

Employee Code of Conduct

This Code of Conduct provides general guidance to all employees at Zyxel Communications Corp. (hereafter, "Zyxel") and assists us in carrying out our daily activities on principle of ethical business practice and the letter and the spirit of applicable laws and Zyxel's values. This is a global Code, and the employees and business partners shall respect and adhere to the same standards in the operation of their work and business and ensure that Zyxel deals in all fairness with its customers, suppliers and competitors.

- 1 For all business activities
 - 1.1 Every behavior should comply with integrity and ethic, for "Integrity" is the core value of every Zyxel employee should strictly perform.
 - 1.2 Every employee should perform base on Company overall benefit to perform business, instead of individual or departmental benefit. Any interest conflict should be prevented and avoid between individual and Company. Employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of Zyxel.
 - 1.3 All employees should not engage, directly or indirectly, any bribe or other activities which may construct as corrupt business practices. Employees may not take advantage of, commercialize or exploit any of Zyxel's information or property, or their position with Zyxel, for the purpose of inappropriate personal gains or opportunities. In particular, they may receive gifts of token value or accept invitations only if such gifts or invitations have no influence on their decision making and are not illegal under any applicable law. In no case, shall

Employees, directly or indirectly, receive cash from any customer, supplier or business partners.

- 1.4 Sales and marketing agents, representatives and consultants ("Agents") will be retained and paid only if they operate independently from Zyxel and in conformity with applicable legislation. All contracts and agreements must be in writing. Compensation must be comparable to that paid to similar Agents for similar work and in accordance with the applicable detailed policy of Zyxel.
- 1.5 Every employee should follow the Prudent-person rule to protect any tangible or intangible Company asset. Strictly forbid any intended behavior which damage Company interest, including waste, intended damage, embezzlement and steal. Company resource should use on creating the maximum Company profit.
- 1.6 Corporate funds and assets must be utilized solely for lawful and proper corporate purposes. Transfer or expenditure of such funds or assets will be undertaken only if the stated purpose is in fact the actual purpose. The transfer or expenditure of such funds and assets must be authorized in writing in accordance with procedures established by Zyxel headquarters or the relevant business units. No false or artificial entries shall be made in Zyxel's books and records for any reason, and all financial transactions must be accurately and properly accounted for in those books and records.
- 1.7 Every employee has the obligation to protect and forbid delivering or retrieving any unauthorized document and data to individual, Company or groups. An effective mechanism should to set up to prevent the improper use of confidential data. All Zyxel employees shall respect the privacy of data relating to individual persons (whether employees or third parties) which it may hold or handle as part of its information processing activities or otherwise.

- 1.8 No employee of Zyxel can buy or sell shares or other securities of a business undertaking, or give advice on the same, if he or she has access by reason of his or her professional activities with Zyxel, to any non-public information about that business undertaking. Trading by employees of Zyxel stock, including the exercise of stock options, shall be in accordance with the more detailed guidelines published from time to time by corporate management.
 - 1.9 Every employee should comply with local laws, rules and regulations while conducting business.
- 2 When dealing with customers, suppliers and other external individual or groups, Zyxel and Employees shall:
- 2.1 Uphold the fair, open and honest business attitude.
 - 2.2 Seek and utilize those suppliers who operate the same values and standards as ours to improve mutual efficiency. Zyxel's business relationship must be built on a mutual respect for and adherence to legal requirements. Zyxel's business partners will observe both local and applicable international standards. Zyxel will seek and utilize partners who will do likewise, as this contributes directly to our corporate reputation and the collective success of our organization and selected business partners.
 - 2.3 Employee shall improve the service level and provide the products fulfilling customers' needs to gain business rather than providing improper interest to customers. In its relations with governmental agencies, customers and suppliers, Zyxel will not, directly or indirectly, engage in bribery, kick-backs, payoffs, or other activities which may be construed as corrupt business practices.
 - 2.4 When dealing with consumers, Zyxel and the employee must act in accordance with fair business, marketing and advertising

practices and should take all reasonable steps to ensure the safety and quality of the goods or services they provide. A standard of fair trade, commercial advertisements and competition should be established.

2.5 Zyxel recognizes Intellectual Property Rights and other proprietary information as a core value in any high technology company. Zyxel takes every appropriate action to preserve and enhance its Intellectual Property and respects the Intellectual Property rights of others. Employees should maintain the confidentiality of the Zyxel's and its customers' confidential information which is disclosed to them.

3 With Employees, Zyxel shall:

3.1 Maintain a working environment that provide appropriate remuneration, development opportunities and meet international and local relevant labor laws, rules and regulations.

3.2 Restrict any discrimination, harassment or persecuting in the workplace. Zyxel shall forbid any discrimination regard to race, color, religion, national origin, gender, age, disability, sexual orientation, gender identity, pregnancy, political factions and marital status.

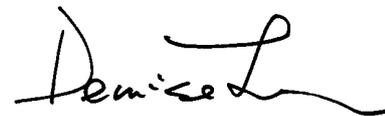
3.3 Support and respect, within its sphere of influence, the protection of international human rights set out in the United Nation's Universal Declaration of Human Rights, the International Labor Organization's (ILO) fundamental conventions and the Global Compact. In particular, Zyxel supports the effective elimination of all forms of compulsory labor and child labor as defined in the ILO. It will make this a criterion in the management of its suppliers and sub-contractors.

3.4 Provide a safety work environment and required training and safety equipment. Employees should commit to maintain a safety and healthy work environment through demonstrating

the safety operation procedure and principle while conducting business.

- 4 For corporate social responsibility to international community
 - 4.1 Comply with Government and Company environment policies and guidelines and prevent environment pollution, damage and make better use of the Earth's resources. Develop green product and continuously improve the production process to reduce the negative impact to Environment.
 - 4.2 As a Corporate citizen and fulfill social responsibilities, Company encourage employees to participate community activities during their leisure time.

- 5 Compliance with the code and its amendment
 - 5.1 All officers, executives and managers of Zyxel and its subsidiaries are responsible for the continuing enforcement of and compliance with this code, including necessary distribution to ensure employee knowledge and compliance. Non-compliance with this code will result in disciplinary measures or criminal proceedings.
 - 5.2 This Code of Conduct is announced after approved by President of Zyxel, so does amendment.



Denise Lin, President
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