Rhythm®
PHARMACEUTICALS

# 2025 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 focused on advancing our melanocortin-4 receptor agonists, including our lead asset, IMCIVREE (setmelanotide), as a precision medicine designed to treat hyperphagia and severe obesity caused by MC4R pathway diseases. IMCIVREE is approved or available in more than 25 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 a growing global workforce, 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 research and clinical development expertise, global regulatory capabilities, and proven commercial and market access successes. 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.

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**

Inherent in our core values is the commitment to act ethically and with integrity in all we do.

We are pleased to publish our third Sustainability Report focused on environmental, social and governance – or ESG — issues as a demonstration of our ongoing commitment to building a sustainable, patient-centered business. This year's report reflects our continued evolution, from a growing global workforce to new regulatory milestones, strengthened governance, and deepened engagement with the patient and physician communities we serve. Our disclosures are guided by the World Economic Forum's (WEF) Stakeholder Capitalism Metrics (SCM) framework and informed by our ongoing stakeholder engagement efforts.

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 2025 Sustainability Report

Our 2025 Sustainability Report builds upon our 2024 report, reflecting the latest updates to our ESG initiatives, data, and disclosures. This year's report includes several key updates:

- **Code of Business Conduct & Ethics:** Our updated Code (effective December 22, 2025) reflects our continued commitment to the highest ethical standards and includes an expanded Mission, Vision & Values section, a formal CEO letter to emphasize the importance of compliance, and reminders about our compliance reporting channels.
- **Artificial Intelligence (AI) Governance:** We developed and deployed an AI policy and governance framework, formed an AI Working Group, and rolled out approved generative AI tools company-wide, enabling employees to drive efficiencies across the organization.
- **Cybersecurity:** Our cybersecurity strategy was reframed around clearer thematic pillars with stronger emphasis on Board-level oversight and enterprise-wide coordination. We reported zero cybersecurity incidents in 2025.
- **Workforce:** By the end of 2025, Rhythm grew to more than 400 employees across more than 15 countries, representing 48% headcount growth year-over-year, with a rolling turnover rate of 6%.
- **Product Quality & Safety:** We have added a dedicated section on product quality and safety – the #1 priority topic in our last stakeholder materiality assessment – covering our pharmacovigilance program and manufacturing quality standards.

# 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, six of our seven directors (approximately 86%) are considered independent according to the standards of Nasdaq and the Securities and Exchange Commission ("SEC").

Our Governance & 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 & 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 & 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.

All our directors have a relevant degree and training and relevant experience in the industry in which we operate as well as varied skills in the other areas assessed.

## Stakeholder Engagement

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

At Rhythm, we take pride in actively hearing and considering the comments, ideas, and perspectives of our stakeholders across the patient community, physician networks, investor base, and beyond. In 2024, we formalized this commitment through our inaugural stakeholder assessment.

We engaged in this process to understand which sustainability issues our stakeholders consider most important, present the most risk, and offer the most opportunity for positive impact. We surveyed more than 90 stakeholders with a 33.3% response rate across employees, investors, physicians, and the caregiver and patient community. Since then, stakeholder engagement has remained ongoing and dynamic. We continue to deepen relationships with the physician community through academic presentations, medical society meetings, and gatherings across key markets, including in Europe. Our Rhythm InTune patient community has become an increasingly important channel for understanding patient needs and lived experiences. We have expanded our presence in Japan and other markets, and our patient advocacy partnerships continue to evolve as we grow.

We remain committed to monitoring and managing these priority topics and plan to revisit our formal assessment periodically to ensure alignment with evolving stakeholder priorities and industry trends. Our ongoing engagement — through the Rhythm InTune community, physician outreach programs, investor relations, and employee feedback mechanisms — informs this work continuously.

Ultimately, we identified 10 priority sustainability topics representing the most significant areas of focus for Rhythm's business and stakeholders:

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

Moving forward, we will use the relative significance of these topics to help guide our internal 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.

## Access to Medicine

### Patient and Physician Engagement

For Rhythm, access to medicines is both our core mission and the primary vehicle through which we engage most meaningfully with our key stakeholders — patients, caregivers, and the physician community. Ensuring that patients and healthcare providers have access to IMCIVREE — and the knowledge to use it effectively — is central to our purpose. We view ourselves as an integral part of the rare disease ecosystem, not simply a commercial entity selling into it. This philosophy drives how we engage: building long-term relationships with the physician and patient communities, supporting scientific education, and remaining committed to patient access.

### Medical Education and Scientific Exchange

Rhythm is deeply committed to advancing the scientific understanding of rare MC4R pathway diseases among the medical community. In 2025, Rhythm participated in 99 scientific presentations at 37 medical congresses, bringing the latest clinical evidence and real-world insights to the specialists who treat these rare conditions. We hosted eight Beyond the Scale (BSB) webinars for healthcare providers and supported the 'IMPROVE' physician symposia program, in which approximately 150 physicians participated in dedicated educational forums. Our physician engagement extends internationally, including academic presentations and medical society meetings across Europe and an expanding presence in Japan, where we continue to grow awareness and access for patients with MC4R pathway diseases.

### Patient Access Programs

Rhythm believes that cost should not prevent patients from accessing life-changing therapies. We offer a comprehensive copay assistance program to help commercially insured patients manage out-of-pocket expenses, with contributions up to the maximum permissible under applicable pharmaceutical industry guidelines. For Medicare beneficiaries and underinsured patients who meet eligibility criteria, Rhythm provides IMCIVREE at no cost through our patient assistance programs. These programs reflect our commitment to helping patients access the therapies we bring to market.

### Rhythm InTune Patient Community

Rhythm InTune is a support program for caregivers and people living with rare MC4R pathway diseases. The program provides resources, education, and information to fit the unique needs of individuals living with rare MC4R pathway diseases. InTune represents Rhythm's commitment to supporting the full patient journey — from diagnosis through long-term treatment — and serves as an important channel through which patient voices inform our programs, priorities, and approach to care.

# 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 as well as healthcare 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 2025, 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, the Company's anonymous hotline (866-515-9466), or web submission system at openboard.info/RYTM. Concerns specifically relating to harassment or discrimination may also be directed to the Chief Human Resources Officer. 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 & Compliance team has established weekly "Compliance Office Hours" for this purpose. Our team is available to meet with employees at any time to discuss any concerns or questions they might have, 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 questions, issues, or comments.

## Risk and Opportunity Oversight

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

The Board is responsible for overseeing our risk management processes. The Board receives reports from management regarding our assessment of risks. The Board focuses on our general risk management strategies, including business continuity risks, and our major cybersecurity risk exposures and the steps our management has taken to monitor and control these exposures. The Board also monitors compliance with legal and regulatory requirements. The Audit Committee focuses on financial risks, including financial information risks, and considers and approves or disapproves any related person transactions. In addition, our Compensation & Management Development Committee assesses and monitors whether any of our compensation policies and programs has the potential to encourage excessive risk-taking, and the Governance & Nominating Committee oversees risks associated with the independence of the Board and monitors the effectiveness of our corporate governance guidelines.

While the Board oversees our risk management, 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 risk management strategies. Management discusses strategic and operational risks at regular management meetings and conducts specific strategic planning and review sessions during the year that include a focused discussion and analysis of the risks facing our business. Throughout the year, senior management reviews these risks with the Board of Directors at regular Board meetings as part of management 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 its business and affairs, supports this approach.

## Product Quality and Safety

For patients living with rare MC4R pathway diseases, access to a safe, high-quality therapy is not just a regulatory requirement – it is fundamental to our mission. We maintain a robust pharmacovigilance program to continuously monitor the safety profile of IMCIVREE in the post-market setting, and we promptly evaluate and report adverse events in accordance with applicable regulations across all markets where IMCIVREE is approved.

The quality of our products depends on the rigor of our manufacturing processes. We work closely with our contract manufacturing organizations – CordenPharma, PolyPeptide Group A.G., Neuland, and Astrea Monts (formerly Recipharm) – to uphold current Good Manufacturing Practice (cGMP) standards and maintain the consistent quality and purity of setmelanotide supply. Our quality oversight processes are subject to inspection by the FDA, EMA, and other regulatory authorities.

## Cybersecurity Risk Management Strategy

We design and assess our cybersecurity program based on the NIST Cybersecurity Framework (CSF), which provides 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:

- **Governance:** The Board of Directors oversees our cybersecurity risk management strategy, regularly reviewing threats, risks, and mitigation measures. These reviews include both internal and independent evaluations of risks, controls, and effectiveness.

- **Vigilance:** Our global cybersecurity operations are designed to detect, prevent, contain, and respond to cyber threats and incidents, aiming to minimize business disruptions.

- **Safeguards:** We use administrative, technical, and physical controls designed to secure our personnel, information systems, operations, and sensitive data from cyber threats, such as cybersecurity policies and procedures, risk assessments, cybersecurity training, secure facility access, surveillance systems, firewalls, intrusion detection and prevention systems, disaster recovery capabilities, malware and ransomware defenses, access controls, and data protection.

- **Education:** Personnel receive periodic cybersecurity training. Our policies require employees to report any actual or suspected cybersecurity events

- **Third-Party Risk Management:** We strive to apply our cybersecurity standards to our third-party ecosystem, identifying and managing risks posed by third parties.

- **Incident Response:** We have established an incident response plan that guides how we handle cybersecurity events and incidents. This plan includes procedures to detect, analyze, contain, and eradicate threats, and communicate significant incidents to executive management, the Board of Directors, regulators, and shareholders when appropriate.

- **Enterprise-Wide Coordination:** Relevant stakeholders across the company — such as R&D, commercial, technology, legal, compliance, and other departments — work together to identify emerging risks and respond to cybersecurity threats through a cross-functional approach.

- **External Service Providers:** We use external service providers, where appropriate, to assess, test, or otherwise assist with aspects of our cybersecurity processes.

## Cybersecurity Governance

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REPORTABLE CYBERSECURITY INCIDENTS IN 2025

Rhythm experienced zero reportable cybersecurity incidents in 2025, reflecting the effectiveness of our layered security program and ongoing vigilance across the organization.

Our Board considers oversight of cybersecurity risk to be an essential component of its enterprise risk oversight responsibility and directly oversees management's implementation of our cybersecurity program.

The Board receives periodic reports from management on our cybersecurity program and risks. In addition, management updates the Board, where it deems appropriate, regarding any cybersecurity incidents it considers to be significant.

Board members receive presentations on cybersecurity risk and strategy from our Cybersecurity Director, as part of the Board's continuing education on topics that impact public companies.

The Cybersecurity Director, 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 Cybersecurity Director has extensive information security and program management experience and has held past positions as the head of cybersecurity for a wide 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

At Rhythm, we believe that Artificial Intelligence (AI) has the capability to advance our processes from early-stage research to commercialization, allowing us to improve the quality of life of our patients.

Rhythm is committed to using AI responsibly. We developed and deployed an AI policy to govern how to use such tools in an ethical, legal, and compliant manner. Each employee went through training on this policy to ensure we reinforce our commitment to using AI in the most appropriate manner.
2025 was a year of structure and growth for AI. We made investments in AI education for both broader understanding of what AI can accomplish and training on specific approved tools. This includes the rollout of generative AI tools for each employee across the organization.

We have formed an AI Working Group to facilitate the identification of use cases that could provide tangible benefits to the organization and our patients. This AI Working Group identified opportunities in their respective functional areas and facilitated their progress through completion, shared ideas about opportunities and shared observations from industry on trends within AI.

We have encouraged all employees to use their approved generative AI tools individually to create efficiencies within their role and functions, thereby providing time for more value-added activities for our organization and patients. We have also provided a support network for any guidance needed to help these ideas become fully realized.

In 2026, Rhythm will continue our AI journey by continuing to add structure and governance to our efforts while encouraging the use of AI technologies to enhance our business processes as we pursue our mission to transform the lives of patients living with rare neuroendocrine diseases.

# 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.

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. Each of these organizations details their commitment to ESG principles on their websites, which we summarize here:

**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/

**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, which was prepared in accordance with art. 964b of the Swiss Code of Obligations (CO) concerning transparency on non-financial matters.

Learn more at: www.polypeptide.com/company/responsibility/

**Neuland** integrates Environmental, Social & Governance (ESG) priorities across its operations, with sustainability goals spanning environmental stewardship, sustainable supply chain, employee development, and ethical business conduct. Neuland has committed to carbon neutrality across internal operations by 2030 and has achieved a Silver rating in the EcoVadis sustainable supplier assessment. Neuland is a signatory to the United Nations Global Compact and applies the TCFD framework to assess climate-related risks.

Learn more at: www.neulandlabs.com/en/sustainability/our-approach-sustainability

**Astrea Monts** (formerly Recipharm) is a CDMO specializing in sterile injectable pharmaceutical products. Astrea's stated objective is to minimize its environmental impact, with a focus on continuous improvement in sustainability across its operations.

Learn more at: www.astreapharma.com

Specifically for Rhythm, our Boston office 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 5,491 plastic water bottles in 2025. 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

Given Rhythm's limited direct environmental footprint, we have not yet adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We monitor climate-related financial disclosure guidance and will evaluate implementation as our global operations evolve. As we continue to grow and as regulatory expectations around climate disclosure develop, we expect our approach to mature accordingly.

## Nature Loss

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

We understand the significance of managing our environmental impact, 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 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.

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 and fair treatment to all individuals on the basis of merit, without discrimination because of race, color, religion, national origin, sex (including pregnancy, sexual orientation, or gender identity), marital status, age, disability, military or veteran status or other characteristic protected by law. The Company also prohibits harassment based on these characteristics in any form, whether physical or verbal and whether committed by managers, non-managerial personnel or non-employees. 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. Leveraging our partnership with LinkedIn Learning, all employees complete a workplace culture training series of three learnings on Unconscious Bias, Inclusive Workplaces and Emotional Intelligence, 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 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 of October 2025, we are compliant with the Massachusetts Wage Transparency Act which requires establishment and disclosure of pay ranges to applicants and employees.
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. Notably in 2025, Rhythm decided to continue coverage for GLP-1 medications used for non-diabetic indications, despite BCBS's previously announced plan to remove this coverage effective January 1, 2026. We also enhanced employer contribution to HSA in 2026 and enhanced our vision coverage.

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 2025 with more than 400 employees, including 125 employees in 15 countries outside of North America, all of whom are committed to learning from and collaborating with each other.

During the calendar year 2025, we increased our workforce by 48 percent, and we are proud to have had a rolling turnover rate of 6 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 three consecutive years (2023, 2024, and 2025).




**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 2025, 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 2025, Rhythm participated in several charitable efforts either by a direct donation or through a partnership to enable our employees to support non-profit organizations, including the Wonderfund Holiday Gift Drive.

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

In 2025, we purchased $953,000 of property and equipment, compared to $0 purchased in 2024. Depreciation and amortization expense related to property and equipment was $483,000 in 2025 and $710,000 in 2024.

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.

In 2025, our research and development expenses were $167 million, a 30% decrease from the $238 million incurred in 2024.

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, 2025, Rhythm had $497,000 of current income tax expense based on operations in its foreign jurisdictions. 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, 2025 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.

Rhythm® PHARMACEUTICALS

Pioneering a **path forward**™