The Board of Directors of Titania Holding AB (publ) (reg. no. 556887-4274) (the “Company”) resolved on 2022-11-01 to adopt this.

Risk Management Procedure

Content

1. Background and purpose

To ensure that Titania is complying with applicable laws and regulations and that Titania's values and desired ways of conducting business are communicated and followed throughout the entire organization, Titania has developed a number of governing documents, including this procedure.

2. Procedure Statement

Titania's risk management work shall follow a defined process, consisting of the three steps below:

- Risk identification and assessment
- Internal control requirements
- Self-assessments and reporting

These steps are to be carried out at least annually and are further described in the below paragraphs of the procedure statement.

2.1 Risk identification and assessment

The first step in the risk identification and assessment, which shall be initiated annually by the CEO and performed by the management team, is to ensure that Titania is aware of the most significant risks affecting its business. The purpose is to identify new risks and update Titania's view on already identified risks. The COSO definition of risk ("*Any future event that threatens the organization's ability to achieve its business goals and objectives*") shall be considered when assessing risks.

Based on the risk type, the identified risks are categorized into any of the four risk categories below:

- Strategic risks,
- Operational risks,
- Compliance risks, and
- Financial risks

Next, the risks shall be addressed based on the three different criteria, together providing a picture of how perilous the identified risks are. These include impact, probability and effectiveness of risk response:

1. **Impact**

The identified risks shall be assessed on what the impact will be if a situation arises that triggers the risk. The risks' impact shall be rated according to the scale in the legend below.

Impact	Name	Explanation
5	Significant	Very large loss to the company (financial, operational, reputation and compliance, strategic or business development opportunity).
4	High	Large loss to the company (financial, operational, reputation and compliance, strategic or business development opportunity).
3	Moderate	To some extent loss to the company (financial, operational, reputation and compliance, strategic or business development opportunity).
2	Low	Some loss to the company (financial, operational, reputation and compliance, strategic or business development opportunity).
1	Limited	Minor loss to the company (financial, operational, reputation and compliance, strategic or business development opportunity).

2. **Probability**

The identified risks shall be assessed on how likely they are to occur within 5 years from the date of the risk assessment. The risks' probability shall be rated according to the scale in the legend below.

Probability	Name	Explanation
5	Almost certain	> 90 % probability over a 5-year period.
4	Likely	More than 60 % and less than 90 % over a 5-year period.
3	Rather likely	40-60 % probability over a 5-year period.
2	Not very likely	Less than 40 % and more than 10 % over a 5-year period.
1	Close to unlikely	< 10 % probability over a 5-year period.

3. Effectiveness of risk responses

The risks shall also be assessed based on how effective already implemented risk responses (e.g. internal controls and policies) are. The effectiveness of the risk responses shall be rated on the below scale:

Effective measures in place

Moderately effective measures in place

None or scarcely effective measures in place

The risks shall be documented in a risk register. The risks shall also be presented in a risk map format, where the risks are plotted depending on their impact and probability. The effectiveness of the risk responses shall also be presented.

The identified risks need to be mapped to any of Titania's processes (as evident from the Group Process Map, defined by the Management team), and assigned a risk owner who is responsible for monitoring and mitigation of the risk.

The risks shall be presented annually to the Audit Committee and the Board of Directors. The CEO is responsible for the presentation.

2.2 Internal control requirements

Based on the risk identification and assessment performed, internal controls shall be designed to cover the risks where applicable. The internal controls shall be phrased as requirements in order to describe the minimum level of efforts expected to establish an effective internal control environment throughout the different business processes.

2.3 Self-assessments and reporting

The effectiveness of the controls is to be assessed by defined persons throughout the organization. The results are to be compiled by the CFO and presented to the Audit Committee and the Board of Directors annually.

3. Audience

The procedure applies to all entities within the Group.

4. Roles and responsibilities

The CEO is the owner of this procedure.

5. Exceptions

There are no exceptions to this procedure. Any need of exceptions to this procedure must be clearly defined and documented. All exceptions shall be approved by the Board of Directors.

6. Monitoring of compliance

- The risk assessment is annually reported to the Audit Committee and to the Board of Directors.
- A self-assessment of compliance with minimum internal control requirements is annually performed and reported to the Audit Committee and the Board of Directors.