

ESG questionnaire

February 2021

General Industry

Please list the industry's three biggest sustainability-related challenges

Titania regards the following as the three biggest sustainability-related challenges for the industry:

- Energy and resource depletion (carbon neutrality).
- Sustainable urban development (social, financial, environmental).
- Workplace resource efficiency and safety.

How does the firm compare to industry peers regarding sustainability initiatives? Above, on par, or below?

Titania regards itself as being on par with or slightly above industry peers with regard to environmental sustainability initiatives. In terms of social sustainability initiatives, Titania regards itself as being above industry peers.

Titania takes a long-term sustainable perspective on profitability as part of its business operations. Given that the building projects Titania develops could exist for centuries, the processes Titania are involved in can take decades, with the business relations bearing fruit after years of meetings. Part of this process and a key to the company's success, is to convince the key stakeholders and inhabitants in local communities that Titania, as a company, assume the wider social responsibility perspective to not just provide housing, but to also add value to the whole community with the concepts that carefully thought-out city planning is able to do. By being close to local communities, cities, municipalities, and authorities, Titania accommodates their requirements and create possibilities to deliver successful finished projects.

Is the company a signatory of the UN Global Compact or Science Based Targets, report to the CDP or engage in any other relevant sustainability initiatives?

Titania is currently not a signatory of the UN Global Compact or Science Based Targets and does not report to the CDP. However, Titania was ISO 14001 certified for approximately ten years, but paused it in 2019, in order to explore more industry specific environmental certifications. A lot of the initiatives created as part of this certification still exists today. ISO 14001 is the environmental management system, which helps organizations identify, manage, monitor and control their environmental issues.

The management team is in the process of researching other appropriate sustainability initiatives as part of its growth strategy.

Environmental (1/2)

Please list, if any, the firm's climate-related opportunities

- **Explore energy positive buildings:** designing projects that are not just carbon neutral, but also creates a surplus of energy (producing more energy than it consumes over its life span).
- **Re-examine the building process:** exploring building materials that are produced using less carbon.
- **Customer preferences:** Offer buildings a high energy performance, to ensure a sustainable business, as customers will demand more sustainable homes in the future.
- Offering affordable and sustainably designed homes, and the position and ability to control the entire value chain – from the development and design phase to completed buildings.

Please list the firm's three primary risks related to climate change

- That climate change in the long term will impact socioeconomic systems in such ways that it will have a profound effect on the structure of society.
- That costs related to climate change becomes too high which will impact the business model of the contracts.
- That the measures taken to deal with climate change takes too much focus away from other business critical areas.

Titania has invested heavily in initiatives and solutions that address climate change. Examples are:

- Homes with built-in green houses on the top floor
- Parking spaces for bicycles
- Charging stations for electric cars
- Green/living roofs (i.e. roof covered in grass and greenery)
- Solar panels
- Innovative stormwater solutions (plant beds etc)
- Car pools accessibility
- Bicycle pools
- Sustainable ventilation solutions
- Waste water heat exchangers
- Bat boxes (home for bats)
- Bat lamps
- Insect hotels
- ThermoWood®
- Measuring of individual water usage
- Significantly reduced the company car fleet with the aim to increase the use of bicycles, electric scooters, public transport

Does the firm anticipate any climate-related investments?

In terms of future climate-related investments, Titania anticipates the following:

- Deploying electric cars as part of the company car fleet.
- Explore industry related environmental certifications.
- Explore signatory to UN Global Compact.
- Collaborate with architectural firms specializing in energy positive designs of buildings.
- Participating in tenders that involve a high level of sustainable design.
- Reviewing procurement process to improve sourcing of sustainably friendly supplier profiles and materials.

Environmental (2/2)

Does the firm rely on any scarce resources for its operations? If so, what efforts are made to mitigate the risk of those resources becoming even more scarce in the future, e.g. recycling, reusing, substitutes or improved resource efficiency?

Building construction is, by its nature, material intensive but Titania does not rely on scarce resources for its operations.

Transition-related risks (for example changed customer preferences or legislation): Do you anticipate any risks or opportunities due to the transition to a carbon neutral society? Is there any risk of the firm's offer being negatively effected? If yes, is the firm well positioned to handle that risk?

Titania does not foresee any considerable risks related to the transition to a carbon neutral society for its operations:

- Titania has a highly flexible and adjustable organizational structure that makes it easy to adjust to changing regulations and realities.
- Unlike many competitors, Titania is not bound to certain building techniques that might not meet future building standards as regulations and industry demands become stricter.
- Titania has proven that the company has the capacity to develop sustainable and energy efficient projects on a large and complex scale. Click on this [link](#) for an example.
- Titania controls the entire value chain, unlike many competitors, which enables the company to take full responsibility for all sustainability related issues in every project.

Titania foresees opportunities related to the transition to a carbon neutral society:

- Some competitors will likely have more problems with the transition. The result of this will in turn be more business opportunities for Titania.
- Titania's organisational structure will be faster to react to any legislative changes.

Please list the firm's (1-2) primary means of making a positive environmental impact or minimising negative environmental impact. (If applicable please list the corresponding most relevant UN Sustainable Development Goals) How are they tracked and communicated?

Titania's primary means of making a positive environmental impact includes:

1. Compliance with the strict environmental regulations on building projects in Sweden in combination with project specific environmental initiatives and investments.
2. Titania has a clear focus on minimizing negative environmental impact through the usage of sustainable materials. All projects are monitored and tracked by various independent external inspectors and meticulously documented regarding environmental matters.

Social (1/2)

Does the firm have a history of accidents? If so, how have these been managed? Are there any preventive measures, such as policies?

Serious accidents have been very rare and have seldom resulted in bodily injuries. To prevent accidents, Titania has a manual for systematic management of the working environment that is used in all operations. The manual describes how to work systematically to prevent accidents on building sites and includes a system for documenting deviations etc.

Titania has a clear aim to invest in and transform socially challenged areas into sustainable, functioning, safe, inclusive, and well-designed communities.

Titania has developed a complex method with a holistic approach for these types of projects with the aim to create lively, vibrant and attractive areas for both residents and local businesses. This is achieved by incorporating (amongst many other things):

- Restaurants and other businesses to establish on the ground floor level within the new buildings (through rent reductions and business specific preparations etc).
- A mix of rental and owned homes.
- Playgrounds for children.
- Cleverly designed areas where people can meet and interact.
- Green areas with grass, trees and plants.
- Well-lit walking paths.
- Buildings with a high level of architectural ambition and aesthetics that stand out from uniform surrounding architecture that often characterizes socially challenged areas.

For further information about Titania's method to transform socially challenged areas, click on this [link](#).

As mentioned above, one important aspect in Titania's projects is to be inclusive and open for people from all walks of life. Furthermore, Titania often works closely with municipalities, local authorities and other local parties for its projects. For example, in socially challenged areas, Titania works together with municipality officials and representatives to improve the local social situation and to find ways to make the area prosper, and with the local police regarding matters of crime and order.

Titania has a history of financially sponsoring a variety of organizations and projects, ranging from financial aid to non-profit sports organizations, sponsorship of local festivals, financial aid to projects in developing countries, collaboration with Médecins sans frontières (Doctors without borders) etc.

During the current Covid-19 pandemic many non-profit youth sports organizations face mounting financial problems because of highly reduced incomes, which has led Titania to donate to organizations that make a contribution to integration and health.

Titania also has a history of promoting diversity among employees and in providing employment opportunities to immigrants that are having challenges establishing themselves on the highly competitive Swedish labour market.

Does the company conduct any other community engagement activities aside from those directly connected to the business?

Social (2/2)

Circular economy: How are purchases and waste managed? Please list the firm's demands on its suppliers, if applicable

Waste disposal on Titania's building projects is strictly organized and monitored closely to minimize the environmental impact and at the same time cut unnecessary costs. The waste is meticulously sorted in close dialogue with the chosen supplier of waste disposal services in order to constantly improve operations. Purchases are planned with the help of modern CAD-software, to ensure minimal waste and reduced costs.

Demands on suppliers are specified in specific, detailed contracts, varying according to the type of supplier. Examples are demands regarding:

- waste disposal
- materials and products used
- workplace safety
- quality and environmental planning
- quality control checks
- product declaration
- operating instructions
- maintenance instructions

Are there any goals, policies, or codes of conduct applicable to the firm's suppliers? How often does the firm conduct audits of its suppliers?

Titania's code of conduct also applies to its suppliers. Audits are conducted as part of the contract signing process on each building project or in the event of suspected conduct breach. Yearly audits are conducted for longstanding suppliers.

Governance

Do all staff members receive continuing education on anti-corruption? Is there an external whistle-blower function? Are there any ongoing or historical incidents involving corruption, cartels or any other unethical business conduct? Have any preventive measures been taken?

Staff members receive continuing information on anti-corruption rules and policies. An external whistle-blower function has so far not been deemed necessary due to the honest and open workplace atmosphere. Titania has always strived for but could possibly be implemented in the future. Incidents involving corruption historically have been minor and have been dealt with according to the specific situation. Preventive measures have been in the form of educating staff about laws, rules and company policies.

Please state the firm's business tax residence (i.e. where the firm pays tax) and explain why that specific tax residence was chosen

Sweden.

Are there independent members on the Board of Directors?

There are no independent members on the Board of Directors at present. As part of the forthcoming public listing of Titania, there are plans to form a new Board of Directors, consisting in part of independent members.

Please state if and to what extent, the company has transactions with related parties?

Transactions with related parties may occur but Titania's policy is that these must be conducted on the basis of businesslike terms. From 2021 onwards, Titania will report according to IFRS and transactions with related parties will thus be disclosed in the annual reports.

Is the remuneration of the CEO and other members of the management team in line with industry peers? Which KPIs dictate the remuneration (particularly if sustainability and gender diversity are included)?

Yes, the remuneration of the CEO and other members of the management team is in line with industry peers. At present, KPIs do not dictate the remuneration but Titania is exploring this as part of its growth strategy.

Please indicate the relative split of men/women at every level of the firm, particularly the Board of Directors and management team

The Board of Directors consists of the three original founders which are 100% male. The management team is currently 100% male. As part of the forthcoming public listing of Titania, there are plans to form a new Board of Directors and a new management team with an equal split between men and women. The construction and property development industries are traditionally male dominated, which is something Titania wants to move away from by encouraging women, and also being inclusive, regardless of gender, age, sexual orientation, disability, ethnicity, religion or other belief.

The finance department consists of 40% female and 60% male.

The project development department consists of 22% female and 78% male.

The rest of the workforce consists of 13% female and 87% male.

Is the Head of Sustainability a member of the management team? If not, who does that person report to?

The Head of Sustainability is a member of the management team and the Board of Directors. The Head of Sustainability reports to the CEO.

Policies or agreements in place?

Union agreement	No
Code of Conduct	Yes
Diversity policy	Yes, included in the HR Policy
Anti-corruption policy	Yes, included in the Code of Conduct