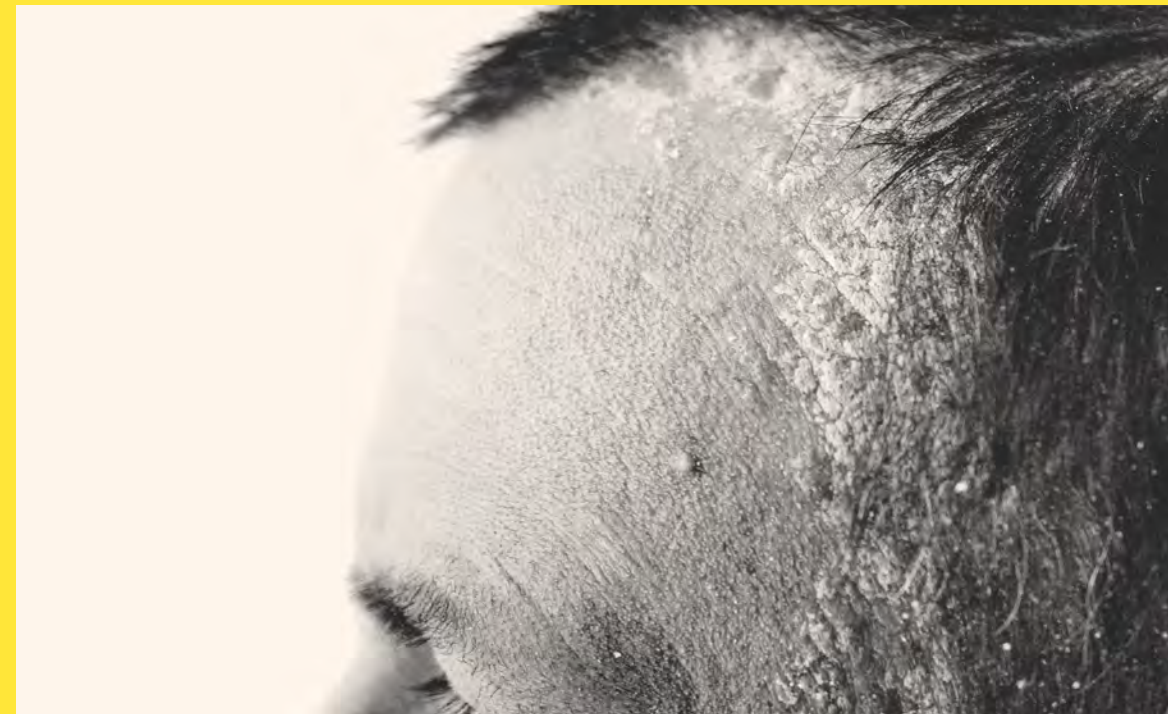
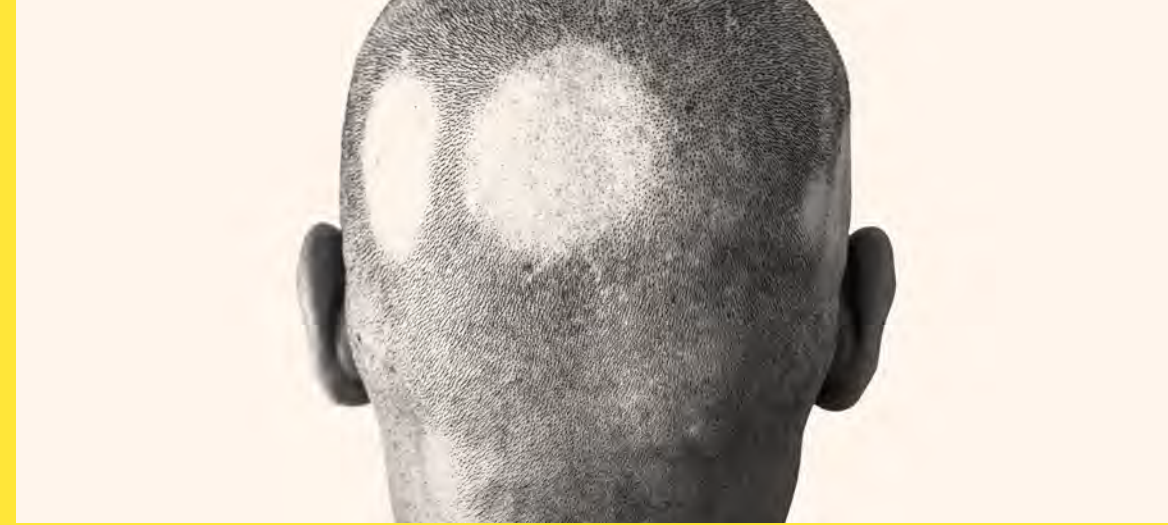




# 2023

## ESG Report



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## About This Report

The following environmental, social, and governance (ESG) report details Arcutis Biotherapeutics, Inc. (Arcutis) progress to date on relevant ESG matters. The metrics and initiatives included in this report are aligned with the International Financial Reporting Foundation's (IFRS) Sustainability Accounting Standards Board (SASB) standard for the Biotechnology and Pharmaceuticals Industry and the United Nations Sustainable Development Goals (UN SDGs). This document covers the period Jan. 1, 2022, through Dec. 31, 2022, unless otherwise noted.





## About Arcutis Biotherapeutics, Inc. (Arcutis)

Arcutis Biotherapeutics, Inc. (Nasdaq: ARQT) is a medical dermatology company that champions meaningful innovation to address the urgent needs of individuals living with immune-mediated dermatological diseases and conditions. With a passion for understanding what really matters to patients and healthcare providers, Arcutis leverages extensive dermatology development expertise to meaningfully advance the treatment of immune-mediated skin diseases.

This expertise, along with Arcutis' focus on biologically validated targets and its unique dermatology drug development platform, positions the company to fill the innovation gap in medical dermatology. Founded in 2016 by a leadership team with deep dermatology and commercialization experience—including 50+ FDA-approved products among them—Arcutis features eight dermatology clinicians on staff. In July 2022, Arcutis became a commercial company with the approval by the Food and Drug Administration (FDA) of its first New Drug Application (NDA) for ZORYVE® (roflumilast) cream 0.3% for the treatment of plaque psoriasis, including intertriginous areas, in patients 12 years of age and older. This product is the first and only topical phosphodiesterase-4 (PDE4) inhibitor approved for the treatment of plaque psoriasis. Please see full Prescribing Information at [zoryve.com](https://www.zoryve.com).

Arcutis' dermatology development platform includes a robust pipeline with multiple clinical programs for a range of inflammatory dermatological conditions including scalp and body psoriasis, atopic dermatitis, seborrheic dermatitis, and alopecia areata. In April 2023, the FDA accepted an NDA for roflumilast foam 0.3% for the treatment of seborrheic dermatitis.

For more information about Arcutis, visit [www.arcutis.com](https://www.arcutis.com).



## Arcutis ESG Program

At Arcutis, we recognize our responsibility to serve people with unique dermatological needs, as well as caregivers, employees, partners, and the communities where we operate. We are passionate about pushing our industry forward for the benefit of all of our stakeholders and our society. We have assembled an executive-level cross-functional ESG team, led by our Head of ESG, with ESG reporting into the Nominating and Governance Committee of the Board of Directors. The Head of ESG provides quarterly updates to the Nominating and Governance Committee of the Board of Directors and an annual update to the full board. The full board also reviews sustainability disclosures. Following our first ESG report, released in 2022, this report details relevant business updates resulting from organizational changes related to the company’s early commercial-phase operations which went into effect in July 2022. As we continue to scale our operations as an early commercial-stage company, ESG will remain ingrained in our strategy. We are committed to reporting on our progress. We will continue to grow and innovate, ensuring to all stakeholders that we will address our responsibility as a corporation with the same level of rigor that we devote to patients, caregivers, and the healthcare professionals (HCPs) that partner with us to overcome the most persistent challenges in dermatology.

### Activity Metrics

Metric	Disclosure
Number of patients treated  HC-BP-000.A	In the first four months of commercial availability, more than 11,500 patients were treated with ZORYVE (roflumilast).
Number of drugs (1) in portfolio and (2) in research and development (Phases 1-3)  HC-BP-000.B	Products in Phase 1-3 <ul style="list-style-type: none"> <li>• ARQ-151</li> <li>• ARQ-154</li> <li>• ARQ-255</li> </ul> Products in portfolio but no patients treated <ul style="list-style-type: none"> <li>• ARQ-234</li> </ul>

# Our Approach to Patient Care

## Clinical Trial Program

Meaningful innovation is at the heart of everything we do at Arcutis. We look to tackle the most persistent challenges in treating immune-mediated dermatological diseases and conditions. Our unique approach to dermatological product development has enabled Arcutis to advance a robust pipeline for a range of inflammatory skin conditions. At every step of the research and development process, we are implementing best practices to ensure safety and quality care in everything we do.

Arcutis is committed to adhering to both domestic and international applicable laws, regulations, and guidelines. Clinical trials are governed by the International Conference on Harmonization (ICH) and the FDA's Good Clinical Practice guidelines. We maintain clinical trial compliance through processes, policies, and trainings. Our processes and practices are covered under either internal Standard Operating Procedures (SOPs), or those of our contracted partners, to ensure ethical standards are maintained.



Our SOPs for Clinical Trials Registration and Results Posting include policies and procedures that apply to Arcutis employees and contracted partners who manage, oversee, and conduct regulated research on behalf of Arcutis.

Our SOPs cover the conduct, oversight, reporting, and auditing of clinical research. We conduct regular training for both employees and contracted partners related to our products, services, and overall safety, as well as on the requirement to report adverse events. All training is recorded in an internal tracking system and monitored for completion on an ongoing basis.

For more information on our clinical trial practices, see [Our Approach to Clinical Trials](#).

## Diversity in Clinical Trials

In the research, design, and manufacturing of our products, diversity of thought, experience, and background is essential for the creation of drugs that are effective, safe, and advantageous for individuals they are intended to treat. Our approach to forming clinical trial participant pools is no different.

**Arcutis relies on diverse representation in clinical trials to ensure that data on responses to new treatments accurately represent all the populations that may receive care in the future. Arcutis performs subgroup analyses of each trial by gender, race and ethnicity, skin type, and age to understand results in these diverse populations.**

To establish representative clinical trials, we recruit participants from a wide variety of geographic locations and intentionally host trials in areas with diverse demographic representation. Arcutis hosts clinical trials in the U.S., Canada, and the Dominican Republic, as well as a cross-section of populations across Europe and Australia. Arcutis seeks to identify clinical trial investigators with diverse backgrounds and trains them to conduct trials to support the improvement of diversity in trial enrollment.

To continuously improve the trial process and ensure we are using best practices, we contact third parties and utilize comparative data analysis. Arcutis measures clinical trial participant demographics against U.S. Census data and reports results to senior management throughout the year. In the event that gaps are identified, senior management may implement process changes where relevant.

Arcutis brings in speakers to educate employees about industry-leading insights on the power of representation in dermatological research, as well as key techniques for treatment of diverse skin types. Prioritizing continuing education on diversity in our operations and practices is integral for the future of our organization and our industry. We are committed to doing things differently because we believe that change is possible.

Arcutis has built a network of industry partners including HCPs, medical advisors, and organizations like the Skin of Color Society that provide essential perspectives on opportunities and techniques to increase diversity in our clinical operations. Our commitment to enhancing diversity in dermatology is apparent across our pipeline. For us, meaningful innovation demands that we face challenges head-on, so we can make a difference in the lives of individuals.

## Clinical Trial Quality and Safety

### Discussion, by world region, of management process for ensuring quality and patient safety during clinical trials

#### HC-BP-210a.1

Arcutis Research & Development (R&D) follows a quality manual which outlines our Quality Management System (QMS). This includes the formalized system of policies, procedures, and processes in place that comply with applicable laws, regulations, and standards related to Good Laboratory Practices (GLP), Good Clinical Practices (GCP), and Pharmacovigilance (PV) that control the planning, conduct analysis, and reporting of drug development results.

Well-designed policies, procedures, and processes ensure that quality standards are met, performance is monitored, staff are properly trained, errors are minimized, issues are reported, investigated and escalated, and corrective and preventive actions (CAPA) are implemented, as required. Procedural and process adjustments are made as necessary for efficiency and continuous improvement.

In addition, fit-for-purpose documentation processes are in place, which serve as the foundation for the QMS. R&D Quality Assurance conducts risk-based audits for each program and hosts regulatory inspections, as needed.

We have made a concerted effort to implement leading safety and quality processes and training to ensure that individuals receive the standard of care that they deserve. Clinical trial participants are compensated for time, travel, and out-of-pocket expenses associated with study visits.

Arcutis' safety protocols, aligned with industry-recognized frameworks and best practices, are in place to ensure that we are diligent, thoughtful, and patient-oriented in the development of essential dermatological treatments.

### Number of FDA sponsored inspections related to clinical trial management and pharmacovigilance that resulted in: (1) Voluntary Action Indicated (VAI) and (2) Official Action Indicated (OAI)

#### HC-BP-210a.2

Ensuring the safety of our products and facilities is a core component of our operations. In 2022, there were no FDA sponsored inspections related to clinical trial management and pharmacovigilance resulting in VAI or OAI.

### Total amount of monetary losses as a result of legal proceedings associated with clinical trials in developing countries

#### HC-BP-210a.3

In 2022, Arcutis had no material monetary losses as a result of legal proceedings associated with clinical trials in developing countries. For more information see Arcutis' 2022 [10-K](#).





Arcutis Cares™



Advancing  
access for all.

## Access and Affordability

### Access to Medicines

**Description of actions and initiatives to promote access to healthcare products for priority diseases and in priority countries as defined by the Access to Medicine Index**

*HC-BP-240a.1*

While Arcutis' clinical focuses are not tied directly to a priority disease as defined by the 2022 Access to Medicine Index, Arcutis is uniquely positioned in our industry to make momentous strides for individuals impacted by some of the most pressing dermatological conditions. Our product development platform, diverse research staff, and experienced scientific advisors give us a competitive edge and the tools necessary to achieve essential progress in addressing unmet patient needs. We are committed to meaningful innovations for the dermatology community.

We see patients and providers as our partners—not as data points. We've taken the time to collect feedback and understand the challenges they face. Creating solutions for gaps in patient access is an essential component in our ability to serve those in need of care. The Arcutis team advocates for patients and their needs because what matters most to them matters most to us.

**We believe in pricing our therapies responsibly and have created programs to help individuals get access to the care they need.**

In July 2022, ZORYVE® (roflumilast) cream 0.3%, Arcutis' first commercial-stage product, was approved for use by the FDA. Our goal is to make ZORYVE affordable and accessible to maximize the number of patients who may benefit from this treatment option as quickly as possible. Our pricing strategy for ZORYVE is simple—a responsible price that can help enable broad access that minimizes the prescriber burden and limits the number of payer restrictions. Notably, Arcutis has chosen to price ZORYVE nearly 40% lower than the average of the last five branded topical treatments launched.

In August 2022, we began offering access and support programs, including our patient assistance program (PAP), for Arcutis' medication. The Arcutis Cares™ PAP provides ZORYVE at no cost to eligible uninsured or underinsured patients with financial need.<sup>1</sup>

The ZORYVE Direct patient access support program is a key element for enabling commercially insured individuals with plaque psoriasis get access to the care they need. The program helps both healthcare providers and their patients navigate the payer process, lowering eligible patients' out-of-pocket treatment costs and offering support opportunities to continue ZORYVE.

## Payments

### **Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments and/or provisions to delay bringing an authorized generic product to market for a defined time period**

*HC-BP-240b.1*

Arcutis did not have any settlements of ANDA litigation that involved payments or provisions to delay bringing an authorized generic product to market for a defined time period. For more information see Arcutis' 2022 [10-K](#).

### **Percentage change in: (1) average list price and (2) average net price across U.S. product portfolio compared to previous year**

*HC-BP-240b.2*

Arcutis launched the company's first commercially available product, ZORYVE, in August 2022. The company did not change the list price during this disclosure period.







## Community Engagement

### Arcutis' Community Engagement Strategy

We believe that being a good corporate citizen means being a good neighbor, supporting the communities where we live and work, supporting the patient communities we serve, and going the extra mile for individuals, their families, and our employees, in any way we can.

Arcutis is committed to being a steward of the communities where we operate. Each year we encourage employees to make time to volunteer with organizations they are passionate about. Employees are able to use time off to prioritize volunteer efforts and philanthropic initiatives. **In 2022, employee volunteer time totaled over 2,900 hours across more than 70 different organizations in local neighborhoods.** Employee giving campaigns benefited local non-profits Casa Pacifica and Manna, whose respective efforts provide foster care support for children and food assistance to neighbors experiencing food insecurity.

Throughout 2022, despite negative earnings per share, Arcutis and its employees contributed more than \$100,000 to charitable and community organizations. We have built strong relationships with philanthropic organizations that benefit disadvantaged community members and veterans by ensuring that along with their health they have safe, affordable housing, and resources to support their well-being.

In 2022, Arcutis supported veteran communities through partnerships with Hives for Heroes, a national non-profit organization supporting military personnel during their transition from service. Over 250 employees volunteered for this program, which provides returning veterans with the knowledge and skills to become beekeepers and connect with communities through the shared focus of bee conservation. In addition, the company continues to support Habitat for Humanity.

Arcutis also provides support for patient advocacy organizations and professional societies. In 2022, the company participated in 10 community walks supporting the National Psoriasis Foundation (NPF), provided funding and resources to educational programs of the NPF and National Eczema Association (NEA), and donated to the American Academy of Dermatology educational program for children, including Camp Discovery.



# Human Capital Management

**From its inception, Arcutis has invested in the development of a strong culture**

**We have defined twelve operating principles that describe expectations of our team members;** we constantly discuss these in staff meetings and all-company communications, highlight team members who demonstrate these principles, and recognize outstanding examples with awards.

We operate as a hybrid organization, allowing employees to work remotely while also providing in-person opportunities for connections. At Arcutis, we hold monthly all-staff meetings (either in person or virtual) that all team members are expected to attend, and when in person, we dedicate as much time during those meetings to unstructured relationship building as we do to official business. We hold monthly social hours and lunch and learns to provide opportunities for employees to learn, engage, and connect.

We believe in managing results, not people. At Arcutis, we've never required attendance in the office except for monthly all-staff meetings, nor have we specified work hours or limits on paid time off. Instead, we set very clear and measurable, mutually agreed-upon goals for each employee. We continuously track and measure progress against those goals and evaluate team members' performance and calculate bonuses based on delivery against those goals. This approach has been incredibly effective at producing outstanding results on time or ahead of schedule throughout our corporate history.

Our twelve operating principles guide us in our actions, intentions, and strategic business decisions. Meaningful innovation is centered around thinking critically about how we can move our industry forward while empowering our people to solve the most pressing matters in medical dermatology.



## Employee Engagement

At Arcutis, caring for people is in our DNA. We are committed to fostering a culture that prioritizes its people through engagement surveys and feedback mechanisms to ensure we incorporate the individual employee voice no matter the role or location. We conduct employee engagement surveys twice each year as well as an annual Fortune's Best Places to Work® survey.

In 2022, Arcutis was named a Fortune's Best Place to Work in Biopharma™ and Fortune's Best Place to Work for Millennials™. **Based on the 2022 survey, 95% of employees at Arcutis say it is a great place to work compared to 57% of employees at a typical U.S.-based company, and 99% agree management is honest and ethical in its business practices.**

Feedback from surveys is reviewed and used to improve business practices. Two of Arcutis' four professional development programs, Intent-Based Leadership® and Colors® training, were created as a result of employee feedback in survey responses.

Surveys are also used as part of our Arcutis Culture Team (ACT) to determine events and collaboration opportunities. Since 2020, the ACT has been engaged to plan, coordinate, and communicate employee engagement opportunities. Our Arcutis Culture Team represents a cross-section of employees throughout various levels and functions to integrate and facilitate the education of our employees and provide opportunities to strengthen our employee community.

In 2022, this team helped coordinate our charitable activities, initiated a new "Employee Spotlight" campaign that highlights employee diversity and recognizes employees who demonstrate our internal values and principles in action, as well as hosted monthly cultural events to facilitate inclusion and education on different cultures and backgrounds of our employees (and have fun in the process).

In 2022, ACT reorganized into three sub-teams focused on Diversity, Equity, and Inclusion (DEI); Employee Engagement; and Charity and Community Engagement. 2022 also marked the founding of our company's first employee-coordinated Connection Group, or affinity/interest group, and ended the year with three groups focused on varying interests of our employees. Throughout the year, the company celebrated many diverse cultures and activities such as Black History Month, PRIDE Month, International Women's Day, Asian American and Pacific Islander Month, and Hispanic Heritage Month, to name a few.



# Developing Top Talent

## Talent development (all workforce)

HC-BP-330a.1

Arcutis champions meaningful innovation, seeking to improve the standard of care for all. Without industry-leading talent across our operations, we would not be able to deliver on our promise. Engaging, recruiting, and retaining top talent in the medical dermatology space is vital to the sustained growth of our organization and our ability to do more for our patients.

In 2022, we continued our professional development program with the mission of supporting continuous learning to enhance awareness, competence, performance, and innovation. This program focuses on three key objectives: grow, connect, and lead.





We utilize tools such as personal skills and interest inventories, Insights® Discovery workshops, and Intent-Based Leadership® workshops to support our workforce on their career paths and to connect our teams for stronger working relationships. We conducted multiple learning sessions throughout 2022 to achieve over 95% of our employees participating in both our Insights® Discovery and Intent-Based Leadership® workshops.

In addition to these company-wide professional development activities, Arcutis is also a corporate sponsor of the Healthcare Businesswomen's Association (HBA). We encourage and sponsor participation in the HBA, #IamRemarkable, HCL Technologies' Women Lead mentoring program, and Women in Bio. Investing in organizations and opportunities to enhance representation across our operations makes us stronger. It is a key tool used to help us grow a network of leaders and innovators across our operations.

In order to align the activities of all employees to our corporate goals, each employee develops individual performance goals as part of our annual performance planning and review process. Managers conduct mid-year performance discussions with their teams to review progress

towards goals, obtain feedback from their employees, and ensure adequate resources are available to complete the goals. At the end of each year, managers conduct formal performance reviews of their staff.

Arcutis provides U.S. employees who regularly work 30+ hours per week a comprehensive benefits program that includes medical, dental, and vision insurance and an employee-friendly split of monthly premiums. We also provide company-sponsored life insurance and long-term disability insurance. At the end of 2022, we implemented a new benefits program for 2023 that increased the coverage received by employees while maintaining an employee-friendly split of monthly premiums. Our 2023 benefits program also includes a new company-sponsored mental wellness benefit including five free mental health sessions for all employees and their dependents.

Arcutis provides employees in Canada a benefits program that is in addition to the basic programs available to citizens through the Canada public healthcare system. The Arcutis program includes extended healthcare, prescription drug coverage, and dental and vision coverage. We also provide company-sponsored life insurance and disability programs, and our mental wellness benefit is available to Canadian employees and their dependents.

**We have a broad-based equity program where everyone is a shareholder of the company.** Each employee receives a new-hire equity grant when they join the company, and they are also eligible to receive annual equity grants. In the U.S. we also sponsor a 401k program with company match, a flexible paid time off program, 12 paid holidays, and a generous employee stock purchase plan (ESPP). In Canada, we sponsor a registered retirement savings program (RRSP) with company match, a flexible paid time off program, and 12 paid holidays.

To support employees in their wellness journeys, we provide monthly stipends towards fitness activities. Arcutis employees enjoy a flexible schedule, allowing for a combination of remote work and in-office networking opportunities as well as better opportunities to balance personal and work commitments.

We are intentional in our efforts to ensure our employees feel supported and excited to be a part of the Arcutis team every day.



## Diversity, Equity, and Inclusion

We believe that the diversity of our employees supports our ability to develop innovative medicines while also making our company stronger. We value our employees and the diversity each employee brings, including, but not limited to, diversity of race, gender, age, sexual orientation, backgrounds, experiences, skills, opinions, and personalities.

As part of our commitment to enhance diversity and inclusion practices, we conduct annual pay equity assessments to identify and address potential pay gaps. Our first assessment was conducted in 2022 for U.S. employees below the Senior Vice President level, and no evidence of a systemic pay equity issue was found.

Arcutis is committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules, and regulations, as well as our Code of Conduct and Ethics. We also have a corporate Whistleblower and Complaint Policy, including a reporting hotline available to all employees 24/7 for confidential and anonymous reporting of any improper activities.

## Workplace Safety

We are also focused on the health, well-being, and safety of our employees. We continue to seek opportunities to prevent and reduce workplace risks and injuries through various programs, projects, services, and assistance, such as ergonomic evaluation, hazard reporting, risk assessment, and first-aid training. Employee safety is also supported by an access control system at all facilities and a dedicated 24/7 security team at our headquarters offices. We require all work-related injuries or illnesses to be reported. This information is reviewed by management for analysis.

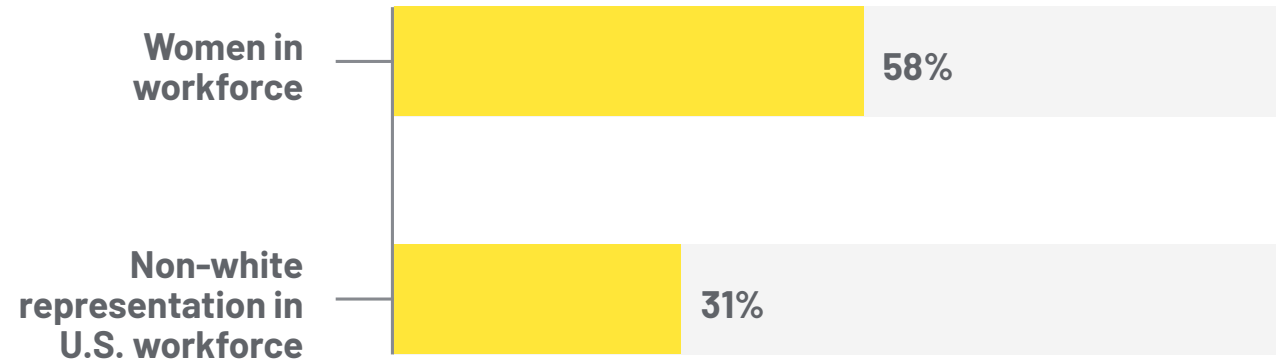
In 2022, Arcutis did not have any workplace injuries and/or lost time injury rates. In future reporting, Arcutis will disclose more information about the scope of outsourced manufacturing and safety practices.



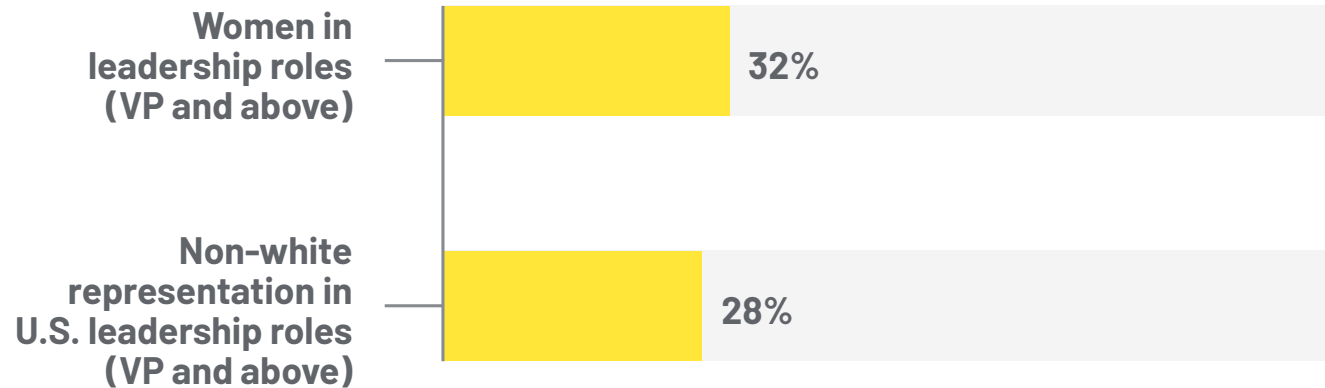
# Arcutis Employee Data

In 2022, our total number of employees increased by 81% to 268 employees. This growth in headcount was centered around our preparation and implementation of the commercial launch of our first product.

## Workforce Demographics



## Leadership Demographics



## Turnover *HC-BP-330a.2*

Executives/Senior Managers

**0.5%**  
Voluntary

**0%**  
Involuntary

Mid-level Managers

**4.8%**  
Voluntary

**1%**  
Involuntary

All Others

**3.3%**  
Voluntary

**0.5%**  
Involuntary

Our low employee turnover rates in 2022 were positively impacted by our human capital management programs, including a generous and competitive benefits program, and our regular solicitation of feedback through engagement surveys.



## Drug Safety

### Product Safety Strategy

Creating a culture of safety is our priority not only for the individuals we serve, but for our entire staff and the healthcare providers on the front lines of patient care. The Patient is Paramount is our first operating principle for a reason. Our Interactions with Healthcare Professionals and Patients Policy delineates the importance of reporting adverse events, product complaints, and other safety findings and refers to our SOP on the reporting thereof. 100% of Arcutis employees and contractors are annually trained on the reporting of adverse events. Our Chief Medical Officer, a board certified dermatologist, is the Chair of our Product Safety Team, which is responsible for identifying and investigating safety signals and other related topics. Our Patient Safety and Pharmacovigilance Team operates under procedures and work instructions that require annual training, including the generation of metrics that are reported to the Product Safety Team. We use a qualified vendor that is periodically audited to perform pharmacovigilance operations activities and maintain our safety database. At every step of the research and development process, across all of our disease focus areas and in every aspect of our operations, a culture of safety guides us to make meaningful innovation.

### List of products in the Food and Drug Administration's (FDA) MedWatch Safety Alerts for Human Medical Products database

HC-BP-250a.1

As of this reporting period, Arcutis did not have any products listed in the FDA's MedWatch Safety Alerts for Human Medical Products database.

### Number of fatalities associated with products as reported in the FDA Adverse Event Reporting System

HC-BP-250a.2

As of the reporting period, Arcutis did not have any fatalities associated with products as reported in the FDA Adverse Event Reporting System.

### Number of recalls issued, total units recalled

HC-BP-250a.3

In 2022, Arcutis had no product recalls issued. For more information see Arcutis' 2022 [10-K](#).

### Total amount of product accepted for take-back, reuse, or disposal

HC-BP-250a.4

In 2022, Arcutis had no product accepted for take-back, reuse, or disposal.

In 2022, Arcutis became a member of the Pharmaceutical Product Stewardship Work Group (PPSWG), an organization whose mission is to provide infrastructure, guidance, and subject-matter expertise on compliance and awareness around disposal options for pharmaceutical products. As we grow the scale and scope of our production operations, Arcutis will engage with suppliers to better understand opportunities within this area of focus.

Arcutis' work with PPSWG has helped guide our organization on various safety protocols. In several states and local jurisdictions, laws have been passed that mandate pharmaceutical manufacturing companies establish take-back programs for the collection and disposal of unwanted medicines and sharps from households. Arcutis participates with PPSWG and its designated program operator, MED-Project, to meet these obligations.

The MyOldMeds website is provided by PPSWG as an easy way for consumers to access free and convenient options to safely dispose of unwanted, unused, or expired household medicines. As a member of PPSWG, we are proud to assist in the funding of this valuable service to our customers.

For more information about Arcutis' take back, reuse, and disposal requirements, see Arcutis' 2022 [10-K](#).

### Number of FDA enforcement actions taken in response to violations of current Good Manufacturing Practices (cGMP), by type

HC-BP-250a.5

In 2022, Arcutis had no FDA enforcement actions taken in response to violations of current Good Manufacturing Practices. For more information see Arcutis' 2022 [10-K](#).



## Counterfeit Drugs

### Description of methods and technologies used to maintain traceability of products throughout the supply chain and prevent counterfeiting

HC-BP-260a.1

Arcutis uses robust supply chain inventory control measures across the entire end-to-end supply chain. Contract packaging organizations execute finished drug product packaging with access to legitimate printed packaging components. Contractors have inventory reconciliation requirements for each packaging project to ensure printed packaging components are neither mishandled nor potentially diverted and/or available for counterfeiting by a fraudulent third party. Product serialization is tracked through TraceLink systems to ensure quality and mitigate potential fraud risks.

### Discussion of process for alerting customers and business partners of potential or known risks associated with counterfeit products

HC-BP-260a.2

We are committed to and will work exclusively with partners who comply with all aspects of the Drug Supply Chain Security Act (DSCSA). We diligently follow serialization requirements which are intended to deter supply chain partners from using illegal sources to gain access to illegitimate or counterfeit products.

Through the serialization process and the TraceLink system, Arcutis will be required to notify the FDA and partner organizations within 24 hours of confirmation of illegitimate or potentially illegitimate product.

### Number of actions that led to raids, seizure, arrests, and/or filing of criminal charges related to counterfeit products

HC-BP-260a.3

In 2022, Arcutis had no actions that led to raids, seizure, arrests and/or filing of criminal charges related to counterfeit products. For more information see Arcutis' 2022 [10-K](#).





## Supply Chain Management

**Percentage of (1) entity's facilities and (2) Tier I suppliers' facilities participating in the Rx-360 International Pharmaceutical Supply Chain Consortium audit program or equivalent third party audit programs for integrity of supply chain and ingredients**

*HC-BP-430a.1*

Our internal quality manual details supplier classification and risk models that are used to analyze supplier operations and partnership viability. Arcutis requires suppliers to be qualified to an approved supplier list and maintains a GMP auditing program to ensure best practices in production, safety, and quality monitoring.

## Ethical Business Practices

**Total amount of monetary losses as a result of legal proceedings associated with corruption and bribery**

*HC-BP-510a.1*

Arcutis did not have monetary losses as a result of legal proceedings associated with corruption or bribery. For information on material legal proceedings, please see the General Risk Factors section of Arcutis' 2022 [10-K](#).

**Description of code of ethics governing interactions with healthcare professionals**

*HC-BP-510a.2*

Throughout our business operations, our interactions are guided by our publicly available Code of Business Conduct and Ethics. To provide further guidance for Arcutis employees' ethical conduct, we maintain an internal Interactions with Healthcare Professionals and Patients Policy, which outlines expectations for interactions with patients, healthcare professionals, and certain healthcare entities. Expectations outlined in the policy define but are not limited to the following topics: acceptable promotional practices, adverse events reporting, ethical and compliant interactions with HCPs, promotion, scientific exchange, and activities such as trade conferences, meals, and speaker programs.

**Total amount of monetary losses as a result of legal proceedings associated with false marketing claims**

*HC-BP-270a.1*

In 2022, there were no monetary losses resulting from proceedings associated with false marketing claims. For information on material legal proceedings, please see the General Risk Factors section of Arcutis' 2022 [10-K](#).

**Description of code of ethics governing promotion of off-label use of products**

*HC-BP-270a.2*

Along with our foundational Code of Business Conduct and Ethics, Arcutis' policy on Interactions with Healthcare Professionals and Patients is the company's primary guide for ethical expectations related to external interactions, ethical conduct expectations, and appropriate marketing principles. Arcutis requires all employees to comply with local, state, and federal laws associated with product promotion. Our Chief Compliance Officer is responsible for monitoring corporate ethics expectations and implementing appropriate policies to prevent improper promotion of products.

## Sustainable Operations

Arcutis recognizes our responsibility to be stewards of the environments where we operate. We collaborate with vendors who are environmentally conscious. Before initiating a partnership with a key supplier, we evaluate them across several criteria; one of those is a commitment to sustainability with a dedicated program in place.

We are proactive about choosing our product packaging. At Arcutis, we take pride in ensuring all our packaging is fully recyclable, including the carton and aluminum tubes. Aluminum can be recycled repeatedly into all sorts of consumer products. We're dedicated to doing our part as we expand our product portfolio and grow as a company.

We have initiated an assessment of our greenhouse gas emissions footprint in order to develop a methodology for collection and reporting. Through internal resources and third-party relationships, we are confident in our ability to quantify our scope 1 and 2 emissions while continuing to evaluate and understand our supply chain. We have also worked with our third-party suppliers to understand their sustainability practices. In addition, we have limited our environmental footprint by operating in a hybrid and virtual work environment.

Arcutis uses a hybrid in-office and work-from-home model. Our footprint is limited to leased corporate office space that uses environmentally friendly practices to reduce our impact. Since Arcutis' founding in 2016, we have utilized digital tools to minimize printing and use of paper and facilitated remote work in our efforts to reduce carbon emissions. We use reusable containers and utensils in our breakrooms and do not offer water in plastic bottles. All office waste is sorted, and appropriate materials are recycled. At our corporate office, we use motion-sensitive lights, low-flow water fixtures, LED lighting, and have electric vehicle charging stations available.

We are committed to reducing the carbon footprint of our sales force. We offer incentives to our sales force to adopt carbon-friendly transportation: for example, electric and hybrid vehicles. As we continue to grow and develop our environmental programs, we will explore opportunities to enhance our practices and to track our impact.



# Corporate Governance Practices

## ESG Program Oversight

Board oversight of our ESG program is managed by the Nominating and Corporate Governance Committee of the Board of Directors. Their charter includes evaluating and overseeing our ESG principles, initiatives, and risks. Where appropriate, ESG matters are also discussed within the Audit and Compensation Committees and annually an ESG report is provided to the Board. Internal oversight and execution are managed with a cross-functional team led by our Head of ESG, and includes our General Counsel, Vice-President of HR, Head of Corporate Communications, and Head of Investor Relations.

## Data Security and Privacy Program

Protecting the privacy of our patients' and employees' information and the security of our systems and networks is a top priority for Arcutis and our Board of Directors. We have technical, administrative, and physical safeguards in place to help protect against unauthorized access to, use of, or disclosure of patient and employee information and data we collect and store. In addition, our comprehensive information security program includes, among other aspects, vulnerability management, antivirus and malware protection, file integrity monitoring, encryption, and access control.

Arcutis' information security program maintains policies and procedures to guide our security and data protection decision-making process. We regularly update our systems in an effort to quickly remediate any potential vulnerabilities. We also purchase a fixed amount of cybersecurity and crime insurance coverage to help mitigate some of the risk and potential liability from cybersecurity breaches.

We provide information security training to 100% of employees annually. The same training is provided to members of our contingent workforce who have access to our internal systems and can be a risk to our information technology infrastructure.

We conduct phishing exercises quarterly, focusing on users with repeated simulation failures and implement corrective actions.

We also perform an annual internal and external full penetration test. In 2022, we conducted an internal cloud security audit and remediated all critical findings.

Consistent with our Board of Directors' risk management and oversight structure, our Audit Committee has primary responsibility for overseeing our risk management practices, programs, policies, and procedures related to data privacy, data protection, and network security. Management provides our Audit Committee and our Board of Directors with updates about cybersecurity practices, programs, policies, and procedures, and the status of projects designed to strengthen internal cybersecurity and data protection. Our Board of Directors and Audit Committee also discuss potential cybersecurity and data protection threats.

We have consolidated information security and cyber resiliency activities under the leadership of the Chief Digital and Information Officer (CDIO). The CDIO regularly reviews the company's cybersecurity program and risks, processes, and procedures with the Board's Audit Committee.

In 2022, we mapped and inventoried our systems in a central asset management tool and developed more robust operating procedures. We also deployed cloud security, endpoint data loss prevention, and privileged access management solutions.

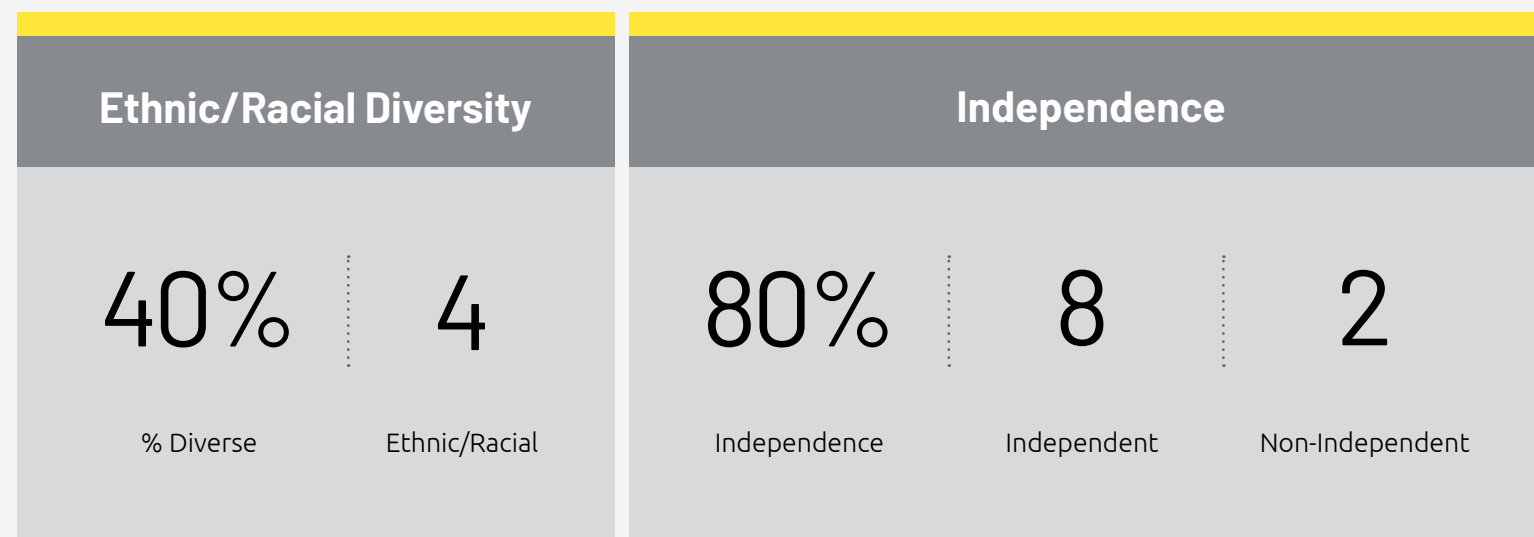
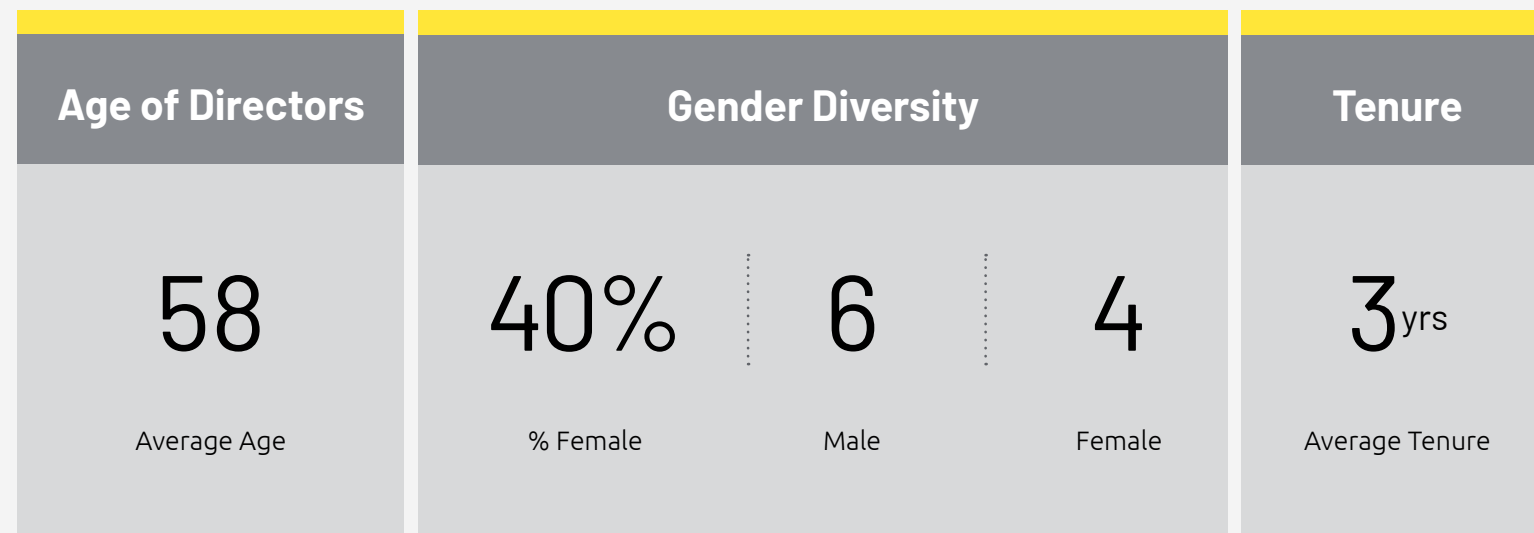
## Business Ethics

Arcutis is committed to promoting high standards of ethical business conduct and compliance with applicable laws, rules, and regulations, as well as our Code of Conduct and Ethics. We also have a corporate Whistleblower and Complaint Policy, including a reporting hotline available to all employees 24/7 for confidential and anonymous reporting of any improper activities.

We are committed to upholding the principles set forth in our Code of Conduct and Ethics as well as those guiding principles outlined in our Anti-Corruption and Insider Trading Policies. In 2022, all employees were required to complete annual training on the Code of Conduct and Ethics.

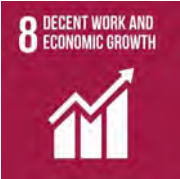



## Board Composition as of October 1, 2022



Best Practices	Disclosure
Stock ownership guidelines for executive officers and directors	Yes
Board oversight of ESG	Yes
Independence	Disclosure
Separate CEO and Chair roles	Yes
Independent Lead Director	Yes
Accountability	Disclosure
Annual Board and Committee self-evaluation	Yes
Annual evaluation of CEO by independent directors	Yes
Clawback policy	Yes
Shareholder Rights	Disclosure
One-share, one-vote	Yes
Vote standard for bylaws	67%

# United Nations Sustainable Development Goals (UN SDGs)

UN SDG	UN SDG Code	2023 Disclosure
<p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</p>	<p><b>SDG 8</b></p> 	<p>In 2021, we launched professional development programs with the mission of supporting continuous learning to enhance awareness, competence, performance, and innovation.</p> <p>In 2022, we continued to provide employees with training opportunities to enhance their skillsets based on focus areas across the organization. Throughout the employee lifecycle, we encourage Arcutis team members to seek out opportunities that enable educational growth and professional development. For more information about Arcutis' professional development programs, <a href="#">see the Developing Top Talent section of this report.</a></p>
<p>Reduce inequality within and among countries.</p>	<p><b>SDG 10</b></p> 	<p>Arcutis relies on diverse representation across our operations, among our employee base, in our leadership ranks, and in clinical trials to ensure our culture and our processes are equitable and inclusive.</p> <p>We have implemented programs to recruit, engage, and retain a diverse employee base including learning opportunities and professional development initiatives to ensure we are aiding in the growth and development of all of our employees. For more information on our DEI initiatives, <a href="#">see the Human Capital Management section of this report.</a></p> <p>We also rely on diverse representation at every stage of the clinical trial process to ensure that responses to new treatments accurately represent all the populations that may receive care in the future. To establish representative clinical trials, we recruit participants from a wide variety of geographic locations and intentionally host trials in areas with diverse demographic representation. For more information on our clinical trial practices, <a href="#">see the Approach to Patient Care section of this report.</a></p>



**ARCUTIS**<sup>®</sup>  
BIOTHERAPEUTICS

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