



Rhythm<sup>®</sup>  
PHARMACEUTICALS

2024

**SUSTAINABILITY REPORT**

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# Foreword

Rhythm Pharmaceuticals is a global, commercial-stage biopharmaceutical company focused on transforming the lives of patients living with rare neuroendocrine diseases. We are advancing our lead asset, IMCIVREE® (setmelanotide), a precision medicine designed to treat hyperphagia and severe obesity caused by rare melanocortin-4 receptor (MC4R) pathway diseases. IMCIVREE is approved or available in more than 15 countries in addition to the United States to treat certain rare MC4R pathway diseases, and we are continuously working to provide meaningful support to healthcare providers and patients and their families. We are focused on expanding access to IMCIVREE® to reach more patients and developing novel therapies for other rare neuroendocrine diseases, including congenital hyperinsulinism.

With more than 318 employees in 14 countries as of June 30, 2025, we are building a rare neuroendocrine disease-focused, patient-centric organization. With what we consider a disciplined, sustainable, and resilient approach, we are pursuing a global strategy built on translational research and clinical development expertise, global regulatory capabilities, and proven commercial and market access successes.

At Rhythm, we hold these core values:



**We are committed to advancing scientific understanding to improve patients' lives**



**We are inspired to tackle tough challenges and have the courage to ask bold questions**



**We are eager to learn and adapt**



**We believe collaboration and ownership are foundational for Rhythm's success**



**We value the unique contribution each individual brings to furthering our mission**

In doing so, we are working to build a global biopharmaceutical company that can create and sustain long-term enterprise value by improving the lives of patients with rare neuroendocrine diseases.

We are pleased to publish our second Sustainability Report focused on environmental, social and governance – or ESG – issues as a demonstration of our ongoing efforts to build a sustainable business. We begin with the results of our first voluntary stakeholder assessment to help align our efforts with the priorities of our key internal and external stakeholders, as we deem appropriate. These results guide our responses for each of the World Economic Forum's (WEF) core Stakeholder Capitalism Metrics (SCM) included in this report.

We chose the WEF SCM framework to align our reporting with internationally recognized, industry-agnostic ESG indicators. Focused on pillars of people, planet, prosperity and principles of governance, we are using this framework to inform our report on ESG matters most relevant to our business.

# What's New in our 2024 Sustainability Report

Our 2024 Sustainability Report builds upon our inaugural report, reflecting the latest updates to our ESG initiatives, data, and disclosures. We remain committed to transparency and accountability in our sustainability journey, and this year's report includes several key updates:

- **Anti-Corruption:** We reconfirm our zero-tolerance approach to corruption and bribery, with updates on compliance training and incident reporting.
- **AI Governance:** We expand on Rhythm's commitment to responsible AI, including our plans to develop an AI roadmap and refine policies to ensure the responsible and ethical use of AI.
- **Employment and Retention:** We provide updated figures on our 2024 workforce growth, turnover rate, and employee engagement initiatives.
- **Environmental Sustainability:** While no new environmental metrics have been reported on this year, we reaffirm our ongoing sustainability efforts, including energy-efficient office practices and waste reduction initiatives.
- **Operational Performance:** We report on updates to our financial data, including a significant increase in research and development expenses, reinforcing our commitment to innovation in rare neuroendocrine disease treatments.

As we continue refining our ESG strategy and reporting, we remain dedicated to enhancing transparency, addressing stakeholder priorities, and integrating sustainability into our long-term business strategy.



# Recap of Rhythm's 2024 Stakeholder Assessment

In March and April 2024, Rhythm conducted an inaugural stakeholder assessment to understand which sustainability issues our stakeholders consider most important, present the most risk and offer us the most opportunity to have a positive impact.

We surveyed our stakeholders on 26 potentially relevant topics informed by voluntary ESG standards, ESG scoring and rating methods, and industry trends. We reviewed our key internal and external stakeholder groups and selected a subset of individuals to participate. We surveyed more than 90 stakeholders with a 33.3% response rate evenly distributed across employees, investors, physicians, and the caregiver and patient community. The survey aimed to capture their perspectives on the relevance of these issues, the associated risks and opportunities, and the impact that Rhythm is having on these topics.

The quantitative survey data was complemented by qualitative insights from survey comments, and we analyzed both inputs to identify the relevant topics deemed most significant to our stakeholders and the Company. Ultimately, we identified 10 priority sustainability topics, listed below, which continue to guide our ESG reporting and strategy. We remain committed to monitoring and managing these topics while also planning to revisit our assessment in 2025 to ensure alignment with evolving stakeholder priorities and industry trends.

- 1. Product Quality and Safety**
- 2. Access to Medicines**
- 3. Business Ethics**
- 4. Data and Cybersecurity**
- 5. Customer Privacy**
- 6. Recruitment, Development and Retention**
- 7. Management of the Legal and Regulatory Environment**
- 8. Inclusion and Belonging**
- 9. Stakeholder Engagement**
- 10. Income and Wage**

This initial stakeholder assessment will inform our ESG priorities moving forward as part of our effort to create long-term value for all our stakeholders and contribute positively to our communities.

For our sustainability matrix and additional details on our stakeholder assessment process, please see the stakeholder engagement section of this report.



# Stakeholder Assessment

## ESG Issues Impacting Stakeholders | Code: GO-03-C1

We pride ourselves in actively hearing and considering the comments, ideas, and perspectives of our stakeholders, and the completion of this inaugural stakeholder assessment in early 2024 has been a crucial step in formalizing this stakeholder engagement. Our process was as follows.

### 1. Setting the scope

We defined the objectives and goals of our assessment. We chose to consider our impact on the world in addition to how these ESG topics affect our business.

### 2. Topic mapping

We reviewed a list of sustainability topics informed by voluntary ESG standards and frameworks, ESG scoring and rating methods, and industry trends and identified 26 sustainability issues potentially relevant to our business.

### 3. Stakeholder mapping

We identified employees, investors, physicians, and the caregiver and patient community as our key stakeholders. We identified a subset of individuals in each group to include in the survey process so that we included representation from different parts of our business and community.

### 4. Stakeholder engagement

We engaged more than 90 stakeholders with a survey to capture their perspectives. Stakeholders were asked to determine the significance of the business' handling of the topic to them as a stakeholder, the financial risks and opportunities the topic presents to the business, and the potential impact that the business has on society and the environment with regard to each topic. For any topic identified as potentially significant, stakeholders had an opportunity to add free-text comments explaining their ratings.

### 5. Analysis and validation

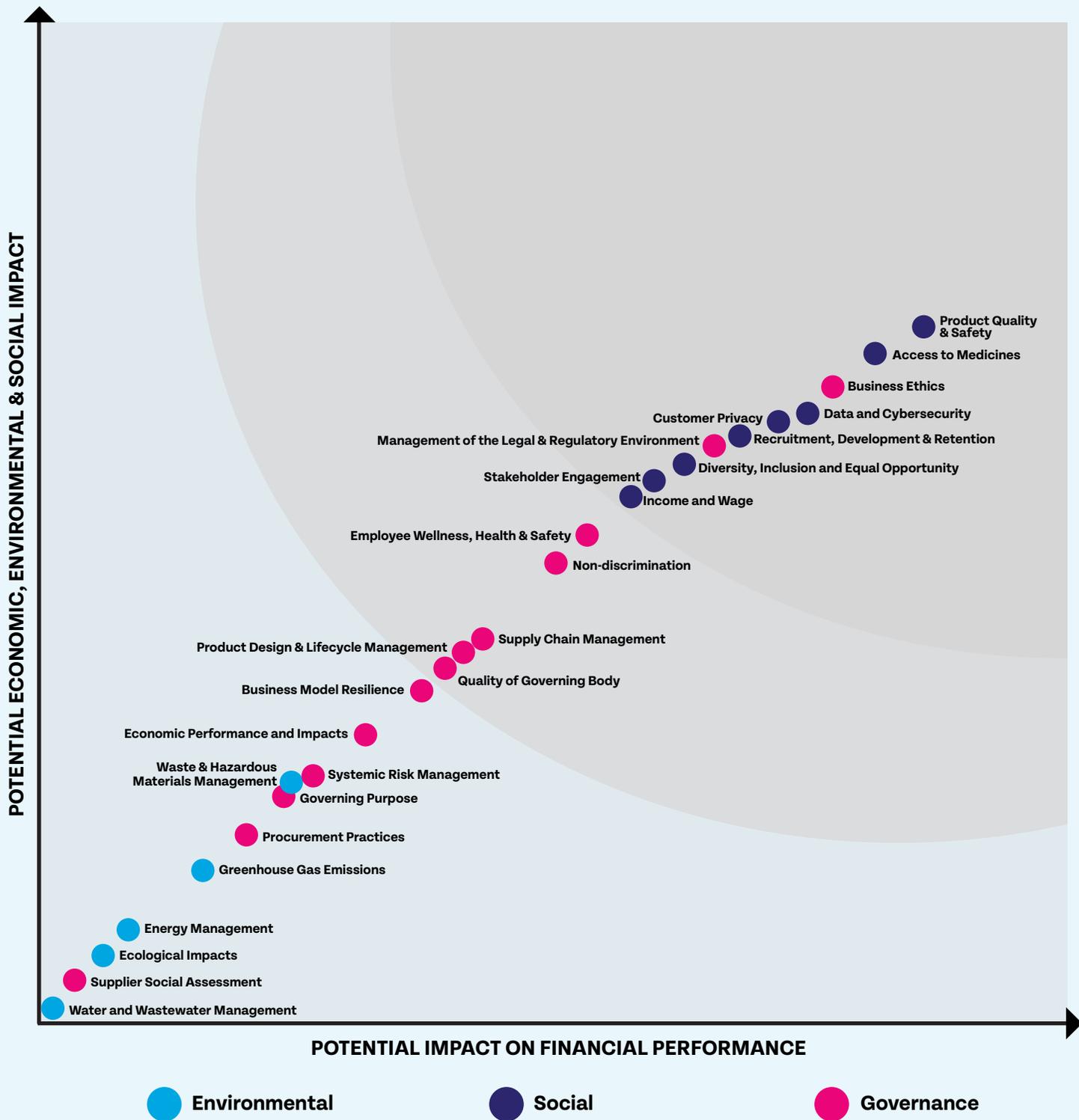
Of the 90+ stakeholders selected, we had a 33.3% response rate, with responses from each stakeholder group that we included. We analyzed the quantitative data from these survey results to identify the sustainability topics considered significant by our stakeholders and validated this selection with qualitative survey comments and internal insights.

### 6. Selection and alignment

We chose to prioritize the 10 topics deemed most significant through stakeholder engagement and internal analysis and aligned these topics with the United Nation's Sustainable Development Goals (SDGs), focusing on the SDGs directly impacted by our business operations, which are: Good health and well-being; Decent work and economic growth; Industry, innovation and infrastructure; Reduced inequalities; Responsible consumption and production; and Partnerships for the Goals.



# Stakeholder Assessment



This matrix is designed to help us prioritize our sustainability efforts based on the significance of various topics to our business objectives (x-axis) and the impact of our activities on society and the environment (y-axis). We have established two thresholds to better understand and categorize the relevance of these topics.

The highest threshold identifies ten priority topics located in the top right-hand corner of the matrix. We will concentrate our efforts on these topics, as they are deemed the most important for both our financial performance and our impact on the external world. The next, lower threshold includes five additional topics that, while still relevant, are considered less significant than those in the top tier. We will monitor these topics to stay informed about their developments. The remaining topics in the bottom left of the matrix are considered less significant at this time.

Moving forward, we will use the relative significance of these topics to help guide our internal ESG efforts and inform our corporate sustainability reporting. The significance of topics to stakeholders is likely to change over time and as the sustainability landscape continues to evolve. As such, we intend to conduct such an assessment periodically, starting with the previous period's topics and supplementing with emerging relevant issues.

# Governance

## Governing Purpose

### Setting Purpose | Code: GO-01-C1

Rhythm is a global, commercial-stage biopharmaceutical company focused on transforming the lives of patients living with rare neuroendocrine diseases by rapidly advancing care and precision medicines that address the root cause.

## Quality of Governing Body

### Governance Body Composition | Code: GO-02-C1

At Rhythm, we recognize that recruiting and maintaining an experienced Board of Directors with a broad range of skills and backgrounds is important to our success because it brings differing perspectives, experiences, and insights to the decision-making process. Having directors who come from different backgrounds can lead to more informed and well-rounded decisions and can also help our company better understand and connect with a wider range of stakeholders, including customers, employees, and communities.

We believe that we have a strong Board of Directors, with experience across many functions in the biopharmaceuticals industry. To uphold transparency, we disclose our directors' tenure, experience, independence, and other commitments on our website and in our annual proxy statement. Currently, seven of our eight directors (87.5%) are considered independent according to the standards of Nasdaq and the Securities and Exchange Commission ("SEC").

Additionally, three of our eight directors are female (37.5%), and eight of our eight directors are white (100%).

Our Governance and Nominating Committee is committed to putting forward the best director candidates with a broad range of personal and professional backgrounds to advance the long-term value of the Company.

As established in our Corporate Governance Guidelines, the Company's Governance and Nominating Committee works with the Board on an annual basis to determine the suitability of individual Board members, taking into account the appropriate balance of knowledge, experience, skills, expertise, backgrounds and other perspectives that would be useful to the effective oversight of the Company's business. We remain committed to considering broadening the diversity of representation in our future recruiting efforts. Although we do not have a formal policy regarding board criteria, we consider each individual in the context of the Board as a whole, and our Governance and Nominating Committee's priority in selecting Board members is the identification of persons who will further the interests of Rhythm through an established record of professional accomplishment, the ability to contribute positively to the collaborative culture among Board members, and professional and personal experiences and expertise relevant to our growth strategy.

We developed an inaugural Board skills matrix to assess the mix of competencies and expertise on the Board required to help lead our company to success. All our directors have a relevant degree and relevant experience in the industry in which we operate as well as varied skills in the other areas assessed.

## Board Skills Matrix

Name	David Meeker, M.D.	Edward Mathers	Stuart Arbuckle	Camille Bedrosian, M.D.	Jennifer Good	Christophe Jean	David McGirr	Lynn Tetrault, J.D.
Position	Chairman, President, & CEO	Lead Independent Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director
Position	N	Y	Y	Y	N	Y	Y	Y
Board tenure (years on the Board)	9	11	5	4	5	9	9	4
Race/ethnicity	White	White	White	White	White	White	White	White
Age	70	64	59	72	59	69	70	62
Gender	M	M	M	F	F	M	M	F
<b>Core Industry</b>								
Relevant experience in the industry in which the company operates	✓	✓	✓	✓	✓	✓	✓	✓
Degree in area	✓	✓	✓	✓	✓	✓	✓	✓
<b>Financial/Audit &amp; Risk</b>								
CA, CFA, CPA, former CFO role (financial expert)					✓		✓	
Current or former role in auditing or accounting					✓			
Current or former executive role in the finance industry – bank, insurance company or fund manager							✓	
Expertise in underwriting and insurance							✓	
Degree in area					✓		✓	
<b>Legal/Public Policy</b>								
Current or former practicing lawyer, solicitor or barrister								✓
Former or current executive role in a government organisation, body, entity, institution				✓				
<b>Senior Executive</b>								
Current or former executive of publicly-listed company or large private multinational	✓		✓	✓	✓	✓	✓	✓
<b>Environmental/Social</b>								
Former or current executive role with direct control and responsibility for environment and sustainability	✓							
Former or current role with direct accountability for environment and sustainability in the same industry	✓							
Former or current role in non-profit or non-governmental organizations	✓			✓				
<b>International Markets</b>								
Current or recent executive or advisory role in an overseas market where the company has operations	✓	✓	✓	✓	✓	✓	✓	
Proven knowledge of the overseas markets in which the company operates	✓	✓	✓	✓		✓	✓	
<b>Cybersecurity/IT</b>								
Current or former executive role in the IT sector						✓		
<b>Manufacturing/Supply Chain</b>								
Expertise in sourcing, manufacturing, FMCG, supply chain, infrastructure, information management, logistics	✓		✓					
Expertise in product development, distribution and marketing	✓		✓			✓		
<b>Health &amp; Safety</b>								
Former or current executive role with direct control and responsibility for health, safety and workplace environment								✓
Former or current role with direct accountability for health, safety and workplace environment in the same industry								✓
Current or former executive of publicly-listed company or large private multinational	✓		✓		✓			✓

**This Board skills matrix was informed by the criteria applied by Glass Lewis across the Pharma/Healthcare Sector.**

Environmental and social criteria are included in this matrix, and two directors have prior experience in this area.

## Ethical Behavior

### Anti-Corruption Practices | Code: GO-04-C1

Rhythm strives to apply high ethical, moral and legal principles in every aspect of its business conduct. Its Code of Business Conduct and Ethics (the “Code”) is a guide for each of the Company’s employees, executive officers, directors and others acting on behalf of the Company to follow in meeting these principles.

As part of initial onboarding training and annually thereafter, all Rhythm employees must attend a “Compliance Culture at Rhythm” training session. This session consists of corporate compliance training, including training on the Code and insider trading, healthcare compliance training and quality compliance training. Any employee unable to attend this training live is assigned an online module through our learning management system, and their progress is tracked to facilitate completion.

In addition to this training, all employees must formally acknowledge that they have read and understand the Code on an annual basis. We aim to build a culture resilient to corruption by establishing processes to provide all of our employees annual training on the Code to help them understand how to comply with its provisions. In 2024, there were no reported incidents of corruption at the Company. We plan to uphold these or similar practices to maintain a standard of transparency.

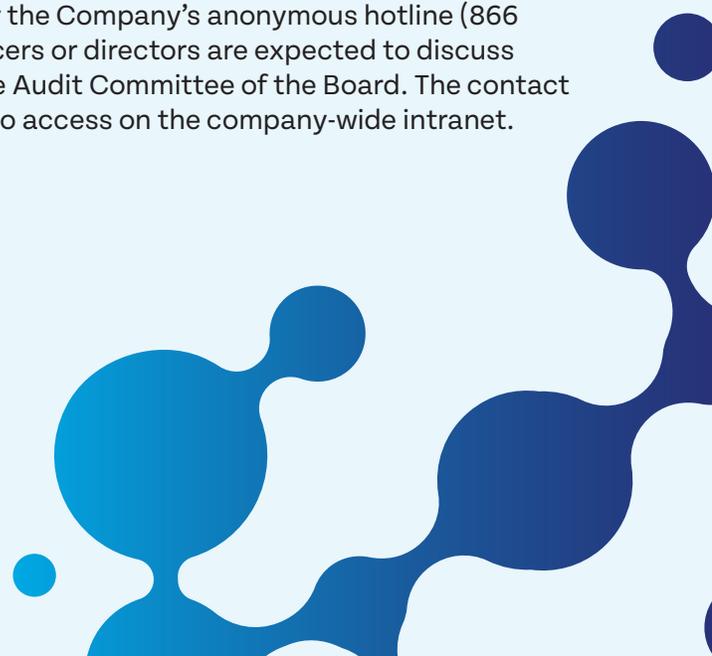
As a U.S. based company, Rhythm is required and seeks to comply with the U.S. Foreign Corrupt Practices Act (the “FCPA”).

The FCPA applies to business transactions that occur inside and outside the U.S. and governs the Company’s transactions with non-U.S. government officials. The FCPA also sets standards for keeping accurate and complete financial books and records. Because FCPA violations carry severe penalties (including criminal fines for the company and jail terms and fines for individuals), all company parties need to become familiar with the FCPA’s requirements – regardless of which country they are working in.

On occasion, we hold company-wide sessions to reinforce the importance of our culture of compliance, including with a focus on anti-bribery and anti-corruption laws.

### Mechanisms to Protect Ethical Behavior | Code: GO-04-C2

Rhythm encourages its employees, directors, contractors and business partners to report any applicable ethical or illegal matters, violations of the Code, or any doubts about applicable standards to the Chief Financial Officer (CFO), General Counsel, Audit Committee, or the Company’s anonymous hotline (866 515-9466). As outlined in the Company’s Code, executive officers or directors are expected to discuss matters of which they become aware with the full Board or the Audit Committee of the Board. The contact information of these individuals is available for all employees to access on the company-wide intranet.



Reports are kept confidential, where possible, and any retributive or retaliatory action against the reporting party where reports are made in good faith is strictly prohibited and treated as a violation of the Code. The Company has a process for receiving, retaining, and treating anonymous complaints, if any, by mail, through the hotline, and directly through the CFO or General Counsel. Since the Company hotline is run by a third-party provider, this external reporting mechanism provides an intermediary between the whistleblower and the Company in cases where greater anonymity is needed or desired.

Part of upholding this culture of compliance is fostering an environment where employees feel comfortable seeking advice about ethical behavior, and our legal team has established weekly “Compliance Office Hours” for this purpose. Our legal team is available to meet with employees at any time, but these weekly office hours are booked on all employees’ calendars each week to provide everyone with a convenient opportunity to stop by informally (live or virtually) and chat about any and all compliance or legal questions, issues, comments, concerns, or complaints.

## Risk And Opportunity Oversight

### Integrating Risk and Opportunity into Business Process | Code: GO-05-C1

The Audit Committee is the primary body responsible for overseeing the Company’s risk management processes on behalf of the Board. The Audit Committee receives reports from management regarding their assessment of risks and regularly reports to the Board. The Audit Committee and the Board focus on the most significant risks we face and our general risk management strategies, including business continuity risks, such as risks relating to financial and cybersecurity risk exposures and the steps our management has taken to monitor and control these exposures. The Board continually considers how to best integrate emerging topics, such as ESG, into this risk oversight process. In addition, our Governance and Nominating Committee is also responsible for periodically reviewing and providing oversight with respect to the Company’s strategy, initiatives and policies concerning corporate social responsibility, including ESG.

Company Management is responsible for day-to-day risk management processes. Our Board expects Management to consider risk and risk management in each business decision, to proactively develop and monitor risk management strategies and processes for day-to-day activities and to effectively implement recommendations from the Board and its committees. Management discusses strategic and operational risks regularly and conducts specific strategic planning and review sessions during the year that include focused discussions and analysis of the risks facing us.

Throughout the year, Management reviews these risks with the Board at regular meetings as part of presentations that focus on particular business functions, operations or strategies, and presents the steps taken by Management to mitigate or eliminate such risks. We believe this division of responsibilities is the most effective approach for addressing the risks we face and that the leadership structure of our Board, which also emphasizes the independence of the Board in its oversight of the business and affairs, supports this approach.



Rhythm believes that our core mission will have a significantly positive impact on society, which stems from our unique opportunity to improve the care of patients and families living with rare diseases and help reduce the stigma around obesity.

## UNDERSTANDING HUNGER & BARDET-BIEDL SYNDROME (BBS)

GABE'S STORY



A book for children and families living with BBS

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We have lent authorship to papers on the stigma of obesity and the burden that obesity has on our patients' lives. In addition, we focus on community building efforts and advocacy groups, offering healthcare providers, family caregivers, and patients a safe space to share stories about their experiences with obesity. In 2022, we published a children's book developed in collaboration with the Bardet-Biedl Syndrome (BBS) Foundation to help children living with BBS make sense of their feelings, provide education on why they are experiencing insatiable hunger, and recognize they are not alone.

## Cybersecurity Risk Management Strategy

We design and assess our cybersecurity program based on the NIST Cybersecurity Framework (CSF). This framework provides us with a common language and structure for identifying, assessing, and managing cybersecurity risks across our organization. We do not claim to comply with any technical standards, specifications, or requirements by using this framework. It is only a guide to help us to deal with the cybersecurity risks that are relevant to our business.

Our cybersecurity program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas. To this end, we have implemented a cybersecurity program that includes the following elements:

- A dedicated Cybersecurity leader responsible for, among other things, developing and maintaining our administrative, technical, and physical cybersecurity controls.
- Risk assessments, using the CIS Risk Assessment Method (RAM), which identify material cybersecurity risks to our critical systems and information.
- A vulnerability management program that involves the continuous monitoring of information systems for vulnerabilities, and a process to effectively remediate those vulnerabilities based on criticality level.
- A comprehensive Disaster Recovery plan to ensure IT personnel and business owners are prepared for any disruption to Rhythm's business.
- A constantly available Security Operations Center (SOC) to monitor our critical infrastructure and execute immediate, human-led responses to confirmed threats.
- External technology and security providers, where appropriate, to assess, test or otherwise assist with aspects of our cybersecurity program.
- Cybersecurity awareness training for employees, including supplemental training for senior management and other personnel who access highly sensitive information.
- A trained incident response team and written procedures to navigate the incident response lifecycle.
- A third-party risk management process the business risk of working with key service providers and vendors who access sensitive information.

## Cybersecurity Governance

Our Board considers cybersecurity risk as part of its risk oversight function and has delegated to the Audit Committee oversight of cybersecurity risks. The Audit Committee oversees management's implementation of our cybersecurity program.



The Audit Committee receives periodic reports from management on our cybersecurity program and risks. In addition, management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The Audit Committee reports to the full Board regarding its activities risk management functions, including those related to cybersecurity. Board members receive presentations on cybersecurity risk and strategy as part of the Board's continuing education on topics that impact public companies. The Cybersecurity leader, with the help of our IT and Legal team, is responsible for assessing and managing our material risks from cybersecurity threats. This position has the primary responsibility for our overall cybersecurity risk management program and supervises both our internal personnel and our retained external cybersecurity consultants. The current Associate Cybersecurity Director has extensive information security and program management experience and has held past positions as a virtual CISO for a range of organizations.

Our management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel and other information obtained from governmental, public, or private sources, including external consultants engaged by us, and alerts and reports produced by security tools deployed in the IT environment.

## Access Management

Rhythm also follows strict Identity and Access Management practices and requires the following technical controls wherever possible:

- Access control based on the principles of Least Privilege and Need to Know
- Single sign-on (SSO)
- Multi-factor authentication (MFA)
- Password management software

## Artificial Intelligence

Artificial Intelligence (AI) provides significant opportunities but also entails risks. AI has rapidly become a key area for companies focused on innovation. Like so many other organizations, Rhythm is currently assessing our approach to AI to determine how we might realize the benefits, while also ensuring we mitigate the risks. We aim to ensure compliance with our existing obligations as well as evolving policies and best practices, while striving always to serve the best interests of our key stakeholders, including our patients, customers and shareholders.

With those goals in focus, Rhythm is developing a detailed roadmap to guide our approach to AI, which will include more detailed policies and guidelines to augment our current approach of assessing each use of AI on an individual basis. In parallel, we expect to increase and amend our disclosures related to our information technology policies and practices, including with respect to AI, which are included in our Annual Report and this second annual sustainability report. As you can anticipate, our work in this important area will progress throughout 2025 and beyond.



# Planet

## Climate Change

### GHG Emissions | Code: PL-01-C1

We acknowledge the pressing and complex issue of climate change and the impact it can have on our stakeholders and the global community. We are dedicated to contributing to the reduction of this threat and promoting the adoption of a sustainable, low-carbon economy to the best of our ability.

According to the results of our 2024 stakeholder assessment, our stakeholders do not consider greenhouse gas emissions to be especially relevant to the Company at this time. We expect that this is due to our relatively small workforce and limited office-space footprint. Nonetheless, we are considering ways to reduce our impact on the environment and have implemented several initiatives to reduce our energy use, which can also reduce our carbon footprint.

We contract with various third-party contract manufacturing organizations (CMO) to produce setmelanotide supply. Our primary CMOs are Corden Pharma, or Corden (formerly Peptisyntha SA prior to its acquisition by Corden), PolyPeptide Group A.G. and Recipharm A.B. Each of these organizations detail their commitment to ESG principles on their websites, which we summarize here for our Inaugural Sustainability Report:

**CordenPharma** is focused on creating and maintaining a corporate culture in which Safety, Health & Environmental (SHE) protection and the conscious use of energy are integrated into its business activities. Corden's SHE policy mirrors that of the United Nations, and it has pledged to its Science Based Targets initiative (SBTi) program.

Learn more at: [www.cordenpharma.com/about-us/safety-health-environment/](http://www.cordenpharma.com/about-us/safety-health-environment/)

**PolyPeptide** (SIX: PPGN) follows an integrated approach for the management of ESG topics that are considered material for its business. PolyPeptide detailed this approach in the Corporate Responsibility Report as part of its Annual Report 2023, which was prepared in accordance with art. 964b of the Swiss Code of Obligations (CO) concerning transparency on non-financial matters and presents PolyPeptide's first report with reference to the GRI Standards.

Learn more at: [www.polypeptide.com/company/responsibility/](http://www.polypeptide.com/company/responsibility/)

**Recipharm's** position on ethical standards, accountability and good stakeholder relations has been guided by the United Nations Global Compact (UNGC), of which it has been a signatory since 2016. Recipharm is committed to abiding by the UNGC's Ten Principles on Human Rights, Labor, Environment and Anti-Corruption. This framework, together with the CDP report for Climate and Water, and the structure from Global Reporting Initiative (GRI) for its Sustainability report. The company's ISO third party certified management systems ensure Recipharm complies with local laws, permits and regulations.

Learn more at: [www.recipharm.com/about-us/sustainability](http://www.recipharm.com/about-us/sustainability)

Specifically for Rhythm, one example is our Boston office, which is located in a building that is Energy Star Certified and LEED Platinum certified, and our landlord also partners with Eversource to offer exclusive discounts on energy-efficient ENERGY STAR LED bulbs to all tenants.

Within the Rhythm office itself, most lights are automatic, apart from the conference rooms and the kitchen and lounge area. We have recycling bins next to desks and printers, as well as in the kitchen. Additionally, we have a Bevi machine in the kitchen that helped save us nearly 4,000 plastic water bottles in 2024. We participate in the building's bi-annual e-waste drive by recycling unusable office equipment, as well.

The Boston office's on-site parking facility offers electric vehicle charging stations as well as bicycle storage. In addition, we encourage use of and cover the cost of public transportation for our employees to commute to work.

We aim to continue finding ways to reduce our impact on the environment and will continue to monitor this metric closely to see how stakeholder perceptions of its significance to our business evolve over time.

### **TCFD Implementation | Code: PL-01-C2**

We have not yet begun to consider implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

### **Nature Loss**

#### **Land Use and Key Biodiversity Areas | Code: PL-02-C1**

The results of our 2024 stakeholder assessment show that our stakeholders do not consider land use and ecological sensitivity to be significant to our business at this time, as we operate from small offices in urban areas.

We understand the significance of managing our environmental impact, however, which includes our land usage and safeguarding of key biodiversity areas (KBAs). We currently operate from small, urban office locations in the United States and Europe that are not within or near any KBAs. We will continue to monitor stakeholder sentiment regarding this metric.

### **Freshwater Availability**

#### **Water Consumption | Code: PL-03-C1**

The production of our products is not a water-intensive process, and we consider the water consumption of our office buildings to be immaterial to the company at large. Our stakeholders echoed this sentiment in their responses to our 2024 stakeholder assessment.

That being said, we do recognize the importance of limiting our water use, and our Boston restroom facilities feature automatic sinks to limit our water consumption. We remain committed to being responsible stewards and limiting waste wherever possible, but we do not intend to begin monitoring our water usage until this metric is determined to be significant to our business from a financial or impact perspective.



# People

## Dignity and Equality

### Inclusion and Belonging | Code: PE-01-C1

Rhythm is committed to providing equal opportunity in employment, development, and advancement for all qualified persons without regard to color, mental or physical disability, handicap, sex, gender, gender identity, national origin, race, creed, ethnicity, ancestry, religion, age, pregnancy, marital status, veteran or military status, sexual orientation, genetics or genetic information, participation in discrimination complaint related activities, or other legally protected status. This policy applies to all areas of employment, including recruitment, hiring, training and development, promotion, transfer, termination, layoff, upgrading, classification, placement, recall, leave of absences, compensation, benefits, social and recreational programs, and all other conditions and privileges of employment, in accordance with applicable laws, including federal/national, state and local laws. Rhythm strives to maintain a work environment that is free of discrimination, intimidation, hostility, or other offenses that might interfere with work performance. All Rhythm employees, consultants, contractors, and partners must adhere to our respect in the workplace policy.

We believe that developing a culture where everyone, regardless of background, can reach their potential is important to continuing to attract and retain the top talent necessary to deliver on our growth strategy. As such, we are investing in a work environment where our employees feel inspired and included, and our company-wide unconscious bias training is just one example of this investment. In 2022, we announced a new series of educational offerings focused on inclusion and belonging to support this commitment. Leveraging our partnership with LinkedIn Learning, all employees completed a course on unconscious bias, to help make us aware of potential implicit biases and how we can recognize and manage them. We also assign this course to every new hire joining Rhythm so that we can all contribute to an inclusive culture.



In 2023, we launched the second educational offering in our workplace culture series: Develop Interpersonal Skills for Inclusive Workplaces. This 40-minute training course enhances skills such as self-awareness, listening, and conflict resolution in one-on-one relationships and group settings to strengthen an inclusive work culture. To further instill inclusive values into our everyday work, we launched the third installment in the learning series in 2024, focused on developing emotional intelligence.

In addition to education, we have also supported inclusion and belonging efforts through several initiatives, including:

- **Soliciting Employee Input:** Our Employee Engagement Surveys include inclusion and belonging questions so that we can gain feedback and perspectives and inform survey action planning.
- **Community Partnerships:** We partner with organizations to help advance opportunities in our community. For example, we have supported The Biomedical Sciences Careers Program which supports students in their pursuit of a career in science, and the Dimock Center, a community health center serving Roxbury, a lower-income community in Boston.

We continue to focus on extending our inclusion and belonging initiatives across our entire workforce, including through our continued partnership with Project Onramp. This organization helps to bridge the opportunity gap by matching undergraduates from low-income backgrounds with access to paid summer internships in the life sciences. Project Onramp focuses on addressing the needs of low-income students, who are often (though not necessarily) also first-generation or historically marginalized, by eliminating barriers to access and creating an “onramp” into companies committed to hiring from within this student population. We were pleased to welcome another Project Onramp intern to our Clinical Operations team in the summer of 2024.

We value our employees’ courage to ask bold questions and their commitment to learning and collaboration, as each person brings a unique contribution to furthering our mission. Grounded in these guiding principles, we believe we have developed a collaborative environment where our colleagues feel respected, valued, and can contribute to their fullest potential.

## Pay Equality | Code: PE-01-C2

We are committed to compensation practices that we believe are competitive and fair.

Rhythm is committed to complying with applicable federal laws on pay equity, including the long-established Equal Pay Act, which requires that men and women be given equal pay for equal work in the same establishment, as well as all federal anti-discrimination laws applicable to employment, including those within Title VII of the Civil Rights Act. These laws allow pay differentials when they are based on expertise and experience, seniority, merit, performance, or a factor other than certain demographic characteristics.



## **Wage Level** | Code: PE-01-C3

As a pharmaceutical company in a competitive market, we recognize the importance of attracting and retaining top talent to drive our business forward and deliver on our mission. As such, our hiring strategy is primarily focused on identifying and recruiting experienced professionals with specialized skills and expertise in our industry.

As a result, we do not have any “entry-level” employees, per se, whose salaries we can compare to the local minimum wage.

Given the highly specialized roles of a company of our size and sector, we do not have standard employee categories for any such comparisons; however, we believe that our pay policies are fair for various roles by leveraging external market data and ensuring internal pay equity.

We disclose CEO remuneration and the ratio of our CEO’s compensation compared to the median compensation of all employees in our annual Form 10-K.

## **Child, Forced or Compulsory Labor** | Code: PE-01-C4

As a company, Rhythm condemns all forms of modern slavery, child labor, and human trafficking. We are committed to upholding high standards of ethical and responsible business practices, and we expect the same from our vendors and suppliers.

While modern slavery may be a pervasive issue in many parts of the world, we assess that we are not at significant risk of contributing to or being impacted by these practices. This is due, in part, to the fact that our operations, producers, and distributors are primarily located in the United States and Europe, where there are generally more laws and regulations aimed at combating modern slavery and because our operations and much of our value chain generally rely on skilled labor that is generally considered less vulnerable to modern slavery risks.

We work with our suppliers and distributors to confirm that they share our commitment to ethical business practices and strive to evaluate their compliance with our Code of Conduct and standards by including contractual commitments in our contracts and auditing our suppliers and distributors.

## **Health and Well-being**

### **Health and Safety** | Code: PE-02-C1

At Rhythm, we want to establish an environment where every employee can do their best work, help patients, and share in Rhythm’s success. We care about and are committed to our employees, which is why we offer what we believe is a leading benefits program.

We offer a competitive compensation package with base salary, bonus, and equity, plus optional participation in an employee stock purchase plan. We also offer a 401(k) plan to help employees with longer-term savings and access to experienced financial advisors to help them plan for their future.

We offer employees a full scope of benefits, including healthcare, dental, and vision plans. Our Flexible Spending and Dependent Care Accounts allow employees to set money aside pre-tax to pay for eligible health and child or elder care expenses. We offer paid vacation, sick time, company holidays, and a flexible working environment.

We offer free on-site parking or if an employee commutes via public transportation, we will cover the costs. We also offer BYOD (bring your own device) plans and cell phone reimbursement to give employees flexibility.

We aim to foster a positive work environment that contributes positively to our employees' mental well-being. Rhythm is made up of a diverse group, and we highly encourage collaboration and teamwork as a foundation of our company culture. We have an open office layout, Tuesday themed lunches in the office, space to collaborate with colleagues, summer outings, snacks, birthday celebrations, employee events, and other initiatives to promote employee engagement and connectedness.

Our Employee Assistance Program is available to help employees and members of their household. We offer disability benefits and support within the workplace for those with both short and long-term disabilities, as well as Rhythm sponsored life insurance.

## Skills for the Future

### Training Provided | Code: PE-03-C1

Employee training and development plays a critical role in building a skilled, engaged, and productive workforce. We are committed to providing our employees with the resources and opportunities to help develop their skills, advance their careers, and contribute to the long-term success of the Company.

Our employees are a valuable asset, and we offer a number of programs to support their development. We provide new hires with an extensive, 16+ hour onboarding program focused on instilling Rhythm's values and integrating them into the Company culture.

Compliance courses and a number of standard operating procedures are assigned as part of this onboarding process.

After onboarding, training is specific to an employee's role, the country they are located in, and whether they are a full-time employee or consulting partner. Generally, employees will be assigned 10+ hours of training annually, with even more extensive training provided to our medical and field teams. Beyond assigned training, all employees are provided a subscription to LinkedIn Learning for their own professional development.

Ad hoc training sessions are offered for performance, benefits, programs, and other function-specific topics.



# Prosperity

## Employment and Wealth Generation

### Rate of Employment | Code: PR-01-C1

Understanding trends in our workforce metrics can help us manage our pipeline, lead to effective employee recruitment and retention, and benchmark ourselves against others in the industry.

We ended 2024 with more than 273 employees – including 75 employees in 10 countries outside of North America – all of whom are committed to learning from and collaborating with each other, contributing to our mission. During the calendar year 2024, we increased our workforce by nearly 20 percent, and we are proud to have had a rolling turnover rate of less than 12 percent. We are recruiting and onboarding impressive talent in a competitive biotech environment, and they are staying and growing at Rhythm – one of The Boston Globe’s Top Places to Work in Massachusetts for 2024.



### Economic Contribution | Code: PR-01-C2

We understand that the direct economic value generated and distributed by our organization is an insightful indicator of how we have created value for our shareholders.

Our annual report, filed with the SEC, discloses Rhythm’s financial statements, including its revenues and operating costs. In 2024, we did not receive any financial assistance from the government, and we had net operating loss carry forward amounts to reduce federal and state income taxes to zero.

In 2024, Rhythm participated in several charitable efforts either by a direct donation or through a partnership to enable our employees to support non-profit organizations. For example, we facilitated participation in the Wonderfund Holiday Gift Drive that provides holiday presents to children in foster care who are supported by the Massachusetts Department of Children and Family Services.

## Financial Investment Contribution | Code: PR-01-C3

In 2024, we did not purchase any property and equipment, net, a reduction from the \$47,000 spent in 2023. Depreciation and amortization expense related to property and equipment was \$710,000 in 2024 and \$903,000 in 2023.

We have not conducted share buybacks, and we have never declared or paid any cash dividends on our common stock and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation, and expansion of our business.

## Innovation of Better Products and Services

### Total R&D Expenses | Code: PR-02-C1

Research and development expenses consist primarily of costs incurred for our research activities, including our drug discovery and genetic sequencing efforts, and the clinical development of our products, which include:

- expenses incurred under agreements with third parties, including CROs that conduct research and development and preclinical activities on our behalf, and the cost of consultants and CMOs that manufacture drug products for use in our preclinical studies and clinical trials;
- employee-related expenses, including salaries, benefits and stock-based compensation expense;
- the cost of lab supplies and acquiring, developing and manufacturing preclinical and clinical study materials;
- the cost of genetic sequencing of potential patients in clinical studies;
- facilities, depreciation, and other expenses, which include rent and maintenance of facilities, insurance and other operating costs;
- acquired in process research and development costs associated with the acquisition of Xinvento B.V., or Xinvento in the three months ended March 31, 2023; and
- acquired in process research and development costs associated with the acquisition of LG Chem, Ltd.'s, or LGC's, proprietary compound bivamelagon.

In 2024, our research and development expenses were \$238 million, a 76% increase from the \$135 million spent in 2023.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials.

## Community and Social Vitality

### Total Tax Paid | Code: PR-03-C1

For the year ended December 31, 2024, Rhythm did not have a current or deferred income tax expense or benefit as the entity has incurred losses since inception and has provided a full valuation allowance against its deferred tax assets.



# Notes and Disclaimers

This Sustainability Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements contained in this ESG Report that do not relate to matters of historical fact should be considered forward-looking statements, including without limitation statements regarding the potential, safety, efficacy, and regulatory and clinical progress of setmelanotide, our business strategy and plans, including regarding commercialization of setmelanotide, our anticipated future expenses, financial performance and financial position, our compliance with laws and regulations, our integration of AI and development of internal policies regulating such use, the hiring and retention of our employees, our ability to create and grow stakeholder value, and our environmental, social and governance initiatives, including those related to human capital, sustainability and climate change, and local charity efforts. Statements using words such as “expect”, “anticipate”, “believe”, “may”, “will”, “aim”, “commit” and similar terms are intended to identify forward-looking statements. Our actual results may differ materially from the results discussed in the forward-looking statements due to risks, uncertainties, and other important factors, including, but not limited to, risks relating to the ability to achieve necessary regulatory approvals, risks associated with data analysis and reporting, risks associated with the laws and regulations governing our international operations and the costs of any related compliance programs, risks relating to product liability lawsuits, inability to maintain our collaborations, or the failure of these collaborations, our reliance on third parties, risks relating to intellectual property, our ability to hire and retain necessary personnel, the impact of general economic conditions on our business and operations the increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results, and the other risks and factors discussed under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024 and our other filings including our quarterly reports on Form 10-Q with the SEC. Except as required by law, we undertake no obligations to make any revisions to the forward-looking statements contained in this report or to update them to reflect events or circumstances occurring after the date of this report, whether as a result of new information, future developments or otherwise.

Additionally, our discussion of matters herein is informed by various standards (including standards for the measurement of underlying data), and the interests of various stakeholders. As such, any significance may differ from, and should not be read as rising to, the definition of “materiality” under the federal securities laws or any other regulatory requirements, even if we use the word “material” or similar language in this or our other sustainability reporting. In addition, given the inherent uncertainty of the estimates, assumptions, and timelines contained in this report, we may not be able to anticipate in advance whether or the degree to which we will or will not be able to meet our commitments, plans, targets, or goals discussed in this report. Furthermore, much of this information is subject to assumptions, estimates, or third-party information that is still evolving and subject to change. And, while we are not aware of any material issues with such information, we have not necessarily independently reviewed this information for accuracy and cannot guarantee the accuracy of such information. Moreover, while we aim to align certain disclosures set forth or referred to in this report with the recommendations of various third-party frameworks, such as the World Economic Forum’s Stakeholder Capitalism Metrics, we cannot guarantee (nor should any language of “alignment”, “accordance”, or similar be understood to mean) strict adherence to these frameworks’ recommendations or the expectations of any particular stakeholder. Additionally, various aspects of this Sustainability Report are based on policies and procedures that we believe apply appropriate levels of support to address the issues discussed; however, while these statements may use words such as “ensure”, “prevent”, or similar language, such terms should not be considered to mean (as there can be no assurance) that such efforts will be successful in all situations. Similarly, our disclosures, as well as relevant internal controls, based on any standards may change due to revisions in framework requirements, availability or quality of information, changes in data collection methodologies, changes in our business or applicable government policies, or other factors, some of which may be beyond our control.

Finally, references to any documents or websites provided herein are for convenience only, and their content is expressly not incorporated by reference.



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