

## Best Arctic Group Norway's Transparency Act Report 2024

### Introduction

This report has been prepared in accordance with the Norwegian Transparency Act (the "Transparency Act") section 5 and summarizes the policies and procedures of Best Arctic Group ("BAG") with respect to safeguarding of human rights and decent working conditions and provides information on the implementation and results of due diligence conducted by BAG.

### About BAG

The Transparency Act Report concerns the Best Arctic Group (BAG), which includes the subsidiaries Best Arctic AS (BA) and Bussring AS (BR).

BUSSRING AS was established way back in 1957, and nowadays is a business of providing transportation solutions. BR is Norway's largest artist and theater tour carrier and Northern Norway's largest tour bus company. The bus park consists of about 45 new tour buses, combi buses, minibuses and limousines. Our mission described as "For you and Northern Norway" is about safe, reliable and locally rooted carrier with sustainable and efficient transport solutions for the good of our customers, partners, people's lives and local communities. Our vision is "World-class delivery". Our values: Safe, Responsible, Reliable, Humane.

BEST ARCTIC AS (BA) is both a supplier and mediator of travel and tourism activities in Tromsø and the surrounding region. The company produces, markets and sells transport, activities and experiences. Best Arctic mission is to actively shape "The modern sustainable travel life" in Northern Norway and our Arctic region- aka "The Arctic way". BA focuses on local community well-being.

The core products are Northern Lights tours, dog sledding, snowmobile and The Arctic Route

The purpose is to make it easy to travel and experience Northern Norway and the Northern Cape in a sustainable way. Our vision: "Life changing experiences " Our values: Safe, Responsible, Responsible, Humane.

As of recently, on the Group level, sustainability has become part of our strategy which aims to deliver Sustainable Tourism services. Starting from 2022 we've been engaging in voluntary reporting by issuing Sustainability Report, where carbon emission, water, waste, employees' agreement and contracts with subcontractors, were identified as material topics. We carry out annual VARDE certification of our products and services

Transport and delivery of experiences is also carried out by our partners.

### ***Guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights (HR) and decent working conditions (DWC)***

We have continued working on further embedding responsible business conduct (RBC) into the Group management systems and policies, during the reporting period. Our approach to RBC is in line with OECD Guidelines. Therefore, we conducted an Assessment to detect gaps in our existing policies, procedures and management systems, (which are based on our compliance with corresponding laws and regulations, ISO standards, and related other certifications). As a result, some of the measures with reference to human rights for our own operations included updating our internal policies and procedures, to improve conformity with RBC as defined by OECD.

Some of systems which support RBC key topics:

- **Quality Management System**- BAG have implemented the highly regarded quality management system Simplifyer
- **ISO certifications**- The companies are ISO certified; ISO 9001 (only BR) quality management system, 14001 - Environmental management system, and 39001 Traffic safety (only BR). This is to ensure that we always have adequate standards for our management systems.

- **HSE standard**- The company's equipment is new and up to date. The buses in the group are newer models, with a good ergonomic driving environment and safety. The employees receive training in the functionality of the buses and can submit deviations if the equipment does not work. Bussring has dedicated staff responsible for training. We plan for better utilization of systems, improved routines regarding handling of deviations, sourcing of new management system. Evaluate best practices among users of Simployer.
- **BAG supports employees' rights to form and join trade unions**, and their right to remain non-unionized.
- **Employment contracts**- All employees have employment contracts set up in Simployer, our management system.
- **Time management**- all employees keep hours in the payroll system, and we can therefore keep track of overtime hours and flextime balances; system support: Power Office, Unilønn, PDS.
- **Personell manual**- regulates and informs about the employees' rights and expectations for behavior at work- in Simployer.
- **Nondiscrimination policy**- We are a gender-neutral company and we do not discriminate on gender, or ethnicity. That said, currently we only have one female in a management position. We plan more female in leadership positions and among board members.
- **Cooperation with Trade Unions** - The working conditions in BR and BA are regulated through collective agreements with trade unions and the company has a good dialogue with relevant trade unions.
- **Forced labor** - We operate according to Norwegian Law and have no forced labor.
- **Wage non- discrimination**- Equal pay for the same work through collective wage-tested hourly wages
- **Indigenous people**- We sell and profile Sami products and have both our own Sami employees and subcontractors. These are treated well and equally like all nationalities.
- **Notification of objectionable conditions**- We have a notification channel in our management system, which enables employees to report anonymously about objectionable conditions in the company. System-Simployer
- Other RBC topics - beyond human rights, e.g. reporting information to ECO-lighthouse on emissions every year; protecting consumer interests.
- We have linked some of our policies and systems with UN SDGs.

Though ISO standards certification, maintenance and auditing are expensive, having them in place, and in particular mentioned ISO 9001 quality management system and 14001 - Environmental management system, together with policies for cooperation with trade unions are considered as good indicators for respecting human rights and decent working conditions, by any organization.

BAG will work on further strengthening of DEI principles- diversity, equity and inclusion, which have clear basis in human rights on part of ensuring non- discrimination and equal chances and inclusivity.

We will define a procedure for handling information requests. We see the supply chain and finance functions, as well as sales, responsible for regular monitoring and follow-up of incoming requests for information.

We also want to establish grievance and remediation mechanisms in case of violation of any rights in the next period.

With regards to the further alignment of our systems and policies with OECD RBC, we had to prioritize some of topics/ key questions- which these systems and policies will address- from the myriads of categories with reference to human rights and DCW. Our decision draws from the UN Guiding Principles on Business and Human Rights (UNGPs), which suggest starting with the most significant adverse impacts on people with the greatest certainty, and those that can be practically addressed ("the ease of remedying harm"). Those are also the topics that are at the same time of major concern in the value chains where our businesses operate, hence SC mapping of suppliers across all tiers, will help us to identify those themes, based on country and sector/ industry criteria where suppliers operate; will be discussed furtherly hereinafter in the due diligence section and supply chain mapping. Consequently, when engaging our suppliers to collect data, we shall use these prioritized topics as questions in our survey,

## Governance

Employees of BAG and BAG' Board of Directors are committed to the respect of human rights and work to ensure that company operations and business conduct do not cause or contribute to actual or potential adverse impact on

human rights and decent working conditions. Both are part of our core values and organizational culture. Also, we see benefits beyond mitigating compliance risk, in the sense of attracting and retaining talent, value creation for our stakeholders e.g, B2B buyers, etc. In that way, though BAG was incorporated as the profit first company, we have added the perspective of value creation for other stakeholders (apart from shareholders).

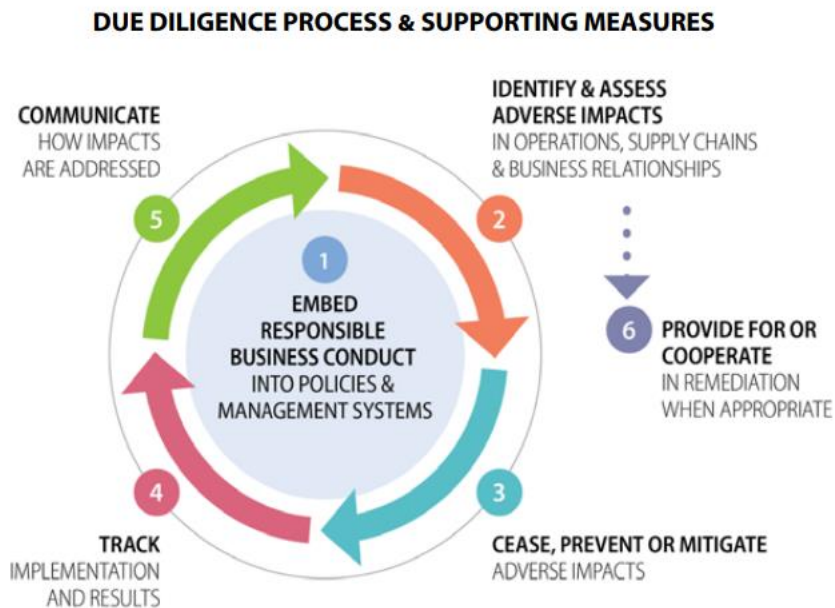
Through our strategy of sustainable tourism, we want to integrate environmental stewardship and social responsibility into our operations and supply chain, and as a result to positively impact our local communities.

Accordingly, BAG has implemented RBC and respect for human rights throughout organization, at the group and entities levels, with a multi-layered approach with engagement of the most senior C-suite ranks to the functional leaders and daily operations. That is why we plan repeating training on human rights in the business context, in particular for the people from supply chain, finance, operations, HR and organization- those are workers whose actions and decisions are most likely to increase or decrease RBC risks.

**Information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through due diligence.**

**Due diligence**

Due diligence (DD) was carried out in proportion to the size of the Group and the context of our operations, and the severity /likelihood of related actual/ potential adverse impacts. DD was conducted pursuant to the OECD six steps methodology (in the picture below) that describes how companies can attain responsible and sustainable business practices. We were advised by consultants on this part, and DD was conducted also by them in close collaboration with our management team, and C- suite level.



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BAG undertakes due diligence of its own operations and supply chains, as well as business relations/ partnerships, to identify, prevent and mitigate risks / potential adverse impact, and account for and to remediate actual adverse impacts on human rights and decent working conditions. This was done in line with the Transparency Act and the OECD Guidelines, as well as the United Nations Guiding Principle on Business and Human Rights, to apply a risk-based approach/ prioritization when evaluating risks of related adverse impacts. This involves looking at the location

and context of operations, nature of activity, the number of people that are potentially affected and severity for actual and likelihood for potential impact.

Consequently, in 2023/ 2024 we continued with data collection and data management necessary for DD. We started with the biggest first tier suppliers (in terms of the turnover) as the primary source of data, followed by suppliers where we assumed higher likelihood and impact, due to industry and company specific context, we were aware of. As a next step we assigned priority/ risk to mentioned suppliers for those which belongs to risky sectors, defined by OECD, UNEP FI, PRI\* and other relevant sources, and we adjusted this list to add sectors for which we know due to our web research, that there is high risk exposure because of specific context for human rights and working conditions. For example, in electronic equipment in assembly lines, there is traditionally exposure to the HSE issues/ e.g. high rate of injuries. in assembly lines. Therefore, we identified potential risk based on sectors, the OECD list of sectors and our adjustment for the BAG SC context will be discussed in detail herein below.

For countries of incorporations and operations, as other criteria for risk assessment we identified the suppliers with risk exposure due to their global operations. This year, due to data availability limitations, we were not able to conclude risk assessment in terms of high and medium gradation, by countries of operations, in accordance with the lists of high and medium risk countries. That is why we plan further actions to collect more data and to map our supply chains, from cradle to gate, to identify hot spots based on sectors and countries across all tiers.

After preliminary analysis this year we see potential risk based on the sectors criterion we mentioned, as well as risk exposure due to global operations. We will proceed with supply chain mapping to reduce the complexity and enhancing visibility by exploring what is underlying "global operations" label, in terms of countries included. As we said, we will add countries and sectors to suppliers across all tiers. That helps setting priorities among many HR & DWC material matters, since we can rely on industry reports to get insights about specific issues/ priorities typical for those sectors/ industries, and to be able to start working to address them (as priorities). The same applies for countries, with country reports on typical issues.

As result of our risk assessment, we have identified suppliers from the following key risk areas, in sense of sectors and industries:

- extractives (mining, minerals, oil and gas)
- financial sector (banking, leasing and insurance)
- real estate development
- ICT- Information and communication technology
- transportation and logistics

Those are sectors and industries from the OECD, UNEP and PRI lists.

Due to our specific regional context e.g. local tourism services immaturity and complex supply chains of bus manufacturers (even more complex when adding EVs considerations and manufacturers from China which dominate that market), we adjusted the list above to include:

- bus manufacturing/ automotive.
- tourism and hospitality.

#### Suppliers' segmentation

After getting to the list of the suppliers in risky sectors, we segmented them according to their profit impact and supply risk; in essence we used the output of the analysis to differentiate between those suppliers which can be easily replaced, due to high human rights risk exposure, from those which are perceived as strategic or critical suppliers, and as a such can't be easily replaced without adverse impact on the bottom line and increasing supply risk. For the latter group we aim to mitigate/ remedy risk and actual HR violations, by collaborating with them to put in place adequate RBC systems and policies.

At that point we entered into strategic considerations for our sourcing and supply chains and can proceed with further integration and alignment of sourcing strategy with BAG strategy and enterprise risk management (ERM). We were also advised by advisors on these matters, and further actions and strategy.

\* *UNEP FI = United Nations Environment Programme Finance initiative*  
*PRI = Principles for Responsible Investments*

We conducted suppliers' segmentation on the entities level for both BR and BA separately, to allow for inclusion of specificity due to different industry contexts. Thanks to the segmentation, human rights consideration when making sourcing decisions, will be implemented across all organization: for strategic suppliers- decisions should be centralized, while for non-critical and non-strategic suppliers and items decision making can be decentralized and delegated across organization. In that manner we will help human rights integration into BAG operations and supply chains.

We plan to provide extra training for those people on the front lines, on human rights matters, in short- term, and for other ESG factors in mid-term.

Also, when replacing suppliers/ and allowing for SC redundancy, we plan to work on integration of HR&DCW and other ESG criteria to augment usual sourcing criteria, i.e. to define sourcing strategy to include sustainability.

We aim to inform our strategic decisions in future with scenario analysis, due to complexity and rising uncertainty. These insights will enrich and inform our views on corporate strategy, while implementation of these strategies will be enabled by defining short term goals and action plans/ or what can be done know, in midterm and long run- or (sustainability) trajectory. The goals' realization will be measured by setting corresponding metrics or indicators and milestones, from organizational level to the functional and daily jobs level. We expect more engagement of our employees thanks to these initiatives, which should positively reflect on value creation for our customers, suppliers, partners, investors and other stakeholders.

One such mid-term scenario includes EVs and autonomous vehicles, which both may impact HR& DCW; will be discussed herein below.

### **BR and BA specifics related to the human rights and DWC**

**BR** first tier suppliers are well established players with good tracking record in highly regulated industries, e.g. Volvo, MAN, Setra, Mercedes, etc. Yet, this is applicable only for the first tier and probably for most second-tier suppliers; Due to complexity of their long supply chains we must commit to more research and to do mapping from gate to cradle. By using leased vehicles manufactured by mentioned Volvo, Man, Setra in effect we also lever on their RBC and requirements imposed by them on their suppliers, thanks to their bargain power. Hence, those sub suppliers should comply with guidelines and code of conduct set by these large companies; e.g. MAN Requirements for Suppliers and Business Partners. Big players provide training, request auditing, interview vulnerable groups.

Electrification of our busses, also mandated by some of our state customers, has the intention of reducing emissions, but it could also expose us to high potential risk when purchasing/ lease from less regulated markets. Since some types of vehicles on our fleet can't be replaced by e.g. Volvo EVs, or from low-risk countries, a solution may be to select only those manufactures with audited RBC, given that they are from more exposed countries.

Spare parts may come with higher risk in the case of aftermarket producers. This issue will be considered to assess its materiality, and if material will be defined with suppliers which provide maintenance services.

The finance sector is considered to have higher risk exposure too, in the domain in responsible business. Though these institutions are Norway based, they may have risk exposure derived from their global operations and network of subsidiaries, when providing services to clients in high and medium risk countries. We commit to track news if any violations emerge; this task can be eased by relying on AI based solutions which cover news about human rights and DCW themes.

**BA** context differs in that we do business with global as well as and local network of small tour operators and agents, both located upstream and downstream in BA SC. These can be players with no tracking record; even when based in Norway the issues are rooted in immature regional tourism itself. We plan to write our requirements for these partners in terms of RBC, and to help them by providing supportive training, In the case of our regional partners, in this way we expect to positively impact development of sustainable tourism and local communities' well-being.

**BA aims to write “Code of Conduct for Suppliers and Business Partners”, to impose its requirements for RBC at their side, to prevent from risk realization. The same is planned for small local B2B buyers as the way to impact and contribute to sustainable growth of local communities of Northern Norway. This supports implementation of our strategy of Sustainable Tourism, prescribed also at the state level by Norway’s authorities.**

The requirements for our suppliers will be phasing in gradually, starting from human rights and DCW, to expand later to add other sustainability factors referred to RBC, and subsequently to whole material ESG metrics- Environmental, Social and Governance. This must be aligned with our own progressive transformation for sustainability, as we want to lead by example and walk our talk. Due to the capacity and size limitations of the Group, that will be done in accordance with future CSRD/ ESRS guidelines and standards for SMEs. In the same vein our requirements and expectations applicable to our local business partners, in terms of RBC, will be adjusted to accommodate their specific company and our regional context.

### **Risk mitigation**

Based on our risk analysis, we have not identified actual adverse impacts on fundamental human rights and decent working conditions linked to our own operations. However, there is room for improvement in our governance systems. We will focus on increasing transparency in our business conduct, communicating which areas that needs improvement and increasing the number of women in management and board positions.

Regarding selected suppliers we have identified some potential gaps in particular for local suppliers’ business management related to safeguarding human rights and decent working conditions. We are working to mitigate these gaps by implementing corrective action plans together with them. Measures implemented may consist of a combination of direct dialogue with the supplier, our own research, and formal actions.

As result of DD we concluded the action plan for the next reporting period:

- Further engaging suppliers through survey to collect extra primary source data. Determining a list of questions.
- To continue supply chain mapping, to identify hot spots and to collect more data about countries and sectors, to finalize risk assessment in sense of high and medium gradation of risk. SC mapping should be repeated regularly to track changes in supply chains.
- To run suppliers’ segmentation regularly, to inform decision on which suppliers to replace (in the case of high HR & DCW risk), and where to improve through collaboration. At this point we will integrate HR& DCW into the Group strategy and ERM- enterprise risk management, and in particular SC risk management. We were advised by consultants on this matter, and further actions and strategy.
- Setting sourcing strategy by defining criteria for suppliers’ selection.
- When possible, lease EVs manufactured by established players in low-risk countries, to lever on their RBC requirements imposed on their suppliers, and further across their value chains.
- When buying/ lease EVs manufactured in less regulated countries, source only those with audited RBC.
- Writing Code of Conduct for BAG Suppliers and Business Partners, to help them on these matters.
- Tracking implementation of RBC at suppliers’ side and auditing where possible.
- Web research and news tracking- to spot and document violations. if any.
- Interviewing vulnerable groups
- Scenario analysis
- Adding diversity and inclusion (D&I) to sourcing, when, all else criteria being equal, to commit to social responsibility and ethical business practices. This can help to enhance a company’s reputation and attract customers and investors who value these qualities.
- For suppliers which operate in Norway to strengthen DD on contract workers, foreign workers, DEI, e.g. for gender equity.
- Setting a procedure for handling information requests. The supply chain, finance and sales functions may be responsible for regular monitoring and follow-up of incoming requests for information.
- More female in leadership positions and board members
- Integrating other Diversity Equity and Inclusion principles
- Considering diversity and inclusion when sourcing from local suppliers

- Establishing grievance and remediation mechanisms in case of violation of any rights tackled by Transparency.
- Further breaking silos in our organization to better optimize, create value for our stakeholders
- Strengthening governance, systems policies and procedures
- Defining short- term, mid-term and long-term goals
- Defining metrics, targets and milestones
- Communicating our sustainable initiatives to stakeholders
- Further engagement in industry associations on these matters.

### **Tracking implementation and results**

Going forward we will have running reporting on the progress of implementing RBC across our value chain, based on the specific targets set. The reporting will be a topic both in management meetings/business review as well as in board meetings. In this way we will ensure continuity, by defining and allocating responsibility for the specific areas of improvement.

We will rely on strong governance, method, systems, policies and procedures, as well as on trained and highly engaged employees, and use of digital technology.

Tromsø, 27<sup>th</sup> of June 2024

Anders Høifødt



Chairman of the Board  
Best Arctic Group

Trond Arne Kongsli



Chief Executive Officer  
Best Arctic Group