ADAMAS

# Introduction

*This document is the climate-related financial disclosure for Adamas Trust, Inc., including its subsidiaries, for the year ending December 31, 2024. It has been prepared with reference to the recommendations of the TCFD framework*[1] *and aims to address our compliance obligations under Section 38533 of the Health and Safety Code pertaining to the climate-related financial risk reporting of Senate Bill 261 (SB-261).*

Adamas Trust, Inc. (the Company, Adamas, we or our) is an internally managed real estate investment trust (REIT) focused on strategically deploying capital across complementary businesses to generate durable earnings and long-term value for stockholders through disciplined portfolio management and an operating platform designed to capture opportunities across real estate and capital markets. We understand that climate change introduces a complex landscape of risks and opportunities with the potential to impact our business, investments, and stakeholder relationships.

Although the nature of our operations as a financial entity results in a small direct environmental footprint, we affirm the importance of integrating climate considerations into our strategic planning and risk management frameworks. This report outlines our approach to identifying, assessing, and managing climate-related risks and opportunities.

The following sections detail our governance structure for climate oversight, our risk management processes, and our strategy for building long-term resilience. This report serves as a milestone in our commitment to our risk management capabilities and transparent communication.

## *Scope of the analysis*

This report presents an analysis of climate risks and opportunities across Adamas' own operations and investment portfolios, covering four investment categories:

- Residential loans
- Single-family rentals (SFRs)
- Multifamily investments (including structured investments such as preferred equity in, and mezzanine loans, to joint venture equity investments)
- Non-Agency residential mortgage-backed securities (NARMBS)

It is important to note that one of Adamas' largest assets is federal Agency residential mortgage-backed securities (RMBS), accounting for approximately 23% of allocated capital. We believe that the government guarantee materially mitigates climate-related risk to Adamas, and as such Agency RMBS has been excluded from this analysis.

[1] These disclosures have been drafted in line with the 2021 Implementation Guidance published by the Taskforce on Climate-related Financial Disclosures (TCFD) which can be found here: https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf. The analysis acknowledges the TCFD supplemental guidance - see the compliance statement at the end of this report.

# Governance

## *Board supervision of climate-related risks and opportunities*

The Board of Directors (the Board) provides high level oversight of the Company's environmental, social, and governance initiatives, including climate-related risks. The Board oversees strategic direction and portfolio construction, which considers elements of climate risk, and is informed about material climate-related issues on a case-by-case basis. When deemed appropriate and relevant, the Board considers these material issues, including climate change, in reviewing and guiding the Company's strategic direction and portfolio construction.

## *Management's responsibilities for climate-related risks and opportunities*

Supporting the Board and executive leadership, portfolio and asset management teams are assigned the direct responsibility for assessing and managing climate-related issues. Management stays informed through multiple channels, including legal counsel for regulatory updates like California's SB-261, monthly calls with third-party servicers of residential loans and property managers of multifamily properties regarding on-the-ground physical risk events, and external experts for technical advice.

This responsibility is embedded in our operational structure. For example, material portfolio developments are discussed in a twice-weekly trading call with senior management and our investment teams actively monitor the portfolio for extreme weather impacts and discuss identified risks during its quarterly and ad-hoc calls, covering property-specific issues such as insurance claims and coordination with property managers and third-party servicers. This information supports management's process of evaluating climate risks during due diligence for new investments and mitigating them across the portfolio through diversification and insurance. The Board oversees the implementation of Adamas' Investment Guidelines, including this investment due diligence process.

When a potential climate-related risk is identified through other channels, it is escalated to management for a response, which is currently applied on a case-by-case basis and may involve engaging outside experts to analyze implications and help formulate a resolution.

At present, Adamas has not set formal climate-related goals. The Board acknowledges that this is an evolving area and as the needs arise, will assess the introduction of specific targets as part of the ongoing development of our climate governance strategy.

# Strategy

Our approach acknowledges that climate change may present both challenges and opportunities for our operations and investments over the short, medium, and long term. To date, climate-related issues have not presented material financial risks to the business, but we have processes to continue to evaluate the materiality of these climate-related factors. Our assessment helps us to act on opportunities and mitigate potential risks, should they arise. It encompasses our entire operations, across our investment portfolio, to ensure a comprehensive understanding of our overall climate exposure.

### *Business model and portfolio analysis*

In 2025, supported by an outside advisor, we undertook an analysis of climate-related risks and opportunities of our business model and diversified portfolio across five different areas:

- Residential loans
- SFRs
- Multifamily properties
- NARMBS
- Own operations

## Climate-related risks and opportunities

The following presents a summary analysis of the climate-related risks and opportunities identified, across the following time horizons and selected in accordance with industry practice:

- **Short term (0 – 2 years):** Aligns with standard corporate planning and investment horizons.
- **Medium term (2 – 5 years):** Anticipates when emerging technologies and evolving climate regulations are expected to gain momentum.
- **Long term (5+ years):** Considers when climate risks and major regulatory changes materialize and have the potential to have more profound impacts on business models.

Our analysis indicates that Adamas' exposure to climate-related risks is limited in the short and medium term. However, the longer-term outlook reflects greater uncertainty, especially in how climate risks manifest across the physical and regulatory environment.

As part of our risk approach, we consider potential risks and opportunities across our investment portfolio, and in consideration of our strategy, where material. Based on our climate assessment, at present, we have not identified any climate risks or opportunities material to the business.

### *Physical risks*

Adamas' exposure to physical climate risks could affect our financial assets, directly owned properties, and our corporate operations. Our residential loan portfolio represents a larger share of our overall balance sheet; however, the indirect nature of exposure to these underlying assets helps to act as a means of insulation against physical and transition risks.

| Risk category | Description |
|---|---|
| **Acute** | Increasing frequency and severity of extreme weather events have the potential to impact properties. In respect of Adamas' mortgage assets, this could result in property collateral devaluation, indirect financial impacts, and challenges with insurance affordability and availability for borrowers. Acute events like hurricanes and flooding could lead to pressure on borrowers resulting in delinquency or mortgage pre-payments. Likewise, across our owned assets, repair costs and temporary revenue loss for rental properties may be driven by extreme weather events. In the long-term, the repricing of climate risk could devalue underlying collateral of mortgaged assets and our owned assets. However, given our portfolios' geographic diversification, we expect these impacts to be localized and limited.<br><br>The resilience of our business model, particularly our hybrid workplace policy for employees and reliance on major cloud service providers, helps to provide protection for our core operations and maintain business continuity during potential disruptions. |
| **Chronic** | In the short-term, and into the medium- and long-term, chronic physical risks have the potential to cause rising property insurance premiums and decrease insurability of properties. This may impact borrowers' ability to obtain insurance and put pressure on their ability to service the mortgage. Similarly for our owned properties, increasing climate-related physical risks may put upward pressure on our insurance policies and maintenance requirements. |

## *Transition risks*

Adamas recognizes a set of transition-related risks that may emerge over time as climate policies and market dynamics continue to evolve.

| Risk category | Description |
|---|---|
| **Policy and legal** | In the short-term, climate disclosure regulations have the potential to increase regulatory compliance costs of the business. Likewise, costs associated with mandatory building retrofits in certain jurisdictions may increase costs for the business. |
| **Market** | Funding costs could increase as lenders and investors begin to apply a 'climate risk premium' to corporate financing. At the same time, the pool of traditional mortgage investment opportunities could change as consumer preferences shift, changing our future acquisitions. |

### *Opportunities*

Alongside managing these climate-related risks, Adamas has identified opportunities to enhance our business and create long-term value.

| Opportunity category | Description |
|---|---|
| **Resource efficiency** | Reduced operational footprint and costs and enhanced reputation through sustainable operations initiatives, including energy efficiency upgrades. |
| **Products and services** | Using granular extreme weather data, implementing energy-efficiency upgrades across the property portfolio, and developing new climate-resilient financial products to drive enhanced portfolio resilience and financial performance. |

## Strategic and financial planning

To date, climate-related risks have not materially influenced our strategic or financial planning. However, we are using the results of the detailed climate risk analysis commissioned in 2025 to inform internal risk management discussions and to help shape the development of our future climate targets and strategy.

Recognizing the uncertainty in the timing and scale of climate-related impacts, we use scenario analysis to help inform our understanding of potential climate risks. Given the extended asset lives and scale of our portfolio, scenario analysis helps us understand how exposure to key physical and transition risks may evolve over time. We used this exercise to assess how climate-related risks may evolve over different climate pathways, including a low warming pathway consistent with a 2°C or lower scenario. We have considered time horizons of 2030-, 2040- and 2050-, as part of our scenario analysis.

## Scenario analysis

We conducted a location-specific analysis to evaluate the exposure of our core assets across the following physical risk parameters:

- Precipitation patterns (drought, riverine flood risk)
- Extreme weather events (hurricane storm intensity, wildfire risk)
- Sea level rise impacts (for assets proximal to the coast)
- Temperature extremes (heat stress)

To undertake scenario analysis of these risks, we used climate modelling datasets from the World Bank's Climate Change Knowledge Portal (CCKP), which uses projected climate data from the IPCC's CMIP6 (Coupled Model Intercomparison Project, Phase 6).[2]

After collecting the relevant data from the CCKP, we mapped the change in projected physical risk levels for Adamas' offices, SFRs, multifamily properties, residential loans, and NARMBS along three future scenarios, compared to a historical data benchmark from 1995-2014.

We have considered risks across the following scenarios:

| Scenario | Temperature pathway |
| --- | --- |
| **Sustainable outcomes (lower warming)** | SSP1-2.6 |
| **Middle of the road (medium warming)** | SSP2-4.5 |
| **Failed transition (higher warming)** | SSP5-8.5 |

*Table 1: Climate Scenario Narratives; Source: World Bank Climate Change Knowledge Portal Metadata*

Across investment types, the portfolio's exposure to physical climate risks is moderate in the short-term. The scenario analysis using the three climate pathways indicates exposure to physical risks is projected to increase across each of the modeled scenarios. Over the period to 2050, intense rainfall, linked to increased risk of riverine flooding, intensifies in areas already at risk, while extreme heat and wildfire risks increase across all scenarios, particularly in the long term and under the high emissions scenario in potentially at-risk locations including Florida, California, and Arizona. However, while increases are projected, the scale is projected to be moderate both on an average basis, and a maximum basis. The portfolio is relatively sheltered from coastal flooding due to its geographic positioning, though at-risk locations will face exposure, and this may expand over time. Hurricane risk remains present for exposed locations, such as those in Florida, Connecticut, and Texas, and there is potential for increased intensity under high emissions scenarios. The portfolio's overall geographic diversification provides some resilience against concentrated climate impacts in any single region.

The risks associated with the identified hazards may increase across time horizons, and in particular under a higher emission scenario. However, based on our current scenario modelling, we believe that the business strategy remains robust and that direct business exposure to reduced income, increased costs, and collateral and asset devaluation, remains relatively insulated. As part of ongoing improvement to due diligence processes, longer-term climate risks and opportunities identified in this analysis may be considered, where appropriate and relevant, to support the understanding and disclosure of significant risks as our portfolio evolves.

[2] CMIP6 is the product of a large international scientific effort coordinated by the World Climate Research Programme and is a core dataset underpinning the IPCC's Sixth Assessment Report (AR6).

# Risk Management

## *Risk identification*

At Adamas, responsibility for the oversight of climate-related issues lies with our management team. They lead the process of identifying and evaluating climate-related risks, ensuring that relevant risks are communicated to the Board. Our process for identifying and evaluating climate risks is executed through the following stages:

1. **Analyzing our business activities** to identify a universe of climate-related risks and opportunities across our own operations and investment portfolio: SFRs, multifamily properties, residential loans, and NARMBS.
2. **Facilitating workshops with and gathering information from key internal stakeholders** to assess the potential *magnitude* and *likelihood* of climate-related risks and opportunities across the business. Stakeholders engaged include Chief Financial Officer, Director of Financial Reporting, Head of Operations, Managing Director, and Assistant Vice President of Investor Relations.
3. **Integrating data from external sources,** including the Federal Emergency Management Authority (FEMA), journal articles, industry research, and government reports/policy documents.

To identify the climate-related risks and opportunities relevant to our business, we first map our business profile to understand our key operations, relationships, and asset geographies. We take a robust approach by examining each investment type individually, recognizing that each has a distinct risk profile and may be exposed to and impacted by climate factors in different ways. To help ensure a comprehensive and practical assessment, we engage senior leaders from the relevant business functions. This process provides a granular view of how climate-related risks and opportunities could manifest across our business – an approach aligned with TCFD guidance.

We then evaluate our investment portfolio for climate-related risks and opportunities using multiple data sources. This includes relevant regulations, real estate and real estate investment-relevant industry standards (such as those provided by the Sustainability Accounting Standards Board (SASB) and the Global Real Estate Sustainability Benchmark GRESB Standard), peer reports, and desk-based research on other potential risks and opportunities specific to REITs, our investment portfolio, and the locations of our different assets. This approach helps us identify the range of potential climate challenges specific to our industry and operations, both now and in the future.

## *Risk assessment*

To assess the potential size and scope of identified climate-related risks, we consider the likelihood and magnitude of each risk and opportunity, across time horizons and using quantitative and qualitative data and judgment.

Our methodology for determining magnitude and likelihood levels is adapted to the nature of each risk and opportunity identified.

For example, to assess the location-specific physical risk levels of our asset types and their underlying assets, we used FEMA data, in combination with our own analysis and interpretation.

Whereas, for transition risks and opportunities, we may consider and evaluate existing and evolving regulatory requirements, such as carbon pricing mechanisms and building performance standards to our own operations and our investment portfolio – but also in consideration of where our assets are located.

Each risk and opportunity is then given a significance score, formed in combination of both magnitude and likelihood scores, and in using a standardized scale from "Low" to "Very High" that is informed by Adamas' existing internal risk assessment definitions. Representatives from Trading, Finance, Operations, Investor Relations and Financial Reporting teams evaluate the risk assessment process as part of a review workshop. This process allows us to prioritize the climate-related risks and opportunities relevant to Adamas across near-term time horizons and where risks are identified as material, to integrate them into our broader risk management framework.

Where a risk is deemed significant, an action plan is drafted for resolution of risks, proportionate to its specific characteristics and potential impact. The relevant management teams are responsible for developing this plan, determining the appropriate response for each risk and then transferring implementation responsibilities to the further relevant teams, property managers, and third-party servicers. In implementation, Management maintains oversight of mitigating activities in their different asset classes.

# Metrics and Targets

Adamas applies both qualitative and quantitative approaches to assessing climate-related risks and opportunities, evaluating their magnitude and likelihood. Assets with elevated exposure to extreme weather and long-term climate stressors receive prioritized monitoring, while transition risks are assessed based on significance to our business, regulatory relevance, and potential cost implications. This approach allows Adamas to focus on the most critical exposures, ensuring that both operational resilience and strategic opportunities are addressed in line with our overall risk management.

We have not yet formally adopted specific climate-related metrics. We hope to, however, use the insights from the 2025 assessment and scenario analysis to initially inform processes relating to Adamas' exposure to transition and physical risks on a quantitative basis.

As a real estate investment trust, we do not currently apply internal carbon pricing in investment or capital allocation decisions. As part of Adamas' asset management strategy, climate-related considerations are indirectly linked to management compensation.

## *Our estimated greenhouse gas emissions*

To help inform our understanding of our climate-related risks and opportunities, we have calculated our Scope 1 and Scope 2 carbon emissions, for the period of January 1, 2024 to December 31, 2024[3]:

| Category | Location-based Emissions (MT $CO_2e$) |
|---|---|
| **Scope 1** | 0.9 |
| **Scope 2** | 116.2 |
| **Total** | **117.0** |

*Scope 1 and 2 emissions have been calculated based on the GHG Protocol, using data for heating (primarily district heating classified as Scope 2), backup generators and electricity use at our three offices, and EPA emission conversion factors.*

As a REIT with three office locations, our direct emissions (Scopes 1 and 2) are relatively low. Note that our Scope 1 and 2 emissions exclude the energy use at our SFR properties that we classify as Scope 3 emissions. As noted, Adamas has not yet introduced formal climate-related targets.

[3] Given this is our first year calculating and reporting greenhouse gas emissions, historical emissions data is not available. This greenhouse gas emissions calculations have not been assured.

## *Statement of Compliance*

We refer to the Task Force on Climate-related Financial Disclosure 2021 framework (TCFD, October 2021) for our approach to climate-related financial disclosure. The TCFD recommendations is one of the approved frameworks under HSC § 38533.

Adamas has strived to follow Section C Guidance for All Sectors, and where relevant, Section D.4. of the TCFD Annex titled 'Supplemental Guidance for the Financial Sector' for Asset Managers in developing this disclosure.

| Governance | Page(s) | Comment |
|---|---|---|
| Describe the board's oversight of climate-related risks and opportunities | 2 | |
| Describe management's role in assessing and managing climate-related risks and opportunities | 2, 7, 8 | |

| Strategy | Page(s) | Comment |
|---|---|---|
| Describe the climate-related risks and opportunities identified over the short-, medium-, and long-term | 3, 4, 5, 6 | |
| Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning | 5, 6 | |
| Describe the resilience of the organization's strategy under different climate-related scenarios, including a 2°C or lower scenario | 6 | |

| Risk Management | Page(s) | Comment |
|---|---|---|
| Describe the processes for identifying and assessing climate-related risks | 7, 8 | |
| Describe the processes for managing climate-related risks | 2, 8 | |

| | | |
|---|---|---|
| Describe how climate-related risk processes are integrated into the organization's overall risk management | 2, 8 | |

| Metrics and Targets | Page(s) | Comment |
|---|---|---|
| Disclose the metrics used to assess climate-related risks and opportunities in line with strategy and risk management | 9 | |
| Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions and associated risks | 9 | Adamas has disclosed Scope 1 and 2 emissions. The disclosure of Scope 1, Scope 2, or Scope 3 emissions do not form part of the minimum disclosure requirements of SB-261. |
| Describe the targets used to manage climate-related risks and opportunities and performance against those targets | 9 | Adamas has not introduced formal climate-related targets. |

## *Forward-looking statement*

*This report contains certain information that includes or is based upon "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are based on current estimates, projections, beliefs, assumptions, expectations, and methodologies, including the use of climate scenarios, and are subject to significant uncertainties and limitations. All statements, other than statements of historical facts, are forward-looking statements. These forward-looking statements are identified by their use of terms and phrases such as "will," "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "could," "would," "should," "may," or similar expressions. In particular, this report contains forward-looking statements pertaining to, but not limited to, information with respect to the following: our strategic plan, priorities, outlook, and expected performance; sustainability goals, strategies, priorities, and initiatives, our plans to achieve our sustainability goals and to monitor and report our progress thereon; sustainability engagement, commitments, and disclosure; and other related items. The actual conduct of our activities, including the development, implementation, or continuation of any goals, strategies, priorities, and initiatives discussed or forecasted in this report may differ materially in the future.*

*Many of the assumptions, standards, metrics, and measurements used in preparing this report and the forward-looking statements contained herein continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation, but should not be considered guarantees. These forward-looking statements in this report rely on a number of assumptions concerning future events and are subject to a number of uncertainties, factors, and risks, many of which are outside of our control, which could cause results to differ materially from those expected by management. Such risks and uncertainties include, but are not limited to, our ability to gather reliable data regarding the direct or indirect environmental impact of our operations and technologies; the consistency or inconsistency of approaches to measuring and reporting on various environmental and social matters; our ability to successfully implement various sustainability and emission management and reduction initiatives throughout the organization; our ability to reach our environmental goals; the compliance of various third parties and contractors with our policies and procedures and legal requirements; risks related to our public statements with respect to sustainability matters, such as environmental targets or other commitments addressing certain social issues, including employment practices and social initiatives, that may be subject to heightened scrutiny from public and governmental authorities related to the risk of potential "greenwashing" (i.e., alleged misleading information or false claims overstating potential sustainability-related benefits or actions), which could lead to increased litigation risk from private parties and governmental authorities or regulatory bodies related to our sustainability-related efforts, and other uncertainties. Therefore, the reader should not place undue reliance on these forward-looking statements. In addition to the risks described above, other applicable uncertainties, factors, and risks are described more fully in our filings with the U.S. Securities and Exchange Commission (the "SEC"), including our most recent Annual Report on Form 10-K, and any subsequently filed Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. We may include additional risk disclosures in future filings with the SEC, and the reader should consider how any future risk disclosures may further inform any forward-looking statements contained herein. Other unpredictable or unknown factors not discussed in this report could also have material effects on us, our operations or the outcomes described in the forward-looking statements in this report. The forward-looking statements and statements of intention in this report speak only as of the date of the preparation of this report. We do not undertake, and we expressly disclaim, any obligation to update or revise any forward-looking statement or statements of intention, whether as a result of new information, future events, or otherwise.*

*While this report describes potential future events and matters that may be significant, and with respect to which we may even use the word "material" or "materiality," the potential significance of these events and matters should not be read as equating to "materiality" as the concept is used in connection with our required disclosures made in response to SEC and exchange rules and regulations. We use different approaches to materiality in determining what to include in this report versus what to include in our SEC filings.*

*Moreover, while we have provided information on several sustainability topics, there are inherent uncertainties in providing such information, due to the complexity and novelty of many methodologies established for collecting, measuring, and analyzing sustainability data. While we anticipate continuing to monitor and report on certain sustainability information, we cannot guarantee that such data will be consistent year-to-year, as methodologies and expectations continue to evolve. We hereby expressly disclaim any obligation or duty not otherwise required by legal, contractual, and other regulatory requirements to update, correct, provide additional details regarding, supplement, or continue providing such data, in any form, in the future. We note that methodologies regarding setting, measuring, and reporting against various emissions metrics and goals continue to evolve. Our approach to setting, measuring, and reporting on various emissions metrics may change or subject us to scrutiny in the future. Under current or future approaches to setting, measuring or reporting on various emissions metrics, we may not be able to meet our* *goals and targets, which could have a significant negative impact on our business or reputation, or subject us to stakeholder or regulatory scrutiny. The information contained in this report may be modified, updated, changed, deleted, or supplemented from time to time without notice and we reserve the right to make any such modifications in our sole discretion. Some of the data provided in this report may be estimated or reliant on estimated information, which is inherently imprecise. While we endeavor to note throughout this report where such estimates are made, we cannot guarantee that estimates are identified as such in every instance. In some cases, the information is prepared, or based on information prepared, by third-party vendors and consultants and is not independently verified by Adamas. Furthermore, unless explicitly noted in each instance where it occurs, the relevant sustainability-related data provided in this report has not been audited or subject to any third-party assurance process. This data should not be interpreted as any form of guaranty or assurance of future results or trends.*

*Unless otherwise provided, the information contained in this report is expressly not incorporated by reference into any filing of Adamas made with the SEC, or any other filing, report, application, or statement made by Adamas to any federal, state, tribal, or local governmental authority.*