefits both society and the environment, inspiring broader participation and creating a lasting positive impact.

Zyxel Group's approach to social contribution is guided by the following principles:
In accordance with the Zyxel Group Sustainable Development Best Practice Principles, we are committed to fulfilling our corporate social responsibility by assessing the impacts of our operations on local communities and, where appropriate, prioritizing local employment to strengthen community engagement and recognition.

We actively support community development through business initiatives, in-kind donations, corporate volunteer services, and other professional public welfare programs. We also collaborate with community organizations, educational institutions, charitable organizations, and local government agencies to promote sustainable community development.

Key Themes of Community Engagement



Nurture Talent



Community Engagement



Environmental Care



Regional Revitalization

Target and Achievements

Topic	Operational impact	Strategic initiatives	Performance Indicators	2025 Targets	2025 Achievements		2026 Targets	2028 Mid-Term Targets	2030 Long-Term Targets	SDGs
Nurture Talent	Community engagement initiatives strengthen relationships with local communities and enhance the company's reputation.	Support talent development through scholarship programs, industry–academia collaboration, and the organization and sponsorship of education-related initiatives.	Ongoing annual implementation	Donated every year	Donated NT\$8.35 million. Benefiting a total of 364 students, and 7 schools	V	Donated every year	Annual charitable donations to support talent development programs.		
Community Engagement		Organize and sponsor environmental and carbon reduction initiatives annually within the company and local communities to promote environmental awareness and sustainable practices.	Number of initiatives organized annually	Held or sponsored every year	Sponsored or held 8 activities	V	Continuously sponsor or co-host related activities annually			
Regional Revitalization					Sponsored or held 8 activities	V				
Environmental Care		Number of participants	Held 1 activity		V	Impacting over 2,000 participants within the company and community	Impacting over 5,000 participants within the company and community			



ZYXEL Foundation

Starting from carrying forward the common philosophies of Zyxel Group and the subsidiaries thereof, Zyxel Communications, Zyxel Networks, MitraStar Technology, namely “promoting innovation and start-ups” and “being engaged in social welfare”, Our ZYXEL Foundation actively expands and develops its scope on a continuous basis. With its focus on “encouraging innovation and supporting start-ups”, “training excellent talent”, and “fulfilling social responsibility”, the foundation hopes to serve as the “kindling” to demonstrate the Company’s corporate philosophy of giving back to society to other companies.

More information: <https://foundation.zyxelgroup.com/>



Nurture Talent



Encourage Innovation



Support Entrepreneurship



Implement Social Responsibility

A. Cultivation of Talent

| The Progressive Foundation of Education

Different from non-benefit organizations and foundations carrying corporate names for publicity, the “Progressive Foundation of Education” and “Shun-I Chu and Zyxel Scholarship” were founded privately by Dr. Shun-I Chu, chairman of Zyxel Group, in 1999 for public benefits.

The objectives of Progressive Foundation of Education are public policy research, facilitation of community improvement, and equal education opportunities. Based upon on this groundwork, the Foundation clearly defines its tasks and therefore the plans to sponsor the development of talented people.

- Research consultation and data services related to public affairs, commissioned, or receiving commissions or subsidies for research and promotion of public affairs, policies, and reform-related matters.
- Exchange with relevant domestic and international educational institutions and individuals, enhance international cooperation, and promote research and development of public policies.
- Publish publications related to research and education, public affairs, and policies.
- Establish scholarships to encourage students' pursuit of education.
- Sponsor educational and cultural-related public welfare activities or clubs.
- Sponsor, promote, and organize various activities in natural sciences, humanities and arts, and technology education.
- Reward those who participate in education, culture, science, creative competitions, and excel.

| Shun-I Chu Zyxel Group Scholarship

Founded in 1999, the “Shun-I Chu Zyxel Group Scholarship” has supported students for 27 years as of 2025. About 50 students with outstanding academic performances from National Tsing Hua University, National Yang Ming Chiao Tung University, and National Central University benefit from the scholarships every year. It is estimated that the high school scholarships provided for National Chutung Senior High School, National Chunan Senior High School, National Hsinchu Girl's Senior High School, and National Hsinchu Senior High School benefit around 300 students a year.

Since its foundation, the “Shun-I Chu Zyxel Group Scholarship” has awarded over NT\$190 million of scholarships to nearly 6,334 students. In 2025, a total of about NT\$20.36 million of scholarships were awarded to 378 students.

Chairman Shun-I Chu has supported and made a yearly scholarship donation of NT\$200,000 in sponsorship to the Rising Sun Program of National Tsing Hua University since 2016. In 2025, he also sponsored the Spring Foundation Scholarship of National Yang Ming Chiao Tung University to encourage students who are outstanding but economically disadvantaged, which was awarded 1 student.



Reopening of the Zyxel Auditorium at National Tsing Hua University

To support education and the arts, Zyxel Group partnered with National Tsing Hua University to renovate the Zyxel Auditorium, 25 years after transforming the university's First Lecture Hall into the venue. The upgraded auditorium has reopened as a cultural hub for students and the local community.

The renovation included improvements to the interior, stage lighting and audio systems, air-conditioning, electrical systems, and accessible facilities. The auditorium now features 208 seats, including five wheelchair-accessible spaces, providing a more comfortable and inclusive venue for campus and community events.



Supporting Innovative Academic Research

To strengthen industry–academia collaboration, enhance young talent’s technical and practical capabilities, and foster future R&D talent, the Zyxel Foundation supports research projects led by professors and students in network communications and cybersecurity. These efforts help connect academic research with industry innovation.

University	Research Project	Collaboration Period
Southern Taiwan University of Science and Technology	Vulner Scout	2025–2026

| Fulfilling Corporate Social Responsibility

Guided by its commitment to corporate social responsibility, the Zyxel Foundation supports and participates in various public forums, environmental initiatives, and charitable programs. The Foundation also encourages initiatives that demonstrate care for local communities, culture, and the environment. By leveraging its resources to give back to society, the Foundation contributes to community well-being and sustainable social development.

In 2025, the Foundation continued to organize community lectures and campus initiatives, including eight Zyxel Lecture Series events and the University Marketing Grant Program for Small Farmers in Rural Communities.



| Encouraging Innovation and Supporting Entrepreneurship

Innovation × Entrepreneurship × Vision Lecture Series

In partnership with the College of Management at National Yang Ming Chiao Tung University, the Zyxel Foundation co-organizes the Innovation × Entrepreneurship × Vision Lecture Series. Through talks and interactive discussions, the program inspires students and the public to learn from experienced entrepreneurs and transform their insights into motivation for innovation and entrepreneurship.

Date	Speaker	Topic
4/15	Hung-Wen Lin, Former Deputy Editor-in-Chief of Business Today	Seeing the Future through Emerging Trends—Key Insights from Trend Observation to Innovative Practice
5/13	Ching-Fang Lee, Chairperson of Far Eastern Big City Shopping Mall	Define Your Own Exceptional Life

2025 “Connecting with Care” Equipment Donation Program

Since 2022, Zyxel Networks and the Zyxel Foundation have jointly promoted the “Connecting with Care” initiative, helping disadvantaged and rural organizations strengthen their digital infrastructure. To date, more than 1,100 networking devices have been donated, benefiting 120 nonprofit organizations across Taiwan.

In 2025, Zyxel volunteers upgraded network infrastructure at nonprofit organizations by conducting network assessments and optimizing cabling. The company also provided Nebula Professional cloud management licenses, enabling cloud-based network management, improving operational efficiency, and strengthening cybersecurity.



B. Care for the Community

We follow the philosophy and footsteps of Dr. Shun-I Chu, our chairman, in giving back to the society. We encourage and support our colleagues to participate in various charitable activities, aligning with social needs, and internalize this as part of our corporate social responsibility culture to effectively contribute to the society.

2025 Zyxel Community Summer Camp

To help bridge the urban-rural education gap and inspire students from rural communities to explore technology, the Zyxel Foundation partnered with IC Broadcasting and Hsuan Chuang University to host the 2025 Zyxel Community Summer Camp, creating an engaging and enriching summer learning experience.

As part of the program, volunteers from Zyxel Networks delivered a Cybersecurity for Kids workshop, using interactive activities and easy-to-understand lessons to raise students' awareness of online safety and foster digital security literacy from an early age.



Christmas Charity Event

In 2025, the Zyxel Foundation continued its Reindeer Around Taiwan Initiative for the fourth consecutive year in partnership with the Hsinchu City Cherish Community Development Association. The program supported Changxing Elementary School in Taoyuan by providing dehumidifiers and educational equipment, helping create a healthier, safer, and more engaging learning environment for children in rural communities.



Children's Wish Adoption Event

The Zyxel Foundation held its Christmas Wish Gift Program for the fifth consecutive year, inviting employees to become "Santa Claus" for nearly 150 children from schools and nonprofit organizations. Through the donation of Christmas gifts, the program shared care, encouragement, and holiday joy with children in underserved communities.



C. Local Revitalization

Zyxel Hsinchu Living Lab | Designing Everyday Life Through the Senses

The Zyxel Hsinchu Living Lab, co-organized by the Zyxel Foundation and OR Bookstore, is a lifestyle initiative that encourages employees and the public to slow down, engage their senses, and rediscover the beauty of everyday life through nature and the city.

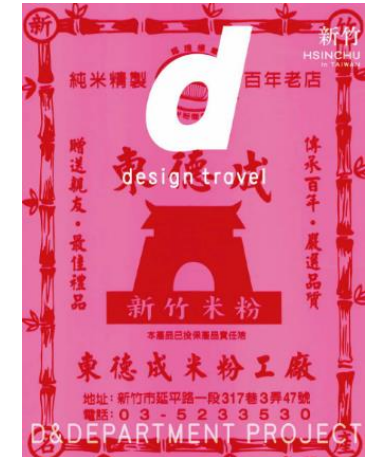
Through hands-on experiences exploring scent, sound, touch, and color, participants are inspired to express their creativity and cultivate a deeper appreciation for aesthetics. By connecting creativity with everyday living, the program promotes mindful living while celebrating the unique culture and stories of Hsinchu.



《d design travel》| Showcasing Hsinchu's Local Culture and Design

To support the development of Hsinchu's local culture, the Zyxel Foundation sponsored the publication of the Chinese and English editions of d design travel: HSINCHU.

Created through a collaboration between Hsinchu-based lifestyle brand OR Bookstore and Japan's D&DEPARTMENT PROJECT, the travel guide explores Hsinchu's culture, design, and everyday life from an international perspective, highlighting the city's unique character and cultural identity.



Literary Walking Program | Discovering Hsinchu Through Local Stories

Supported by the Zyxel Foundation and initiated by National Tsing Hua University, the Literary Walking Program promotes Hsinchu's local culture through themed walking routes, including the Baoshan Township trail highlighting the region's olive and citrus heritage.

In collaboration with local organizations, the program also developed the Hsinchu Literary Walk App, which combines interactive, location-based storytelling with self-guided tours. By encouraging people to explore the city on foot, the initiative fosters a deeper connection with Hsinchu's culture, communities, and local identity.



D. Environmental Protection

Supporting Biodiversity | Fern Restoration and Ecological Experience Initiative

The Zyxel Foundation supports the Flying Spider-Monkey Tree Fern Conservation Ark Project at the Nature Valley Environmental Trust, Taiwan's first environmental trust organization. Through this restoration initiative, endangered tree ferns affected by disease are cultivated and conserved, helping preserve the species and supporting long-term environmental sustainability.

In 2025, the Zyxel Foundation partnered with the Nature Valley Environmental Trust to organize an immersive ecological experience program. Employees were invited to explore natural habitats, collect fern specimens and spores, and participate in fern-themed handicraft activities, gaining a deeper appreciation of Taiwan's rich fern biodiversity and its valuable natural and cultural heritage.



Day of Giving 10th Anniversary

In 2025, Zyxel Networks USA celebrated the 10th anniversary of its Day of Giving, a long-standing tradition that brings employees together each year to give back to their local communities through meaningful volunteer service.

The anniversary program expanded into a two-day event. Employees first partnered with the American Red Cross to participate in a blood donation drive, helping support local healthcare needs. They then joined local organizations for a beach cleanup at Seal Beach, California, removing plastic waste and marine debris to help protect the coastal environment. Many employees also participated with their families, extending the spirit of volunteerism and environmental stewardship to the wider community.



Shoes for Africa" Donation Campaign

To promote resource circularity and sustainable practices, the Zyxel Group participated in the 2025 "Step30 – Shoes for Africa" donation campaign organized by the Environmental Protection Bureau of the Hsinchu County Government. In recognition of its contribution, the Group received an award from the Hsinchu County Government for its commitment to corporate social responsibility.

Employees across the Group donated 321 pairs of reusable shoes, all of which were contributed to the Step30 International Ministries Association for distribution to communities in need across Africa. By extending the useful life of donated items, the initiative reduced waste while supporting both environmental sustainability and humanitarian care.



Appendix

Index of GRI Standard Indicators

Statement of use:	Zyxel Group Co., Ltd. reports in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025, with the information referenced in the GRI Content Index.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector	N/A

GRI Sustainability Reporting Standards 2021

Code	Disclosure	Chapter in the Report	Page	Description
GRI 2: General Disclosures(2021)				
Organization and reporting practices				
2-1.	Organizational details	About Zyxel Group	6	Please refer to the Company Profile section.
2-2.	Entities included in the organization's sustainability reporting	About this Report Corporate Governance: B. Financial Performance	3 35	
2-3	Reporting period, frequency and contact point	About this Report	3	From Jan. 1, 2025 to Dec. 31, 2025.
2-4	Restatements of information	About this Report	3	No significant changes.
2-5	External assurance	About this Report	3	
Activities and Workers				
2-6	Activities, value chain and other business relationships	About Zyxel Group Value Chain: B. Supplier Sustainability Management	6 57	
2-7	Employees	Friendly Workplace: A. Diversity and inclusion Recruitment	111	The number of employees did not fluctuate significantly from the previous reporting period.
2-8	Workers who are not employees	Friendly Workplace: A. Diversity and inclusion Recruitment	111	No significant changes from the previous reporting period.
Governance				
2-9	Governance structure and composition	Corporate Governance: A. Governance Structure	30	
2-10	Nomination and selection of the highest governance body	Corporate Governance: A. Governance Structure	30	
2-11	Chair of the highest governance body	Corporate Governance: A. Governance Structure	30	
2-12	Role of the highest governance body in overseeing impact management	Corporate Governance: A. Governance Structure	30	
2-13	Delegation of responsibility for impact management	Corporate Governance: A. Governance Structure	30	
2-14	Role of the highest governance body in sustainability reporting	Sustainable Management: B. Sustainability Governance Structure	15	
2-15	Conflicts of interest	Corporate Governance: C. Business Ethics	38	
2-16	Communication of critical concerns	Corporate Governance: A. Governance Structure	30	
2-17	Collective knowledge of the highest governance body	Corporate Governance: A. Governance Structure	30	
2-18	Evaluation of the performance of the highest governance body	Corporate Governance: A. Governance Structure	30	
2-19	Remuneration policies	Friendly Workplace: A. Diversity and inclusion Recruitment	111	

Code	Disclosure	Chapter in the Report	Page	Description
2-20	Process to determine remuneration	Corporate Governance: A. Governance Structure	30	
2-21	Annual total compensation ratio	Friendly Workplace: A. Diversity and inclusion Recruitment	111	
Strategy, Policies and Practices				
2-22	Statement on sustainable development strategy	Sustainable Management: A. Sustainability Management Framework	14	
2-23	Policy commitments	Sustainable Management: A. Sustainability Management Framework	14	The policy commitments are also published on the Zyxel group website: link
2-24	Embedding policy commitments	Corporate Governance: C. Business Ethics	38	
2-25	Processes to remediate negative impacts	Corporate Governance: C. Business Ethics	38	
2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance: C. Business Ethics Sustainable Management: D. Stakeholder Communication	18 38	
2-27	Compliance with laws and regulations	Corporate Governance: C. Business Ethics	38	
2-28	Membership associations	Corporate Governance: B. Financial Performance	35	
Stakeholder Engagement				
2-29	Approach to stakeholder engagement	Sustainable Management: D. Stakeholder Communication	18	
2-30	Collective bargaining agreements			The relationship between the company and labor is harmonious, and there is no need to organize a labor union, but the company attaches great importance to labor rights and holds regular labor-management meetings
GRI 3 : Material Topics 2021				
3-1	Process to determine material topics	Sustainable Management: D. Stakeholder Communication	18	
3-2	List of material topics	Sustainable Management: D. Stakeholder Communication	18	
3-3	Management of material topics	Sustainable Management: D. Stakeholder Communication	18	

Specific Topics Disclosures

No.	Disclosure Item	Material Topic	Relevant Report Section	Page
GRI101-1~101-8				
GRI 200 Series: Economic topics				
GRI 201: Economic Performance				
3-3	Management of material topics		Sustainability Management: C. Material Topics and Stakeholder Engagement	18
			Corporate Governance: B. Financial Performance	35
201-1	Direct economic value generated and distributed	Corporate Governance Talent attraction & retention	Corporate Governance: B. Financial Performance Friendly Workplace: A. Diversity and inclusion Recruitment	35 111
201-2	Financial implications and other risks and opportunities due to climate change	Climate Strategy	Environment Protection: A. Climate Change Appendix: TCFD Index	73 167
201-3	Defined benefit plan obligations and other retirement plans	Talent attraction & retention	Friendly Workplace: A. Diversity and inclusion Recruitment	111

No.	Disclosure Item	Material Topic	Relevant Report Section	Page	
GRI 203: Indirect Economic Impacts					
3-3	Material Topic Management	Social Participation	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
203-1	Infrastructure investments and services supported	Social Participation	Community Engagement: A. Talent Development	153	
203-2	Significant indirect economic impacts	Social Participation	Community Contribution: A. Cultivation of Talent	153	
			-	-	no significant events
GRI 204: Procurement Practices					
3-3	Material Topic Management	Sustainable supplier	Sustainability Management: B. Material Topics and Stakeholder Engagement	18	
			Value Chain: B. Supplier Sustainability	57	
204-1	Proportion of spending on local suppliers	Sustainable supplier	Value Chain: B. Supplier Sustainability	57	
GRI 205: Anti-corruption					
3-3	Material Topic Management	Business Ethics	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Corporate Governance: C. Business Ethics	38	
205-1	Operations assessed for risks related to corruption	Business Ethics	Corporate Governance: C. Business Ethics	38	
205-2	Communication and training about anti-corruption policies and procedures	Business Ethics	Corporate Governance: C. Business Ethics	38	
205-3	Confirmed incidents of corruption and actions taken	Business Ethics	Corporate Governance: C. Business Ethics	38	There were no reported cases of corruption during the year.
GRI 206: Anti-competitive Behavior					
3-3	Material Topic Management	Business Ethics	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Corporate Governance: C. Business Ethics	38	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Business Ethics	Corporate Governance: C. Business Ethics	38	no events occurred
GRI 207: Tax					
3-3	Material Topic Management	Business Ethics	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Corporate Governance: B. Financial Performance	35	
207-1	Approach to tax	Corporate Governance	Corporate Governance: B. Financial Performance	35	
207-2	Tax governance, control, and risk management	Corporate Governance	Corporate Governance: B. Financial Performance	35	
207-3	Stakeholder engagement and management of concerns related to tax	Corporate Governance	Corporate Governance: B. Financial Performance	35	
207-4	Country-by-country reporting	Corporate Governance	Corporate Governance: B. Financial Performance	35	Not Applicable (To protect commercial confidentiality and business sensitivity, the Company currently does not disclose Country-by-Country Reporting details.)
300 Environmental					
GRI 302: Energy					
3-3	Material Topic Management	Energy Management	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Environment Protection: B. Energy Management	85	
302-1	Energy consumption within the organization	Energy Management	Environment Protection: B. Energy Management	85	
302-3	Energy intensity	Energy Management	Environment Protection: B. Energy Management	85	

No.	Disclosure Item	Material Topic	Relevant Report Section	Page	
302-4	Reduction of energy consumption	Energy Management	Environment Protection: B. Energy Management	85	
GRI 303: Water and Effluents (2018)					
303-3	Water withdrawal		Environment Protection: C. Water Management	87	
303-4	Water discharge		Environment Protection: C. Water Management	87	
303-5	Water consumption		Environment Protection: C. Water Management	87	
GRI 101: Biodiversity 2024					
101-1	Policies to halt and reverse biodiversity loss		Sustainable Environment: VI. Biodiversity	92	We have established a Biodiversity and No-Deforestation Commitment and require our suppliers to comply through the Supplier Code of Conduct.
101-2	Management of biodiversity impacts			92	We apply the mitigation hierarchy by avoiding sensitive areas, reducing waste and pollution, and supporting site greening and local ecology.
101-3	Access and benefit-sharing			92	Not applicable. Our core business is the R&D and manufacturing of networking equipment and does not involve genetic resources or biotechnology covered by the Nagoya Protocol.
101-4	Identification of biodiversity impacts		Sustainable Environment: VI. Biodiversity	92	We apply the TNFD-recommended LEAP approach for identification and assessment.
101-5	Locations with biodiversity impacts		Sustainable Environment: VI. Biodiversity	92	Operations: No sites in or near KBAs or protected areas. Supply Chain: No key suppliers initially identified in ecologically sensitive areas.
101-6	Direct drivers of biodiversity loss			92	No land-use change. Strictly controls effluent and waste; 2025 water discharge quality excelled legal limits. Carbon/plastic reduction lowers indirect ecosystem stress.
101-7	Changes in the state of biodiversity			92	N/A. Sites are in developed parks with no direct material impacts. An ecological baseline is not yet established and will be evaluated alongside TNFD progress.
1018	Ecosystem services			92	Depends on ecosystem "regulating services" (climate/flood control). Mitigates negative impacts via GHG reduction and site greening to ensure resilience.
GRI 305: Emissions					
3-3	Material Topic Management	Climate strategy	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Environment Protection: A. Climate Change	73	
305-1	Direct (Scope 1) GHG emissions	Climate strategy	Environment Protection: A. Climate Change	73	
305-2	Energy indirect (Scope 2) GHG emissions	Climate strategy	Environment Protection: A. Climate Change	73	
305-3	Other indirect (Scope 3) GHG emissions	Climate strategy	Environment Protection: A. Climate Change	73	
305-4	GHG emissions intensity	Climate strategy	Environment Protection: A. Climate Change	73	
305-6	Emissions of ozone-depleting substances (ODS)	Climate strategy	Environment Protection: F. Ecological Preservation	91	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant emissions	Climate strategy	Environment Protection: F. Ecological Preservation	91	
GRI 306: Waste 2020					
306-1	Waste generation and significant waste-related impacts		Environment Protection: D. Waste Management	89	
306-2	Management of significant waste-related impacts		Environment Protection: D. Waste Management	89	

No.	Disclosure Item	Material Topic	Relevant Report Section	Page	
306-3	Waste generated		Environment Protection: D. Waste Management	89	
GRI 308: Supplier Environmental Assessment					
3-3	Material Topic Management	Sustainable supplier	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Value Chain: B. Supplier Sustainability	57	
308-1	New suppliers that were screened using environmental criteria	Sustainable supplier	Value Chain: B. Supplier Sustainability	57	
308-2	Negative environmental impacts in the supply chain and actions taken	Sustainable supplier	Value Chain: B. Supplier Sustainability	57	
Social					
GRI 401: Employment					
			Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
3-3	Material Topic Management	Talent attraction & retention Occupational Safety & Health	Friendly Workplace: A. Diversity and inclusion Recruitment	111	
			Friendly Workplace: D. Human Capital Development	136	
401-1	New employee hires and employee turnover	Talent attraction & retention	Friendly Workplace: A. Diversity and inclusion Recruitment	111	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Talent attraction & retention Occupational Safety & Health	Friendly Workplace: A. Diversity and inclusion Recruitment	111	
			Friendly Workplace: D. Human Capital Development	136	
401-3	Parental leave	Talent attraction & retention	Friendly Workplace: A. Diversity and inclusion Recruitment	11	
GRI 402: Labor/Management Relations					
3-3	Material Topic Management	Human Rights Management	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Friendly Workplace: C. Human Rights Management	127	
402-1	Minimum notice periods regarding operational changes	Human Rights Management	Friendly Workplace: C. Human Rights Management	127	The Company strictly adheres to Article 16 of the Labor Standards Act, providing 10 to 30 days of advance notice based on seniority (10 days for 3 mos–1 yr; 20 days for 1–3 yrs; 30 days for 3+ yrs).
GRI 403: Occupational Health and Safety					
3-3	Material Topic Management	Occupational Safety & Health	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Friendly Workplace: D. Workplace Health & Safety	136	
403-1	Occupational health and safety management system	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-2	Hazard identification, risk assessment, and incident investigation	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-3	Occupational health services	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-5	Worker training on occupational health and safety	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-6	Promotion of worker health	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-8	Workers covered by an occupational health and safety management system	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
403-9	Work-related injuries	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	

No.	Disclosure Item	Material Topic	Relevant Report Section	Page	
403-10	Work-related injuries	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
GRI 404: Training and Education					
3-3	Material Topic Management	Talent cultivation & development	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Friendly Workplace: B. Human Capital Development	119	
404-1	Average hours of training per year per employee	Talent cultivation & development	Friendly Workplace: B. Human Capital Development	119	
404-2	Programs for upgrading employee skills and transition assistance programs	Talent cultivation & development	Friendly Workplace: B. Human Capital Development	119	
404-3	Programs for upgrading employee skills and transition assistance programs	Talent cultivation & development	Friendly Workplace: B. Human Capital Development	119	
GRI 405: Diversity and Equal Opportunity					
3-3	Material Topic Management	Corporate Governance Talent cultivation & development	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Corporate Governance: A. Governance Structure	30	
			Friendly Workplace: A. Diversity and inclusion Recruitment	111	
405-1	Diversity of governance bodies and employees	Corporate Governance Talent cultivation & development	Corporate Governance: A. Governance Structure	30	
			Friendly Workplace: A. Diversity and inclusion Recruitment	111	
GRI 406: Non-discrimination					
3-3	Material Topic Management	Human Rights Management	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Friendly Workplace: C. Human Rights Management	127	
406-1	Incidents of discrimination and corrective actions taken	Human Rights Management	Friendly Workplace: C. Human Rights Management	127	
GRI 407: Freedom of Association and Collective Bargaining					
3-3	Material Topic Management	Human Rights Management	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Friendly Workplace: C. Human Rights Management	127	
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights Management	Friendly Workplace: C. Human Rights Management	127	
GRI 408: Child Labor					
3-3	Material Topic Management	Sustainable Supplier Human Rights Management	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Value Chain: B. Supplier Sustainability Management	57	
			Friendly Workplace: C. Human Rights Management	127	
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainable Supplier Human Rights Management	Value Chain: B. Supplier Sustainability	57	No significant risks of child labor or young workers were identified at our operational sites or among suppliers this year.
			Friendly Workplace: C. Human Rights Management	127	
GRI 409: Forced or Compulsory Labor					
3-3	Material Topic Management	Human Rights Management	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Value Chain: B. Supplier Sustainability	57	
			Friendly Workplace: C. Human Rights Management	127	
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Human Rights Management	Value Chain: B. Supplier Sustainability	57	No significant incidents of forced or compulsory labor occurred at our operational sites or among suppliers this year.
			Friendly Workplace: C. Human Rights Management	127	

No.	Disclosure Item	Material Topic	Relevant Report Section	Page	
GRI 410: Security Practices					
3-3	Material Topic Management	Occupational Safety & Health	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
410-1	Security personnel trained in human rights policies or procedures	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	
			Friendly Workplace: D. Workplace Health & Safety	136	
GRI 414: Supplier Social Assessment					
3-3	Material Topic Management	Sustainable Supplier	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Value Chain: B. Supplier Sustainability	57	
414-2	Negative social impacts in the supply chain and actions taken	Sustainable Supplier	Value Chain: B. Supplier Sustainability	57	No negative social impacts requiring action were identified in Zyxel Group's supply chain this year.
GRI 415: Public Policy					
3-3	Material Topic Management	Corporate Governance	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Corporate Governance: B. Financial Performance	35	
415-1	Political contributions	Corporate Governance	Corporate Governance: B. Financial Performance	35	Zyxel Group remains politically neutral and makes no political contributions.
GRI 416: Customer Health and Safety					
3-3	Material Topic Management	Sustainable Product	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Sustainable Products: C. Sustainable Raw Material Management	102	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainable Product	Sustainable Products: C. Sustainable Raw Material Management	102	No incidents of non-compliance with health and safety regulations related to products and services occurred this year.
GRI 417: Marketing and Labeling					
3-3	Material Topic Management	Sustainable Product	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Sustainable Products: C. Sustainable Raw Material Management	102	
417-1	Requirements for product and service information and labeling	Sustainable Product	Sustainable Products: C. Sustainable Raw Material Management	102	
417-2	Incidents of non-compliance concerning product and service information and labeling	Sustainable Product	Sustainable Products: C. Sustainable Raw Material Management	102	No incidents of non-compliance with regulations on product and service information and labeling occurred this year.
417-3	Incidents of non-compliance concerning marketing communications	Sustainable Product	Sustainable Products: C. Sustainable Raw Material Management	102	No incidents of non-compliance with marketing communications regulations occurred this year.
GRI 418: Customer Privacy					
3-3	Material Topic Management	Information Security Management Customer Relations	Sustainability Management: C. Material Topics and Stakeholder Engagement	18	
			Corporate Governance: E. Information Security Management	48	
			Value Chain: A. Customer Relations	55	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Information Security Management Customer Relations	Corporate Governance: E. Information Security Management	46	No substantiated complaints concerning breaches of customer privacy or losses of customer data were reported this year.
			Value Chain: A. Customer Relations	55	

Appendix II: SASB Standards Index

Electronic Manufacturing Services & Original Design Manufacturing (MitraStar Technology & Wuxi MitraStar)

Topic/ Code	Accounting Metric	Category	Major Issue	Chapter	Page	Summary																		
Accounting Metrics																								
Water Management																								
TC-ES140a.1	(1) Total water withdrawal and (2) total water consumption, as a percentage in regions with high or extremely high baseline water stress.	Quantitative		Environment Protection: C. Water Management	85	According to the assessment of the Water Aqueduct developed by the World Resources Institute (WRI), MitraStar is located in a low-pressure area (<10%).																		
Waste Management																								
TC-ES150a.1	Amount of hazardous waste from manufacturing, percentage recycled	Quantitative		Environment protection D. Waste Management	87	Hazardous Process Waste Generated: 122.14 metric tons (2025) Hazardous Process Waste Recycling Rate: 30.32% (2025)																		
Labor Practices																								
TC-ES310a.1	(1) Number of work stoppages and (2) total days idle	Quantitative	Human rights management	-	-	Nil (No work-stoppage incidents occurred in 2025.)																		
Labor Conditions																								
TC-ES-320a.1	(1) Total recordable incident rate (TRIR) and (2) near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	Quantitative	Occupational Safety & Health	Friendly Workplace: D. Workplace Health & Safety	136	The recordable injury rate for 2025 was 0.22, and the near-miss incident rate was 0.																		
TC-ES-320a.2	Percentage of the company’s operations and Tier-1 suppliers that have undergone an RBA VAP audit or an equivalent audit program, for (a) all company sites/suppliers and (b) high-risk company sites/suppliers.	Quantitative	Sustainable supplier	Value Chain: B. Supplier Sustainability	55	<table><tr><th colspan="2">Company / Scope</th><th>MitraStar</th><th>Tier-1 Suppliers</th></tr><tr><td rowspan="2">Percentage of suppliers audited via RBA VAP or equivalent procedures</td><td>All sites</td><td>100%</td><td>77%</td></tr><tr><td>High-risk sites</td><td>N/A</td><td>N/A</td></tr></table>	Company / Scope		MitraStar	Tier-1 Suppliers	Percentage of suppliers audited via RBA VAP or equivalent procedures	All sites	100%	77%	High-risk sites	N/A	N/A							
						Company / Scope		MitraStar	Tier-1 Suppliers															
						Percentage of suppliers audited via RBA VAP or equivalent procedures	All sites	100%	77%															
High-risk sites	N/A	N/A																						
TC-ES-320a.3	(1) Non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances, broken down for (i) the entity’s facilities and (ii) the entity’s Tier 1 supplier facilities	Quantitative	Sustainable supplier	Value Chain: B. Supplier Sustainability	55	<table><tr><th colspan="2">Audit Metric</th><th>MitraStar</th><th>Tier-1 Suppliers</th></tr><tr><td rowspan="2">Percentage of non-conformances identified in RBA VAP or equivalent audits</td><td>Priority non-conformances</td><td>N/A</td><td>NA</td></tr><tr><td>Other non-conformances</td><td>5%</td><td>20%</td></tr><tr><td rowspan="2">Corrective Action Plan (CAP) completion rate for RBA VAP or equivalent audits</td><td>Priority non-conformances</td><td>N/A</td><td>N/A</td></tr><tr><td>Other non-conformances</td><td>95%</td><td>83%</td></tr></table>	Audit Metric		MitraStar	Tier-1 Suppliers	Percentage of non-conformances identified in RBA VAP or equivalent audits	Priority non-conformances	N/A	NA	Other non-conformances	5%	20%	Corrective Action Plan (CAP) completion rate for RBA VAP or equivalent audits	Priority non-conformances	N/A	N/A	Other non-conformances	95%	83%
						Audit Metric		MitraStar	Tier-1 Suppliers															
						Percentage of non-conformances identified in RBA VAP or equivalent audits	Priority non-conformances	N/A	NA															
							Other non-conformances	5%	20%															
						Corrective Action Plan (CAP) completion rate for RBA VAP or equivalent audits	Priority non-conformances	N/A	N/A															
Other non-conformances	95%	83%																						
Product Lifecycle Management																								
TC-ES-410a.1	Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	Green product	-	-	Not Applicable. (MitraStar operates as an ODM manufacturer, and product end-of-life recovery is managed by customers; thus, no statistics are tracked.)																		
Materials Sourcing																								
TC-ES440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	Sustainable supplier	Value Chain: B. Supplier Sustainability Management	55	Not Applicable. As an ODM/OEM manufacturer, material selection is primarily specified by clients. Consequently, the Company cannot fully define or control target substances or perform full substance risk management.																		
TC-ES-000.A	Number of manufacturing facilities	Quantitative		About Zyxel Group	6	2 sites (Hsinchu Plant, Taiwan & Wuxi Plant, China)																		
TC-ES-000.B	Area of manufacturing facilities	Quantitative		-	-	46,146 m2 in total (Hsinchu Plant: 8,950 m2; • Wuxi Plant: 37,196 m2																		
TC-ES-000.C	Number of employees	Quantitative		About Zyxel Group	6	In 2025, MitraStar Technology employed approximately 1,280 people.																		

Hardware Standard (Zyxel Communications, Zyxel Networks)

Topic/Code	Accounting Metric	Category	Major Issue	Chapter	Page	Summary
Product Security						
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	Discussion and Analysis	Information Security	Corporate Governance: E. Information Security	47	
Employee Diversity & Inclusion						
TC-HW-330a.1	Percentage of gender representation for (1) management, (2) technical staff, and (3) all other employees	Quantitative	Talent Attraction & Retention	Friendly Workplace: A. Diversity and Inclusion Recruitment	108	
Product Lifecycle Management						
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	Quantitative	Sustainable Product	-	-	The regulations on the control of environmentally hazardous substances are regularly updated. This standard has covered the list of declarable controlled substances listed in IEC 62474, but is limited by the fact that some materials cannot be replaced by current industrial technology or a trace number of residues remains in it. product, so it will not be disclosed for the time being.
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Quantitative	Sustainable Product	-	-	0
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR® criteria	Quantitative	Sustainable Product	-	-	0
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	Quantitative	Sustainable Product	-	-	Total Weight of Scrapped Products Recovered: 926.8552 metric tons Product Recovery Rate: 67.56%
Supply Chain Management						
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	Quantitative	Sustainable supplier	Value Chain: B. Supplier Sustainability	57	(a) All Suppliers: Zyxel Communications: 100% Zyxel Networks: 50% (b) High-Risk Suppliers: N/A (No high-risk suppliers identified for either entity)
TC-HW-430a.2	Tier 1 suppliers' (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	Quantitative	Sustainable supplier	Value Chain: B. Supplier Sustainability	57	RBA or Equivalent Audit Pass Rate (2025): Zyxel Communications: 100%; Zyxel Networks: 100%
Materials Sourcing						
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Discussion and Analysis		Value Chain: B. Supplier Sustainability	57	Based on the ten critical materials defined by Taiwan regulatory authorities, conflict minerals are identified as the Company's critical materials. A Conflict Minerals Management Policy has been established to conduct ongoing risk management.
Activity Metrics						
TC-HW-000.A	Number of units produced by product category	Quantitative		-	-	Omitted due to commercial confidentiality.
TC-HW-000.B	Area of manufacturing facilities	Quantitative		-	-	Not Applicable. Zyxel Communications and Zyxel Networks do not own or operate manufacturing facilities.
TC-HW-000.C	Percentage of production from owned facilities	Quantitative		-	-	Not Applicable. Zyxel Communications and Zyxel Networks operate as fabless brand companies and do not own manufacturing plants.

Appendix III: Task Force on Climate-related Financial Disclosures (TCFD) Content Index

Core Elements & Disclosures	Climate Topics / Issues	Report Section	Page
Governance			
The board's oversight of climate-related risks and opportunities	Corporate Governance	Corporate Governance: A. Governance Structure	30
	Climate Strategy	Environment Protection: A. Climate Change	73
Management's role in assessing and managing climate-related risks and opportunities	Corporate Governance	Sustainable Management: B. B. Sustainability Governance Structure	15
	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
Strategy			
The climate-related risks and opportunities the organization has identified over the short, medium, and long term	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
The impact of climate related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
The resilience of the organization's strategy, taking into consideration different climate-related scenarios	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
Risk Management			
The organization's processes for identifying and assessing climate-related risks.	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
The organization's processes for managing climate-related risks.	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
How processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate Strategy	Corporate Governance: D. Risk Management	41
		Environment Protection: A. Climate Change	73
Metrics and Targets			
Metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	Climate Strategy	Environment Protection: A. Climate Change	73
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Climate Strategy	Environment Protection: A. Climate Change	73
	Energy Management	Environment Protection: B. Energy Management	85
Targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Climate Strategy Energy Management	Environment Protection: C. Water Management	87

Appendix IV: TWSE Sustainability Disclosure Indicators — Communication and Network Industry

No.	Indicator	Indicator Category	Annual Disclosure Status	Unit	Remarks
1	Total energy consumption, share of purchased electricity, and proportion of renewable energy used.	Quantitative	Total energy consumption: 121,200 GJ Percentage of purchased electricity: 87.65% Renewable energy usage rate: 0.31%	Gigajoules (GJ) Percentage (%)	
2	Total water withdrawal and total water consumption	Quantitative	Total water withdrawal: 148.7 m ³ Total water consumption: 40.84 m ³	Cubic meters (m ³)	
3	Weight of hazardous waste generated and recycling rate	Quantitative	122.14 metric tons Recycling rate: 27.89%	Metric tons (t) Percentage (%)	
4	Disclosure of the types, number of cases, and rates of occupational injuries.	Quantitative	Occupational Injury Category: Lost Time Injury (LTI) Number of Persons: 5, Percentage: 0.14%	Rate (%) Quantity	Occupational injury rate (%) = (Number of occupational injuries ÷ Total employees) × 100
5	Disclosure of product life cycle management, including the weight of scrapped products and electronic waste, as well as the recycling rate.	Quantitative	Total weight of scrapped products recycled: 926.8552 metric tons; Recycling rate: 67.56%	Metric tons (t) Percentage (%)	
6	Disclosure of risk management practices associated with the use of critical materials.	Qualitative description	2025 Sustainability Report p.101: Sustainable Raw Materials	Not applicable (N/A)	
7	Total monetary value of legal actions resulting from anti-competitive behavior.	Quantitative	0	NT\$	
8	Production output of major products, by product category.	Quantitative	Omitted. Products are outsourced to contract manufacturers due to the fabless business model. Production volumes are not disclosed due to commercial confidentiality and third-party partner sensitivities.	Varies by product type	

Appendix V: Third Party Assurance Statement

GRI Standards & AA1000, SASB, TCFD Standard



Independent Assurance Statement

ZYXEL GROUP CORPORATION 2025 SUSTAINABILITY REPORT

The AFNOR GROUP was established in 1926. We are the National Standardization Body of France, a permanent council member in ISO and one of the leading certification bodies in the world. This assurance work was carried out by AFNOR ASIA LTD., a subsidiary of AFNOR GROUP. All the members of the verification team have professional backgrounds and have accepted AA1000 AS, AFAQ 26000, ISO 9001, ISO 14001, ISO 14064, ISO 45001, ISO 50001, and other sustainability-related international standard trainings. All assigned verifiers have been approved as the lead auditors or verifiers. AFNOR ASIA LTD. (hereinafter referred to as AFNOR ASIA) and ZYXEL GROUP CORPORATION (hereinafter referred to as ZYXEL GROUP) are independent entities. Except for the contents described in this independent assurance statement, AFNOR ASIA is not involved in the preparation process of the sustainability report of ZYXEL GROUP.

RESPONSIBILITIES

ZYXEL GROUP is responsible for reporting its economic, environmental, and social operating activities and performance in Taiwan and overseas operating locations in its sustainability report (hereinafter referred to as "the Report") in accordance with the declared sustainability reporting standards.

AFNOR ASIA is responsible for providing an independent assurance statement to ZYXEL GROUP and its stakeholders in accordance with the described scope and method. This statement is for ZYXEL GROUP use only and is not responsible for any other purpose.

SCOPE AND CRITERIA

The assurance scope of the agreement between ZYXEL GROUP and AFNOR ASIA includes:

1. The scope of assurance operation is consistent with the scope disclosed in the "ZYXEL GROUP CORPORATION 2025 SUSTAINABILITY REPORT".
2. AFNOR ASIA performs assurance operation according to the Type 2 assurance of the AA1000 assurance standard (v3), reviewing and evaluating ZYXEL GROUP's compliance with the AA1000 Accountability Principles (2018), and presenting findings and conclusions on the reliability and quality of specific performance information.
3. The assurance operation includes reviewing and evaluating ZYXEL GROUP's materiality assessment and relevant processes, systems and controls and available performance information, as well as compliance with the following reporting criteria:
 - GRI Standards.
 - Task Force on Climate-related Financial Disclosures
 - Sustainability Accounting Standards Board Standards

METHODOLOGY

- The Report is reported in accordance with the GRI Standards, and the content of the Report is reviewed for compliance with the GRI Standards for general disclosure and specific topic disclosure.
- The verification team interviewed relevant personnel to confirm the communication and response mechanism for stakeholders, the materiality assessment and the decision-making process for material topics, but did not directly contact external stakeholders.
- All documents, data and information related to the preparation of the Report were verified by the verification team through interviews with relevant personnel.

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- The process of reviewing organizational outputs, collecting and managing qualitative and quantitative data disclosed in reports based on a sampling plan.
- By interviewing the responsible personnel of each group, examining and reviewing the relevant documents, materials and information, the verification team evaluated the reasonableness of the sources of supporting materials and evidence for the contents of the Report.

CONCLUSION

◆ AA1000 Accountability Principles

Inclusivity

ZYXEL GROUP has used the GRI Standards and the AA1000 Stakeholder Engagement Standard to develop a quantitative matrix to identify six major stakeholders. Regular and ad-hoc engagement are conducted through various channels, and the results are used in operational and material topic decision-making processes. Overall, it has met the principle of inclusivity.

Materiality

ZYXEL GROUP has established a systematic decision-making process for material topics. Using the principle of Double Materiality Analysis and a risk assessment mechanism for corporate risk management, 13 material topics have been analyzed and evaluated through questionnaires and the integration of internal and external expert opinions. These topics are consistent with the previous year, demonstrating a high degree of stability and continuity. The Report have consistently disclosed the strategies, management plans, and objectives developed for each material topic. Overall, it has met the principle of materiality.

Responsiveness

ZYXEL GROUP has regularly and irregularly disclosed economic, governance, environmental, and social information in the Report, official website, and other public information platforms, enabling stakeholders to understand the company's governance and management performance. Overall, it has demonstrated concrete actions in accordance with the principle of responsiveness. In the future, the organization can continue to disclose management performance in response to the needs and expectations of stakeholders, in accordance with domestic and international reporting requirements and through cross-regional and cross-departmental cooperation.

Impact

ZYXEL GROUP has provided the necessary resources to monitor and measure the overall environmental impact of its operations. The Report discloses the identified impacts and management measures, presenting management performance in terms of qualitative and quantitative objectives, and providing appropriate information for stakeholders to understand the organization's sustainability efforts. Overall, it has met the principle of impact.

Findings and conclusions concerning the reliability and quality of specified performance information

Based on the review results, a sample of key performance information in the Report was verified, including greenhouse gas emissions, energy use, water resource management, waste management, employee structure data, supplier management performance, R&D investment, sustainable products, and other specific performance information. After verification, it was confirmed that the data sources were reliable, the calculation methods were appropriate, and they were consistent with the relevant supporting documents. Overall, the verified specific performance information has met the requirements of the Moderate assurance level.

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◆ Global Reporting Initiative Sustainability Reporting Standards

Based on the results of the review, it is confirmed that the general disclosures, specific topic disclosures, and material topics management disclosures in the Report have complied with the requirements of the GRI Standards. In the future, the organization can continue to compile and disclose material topic and operational site performance in collaboration across regions and departments, as required by reporting requests, and provide various sustainability information to stakeholders.

◆ Task Force on Climate-related Financial Disclosures

Based on the review results, the Report discloses four major aspects: governance, strategy, risk management, and metrics and targets, based on the TCFD framework. It explains the impact of climate change on operations and the response measures, and overall meets the TCFD's basic requirements. In the future, the organization can continue to monitor and update climate situation information to review and adjust its operating strategies and assess the potential impact of its response actions on its financial performance.

◆ Sustainability Accounting Standards Board Standards

Based on the results of the review, the Report has disclosed relevant information based on the Sustainability disclosure topics & metrics and activity metrics of the SASB Standards. In the future, the organization can continue to collect and disclose information in accordance with the SASB Standards, through cross-regional and cross-departmental cooperation, to provide valuable information to investors.

ASSURANCE OPINION

AFNOR ASIA has developed a complete sustainability reporting assurance standard based on the verification guidelines of the AA1000 Assurance Standard (v3) and the GRI Standards. Based on the sufficient evidence provided by ZYXEL GROUP and the facts seen during on-site verification, we adhere to the principle of fairness and issue a statement on the global sustainability reporting standards followed by the organization. We have summarized the contents of the Report to provide a fair view of ZYXEL GROUP's relevant operations and specific performance. We believe the focuses on economic, social, and environmental indicators in ZYXEL GROUP in 2025 are well represented.

ASSURANCE LEVEL

In accordance with the AA1000 Assurance Standard (v3), we verified this assurance statement corresponding to a Moderate level. The scope and methods are as described in this statement.

For and on behalf of AFNOR :

Dr. August Tsai
The Director for Certification and Assessment
Aug 04, 2026

Verification team: Chi Huang Chen (Lead Verifier), Yu-Sheng Lin (Verifier), Ai-Hou Fu (Verifier).

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