



SUSTAINABILITY

R E P O R T

2025

Supported by



Executive summary



Executive summary

Imagine a world with less snow. Local communities and suppliers can no longer offer dog sledding or snowmobile tours. Indigenous people lose the ability to share their culture through reindeer sledding and traditional storytelling. Even the whales stop returning to our bays and eventually disappear. Those may be tangible consequences of climate change, nature and culture loss, resources deficiency, and because **we are in business of selling such services dependent on mentioned sustainability factors** we have asked ourselves **what would be financial impact on BAG?**

That is why despite BAG was founded as a profit first company, due to its exposure to these environmental and social risks, we believe that business as usual is not an option anymore and **we want to integrate sustainability factors into the Group strategy, operations and supply chain.** As result we have committed ourselves to transform the Group to **net-zero, nature-positive, circular and inclusive business models embedded into local community nature, people tradition and culture.**

**We are in the business of promoting
and sharing local nature, culture,
and people to customers worldwide.
We provide reliable transportation across
the Nordics region coupled with reputable
customer-centric service.**



Executive summary

This report outlines our sustainability efforts over the past year. While the available data is limited, the scope of research, testing, and data collection has been extensive. These efforts have laid a strong foundation for implementing operational changes aimed at enhancing sustainability across our organization.

Key Findings and discussions



Greenhouse gas emissions from our vehicles represent our most significant environmental impact and will be our primary focus moving forward



Winter activities are assessed to be relatively low-impact and pose minimal threat to vulnerable animal and bird species in the areas where we operate



Animal welfare remains a priority, particularly concerning dogs, whales, and reindeer.



It is essential that our growth and tourism activities do not compromise the integrity of local communities



Our biggest challenge ahead is preparing the organization, shaping the culture and building the capacity to change the way we operate

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Introduction



The reason for embarking on the sustainability journey

We strongly believe that integrating sustainability into our organizational DNA can drive our company's value to new levels:

- By identifying and addressing major risks to future operations
- By creating new revenue channels
- By strengthening our brand value
- By forming new partnerships and building supportive ecosystems
- By reducing the cost of funding through access to green loans
- By lowering insurance premiums
- By creating value for all stakeholders across the value chain through collaboration - ensuring sustained earnings and growth
- By guiding collaboration with suppliers and buyers where it matters most
- By supporting local communities in becoming sustainable destinations and avoiding overtourism and short-termism
- By preventing greenwashing and reducing reputational risk



The reason for embarking on the sustainability journey

Why we decided to go BEYOND COMPLIANCE

Going beyond disclosing information on sustainability performance, to integrate sustainability into strategy, business models, operations, culture, governance and policies, **is the only way to create value through sustainability and sustainable tourism.** In other words, compliance has to be complemented by integration of sustainability into strategy and operations to reduce impact, increase resilience, and create value.

Our suppliers and B2B buyers, investors, creditors, local communities, final consumers, require voluntary based reporting and labeling by SMEs for their own reporting and decision making.

The goal is to answer how to create value- or make money- while transforming our business to sustainable tourism enabled by shifting to the net-zero, nature-positive, circular, inclusive and culture preserving business model and operations.



Sustainable tourism

WHAT IS SUSTAINABLE TOURISM – as defined by UN, OECD and EU

Sustainable tourism development guidelines and management practices are applicable to all forms of tourism in all types of destinations, including mass tourism and the various niche tourism segments. Sustainability principles **refer to the environmental, economic, and socio-cultural aspects of tourism development, and a suitable balance must be established between these three dimensions to guarantee its long-term sustainability.**

Thus, sustainable tourism should:

- ✓ Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural heritage and biodiversity.
- ✓ Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
- ✓ Ensure viable, long-term economic operations, **providing socio-economic benefits to all stakeholders that are fairly distributed**, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.



Sustainable tourism

Sustainable tourism development requires the **informed participation of all relevant stakeholders- customers, suppliers, local community, indigenous people** - as well as strong political leadership to ensure wide participation and consensus building. Achieving sustainable tourism is a continuous process and it requires constant monitoring of impacts, introducing the necessary preventive and/or corrective measures whenever necessary.

Sustainable tourism should also maintain a high level of tourist satisfaction and ensure a meaningful experience to the tourists, raising their awareness about sustainability issues and promoting sustainable tourism practices amongst them.

From the very beginning Best Arctic has been a Destination Management Company based in Tromsø, covering the Northern areas of Norway, Sweden, and Finland. Our philosophy is based on maintaining our strong local connection through tight cooperation and involvement with local landowners, activity operators, guides, and other suppliers.

We strongly believe in contributing to a better tourism destination for our guests and the locals, not only for today but, even more importantly, for the future, and as a such we have embraced sustainability and the concept of sustainable tourism, development, and sustainable destinations into our strategic thinking and management.



Learning points and plans going forward

Major Milestones

- Conducted extensive research on the VSME reporting standard and the UN Principles for Sustainable Tourism, identifying key focus areas: greenhouse gas emissions, biodiversity, and cultural and community impact.
- Recognized the bus fleet as the primary source of emissions and a critical area for reduction efforts.
- Gained valuable insights into the natural environments in which we operate.
- Collaborated with system providers to enable the collection and presentation of emissions data from our buses.
- Piloted the Energi.ai platform to estimate emissions across scopes 1, 2, and 3.
- Implemented the Complete Control system to manage contracts and suppliers, with a focus on financial oversight, risk management, and compliance with the Norwegian Transparency Act.

Strategic Priorities for 2026

- ✓ **Improve the quality and scope of data collection**, particularly related to emissions, nature, and cultural impact.
- ✓ **Establish a baseline for environmental and cultural impact.**
- ✓ **Define clear, measurable goals** for ongoing monitoring and reporting.
- ✓ **Set an interim emissions reduction target:** a 10% decrease in fuel consumption and emissions per kilometer.
- ✓ **Prepare the organization for the next phase** of sustainability work. This includes building internal capacity, enhancing capabilities, fostering engagement, and establishing a robust reporting structure to support implementation and accountability.



Sustainable tourism and responsible business conduct already in Best Arctic Group

Employee strategy

All of our employees have signed contracts. This is mandatory even if the engagement is temporary.

We collaborate with trade unions, and the employees' salaries are regulated by collective bargaining



Vehicle strategy

Our buses should not be older than 5 years

The buses have EURO 6 engines which is the least polluting fossil fuel engine



Management systems

ISO standards 9001, 14001 and 39001. These certifications structure the work quality, environmental and traffic safety respectively.

The company is ECO lighthouse certified. We report on emissions and on waste handling through a designated platform.

For HMSE day to day work we have implemented the system Plus Office.



BEST ARCTIC GROUP

Product strategy

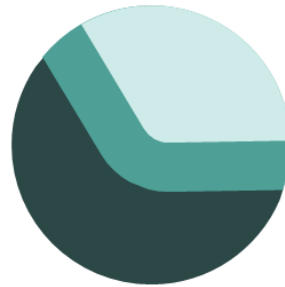
We rent infrastructure that we use for our own operations and in the activities we deliver to customers. On our sites we provide toilets and garbage bins, so we do not pollute the nature.

We use local suppliers to deliver on our products, thus value creation is distributed on the local communities in the region



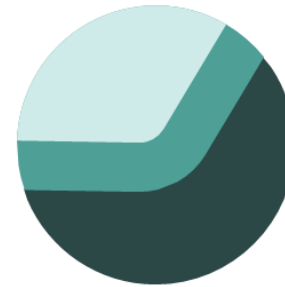
Sponsorship strategy

We support local sports teams and athletes to contribute to our community, local patriotism and public health



Code of conduct

Our code of conduct represents how we shall operate and how we expect our partners to conduct their business



Sustainability shall be integrated into all our products and services. To ensure long-term growth of revenue and profits, **we must put in place a good governance on sustainability today and we have already embarked on this path:**

01 **Choosing a Reporting Standard**

We have started our sustainability journey with **choosing Sustainability Reporting standard and additional frameworks to support disclosing industry and company specific sustainability information.** We have selected EFRAG Voluntary SME as our preferable standard due to its cleanness, **simplicity and proportionate approach**, while for some company-specific disclosures, we selected the UN-backed Sustainability Reporting framework.

02 **DMA / VSME Applicability Principle**

The information is reported only if considered 'applicable' according to these principles.

03 **Data and systems GAP analysis and Setting Operating Model for Sustainability Reporting**

04 **Engaging key internal and external stakeholders**

05 **Setting of short-term and mid-term goals, policies, actions and targets (PATs)**

06 **Data collection and setting preliminary KPIs**

The Group Profile



About the Group

Best Arctic Group comprises of Best Arctic and Bussring.

Best Arctic is a regional Destination Management Company (DMC) and activity provider. We offer our own experiences, including snowmobiling, dog sledding, and Northern Lights tours. Additionally, we are the largest reseller of other tourist activity providers in the region. In collaboration with our partners, we also offer Sami culture experiences and reindeer sledding, whale watching and fishing trips, fjord tours, and much more. Our strength lies in our team. With expertise in product development, marketing, and operations, we have built our competitive advantage: strong distribution power.

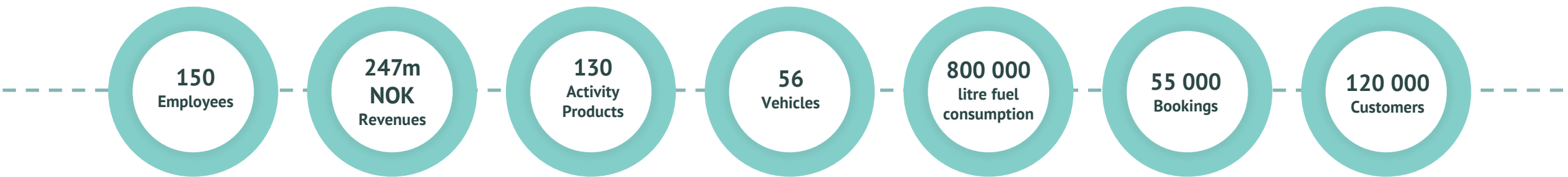
Bussring is our transportation company. With roots dating back to 1957, the company was originally founded to transport school children. School routes remain part of our operations, but the business has expanded to include transportation for tourists, military personnel, theatre and musical ensembles, athletes, and the Airport Express service for Tromsø. We are the largest coach company in Northern Norway and operate a wide range of vehicles, including coach buses, VIP cars, and minibuses.

Both companies are key players in developing sustainable and authentic tourism in the Arctic. We collaborate through the initiative **The Arctic Route**, which offers cross-border transportation between Tromsø, Narvik, Storslett, Lyngen, Skjervøy, and Rovaniemi. The Arctic Route represents the core business of our group - bringing guests to experience the Arctic, alongside the vibrant local communities throughout the region.

Our organization is built on the following core values - TEAM

- ✓ **Safe:** We never compromise on safety for our employees, customers and local community.
- ✓ **Responsible:** We take accountability for our own actions.
- ✓ **Reliable:** We strive to always deliver what we have promised to our customers, suppliers and employees.
- ✓ **Humane:** We respect the rights and dignity of every individual, fostering an inclusive and collaborative workplace.

Key information



The management team



Bente Nyvoll
Head of People & Culture



Einar S. Høifødt
Chief Financial Officer



Trond Arne Kongsli
Chief Executive Officer



Henry Nyvoll
Head of Business Development



Torbjørn Johansen
General Manager Bussring

Letter from our Leadership



Trond Arne Kongsli
Chief Executive Officer

Best Arctic Group is in the business of promoting and sharing local nature, culture, and people to customers worldwide. We provide reliable transportation across the country coupled with reputable customer-centric service. We acknowledge that our activities impacts the climate in a negative way. For us, sustainability is not about disclaiming complicated and glorified information and developing fancy innovations. For us, sustainability is about creating long term profitability and reducing risk. The road map to a truly sustainable business, both in terms of impact and profitability, starts with the transitioning period. This is where we are at this point.

Of course, our mission is to excel to net zero and nature positive, however this is a long-term project, and we will start by working with our current assets and competence.



Trond Arne Kongsli

Letter from our Leadership



Einar S. Høifødt
Chief Financial Officer

We have to connect sustainability to profitability and value creation. Luckily, this is no contradiction! Our primary focus short term to collect data, knowledge, reduce input factors, cost and emissions. We have identified some material areas of improvement. And now we will utilize the information to hopefully create physical and financial change. As most businesses, we are a people-business. Going forward the biggest challenge is to prioritize the continuous improvement in a hectic day to day operations.

However, we are commitment to deliver on the job!

We also hope that our customers and suppliers will follow our approach - demand sustainable partnerships. In this way we will create a competitive advantage which may secure the triple bottom line that we desire. After we publish this report the real work will begin – to engage our employees and partners, to implement and use the policies, actions and targets in the daily operations and to report to on the KPIs we identified.



EFRAG Basic Module Reporting



Practices, Policies and Initiatives

	Do you have existing sustainability practices/ policies/ future initiatives that address any of the following sustainability issues? [YES/NO]	Are they publicly available? YES/NO	Do the policies have any targets? YES/NO
Climate Change	YES	NO	YES
Pollution	YES	NO	NO
Water and Marine Resources	NO	NO	NO
Biodiversity and Ecosystems	YES	NO	NO
Circular Economy	YES	NO	NO
Own Workforce	YES	YES	NO
Workers in the Value Chain	YES	YES	NO
Affected Communities	YES	NO	NO
Consumers and end-users	YES	YES	NO
Business conduct	YES	YES	NO

To fully integrate sustainability into our corporate and business strategy, business models, across our own operations and value chain we have committed to several policies, practices and future initiatives.

Environmental: When tackling environmental issues we can lever on existing management systems, such as EMS, ISO 14001 Tracksys, PDS.

Regarding future initiatives, we have prepared a Climate Transition Plan, Nature Transition Plan, and Animal welfare guidance, as well as to integrate circularity KPIs into our supply chain policy.

Social: On a social side we rely on existing compliance with Norway's Transparency Act, Pay equity- Gender Equality and Anti-Discrimination Act, and our Responsible Conduct (RBC).

Beyond strategy implementation we expect that having these policies and systems in place will strengthen sustainability governance and accountability, controlling and risk management, and our organizational culture on other hand, all together to secure delivering sustainability transformation.

Energy and GHG emissions



- Applicability and Reporting BAG Greenhouse gases (GHG) emissions
- Measuring GHG emissions – Energy.ai
- Decarbonization levers we are putting in place
- Policies, Actions, Targets (PATs)
- Value creation

Energy and GHG emissions

Applicability and Reporting BAG Greenhouse gases (GHG) emissions

As result of DMA, or applicability assessment across our own operations and value chain, we see GHG emission and climate change as an applicable issue and priority. We deal with two types of emissions, dependent on who controls the sources of emission: direct (Scope 1) and indirect emission (Scope 2 and Scope 3).

Thus, applicable emissions for BAG entities are:

- for BR applicable GHG emissions stem from mobile sources and fugitive emission, as well as from indirect emissions in tCO₂e from the generation of purchased energy,,
- and for BA applicable emissions are indirect emissions in tCO₂e from generation of purchased energy,

In the FY24 we have set up the operating model for GHG reporting and data management, inclusive of GAP analysis. We want to measure our carbon footprint and understand the sources carbon emission in terms of assets and products. On the product level, we also see transportation services as a major source of emission.

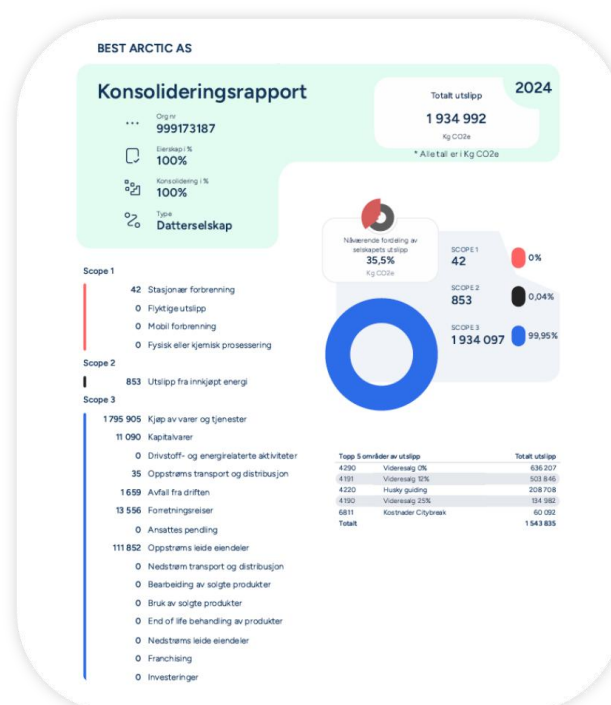
To calculate GHG/ CO₂e emissions, we have applied GHG Protocol methodology, as well as VSME EFRAG guidance.

- ✓ Scope 1 emissions are direct emissions from owned or controlled sources. From the list of type Scope 1 Emissions, only Mobile and Fugitive emissions are applicable for BR.
- ✓ Mobile Combustion is related to the emissions from fuel burned in vehicles
- ✓ Fugitive Emissions are caused by unintentional leaks or releases of GHGs. Examples would be methane leaks from pipelines. This is applicable for BR from air conditioning in buses.
- ✓ In contrast, Stationary combustion and Process emissions are not applicable, in the BAG case.

Energy and GHG emissions

Measuring GHG emissions – Energy.ai

This year we have disclosed GHG through Energy.ai which is software for carbon reporting, using spend based method. Samfunnsløftet is Sparebanken Nord-Norge charity foundation. They have granted the funds to access the climate accounting system Energy.ai. By classification of main ledger accounts and suppliers (NACE) and adding emission factors, the system provides a climate accounting based on financial spend. By applying this method our consolidated emissions was calculated to 5452 tons, 25% stems from our own operations (scope 1) and the rest primarily from the value chain (scope 3).



Energy and GHG emissions

Decarbonization levers we are putting in place

Optimization

Scope 1 emissions are fully within BAG organization's control, thus reducing them often involves energy efficiency, fuel switching, or equipment upgrades.

We have identified major decarbonization levers for BR:

- **Optimization- what can be done now**
- **Electrification as mid- term to long-term solution**

We have initiated **optimization** of bus fleet management to improve efficiency and reduce fuel consumption, CO₂e emissions and maintenance expenses. This will be achieved through improved route planning, smarter vehicle and driver assignments, schedule adjustments, reduced idling time, and optimized maintenance scheduling. The initiative also includes driver behavior training, the use of GPS, and real-time tracking to enable dynamic route management.

BR fleet management is supported by Tracksys and PDS software, which enables analytics for actionable data analysis., inclusive of Industry specific metrics, e.g., passengers' miles.

Though Optimization is considered as a quick win, since less fuel consumption means less CO₂e emission, it comes with limitations – it can decrease fuel consumption up to 10%, implying **locked in emission of existing diesel technology..**

Emissions Tracking: Used to calculate normalized carbon emissions or CO₂e per passenger mile, that is a key sustainability metric, enabling comparison.

Benchmarking: Allows comparison across different modes (e.g., bus vs. train vs. car) and helps assess how efficiently a transport system moves people.

As result of GAP assessment, we concluded that the Passenger Miles metric can be collected from PDS/Traksys, our bus fleet management system.

Energy and GHG emissions

Decarbonization levers we are putting in place

Electrification

Electrification of bus fleet is seen as an ultimate solution for net-zero GHG emission, but there is still concern over e-buses operations within the polar circle. **We think this operating model should be further tested in collaboration with e-buses manufactures** - to make case for electrification, the energy supply should come from the renewable sources.

There are constraints in shifting toward e-buses in terms of underdeveloped network of charging stations and grid capacity in the region where BR operates. We have been engaged in launching ecosystem of all key stakeholders with relevance to electrification in the region, inclusive of e-buses manufacturers, local county and banks.

We think of gradual phasing in and replacing diesel vehicles with e-fleet, to be in line with EU decarbonization targets of heavy-duty vehicles:

- reducing CO2 emissions from heavy-duty vehicles by 65 percent by 2035
- and 90 percent by 2040 compared to 2019 levels.

Consequently, the industry is investing heavily in vehicles and infrastructure, to secure for net zero. Therefore, our stance that testing operating model for e-busses, and developing ecosystem for the e-charging stations, is the same time offensive and defensive strategy.

Though E-buses produce zero tailpipe emissions, contributing to cleaner air and climate goals, we should analyze Total Costs of ownership TCO of diesel buses vs e-buses.

Upfront Cost: Electric buses are more expensive to purchase.

Fuel Savings: E-buses have significantly lower fuel costs.

Maintenance: E-buses typically have lower maintenance costs due to fewer moving parts.

Infrastructure: Charging stations and grid upgrades can add significant upfront costs.

Currently these two technologies have similar TCO, but we expect decreasing upfront costs for e-buses, partly due to lower cost of batteries over time.

Energy and GHG emissions

Policies, Actions, Targets (PATs)

To achieve goals, ensure accountability, ownership and transparency we plan to further integrate carbon emission and climate change issues into our Policies and Practices.

Also, we plan to work on processes and procedures to secure for inclusivity, engagement and accountability, as enablers of sustainability strategy implementation. We will cascade down these initiatives to the lower organizational levels, such as functions, departments and individuals.

Example of policies to integrate GHG criteria:

Capex – We are putting in place practices/policies: to integrate GHG emission criterion for making decision on Capex investments, or when valuing projects.

Supply chain Policy - We have added carbon emission criteria into Procurement and Sourcing Policy. We will track the share of suppliers over total number of suppliers which align with sustainability initiatives and Responsible Business Conduct.

Product Development – We will include decarbonization targets, to enable sustainable travel experience.

With reference to the measuring carbon emissions across our value chain, we plan on gradually phasing in SCOPE 3 reporting under GHG Protocol.

We plan to start with Category 6-Business Travel and Category 7–Employee Commuting, as those are categories, we can relatively easily provide data.

Energy and GHG emissions

Policies, Actions, Targets (PATs)

Target setting

Our goal is to align with Paris Agreement- to limit global warming to well below 2°C, and ideally to 1.5°C above pre-industrial levels- by setting net-zero target (implying absolute units of CO₂e), by 2050.

To achieve our long- term target we plan to develop relative short term and mid-term targets , where the former will be on the rolling basis and revisited each year.

We have been considering transformation levers, actions and policies, which determine our decarbonization path. Think of optimization of bus fleet management, and electrification (mentioned earlier in optimization activities).

We will consider option for commitment to the SBTi, Science based Target Initiative, also proposed by EFRAG VSME, as a possibility to ensure scientific foundations and optionally validation with regards to the targets.

Setting these targets would support attracting investors whose portfolios are committed to the same targets i.e. this will influence extrinsic and intrinsic valuations and ensure that we become the preferred M&A target of choice (in perspective).

Further implementation will be supported with integration of carbon emissions criteria into supply chain policy, CAPEX policy, product development and by developing and applying Climate Transition Plan.

Progress toward targets achievement will be monitored by ESG controlling, and optionally by SBTi.

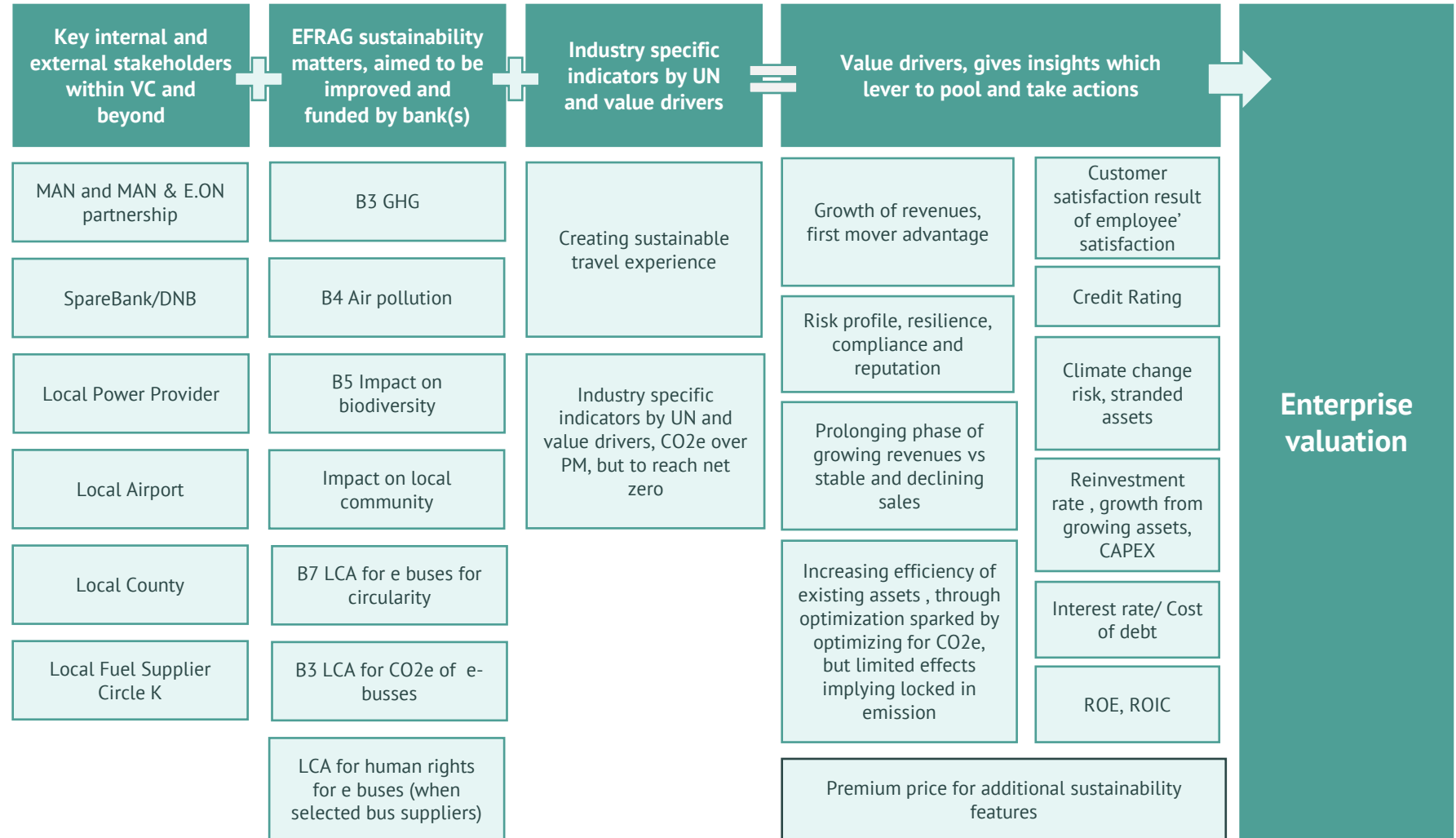
Energy and GHG emissions

Creating value

We see sustainability-related constraints that should be optimized and delivered through attaining targets.

We want to link all sustainability projects and investments with value drivers, e.g., revenue and earnings growth rate, ROIC, ROE, increasing efficiency and asset utilization as result of the optimization, lowering costs of debt, easing green funding.

We can measure progress on sustainability performance via relevant KPIs and use levers like CAPEX in green technologies, business model, operational and management innovations should impact value drivers



Pollution of air, water and soil

Applicability to Best Arctic Group

According to EFRAG VSME the undertaking should report on pollution if it is already required by law or other national regulations or already have in place voluntarily reporting on its emission on pollutants according to an Environmental Management System. If so, the undertaking shall disclose the pollutants it emits to air, water and soil in its own operations, with the respective amount for each pollutant.

Best Arctic Group already reports under the Eco-Lighthouse (Miljøfyrtårn) and ISO 14001, we have assessed the applicability of different pollutants to our Group. As we do not have any manufacturing operations and our service primarily focus on providing passenger transportation, we have focused on air pollution as only applicable pollutant. We have provided data hereinunder on three major air pollutants.

For the next reporting periods, we have been working to set reporting operating systems to include other air pollutants to ensure more granular understanding of our impact and to add these criteria when selecting our future buses and other vehicles to be procured under leasing contracts.

Existing management systems

Eco-Lighthouse (Miljøfyrtårn) is Norway's most widely used environmental management certification scheme, aimed at helping businesses improve their environmental performance and demonstrate social responsibility. Certification is granted after an independent third-party certifier verifies compliance, and recertification is required every three years.

ISO 14001 is an international standard that outlines the requirements for an Environmental Management System (EMS). Its purpose is to help organizations improve their environmental performance through more efficient use of resources and reduction of waste.

Pollution of air, water and soil

ECO 6

As socially responsible company deeply embedded in local community and its well being we have secured that our bus fleet complies with Euro 6 (ECO 6)- to consist of buses designed to significantly reduce air pollution. The Euro 6 standard is a set of regulations established by the European Union to limit the emissions of pollutants from vehicles.

Here are some key points about how Euro 6 buses help prevent air pollution*:

- ✓ **Reduced Emissions** through stringent limits on emissions of nitrogen oxides (NOx) and particulate matter (PM), which are major contributors to air pollution.
- ✓ **Cleaner Diesel Technology** often incorporates cleaner diesel technologies that reduce the amount of harmful pollutants released into the atmosphere.
- ✓ **Air Filtration Systems:** Some eco-friendly buses are equipped with commercial air filtration systems that can remove fine particulate matter from the air, improving both outdoor and indoor air quality

By adhering to the Euro 6 standards, these buses play a crucial role in reducing air pollution and improving public health.

- ✓ **Alternative Fuels:** Many Euro 6 buses are also designed to run on alternative fuels such as compressed natural gas (CNG) or are hybrid or fully electric, further reducing their environmental impact.

When planning future actions to mitigate air pollution, we lever on synergy with planned actions for reducing CO2e emission:

- Optimization also implying increasing efficiency, costs savings.
- Electrification through shifting from ICE to e- busses;
- Where existing diesel technology implies locked in emission of air pollutants, which cannot be further decreased with optimization, we expected to gain at the maximum less than 10-15% of fuel consumption saving.

Biodiversity



- **Going beyond the standard**
- **LEAP methodology**
- **Locations in relation to biodiversity sensitive areas**
- **Land use**
- **Company-specific reporting and actions**

Going beyond the standard

In our approach to the biodiversity topic we have included industry and company specific reporting that goes beyond EFRAG requirements, to include nature, and nature-related subtopics such as Indigenous People and Culture. Due to our broader dependency on nature-related services, inclusive of ecosystem services and indigenous people culture, we have conducted our own operations and VC due diligence. While doing so we have followed available methodologies encompassing:

LEAP FRAMEWORK

TNFD* – Task Force for
Nature related Financial
Disclosures

SBTN**

WWF risk assessment
and methodology

We have organized our work to understand key drivers and to assess consequent dependencies and IROs, as well as plan to work and document metrics and Policies, Actions and Targets PATs in the future (with regards to the nature loss, on which services we are dependent).

That is why we have engaged affected stakeholders to grow our knowledge and to define proper KPIs. These stakeholders are:

- ✓ Nature representatives / local ecologists
- ✓ Indigenous people in relation with Reindeer and dog sledging services
- ✓ Suppliers of boats tours for whales site seeing

In addition to the KPIs given by EFRAG, we have added set of Industry specific themes, goals , metrics, actions , policies and targets, developed and defined in UN backed Sustainability reporting framework for tour operators.

Biodiversity

TNFD LEAP method

We have applied **TNFD LEAP method** that enables to:



The LEAP approach is designed for organizations of all sizes and sectors, helping them to conduct due diligence (dd) and align their disclosures with TNFD recommendations.

As we were proceeding through the Evaluate phase, we identified specific environmental and cultural assets, as well as traditional knowledge.

Next steps:

In the future we plan to add assessment and disclosure of financial impact of nature-related risks and opportunities (i.e. CF at risk if whales disappear , etc.).

Biodiversity

TNFD LEAP - locate

Since BA is a tour operator, impacts take place through our value chain, implying focus on products, suppliers and areas of the highest importance for assessing biodiversity-related risks and opportunities.

We have engaged nature representatives and ecologists to provide their definitions of protected areas, company specific disclosures and KPIs, and to define specific species affected by sightseeing operations.

We want local ecologists to be independent representatives of the "biodiversity and nature" and to speak in their name, since BA sells "sightseeing, which includes and depends on biodiversity and nature".

Consequently, we want to take actions to preserve and restore nature and biodiversity.

TNFD LEAP - Evaluating the dependencies & impacts on nature

We depend on the reliable and cost-effective provision of ecosystem services, as well as on services and culture of indigenous people and local community that are essential to our business processes and organizations in our value chains.

These ecosystem services underpin the organization's cashflows and therefore our enterprise value. **Nature loss can undermine the delivery of these services, creating risks for BAG and its capital providers.**

Today's impacts can shape tomorrow's dependencies and the future ability of the BAG organization to provide services and ultimately generate cashflows. For example, negative impacts on nature erodes its health and resilience, and ability to provide ecosystem services.

TNFD LEAP - Assessing our nature-related risks and opportunities

We plan to set the Nature transition plan in accordance with TNFD guidelines for nature conservation and restoration. That will also ease banks to report in accordance with Partnership for Biodiversity Accounting Financials, the standard body for financial institutions including banks and PRB (Principles for Responsible Banking) to measure and manage their portfolio impact on biodiversity.

We have used WWF Biodiversity Filter when Assessing Nature Related Risks. The WWF Biodiversity Risk Filter is an interactive map that adds a geographical dimension to dependency on biodiversity and therefore enables analysis at country/regional level.

Biodiversity

TNFD LEAP method

Next steps according to LEAP methodology

1. We should describe the nature-related dependencies, impacts, risks and opportunities identified over the short, medium and long term.
2. Disclosing of nature-related effects have had on the organization's business model, value chain, strategy and financial planning, as well as Transition plans.
3. Describing the resilience of strategy to nature-related risks and opportunities, taking into consideration different scenarios.
4. Disclosing the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.

As part of the EFRAG VSME Comprehensive reporting and LEAP as well, we have been preparing for the future disclosing of the effects of nature-related dependencies, impacts, risks and opportunities on the business model, strategy and financial planning where such information is material, to transform to Nature positive business models. **We want our strategy to answer how businesses can take science-based action to halt and reverse biodiversity loss, preserve and restore nature, while still creating value.**

Biodiversity strategy, encompasses site-specific initiatives and long-term commitments to ecosystem restoration.

Biodiversity

Locations relative to biodiversity sensitive areas

In line with EFRAG VSME we have reported on our locations relative to the key biodiversity sensitive areas. Therefore, **we will strategically select locations to avoid overlapping with biodiversity sensitive areas, ensuring minimal environmental and social impact.**

We have expanded our due diligence to include applicable nature related matters, due to broader dependency of our services on nature and ecosystem services. The list of such locations is available hereinunder:

- ✓ All sensitive locations that meet TNFD (Taskforce on Nature-related Financial Disclosures) criteria or locations where the organization has activities and/or assets in its direct operations and value chains as well
- ✓ Other locations where BAG operations may have material nature-related impacts, inclusive of indigenous people culture protected areas.

Information on sites in, or near biodiversity-sensitive areas:

Location	Area (in ha)	Biodiversity Sensitive Areas	Specification (located on or near protected area)
Harkinn Gård - Tamok (Husky camp)	1,2	No, large areas defined as recreational areas, free to use for the public	The area shows low to medium risk on most of the on the key biodiversity risk aspects according to WWF.
Nymoen - Breivikeidet (Husky camp)	1,3	Habitat for the Eurasian whimbrel, a Red-listed bird species. These migrate south in the winter and are not affected by our activity (medium overall). Otherwise, not problematic.	Adjacent proposed - nature reserve at Nymoen close, though the area shows low to medium risk on most of the on the key biodiversity risk aspects according to WWF.
Hillesøy (Aurora Camp)	0,15	Not defined as a nature reserve, but the local area contains highly threatened and vulnerable species (Herring Gull, Black-backed Gull, Greenfinch, Eurasian Curlew)	The area shows low to medium risk on most of the on the key biodiversity risk aspects according to WWF.
Svensby/lyngen (Snow mobile camp)	1,1	No, large areas defined as recreational areas, free to use for the public	The area shows low to medium risk on most of the on the key biodiversity risk aspects according to WWF.

Land use

Reporting on land use in accordance with the EFRAG VSME standard is important for several reasons:

- ✓ Proving Environmental Stewardship
- ✓ Biodiversity Conservation: demonstrating efforts to protect and enhance biodiversity on the sites by maintaining natural habitats and green spaces
- ✓ Sustainable Land Management: track and manage land use practices to enhance sustainability and minimize environmental impact
- ✓ Regulatory Compliance and Transparency
- ✓ Meeting Stakeholder Expectations for detailed environmental information to enhance reputation and attract environmentally conscious customers and partners
- ✓ Alignment with Sustainability Goals
- ✓ Access to Green Financing

After reporting on the total sealed, we have considered how to mitigate these effects through actions like green roofs or permeable pavements.

Land - use Type	Area (in ha)	
	Last year	Reporting year
Total sealed area	982	1 028
Total nature-oriented area on site	0	0
Total nature-oriented area off site	0	0
Total use of land	982	1 028

Biodiversity

Company-specific reporting and actions

Engaging indigenous people

We want to help preserving indigenous people traditional knowledge and practice and cultural heritage. That work would help attaining and maintenance Northern Norway reputation of sustainable destination. **This is also required by UN backed reporting framework for sustainability tour operators, which is basis for BAG industry and company specific sustainability disclosures and actions.**

We are supporting Indigenous Peoples and local communities to continue safeguarding their lands and waters. The rationale stems from the fact that around 80% of our planet's remaining biodiversity (according to WWF) resides in those areas. This is true thanks to indigenous people traditional knowledge and their reliance on traditional solutions.

Our services dependent on indigenous people well being capture:

- Reindeer sledging and feeding

We are aware that our positive impact to the local employment and value creation should be balanced with preventing from the Risk of Overtourism which may pose major threat to biodiversity and indigenous people culture.

UN-backed sustainability reporting framework for tour operators and GUIDELINES FOR CONCRETE ACTIONS FOR ORGANIZING SUSTAINABLE TOURS:

We have been engaged in creation of sustainable travel experiences, by implementing UN-backed guidance. We will follow concrete measures readily available to follow and given by UN industry specific framework for tour operators.

Examples of possible measures:

- ✓ prevent from feeding animals
- ✓ tackling risk of overtourism by considering sites capacity
- ✓ securing Indigenous people well being (see in appendix)
- ✓ animals well being (for detailed guidance see in appendix)

Company-specific reporting and actions

Whale watching

Beyond positive impact on regional employability and our bus fleet utilization, this service comes with several issues like CO2e emission, operator risk within sensitive areas, biodiversity and marine ecosystem risks, water discharge, noise, air and water pollution, overtourism, waste, plastic use, etc.

After engaging local ecologists, aka. “nature representatives”, we discussed whether electrification might not solve noise pollution which caused whales diving and harm their visibility to tourists. That can impact tourists’ satisfaction, implying need for working on these issues in the future, by engaging and collaboration with boat suppliers for whales site seeing.

Next step

We want to better understand whales’ habitat and dependencies of whales well being stemming from ecosystem, to increase our positive impact and resilience.

We have identified KPIs to track when selecting boat suppliers for whales site seeing:

- CO2e emission
- Pollution
- Noise pollution in decibels
- Waste management and circularity
- Number of incidents- already have been used

Resource use and circular economy



- **Circularity under EFRAG**
- **Circular Economy in Best Arctic Group**
- **Integration into supply-chain policy**

Resource use and circular economy

Circularity under EFRAG

Under the EFRAG VSME BAG should disclose:

- ✓ whether circular economy principles have been applied, and, if so, how these principles are applied.
- ✓ the total annual waste diverted to recycling or reuse;
- ✓ the annual mass-flow of relevant materials used is considered as not applicable, since BAG is not in a sector using significant material flows (e.g., manufacturing, construction, packaging, or others).

The shift from linear economic systems to CE is enabled through application of three principles:

- ✓ designing out waste and pollution,
- ✓ keeping products and materials in use at the highest possible value,
- ✓ and regenerating natural systems

Circular Economy has emerged as a key strategy to deal with sustainability issues such as climate change, biodiversity loss, waste management, pollution and resource scarcity.

The aim of keeping products and materials at the highest value supports overall transition to the net-zero, nature positive and resource efficient business models.

Resource use and circular economy

Circularity under EFRAG

Technical vs. Biological Cycles

Circular Economy is implemented through two types of cycles:

- **Biological cycles**, in which organic materials and products are returned to the bioeconomy, in the process regenerating natural systems. The processes - such as composting and anaerobic digestion together help to regenerate natural capital. The only materials suitable for these processes are those that can be safely returned to the biosphere.
- **Technical cycles**, in which products, components and materials are kept in the market at the highest possible quality and for as long as possible, through repair and maintenance, reuse, refurbishment, remanufacture, and ultimately recycling.

Technical cycles are relevant for products (e.g., buses - Bussring related) that are used, in contrast to biological cycles where products are consumed (e.g., relevant for food systems and Best Arctic suppliers).

We have referred to technical cycle as applicable for Bussring, while the biological cycle is in focus for Best Arctic.

Resource use and circular economy

Circular Economy in Best Arctic Group

We are at the initial stage of adopting circularity and waste management by considering transformational levers like avoidance, reduction, reuse, remanufacturing, repair and eventually recycling.

Why circularity?

Companies applying a circular economy mindset overperform thanks innovations in operations and data driven decision making, which allows them to capture new and grow existing revenue pools. On a company level, the adoption of CE mindset provides following opportunities:

- ✓ capturing new top-line growth
- ✓ realize cost efficiencies via material cost reductions and mitigation of supply chain risks and prices volatility
- ✓ reducing regulatory risks
- ✓ monetization through shifting to the resale, repair, reuse and remanufacturing markets.

Next steps for Best Arctic Group:

Our goal is to answer how to create value while transforming to a circular business model. That is why we started thinking how to integrate circularity into our strategy and daily operations to ensure delivering both our business and sustainability goals. In process we will set the right KPIs to track and disclose our progress and to enable engaging our suppliers and key stakeholders, on this matter.

While doing so we can lever on some existing processes and systems, e.g., optimization of bus fleet management for CO2e emission reduction and efficiency, that will at the same time increase Asset utilization and as result improve circularity performance by “keeping products and materials at the highest possible value” and resource efficiency.

Resource use and circular economy

Circular Economy in Best Arctic Group

Since we do not have material flows within our operations, we expect that most linear economy risk and circularity opportunities will take place across the value chain or on the suppliers' side. **Thus, we have been working on integration of circularity into procurement criteria, by adding circularity KPIs when selecting suppliers and products.** We plan to increase capabilities with regards to these topic, through employees training and by providing documented supply chain policy which include circular economy factors. We will consider automation and researching market intelligence options, as well as to add suppliers Sustainability Reports into our future analyses.

Considering that circularity cannot be achieved at the level of individual companies we want to intensify engaging suppliers in circular economy conversations and collaboration. Hence, we plan that our circular procurement policy and this practices and KPIs, provide insights into possible interventions and to answer what works the best for us and across VC., where we lag or make progress.

Because we expect continual innovations in sense of circular business models and operations innovations. This could lead to, transition risk in the form of technology , regulatory and policy risks. This is an issue we have to continually deal with.

To ensure policies implementation and accountability we should set governance, choose people in charge within procurement function. Equally important when aligning the whole organization to circularity initiatives is to change and nurture supportive culture, with reference to the CE adoption.

Circular procurement is not just about purchasing circular products. It is also about ensuring circular use, and building an culture related to how the organization uses and manage end of life of products to achieve greater circularity.

Resource use and circular economy



Circular Economy in Best Arctic Group

Technical cycle – Bussring point of view

For BR which delivers bus passenger transportation services, we believe that material flows and circularity matters should be linked to the bus manufacturing companies. Therefore, **BR will focus on the different stages of buses technical and value cycle AS APPLICABLE and look how to help that materials, components, energy and value embedded in buses remain in use as long as possible at the highest value, rather than becoming waste.**

We plan to add circularity factors and performances to the existing criteria when selecting buses and bus suppliers. We intend to use the Lifecycle Analysis (LCA) to understand the environmental impact of buses from production to disposal, as well as to rely on KPIs most suitable to the industry and company specifics.

In essence, we want to know how different suppliers of buses are circular and have been researching applicable KPIs to do so. Also, we plan to refer to enablers or qualitative KPIs and better understand how bus manufacturers increase circularity, e.g., by incorporating principles of circular design in bus manufacturing, to ensure that components can be easily disassembled and recycled at the end of buses life, as well as to assess their strategy and governance in terms of circularity integration. **As users of their products, we will strive to collaborate more with bus manufacturers to ensure circularity.**

The key metrics for TRANSPORTATION AND LOGISTIC sector
are FLEET USE AND LIFETIME MAXIMIZATION

Resource use and circular economy



Circular Economy in Best Arctic Group

Technical cycle – Bussring point of view

In addition to the bus selection, we plan further focus on tires, spare parts, and batteries for e- buses (in the mid-term), as an applicable subtopics.

- **Tires** - We have already embedded circularity principles to the tires use, maintenance and end of life.
- **Potential limitations** - risk of lacking infrastructure to collect certain components and materials in the future, implying higher logistic costs, which can compromise viability of the model.

As part of our CE initiative, we will further engage to identify opportunities in markets of new and used vehicles and spare parts.

We expect replacing ICE buses with e-buses in mid-term, at least partly, **hence we want to timely explore options in EV battery recycling reuse and developing necessary infrastructure**, as well as for investing into them, while costs may be offset by revenue streams generating from circular Rs.

Challenges to the circularity of the automotive sector include:

- the accumulation of chemicals that may have been prohibited
- the fact that secondary materials must meet the high-quality automotive standards
- the lack of reliable data on the life cycle of each component of vehicles. Today, remanufactured parts represent only 5% of the spare part market in the EU
- Cost of circularity for spare parts vs new parts

Resource use and circular economy



Circular Economy in Best Arctic Group

Biological cycle – Best Arctic – Own operations

Office waste

Though our practice of classifying office waste has relatively minor material impact, we think this have great symbolic and cultural value and should be furtherly developed and nurtured in the future. We practice inclusivity for all employees to step in with proposals for improvements and addressing IROs of circularity and sustainability in general.

Used furniture

Regarding own operations and our offices, we procure and use secondhand furniture to prolong its duration and preserve energy, and carbon emission embedded in, prolong waste disposal, minimize transportation costs, save resources, etc.

Plastics

We have shifted from single use of food plastic packaging- this includes taking care of possible trade offs- e.g. water usage, CO2e when collecting and washing dishes, air and water pollution.

In BA we sort waste despite that impact of BA own operations being at small scale. We think it still may be valuable resources for other businesses.

We want to have a detailed breakdown of our waste by material, and to identify potential buyers for each category, and plan to advise our local supplier to collectively make impact at scale.

The revenue we earn from waste material should cover the cost of the waste management process.

In the case of dealing with high-value recyclable materials the Income from their sales can offset the – often high – cost of disposing of non-recyclable materials such as hazardous waste and dangerous goods. That may be encountered in the future, due to emergence of new technologies in BAG own operations or across its VC.

Resource use and circular economy



Circular Economy in Best Arctic Group

Biological cycle – Best Arctic – Value chain

BA CE across its value chain is applicable through its biological cycle.

Thus, with reference to the hotels and suppliers of services we work with, we have focused on importance of food systems and food waste reduction.

The UN developed Roadmap sets out how the tourism sector should contribute to the achievement of target 12.3 of the Sustainable Development Goals (SDGs), which aims halving food waste globally by 2030. We plan to engage with our suppliers to define PATs – policies actions and targets, accordingly.

SHORT-TERMISM AS OBSTACLE FOR CIRCULAR ECONOMY INTEGRATION IN REGIONAL TOURISM

Considering, that major players for CE integration in tourism are hotels, we are concerned that potential short-term perspective of owners and shareholders of hotels across the region may present major obstacle for CE implementation.

Utilizing of CE, due to its wider positive impact on climate change, pollution, biodiversity and nature preservation and restoration, and resource efficiency is crucial for attaining and maintenance of Northern Norway region brand as a sustainable destination. **Thus, changing short-term orientation of key stakeholders represents a crucial challenge for transformation toward CE in the tourism industry.**

We plan to increase our engagement with local community players and local county on this matter, as transformational lever.

Workforce, general characteristics



- **General information**
- **Data on contractual arrangement**
- **Data on gender equality**
- **Data on collective bargaining agreements**

Workforce, general characteristics

General information

The following section provides an overview of the BAG workforce, detailed in Tables hereinbelow. These tables present the total number of employees by headcount, classified by type of employment contract (temporary and permanent), gender, while all employees are employed in Norway – information on country required by VSME.

Though we strive on equity, data on workforce are determined by industry dynamics e.g. labor market supply and demand, causing dominance of male drivers relative to female in BR, which is partly offset by greater share of female employees for BA in tour operators' business. On other hand, the seasonal patterns of industry increase share of temporary contracts.

When installing VSME Workforce data collection, we have levered on existing systems and policies:

- ✓ Norway's Transparency Act
- ✓ Gender Equality and Anti-Discrimination Act

KPIs have been set here refer to the VSME, should be used as part of SC- procurement policies, as additional KPIs should be factored in when selecting suppliers and partners.

Workforce, general characteristics

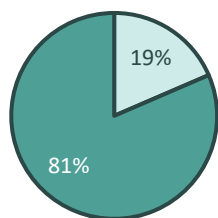
Data on contractual arrangement

Number of employees (headcount))

Type of contract	BA	BR	BAG	Consolidated
Permanent	10	57	2	69
Temporary	43	80	0	123
Total	53	137	2	192

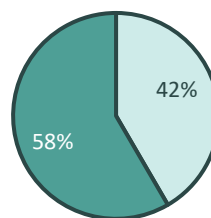
<i>BA</i>	<i>BR</i>	<i>BAG</i>	<i>Consolidated</i>
19%	42%	100%	36%
81%	58%	0%	64%

BA by type of contract



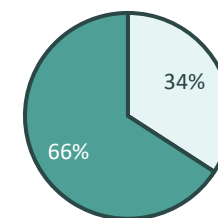
■ Permanent ■ Temporary

BR by type of contract



■ Permanent ■ Temporary

Consolidated by type of contract



■ Permanent ■ Temporary

Workforce, general characteristics

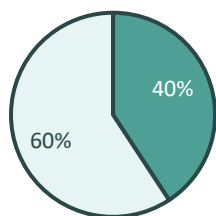
Data on gender equality

Number of employees (headcount)

Employees by gender	BA	BR	BAG	Consolidated
Male	21	123	2	146
Female	32	13	0	45
Other	0	0	0	0
Not reported (blanks)	0	1	0	1
Total employees	53	137	2	192

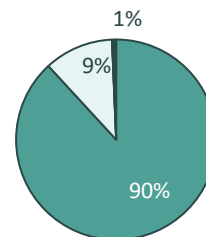
<i>BA</i>	<i>BR</i>	<i>BAG</i>	<i>Consolidated</i>
40 %	90 %	100 %	76 %
60 %	9 %	0 %	23 %
0 %	0 %	0 %	0 %
0 %	1 %	0 %	1 %

BA by gender



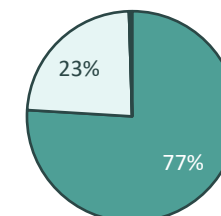
■ Male ■ Female

BR by gender



■ Male ■ Female ■ Not reported (blanks)

Consolidated by gender



■ Male ■ Female

Workforce, general characteristics

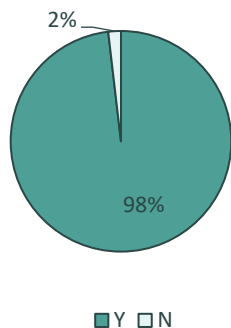
Data on gender equality

Number of employees covered by collective bargaining agreement

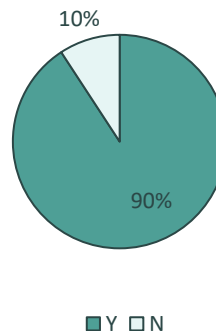
Collective Bargaining Agr.	BA	BR	BAG	Consolidated
Under CBA	52	123	0	175
No CBA	1	14	2	17
Total	53	137	2	192

BA	BR	BAG	Consolidated
98 %	90 %	0 %	91 %
2 %	10 %	100 %	9 %
100%	100%	100%	100%

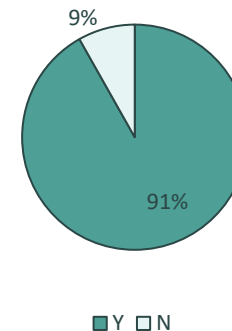
BA with & without CBA



BR with & without CBA



Consolidated with & without CBA



Workforce, general characteristics

Continuous work on improvements

Progress in our initiatives around social factors-own workforce, will be measured by KPIs we have disclosed hereinabove. **Positive trends in improving employees' rights, satisfaction, health and safety, gender structure, closing gender pay gaps, inclusivity, equity should result in:**

- ✓ Increasing Productivity, Retention/ implying lower recruitment and training costs
- ✓ Reduced risk of employees' rights violations and employees' lawsuits
- ✓ Good corporate reputation- resulting in better hiring
- ✓ Driving style- causing lower fuel consumption
- ✓ Reduced insurance costs as result of safety
- ✓ Customer satisfaction as result of employees' satisfaction and increasing engagement

The number of female board members has increased by 1 which is 100% increase compared to 2023. Regardless of EFRAG requirements our full scope of activities around improving social factors includes:

- ✓ Employee well-being and diversity
- ✓ Community engagement
- ✓ Human rights and labor practices
- ✓ Health and safety standards
- ✓ Education and training initiatives

Convictions and bribes

Continuous work on improvements

BAG has continuously been maintaining credible track record of operating free of convictions, fines, or breaches of anti-corruption and anti-bribery laws. **That is the case for FY24 too, where no violations have been registered.**

Though we can rely that this issue is well regulated in Norway and preferably choose well established suppliers and partners from highly regulated industries, as part of our SC policy and risk management, we have been also working on further strengthening of prevention from any convictions and bribes possibly happening across our operations and value chain (VC).

To secure integration these issues are well addressed and embedded into our Responsible Business Conduct (RBC), to help guiding behavior of our employees and to implement our organizational culture.

Appendix

