

Best Arctic Group Norway's Transparency Act Report 2025

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 in 1957 and has become Northern Norway's largest tour bus company with a vehicle portfolio comprised of about 56 vehicles - tour buses, combi buses, minibuses and limousines. Our mission described as "For you and Northern Norway" is about safe, reliable and locally rooted transport solutions for the good of our customers, partners, people's lives and local communities. Our vision is "World-class delivery".

BEST ARCTIC AS 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 BAG values: Safe, Responsible, Reliable, 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, pollution, biodiversity, circularity and waste management, employees' agreement and contracts with subcontractors, were identified as material topics.

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 strengthening the implementation of Responsible Business Conduct (RBC), based on OECD Guidelines, into the Group management systems and policies. Therefore, this year we have added a new supportive system for due diligence (DD), called Complete Control, as the DD is at the heart of RBC implementation and its major enabler.
- The GAP Assessment conducted last year detected certain gaps in our existing policies, procedures and management systems- and consequently updated to improve conformity with OECD RBC. In general, these existing policies, procedures and management systems were already designed to comply with corresponding laws and regulations, ISO standards, and other related certifications, for details see hereinunder).

As result BAG RBC was rewritten this year.

We have kept the same systems which support RBC key topics:

- **Quality Management System-** BAG have implemented the quality management system Plus Office

- **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 Plus Office.
- **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 Plus Office, 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 Plus Office.
- **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.
- **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-** allows equal pays for the same work through collective wage-tested hourly wages. This has also been proven through equal pay analysis performed as part of the sustainability project
- **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- Plus Office.
- **NEW in 2024 - Purchase policy** regulates what parameters to consider when making purchases. The newly established policy contains ESG parameters
- **NEW in 2025 - Complete Control,** newly implemented system for structuring work on contract management, supplier communication and due diligence
- **NEW in 2025 - Code of Conduct** has been revised and published it on our websites
- **NEW in 2025 - Established a routine for address information request concerning transparency act**
- Other RBC topics - beyond human rights, e.g. new innovative solutions on data capture and climate accounting on emissions.

Though ISO standards certification, maintenance and auditing come at high costs, having them in place is considered as good indicators for respecting HR and DWC, 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. Thus, two new female members are added to the Group board.

We have defined answering to the "Requests for information" in line with Transparency Act Section 7: "Enterprises' processing of requests for information":

- Information pursuant to Section 7 shall be provided in writing and shall be adequate and comprehensible
- We shall provide information within a reasonable time and no later than three weeks after the request for information is received.
- If the amount or type of information requested makes it disproportionately burdensome to respond to the request for information within three weeks, the information shall be provided within two months after the request is received. We shall then, no later than three weeks after the request for information is received, inform the person requesting information of the extension of the time limit, the reasons for the extension, and when the information can be expected.

- Any person whose request for information is denied may, within three weeks from the denial was received, demand a more detailed justification for the denial. The justification shall be provided in writing, as soon as possible and no later than three weeks after the demand for a more detailed justification was received.
- 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 still have not established grievance and remediation in case of violation of any rights. Those mechanisms are planned to be set 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- 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 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, See also in Complete Control System.

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. We plan repeating training on human rights in the business context, 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.

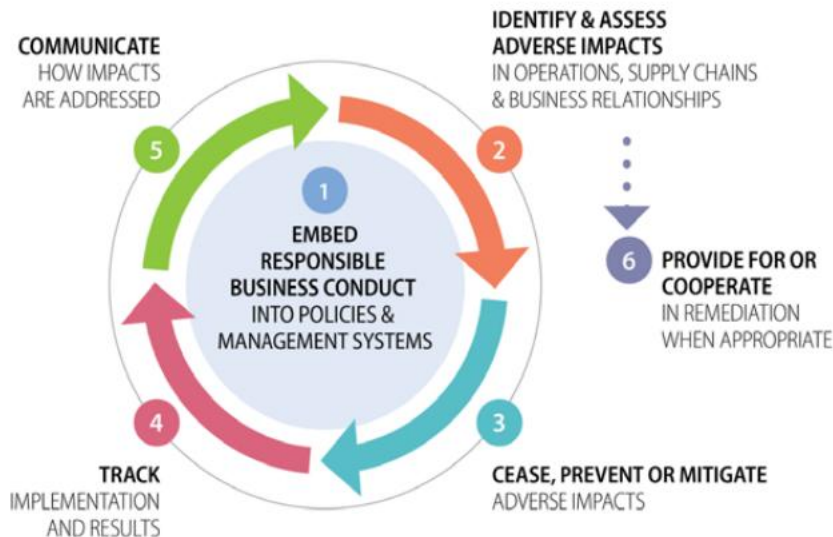
Information regarding actual adverse impacts and significant risks of adverse impacts that the enterprise has identified through due diligence.

Due diligence

Due diligence (DD) was not fully carried out in the reporting period, because there were no changes to the suppliers list and their risk profile in terms of HR and DWC, and no violations of HR and worsening DWC occurred across VC.

Applicable and necessary DD is conducted in proportion to the size of the Group and the context of our operations, and accounts for the severity and likelihood of related actual and potential adverse impacts, as defined by OECD guidelines. DD is pursuant to the OECD six steps methodology (in the picture below) that describes how companies can attain responsible and sustainable business practices. In the previous reporting period, 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.

DUE DILIGENCE PROCESS & SUPPORTING MEASURES



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This year we have added a new supportive system for due diligence (DD), called **Complete Control**, since the DD is at the heart of RBC implementation and its major enabler. Among other automated features we want to point to the use of predefined questionnaires when engaging suppliers and a risk assessment based on GRI risk parameters for the country of operations. The questionnaire may be adjusted to include **prioritization of certain topics** described hereinabove.

In 2023/ 2024 we set for 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**. As a next step we assigned priority/ risk to mentioned suppliers for those which belong to risky sectors, defined by OECD, UNEP FI, PRI* and other relevant sources, and we adjusted this list to add sectors for which we knew, due to our web research, that there was high risk exposure because of specific context for HR and DWC. For example, in electronic equipment there is traditionally exposure to the HSE issues/ e.g. high rate of injuries. in assembly lines. Therefore, we identified potential risks according to the OECD list of sectors and our adjustment for the BAG SC context will be discussed below.

The next criterion for risk assessment is the “**country of incorporations and operations**”, we identified the suppliers with risk exposure due to their global operations. 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.

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.

We apply supply chain mapping to reduce the complexity and to enhance visibility by exploring what is underlying “global operations” label, in terms of countries included. As we said, we will add countries- and sectors labels to suppliers across all tiers. That helps to select priorities among many HR & DWC material matters.

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

Additionally, 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 on 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 may be characterized as immature local tourism services 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 sector specific risky sectors:

- bus manufacturing/ automotive.
- tourism and hospitality.

Suppliers' segmentation

We keep segmenting the suppliers from the list of suppliers from risky sectors, 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 HR risk exposure, from those which are perceived as strategic or critical ones, and as 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 adopt adequate RBC systems and policies.

In that way we integrate strategic considerations and enterprise risk management (ERM) perspective of human rights into our sourcing and supply chains.

The segmentation was done on the entities level for both BR and BA separately, to allow factoring in different industry contexts. Thanks to the segmentation when making sourcing decisions human rights will be implemented across the whole 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.

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.

We have integrated HR&DCW and other ESG criteria into our SC policy to augment usual sourcing criteria, e.g. when replacing suppliers, allowing for SC redundancy, etc.

Because of rising complexity and uncertainty, we aim to inform our strategic decisions with scenario analysis. These insights will enrich our corporate strategy, while implementation will be enabled by defining short term goals and action plans/ or what can be done now, followed by setting midterm and long run- sustainability trajectory. The goals' realization will be measured by setting corresponding metrics (KPIs or indicators) and milestones, starting from organizational level to cascade down to the functional and daily jobs level. We expect more engagement from our employees thanks to these initiatives, which should positively reflect 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 below.

BR and BA specifics related to 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 the complexity of their extensive supply chains we must commit to more research and to 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 buses, 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/ leasing 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 to 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.

In 2025 the **Code of Conduct** was revised to be aligned with the transparency act. 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. Our RBC requirements and expectations applicable to our local business partners, will be adjusted to accommodate their specific company and our regional context.

Risk mitigation

Our risk analysis shows no actual adverse impacts on fundamental HR and DWC can be linked to our own operations. However, there is room for improvement in our governance systems, e.g. by working on increasing transparency in our business conduct, communicating which areas needs improvement.

Regarding selected suppliers we have identified some potential gaps, which relate r local suppliers' business management related to safeguarding HR and DWC. 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 a result of DD we have concluded the action plan for the next reporting period:

- Further engaging and tracking suppliers on their RBC through survey to collect extra primary source data (through Complete Control).
- Structure contract management and communicating our RBC expectations through the code of conduct.
- 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.
- Continue working on implementing the sourcing strategy/purchasing policy in day-to-day business.
- 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.

- Use the Code of Conduct as a tool to evaluate BAG Suppliers and Business Partners, to help them address these matters.
- 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.
- More female in leadership positions.
- 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.
- Defining short- term, mid-term and long-term goals
- Defining metrics, targets and milestones through our sustainability work
- Communicating our sustainable initiatives to stakeholders
- Further engagement in industry associations on these matters.

Tracking implementation and results

Going forward we will have a continuous focus on implementing RBC across our value chain, based on the specific targets set. The reporting will be a topic both in strategy discussions, 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, 26th of June 2025

Anders Høifødt



Chairman of the Board
Best Arctic Group

Trond Arne Kongsli



Chief Executive Officer
Best Arctic Group