The United Laboratories Equal Pay and Fair Compensation Management System

Purpose

The United Laboratories International Holdings Limited (Stock Code: 3933.HK) ("TUL," "the Group," or "we") has established this system to build and continuously optimize a value-driven, fair, transparent and competitive compensation framework.

1. Ensuring Fairness: Strictly adhere to the principle of "equal pay for equal work and equal value," prohibiting any compensation discrimination based on non-performance or non-competency factors, and fostering a workplace of equal opportunity.

2. Driving Performance: Establish a compensation decision mechanism centered on job value, individual capability and performance contribution to effectively incentivize employees.

3. Fulfilling Responsibility: Publicly commit to actively fulfilling corporate social responsibility while complying with laws, supporting employee development, and contributing to community prosperity.

4. Meeting Standards: Systematically respond to the requirements of international capital markets and ESG rating agencies regarding compensation fairness and transparency, thereby enhancing corporate governance.

Scope of Application

This system applies to all employees of the Group and its subsidiaries, including but not limited to regular employees, probationary employees and other types of workers recognized under applicable laws and regulations.

Core Principles

1. Principle of Fairness: Compensation is based on "equal pay for equal work" and "equal pay for work of equal value," prohibiting any form of unlawful discrimination.

2. Principle of Competitiveness: Compensation levels are benchmarked against the pharmaceutical talent market to ensure competitiveness in attracting and retaining top talent for key positions.

3. Principle of Incentivization: Compensation is closely linked to the Group, team and individual performance, reflecting differences and rewarding contributions.

4. Principle of Compliance: Strictly comply with all national and local laws and regulations related to compensation.

5. Principle of Transparency: Publicly communicate compensation policies, structures, and decision-making mechanisms to ensure employees understand the composition and determinants of their pay.

Definition of Equal Pay for Equal Work

In this system, “equal pay for equal work” refers to employees within the same employing entity who perform jobs of the same job value grade and possess similar skills, effort and responsibility. After accounting for reasonable performance differences, they should receive the same compensation.

1. “Equal Work” is determined based on a scientific job value assessment, rather than job titles.

2. “Equal Pay” refers to the fairness of total cash compensation.

Compensation Structure

The annual total cash compensation includes the following components:

1. Base Salary: Determined based on job grade, responsibilities and individual capability and contribution.

2. Year-End Double Pay: Paid additionally at the end of each year, with the specific base determined by each business unit; may be adjusted proportionally if the Group’s overall performance or total compensation is affected.

3. Position Allowance: Linked to job role and grade, adjusted or discontinued if the position changes.

4. Other Cash Allowances and Subsidies: Including meal allowances, transportation subsidies and seniority pay, in accordance with the Group’s policies.

5. Performance Bonus: Related to job grade, with actual payout based on individual performance assessments; may be paid monthly, quarterly, or annually.

6. Commission/Variable Pay (if applicable): Primarily for sales positions, calculated based on performance metrics such as sales revenue or collection targets.

7. Other Bonuses (if applicable): For rewarding outstanding contributions, such as innovation awards or excellence awards, determined by each business unit within the total budget.

Job Value Assessment System

The Group conducts a systematic assessment of all positions. Assessment factors include, but are not limited to, the followings:

1. Knowledge and Skills: The breadth and depth of professional knowledge and skills required for the role, with special consideration for industry-specific requirements in areas such as pharmaceutical R&D, regulatory affairs and production.

2. Problem-Solving Ability: The complexity of challenges faced by the role and the capacity for analysis and judgment.

3. Scope of Responsibility: The responsibilities and impact of the role in financial, operational and team leadership aspects.

The assessment results classify all positions into a unified job grade system, ensuring comparability across different functions (e.g., R&D, production, marketing, and corporate functions) and providing a scientific basis for “equal pay for work of equal value.”

Compensation Structure Design

1. Salary Bands: Each job grade corresponds to a salary band with a minimum, midpoint and maximum. The midpoint reflects the competitive level of the grade in the target talent market.

2. Differentiated Industry Sequences: Based on the characteristics of the pharmaceutical industry, differentiated compensation structures are established.

3. R&D Sequence: Emphasizes incentives and project bonuses to attract and retain top research talent.

4. Production and Quality Sequence: Closely linked to GMP compliance, production efficiency, and quality indicators.

5. Marketing Sequence: Strongly tied to sales performance and market development results.

6. Functional Support Sequence: Linked to work quality, efficiency, and service satisfaction.

Salary Determination & Adjustment Mechanism

1. Salary Determination: The starting salary is determined within the salary band of the relevant job grade, taking into account the candidate’s qualifications, experience, skills and market scarcity.

2. Salary Adjustment: Salary adjustments are determined based on a comprehensive assessment of annual performance evaluation results, individual capability development, market compensation levels, and the Group's budget. High-performing employees have greater room for salary growth within the salary band.

3. Promotion-Based Adjustment: When an employee is promoted to a higher job grade, their salary should be adjusted to a competitive level within the salary band of the new grade.

4. Prohibited Factors in Pay Differentiation: Any compensation differences based on factors unrelated to job capability and performance, such as gender, ethnicity, race, religion, household registration status, age, disability, marital status, or sexual orientation, which are strictly prohibited.

External Commitment & Social Responsibility

1. Legal Minimum Wage Commitment: We solemnly commit to strictly complying with local legal and regulatory minimum wage standards at all our global operations, ensuring that all employees are paid no less than these standards. This commitment covers both direct employees and workers engaged through compliant labor dispatch arrangements.

2. Living Wage Pursuit: The Group regularly refers to widely recognized market databases or authoritative local surveys and, through annual compensation reviews and adjustments, strives to narrow gaps so that the total cash compensation of all regular employees gradually reaches or approaches the local living wage level. Progress toward this goal is incorporated into ESG performance evaluations for management.

3. Communication and Transparency: Local minimum wage standards and the Group's compensation policies are clearly communicated to employees through internal channels.

Supporting Local Employment

1. Local Hiring Priority: Where job requirements match candidate qualifications, the Group gives priority to hiring residents of the operational location.

2. Skills Development and Training: Actively collaborate with local vocational schools and universities to implement joint training, internship and apprenticeship programs, cultivating professional talent for the pharmaceutical industry within the local community.

3. Inclusive Employment: Ensure that recruitment, promotion, and training opportunities are equally accessible to candidates and employees of all backgrounds, actively embracing diverse local talent.

Employee Communication & Grievance Channels

1. Policy Communication: Through new employee onboarding, management meetings, the internal website and other channels, the Group ensures that all employees understand the core content of this policy.

2. Grievance Mechanism: Any employee who has concerns about the fairness of their compensation may raise a grievance through the following confidential channels: first, by discussing with their direct supervisor or HR business partner; if unresolved, they may submit a written grievance to the Head of Human Resources or the Group's labor union. We commit to conducting a timely and impartial investigation and providing feedback on the outcome.

Purpose of the Share Award Scheme

The Group implements a Share Award Scheme aimed at enabling core employees to share in the Group's long-term growth, aligning individual interests with shareholder interests, and retaining and incentivizing key talent.

Principle of Fairness

1. Transparent Eligibility: Participation in the Share Award Scheme is based on clear rules, primarily linked to job grade, job value, performance and future potential.

2. Fair Allocation: Grant amounts reflect the employee's relative contribution and importance to the Group, ensuring fairness among employees in similar roles and levels.

3. Information Communication: The terms of the scheme, rights, obligations and tax implications are clearly explained to employees.

Information Disclosure

To proactively respond to the expectations of investors and rating agencies, the Group commits to the following disclosures:

Response to FTSE Russell Requirements:

1. SLS34 (Equal Pay Policy): Clearly state in the annual report or ESG report that the Group has established and implemented a formal Equal Pay Policy/Principle/Code, and provide an overview of its main content.

2. SLS08 (Minimum Wage): Publicly declare the Group's commitment to comply with local minimum wage laws at all global operations and disclose compliance status. The Group may further elaborate on its philosophy and efforts in pursuing a living wage.

3. SHR05 (Supporting Local Employment): Describe specific policies and initiatives undertaken by the Group to support local employment, such as local hiring ratios and community skills training programs.

Response to MSCI Requirements:

Share Award Scheme: Disclose in relevant reports the existence, purpose, scope of coverage (including regular employees, if applicable) and linkage to long-term performance of the Share Award Scheme to demonstrate the Group's commitment to enabling employees to share in long-term value creation.

Policy Revision

The system is reviewed regularly by the Group's Human Resources Center and revised as necessary in response to changes in laws and regulations, market practices and the Group's strategic adjustments. Revised versions take effect after approval by the Board of Directors.

Interpretation and Effectiveness

The Board of Directors of the Group holds the final authority for interpretation of this system. This system comes into effect from the date of approval by the Board.