



SUSTAINABILITY REPORT

2023



Table of Contents

<u>The Important Sustainability Work</u>	3
<u>Short Facts About Connect Bus Group</u>	4
Our Vision & Core Values	5
Process Integration and ISO Certifications	6
Systematic Approach for Continuous Improvement	6
Digitized Business Management System and Document Library	6
Statutory Sustainability Reporting	6
GRESB	7
<u>Organisation and Governance of Sustainability Work</u>	8
Governing Documents	8
<u>Materiality and Risk Assessment</u>	9
Environmental Risks	9
Sustainability Risks	10
<u>Business Objectives</u>	11
Sweden	12
Norway	13
<u>Examples of Focused Activities in 2023</u>	15
Create Opportunities to Measure the Right Things	15
The Journey Towards "Net Zero" Emissions	15
Supplier Assessments and Dialogue in the Supply Chain	15
Raising Awareness Regarding Sustainability	16
Digitized Administration of Chemicals	16
Membership in Ethical Trade Norway	16
Eco-Friendly Driving Style	18
Renewable Electricity	18
<u>Sustainability Data</u>	19
<u>The Journey Ahead</u>	20
<u>About the Sustainability Report</u>	21





The Important Sustainability Work

Historically, public transport accounts for a significant amount of greenhouse gas emissions. With access to zero-emission buses and a stronger focus on sustainability in society, there is now a huge potential for the public transport industry to become an important ambassador for sustainability.

Connect Bus contribution to achieving the sustainability goals, as described in the Paris Agreement, is to encourage more frequent use of public transportation. We make this happen through safe, reliable and comfortable transportation for our passengers.

As a company, we strive to be as sustainable as possible by building it around four cornerstones that include passengers, employees, the transition to emission-free buses and the use of digitization in public transport.



Commitment to serve our
passengers and customers



Commitment to support our
employees



Commitment to **lead the**
transition to emission-free
buses



Commitment to lead the
digitization of
public transport

We work in partnership with several of our current customers with the overall goal of creating benefits for our passengers and developing the contracted traffic. Our customers should always feel confident that we follow laws, regulations and contract conditions.

Our employees constitute the most important factor for achieving our common goals regarding satisfied customers, reduced environmental impact and cost-effectiveness. We want all employees to feel well. Therefore, Connect strives to create an equal and engaging organization for our employees, where employees should feel professional pride and a desire to contribute with their skills and ideas for traffic development. By taking advantage of competence and experience within the company and by enabling all employees to contribute, we create the conditions for achieving our sustainability goals together.

Our passengers should feel that we work actively to ensure that every trip is a positive and sustainable experience.

On the following pages, you will have the opportunity to read more about the results of our sustainability work in 2023.

Sverre Rosén

Sverre Rosén
CEO



Short Facts

Connect Bus Group

Connect Bus operates public transport services in the form of scheduled services, flex bus services, school transport services and special transport services. We also carry out commercial express bus services as well as repair shop services.

Our operation includes approximately 4,600 employees, 2,600 vehicles and over 60 depots, spread across Sweden and Norway, and we are the third largest traffic operator in Norway and the fifth largest in Sweden.

Since 2021, the Connect Bus Group has been 100% owned by CBRE Investment Management.

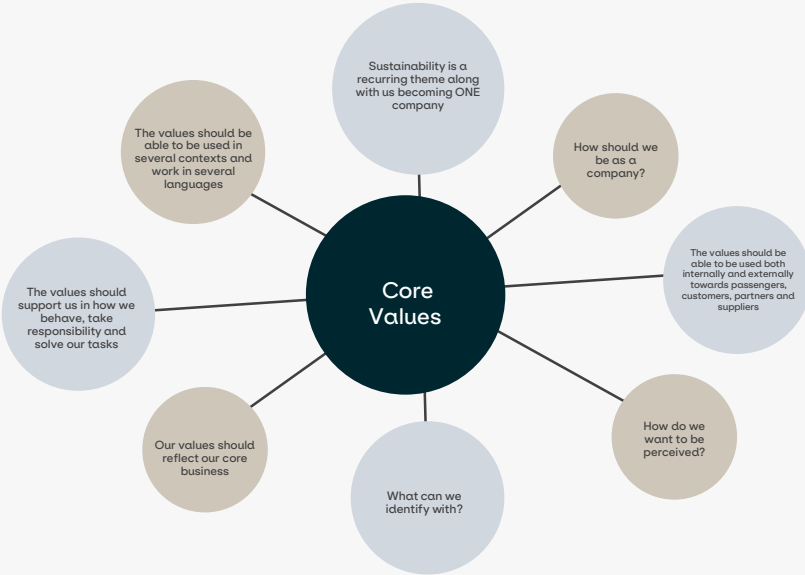
CBRE Investment
Management

For more information about the Connect Bus Group and its structure, see the section "About the Sustainability Report" on the last page.




Our Vision & Core values


In 2023, extensive work on the company merger was completed and Connect Bus became a joint company for real. An important part of this work was to establish new company values. The development took place in the form of a group assignment that was carried out on several occasions during the year. The group included representatives from all parts of the organisation and everyone's opinions were equally important regardless of role, title, responsibility and mandate. Below are some examples of points, thoughts and reflections that permeated the work:




The work resulted in the following values and in 2024 the work will continue with anchoring and implementation in the business.

**RESPONSIBLE**

We take care of people and the environment through secure and sustainable priorities

**ENGAGED**

We carry out our work with pride and solve today's and tomorrow's challenges

**INCLUSIVE**

We have room for everyone and together we create the best experiences and results

Our vision is to lead the transition towards sustainable travelling throughout innovation and engaged employees.



Process Integration and ISO Certifications

Connect Bus operations and management system rely on processes. Environmental and sustainability matters along with issues concerning quality, road safety and the working environment are integrated into the processes.

The business is certified according to ISO 14001:2015 for environment, ISO 9001:2015 for quality and ISO 39001:2012 for traffic safety. In 2023, work is also underway in the organization for certification according to ISO 45001:2018 regarding the work environment – the latter certification is scheduled to become a reality in 2024.



Systematic Approach for Continuous Improvements

Environmental and sustainability work is, to a large extent, managed and systematically handled within an annual activity cycle.

When deviations or non-conformances are discovered, appropriate measures are put in place and reported in the digital business management system. Reported deviations are analysed and form the basis for preventive and eliminatory measures such as targeted training initiatives.

Digitized Business Management System and Document Library

In addition to non-conformance reporting and handling deviations, the digital business management system also includes a document library where governing documents such as policies, procedures and instructions can be found. There are also self-assessment checklists, etc.



Statutory Sustainability Reporting

Since 2022, the Connect Bus Group has been subject to the Norwegian Transparency Act. The law stipulates how Norwegian companies must assess their risks and report their impact on human rights and proper working conditions in the value chain.

As of 2025, Connect Bus will be covered by the EU's new Corporate Sustainability Reporting Directive (CSRD). CSRD has been developed to increase transparency and standardization of sustainability reporting within the EU. The Directive sets clearer and more specific requirements on the content of sustainability reports to ensure more consistent and comparable reports. In 2024, the Corporate Sustainability Due Diligence Directive (CSDDD) was also adopted in the EU, which aims to increase corporate responsibility for sustainability and human rights in global supply chains. The directive requires companies operating in the EU to carry out rigorous assessments to identify, prevent and mitigate risks related to environmental damage, human rights abuses and other social impacts in their operations and supply chains. The CSDDD also intends to promote sustainable business practices, transparency, and accountability while addressing issues such as child labour, forced labour, and environmental degradation. It reflects the EU's commitment to corporate social responsibility and sustainable development.

The preparatory work that has already been done in the Group with regards to the Transparency Act provides a good basis for future sustainability reporting in terms of CSRD and CSDDD, but there is also a lot of work ahead of us to secure monitoring possibilities and reporting formats to meet the requirements set by these new regulations.





As part of CBRE IM's commitment to environment and sustainability, Connect Bus is annually evaluated by GRESB (an international organization that evaluates and compares businesses' sustainability work from an investment perspective).

2022 was a trial year for Connect Bus in GRESB and in 2023 the business was fully evaluated and received 88 points out of a possible 100. The result was a clear improvement compared to the previous year and Connect Bus was the best bus company among those who participated in the survey.

2023 GRESB Infrastructure Asset Benchmark Report

Connect Bus | Connect Bus AS

GRESB Rating
★★★★☆

Participation & Score

88
2023

Peer Comparison

1st
Bus Transportation
Out of 7

Why GRESB?

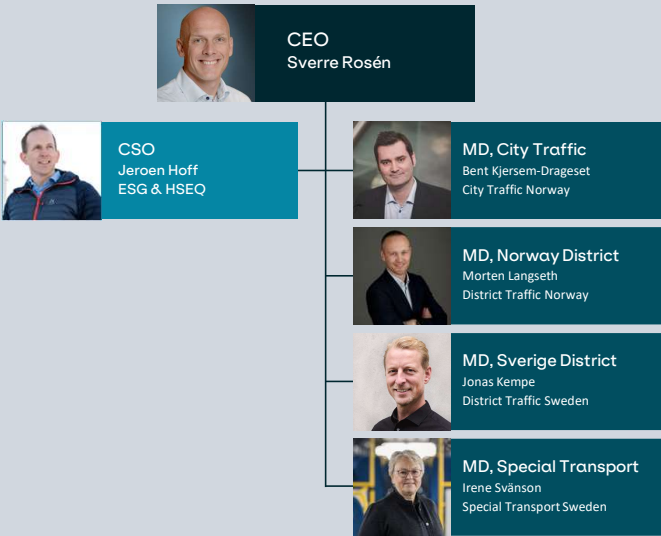
Performance comparison: By comparing durability performance with industry peers, areas for improvement and best practices to follow can be identified.

Risk management: By assessing and comparing against industry standards, society can better identify and manage risks related to environmental, social, and governance (ESG) issues. This includes risks related to regulatory compliance, resource scarcity, and community relations.

Cost savings: By establishing a sustainable practice as seen in the GRESB benchmarking, increased operational efficiency and cost savings can be achieved in the long term. For example, energy-efficient infrastructure reduces energy costs, while sustainable water management practices can mitigate risks related to water scarcity.

Long-term value creation: Integrating sustainability considerations into decision-making and operations creates long-term value, resilience, and competitiveness in a rapidly changing global landscape.

The final responsibility for environment and sustainability matters lies with the Group's Chief Executive Officer (CEO) and is further delegated to the respective subsidiary's Managing Directors (MDs), who in turn delegate local responsibility to site/depot managers via traffic area managers.



Within the Group, there is a central team for HSEQ & ESG. The team consists of representatives from both the Norwegian and Swedish parts of the organization and is led by the Chief Sustainability Officer (CSO).

Governing Documents

Connect Bus' business management system contains of a number of governing documents. Below are some examples:

- Health & Safety Policy – includes personnel related issues (working conditions, health and safety) and road safety.
- ESG Policy – includes issues related to the environment (e.g. gender equality and social conditions).
- Code of Conduct and Code of Conduct for Suppliers – contains the company's standing referring to human rights (compliance with ILO conventions and the UN Declaration of Human Rights) and zero tolerance regarding corruption.

Policies and other documentation are available to employees via information boards and via the digital business management system.



Materiality & Risk Assessment

Materiality assessment of environmental, social and governance (ESG) factors is conducted and reviewed on a regular basis. The aim is to identify and prioritise the factors and risks that are critical for the company in this area. The "double materiality" principle is taken into account – both ESG risks that affect Connect Bus' ability to perform and grow as well as ESG risks that affect others affected by Connect Bus are considered. What is deemed to be high risk is addressed in the sustainability strategy and in policy documents and action plans. The following is an overview of identified high-risk aspects.



Environmental Risks

Climate Transition

The transition from a carbon-based economy to a more fossil-free reality can lead to the emergence of policy-related, legal, market and technical risks for Connect Bus, which can affect the economy as well as the company's reputation. Connect Bus needs to equip itself by increasing the proportion of electric buses in the vehicle fleet and reducing dependence on fossil fuels. This is elaborated in a strategy for how to adapt the business to climate change.

Climate Related Physical Risks

Sudden changes in weather conditions and permanent changes in climate patterns can pose challenges to Connect Bus' operational and financial sustainability. Higher temperatures can lead to vehicle overheating, reduced efficiency, and increased operating and maintenance costs. Changes in freezing and snow melting cycles may increase damage to or deterioration of roads, which may cause operational disruption and/or damage to buses. Forest fires, extreme snow and rain falls, storms, landslides, or similar can result in significant damage to vehicles and/or operational disruptions. This is elaborated in a strategy for how to adapt the business to climate change.

Environmental Risks in the Supply Chain

Suppliers' environmental deviations can have consequences for Connect Bus' carbon footprint and reputation. This is addressed in the company's Supplier Code of Conduct as well as through annual assessments.

Inefficient Use of Energy

There is a risk of inefficient energy use at depots and offices, which can also lead to increased fuel dependency. Efforts are underway to promote eco-driving to reduce energy consumption during transport. However, energy is also used for heating, for example by preheating buses. Energy is also used in form of heating to prevent washing facilities from freezing and creating ice, especially in Norway where energy prices have historically been low. In collaboration with advisory companies, measures are put in place, for example in the form of insulation, to reduce environmental impact and optimize the economy of energy use in the long term.

Greenhouse Gas Emissions

Within Scope 1 (direct emissions) and Scope 2 (indirect emissions), Connect Bus emissions may increase due to inefficient energy management or as a result of the expansion of operations in traffic agreements and the transport authorities' requirements regarding vehicle types in the fleet. Scope 3 (indirect emissions from the value chain) is mainly affected by suppliers' actions. Greenhouse gas emissions is a focused area as the company has a "net-zero" long-term goal in terms of emissions. Common KPIs for Scope 1-2 started to be measured in 2023.

Other Environmental Risk Areas

Examples of other areas that have been analysed (where the risks have been assessed as relevant but not as high risk overall) are; air pollution, contaminated soil, sourcing of materials and resource efficiency, waste management, water flows and emissions. There are also action plans for these areas based on local conditions.



Sustainability Risks

Human Rights and Decent Working Conditions in the Supply Chain

For obvious reasons, several of our key suppliers (e.g. for vehicles, uniforms and tires) have supply chains that extend all over the world. Some of these suppliers also operate in high-risk areas regarding human rights and decent working conditions. We work very actively with this, for example through active dialogue with suppliers, regular supplier evaluations and follow-up via self-inspections, company visits and third-party audits. All key suppliers must sign our Supplier Code of Conduct in connection with the signing of contracts.

Health, Safety and Well-Being – Among Staff, Subcontractors and Customers/Passengers

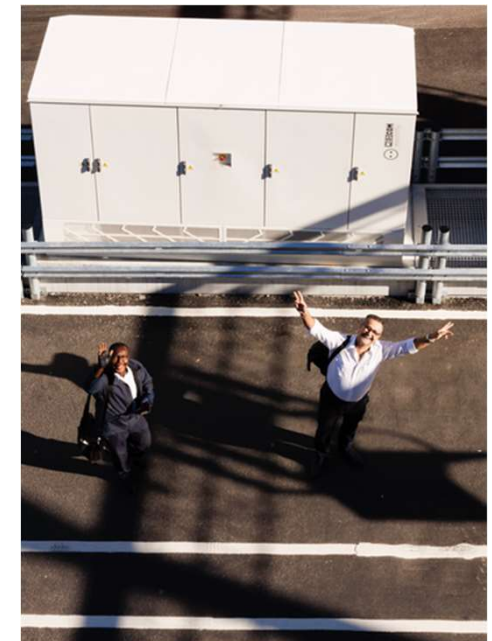
Violations of the principles for occupational health and safety and human rights may pose an operational, legal and financial risk to Connect Bus. Follow-up and activities related to this are dealt with in general terms in our corporate values and our Health and Safety Policy.

Likewise, a lack of diversity in the workforce and non-inclusive workplaces can affect our performance. This is dealt with in general terms in our ESG Policy.

Our ISO-certified way of working with non-conformance reporting and a focus on continuous improvement provides the conditions for detecting any irregularities at an early stage and taking measures to counteract them – both with company-wide and targeted local efforts when necessary.

Other Sustainability Risk Areas

Examples of other areas that have been analysed (where the risks have been assessed as relevant but not as high risk overall) are; fraud/bribery/corruption and conflicts of interest. An external channel for whistleblowing has been established that enables employees and the public to anonymously report any misconduct according to law (SFS 2021:890).



Business Objectives

Connect Bus has set business objectives in the four areas of work environment, quality, environmental- and sustainability, and road safety. The business objectives form the basis for focused improvement activities that are carried out during the year. For some activities, a little longer implementation time is required before the effect of the efforts can be evaluated, but we see positive developments in all objective areas so far.



Business Objectives

Sweden

For 2023, the prioritized business objectives in the Swedish operations consisted of:

Environmental and sustainability objectives

- Further develop eco-driving style
- Increase environmental and sustainability awareness among employees

Efforts around eco-driving are a constant focus area and is also part of the professional driver training. Through measurement tools in the vehicles, we can follow the effect of the efforts and provide our drivers with direct feedback.

During the year, we introduced a digital environment and sustainability training that was launched in the business. Further roll-out to all employees will continue in 2024.

Road safety objectives

- Zero tolerance for mobile phone use while driving
- All employees to wear seat belts at all times
- Reduce handling errors when managing tachographs and time books for driving and rest times

Specific training courses regarding driving and rest times and taximeters, random checks (own and via the public transport authority) regarding seat belt use and other targeted follow-up measures have been carried out. Being a growing business with many new drivers means that this is an area that needs constant focus.

Work environment objectives

- Reduce short-term sick leave

In 2023, the business recovered from the effects of COVID-19 and again reached lower average rates for short-term sick leave. During the year, the level of wellness allowance was also raised as a health-promoting measure.

Quality objectives

- As few customer complaints as possible
- Minimize the number of cancelled tours that we can influence
- Reduce the cost of vehicle damage

The levels vary in different traffic areas and efforts are made depending on the different conditions that prevail locally. A special program regarding vehicle damage has been developed that will be implemented in the rest of the Swedish business in the coming years.





Business Objectives

Norway

For 2023, the prioritized business objectives in the Norwegian operations were:

Environmental objectives

- Reducing greenhouse gas emissions
- Prevent serious environmental emissions

We must protect the external environment and our surroundings. The most important tool in this work is to focus on driving style and to work with awareness and good attitudes among all employees.

Road safety objectives

- Zero tolerance for fatalities and serious injuries

We will take care of our employees, our assets and our surroundings. To ensure this, driving style is a crucial factor. At the same time, we work to reduce stress while driving, we have zero tolerance for improper use of mobile phones while driving, and we ensure that the buses and workshop equipment are in good condition. In addition, we closely follow weather forecasts in order to ensure and secure our operations.

Quality objectives

- Achieve high customer satisfaction
- Achieve high regularity and punctuality
- Reduce fees from clients

We work for a safe and secure journey for our passengers, while at the same time being a good partner for our clients. We work actively to encourage more people to travel by public transport, through the continuous development of our employees' skills and HSEQ awareness, along with processes and systems to ensure customer satisfaction and competitiveness. We conduct regular customer and employee satisfaction surveys, which are used in our continuous improvement work.

Work environment objectives

- Zero tolerance for fatal and serious injuries
- Reduce sick absence

Connect Bus has zero tolerance for injuries and fatalities inside and outside the bus and in our workshops. The health and safety of our employees is our number one priority. Buses and workshop equipment must be in good condition. Through local HSE groups and good welfare systems, we take care of our employees and create an inclusive work environment where everyone feels cared for.





In June 2023, a seven-year agreement was started in Gothenburg for Flexlinjen with 42 Mellor Sigma 7 electric buses and four Mellor Orion. The picture shows one of the Mellor buses. In 2023, a new agreement was also started in Vest-Finmark with a number of Yutong electric buses.

Examples of Focused Activities in 2023

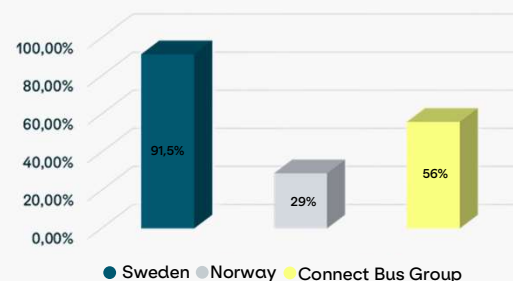
Create Opportunities to Measure the Right Things

New requirements for sustainability reporting from investors, governing authorities and public transport authorities mean that we need to improve and develop our opportunities for collecting data. At present, we face some challenges as the Connect Bus Group consist of several recently merged companies, where all previously have had different ways of doing things and measuring the business. We are now building our common base, and as the vehicle fleet step-by-step gets renewed, our opportunities for data collection and thus also analysis are becoming better and more efficient. We have worked a lot on this in 2023 and the work will continue in the coming years.

The Journey Towards "Net Zero" Emissions

A long-term environmental goal for Connect is that all our new vehicles will run on renewable fuels.

Number of vehicles in the fleet using fossil free fuel



In 2023, the work towards moving towards a fossil free vehicle fleet continued. We anticipate that the proportion of vehicles running on fossil fuels will continue to decrease. We see support for this in laws, regulations and in requirements from public transport authorities, investors and owners. In Norway, the industry goal is for all new city buses to run on fossil-free fuels from 2025 and 75% of regional bus traffic by 2030. In Sweden, no industry target has been set, but the ambition is a 70% reduction in greenhouse gas emissions by 2030 compared to 2010.

Supplier Assessments and Dialogue in the Supply Chain

In both legislation and traffic agreements, increasingly higher requirements are set regarding traceability and ensuring good working conditions in the supply chain.

Sustainability issues are now a natural part of our regular supplier evaluations and in the dialogue with our suppliers in connection with purchasing. We require our suppliers to commit to complying with Connect Bus' Supplier Code of Conduct and any additional requirements set out in current traffic agreements.

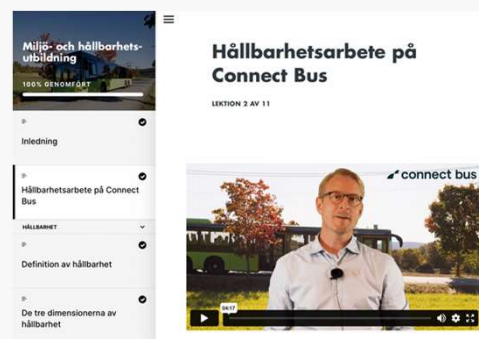
Step by step, we are also moving towards further developing our processes and routines in such a way that it enables a more sustainable situation in more areas than in our immediate surroundings. We work closely with our suppliers to be able to account for the entire supply chain.

Examples of Focused Activities in 2023

Raising Awareness Regarding Sustainability

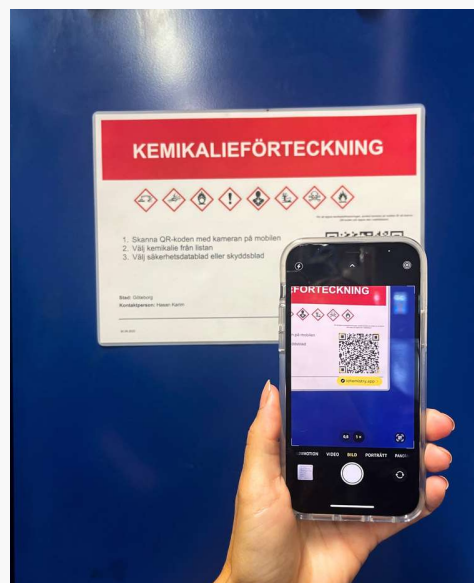
In 2023, a digital competence platform was introduced in the Swedish part of the business. The first training on the platform is an environmental and sustainability training course that is carried out to further raise awareness of these areas of the business. The training is available in two variants – a basic one aimed at all staff and a slightly more comprehensive one that is primarily intended for people in leadership roles.

The training also focuses on a few selected routines where we as employees can make a difference every day in the performance of our tasks.



Digitized Administration of Chemicals

As the degree of digitization increases, we have continued the implementation and the usage of the I-Chemistry tool for our handling and administration of chemicals. This gives us a better overview of which chemicals that are being used. It also enables us to ensure compliance with laws and regulations and minimize the risks associated when the chemicals are actually being used. .



Membership in Ethical Trade Norway

In 2023, Connect Bus became a member of the Ethical Trade Norway (EhN) society. EhN is an organization and a resource center for promoting sustainable trade and supply chains and contributes, among other things, with support and guidance in the reporting work on the Åpenhetsloven and in the future also CSRD. Through EHN and its sister organization in Sweden (ETI – Ethical Trading Initiative), Connect Bus gains support, tools and research in the field that strengthen our expertise and ability in the field of environment and sustainability.



In 2023, a project was initiated via EHN/ETI where Connect Bus participates in a working group with members from different industries for collaboration and exchange of experiences on "Responsible Purchasing Practices". The project will run until 2025.



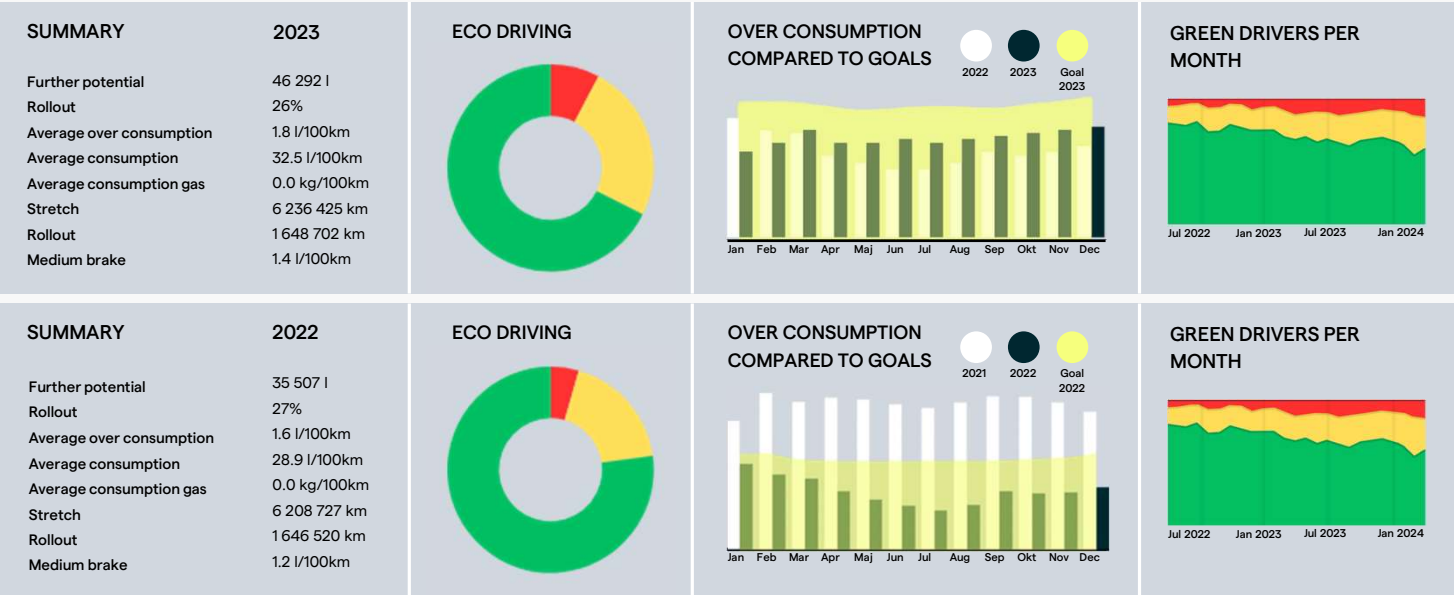


Eco-Friendly Driving Style

By leveraging the data that parts of our fleet generate, we gain insights that enable us to optimize planning, maintenance, and reporting so that we can better serve our customers, our passengers, our communities, and our environment. In this way, we want to be a leading player when it comes to sustainability. For example, with the help of data from the vehicles, we can see the effects that the efforts around eco-driving have given us.



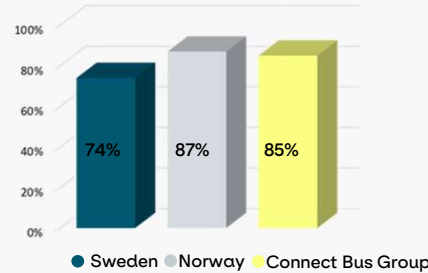
Example Sjuhärad/Öckerö



Renewable Electricity

We use renewable electricity at some of our depots. The electricity we use comes from renewable sources such as hydro and wind power. We aim to be able to use renewable alternatives in more of our agreements in the future.

Share of renewable electricity



Sustainability Data

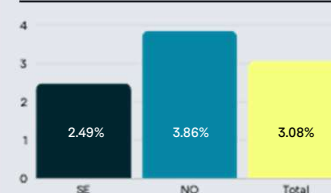
Gender distribution of employees by country

	Men	Women
Sweden	1962	276
Norway	2221	214
Total	4183	490

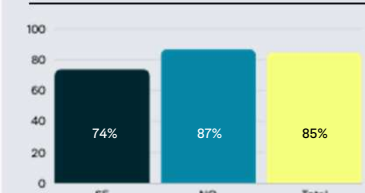
Gender distribution in the Board of Directors and Group Management

	Men	Women
Board of Directors	2	3
Group Management	8	3

Short-term sick leave 2023



Share of renewable energy



Gender distribution of employees by role - Sweden

	Men	Women
Blue collar workers	1889	251
White collar workers	73	25

Gender distribution of employees by role - Norway

	Men	Women
Blue collar workers	2099	175
White collar workers	122	39

Lost Time Injury Frequency Rate 2023



Energy use/turnover
= 6.79 MWh/M
NOK

Scope 1 & 2

	tCO2 / total
Scope 1	76.263
Scope 2	1.939

GHG intensity
(scope 1&2/km)
0,629 kg/km

Fuel (litres):

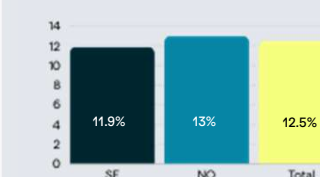
	SE	NO	Total
Diesel	515 407	17 165 912	17 681 319
Biofuels	11 074 416	2 000 815	13 075 231
Gas	1 078 158	-	1 078 158
Electricity (kWh)	1 342 273	15 916 838	16 805 225

Eco-driving

(Percentage of drivers with access to eco-driving systems)



Share of zero-emission vehicles (electric vehicles)



Comparable data from previous years is not available as the company in its current form started the work on joint reporting in 2023. The work to further develop and improve the common reporting possibilities and conditions for data collection continues.



The Journey Ahead

In 2023, we have come a long way in our work to achieve common working methods and in our efforts to take advantage of the benefits of being part of a large corporate group, for example in the form of forums for exchanging experiences along with dedicated resources and focus on sustainability. Of course, an increased company size also means that we face challenges along the way. We are taking on the challenges systematically and making steady progress. Our increasing awareness and our joint learning and experience regarding the environment and sustainability provide us with a basis from where we can develop even further. This means that we look forward to the coming years with confidence and anticipation.

About the Sustainability Report

This report has been prepared by CCK Holding AB, org.nr 559289-0593, and has been prepared in accordance with the requirements of the Swedish Annual Accounts Act. The report has been approved by the Board of Directors.

What is described in the report refers to both the operations in Norway and in Sweden.

Information regarding the merger of the Swedish operations in 2023

In 2023, a step-by-step merger of a number of Swedish companies that constitute the current operations was carried out. The merger was completed in its entirety on 21 November 2023. The acquiring company was Connect Bus Sverige AB, org.nr 556493-1177 (formerly Connect Bus Sandarna AB). The other companies that ceased to exist were Connect Bus Holding AB, org.nr 559136-0135, Connect Bus Söne AB, org.nr 556348-8773, Connect Bus Sverige AB, org.nr 556857-7281, Söne Trafik AB, org.nr 556082-9813, Karlssonbuss i Vaggeryd Aktiebolag, org.nr 556402-2324, Moheda Buss AB, org.nr 556261-7588, Sven Carlssons Trafik Aktiebolag, org.nr 556114-3024, Grimslövsbuss Aktiebolag, org.nr 556143-1999, Connect Bus Trönderbilene AB, org.nr 559207-4958.





connect bus