



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability Financing Framework

Titania Holding AB
25 April 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Sustainability Debt Products

Relevant standards

- Green, Social Bond Principles as defined by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- Sustainability Bond Guidelines, as administered by the ICMA (as of June 2021),
- Principles for Green and Social Loans administered by the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA) (as of February 2023).

Scope of verification

- Titania's Sustainability Financing Framework (as of April 13, 2023)
- Titania's Eligibility Criteria (as of April 13, 2023)

Lifecycle

- Pre-issuance verification

Validity

- As long as there is no material change to the Framework

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SCOPE OF WORK

Titania Holding AB (“the Company”, “the Issuer” or “Titania”) commissioned ISS Corporate Solutions (ICS) to assist with its Sustainability Debt Products by assessing three core elements to determine the sustainability quality of the instruments:

1. Titania’s Sustainability Financing Framework (as of April 13, 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA)’s Green Loan Principles (GLP), Social Loan Principles (SLP).
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. Linking the transaction(s) to Titania’s overall ESG profile – drawing on the issuance-specific Use of Proceeds categories.

TITANIA’S BUSINESS OVERVIEW

Titania Holdings AB is a real estate company that is involved in the development, construction, and management of residential properties primarily focused on Stockholm region. The company mainly implements large urban development projects through rental housing and condominiums in close cooperation with local municipalities to create social and economic values.

Titania operates as a real estate company. It is classified in the Construction industry, as per ISS ESG’s sector classification.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ¹
Part 1: Alignment with GBP, SBP, SBG, GLP and SLP	The Issuer has defined a formal concept for its Sustainable Debt Products regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's GBP, SBP and SBG and with the LMA, LSTA, APLMA's GLP and SLP.	Aligned
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Sustainability Financing framework will (re-)finance eligible asset categories which include: Socially Sustainable Residential Areas, Green and Energy Efficient Buildings</p> <p>Socially sustainable residential areas, green buildings and Energy efficiency use of proceeds categories have a contribution to SDGs 7 'Affordable and clean energy', SDG 11 'Sustainable cities and communities'.</p> <p>The remaining use of proceed categories improve the Company's operational impacts and mitigate potential negative externalities of the Issuer's sector on SDG 7 'Affordable and clean energy' and SDG 13 'Climate action'.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	Positive
Part 3: Linking the transaction(s) to Titania's overall ESG profile	The key sustainability objectives and the rationale for issuing Sustainable Debt Products are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.	Consistent with Issuer's sustainability strategy

¹ The evaluation is based on the Titania's Sustainability Financing Framework (as of April 13, 2023), and on the Indicative Corporate Rating applicable at the SPO delivery date.

SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA'S GBP, SBP and SBG and with the LMA, LSTA, APLMA's GLP and SLP

This section evaluates the alignment of the Titania's Sustainability Financing Framework (as of April 13, 2023) with the ICMA'S GBP, SBP and SBG and with the LMA, LSTA, APLMA's GLP and SLP.

GBP SBP SBG GLP SLP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Titania's Sustainability Financing Framework is aligned, with the ICMA'S GBP, SBP and SBG and with the LMA, LSTA, APLMA's GLP and SLP.</p> <p>The Issuer's green and social categories align with the project categories as proposed by the ICMA'S GBP, SBP and SBG and with the LMA, LSTA, APLMA's GLP and SLP. Criteria are defined in a clear and transparent manner. Environmental and social benefits are described and quantified (only for environmental benefits).</p> <p>The Issuer also defines exclusion criteria for harmful projects categories and a look-back period of 3 years, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Titania's Sustainability Financing Framework is aligned with the ICMA'S GBP, SBP and SBG and with the LMA, LSTA, APLMA's GLP and SLP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer.</p> <p>The Issuer involves various stakeholders in this process and clearly defines responsibilities in the process for project evaluation and selection being transparent about it. Moreover, the Issuer identifies their framework and their green projects with EU Taxonomy's Substantial Contribution criteria for Climate Change Mitigation, on a best effort basis, in line with best market practice².</p>

² This SPO does not provide the assessment to the alignment of the EU Taxonomy criteria

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds proposed by Titania’s Sustainability Financing Framework is aligned with the ICMA’S GBP, SBP and SBG and with the LMA, LSTA, APLMA’s GLP and SLP.</p> <p>The net proceeds collected will be equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are tracked in an appropriate manner. The net proceeds are managed on an aggregated basis for multiple Green Bonds. Moreover, the Issuer discloses the temporary investment instruments for unallocated proceeds.</p> <p>The Issuer has defined an expected allocation period of 12 months and discloses the nature of temporary investments, in line with best market practice.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Titania’s Sustainability Financing Framework is aligned with the ICMA’S GBP, SBP and SBG and with the LMA, LSTA, APLMA’s GLP and SLP.</p> <p>The Issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the Issuer’s website. Titania explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report annually, until the proceeds have been fully allocated and in the event of any material developments.</p> <p>The Issuer is transparent about the level, information, frequency, scope and duration of the impact report, in line with best market practice.</p>

PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

A. CONTRIBUTION OF THE SUSTAINABLE DEBT INSTRUMENTS TO THE UN SDGs³

Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain. The aim of this section is to assess the SDG impact of the UoP categories financed by the Issuer in two different ways, depending on whether the proceeds are used to (re)finance:

- specific products/services,
- improvements of operational performance.


1. Products and services

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 3-point scale (see Annex 1 for methodology):



Each of the Sustainability Financing Framework's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Socially sustainable residential areas</p> <p><i>Residential areas developed by Titania that meet the following two criterion:</i></p> <ul style="list-style-type: none"> - <i>located in a segregated area or neighborhood that has been categorized by the police or municipality as a vulnerable⁴, "particularly vulnerable⁵ or risk area⁶.</i> 	Contribution	

³ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the framework.

⁴ Characterized by a low socio-economic status and with criminals impacting on the local community. Impact is linked to the social context of the area rather than the criminals' will to control the local community. The effect is that the residents in the area experience insecurity, which in turn leads to a reduced tendency to report crimes and to participate in the legal process

⁵ Characterized by a general reluctance to participate in the legal process. There may also be systematic threats and acts of violence against witnesses and plaintiffs.

⁶ vulnerable areas at risk of transitioning to a particularly vulnerable area.

- *Include owned apartments that are offered via the City of Stockholm’s housing agency to promote inclusion and equal access for everyone.*

Example projects include residential projects in socio-economically vulnerable areas that integrate a greater variability in the supply of housing and in the architectural design as well as the integration of streetlights, pavements, green/blue spaces, leisure areas etc⁷.

Green Buildings (New Construction)

The construction of new residential buildings (initiated after 1 Jan 2021 and onwards) designed to achieve a net primary energy demand that is at least 10% lower than the level required by the national building regulation⁸.

Green Buildings (Existing)

Buildings built before 31 December 2020 either with an EPC label \geq “A” or belonging to the top 15% of the national building stock⁹

Contribution



Contribution



⁷ The assessment is limited to the categories and examples defined in the framework

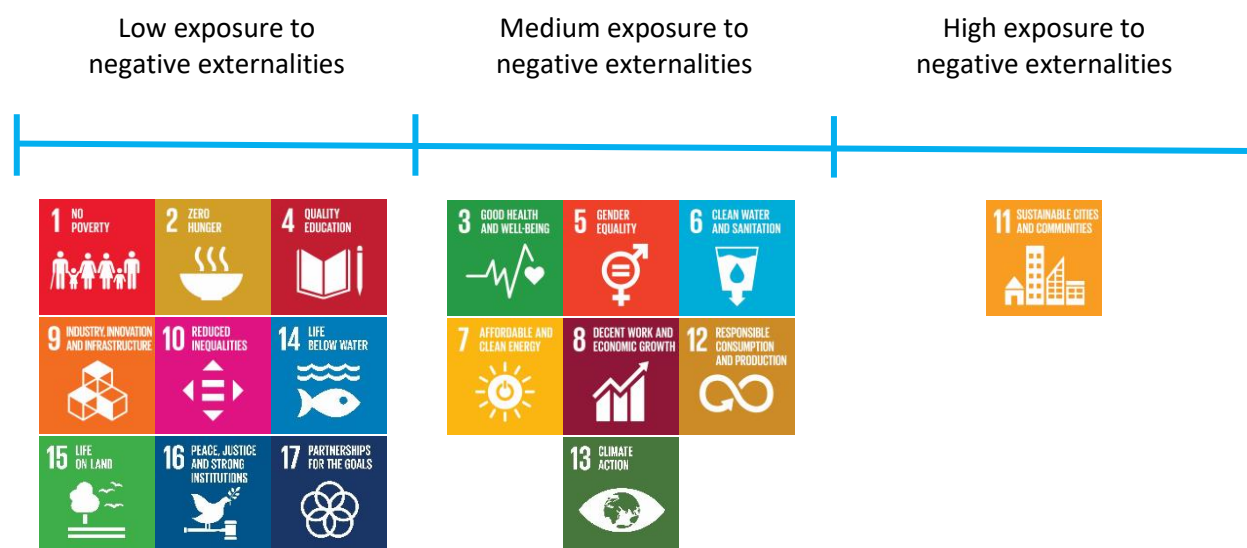
⁸ Sweden’s current national building regulation (BBR 29) mandates new apartment buildings have an energy performance (expressed as the primary energy demand) that is equal or lower than 75 kWh/m2/year

⁹ Titania’s method of assessing this criterion is based on a study published by Fastighetsägarna (via consultancy CIT energy management) which has interpreted what the Taxonomy’s 15% most energy efficient buildings-criterion means in the Swedish context in terms of thresholds on energy use for different building categories. Fastighetsägarna is a trade organization for real estate companies in Sweden and they intend to update the thresholds annually. In Q4 2022, the threshold for multi-family apartments was a primary energy demand of 81 kWh/m2.



2. Improvements of operational performance (processes)

The below assessment aims at qualifying the direction of change (or “operational impact improvement”) resulting from the operational performance projects (re)financed by the UoP categories, as well as related UN SDGs impacted. The assessment displays how the UoP categories are mitigating the exposure to the negative externalities relevant to the business model and the sector of the Issuer.

According to ISS ESG SDG Impact Rating methodology, potential impacts on the SDGs related to negative operational externalities¹⁰ in the Construction Industry (to which Titania belongs) are the following:



The table below aims at displaying the direction of change resulting from the operational performance improvement projects. The outcome displayed does not correspond to an absolute or net assessment of the operational performance.

USE OF PROCEEDS (PROCESSES)	OPERATIONAL IMPACT IMPROVEMENT	SUSTAINABLE DEVELOPMENT GOALS
<p>Energy Efficiency</p> <p><i>Expenditures related to energy-efficiency projects including:</i></p> <ul style="list-style-type: none"> - Energy efficiency equipment (energy efficient windows, doors and light sources, HVAC) 	<p>✓¹¹</p>	 

¹⁰ Please, note that the impact of the issuer’s products and services resulting from operations and processes is displayed in section 3 of the SPO.

¹¹ The Issuer does not specify the level of improvement / absolute performance level to be achieved in line with meaningful standards

- *Charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)*
- *Renovation of existing residential buildings that either (i) complies with the applicable requirements for major renovations set out in the applicable national building regulation for major renovations, or that (ii) lead to an overall reduction in primary energy demand per square meter and year (kWh/m²/year) by at least 30 per cent compared to the pre-investment situation.*
- *Solar, wind turbines and storage units*

Expenditures related to energy-efficiency projects including:

- *Instruments and devices for measuring, regulating and controlling the energy performance of buildings*



B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. All of the assets are/will be located in Sweden.

ASSESSMENT AGAINST KPIs

Conservation and biodiversity management

- ✓ The Issuer ensures that environmental impact assessments are conducted during the planning stage of its assets, as required by the EU directive in Sweden for Environmental Impact Assessment. The municipality conducts an Environmental Impact Assessment in relation to the development plan if there is a risk of environmental impact when following through with the detailed development plan of a construction project. Furthermore, according to Sweden's Plan- och bygglagen (Planning and construction law), responsible site selection is regulated by regional plans depending on the building location.

Environmental aspects of construction (or production) and operation

- ✓ The Issuer ensures take back and recycling at end of life, and correct disposal of waste in compliance to the requirements of the EU waste directive as well as the Plan- och bygglagen (Planning and construction law) which requires that real estate companies have a plan for appropriate disposal of hazardous waste when a building is constructed/demolished and provide the conditions for the highest rate of reuse and recycling of the waste possible.
- Assets financed and managed by the Issuer will abide by the Nordic Swan Ecolabel which sets strict requirements on resource efficiency (e.g. energy consumption, lighting, waste management), indoor environment (radon and moisture prevention, ventilation etc.), requirements on products, goods and materials used in the construction, and quality management throughout the construction process. However the assets that are constructed by the Issuer but are under a third party management, do not have to comply with this certification but must meet the criteria set in the framework
- While the Issuer considers the use of sustainable material, there are no policies in place on procurement guidelines with specifications on renewable content, recycled content, embodied energy, re-usability, durability and maintainability, third-party certification of wood-based materials (FSC/PEFC), local sourcing/material origin etc.

Reduction of negative impacts from construction, refurbishment and closure activities on neighborhoods

- ✓ All assets finance under this framework abide by Sweden's national building regulation which sets specific requirements related to noise and dust, security measures, as well as hygiene/health and indoor/outdoor environmental conditions. However, there are currently no specific strategies or action plans in place.

On site and user safety

- ✓ All assets are based in Sweden which is covered under the Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 which regulates against prevention of and protection against assault, damage, fire, fraud, invasion of privacy, theft, unlawful entry, and other such occurrences caused by deliberate action as well enforces relative freedom from danger, risk, or threat of harm, injury, or loss to personnel and/or property.

Labour, health & safety

- ✓ The Issuer is subject to Swedish legislation with regards to labor standards, aligning with the ratified ILO conventions, which includes among others the Occupational Health and Safety Convention and collective bargaining conventions.

Site location

- ✓ The Issuer ensures a maximum distance of 1 km from one or more modalities of public transport (i.e., metro, commuter trains, or public bus lines) , in accordance with Planning and construction law ("Plan- och bygglagen" in Swedish) which regulates this through regional plans depending on the building location.

Community outreach and consultation of people living nearby in case of larger construction projects

- ✓ Titania engages with key stakeholders when developing new areas, such as the municipality, local community, and other relevant parties. All assets are located in Sweden wherein strong policies are in place to ensure specifications around sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes. However, the Issuer does not have specific internal policies in place covering grievance mechanisms or compensation schemes.

Water use minimization in buildings

- While the national building regulation sets specific requirements around water usage, leak control, wastewater management, etc. the Issuer has not defined any Water use reduction targets for its properties.

Real Estate projects with high social benefit

- ✓ The Issuer encourages the development of mixed-use neighborhoods combining residential, recreational and commercial spaces, thereby facilitating the development of integration process and 'community life'. Furthermore, local businesses are given preference in the allocated commercial spaces.

PART III: LINKING THE TRANSACTION(S) TO TITANIA'S ESG PROFILE

A. CONSISTENCY OF SUSTAINABILITY DEBT PRODUCTS WITH TITANIA'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the Issuer

This commitment to sustainability is executed through four key focus strategic areas: Climate and Environment, Social sustainability, Economic sustainability, and Attractive and Safe housing. Titania's sustainability strategy is based on a materiality assessment that identifies the most important sustainability aspects for its operations, taking relevant stakeholders and business impact into account.

Titania's climate action plan includes a target to reach net zero emissions by 2030. Titania is also a signatory to the "Klimatarena Stockholms Klimatlöfte" that has a goal that all construction and construction projects in Stockholm County are built and rebuilt climate-neutrally and managed resource efficiently by 2030 at the latest. In the coming years, the majority of Titania's development projects is expected to use wood frames and that all buildings produced for its own management achieve a Nordic Swan Ecolabel certification or certification with similar requirements. Titania is already managing the climate and environmental impact of both the construction and operation of its buildings through sustainable material selection, reduced transport needs, waste and water management, climate adaptation as well as the promotion of biodiversity, circular economy, fossil-free transports and energy efficiency.

Under the social sustainability Titania's goal is to build safe, inclusive and attractive residential areas by focusing on social inclusion, local engagement, safety and security, and health and wellbeing for the residents. Furthermore, Titania strives to work to reduce social risks in the supplier chain by monitoring and setting requirements on its suppliers. Titania also focuses on gender equality and diversity, human rights, occupational health and safety, and employee satisfaction.

The Quality and Environment Manager is the owner of the sustainability policy covering environmental, social and financial areas.

As part of the company's sustainability strategy, Titania has reviewed the most significant risks linked to sustainability, including physical climate risks linked to climate, risk of irregularities, regulatory and legal requirements linked to sustainability, risk of not attracting and retaining competent personnel, work environment risks and risk of violation of human rights. It also defined how it intends to manage them under their sustainability report 2022. The Issuer also has a risk management policy in place.

When reporting on economic value creation, Titania reports on performance indicators from the Global Reporting Initiative (GRI 201-1), to show how direct economic value is generated for Titania and distributed to suppliers in projects, employees, financiers, authorities, local community and shareholders.

Titania has not previously issued any sustainable bonds.

Rationale for issuance

By setting up the Sustainability Financing Framework, Titania aims to mobilize debt capital to support its mission to contribute to safe, inclusive and attractive communities as well as contribute to climate

change mitigation. This Sustainability Financing Framework forms a platform for Titania to issue Sustainable Debt Products in various formats, to finance and/or refinance green and social projects with environmental and social benefits.

Opinion: *The key sustainability objectives and the rationale for issuing Sustainable Debt Products are clearly described by the Issuer. The project categories financed are in line with the sustainability objectives of the Issuer.*

B. TITANIA'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Issuer's industry

The Issuer is classified in the Construction industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Labour standards and working conditions
Energy and resource efficiency
Impact on land use and biodiversity
Business ethics
Protection of human rights and community outreach

ESG strengths and points of attention related to the Issuer's disclosures

Leveraging ISS ESG's Research, the following strengths and points of attention¹² have been identified:

STRENGTHS	POINTS OF ATTENTION
<p>The company has a supplier standard in place that outlines its commitment with regards to labor standard and working condition in line with international conventions. Further, the company has compliance procedure in place to conduct supplier risk assessment.</p> <p>Additionally, the company discloses its commitment with regards to freedom of association and collective bargaining for its employees.</p>	<p>The company primarily operates in Sweden which has high-country standard for employees with regards to implementation of a health and safety management system (HSMS), workplace flexibility, and working time reduction. However, the company's self-commitment to implement measures pertaining to HSMS, telecommuting or flexible work schedules has not been disclosed.</p>
<p>The company takes some measures to conduct consultation with communities with regards to its projects. Furthermore, measures are</p>	<p>It remains unclear if the company has a procedure in place to implement human rights due diligence procedure such as human rights risk and impact assessment for its neighboring</p>

¹² Please note that Titania is not part of the ISS ESG Corporate Rating Universe. Thus, the information is based on a disclosure review conducted by the analyst in charge of the Construction sector, based on publicly available information exclusively. No direct communication between the Issuer and the analyst has taken place during the process. The below is not based on an ISS ESG Corporate Rating but considers ISS ESG Research's methodology.

<p>implemented to minimize dust and noise in its construction.</p>	<p>residents. Further, the company has not disclosed if it conducts human rights training for its staff and suppliers.</p>
<p>The company has maintained a code of ethics that covers key industry issues such as anti-corruption, anti-trust violations, insider dealing etc. to a varied degree of detail. Moreover, compliance procedures are in place to cover aspects such as compliance training, third party anti-corruption due diligence and confidential reporting channels.</p>	<p>The company has not disclosed its strategy with respect to implementation of water efficiency such as use of non-potable water sources, optimization of processes in construction activities, water efficient cleaning of equipment etc. Additionally, company's strategy regarding the improvement of indoor air quality in its projects is not disclosed.</p>
<p>The company has disclosed some strategy towards implementation of energy efficiency in its buildings. The company has also planned to integrate use of renewable energy sources in its structures. Further, measures are implemented to minimize usage of water in its buildings and structures.</p> <p>With regards to waste reduction in construction, the company has a site waste management plan and has set construction waste reduction targets.</p> <p>The company has measures in place to induce biodiversity management in its construction activities through conducting biodiversity risk and impact assessments in its projects. Biodiversity impact mitigation measures e.g., avoidance, minimization, rectification is implemented.</p>	<p>The company considers aspects of biodiversity management in its projects, however, commitment towards biodiversity conservation, site selection, wildlife management, ecosystem management etc. not disclosed.</p>

Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part III.B of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, ISS ESG assessed the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product and services characteristics and does not include practices along the Issuer's production/services process.

Social Impact of Product Portfolio:

Titania Holdings AB is a real estate company involved in the development, construction, and management of residential properties. The company's product and services include development,

construction, and long-term management of affordable housing structure for urban communities which positively contribute to sustainable development goal of financing of affordable housing (for low- to median-income households), management of social housing and management of non-luxury residential housing. Thus, the impact of the product portfolio on social sustainable development goals (SDG) of providing basic services is considered positive. However, the revenue contribution from each of these sustainability products and services remains unclear.

Environmental Impact of Product Portfolio:

Titania Holdings AB is a real estate company involved in the development, construction, and management of residential properties. The company's product and services include long-term management of housing structure certified to Nordic Ecolabel or equivalent certification which positively contribute to sustainable development goal of buildings certified to a comprehensive sustainable building standard. Thus, the impact of the product portfolio on environmentally sustainable development goals (SDG) of promoting sustainable buildings is considered positive. However, the revenue contribution from each of these sustainability products and services remains unclear.

Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Real Estate industry are as follows: lack of accounting and disclosure standards, failure to respect the right to just and favorable conditions of work, Anti-competitive behavior and failure to pay fair share of taxes.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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ANNEX 1: Methodology

Green and Social KPIs

The Green, Social and Sustainable Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Titania’s Eligibility criteria.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The Environmental and social risks assessment evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green and Social Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment “no or limited information is available” either indicates that no information was made available or that the information provided did not fulfil the requirements of the Green and Social Bond KPIs.

The evaluation was carried out using information and documents provided on a confidential basis by Titania (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the Issuer.

Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, the extent to which Titania’s sustainable financing framework contributes to related SDGs has been identified.

ANNEX 2: Quality management processes

SCOPE

Titania Holding AB commissioned ICS to compile a Sustainability Financing Eligibility criteria SPO. The Second Party Opinion process includes verifying whether the Sustainability Financing Framework aligns with the International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG), as well as the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA)'s Green Loan Principles (GLP), Social Loan Principles (SLP) and to assess the sustainability credentials of its Green, Social and Sustainability Bonds, as well as the Issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- International Capital Market Association's (ICMA) Green Bond Principles (GBP), Social Bond Principles (SBP), Sustainability Bond Guidelines (SBG)
- Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA)'s Green Loan Principles (GLP), Social Loan Principles (SLP)

ISSUER'S RESPONSIBILITY

Titania's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

This independent Second Party Opinion of the Green, social and sustainability bonds and loans to be issued by Titania has been conducted based on a proprietary methodology and in line with the ICMA GBPs, SBPs, SBGs and LMA, APLMA and LSTA's Green and social bonds/loan principles

The engagement with Titania took place in April 2023.

ISS' BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About this SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the Issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For more information on SPO services, please contact: SPOsales@isscorporatesolutions.com

For more information on this specific Sustainability Bonds and Loans SPO, please contact: SPOOperations@iss-esg.com

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