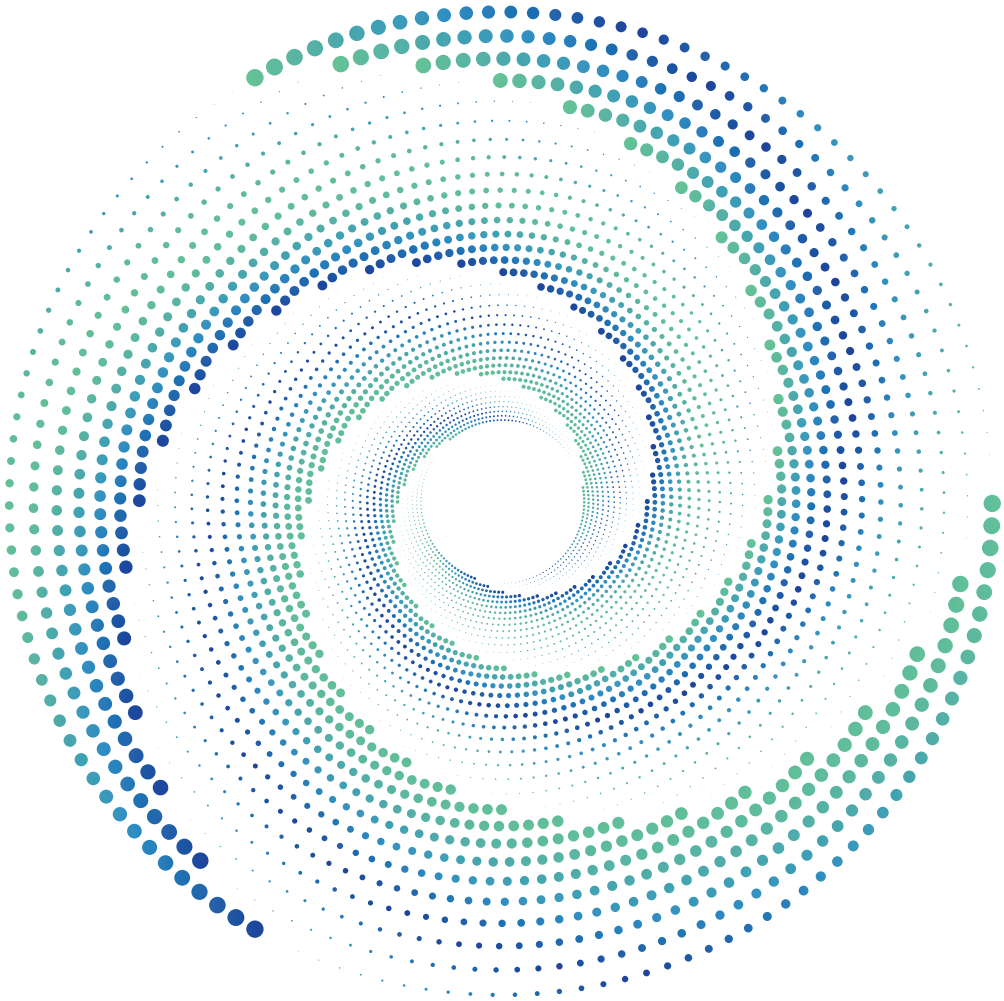
cutia 科笛
CUTIA THERAPEUTICS

Cutia Therapeutics 科笛集团

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2487

Environmental, Social & Governance Report 2024



CONTENTS

ABOUT THE REPORT

• OVERVIEW

The 2024 Environmental, Social, and Governance Report (the "**Report**") of Cutia Therapeutics (the "**Company**" or "**we**") emphasizes process management and focuses on the principles of materiality, quantification, balance, and consistency. It systematically elaborates on the Company's concepts, actions, performance, and commitments in pursuing sustainable development. By publishing this Report, we aim to address the concerns of stakeholders, strengthen communication and engagement with them, enhance their recognition of our interests, emotions and values, and continuously promote sustainable development in economic, environmental, and social aspects.

• PRINCIPLES

Materiality: Cutia Therapeutics utilizes a communication with stakeholders mechanism to distribute materiality assessment questionnaires, identifying key sustainability concerns of stakeholders and determining material issues relevant to the Company. For details, please refer to the *Materiality Issues Identification* chapter of this Report.

Quantitative: The application of the quantitative principle is primarily reflected in the calculation and disclosure of the Company's environmental and social key performance indicators (KPIs). For details, please refer to the appendix *Key Performance Table*.

Balance: To ensure that this Report can comprehensively reflect the Company's sustainable development practices to our stakeholders, we have objectively and fully disclosed our efforts in environmental, social, and governance aspects.

Consistency: This Report adopts statistical methods consistent with previous year and provides comparative data across different years. Where there are changes in the scope of data disclosure, explanations are provided following the Appendix I *Key Performance Table*.

• SCOPE

Report Scope: The entities covered in this Report include Cutia Therapeutics and its subsidiaries, consistent with the scope of the 2024 annual report (the "**2024 Annual Report**"). For detailed information about the Company's business, please refer to the Company's 2024 Annual Report. The following abbreviations are used in this Report to define subsidiaries:

Aurora Cutis	Aurora Cutis Medical Technology (Shanghai) Co., Ltd.
Chongqing Lehao	Chongqing Lehao Pharmaceutical Co., Ltd.
Cutia HK	Cutia Therapeutics (HK) Limited
Cutia Shanghai	Cutia Therapeutics (Shanghai) Co., Ltd.
Cutia Wuxi	Cutia Therapeutics (Wuxi) Co., Ltd.

Reporting Period: The content of this Report primarily covers the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**" or "**this Year**"). To enhance the completeness of the Report, some content extends beyond the aforementioned period.

Reporting Cycle: This marks the second Environmental, Social, and Governance Report released by Cutia Therapeutics.

• STANDARDS

The Report is prepared in accordance with the *Environmental, Social, and Governance Reporting Guide* contained in Appendix C2 of the Listing Rules of the Stock Exchange and the summary of its major amendments. Readers can refer to the last chapter of this Report – *Appendix II: Content Index of Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange* – for quick reference.

• SOURCE OF INFORMATION

The information and data in this Report are sourced from Cutia Therapeutics's internal formal documents, internal statistical materials, and relevant public information. Unless otherwise specified, all monetary amounts in this Report are denominated in Renminbi (RMB).

• ASSURANCE METHOD

All contents disclosed in this Report have been reviewed and approved by the board of directors (the "**Director(s)**") of Cutia Therapeutics (the "**Board(s)**"). The Board commits to supervising the content of the Report to ensure there are no false or misleading statements or material omissions.

2024 HIGHLIGHTS

Financial Performance	• In 2024, revenue reached approximately RMB280 million, representing a year-on-year increase of approximately 103% • In 2024, the ratio of selling and distribution expenses to revenue decreased significantly year-on-year. Research and development costs decreased by approximately RMB17 million or 8% year-on-year. Administrative expenses decreased by approximately RMB44 million or 24% year-on-year • In 2024, loss and total comprehensive loss for the year decreased significantly year-on-year • As of 31 December 2024, the Group's total cash and cash equivalents, time deposits over three months and financial assets at fair value through profit or loss amounted to approximately RMB876 million
Commercialization Progress	• Commercial sales continued to double • Three products are expected to be launched into the market - The New Drug Application (the "**NDA**") for topical 4% minocycline foam (acne) was officially approved for marketing by the National Medical Products Administration (the "**NMPA**") and was actively preparing for the commercialization in China - The NDA for topical finasteride (androgenetic alopecia) was accepted by the NMPA, and an NDA was submitted in Hong Kong, China - The Marketing Authorization Application (MAA) for lidocaine and tetracaine cream was accepted by the NMPA
Governance	• The Company incorporates business ethics-related content into its annual internal and external audit processes to identify potential remediation measures and the need for disciplinary actions, thereby strengthening the ability of the Company to prevent risks related to business ethics
Products	• The Company undergoes external quality audits from official agencies, business partners, and third parties, achieving a 100% pass rate during the Reporting Period, with no product recalls due to quality or safety issues • During the Reporting Period, the Company efficiently completed quality audits for material suppliers related to NDA submissions and successfully signed quality assurance agreements • In 2024, Cutia Therapeutics was awarded the "Gold Customer Service Team" by the Tmall
Employees	• In 2024, Cutia Therapeutics experienced no incidents of child labor, forced labor, workplace discrimination, or sexual harassment, with a 100% labor contract signing rate • In 2024, Cutia Therapeutics had a total of 333 employees, including 201 female employees, accounting for 60.4% of the workforce, with an employee turnover rate remaining stable • During the Reporting Period, the employee training rate of Cutia Therapeutics reached 100%, with an average training duration of 48.3 hours per employee • During the Reporting Period, no work-related injuries, lost work hours due to injuries, or work-related fatalities occurred in Cutia Therapeutics
Environmental	• We established a dedicated hazardous waste storage facility and implemented measures to prevent rainwater, infiltration, leakage, dust emission, and runoff to control environmental pollution • In 2024, Cutia Therapeutics was actively retrofitting equipment and generating more than 1,500 tons of recycled water
Social	• The Company was actively promoting the development and commercialization of our products, enabling patients and consumers to access our products at the earliest opportunity • We conduct special education, utilize Bilibili video training, and promote through WeChat public accounts to raise awareness about hair loss prevention and treatment • We actively engaged in exchanges and collaborations within and outside the industry and with the government to promote technological advancements and industry development in the field of scalp health

About Cutia Therapeutics

COMPANY OVERVIEW

Founded in 2019, we are an R&D-driven, dermatology-focused biopharmaceutical company dedicated to developing comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. We have built a broad portfolio of products, targeting the four main sectors of the broader dermatology treatment and care market, namely scalp diseases and care, skin diseases and care, topical anesthesia and localized adipose accumulation management. We have also distributed several commercialized products developed by overseas collaboration partners and marketed several products in China.

We are one of the few players in the broader dermatology treatment and care market in China equipped with fully integrated capabilities. We have applied a customer-centric approach to bolster our product candidates and expand our integrated capabilities to the entire broader dermatology treatment and care industry value chain. Our platform spans from the early phase of identifying demands, developing core technologies, managing clinical trials and product registrations, to the manufacturing and marketing of products.

Our proprietary CATAME® technology platform improves drugs to achieve topical or transdermal delivery by developing micron and nano-sized particulates, as well as evaluating formulation quality and stability, and performing cutaneous pharmacokinetic analysis. Our platform also helps design the most suitable product formats that are keys to specific and successful drug delivery. Through this platform, we have built a competitive product pipeline of creams, sprays, ointments, aerosol foams and other dosage forms.

1. Governance

Cutia Therapeutics has established a comprehensive corporate governance framework, integrating sustainable development concepts into its strategy and daily operations. We are committed to building a transparent and responsible governance mechanism, continuously improving our environmental, social, and governance performance to create a trustworthy corporate environment.

1.1 RESPONSIBLE GOVERNANCE

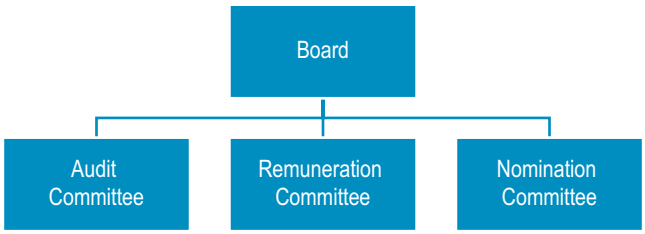
Recognizing compliance and integrity as the basis of healthy corporate development, Cutia Therapeutics has established a transparent and effective governance mechanism, continuously strengthening internal control and risk management, and adhering to the commercial ethical standards. We are committed to enhancing corporate information security and privacy protection capabilities to provide strong support for the Company's long-term development.

1.1.1 Corporate Governance

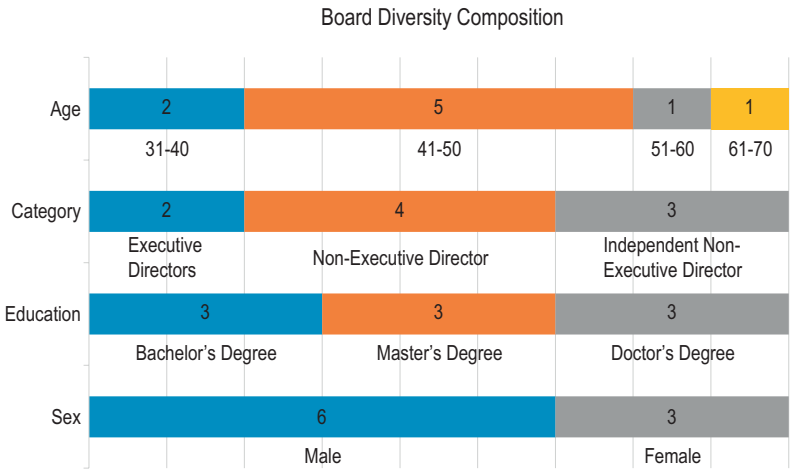
We firmly believe that comprehensive corporate governance is essential for promoting company growth. We have formulated internal policies such as the *Administrative Measures for Legal Affairs,* the *Measures for the Administration of Legal Documents* and the *Measures for the Management of Compliance Risk Reporting* to ensure efficient corporate governance through scientific management.

The Board has established the Audit Committee, the Remuneration Committee, and the Nomination Committee. Each committee performs its duties diligently, safeguarding the Company's steady development.

Board Structure of Cutia Therapeutics



Cutia Therapeutics has formulated the *Board Diversity Policy*, specifying that factors such as gender, age, cultural and educational background, skills, knowledge, and professional experience are considered when selecting Board member candidates. This enhances the Board's efficiency and ensures scientific decision-making. In terms of gender diversity, female Directors account for one-third of the Board. In terms of educational background, the Board includes professionals with expertise in pharmacy, communication, science, clinical medicine, accounting, literature, and law, all of whom bring diverse perspectives to oversee and advise on the Company's development comprehensively.

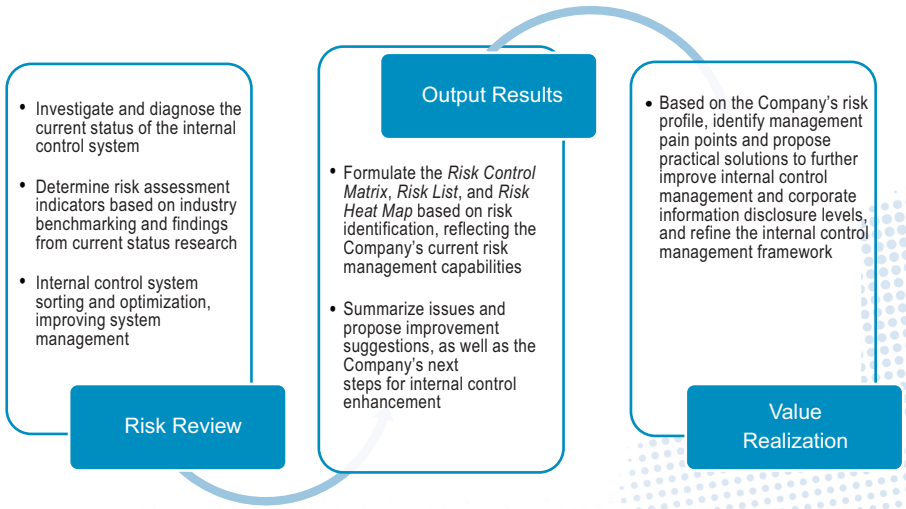


1.1.2 Compliance and Risk Management

Cutia Therapeutics actively promotes risk management and prevention efforts, formulating and issuing the *Measures for the Management of Compliance Risk Reporting* in order to strengthen the construction of the compliance management system. We have established a comprehensive control system covering risk identification, early warning, and contract performance, and have reinforced the responsibilities of various departments and positions to ensure effective risk control from the source to the execution stage.

We regularly conduct risk assessment and governance initiatives, comprehensively identifying corporate risks through project panoramas, and actively implementing improvement measures to ensure timely control and effective resolution of risks.

Project Risk Identification Panorama of Cutia Therapeutics



The Company has established a legal risk management communication platform. We regularly conduct corporate risk reviews to continuously improve the Company's risk management level. During the Reporting Period, we invited external audit vendors to focus on the Company's key risk areas based on regulatory requirements for risk management and internal control, conducting corporate governance, risk review, and internal control system audits to promptly identify risk vulnerabilities.

Cutia Therapeutics continuously enhances its ability to identify and prevent various major risks. Through legal risk prevention measures, compliance risk awareness campaigns, and employee feedback, we strengthen the risk management system and internal control management, raising the risk prevention awareness of all employees. In addition, we incorporate compliance requirements into employee performance evaluations to ensure the effectiveness of risk management.

New Employees Compliance System Introduction

Cutia Therapeutics conducts monthly compliance system introduction for new employees to help new employees understand and adhere to the Company's compliance requirements and enhance their compliance awareness.

1.1.3 Business Ethics

Cutia Therapeutics adheres to the principle of integrity in business operations, strictly complying with laws and regulations such as the *Criminal Law of the People's Republic of China,* the *Anti-Money Laundering Law of the People's Republic of China,* the *Anti-Unfair Competition Law of the People's Republic of China,* and the *Interim Provisions on the Prohibition of Commercial Bribery*. The Company has established internal policies such as the *Anti-Fraud and Anti-Money Laundering Management System* to ensure that its business ethics standards are clearly defined and followed.

At the same time, we maintain a zero-tolerance attitude towards violations of business ethics, such as corruption, favoritism, and unfair competition. We require every employee to follow the *Company Code of Conduct* and values, aiming to provide guiding principles on business ethics for all employees, Directors, suppliers, contractors, and partners.

The Company incorporates business ethics-related content into its annual internal and external audit processes to identify opportunities for continuous improvement, determine potential remedial steps, and decide whether disciplinary measures are needed, thereby strengthening the Company's ability to mitigate business ethics risks. In terms of anti-fraud, we regularly conduct self-assessments of internal controls to effectively prevent fraudulent activities.

Key Anti-Fraud Initiatives of Cutia Therapeutics

- Identify key control points where fraud risks may occur
- Establish systems and processes to prevent fraud
- Evaluation on the performance of the anti-fraud policy
- Material fraud incidents analysis
- Propose prevention and control measures

Building a Culture of Business Ethics

To involve more employees in the development of an anti-corruption and anti-fraud culture, we actively conduct professional ethics training for employees, promoting the principles of openness, transparency, and integrity. This strengthens employees' awareness of compliance, integrity in their work, and the protection of trade secrets. During the Reporting Period, the Company organized business ethics and anti-corruption training covering all Directors, senior management, and employees to ensure that all of them understand the importance of business ethics.

Annual Compliance and Business Ethics Training at Cutia Therapeutics

In December 2024, Cutia Therapeutics emphasized the importance of business ethics to employees through explanations of business ethics regulations and analyzed common integrity risks. Additionally, the Company conducted a special session on the *Prevention of Bribery Ordinance* to ensure that employees are aware of and comply with legal provisions.

Whistleblowing and Investigation Mechanism

The Company continuously optimizes its whistleblowing process, actively encouraging employees and social parties who have direct or indirect business relationships with the Company to report to the Company's Audit Department on non-compliant behaviors through e-mail, letters, interviews and other means. We strictly enforce whistleblower protection policies to ensure the confidentiality of whistleblowers' personal information and the content of their reports. Any form of retaliation will be severely punished to safeguard the legitimate rights and interests of whistleblowers.

During the Reporting Period, Cutia Therapeutics has not received any anti-fraud reports and there were no corruption litigation cases.

1.1.4 Information Security and Privacy Protection

Cutia Therapeutics placed great emphasis on information and privacy data security, committed to creating a safe and reliable network information environment for employees, customers, partners, and other stakeholders. We strictly complied with relevant national laws and regulations and regulatory requirements such as the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, as well as regulatory requirements. We have updated information security protection policies such as the *Information Security Management System, Information System Account Management Standards, Computer Room Safety Management Regulations,* and *Data Backup and Recovery Standard Operating Procedures*, establishing a robust information security management system and standardizing internal information security practices.

To strengthen network security management and business system protection capabilities, the Company has effectively enhanced its handling capacity to respond cybersecurity incidents and safety protection capacity to resist external risks through information security drills, information security system certifications, and data protection efforts.

Information and Data Security Protection Measures

Information Security Protection

- The Company uniformly provides office computers, pushing Windows security patches, and enterprise security policies and so on
- All computers are uniformly installed with antivirus and security monitoring software, with real-time updates of the latest virus patches
- The Company's internal network is protected by application and network firewalls, blocking network attacks, hackers, and ransomware, thereby securing the internal network environment
- Organize 1-2 phishing drills annually to enhance employees' information security awareness

Information Security System Certification

- During the Reporting Period, the Company's SAP cloud server, ERP system, and HR system were certified under ISO 27001

Data Protection

- The Company has deployed backup software to ensure that the Group's data is protected by enterprise-level backup and recovery technologies, safeguarding against disruptions and cyber threats

Cutia Therapeutics emphasizes improving employees' information security awareness and has established its own cybersecurity awareness education platform. We provide monthly information security courses on different themes to all employees, followed by exams corresponding to the course content.

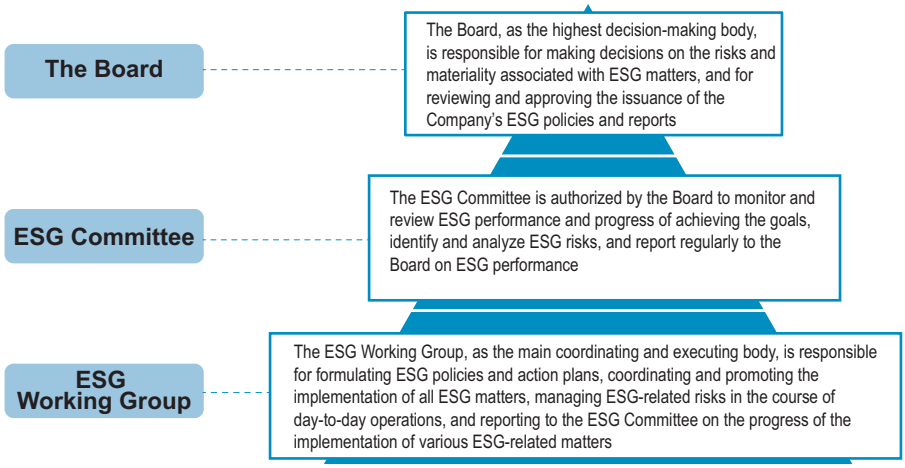
1.2 ESG GOVERNANCE

We continuously integrate ESG principles into our business strategy, deepening the Company's responsibility governance philosophy by consistently focusing on and managing key ESG issues. At the same time, we collaborate with multiple partners to explore sustainable development paths and jointly fulfill the Company's sustainability commitments.

1.2.1 ESG Governance Structure

Cutia Therapeutics has built a scientific, three-tier ESG governance structure supervised by the Board, centered on the ESG Committee and executed by the ESG Working Group, with the CEO as the chairman of the ESG Committee to lead the implementation of ESG-related work. The ESG Committee, as the core body, is responsible for the supervision and promotion of all ESG matters of the Company. The ESG Working Group is composed of all functional departments and serves as a coordinating and executing body, responsible for the specific formulation and implementation of policies and action plans related to all ESG matters, implementing the ESG management concepts into all aspects of daily production and operation.

ESG Governance Structure of Cutia Therapeutics



1.2.2 Board Statement

Board Responsibility

- The Board, as the highest decision-making body for ESG governance of Cutia Therapeutics, is responsible for reviewing and approving ESG strategies and policies, assuming the responsibilities for the overall monitoring, guiding and reviewing of ESG matters. The Board authorizes the ESG Committee to formulate ESG management policies, supervise and review the progress in achieving ESG targets, and identify and manage ESG-related risks on a regular basis. The ESG Committee consists of five members, of which the CEO of the Company serves as the chairman of the ESG Committee.

Risk Management

- Cutia Therapeutics regularly identifies and evaluates the materiality of ESG risks, and the ESG Committee makes strategic suggestions to the Board regarding the management and control of relevant risks. The Board is responsible for reviewing the relevant risks and materiality during the Group's daily operations, formulating timely response strategies, and preventing the potential negative impacts resulting from these risks.

ESG Affairs Execution

- Cutia Therapeutics has established an ESG Working Group to comprehensively promote the implementation of the Company's ESG strategies and projects, ensuring effective execution and improving overall ESG performance. The ESG Committee regularly reviews ESG progress and performance to continuously enhance ESG outcomes.

ESG Material Issues

- Cutia Therapeutics maintains regular communication with stakeholders to promptly address their concerns. We regularly review and evaluate the materiality matrix, and we optimize the Company's ESG strategy through industry analysis and stakeholder questionnaires.

1.2.3 Stakeholder Communication

Cutia Therapeutics has established efficient and diverse communication channels with stakeholders, actively responding to the expectations and concerns of key stakeholders such as customers, shareholders and investors, employees, suppliers, government and regulatory agencies, and public welfare and social organizations. The focus and concerns of these stakeholders are considered important factors for the Company's continuous improvement in ESG governance, driving the orderly implementation of various sustainable development initiatives.

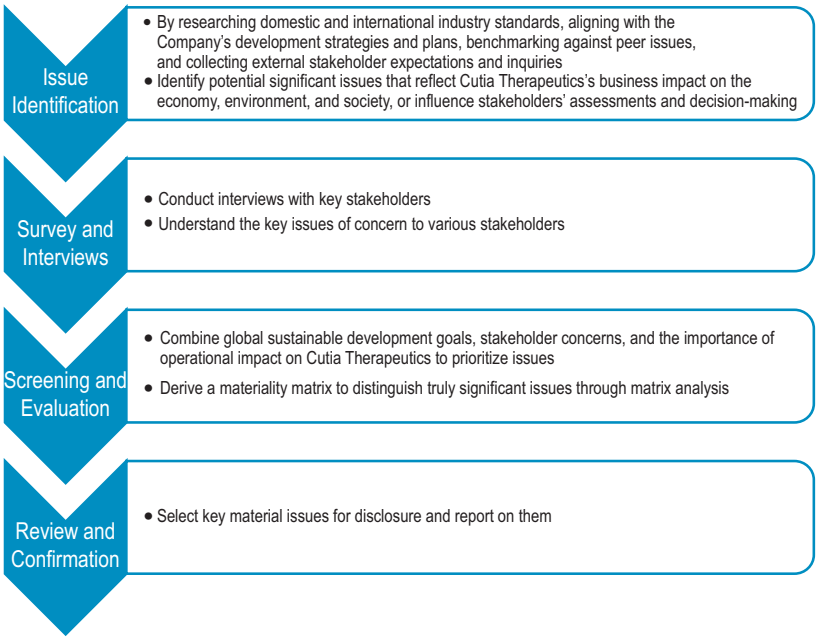
Stakeholders	Material Issues of Concern	Company Responses	Main Communication Channels
Customers	Compliance operation R&D and innovation Product quality and safety	Product quality and safety R&D and innovation Compliance operation Responsible publicity Customer rights and privacy protection	Daily operation/ communication Company website Industry forum
Shareholders/ Investors	Compliance operation Anti-corruption and business ethics Intellectual property protection Community charity Industrial cooperation and development	Product quality and safety R&D and innovation Intellectual property protection Industrial cooperation and development Compliance operation Sustainable supply chain management Emission management Resource management	General meeting Industry forum Roadshow Results presentation Company website Results announcement

Stakeholders	Material Issues of Concern	Company Responses	Main Communication Channels
Employees	Employees' rights and interests Employee communication and care Employee training and development Employee health and safety	Employees' rights and interests Employee communication and care Employee training and development Employee health and safety	Employee training Performance appraisal Exit interview Team building activity
Suppliers	Anti-corruption and business ethics Sustainable supply chain management Industrial cooperation and development	Sustainable supply chain management	Daily operation Supplier management
Government and regulatory authorities	Anti-corruption and business ethics Compliance operation Promoting industry development Industrial cooperation and development Resource management Climate change and response Emission management	Compliance operation Emission management Resource management Community charity Anti-corruption and business ethics	Regulatory communication Industry conference Compliance report Medical department communication Professional forum
Public welfare organizations/ Community organizations	Community charity Climate change and response	Community charity Climate change and response Emission management Resource management Inclusive medical care	Community organization Public welfare activity Seminar

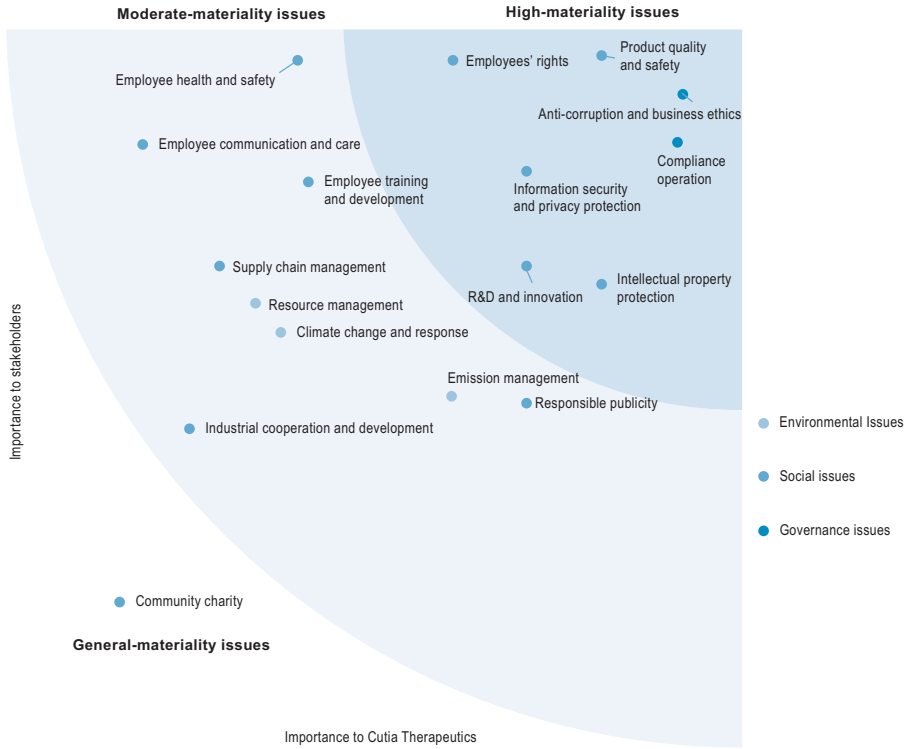
1.2.4 ESG Materiality Issues

Cutia Therapeutics regularly reviews and evaluates ESG issues, taking into account the key concerns of stakeholders. Through methods such as questionnaire surveys and interviews, and in alignment with policy guidelines and industry developments, the Group updates its materiality issues matrix and provides guidance for ESG-related strategic planning. During the Reporting Period, we identified 17 ESG materiality issues, including 8 high-materiality ESG issues, 8 moderate-materiality ESG issues and 1 general-materiality ESG issue.

Analysis and Process for Assessing of Materiality Issues of Cutia Therapeutics



Materiality Issues Matrix of Cutia Therapeutics



2. Products

Cutia Therapeutics is dedicated to developing comprehensive solutions that are tailored to meet the diverse and evolving needs of patients and consumers in the broader dermatology treatment and care market. We emphasize both innovation and quality in product development, aiming to work with industry partners to set industry benchmarks in dermatology treatment and care.

2.1 R&D INNOVATION

Focusing on the R&D innovation of core technologies, Cutia Therapeutics continuously expands and optimizes its product pipeline to accelerate the R&D process of innovative drugs. We continuously focus on the cutting-edge global innovative products and advanced technologies, building a robust intellectual property protection system to lay a solid foundation for the Group's continuous innovation and development.

2.1.1 R&D Capacity Building

We are deeply engaged in the field of dermatology, actively exploring new technologies and processes, and advancing the development of products to lay the foundation for the commercialization of pipeline products.

Product Research and Development Progress

As one of the few players in the broader dermatology treatment and care market in China equipped with fully integrated capabilities, Cutia Therapeutics is dedicated to extending its capabilities across the entire value chain, with products covering scalp diseases and care, skin diseases and care, topical anesthesia and localized adipose accumulation management. During the Reporting Period, significant progress was made in several product pipelines:

Scalp Diseases and Care

- CU-40102 (topical finasteride spray) completed Phase III clinical trial in China
- The NDA for CU-40102 was accepted by the NMPA and submitted to the Hong Kong Department of Health

Skin Diseases and Care

- CU-10201 (topical 4% minocycline foam) completed Phase III clinical trial in China
- CU-10201 received marketing approval from the NMPA
- CU-10101 (topical novel small Molecule Agent) completed the first patient enrollment in Phase I clinical trial for treating atopic dermatitis

Topical Anesthesia

- CU-30101 (Localized Lidocaine and Tetracaine Cream) completed Phase III clinical trial in China
- The marketing authorization application for CU-30101 was accepted by the NMPA

Localized Adipose Accumulation Management

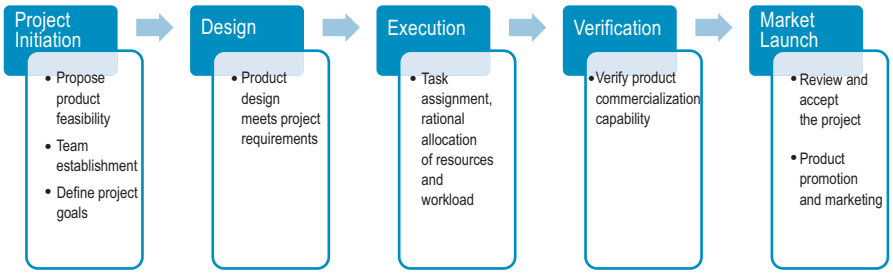
- CU-20401 (recombinant mutant collagenase) completed Phase II clinical trial in China for the treatment of submental adipose accumulation

Innovation and R&D Management

Cutia Therapeutics has established regulations such as *Cosmetics New Product R&D Rules, 6-QP Design and Development Control Procedure,* and *New Drug Development Process Management* to standardize the management of innovative R&D work for new products. This ensures the safety, stability, efficacy, and usability of the products on the market.

We incorporate standardized process management throughout the entire lifecycle of new product development projects, from project initiation to product launch. Through cross-departmental and specialized module collaboration, the decision-making committee conducts detailed review and decision-making at each key stage to ensure the rationality of project progress and effective implementation of risk management and control.

New Product Development Process of Cutia Therapeutics



Establishment of R&D Platform

Cutia Therapeutics has a unique CATAME® technology platform, which includes modules such as Colloidal-Emulsification-Active Encapsulation (CEAE), Aerosol (ARS), Transdermal Drug Delivery (TDD), Actives & Formulation Evaluation (AFE), Micro/Nano-Particulates & Self-Assembly (MiSA), and Ex Vivo & Efficacy Evaluation (EVEE). With this platform, the Company continuously develops a competitive product pipeline, including various formulations such as topical cream, ointment, aerosol, and foam, to accurately meet market demand.

In addition, Cutia Therapeutics has fully launched a testing platform in 2024, covering three dimensions: active substance discovery, in vitro efficacy evaluation, and human efficacy testing. By integrating efficient and precise testing technologies, we accelerate the new drug development process and improve the quality and efficiency of R&D.

Building of R&D Team

We attach great importance to the cultivation of R&D talents and have established an R&D team composed of masters, doctors, overseas returnees, and core technical talents to continuously improve the Company's R&D capabilities. Our R&D team possesses profound knowledge and exquisite skills in fields such as medicine and pharmacy. In terms of R&D talent incentives, we have established the "President's Star" program and applied for the "Feifeng Talent Plan" award in Wuxi. We reward R&D personnel involved in key R&D projects and those involved in launched products and recommend outstanding internal R&D personnel to participate in external academic seminars to further stimulate the enthusiasm and innovation of the R&D team. The Company also established the employee incentive plan to attract, motivate, retain and award the relevant personnel.

In 2024, our "Cutia Academy of Dermatology" continues to hold thematic seminars, inviting experts from various fields to share new technologies, methods, processes, mechanisms, etc., to stimulate interdisciplinary integration and innovative thinking within the team, effectively enhancing the innovation awareness and R&D capabilities of the entire R&D team. During the Reporting Period, the Cutia Academy of Dermatology held 11 theme sharing sessions covering various topics such as drug and device research, skincare cosmetic research, and analytical techniques. At the same time, the Company also conducted multiple R&D quality-related training programs covering all R&D personnel.

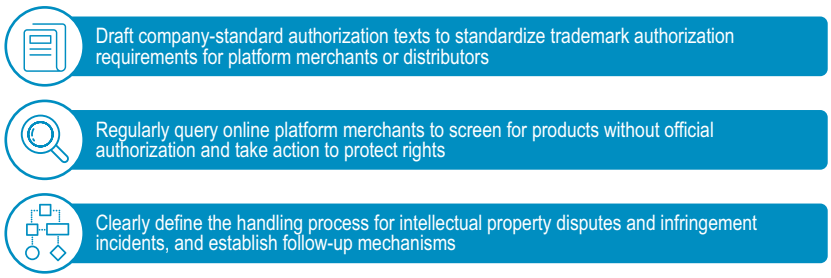
2.1.2 Intellectual Property Protection

Cutia Therapeutics strictly adheres to the requirements of national laws and regulations such as the *PRC Anti-Unfair Competition Law*, the *Patent Law of the PRC*, the *Copyright Law of the PRC*, and the *Trademark Law of the PRC*. We have formulated or updated internal management regulations such as the *Measures for the Management of Compliance Risk Reporting, Drug and Medical Device Advertising Compliance Management System*, and *Intellectual Property Management Measures* to protect our technological achievements and reduce intellectual property disputes.

The Company recognizes that intellectual property management is an important guarantee for innovation and R&D, and continuously builds and maintains a comprehensive and efficient intellectual property management system. We have established a mechanism for fast-track patent examination and filing, which has improved the efficiency of pre-examination of high-value and core-patent applications, shortens the patent granting application period, and enhances the Company's market competitiveness.

We implement process controls for intellectual property risks, strictly supervise the intellectual property management process, and take various measures to actively protect our rights and interests. At the same time, Cutia Therapeutics regularly organizes training on intellectual property rights to enhance the awareness of intellectual property protection among all employees and improve the professional level of employees responsible for intellectual property rights. During the Reporting Period, we communicated with infringing stores and completed the delisting of all non-compliant products, ensuring that our patents and trademarks received the necessary protection.

Intellectual Property Protection Measures of Cutia Therapeutics



Intellectual property rights training

In January 2024, Cutia Therapeutics invited external experts to conduct a special training course, focusing on the latest trends and compliance practices in protecting corporate trade secrets from multiple perspectives. The training covered a wide range of topics, and enhanced employees' understanding of intellectual property protection.

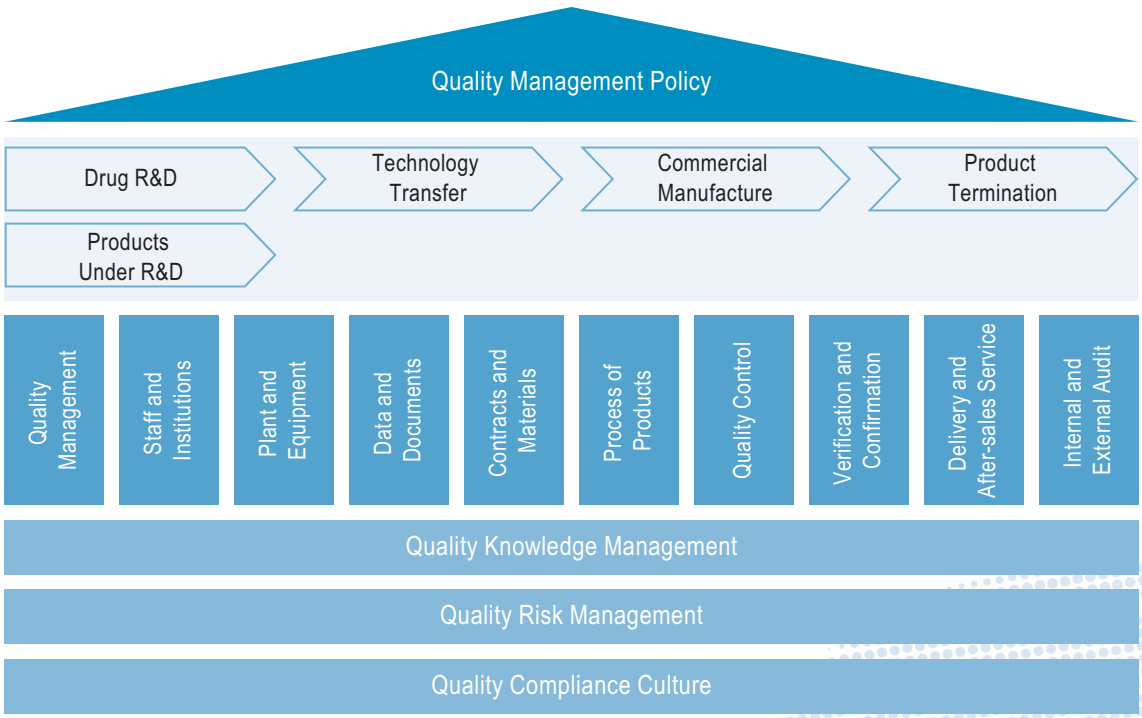
2.2 PRODUCT QUALITY

Cutia Therapeutics places great importance on product responsibility and continuously improves its quality management system. It strengthens quality audits and cultivates a culture of quality, ensuring strict control over the entire product quality and safety process. The Company aims to provide patients with safer, more accessible, and more effective quality products.

2.2.1 Quality Management System

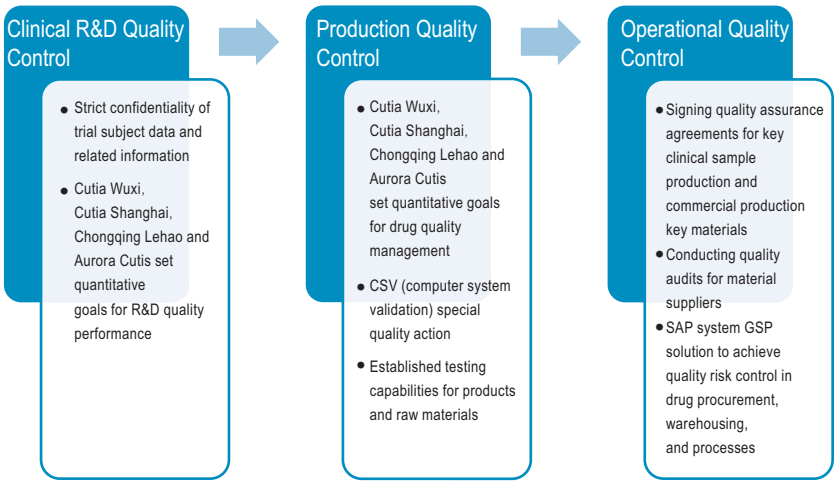
Cutia Therapeutics strictly adheres to the requirements of laws and regulations such as the *Drug Administration Law of the PRC,* the *Administrative Measures for Drug Registration,* and the *Provisions for the Supervision and Administration of Drug Manufacturing*. It has established and regularly updates internal systems such as the *Quality Manual, Corrective and Preventive Action (CAPA) Management,* and *Change Control Management*. These measures strengthen the Company's quality management capability and ensure the standardization and scientific nature of its quality management processes.

Quality Management System of Cutia Therapeutics



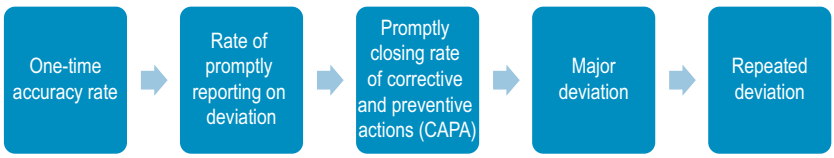
To ensure the effective implementation of quality measures, we strictly adhere to internationally recognized good practice guidelines and regulations (cGxP) standards. We ensure high-level quality management throughout the entire lifecycle, from drug R&D, technology transfer and commercial production, to product discontinuation.

Full-process Product Quality Monitoring of Cutia Therapeutics



We have established a quality management structure consisting of senior management, quality departments of each subsidiary, and functional departments. Each department's responsibilities are clearly defined to ensure the effectiveness and feasibility of company-level quality management. Cutia Therapeutics sets strict quality management objectives and metrics. We monitor the progress of quality management through monthly indicators tracking. The Company conducts quality management reviews and reports to senior management every six months, ensuring that the management fully understands the Company's quality management status and the achievement of goals. Based on this, we scientifically plan future quality improvement goals and strategies.

Quality Measurement Indicator of Cutia Therapeutics



Our GMP production facility in Jiangsu Province has been constructed with commercial scale in mind. The process and control design comply with the latest GMP requirements. During the Reporting Period, Cutia Wuxi obtained a *Drug Manufacturing Certificate* issued by the Jiangsu Medical Products Administration in April 2024.

Product Testing and Quality Control

Cutia Therapeutics has established a comprehensive laboratory management system and document management system. These systems guide the laboratory in conducting regular preventive testing for potential quality or safety issues in all products and services. Internal quality inspections are conducted for raw and auxiliary materials, intermediate products, process controls, and product releases. Currently, the Company has the capability to test various products and raw materials.

To meet the requirements of an evolving quality tracing system and data reliability, we have implemented the Good Supply Practice (GSP) management system at Chongqing Lehao. This system achieves electronic management of drug operation records, allowing for process control and effective risk management of drug operation quality.

Quality Audit and Monitoring

Cutia Therapeutics actively conducts internal audits of the quality system every two years, covering all business lines. This helps identify any shortcomings in quality management, and internal audit reports are issued with corresponding rectification requirements. The corrective and preventive actions, person in charge, and the completion date of the rectification plans are specified to ensure the effective implementation of the rectification actions. The Company also undergoes external quality audits from official agencies, business partners, and third parties to ensure compliance and effectiveness in quality management. During the Reporting Period, all audits and inspections were in full compliance with relevant regulations.

The qualification of suppliers and the quality of materials they provide are critical factors in ensuring product quality and safety. We have established a quality audit team that conducts audits of material suppliers and contract manufacturing organizations (CMOs) according to the annual audit plan. Audit reports are issued, and the implementation of corrective actions by suppliers is monitored to ensure the continuous supply of high-quality materials and services. During the Reporting Period, based on the latest progress in product registration, the Company efficiently completed quality audits of material suppliers for NDA and successfully signed quality assurance agreements.

Quality Culture Construction

Cutia Therapeutics not only sets high standards and requirements for product quality and safety but also places great importance on the quality and safety awareness of all employees. Based on the overall training status of each entity in the previous year, trends in key quality areas, updates in regulations, and business development needs, we have formulated a quality training plan for the current year. We continuously improve our normalized quality training system.

During the Reporting Period, we conducted various types of quality training activities, including but not limited to bi-monthly R&D meetings, quality-themed training, and quality knowledge competitions. Through assessment tests, we ensure that employees have mastered the core skills of quality management.

Quality Month Activities

In October 2024, Cutia Therapeutics initiated Quality Month activities. We organized a quality knowledge competition to create a relaxed and enjoyable atmosphere for participants to learn about quality. The competition has strengthened the foundation of quality and enhanced quality awareness, promoting improvement and development.

2.2.2 Pharmacovigilance

We attach great importance to drug safety and strictly adhere to relevant laws and regulations. We have developed and implemented regulations such as the *Management Measures for Adverse Drug Reaction Reporting and Monitoring* and the *Pharmacovigilance Activity Management System*. We have also released various new standard operating procedures (SOPs) related to pharmacovigilance. This further standardizes pharmacovigilance work.

Pharmacovigilance Management System

Cutia Therapeutics continuously improves its pharmacovigilance management system. In the Medical Department, we have a pharmacovigilance team with pharmaceutical-related backgrounds and experience in pharmacovigilance work. They are responsible for clinical trials, pharmacovigilance operations and other activities.

For clinical trial projects, we conduct annual safety data summary analyses and generate Development Safety Update Reports (DSURs). For commercialized products, we generate Periodic Safety Update Reports (PSURs) annually or every five years, depending on the type of product. We submit the annual pharmacovigilance operational status through the Pharmaceutical Annual Report to the relevant regulatory authorities.

Pharmacovigilance Audits

We place great importance on the safety and efficacy of drugs in the market. We invited an external audit team to conduct a comprehensive and detailed audit of Cutia Therapeutics's pharmacovigilance work over the past three years. This audit covered internal process system documents related to pharmacovigilance, drug safety committees, training, periodic safety reports, signal management, risk management and planning, and significant safety event handling and other contents. Through thorough review and in-depth interviews with relevant personnel, the third-party audit team did not find any significant modification requirements or non-compliance.

Pharmacovigilance Training

We have established and continuously improved internal management systems, including the *Cutia Therapeutics Pharmacovigilance Activity Management System, Pharmacovigilance Training Management Process,* and *Annual Pharmacovigilance Training Plan*, among others. We provide pharmacovigilance training for all employees. Cutia Therapeutics has designed a three-level pharmacovigilance training process, aiming to comprehensively enhance employees' understanding of and appreciation for the importance of pharmacovigilance. We ensure that every employee deeply understands and practices the core principles and requirements of pharmacovigilance.

Pharmacovigilance Level 1 Training

- **For all employees (including third-party employees):** All employees should complete assigned training on identifying and reporting adverse accidents and other safety information. All employees are obliged to report adverse accidents or other safety information to the pharmacovigilance team within 24 hours after learning of the information.

Pharmacovigilance Level 2 Training

- **For employees who directly face patients, consumers, or doctors:** For hotline personnel, business units, quality management teams, medical departments, and other employees, based on the level 1 training, the main emphasis is on how to identify and report adverse accidents and other safety information. Pharmacovigilance level 2 training also applies to special third parties including hotline providers, customer service trustees, and literature search providers.

Pharmacovigilance Level 3 Training

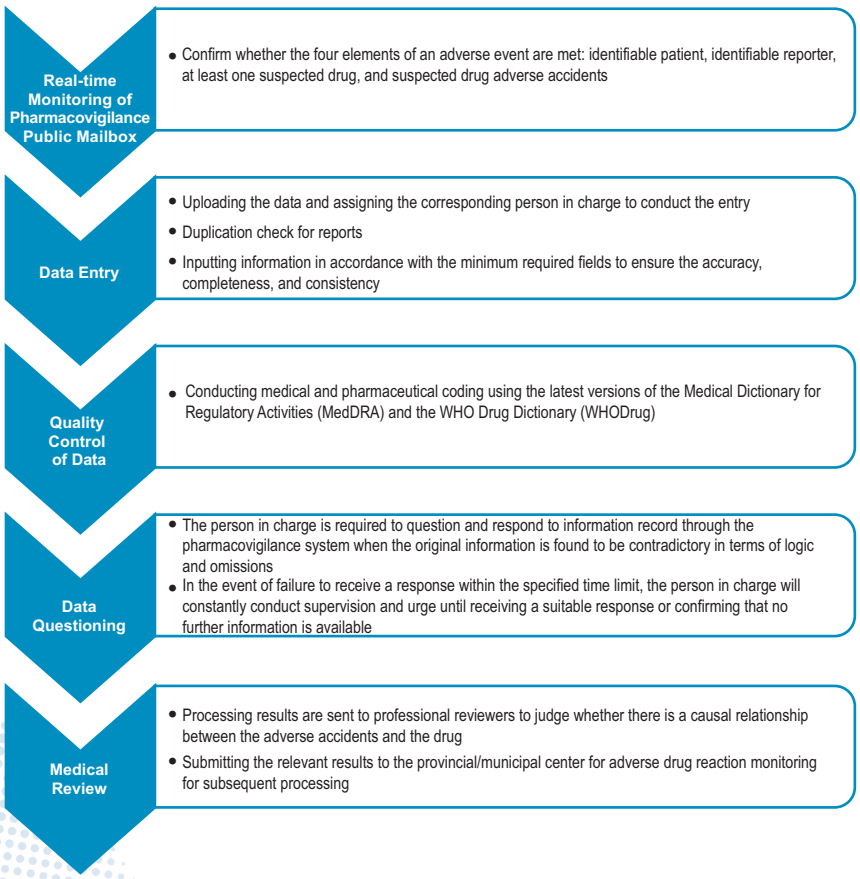
- **For employees who specialize in pharmacovigilance work:** Pharmacovigilance senior specialists, senior managers, and physicians must be fully trained before they are qualified to perform their duties. The training includes but is not limited to pharmacovigilance-related laws and regulations, technical guiding principles, standard operating procedures, work guidelines, adverse reaction monitoring, reporting, analysis, and evaluation, and other professional skills training.

Adverse Event Handling

In response to adverse reactions experienced by clinical trial subjects, Cutia Therapeutics strictly complies with the *Measures for the Reporting and Monitoring of Adverse Drug Reactions of the PRC*. Through the *Pharmacovigilance Activity Management System* internally, the Group standardizes the collection and archiving of adverse events and individual case safety reports, and promptly addresses adverse events.

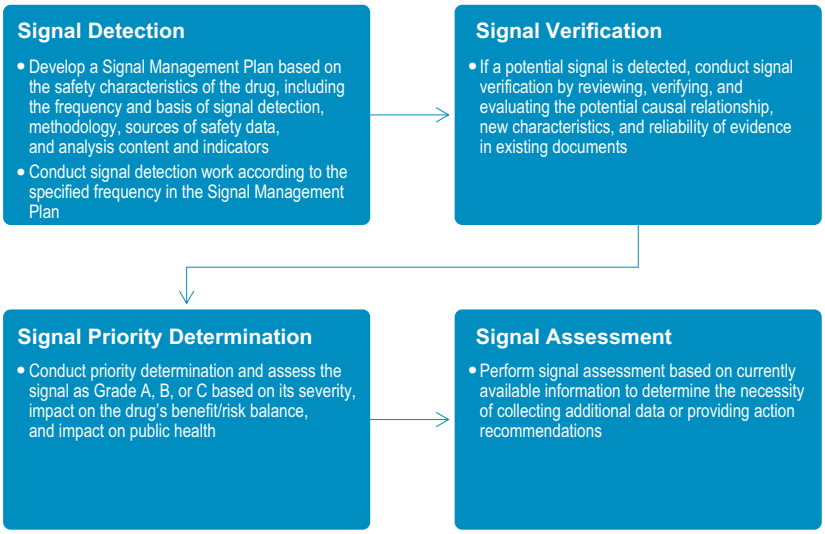
We have established effective and smooth channels for collecting adverse reaction reports. Through public email, hotlines, partners, distributors, interactive media, commercial platform customer service, literature, safety information in pre-market clinical trial projects, and feedback from regulatory authorities, we collect complaints about adverse events. When feedback is received through any of these channels, we ensure that each adverse drug reaction event is handled in a timely and professional manner through our adverse event handling process.

Cutia Therapeutics's Adverse Event Handling Process



For marketing authorization holders who have a cooperative or distribution relationship with Cutia Therapeutics, we respond quickly and cooperate fully upon receiving any adverse drug event cases. We not only initiate internal procedures immediately but also conduct in-depth product safety risk assessments to ensure timely and accurate risk evaluation. Necessary actions are taken to safeguard public health and safety.

Cutia Therapeutics's Drug Safety Signal Risk Assessment Process

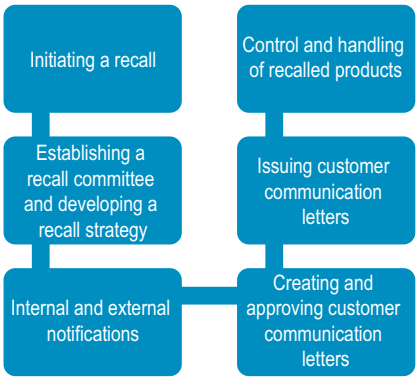


Product Recall

Cutia Therapeutics strictly adheres to relevant laws and regulations such as the *Drug Recall Management Measures*. We have established the *Cutia Wuxi Drug Recall Management Regulations* and other recall management regulations to specify the specific measures and operational procedures to be taken when quality defects are found or other situations requiring recall procedures occur for products that have been marketed and sold.

The Company has a professional product quality management and regulatory team that follows the quality standard operating procedures to carry out the product recall process. We clearly define the responsibilities of each department for product recall. Once a related issue of product is reported by a customer, the customer service team immediately reports the situation to the quality management team and contacts the customer to arrange the product recall. During the Reporting Period, Cutia Therapeutics did not experience any recall events due to product quality and safety issues.

Cutia Therapeutics's Product Recall Process



At the same time, we conduct classification and time and efficiency management on recall orders according to the degree to which products are affected, and ensure that internal and external communications are made in a timely manner to minimize the adverse impact of defective products on society and the Company. After carrying out the hierarchical recall, Cutia Therapeutics took measures to store them separately and set up eye-catching signs, and the quality control department, in cooperation with the local food and drug administration, carried out final process to handle the drugs confirmed to be destroyed, in order to eliminate the adverse impact on the environment.

Cutia Therapeutics's Hierarchical Recall Management

Level 1 Recall/Recovery

- Submitting the investigation and assessment report and recall plan to the drug supervisory and administrative departments for record within 1 day
- Notifying relevant research centers, trading companies, and using units to terminate sales and use within 24 hours

Level 2 Recall/Recovery

- Submitting the investigation and assessment report and recall plan to the drug supervisory and administrative departments for record within 3 days
- Notifying relevant research centers, trading companies, and using units to terminate sales and use within 48 hours

Level 3 Recall/Recovery

- Submitting the investigation and assessment report and recall plan to the drug supervisory and administrative departments for record within 7 days
- Notifying relevant research centers, trading companies, and using units to terminate sales and use within 72 hours

The Company conducts regular simulated recall drills to ensure the effectiveness of the recall plan. The entire process and results of the exercises are recorded to identify issues and shortcomings and mitigate product recall risks.

Simulated Recall Drill for Cosmetics

In January 2024, Cutia Therapeutics conducted a simulated recall drill for the cosmetics, verifying the operability and effectiveness of the cosmetics recall process. Based on the issues identified during the drill, improvement work is carried out, ensuring swift, effective, and well-executed cosmetics recall work.

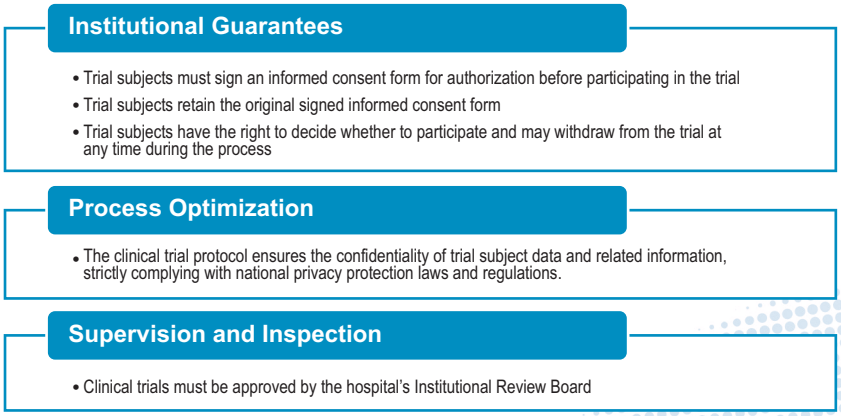
2.2.3 Clinical Compliance

Cutia Therapeutics prioritizes the health and safety of clinical research subjects and has established a comprehensive clinical trial management system. This system covers various aspects, including clinical trial risk management, safety monitoring, strict trial subject screening, standardized operations, and scientific sample collection, through marketing approval to post-marketing pharmacovigilance. It fully safeguards the rights and safety of research subjects.

Privacy Protection for Trial Subject

In accordance with the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH) guidelines, the Company actively seeks and strictly complies with the review and approval of ethics committees. This ensures the scientific rigor, compliance, and ethical nature of clinical trials, solidly protecting the comprehensive rights of trial subjects, including privacy rights, informed consent rights, and health and safety rights.

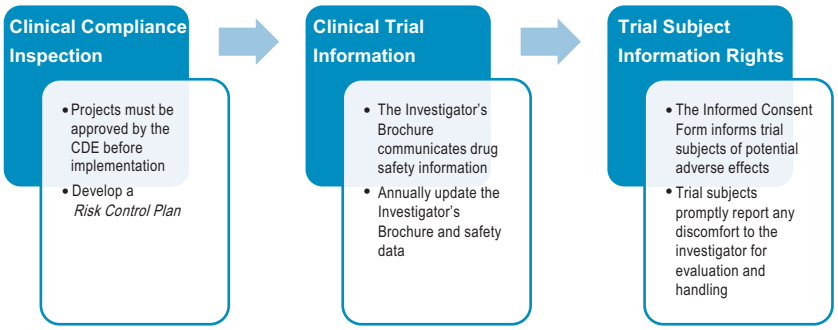
Cutia Therapeutics's Privacy Protection Measures for Trial Subject



Clinical Drug Safety

Cutia Therapeutics actively develops clinical safety risk assessment plans to ensure the safety and effectiveness of clinical trials. We strictly adhere to the requirements of the Center for Drug Evaluation (CDE) to develop risk control plans. Based on non-clinical safety data, clinical trial safety data from ongoing or completed trials, and data from similar drugs, we inform research participants of known or potential adverse reactions through the Investigator's Brochure (IB) and Informed Consent Form (ICF), ensuring that trial subjects are well-informed and committed to providing safe and reliable drugs for them.

Cutia Therapeutics's Clinical Safety Risk Assessment



To effectively reduce potential risks during the clinical research stage, we provide specialized training for staff internally and conduct contractor compliance audits externally, so as to enhance staff abilities in clinical trials, clinical ethics, and responsibility awareness.

Specialized Training for Clinical Trials

Cutia Therapeutics developed a *Training Matrix* for each clinical trial project and provided systematic training to project team members before and during the project's implementation.

Detailed training records are kept for all training activities and properly archived to ensure that every researcher fully understands the project's operational specifications and key areas of focus before engaging in the clinical trial, ensuring high-quality execution of clinical trials.

2.3 CUSTOMER RESPONSIBILITY

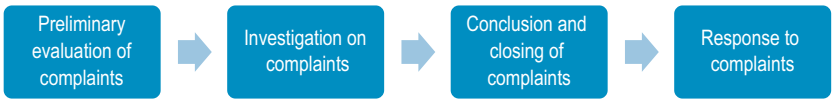
Adhering to a customer-centric approach, Cutia Therapeutics always warmly accepts valuable feedback and constructive suggestions from every customer. We continuously promote positive and proactive values to society and stakeholders, actively engage in business cooperation, and create outstanding consumer experiences for customers.

2.3.1 Customer Services

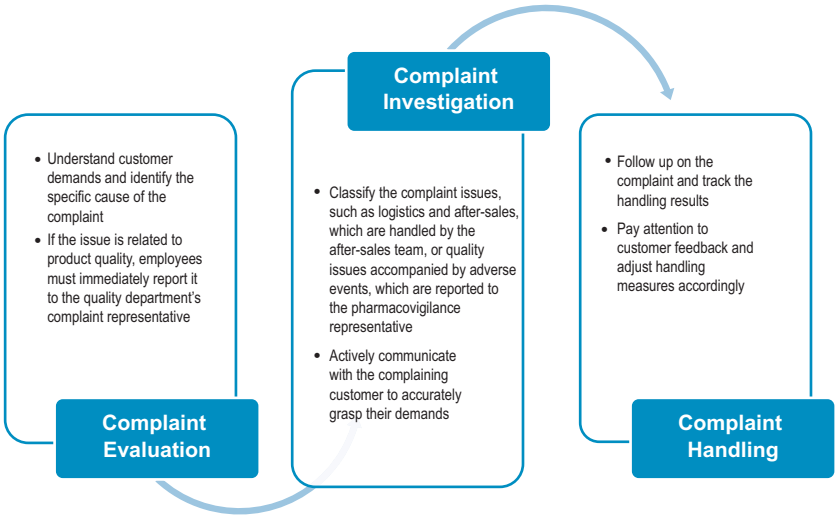
We highly recognize that delivering quality service experiences is crucial for earning customer trust and loyalty. Maintaining an attitude of respect towards customers, Cutia Therapeutics takes an open-minded approach to actively learn from customer feedback and suggestions. At the same time, we continuously optimize customer service by introducing new customer service processes and tools, actively increasing customer satisfaction.

Customer Complaint Handling

We attach great importance to customer complaints and have developed the *Product Quality Complaint Management* system to standardize the process for handling complaints about post-market products. We continuously improve customer complaint channels and handling processes. We provide transparent and accessible complaint channels, such as email and website messages, and promptly respond to complaints. Upon receiving a complaint, employees immediately report it to the complaint representative in the Quality Department. Complaints are categorized, managed and recorded in a ledger. If the complaint involves an adverse event, the responsible person will report it to the Pharmacovigilance Representative within 24 hours. In addition, for significant quality complaints or incidents, the responsible person is required to immediately notify the Quality Manager via email and inform relevant departments according to business requirements for serious handling. During the Reporting Period, Cutia Therapeutics experienced 18 complaints in total, which were handled promptly. The complaint resolution rate was 100%.



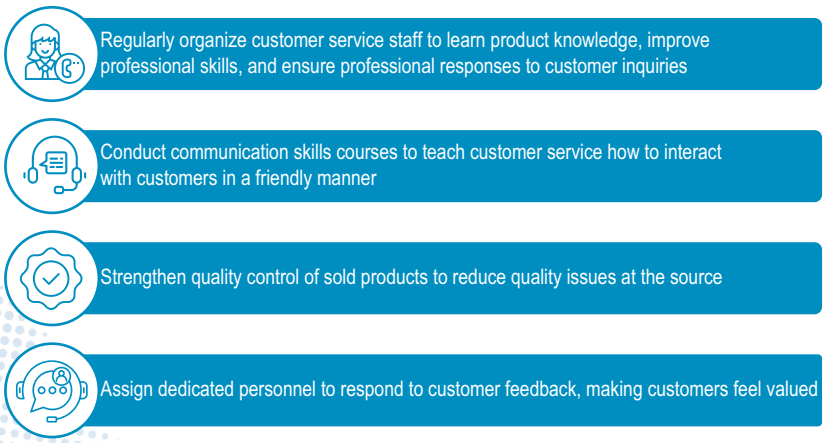
Cutia Therapeutics's Complaint Handling Process



Customer Satisfaction Surveys

Cutia Therapeutics is dedicated to delivering exceptional product and service experiences to its customers. With a sincere commitment, we maintain open communication with patients and clients, actively addressing their needs and feedback, and continuously striving to enhance customer service quality and satisfaction. Our customer service department collects customer satisfaction data weekly through platform notifications. If low satisfaction levels are identified, we conduct corresponding research and explore improvement measures to prevent similar issues from occurring again.

Improvement Measures for Customer Satisfaction of Cutia Therapeutics



In 2024, Cutia Therapeutics was awarded the "Gold Customer Service Team" honor by the Tmall platform.

2.3.2 Responsible Marketing

To ensure the legality and compliance of marketing activities, we comply with laws and regulations such as the *Advertisement Law of the PRC* and have established internal management systems such as the *Drug and Medical Device Advertising Compliance Management System* and the *Audit and Approval Process for Drug and Medical Device Promotion Materials*. We explicitly require the avoidance of false advertising, improper promotion, and bribery, ensuring that all marketing activities comply with local regulations and industry guidelines.

We identify risks in marketing promotion and implement strict control measures for advertising disclosures. We emphasize the importance of compliant marketing in interactions with medical professionals to avoid legal compliance risks such as illegal advertising prescription drugs, commercial bribery, false advertising, or monopolistic practices, ensuring the compliance of marketing activities.

Cutia Therapeutics continuously enhances the awareness of compliant marketing of all employees and carries out specialized training activities for different job positions. Through knowledge sharing and case analysis, we raise employees' awareness of the importance of compliant marketing. We ensure that each employee consciously practices compliance principles in their daily work, collectively safeguarding the Company's good image and reputation.

Compliant Marketing Training	Monthly compliance system orientation training for new employees
	Training on compliance requirements for cosmetic sales advertising
	Risk and compliance training for sales of pharmaceuticals and medical devices

Risk and Compliance Training for Drug and Medical Device Sales

During the Reporting Period, Cutia Therapeutics conducted specialized training on sales risks and compliance for employees in the pharmaceutical and medical device departments. The training focused on the current anti-corruption regulatory environment in the medical field, analyzing regulatory characteristics and key focus areas, and detailing compliance requirements in the field of drug and medical device online advertising. Employees gained a deep understanding of the importance and urgency of compliant marketing for drugs and medical devices.

2.3.3 Business Cooperation

In terms of business cooperation, Cutia Therapeutics adheres to an open and win-win philosophy. We actively engage in industry exchanges, participate in standard-setting, and enhance brand influence through various forms of business cooperation, actively collaborating with various parties to jointly promote the development of the field of dermatology health.

Industry Exchanges

Cutia Therapeutics actively forms strategic alliances with well-known domestic and international companies, collaborates closely with stakeholders in the industry chain, and continuously explores diversified cooperation models to achieve resource sharing and complementarity, jointly expanding broader market space.

Standard Setting

Cutia Therapeutics's independently-developed topical finasteride spray product was adopted and included in the *2023 China Clinical Practice Guidelines: Diagnosis and Treatment of Androgenetic Alopecia*. It was published in the *Chinese Journal of Plastic Surgery* in January 2024, providing scientific evidence for the standardized treatment of androgenetic alopecia.

Brand Presence

Deeply understanding the importance of brand influence in driving sustained business growth, Cutia Therapeutics is committed to building and enhancing our brand image. Through excellent products and services, we strive to earn broad recognition and trust from the market. During the Reporting Period, the Company has received several prestigious awards.

3. Employees

Cutia Therapeutics is committed to creating a diverse, equal and inclusive workplace environment for employees, safeguarding their rights and benefits. To achieve this, the Company has established a sound compensation and welfare system, created extensive talent development platforms, provided a healthy and comfortable working environment, and continuously improved employees' sense of well-being and belonging.

3.1 EMPLOYEE ATTRACTION AND INCLUSION

We genuinely safeguard the rights and benefits of employees, ensuring that each employee can speak up in an environment of equality and respect. The Company highly values talents and provides employees with competitive salaries and benefits through a legal, compliant, fair, and just employment system, continuously driving long-term company development.

3.1.1 Protect Employees' Rights and Interests

Strictly adhering to laws and regulations such as the *Labor Contract Law of the PRC*, the *Labor Law of the PRC*, and the *Social Insurance Law of the PRC*, Cutia Therapeutics conducts our employment activities in accordance with the law. We formulated systems such as the *Employee Handbook of Cutia Therapeutics,* the *Performance Management System of Cutia Therapeutics,* and the *Cutia Therapeutics Human Resources Business Process System*. These updates further standardize the human resource management system, covering processes such as employee recruitment, remuneration, benefits, attendance, training and development, performance management, and rewards and penalties.

Adhering to the principle of equal employment, we strictly prohibit any form of discrimination, and firmly oppose any unfair treatment based on gender, age, nationality, marital status, race, or other factors during the recruitment process, ensuring the fairness and equality of our employment practices. If an employee experiences discrimination or harassment, they can report it to the relevant department. If an investigation confirms the veracity of the discrimination or harassment, appropriate actions, including termination of employment, will be taken against the individuals involved.

The Company strictly opposes the employment of child labor in any form and insists on legal employment practices. All employees must meet the minimum working age requirements set by the relevant laws of the country or region where the business operates. The minimum employment age has been clearly defined in the *Employee Handbook* and we strictly verify the identity information of new hires during recruitment to prevent child labor. We have established a grievance and reporting mechanism for issues such as forced labor to guarantee timely resolution of related issues.

Cutia Therapeutics advocates for reasonable working hours for employees, prohibiting forced labor, and acknowledging employees' legal rights to vacation and other benefits. For employees in different positions, the Company promoted flexible working system and encouraged employees to arrange their work time reasonably to achieve a work-life balance. In 2024, Cutia Therapeutics experienced no incidents of child labor, forced labor, workplace discrimination, or sexual harassment, with a 100% labor contract signing rate.

3.1.2 Diversity in Recruitment

Cutia Therapeutics promotes a diverse and inclusive corporate culture, adhering to a "fair recruitment, cherish talents" attitude. We fully recognize, accept, and value the differences between individuals, and are committed to creating a culture that is fair, transparent, diverse, and inclusive. We believe that the diverse perspectives and styles brought by employees make the team more inclusive and creative.

We annually release recruitment information on multiple platforms according to job requirements, aiming to attract talents widely. In the future, we will continue to expand our recruitment channels and strengthen our talent attraction efforts, with a focus on embracing the concept of talent diversity and building a strong talent pipeline.

During the Reporting Period, Cutia Therapeutics had a total of 333 employees, including 201 female employees, accounting for 60.4% of the workforce.

The table below provides information on employee employment at Cutia Therapeutics in 2024:

Employee Index	Unit	2024
Employee Employment Performance		
Total employees (all full-time employees)	person	333
By Gender		
Male employees	person	132
Female employees	person	201
By Age		
＞50 years old	person	3
30-50 years old	person	211
＜ 30 years old	person	119
By Region		
Mainland China	person	330
Overseas (including Hong Kong, Macao, and Taiwan)	person	3
By Grade		
Senior management	person	8
Middle management	person	144
Entry-level employees	person	181
Turnover of Employee		
Employee turnover rate[1]	%	25.3
By Gender		
Male employees[2]	%	20.0
Female employees[3]	%	28.5
By Age		
＞ 50 years old	%	40.0
30-50 years old	%	18.9
＜ 30 years old	%	34.3
By Region		
Mainland China	%	25.2
Overseas (including Hong Kong, Macao, and Taiwan)	%	40.0

Notes:

1 The calculation is based on the number of resigned employees / (number of resigned employees + total number of employees) * 100%

2 The calculation is based on the number of resigned male employees / (number of resigned male employees + total number of male employees) * 100%

3 The calculation is based on the number of resigned female employees / (number of resigned female employees + total number of female employees) * 100%

3.1.3 Remuneration and Benefits

Cutia Therapeutics continuously refines the management procedures for compensation and benefits by establishing internal management standards such as the *Employee Handbook of Cutia Therapeutics* and the *Performance Management System of Cutia Therapeutics*. The Company follows the three principles of "compliance, execution, and collaboration" and has established a comprehensive compensation system to fully leverage the role of talent incentives.

We have taken proactive measures to retain talents by providing competitive salaries and benefits to attract and retain excellent employees, supporting their career development. In addition to statutory benefits, we also offer additional compensation incentives such as employee incentive plans, CEO awards, project bonuses, and quarterly sales team bonuses to recognize employees' outstanding contributions to the Company, effectively enhancing employee well-being.

3.2 EMPLOYEE TRAINING AND DEVELOPMENT

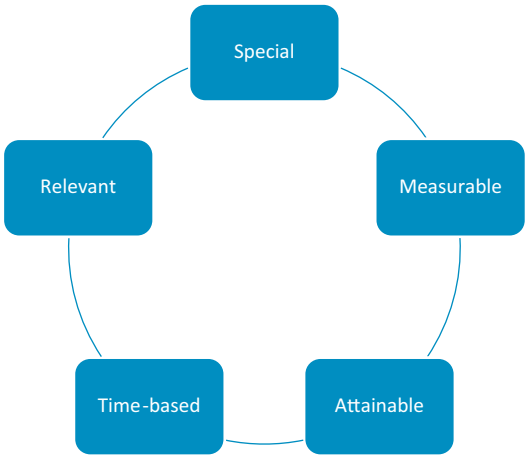
We highly value talent cultivation and support employees in achieving their career aspirations through measures such as establishing clear career advancement paths, building a comprehensive employee training system, and continuously optimizing the employee promotion mechanism.

3.2.1 Talent Cultivation System

Cutia Therapeutics places great emphasis on employees' career development and promotion. We provide institutional support for employees at various stages of growth according to the *Employee Handbook of Cutia Therapeutics* and the *Performance Management System of Cutia Therapeutics*. We have developed a clear, transparent, and comprehensive employee promotion system, encouraging employees to continuously progress and grow in their careers. We ensure that employees are provided with promotion pathways that align with their career plans and individual strengths.

We conduct regular assessments of key talents and build a strong talent pipeline through programs such as the "Qidi Star" initiative, selecting outstanding talents from various departments to form a robust talent pool. We conduct annual performance evaluations for employees, considering and scoring multiple dimensions such as job performance and core employee qualities based on the "SMART" principle, ensuring fair promotion opportunities for employees. In addition, we encourage employees to pursue external degree studies and obtain external certifications, aiming to enhance their personal knowledge reserve.

"SMART" Principle of Performance Assessment of Cutia Therapeutics



3.2.2 Employee Training

Cutia Therapeutics uses the *Cutia Therapeutics Human Resources Business Process System* as a core guideline for talent cultivation, ensuring the orderliness and effectiveness of training activities. The Company is dedicated to building a comprehensive and multi-level talent cultivation system, aiming to provide customized development support for employees at different levels and positions.

We attach great importance to the training of new employees and conduct regular onboarding training to help new hires integrate quickly and achieve a better person-job fit. For middle-level and grassroots backbone employees, Cutia Therapeutics regularly conducts training programs to help them adapt to the rapidly changing business environment. This training enables backbone employees to play a leading role in their daily work, enhancing their professional competence and managerial skills. For executives, we provide situational leadership training to enhance their ability to flexibly apply leadership styles based on different situations, in order to inspire team potential and improve work efficiency. In addition, we conduct regular training programs for specialized positions such as sales to ensure that employees in these roles can adapt to market changes, and have a deeper understanding of product characteristics and market demands, so as to continuously enhance their professional qualities and capabilities.

Employee Training at Cutia Therapeutics

Orientation Training for New Employees	General Training for Mid-Level and Junior Key Personnel	Situational Leadership Training
• Cutia Therapeutics's Human Resources Department regularly conducts new employee onboarding training every 1 to 2 months. A team of instructors from various departments, including HR, legal, and procurement, is formed to deliver small-class training sessions with no more than 20 participants. This ensures sufficient knowledge absorption by newcomers and helps them integrate into the team more quickly.	• Cutia Therapeutics provides training for mid-level and junior key personnel, aiming to comprehensively enhance their job performance capabilities. By thoroughly analyzing the specific responsibilities, required skills, knowledge systems, and competency requirements of each position, the Company precisely designs rich and scientific training content. This ensures that key personnel can quickly adapt to job requirements, improve work efficiency, and effectively drive the achievement of team and organizational goals.	• Cutia Therapeutics strengthens managers' leadership skills by implementing leadership development programs and team-building activities, thereby enhancing the overall strength of the Company's management team and boosting the competitiveness of employees and teams. • We also focus on cultivating a unified understanding and mindset within the management team. Through team collaboration training and strategic meetings, we enhance trust and communication among team members, thereby improving team cohesion and overall effectiveness. This ensures that the team can efficiently collaborate to achieve the Company's strategic goals.

Sales Employee Training

Cutia Therapeutics provides professional training for sales employees, aiming to enhance their ability to analyze sales trends, customer behavior, and market share using digital tools such as data analysis. This enables them to extract key management decision-making information. Through these training programs, our sales team can utilize digital market insights and data analysis results to develop scientifically sound pharmaceutical regional management plans.

During the Reporting Period, the employee training rate of Cutia Therapeutics reached 100%, with an average training duration of 48.3 hours per employee.

The table below provides information on employee training at Cutia Therapeutics in 2024:

Coverage Ratio of Employee Training	Unit	2024
Coverage Ratio of Employee Training	%	100.0
By Grade		
Senior management	%	2.4
Middle management	%	43.2
Entry-level employees	%	54.4
By Gender		
Male employees	%	39.6
Female employees	%	60.4
Training Hours per Employee Performance		
Total training hours	hour	16,091.5
Average training hours per employee	hour	48.3
By Grade		
Senior management[4]	hour	38.6
Middle management[5]	hour	42.5
Entry-level employees[6]	hour	53.4
By Gender		
Male employees[7]	hour	52.7
Female employees[8]	hour	45.4

Notes:

4 The calculation is based on the training hours of senior management employees / the total number of senior management employees

5 The calculation is based on the training hours of middle management employees / the total number of middle management employees

6 The calculation is based on the total training hours of entry-level employees / the total number of entry-level employees

7 The calculation is based on the training hours of male employees / the total number of male employees

8 The calculation is based on the training hours of female employees / the total number of female employees

3.3 EMPLOYEE CARE AND COMMUNICATION

3.3.1 Employee Communication

Cutia Therapeutics strives to create a transparent and open communication environment. We respect and fully listen to the opinions and feedback from employees, which not only increases their involvement in the Company's development process but also enhances team cohesion and further promotes company growth. We actively establish diverse channels for information feedback, ensuring that employees have avenues to voice their complaints and that their rights are protected.

If employees experience illegal, improper, discriminatory, or unethical treatment in the workplace, they can directly report to the Human Resources department. We will handle such issues promptly and seriously, with zero tolerance. At the same time, we have established a whistleblower protection system and ensure the confidentiality of whistleblower information.

3.3.2 Care for Employees

Cutia Therapeutics deeply understands the importance of employee happiness and a sense of belonging to the Company. We spare no effort in enriching employees' leisure time and demonstrate genuine care for them through practical actions. The Company carefully plans and implements a series of exciting employee activities, aiming to add fun and warmth to their leisure time.

Cutia Therapeutics R&D Team – Team-Building Trip to Zhoushan

In September 2024, the R&D team of Cutia Therapeutics organized a team-building trip with employees to Zhoushan. Through this team-building activity in Zhoushan, team members not only relaxed their minds and bodies in the embrace of nature but, more importantly, they enhanced teamwork, improved collaboration skills, and deepened their understanding and identification with the Company culture through shared experiences.

R&D Team's Team-Building Trip to Zhoushan

Cutia Therapeutics Hainan Island Trip – Hand in Hand for a Shared Future

In September 2024, Cutia Therapeutics Supporting Platform department organized a team-building trip to Hainan Island. This trip fully utilized the unique natural environment and rich tourist resources of Hainan Island, providing an unforgettable experience for employees.

Supporting Platform Hainan Island Trip

Cutia Therapeutics Quarterly Birthday Celebration – Glittering Stars, Celebrating Together

We carefully plan quarterly birthday celebrations for employees, allowing birthday employees to feel the warmth of home and all employees to experience the Company's caring culture. This strengthens the cohesion among employees.

Cutia Therapeutics Quarterly Birthday Celebration

To enrich employees' leisure time and promote communication and cooperation among employees, Cutia Therapeutics has established an Employee Club. As a platform for employees to participate in various interest groups and activities during their leisure time, the Employee Club helps employees relax and pursue personal interests, thereby improving job satisfaction and a sense of belonging.

Cutia Therapeutics Employee Club – Inspiring Potential, Enjoying Life

The establishment of the Employee Club is a profound reflection of Cutia Therapeutics's commitment to employees' comprehensive development and corporate culture building. This platform not only provides employees with a space to release work pressure and pursue personal interests but also encourages employees to develop diverse skills and talents through a variety of activity choices.

Employee Club Activities

We highly value the care and development of female employees and carefully plan a series of special activities for the coming International Women's Day every year to celebrate the contributions and achievements of women and promote values of respect, equality, and inclusivity in the Company.

Cutia Therapeutics organizes "International Women's Day Activities" – Salute to the Power of Women, Celebrate Women's Splendor

On International Women's Day, Cutia Therapeutics organizes a series of meaningful activities to show appreciation and care for female employees. Through these well-planned activities, we demonstrate our commitment to gender equality and empowering women.

"International Women's Day" Activities

Cutia Therapeutics always maintains a focus on the care and development of new employees. To help new employees integrate into the Company culture quickly, we implement a comprehensive new employee mentoring program. Experienced employees are assigned as mentors to provide necessary support and guidance to new employees at their early career, making each employee feel the warmth of the Company.

New Employee Mentoring Program of Cutia Therapeutics

Item Preparation and Account Permissions: ensure new employees promptly receive basic office supplies and relevant account permissions.

Environment Familiarization: guide new employees to familiarize themselves with the work environment, including departmental norms, processes, functions, organizational structure, and information on the person in charge.

Workflow Introduction: introduce new employees to the Company's routine workflows, such as procurement, payment, reimbursement, business travel, and leave.

Equipment and Service Usage: instruct new employees on how to use basic equipment and services of the Company, including photocopiers, courier services, pantry facilities, and escapeway.

Surrounding Environment Introduction: provide information about the surrounding environment of the Company, such as transportation, dining, and shopping options.

Inquiry Resolution: promptly assist new employees in resolving work-related or other inquiries.

Positive Guidance: guide new employees to develop a positive work attitude and behavior.

We also place great importance on employee turnover and have taken various measures to reduce employee turnover. Through general skills training, the Group aims to enhance employees' professional skills and overall qualities, thereby increasing job satisfaction and loyalty of the employees.

3.4 OCCUPATIONAL HEALTH AND SAFETY

Ensuring the occupational health and safety of employees is the Company's responsibility and the foundation for its continued and stable operation. Cutia Therapeutics continuously strengthens the safe production management system and strives to create a safe and healthy working environment by providing health and safety training, thereby ensuring employee well-being and welfare.

3.4.1 Safety Production

Cutia Therapeutics strictly complies with the *Work Safety Law of the People's Republic of China,* the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* and other laws and regulations, and formulated the *Safe Production Accountability System of Cutia Therapeutics,* the *Contingency Plan for Safe Production of Cutia Therapeutics,* the *Safety Hazard Identification and Governance System of Cutia Therapeutics* and the *Safety Management System for the Operating Personnel of Special Works and Special Equipment of Cutia Therapeutics* and other systems. These systems clarify the responsibilities and obligations of managers and employees at all levels in safety production, and require key positions such as chemical procurement personnel, custodians, special operations personnel, and operators of special equipment to hold certifications, ensuring production safety of the Company effectively.

We have strict management of contractors to ensure their pace aligns with that of Cutia Therapeutics. The Company stipulates that contractors must prepare a *Safety Measures Plan* before project construction, conducting a detailed analysis of safety risks and proposing corresponding control measures. Project leaders are required to sign a *Contractor Environmental Safety Management Commitment*, clearly defining their responsibilities and obligations for work safety.

The EHS department of Cutia Therapeutics, along with management, is responsible for conducting regular inspections to identify hidden dangers, such as monthly safety checks, holiday safety checks, routine inspections, and special safety checks. Once potential hazards or safety risks are identified, the Company promptly records them and continually follows up until the issues are properly resolved. We strive for 100% rectification to prevent and reduce the occurrence of safety accidents from the source. In addition, we also regularly compile statistics on inspection findings, analyze trends, identify weak areas, and propose improvement measures, so as to eliminate hazards promptly and ensure employee's safety.

During the Reporting Period, no work-related injuries, lost work hours due to injuries, or work-related fatalities occurred in Cutia Therapeutics. In the past three years, the number and percentage of work-related fatalities were zero in Cutia Therapeutics.

We continue to create a culture of safety production by conducting regular safety drills, safety knowledge competitions, and PPE (Personal Protective Equipment) competitions, aiming to enhance employees' awareness of safety production through practical experiences. We also incorporate safety production and occupational health knowledge into daily work through forms such as email newsletters and EHS tips, gradually improving employees' safety awareness.

While continuously strengthening safety awareness and skills, Cutia Therapeutics also places great emphasis on the safety management of contractors. To achieve this, we provide regular professional safety training for contractors to ensure that they fully understand and strictly adhere to Cutia Therapeutics's safety production regulations from the first day of their construction work. We require to sign a *Safety, Health, and Environmental Management Commitment of the Contractor's Employees* with the contractors to control safety risks from the source and work together with contractors to maintain Safety and stability in the workplaces.

Safe Production Month

In 2024, Cutia Therapeutics took Safe Production Month as an opportunity to continuously enhance employees' safety awareness and practical skills through the dissemination of promotional materials, knowledge competitions, and PPE wearing competitions, thereby deepening employees' safety education through these activities.

Cutia Therapeutics PPE Wearing Competition

Cutia Therapeutics Safety Knowledge Competition

3.4.2 Occupational Disease Prevention

Cutia Therapeutics effectively prevents and controls the occurrence of occupational hazard factors and occupational diseases in the working environment by implementing comprehensive occupational health protection measures. These measures include providing regular health examinations for employees, conducting occupational hazard factors testing and providing occupational disease prevention training on a regular basis.

Cutia Therapeutics Occupational Disease Prevention Measures

Occupational Health and Safety Risk Identification

Cutia Therapeutics implements a systematic risk management process, organizing employees to identify hazards and assess risks. Risks are categorized into four levels: major (red), significant (orange), general (yellow), and low (blue).

Based on the assessment, we created a four-color safety risk map to visually display risk distribution. A company-level risk control list was compiled and posted on the safety risk bulletin board at the Company entrance to enhance employee safety awareness and facilitate easy access.

Hazardous Chemical Safety Awareness Cards

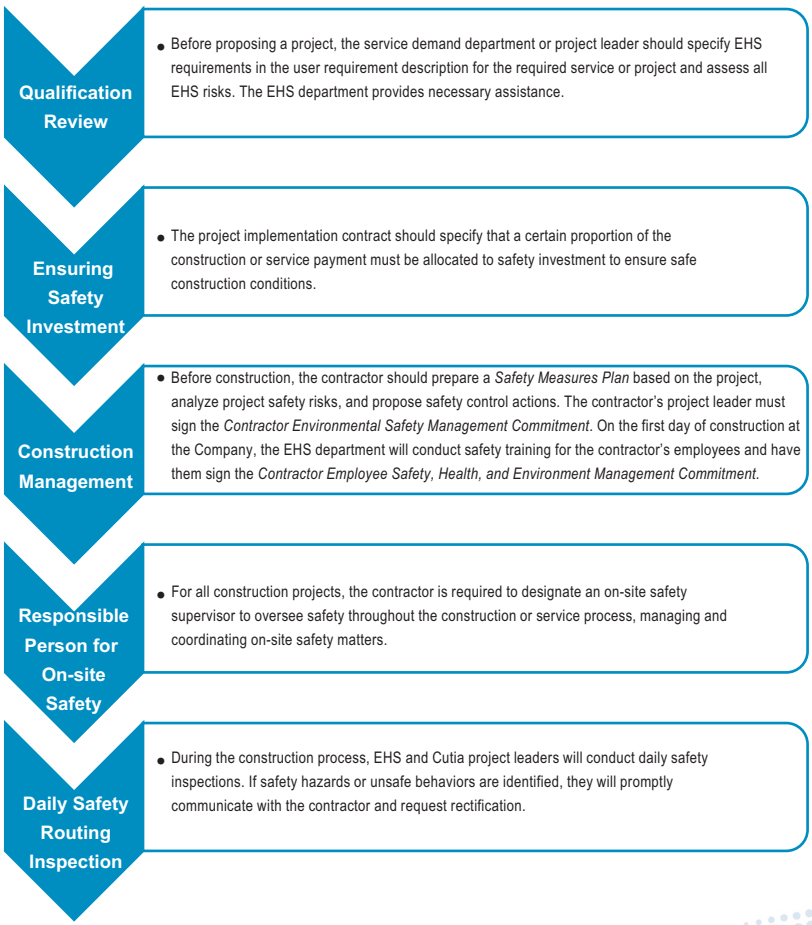
Cutia Therapeutics prominently displays hazardous chemical safety awareness cards in storage areas for hazardous chemicals such as outdoor explosion-proof cabinets for hazardous chemicals. This allows employees to quickly access relevant information about hazardous chemicals, master necessary safety control actions, and enhance their awareness of hazardous chemicals, ensuring that all employees can take appropriate responses in emergencies as soon as possible.

Training on Occupational Health Basics

Cutia Therapeutics provides employees with professional training, including occupational health basics, prevention and control skills for occupational hazard factors, and the use of personal protective equipment, continuously improving employees' self-protection capabilities.

We deeply recognize the importance of occupational health and safety for contractors. Cutia Therapeutics has established the *Safety Management System for External Workers* as a construction standard for contractors. We implement comprehensive occupational health and safety prevention measures for contractors and their teams, aiming to create a safe working environment that covers all project participants.

Cutia Therapeutics Contractor Occupational Health and Safety Prevention Measures



4. Environmental

Cutia Therapeutics adheres to the concept of green development, continuously optimizes the environmental management system, actively identifies climate change risks, implements energy-saving and emission-reduction measures, optimizes resource utilization, and achieves coordination of business operations and green development.

4.1 ADDRESSING CLIMATE CHANGE

Climate change becomes a widely recognized event and a global challenge that humanity faces. Cutia Therapeutics highly values the potential impact of climate change on industries and companies and takes proactive action to address climate risks. We integrate climate change into the overall ESG management process, strengthen climate risk and opportunity management, and explore effective carbon reduction measures.

4.1.1 Governance

Cutia Therapeutics has established a three-level ESG governance structure, with the ESG Committee as the core, the Board overseeing, and the ESG Working Group executing. This ensures that climate change issues are integrated into the Company's management process and facilitates the systematic advancement of efforts to address climate change. The Board serves as the highest responsible body, coordinating the planning, formulation, and review of climate change-related goals and strategies. The Board also establishes the ESG Committee, which conducts comprehensive ESG management and oversight work. The ESG Committee collaborates with various business departments to promote matters related to greenhouse gas emissions and energy management, creating favorable economic and environmental performance.

4.1.2 Strategy

Cutia Therapeutics identifies climate change risks and considers the potential impacts of climate change on its operations. We strictly follow the disclosure methods and recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and take into account market conditions, business operations, and weather variations in our operating locations to assess climate change risks and opportunities. We recognize that the Company is vulnerable to various extreme weather events. To address this, we have implemented appropriate remedial actions to mitigate the adverse impacts of climate change on the Company.

During the Reporting Period, the identification of climate risks and opportunities is as follows:

Climate-related Risks (Level 1)	Climate-related Risks (Level 2)	Climate-related Risks (Level 3)	Risk Identification	Potential Impact	Timeframe	Mitigation Measures
Physical Risks	Acute Risks	Heat Waves and Cold Snaps	With the increasing frequency of global heatwaves and extremely high temperatures caused by climate change, there may be issues related to the shortage of energy resources such as electricity or water supply. On one hand, extreme heatwaves or cold snaps may lead to increased operational costs for air conditioning or backup generators, necessary upgrades or retrofits of water treatment equipment and technologies due to water scarcity, or business shutdowns resulting in increased operational costs and reduced income. On the other hand, cold snaps or heatwaves may also increase the occurrence and scope of diseases such as cardiovascular disease, malaria, or heatstroke, leading to increased labor costs	Moderate	Mid-term	• Improve climate risk emergency response procedures and emergency plans, pay attention to early warning of climate conditions • Regularly conduct climate emergency training and simulation drills to enhance the emergency response capabilities of personnel • Establish backup resource reserves, such as backup power supply, backup water supply, backup inventory, etc.

Climate-related Risks (Level 1)	Climate-related Risks (Level 2)	Climate-related Risks (Level 3)	Risk Identification	Potential Impact	Timeframe	Mitigation Measures
		Floods, typhoons, hurricanes, and wildfires	Natural disasters such as typhoons and floods may lead to asset losses, equipment damage, and additional capital expenditures for maintenance, repairs, relocation, and insurance expenses to maintain company assets. At the same time, an increase in the frequency of floods or heavy rainfall may cause interruptions or delays in production processes (such as equipment damage or repairs, freshwater supply shortages), as well as disruptions in product supply and distribution (such as delays in delivering raw materials or products to production facilities)	Low	Short-term	• Closely monitor weather warning information, conduct comprehensive inspections and reinforcement of buildings, warehouses, and production equipment before the arrival of typhoons. Pre-stock emergency supplies to ensure the basic operation of the Company and meet the living needs of employees during typhoons • Closely monitor typhoon dynamics and meteorological information, and adjust response strategies in a timely manner. Organize the evacuation of employees from areas with safety hazards in a timely manner to ensure their safety. Strengthen inspections of key areas and equipment, such as real-time monitoring of distribution rooms and computer rooms, and promptly deal with any issues found • Immediately organize personnel to conduct comprehensive assessments of the disaster situation, document the losses, and provide a basis for subsequent recovery and reconstruction work. Inspect and clean up raw materials, finished products, and equipment affected by the typhoon, and promptly repair or replace damaged items

Climate-related Risks (Level 1)	Climate-related Risks (Level 2)	Climate-related Risks (Level 3)	Risk Identification	Potential Impact	Timeframe	Mitigation Measures
	Chronic Risks	Climate Modeling Changes	Under the influence of climate modeling changes, more extreme and unpredictable weather conditions are expected to affect the availability of water by altering the distribution of rainfall, snowmelt, river flow, and groundwater. This can lead to longer periods of the unstable water supply and increased water costs. Additionally, supply chains may rely on specific water resources, and water scarcity risks may result in unstable supply of critical raw materials, impacting the stability of the entire supply chain	Low	Long-term	• Monitor climate change trends in operating areas and take timely response measures • Explore alternative suppliers to prevent supply chain disruptions • Actively engage in supply chain localization projects to reduce the impact on the transportation end of the value chain
		Sea level rise	Rising sea levels may impact flood defenses or inundate low-lying coastal land, posing a threat to the infrastructure and facility assets in some coastal operating areas of the Company. Furthermore, seawater backflow or saltwater intrusion may lead to water shortages in coastal areas, thereby affecting the production and operations of factories in these regions	Low	Long-term	• Activate emergency response mechanisms in a timely manner based on meteorological management warning information • Assess the Company's losses promptly after a disaster, including building damage, equipment failure, and loss of raw materials and products
		Rising Average Temperatures	Climate change-induced rising average temperatures may affect the preservation of drugs, decrease the efficiency of existing cold chain transportation and cooling systems in the production process, increase the demand for cooling energy consumption in company production and transportation stages, potentially impacting the effective operation of the Company and its supply chain	Moderate	Long-term	• Retrofit buildings and offices with energy-saving measures such as enhanced insulation, and provide sufficient cooling and heat-reducing items for employees • Enhance temperature control management through the use of intelligent control systems to regulate indoor temperatures accurately

Climate-related Risks (Level 1)	Climate-related Risks (Level 2)	Climate-related Risks (Level 3)	Risk Identification	Potential Impact	Timeframe	Mitigation Measures
Transition Risks	Policy and Legal Risks	Environmental requirements and stricter regulations for existing products	As carbon emission management gradually becomes stricter, there may be more stringent carbon emission requirements and standards for the pharmaceutical industry's production operations and products. This may require additional time, manpower, and capital to account for and report greenhouse gas emissions to meet the requirements of relevant regulations and standards	Moderate	Mid-term	• Adopt energy-efficient equipment and technologies, retrofit high-energy-consuming equipment to reduce energy consumption and thus decrease carbon emissions • Enhance material recycling and reduce raw material consumption to reduce carbon emissions-related activities at the source • Communicate with suppliers and request them to provide low-carbon raw materials and components to build a green supply chain together • Collaborate with industry peers, research institutions, and others to share low-carbon technologies and experiences, jointly addressing carbon emissions regulatory challenges
		Impacts of carbon pricing mechanisms and carbon tax policies	As domestic carbon emission and carbon trading regulations continue to improve, companies may be required to participate in the carbon trading market in the future. Carbon prices may rise, necessitating additional resources to keep up with regulatory changes	Low	Long-term	• Implement energy efficiency improvement projects to reduce energy consumption through equipment upgrades, process optimization, and other means, so as to reduce carbon emissions caused by energy use, etc. • Collaborate with upstream and downstream companies in the supply chain to jointly address the rise in carbon prices
	Technical risk	Transition costs of low-carbon emission technologies	Widespread adoption of green technologies (including green design, automated production, energy-saving equipment, and green process applications) to replace high-energy-consumption and high-emission production and operating models, reducing environmental impact	Low	Long-term	• Optimize business processes, continuously improve the level of green manufacturing, and expand lean management projects • Choose energy-efficient and environmentally friendly equipment when purchasing, considering the environmental impact as a factor in equipment procurement • Explore alternative solutions for clean energy

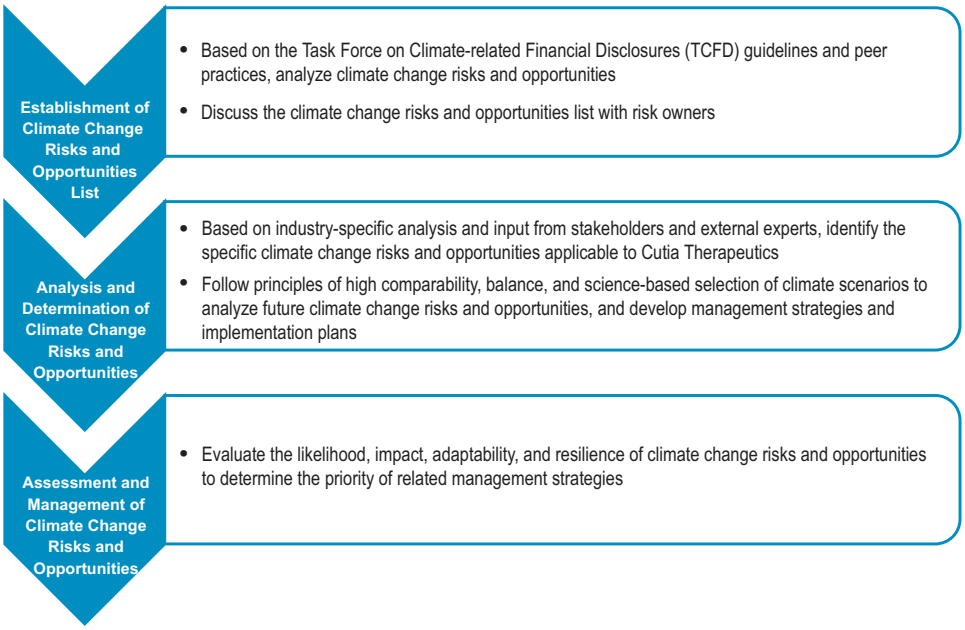
Climate-related Risks (Level 1)	Climate-related Risks (Level 2)	Climate-related Risks (Level 3)	Risk Identification	Potential Impact	Timeframe	Mitigation Measures
	Market risk	Rising raw material costs	The production and quality of raw materials may be affected by factors such as extreme weather, pests and diseases, energy shortages, etc., resulting in insufficient supply and increased prices of raw materials, leading to increased production costs for the Group. Additionally, extreme weather events also exacerbate supply chain instability and the risk of stockouts, pushing up procurement costs for the Company	Low	Mid-term	• Reduce the impact on the stability and prices of raw material procurement for the Company by setting up alternative options with key suppliers or actively seeking alternative suppliers
		Changes in customer behavior	Loss of orders and decreased revenue due to insufficient disclosure of carbon neutrality goals and data	Low	Long-term	• Flexibly adjust market strategies, focus on the development trends of green and low-carbon products and consumer preferences in product manufacturing processes
	Reputation	Stakeholders' concerns and negative feedback	Stakeholders, including customers, employees, investors, and shareholders, are increasingly concerned about the Company's ESG and climate change information. Poor performance may affect the Company's market reputation and reduce its value	Low	Mid-term	• Continuously improve sustainable development and climate change-related disclosures • Strengthen communication with various stakeholders through various channels

Climate-related opportunity		Opportunity Identification	Measures
Resource utilization	Improving resource utilization efficiency	Improvements in resource allocation and utilization efficiency, as well as process innovation, will help the Company reduce operating costs and have a positive impact on the business	• Actively seeking process upgrade models to enhance resource efficiency
Energy sources	Energy substitution and application of new technologies	Adopting more efficient energy management methods, increasing the proportion of clean energy usage, not only improves overall energy utilization efficiency and cost control but also brings energy benefits to the Company through investments and applications of renewable energy. This provides the Company with diversified cost reduction actions	• Actively carry out energy transformation work and promote clean production • Substituting traditional high-emission energy with clean energy in response to renewable energy policies and incentives implemented by local governments
Product and service	Developing low-carbon products and services	Developing new products and introducing low-carbon goods and services help establish the Company's image as a sustainable and responsible enterprise. It attracts more attention from consumers and investors, leading to a competitive advantage	• Actively optimize operations and processes to gain a low-carbon competitive advantage in the product portfolio • Optimize resource utilization and explore green production applications
Market	Increased demand for drugs due to climate change	Changes in disease patterns and epidemiology due to climate change result in increased demand for preventive/treatment drugs for climate-related diseases	• Monitor trends in the impact of climate change on human health and actively conduct related research • Actively participate in public health projects to enhance brand image • Actively cooperate with the value chain to explore new market and business opportunities
Resilience	Enhanced ability to respond to climate change risks	By continuously improving the resilience of the Company, suppliers, and customers to climate risk changes, the Company can reduce climate risks and enhance environmental sustainability and market competitiveness while maintaining production management	• Optimize the supply chain structure to enhance the stability of the value chain • Strengthen internal management, actively take climate prevention actions, and enhance climate resilience

4.1.3 Risk Management

Cutia Therapeutics incorporates climate-related risks into the overall risk management system, compiling a potential climate risk list, conducting risk assessments, and formulating corresponding actions to ensure the orderly implementation of climate risk management work. We understand the potential climate risk list through industry research reports, policies issued by regulatory agencies, benchmarking with peers, and external information retrieval. Based on the evaluation of the timing and potential impact of risk occurrence, we collaborate with relevant business departments to formulate mitigation actions.

Cutia Therapeutics's Climate Change Risk Management Process



4.1.4 Indicators and Targets

Cutia Therapeutics has established goals for energy efficiency, low-carbon emissions, water efficiency, and waste reduction to guide environmental management work. We support the development of low-carbon energy, regularly monitor energy consumption and greenhouse gas emissions data, and implement a series of actions to achieve the targets, including energy conservation, emission reduction, and improved resource utilization.

Energy Use Efficiency Goal: High energy efficiency, reduce energy consumption

For energy use efficiency goals, our initiatives include equipment upgrades, intelligent control, and high-efficiency improvements. For details, see the Energy and Greenhouse Gas Management section.

Low Carbon Emissions Goal: Reduce greenhouse gas emissions, achieve low-carbon

In terms of carbon reduction goals, we encourage employees to adopt green commuting and paperless office practices to reduce carbon emissions. For details, see the Green Office section.

Water Use Efficiency Goal: Improve water resource utilization efficiency, reduce water consumption

For water use efficiency goals, our initiatives include improving water efficiency and reusing water resources For details, see the Water Management section.

Waste Reduction Goal: Reduce waste generation, improve resource recycling rate

For waste reduction goals, we actively promote waste reduction, resource utilization, and harmless treatment. For details, see the Waste Management section.

Climate Change Mitigation Actions

Energy and Greenhouse Gas Management

Cutia Therapeutics strictly adheres to laws and regulations such as the *Energy Conservation Law of the People's Republic of China* to carry out energy-saving and emission reduction work, optimize production processes, improve energy use efficiency, and reduce greenhouse gas emissions. During the Reporting Period, we continued to focus on energy efficiency and enhancement as our key development direction, from intelligent energy supervision and management systems to energy-saving process transformations, to achieve sustainable development goals.

Cutia Therapeutics Energy Management Measures

Equipment Upgrading and Transformation

- By adjusting control system parameters, improve the stability of equipment motor operation
- Optimize cooling tower and chiller group control to enhance the efficiency of the cooling system
- Improve lighting fixture switching methods and optimize lighting times to achieve energy savings

Intelligent Control

- Install metering instruments and on-site sensors to monitor the operating load of chillers in real-time
- Use environmentally friendly refrigerants, LED lighting, and advanced energy-saving equipment, and implement sensor-based lighting control to reduce power consumption
- Monitor energy consumption data through the remote Environmental Temperature and Humidity Detection System ("EMS") and the Energy Metering and Control System ("BMS") to facilitate real-time parameter adjustments

Management Efficiency Improvement

- Adjust the operation mode of two dryers from simultaneous operation to alternating operation, and confirm after 60 days of continuous monitoring that it meets air humidity requirements

Equipment Operation Scheme Optimization

Cutia Therapeutics conducted tests on equipment operation due to the high energy consumption caused by the simultaneous operation of dryers. The test results found that a single dryer could meet the compressed air dehumidification requirements. We adjusted the operation mode of two dryers from simultaneous operation to alternating operation and confirmed after 60 days of continuous monitoring that it could meet the air humidity requirements, resulting in an annual electricity saving of approximately 35% compared to before the improvement.

Air Conditioning System Optimization

Cutia Therapeutics discovered through daily operation and maintenance that 24-hour operation of air conditioners could lead to excessive energy consumption. We added a timed start module for the air conditioning system in the BMS system program, and the air conditioners in the storage area were set to operate in winter and summer modes. Under the condition of ensuring personnel comfort, the air conditioners do not need to operate 24 hours a day, resulting in an annual electricity saving of approximately 79% compared to before the improvement.

Green Office

Cutia Therapeutics promotes green office practices by encouraging employees to adopt eco-friendly commuting, implementing paperless office initiatives, and reducing the use of bottled water and disposable paper cups. Additionally, we actively conduct energy-saving campaigns and environmental activities to strengthen employees' environmental awareness.

Energy-Saving Campaigns

Before statutory holidays, Cutia Therapeutics sends low-carbon tips to all employees, encouraging them to turn off office appliances and disconnect power to instruments and equipment that do not need to operate during the holidays before leaving the factory. This helps employees contribute to energy conservation and environmental protection while raising their awareness.

Energy Consumption

Index	Unit	2023	2024
Electricity consumption	kWh	5,058,078.4	5,041,797.3
Petrol	litters	4,176.7	4,020.5
Natural gas consumption	m^3	314,642.0	274,803.0
Direct energy consumption	ton of standard coal	422.9	369.8
Direct energy consumption intensity[9]	ton of standard coal/ten thousand RMB	0.03	0.01
Indirect energy consumption	ton of standard coal	621.6	619.6
Indirect energy consumption intensity[10]	ton of standard coal/ten thousand RMB	0.05	0.02
Comprehensive energy consumption	ton of standard coal	1,044.5	989.4
Comprehensive energy consumption intensity	ton of standard coal/ten thousand RMB	0.08	0.04

Greenhouse Gas Emissions

Indicator	Unit	2023	2024
Scope 1 greenhouse gas emissions	tons of CO_2e	691.4	602.7
Scope 2 greenhouse gas emissions	tons of CO_2e	2,884.6	2,705.4
Total greenhouse gas emissions	tons of CO_2e	3,576.0	3,308.1
Greenhouse gas emissions intensity	tons of CO_2e/ten thousand RMB	0.26	0.12

4.2 ENVIRONMENTAL MANAGEMENT

Cutia Therapeutics strictly adheres to national laws and regulations such as the *Law of the People's Republic of China Concerning Environmental Protection,* the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China,* the *Water Pollution Prevention and Control Law of the People's Republic of China,* and the *Environmental Impact Appraisal Law of PRC*. The Company has established systems such as the *Environmental Impact Assessment System,* the *Three Simultaneities System*, and the *Pollutant Discharge Declaration and Registration System* to comprehensively ensure compliance in environmental management.

Notes:

9 Comprehensive Energy Consumption Calculation Uses Conversion Coefficients Referenced from the *General Rules for Calculation of the Comprehensive Energy Consumption* (GB/T 2589-2020) Issued by the State Administration for Market Regulation and the Standardization Administration

10 For 2024, the Carbon Emission Calculation for Scope 2 Electricity Consumption Uses the Latest *2022 Carbon Emission Factor for Electricity* released by the Ministry of Ecology and Environment, with the National Grid Average Emission Factor of 0.5366 t CO2/MWh. For 2023, the *Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises – Power Generation Facilities* (2022 Revision) was used, with the national grid average emission factor of 0.5703t CO2/MWh

We have established a robust environmental management framework to actively identify, assess, and manage environmental risks associated with our business activities. The Company has optimized the formulation process of emergency response plans such as the *Cutia Wuxi Emergency Response Procedure* and established a comprehensive environmental risk emergency management system. We strictly implement preventive actions and mitigation plans for potential environmental risks to ensure compliance and standardization in all operational activities. During the Reporting Period, Cutia Therapeutics did not incur any environmental penalties or violations.

Additionally, the Company actively cooperated with external environmental inspections conducted by the government. During the Reporting Period, Cutia Therapeutics completed two environmental review projects: environmental record-keeping and pollutant discharge registration verification, both of which complied with environmental regulations.

Emergency Response Drill for Exceeded Water Quality in Wastewater Treatment System Discharge

In November 2024, to test the production facility's emergency response capabilities for environmental incidents and enhance the control level of environmental risks, we conducted an emergency response drill for exceeded water quality in the wastewater treatment system discharge. The drill focused on strengthening emergency response procedures and regular facility maintenance. Based on the issues identified during the drill, we proposed corrective and preventive actions for non-compliant items and improved the emergency response plan.

"Cleaner" Hiking Activity at Houshan Forest Park

During the Reporting Period, Cutia Therapeutics organized employees to participate in the "Cleaner" hiking activity at Houshan Forest Park, cleaning up litter along the trail from the foot to the summit of the mountain. This activity aimed to effectively enhance employees' environmental protection awareness and deepen their understanding to social responsibility through practical actions.

Spring Hiking: The "Cleaner" Volunteer Hiking

4.3 RESOURCE MANAGEMENT

Cutia Therapeutics regards resource conservation as a key element of the Company's green development. We continuously strengthen resource usage management, promote resource recycling on the basis of reducing resource consumption, actively practice green development concepts, and minimize the environmental impact of our operations.

4.3.1 Water Management

We strictly comply with the *Water Law of the People's Republic of China*, reducing water usage and improving water use efficiency by enhancing water efficiency and implementing water reuse initiatives, thereby actively contributing to water resource protection.

Water Use Efficiency Improvement	Water Resource Reuse
• **Process Optimization:** Adjust the regeneration time of pure water and soft water resins and use ultrafiltration membrane purification processes in water treatment to improve the efficiency of pure and soft water systems • **Management Optimization:** Adjust the operating time and parameters of the hot water system to improve its efficiency • **Management Optimization:** Adjust the operating time and parameters of the hot water system to improve its efficiency	• **Air Conditioning Condensate Recovery:** Install automatic recovery devices for air conditioning condensate and steam condensate. By adding water tanks, collect condensate that was previously directly discharged and reused it in cooling towers via water pumps • **Pure Water System Upgrade:** Modify the drainage pipeline of the pure water system and add drainage tanks to recycle and reuse the system's discharge water, saving water resources and effectively reducing wastewater treatment energy consumption

All water sources used by Cutia Therapeutics in production and operations are municipal water supplies. In 2024, Cutia Therapeutics was actively retrofitting equipment and generating more than 1,500 tons of recycled water. There is no problem of Cutia Therapeutics with the procurement of water sources suitable for the purpose.

Water Resource Usage

Index	Unit	2023	2024
Total water consumption	m^3	18,437.7	20,807.0
Water recycling	m^3	/	1,574.8[11]
Water consumption intensity	m^3/ten thousand RMB	1.34	0.74

Note:

11 Recycled water data generated from the 2024 equipment renovation project statistics

4.3.2 Packaging Material Management

Cutia Therapeutics only uses packaging materials provided by suppliers during the product development process. For packaging materials used by cooperative suppliers, we strictly comply with the *Opinions on Further Strengthening the Cleanup of Plastic Pollution*. We continuously strengthen the sustainable management of packaging materials and are committed to reducing the environmental impact of packaging materials.

4.4 EMISSIONS MANAGEMENT

Cutia Therapeutics strictly adheres to the Law of the *People's Republic of China on Prevention and Control of Environmental Pollution,* the *Atmospheric Pollution Prevention and Control Law of the People's Republic of China,* the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Water,* and the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste.* We aim to reduce environmental pollution caused by emissions of waste gas, wastewater, and solid waste, and to build an environmentally friendly enterprise.

4.4.1 Wastewater Management

The Company's wastewater discharge primarily includes production wastewater and domestic sewage. Following the principle of "separating rainwater and sewage, and treating them separately", the wastewater undergoes pre-treatment through self-built wastewater treatment facilities before being discharged. After meeting the emission concentration limit standards, it is directed into designated municipal pipelines for further advanced treatment by regional wastewater treatment units before being released into the environment. Cutia Therapeutics does not directly discharge wastewater into surface water, groundwater, or seawater.

Our wastewater treatment employs an efficient combination of processes, including coagulation flotation, anaerobic treatment, anoxic treatment, aerobic treatment, and membrane bioreactor (MBR) technology. These processes effectively remove key pollutants such as chemical oxygen demand (COD), total nitrogen, total phosphorus, and ammonia nitrogen from the wastewater, ensuring it meets discharge standards.

Cutia Therapeutics Wastewater Treatment Process

Additionally, the wastewater station is equipped with online monitoring devices and video systems, which upload real-time monitoring information to the Wuxi Wastewater Monitoring Platform. Dedicated personnel conduct daily inspections.

Membrane Bioreactor (MBR) Membrane Regular Automatic Chemical Cleaning Program

In 2024, to further enhance the stability and efficiency of the wastewater treatment system, Cutia Therapeutics introduced a regular automatic chemical cleaning program for MBR membranes. This program standardizes the usage of water treatment chemicals, effectively avoiding fluctuations in chemical dosage caused by improper human operations and reducing environmental pollution from chemical discharge in wastewater.

4.4.2 Waste Gas Management

The Company's atmospheric pollution sources mainly include nitrogen oxides, sulfur dioxide, and particulate matter emitted during the complete and incomplete combustion of boilers in the production process, as well as various organized and unorganized volatile organic compounds (VOCs). While ensuring compliant emissions, we continuously seek better methods for emission treatment.

Cutia Therapeutics actively implements effective actions to reduce waste gas emissions, striving to comprehensively collect and treat waste gas generated during production and discharge it in an organized manner to minimize the impact on the atmospheric environment. For process waste gas generated during production, we prioritize organized collection and treat it in accordance with national requirements before compliant discharge. For waste gas containing harmful substances such as particulate matter and non-methane total hydrocarbons generated during experiments, we collect and filter them. A two-stage activated carbon adsorption device is used for deep treatment of residual pollutants, significantly reducing the negative environmental impact of waste gas emissions.

Cutia Therapeutics Waste Gas Treatment Process

Waste Gas Emissions

Index	Unit	2023	2024
NOx emissions	gram	3,398.6	3,288.6
SOx emissions	gram	61.4	59.1
Particulate emissions	gram	250.2	242.1

4.4.3 Waste Management

Cutia Therapeutics has established internal management systems, including the *Solid Waste Management System* and the *Responsibility System for Hazardous Waste Pollution Prevention and Control*, to standardize the handling procedures for various types of solid waste, especially hazardous waste, effectively reducing environmental pollution risks.

For non-hazardous waste, the Company actively promotes waste reduction, resource utilization, and harmless treatment. General waste with recycling value is entrusted to capable units for recycling, while general waste without recycling value is collected and disposed of by local municipal sanitation units capable of handling solid waste.

For hazardous waste, we have established a dedicated hazardous waste storage facility with actions such as rainproofing, anti-seepage, anti-leakage, and anti-scattering to prevent environmental pollution. Hazardous chemicals are stored in specialized cabinets based on their properties. We have entered into formal service contracts with qualified third-party professional hazardous waste treatment agencies to ensure all hazardous waste is handled legally, compliantly, and efficiently.

Hazardous Waste Classification and Treatment Process

Chemical Laboratories	Strong Acid and Alkaline Hazardous Substances

- We pre-neutralize strong acid and alkaline hazardous substances in the laboratory to ensure they are weakly acidic before processing them according to hazardous waste disposal procedures.

Microbiology Laboratories	Biohazardous Waste

- For biohazardous waste generated in microbiology laboratories, we require effective sterilization in the laboratory before treating it as hazardous waste.

Production and Operational Activities	Hazardous Waste

- For all hazardous waste generated during production and operational activities, we entrust qualified hazardous waste disposal units to handle it safely and complete the necessary hazardous waste transfer and disposal approval procedures.

Additionally, to further enhance employees' understanding of waste disposal policy requirements, we provide training for all employees on solid waste management requirements and processes. This includes training on hazardous waste-related laws and regulations, hazardous waste classification, hazardous waste collection methods and requirements, and hazardous waste storage and transfer requirements.

Waste Discharge

Index	Unit	2023	2024
Household waste[12]	ton	0.2	/
Total discharge of non-hazardous waste	ton	8.5	14.4
Non-hazardous waste discharge intensity	ton/ten thousand RMB	0.001	0.001
Total discharge of hazardous wastes	ton	18.0	16.4
Hazardous waste discharge intensity	ton/ten thousand RMB	0.001	0.001

Note:
12 Due to waste being directly transported by sanitation workers to the disposal site in 2024, data could not be collected

5. Social

Cutia Therapeutics adheres to the principle of quality first, continuously optimizes the supply chain management system, conducts business operations with high standards and strict requirements, and upholds business ethics. We contribute to medical accessibility and give back to society through practical actions.

5.1 SUPPLY CHAIN MANAGEMENT

The Company continuously improves supply chain compliance and management capabilities by optimizing processes, promoting sustainable procurement, and deepening collaborative development with partners. Together, we build a value chain ecosystem of mutual benefit and continuously enhance supply chain management levels.

5.1.1 Supplier Management

With strict reference to the requirements of local laws and regulations, we updated and optimized a series of systems, such as the Supplier Management System of Cutia Therapeutics and the Procurement Management System of Cutia Therapeutics, and added new standards, such as the scope of international material supplier procurement and the optimization of material control processes and standards, to ensure the quality and stability of the supply chain.

Supplier Access

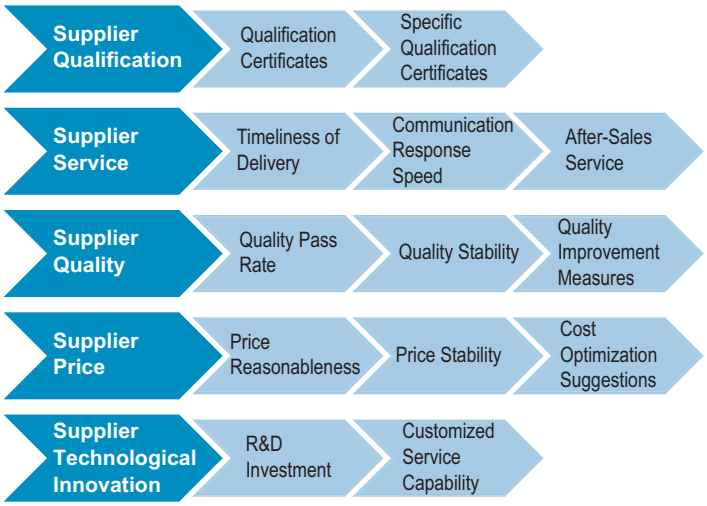
In the access stage, Cutia Therapeutics strictly carried out the management of potential suppliers and recorded suppliers. Through preliminary research and on-site inspections, we comprehensively understood the basic situations, scale and operational capacity, and commodity capacity, etc. of potential partners. We matched specialists to carry out pre-qualification and inspection, covering all 1,728 suppliers, and suppliers passing the assessment and evaluation will be recorded in the supplier database system and become potential suppliers of the Company.

Supplier Assessment

After the suppliers were recorded in the supplier database system, Cutia Therapeutics carried out a comprehensive assessment in terms of quality management, integrity, ESG construction and other dimensions, to ensure that all suppliers strictly comply with all applicable laws and regulations on manufacturing and operation, and that all deliveries satisfy the Company's requirements for manufacturing and operation, and effectively mitigate potential risks.

In 2024, Cutia Therapeutics optimized and upgraded the supplier scoring mechanism. More detailed and specific scoring items were established for recorded suppliers in areas such as qualifications, service levels, product quality, price competitiveness, and technological innovation to achieve more accurate and comprehensive evaluations.

Cutia Therapeutics Supplier Evaluation Mechanism



Supplier Classification Management

Based on indicators such as the suppliers' delivery quality, fulfillment performance, service and material importance, Cutia Therapeutics carried out supplier classification and sorting management. We also adopted a strategy of periodic evaluation and continuous improvement. Suppliers were categorized into four ratings: strategic partnership, excellent, qualified, and unqualified. Unqualified suppliers were removed from the supplier list and will not be considered for cooperation within a certain period. Cutia Therapeutics regularly synchronizes the relevant results with the suppliers to ensure that the suppliers take measures to address their defects or items to be optimized within a reasonable time, and evaluate and confirm the degree of completion of their implementation.

Additionally, the Company conducts supplier risk assessments annually, comprehensively evaluating potential risks of new suppliers, including market risks, R&D risks, quality risks, supply risks and ESG risks. We have established an early warning mechanism and formulated corresponding risk response actions to ensure timely identification and resolution of potential issues, meeting qualification requirements.

Supplier Elimination

For suppliers that have failed to complete the rectification within three months, the internal assessment group of Cutia Therapeutics will decide whether to terminate purchasing from the supplier, and clarify whether to organize the elimination of the supplier based on the final result, to guarantee the stability of the supply chain. In the event that a supplier's material fault results in losses to the interests of Cutia Therapeutics, procurement activities will be terminated immediately if the situation is serious.

We take ESG elements as one of the considerations in procurement, actively understand and evaluate the ESG performance of suppliers, and do not consider follow-up cooperation for suppliers whose ESG performance is non-compliant. Meanwhile, we will take the initiative to cooperate with upstream and downstream suppliers, actively promote the concept of environmental protection, and drive the development of the green industry.

Supplier Empowerment

Cutia Therapeutics strictly adheres to the Company's internal supplier management processes, effectively controlling supplier quality management to ensure the stability of raw material reserves and material production of our key suppliers.

Quality Management of Suppliers

We have established systems such as *Quality Management of Suppliers* to standardize supplier quality management processes. Through a combination of questionnaires and on-site audits, we comprehensively conduct supplier quality reviews to ensure that every stage – from raw material procurement and production process control, to product inspection and delivery – complies with quality control requirements.

Cutia Therapeutics Supplier Quality Management Evaluation Requirements

Medical Affairs Related Suppliers	Manufacture Material Suppliers	Services Suppliers	Medical Device Manufacturers/Distributors
• Business and strategic risk assessment is required first • Develop a due diligence strategy based on the evaluation conclusions	• Materials for early clinical production: conduct questionnaire survey • Critical clinical sample production and commercialization	• Product commissioned research, and inspection and testing: conduct questionnaire survey • Product production and product release testing: conduct on-site audit and sign quality assurance agreement	• Conduct questionnaire survey • Conduct an on-site audit if necessary

5.2 COMMUNITY WELFARE

Cutia Therapeutics firmly believes that corporate growth is closely linked to social development. We fulfill corporate social responsibilities, and demonstrate the warmth and commitment of the Company.

5.2.1 Medical Accessibility Initiative

Cutia Therapeutics is committed to improving the accessibility and prevalence of medications. The Company is actively promoting the development and commercialization of our products so that patients and consumers can use our products as soon as possible. In the field of scalp diseases and care, we promote knowledge about hair loss prevention and treatment through specialized education, Bilibili video training, and WeChat Official Account promotions.

Cutia Therapeutics Hair Loss Knowledge Popularization

Cutia Therapeutics is dedicated to sharing hair loss-related knowledge with the public to enhance public awareness and understanding of this common issue. We publish popular science articles and videos on social media platforms about hair loss prevention, treatment and care, providing professional medical information and practical daily care advice for hair loss patients.

Cutia Therapeutics Knowledge Popularization Article

We have noticed that with the rapid increase in the hair loss population and the trend of younger individuals experiencing hair loss, the public's awareness of hair loss prevention and hair regrowth is insufficient, with a lack of understanding of the hair loss issue and confusion in seeking appropriate solutions. Cutia Therapeutics is committed to raising public awareness of hair loss issues by organizing offline activities such as hair loss knowledge education and "Entering the Workplace" events. These initiatives aim to promote accurate knowledge about hair loss prevention and hair regrowth, helping individuals affected by hair loss find suitable solutions.

HAIRGEOGRA, the Journey of Hair Regrowth

Cutia Therapeutics's offline IP event, HAIRGEOGRA, the Journey of Hair Regrowth addresses the rapid growth of the hair loss population and the lack of awareness about hair loss prevention and regrowth by providing knowledge popularization.

At the event, we offer professional hair management consultations and hair care advice from certified experts, along with educational sessions and free medical consultations by doctors to answer user questions on-site. The event not only enhances public understanding of hair loss but also provides professional solutions for hair loss patients, helping to rebuild their confidence.

One-on-One Hair Management Consultation

Free Medical Consultations and Professional Knowledge Sharing by Doctors

5.2.2 Promotion of Industrial Development

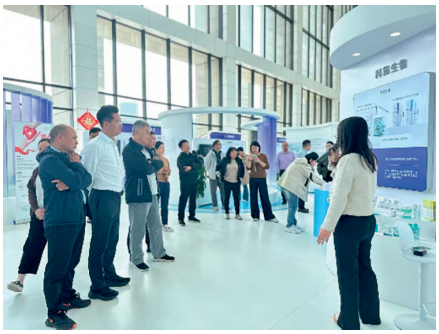
Cutia Therapeutics actively engaged in exchanges and collaborations within and outside the industry and with the government, driving technological advancements and industry development in the field of hair health.

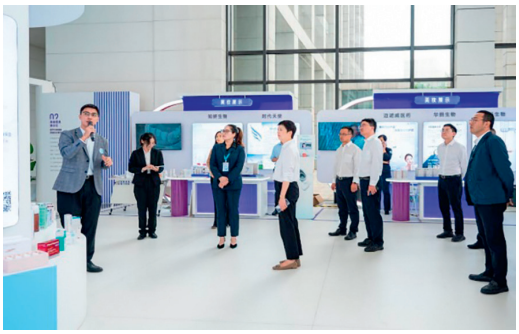
The Company actively participates in industry exchanges, showcasing its breakthrough progress in hair loss treatment, fat-dissolving technology and skin disease management. It also engages in communication and interaction with other leading companies, research institutions and potential partners in the industry. Additionally, our collaboration with the government has yielded positive results, demonstrating Cutia Therapeutics's professional capabilities in the medical industry and its active role in driving industry advancement.

Cutia Therapeutics Participates in the Wuxi Biomedical Innovation Achievements Exhibition

In October 2024, at the invitation of the Wuxi Municipal Science and Technology Bureau, we participated in the "Wuxi Biomedical Innovation Achievements Exhibition" event. During the exhibition, Cutia Therapeutics showcased hair loss products to the public.

Cutia Therapeutics Participates in the "Wuxi Biomedical Innovation Achievements Exhibition" Event





Appendix I: Key Performance Table

ENVIRONMENTAL PERFORMANCE

Index	Unit	2023	2024
Energy Consumption			
Electricity consumption	kWh	5,058,078.4	5,041,797.3
Petrol	litters	4,176.7	4,020.5
Natural gas consumption	m^3	314,642.0	274,803.0
Direct energy consumption	ton of standard coal	422.9	369.8
Direct energy consumption intensity[13]	ton of standard coal/ ten thousand RMB	0.03	0.01
Indirect energy consumption	ton of standard coal	621.6	619.6
Indirect energy consumption intensity[14]	ton of standard coal/ ten thousand RMB	0.05	0.02
Comprehensive energy consumption	ton of standard coal	1,044.5	989.4
Comprehensive energy consumption intensity[15]	ton of standard coal/ ten thousand RMB	0.08	0.04
Resource Usage			
Total water consumption	m^3	18,437.7	20,807.0
Water consumption intensity[16]	m^3/ten thousand RMB	1.34	0.74
Emissions			
Waste Gas			
NOx emissions	gram	3,398.6	3,288.6
SOx emissions	gram	61.4	59.1
Particulate emissions	gram	250.2	242.1

Notes:

13 In Units of ten thousand RMB Revenue
14 In Units of ten thousand RMB Revenue
15 In Units of ten thousand RMB Revenue
16 In Units of ten thousand RMB Revenue

Index	Unit	2023	2024
Wastewater			
Waste organic solvent discharge	ton	2.0	3.5
Laboratory sewage discharge	ton	15.0	5,581.8[17]
Waste			
Household waste	ton	0.2	/
Total discharge of non-hazardous waste	ton	8.5	14.4
Non-hazardous waste discharge intensity[18]	ton/ten thousand RMB	0.001	0.001
Total discharge of hazardous wastes	ton	18.0	16.4
Hazardous waste discharge intensity[19]	ton/ten thousand RMB	0.001	0.001
Greenhouse Gas Emissions			
Total greenhouse gas emissions	tons of CO_2e	3,576.0	3,308.1
Scope 1 greenhouse gas emissions	tons of CO_2e	691.4	602.7
Scope 2 greenhouse gas emissions	tons of CO_2e	2,884.6	2,705.4
Greenhouse gas emissions intensity[20]	tons of CO_2e/ ten thousand RMB	0.26	0.12

Notes:

17 Domestic wastewater included in statistics starting from 2024
18 In Units of ten thousand RMB Revenue
19 In Units of ten thousand RMB Revenue
20 In Units of ten thousand RMB Revenue

EMPLOYEE EMPLOYMENT PERFORMANCE

Index	Unit	2023	2024
Total employees	person	298	333
Full-time employees	person	296	333
Contract employees	person	2	0
By Gender			
Male employees	person	113	132
Female employees	person	185	201
By Age			
>50 years old	person	4	3
30-50 years old	person	170	211
<30 years old	person	124	119
By Region[21]			
Mainland China	person	294	330
Overseas (including Hong Kong, Macao and Taiwan)	person	4	3
Turnover of Employee			
Employee turnover rate	%	17.0	25.3
By Gender			
Male employees	%	16.9	20.0
Female employees	%	17.0	28.5
By Age			
>50 years old	%	20.0	40.0
30-50 years old	%	14.6	18.9
<30 years old	%	20.0	34.3

Note:

21 This Year, Cutia Therapeutics's total number of employees is divided by region into Mainland China and overseas regions (including Hong Kong, Macao and Taiwan). Mainland China Includes East China, South China, Central China, North China, Northwest China, Northeast China and Southwest China. Data caliber for 2023 and 2024 remains consistent

Index	Unit	2023	2024
By Region[22]			
Mainland China	%	20.4	25.2
Overseas (including Hong Kong, Macao and Taiwan)	%	20.0	40.0
Health and Safety of Employees			
Number of work-related injury accidents	number of accidents	0	0
Number of work-related fatalities[23]	person	0	0
Percentage of work-related fatalities	%	0.0	0.0
Loss-time injury per million working hours	%	0.0	0.0
Development and Training			
By Grade			
Senior management	person	7	8
Middle management	person	120	144
Entry-level employees	person	171	181
By Gender			
Male employees	person	113	132
Female employees	person	185	201

Notes:

22 This Year, Cutia Therapeutics's employee turnover rate is divided by region into mainland China and overseas regions (including Hong Kong, Macao and Taiwan). Mainland China includes East China, South China, Central China, North China, Northwest China, Northeast China and Southwest China. Data caliber for 2023 and 2024 remains consistent

23 In the past three years, the number and percentage of work-related fatalities were zero

Index	Unit	2023	2024
Coverage Ratio of Employee Training			
Coverage ratio of employee training	%	100.0	100.0
By Gender			
Male employees	%	37.9	39.6
Female employees	%	62.1	60.4
By Grade			
Senior management[24]	%	2.3	2.4
Middle management[25]	%	40.3	43.2
Entry-level employees[26]	%	57.4	54.4
Training Hours per Employee Performance			
Training hours per person[27]	hour	30.3	48.3
By Gender			
Male employees	hour	33.0	52.7
Female employees	hour	28.8	45.4
By Grade			
Senior management	hour	42.7	38.6
Middle management	hour	36.4	42.5
Entry-level employees	hour	25.6	53.4

Notes:

24 The calculation is based on the number of senior management trained/the total number of employees trained x 100%
25 The calculation is based on the number of middle management trained/the total number of employees trained x 100%
26 The calculation is based on the number of entry-level employees trained/the total number of entry-level employees trained x 100%
27 The calculation is based on the total training hours of employees trained/the total number of employees

PRODUCT QUALITY AND SAFETY

Index	Unit	2023	2024
Proportion of products that need to be recalled due to safety or health reasons to the total products sold or shipped	%	0	0
Number of complaints against products and services	number	10	18
Processing ratio of complaints against products and services	%	100.0	100.0

SUPPLIER PERFORMANCE

Index	Unit	2023	2024
Mainland China[28]	number	1,030	1,623
Other regions (Including Hong Kong, Macao and Taiwan)	number	71	105
Total number of suppliers	number	1,101	1,728

ANTI-CORRUPTION PERFORMANCE

Index	Unit	2023	2024
Number of corruption lawsuits that have been filed against the Company and its employees and concluded	number	0	0
Total hours of anti-corruption training provided to directors	hour	18.0	18.0
Number of directors attending anti-corruption training	person	9	9
Total hours of anti-corruption training provided to employees	hour	264.0	376.0
Number of employees attending anti-corruption training	person	132	188

PUBLIC WELFARE PERFORMANCE

Index	Unit	2023	2024
Charitable donations	ten thousand RMB	/	2.3
Cumulative hours of volunteer service for public charity	hour	18.0	10.0

Note:

28 Mainland China includes East China, South China, Central China, North China, Northwest China, Northeast China and Southwest China. Data caliber for 2023 and 2024 remains consistent

Appendix II: Content Index of Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange

Disclosure Requirements		Corresponding Section(s) or Interpretation
A. Environmental		
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	4. Environmental
KPI A1.1	The types of emissions and respective emissions data.	4.4 Emissions Management Appendix I: Key Performance Table
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Addressing Climate Change Appendix I: Key Performance Table
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Emissions Management Appendix I: Key Performance Table
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Emissions Management Appendix I: Key Performance Table
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.4 Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.4 Emissions Management

Disclosure Requirements		Corresponding Section(s) or Interpretation
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	4. Environmental
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.1 Addressing Climate Change Appendix I: Key Performance Table
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.3 Resource Management Appendix I: Key Performance Table
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Addressing Climate Change[29]
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.3 Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable, it is negligible since there is no regular product production and minimal use of packaging material
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	4. Environmental
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.2 Environmental Management
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4. Environmental
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.1 Addressing Climate Change

Note:

29 As the Company is not yet fully commercialized during the year, setting quantitative targets at this stage is not applicable and is not comparable. The Company is actively preparing for commercialization and will set quantitative targets related to the environment, including emissions, in coming years based on the actual situation.

Disclosure Requirements		Corresponding Section(s) or Interpretation
B. Social		
Employment and Labour Practices		
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3. Employees
KPI B1.1	Total workforce by gender, employment type (for example, full – or part-time), age group and geographical region.	3.1 Employee Attraction and Inclusion Appendix I: Key Performance Table
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Employee Attraction and Inclusion Appendix I: Key Performance Table
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	3. Employees
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Occupational Health and Safety Appendix I: Key Performance Table
KPI B2.2	Lost days due to work injury.	3.4 Occupational Health and Safety Appendix I: Key Performance Table
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	3.4 Occupational Health and Safety

Disclosure Requirements		Corresponding Section(s) or Interpretation
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	3. Employees
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Employee Training and Development Appendix I: Key Performance Table
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.2 Employee Training and Development Appendix I: Key Performance Table
B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	3. Employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employee Attraction and Inclusion
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employee Attraction and Inclusion
Operating Practices		
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5. Social
KPI B5.1	Number of suppliers by geographical region.	5.1 Supply Chain Management Appendix I: Key Performance Table
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.1 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.1 Supply Chain Management

Disclosure Requirements		Corresponding Section(s) or Interpretation
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2. Products
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2 Product Quality Appendix I: Key Performance Table
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Product Quality
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1 R&D Innovation
KPI B6.4	Description of quality assurance process and recall procedures.	2.2 Product Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	1.1 Responsible Governance
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1. Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.1 Responsible Governance Appendix I: Key Performance Table
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	1.1 Responsible Governance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	1.1 Responsible Governance
B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	5. Social
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	5.2 Community Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	5.2 Community Welfare Appendix I: Key Performance Table