

Interface

Bona[®]

The magazine for wooden floor manufacturers worldwide

January 2012

Rapid domestic growth
benefits local suppliers

Focus on Latin America

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Sun protection for wooden floors

Another industry first from Bona **Page 3**

Teaching customers to love Brazilian wood!

BR-111 takes the long term approach **Page 4**

How does CSR help build brands?

Be inspired by the pioneers! **Page 8**





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Dear Readers,
As I write, the economic crisis once again has top billing on the international news. However, some markets are still enjoying robust growth – notably, Latin America, where Brazil’s economy stands out as a beacon of success.

Latin America’s largest economy increased by 7.5% in 2010, and gross domestic product reached 3.67 trillion reais (2.21 trillion U.S. dollars) in 2010*. What’s more, a large part of Brazil’s growth is attributed to the increase of domestic demands in the country, which bodes well for its future stability.

Bona has been present in Latin America for several years, mainly through our network of local distributors. To begin with, we had no way of knowing what the future held, and certainly did not predict that Latin America would become such an economic hotspot within just a few short years. The first signs emerged in about 2006, when Bona made its first major investment, setting up an office in Curitiba in Brazil and launching a local Industrial Coatings operation. Shortly afterwards, Marcus Björck, former Managing Director of Bona Iberica, was posted to Panama

and began developing the business. In the last four years, sales have quadrupled and we now enjoy a presence in sixteen Latin American countries.

In spite of all this, some Latin American parquet producers have nonetheless been hit by the weak dollar and consequent reduction in profitability in the North American market. They have responded to this challenge in different ways: some by diversifying or reducing volumes; others, such as featured customer Novopiso (page 3) by focussing more on the growing domestic market.

I hope you enjoy reading more about what’s happening in Latin America, and much more besides, in this latest edition of Interface!

Yours sincerely

Paul Spångberg
Vice President and Director Division Industrial Coating

**Figures released by the Brazilian Institute of Geography and Statistics (IBGE)*

Bona is a global company. We’re active in more than 50 countries all over the world and have subsidiaries in 18 countries in Europe, North America, Latin America and Asia Pacific. We have production facilities in Sweden, Germany, the U.S. and China.

We are specialists in supplying all the products necessary for the installation, maintenance and renovation of wooden floors. In fact, we supply just about everything except the wood itself. Our complete system of products includes coatings, UV finishes, sanding machines, abrasives, adhesives and maintenance products. They meet the needs of contractors, producers of pre-finished wooden floors, architects, specifiers and homeowners. We create all our products to work perfectly with each other to bring out the best in wooden floors. From production and installation to maintenance and renovation – we’ve got it covered.

Bona’s mission:
”To bring out the best in wooden floors”

www.bona.com

Changing currency values:

Novopiso focuses on 'local' sales

Until a few years ago, 100% of Novopiso's product was exported, mainly to the U.S. However, the change in exchange rates between the Brazilian real and the U.S. dollar since 2007 caused a dramatic decline in sales. How has Novopiso responded?

In 2006, Novopiso opened a state-of-the-art plant to produce prefinished parquet. From the very beginning, all its engineered wood floors were treated with Bona products. When its main market collapsed shortly after start-up, the company was forced to rethink its strategy.

A new door opens

Luckily, around this time, the local Brazilian market and other Latin American economies started to grow. Novopiso therefore decided to focus on 'local' sales and spread its risks. This strategy has proven successful, but at the same time put more pressure on the company to supply quality products, and to offer a



Beautiful use of the floor Jatobá from the Bonita Collection Antiqua

more complete solution to its customers – architects, specifiers and construction companies.

Building a solid reputation

Says Paulo Scandian, owner of Novopiso, "We cannot afford mistakes that would damage our image on the market. Bona – which has a presence all over Latin America – not only supplies us with the best UV finishes for our engineered wood

flooring, but also with everything else we need to ensure a trouble-free installation. No other partner could give us such comprehensive support."

Protect wooden floors from the sun!

Fed up with complaints of 'yellowing'? At last, a treatment product which helps maintain the floor's original colour for longer.

Bona Sunblock treatment is great news for architects specifying a wooden floor as part of an interior scheme. "Of course," explains product manager Magnus Dellrup, "all wood is ultimately affected by exposure to light and air over time, but

Sunblock slows the process down considerably. It gives the best results on lighter wood species such as ash, beech, birch and maple."

Find out more from your local Bona representative!

Exposed to sun



Covered area

Bona Sunblock applied

Brazilian Flooring House BR-111:

Educating the American market in 'exotics'



Brazilian cherry, Macchiato pecan and other exotic wood species are now popular in the U.S.

The Miami based company, BR-111 Exotic Hardwood Flooring reports that U.S. consumers increasingly seek a variety of exotic hardwood floors from Brazil and elsewhere across the globe. To find out more, we spoke to Daniel Pagano, one of BR-111's founders, and a native of Brazil himself.

These days, American purchasers are actually asking for Brazilian cherry, Macchiato pecan and other exotic species available through BR-111. They are also increasingly interested in the African species that BR-111 has introduced, such as wenge, afzelia and iroko. At the same time, by making engineered, wide plank European Oak available in new styles and textures, BR-111 is continually raising the standard of design and quality for the most demanding market in the world.

23 years of knowledge-building

How has BR-111 contributed to the development of such sophisticated tastes? "We've spent time and effort educating

the market," says Daniel, "Not only pitching wood flooring, but also explaining the properties of each of the exotic species to customers who were only familiar with domestic species before."

Daniel continues, "We wanted to invest and build a solid, long term business, and we soon realized just selling the products wouldn't do it. Education, development and innovation were needed. 23 years on, we can see that this was the right decision. Creating a firm foundation has enabled us to build our exotic flooring brand."

Developing the BR-111 business model

BR-111's customers are spread around countries in Central and South America, and its clientele in China and Singapore is growing. But still, the largest concentration of customers is in the U.S.. How are they coping with the current weakness in the U.S. economy? "It takes creativity and persistence!" replies Daniel. BR-111 has used this opportunity to streamline its U.S. distribution, moving from more than 10,000 retail dealers, to about 1,500 exclusive dealers, making distribution easier to manage and building closer relationships along the way. Daniel says, "We decided that the best approach was to service the customers who help create the demand and the final sale."

All backed up by Bona

Does the Bona backing make any difference to contractors and end customers? "Having such a solid partner helps enormously," stresses Daniel. "Bona has an impeccable reputation in servicing the wood flooring market and we're honoured to walk alongside them in developing this industry."

Bona's growing Latin American family:

Annual Convention in Colombia



Latin American distributors and guests, October 2011

The concept of a “Bona Family” including Bona representatives and Latin American Distributors began more than 6 years ago and every year the concept grows stronger. Held in Cartagena de Indias, Colombia, our latest conference was attended by delegates from 15 out of Bona’s 17 Latin American markets.

New marketing initiatives, new products, progress reports and plans for the future were all presented at this exciting three day event. Says Marcus Björck of Bona Latin America, “This is not only a working meeting, but also a great opportunity to share ideas that are enriching for all the participants.”

During the conference, all the new distributors had a chance to present themselves. Among them, Jorge Izaguirre from

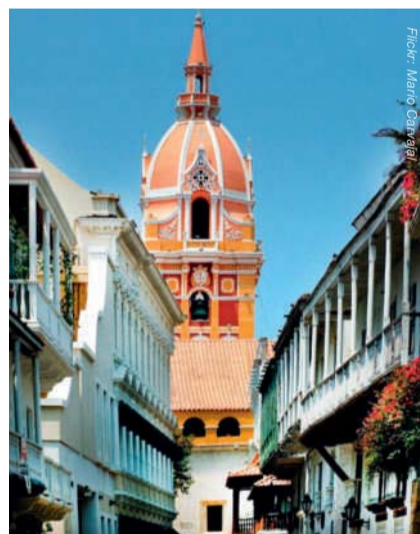
Pisos & Fachadas of Guatemala, Kathya Garcia from Deco Bamboo, Panama, and the Bolivian company, Grupo Roda.

Strategy update

Kerstin Lindell of Bona gave a comprehensive presentation of the Bona Group’s objectives for the coming years, representatives from the U.S. outlined Bona USA’s 5 year plan (began in 2010) and Marcus Björck talked about the continued steady growth in Latin America.

Focus on IC customers

Among the conference’s ‘special’ guests were longstanding IC customers who are doing business in Latin America such as Stile from Italy, Maderas Iglesias and Tuka Bamboo from Spain, MJO from Portugal and Maderera Bozovich from Peru.



View of Cathedral, Palazzo dell' Inquisizione



How will it look
after sanding and
over-coating?



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Partner with Bona and you also get access to all the treatment products, advice, information and practical assistance you could ever need. Wherever you are and wherever your customers are, throughout the lifetime of your floor. Some people call it peace of mind. *We call it Bona Lifetime Support.*



Read about Bona Diamond Abrasives
on www.bona.com

Bona[®]
Passion for wood floors

Corporate Social Responsibility:

Doing the right thing builds brands!

Over the last 30 years or so, CSR has become an increasingly sophisticated, cross-functional corporate activity where the brand is central. More and more often, customers and other stakeholders ask questions about their supplier's values, how they are put in practice, and what the impact is on human beings, communities, cultures, and the environment.

In 1913-14, the car production pioneer, Henry Ford, was struggling with high employee turnover. So he instituted wages double the norm, an eight-hour working day, a five-day week, and numerous other benefits that made his workers the best-compensated and most comfortable in the industry. The criticism from Wall Street was brutal. He was accused of ruining the job market for other companies and of being a socialist. But Henry Ford ensured that his workers could afford to buy the cars he made, and had the free time to enjoy them! Today, this would be called CSR – Corporate Social Responsibility – and recognised as a win-win: good for people and good for profits.

Defining CSR

The modern term “CSR” appeared on the scene in the 1990s and is now a part of every CEO's and marketer's lexicon. It is based on two key ideas. The first is that businesses have a responsibility to society to conduct their affairs in an ethical, environmentally healthy, and community-friendly way in exchange for their “license to operate.” The second is that the public, governments, schools, and many other institutions maintain the positive circumstances on which businesses depend for their existence, so it's in the companies' best interests to consider their needs.

Operating in a fashion that degrades the environmental conditions – such as polluting the air or violating human rights – can



Politics and ice cream proved a successful combination for Ben & Jerry's of Vermont

seriously damage the business. And in today's crowded, fast-moving, interconnected world, the damage can come very quickly, as many companies have found out to their cost.

The truth emerges

Since the 1960s, many profitable corporations have been found guilty of systematic damage to people and the environment: tobacco companies, weapons manufacturers, oil companies, chemical companies, and others. In some cases, products like DDT and halogenated flame retardants in kids' pyjamas were inherently damaging. In other cases, industrial disasters on a grand scale taught society lessons about risk and how well or poorly corporations were able to manage (and communicate about) it. Love Canal ('70s/'80s), the Sandoz Rhine Spill (1986), and the wreck of the Exxon Valdez in Alaska (1989) all said to the public that greater responsibility was needed; that simply following current laws was not enough; and that corporations needed to behave in a more proactive and transparent way.

The 'alternative' entrepreneurs

In the 1980s, a new, boisterous generation of socially responsible entrepreneurs arrived on the scene. By pursuing social

change at the same time as making handsome profits, they proved that the two were not incompatible. This unlikely crowd put large corporations on notice that the older generation of CSR was not up to scratch. They made a compelling point. However, it still took a whole new generation of charismatic entrepreneurs to give new meaning to the idea of CSR.

Ben & Jerry's set the standard

Nearly thirty years ago, Ben Cohen and Jerry Greenfield, owners of an ice cream shop in the small Vermont city of Burlington, fathered the socially engaged,



Henry Ford, pioneer of 'welfare capitalism'

politically radical company Ben & Jerry's Homemade. They plunged into flat pay scales, tried to keep ownership local, and contributed a share of profits to good causes, among other practices. Owned by Unilever since 2000, Ben & Jerry's still retains some of its old flavour. But the original Ben & Jerry's was a true pioneer in making social engagement and what we now call CSR practices essential components of its product brand. Their rich, super-premium ice cream is delicious, to be sure. But they wrenched market share away from competing brands by linking their ideology and panache to the purchase of their products.

Other followed suit

The Body Shop followed in the Ben & Jerry's tradition, as did Patagonia, Stonyfield Farm Yoghurt, Seventh Generation, Clif Bar, Timberland, Green Mountain Coffee Roasters, Burt's Bees, Tom's of Maine, American Apparel, and a host of organic food brands. Burley, maker of bi-

cycle trailers, was at one point the largest worker-owned and managed manufacturing cooperative in the U.S.

Although to begin with many of these companies focused on small, high-end consumer product markets, that soon changed. Most of them are now owned by large global corporations like Danone, Unilever, Clorox, Colgate-Palmolive, General Mills, and L'Oréal, while a handful – such as Patagonia and Timberland – remain in the hands of the radical entrepreneurs who founded them.

CSR boosts business

Why did the big corporations buy them? Because they proved that socially responsible behaviour – sustainability-driven business – also makes solid commercial sense in today's consumer markets. CSR became an essential part of the brand, at least for the products these pioneers sold. It set their products apart, giving them a value-based edge over the competition.

Loyal customers, favourable media attention, premium prices, eager recruits: all these accrued to genuine socially responsible businesses.

Simplifying floor care for home owners

For the last five years, Bona has been applying its unrivalled experience in professional floor care to develop a range of products adapted for use by end consumers. Having successfully introduced our DIY floor care products in the U.S., a global standard range is being rolled out in Europe and Asia too.

Consumer research conducted by Bona in the U.S. back in 2005 showed that most people prefer the look and feel of natural wood over other kinds of flooring which are perceived as 'easy care'. However, they are often put off purchasing a wooden floor because they don't know how to look after it properly.

Anette Berglind, Marketing Manager at Bona, confirms this view: "When making such a big investment in home improve-

ments, it's obviously important for consumers to know they won't make a mistake by, for example, using the wrong cleaning product – which could be a costly error."

Simplicity, health and safety

Bona's DIY floorcare range is based on the principles of 'simplicity, health and safety' and includes products like Bona Wood Floor Cleaner along with specially designed mops and microfibre cleaning pads. Distributing these products primarily through DIY stores such as Bed, Bath & Beyond, Lowe's, Home Depot, Walmart, Kroger and others, the range has already proven very successful in the U.S.. Now it's time to give other markets a chance.

Anette concludes, "These easy-to-use floor care products are good for the wood flooring industry as a whole. Since people are always concerned about maintaining the value of their homes, they fulfil a genuine market need. What's more, providing additional security to end consumers, our

DIY range also helps to stimulate sales of wooden floors."



Easy-to-use DIY floor care products

Where tradition meets tactics:


CSR the Bona way

Bona has always equated its own long-term interests with the health and safety of its customers and the end consumers. Now, we're turning an inherently responsible mind-set into a modern CSR strategy.

Over the years we've earned a solid reputation for our attention to the safety and health of craftsman and home owners by introducing sound products such as waterborne finishes and innovative equipment such as dust-free sanding. Looking ahead, how will we continue developing our business sustainably? What targets have been set and what progress has already been made towards achieving them?



CEO Kerstin Lindell aligning CSR activities with the Bona values



Vi AGROFORESTRY

About Vi Agroforestry (Vi-skogen)
 Through plant nurseries, tree planting and other measures, this foundation contributes to improving the ecological balance and livelihood of the poor and most vulnerable, in areas threatened by ecological impoverishment. This is part of an initiative taken by the United Nations Environment Programme, Billion Tree Campaign (the worldwide tree planting initiative, The Plant for the Planet).

To date, 11.9 billion trees have been planted thanks to this campaign. A total of 13 billion have been pledged by individuals, governments, industry bodies and private companies.

A comprehensive programme

“Our CSR programme addresses all these questions in a structured way.” explains Agneta Weimarsson of Corporate Communications. “However, it’s not only about product development. At Bona, we interpret CSR in the broadest possible sense. It means adopting a systematic approach to sustainable business development – including social responsibility as well as responsibility for the environment and health & safety issues.”

The social dimension

One important step has been the introduction of a Code of Conduct which out-

lines the rights and obligations of Bona employees. Information about this has been disseminated globally, reinforcing the responsible behaviour our customers and suppliers have come to expect from us.

The environment

When it comes to the environment, we are building on Bona’s already solid track record by setting new, measurable targets related to the use of chemicals, energy consumption, solvents, transport and waste.

Charitable contributions


Our CSR programme also includes contributions to two external organisations.


How does our CSR programme affect customers?

“Above all, it gives them peace of mind. It states explicitly that we commit to being a responsible company, which makes it safe to buy from us and makes co-branding end products with the Bona name highly advantageous.”

CEO, Kerstin Lindell

Since 2008, we've been supporting Vi Agroforestry (Vi-skogen) and planting a tree for every Bona employee, as an alternative to sending Christmas gifts. This year, we are also starting up a new cooperation with Hand In Hand, a global development organization that supports poor women in developing countries to run their own businesses.





HAND IN HAND

More about Hand in Hand
 This organisation was started in 2004 in the southern Indian state of Tamil Nadu and has been built up by Swedish businessman Percy Barnevik (formerly of ABB) and Kalpana Sankar, CEO of Hand in Hand in India.

Today, Hand in Hand also runs projects in Afghanistan, Kenya, South Africa and Swaziland. A total of 600,000 women receive help with employment and entrepreneur-ship. 615,000 companies have been started and 63, 000 children have been removed from child labour.

Resitech – enjoying boom times in Brazil



Elegant showrooms – architects and their customers are welcome!

The Brazilian economy is booming and every year, more and more people join the ranks of country's consumers. Since 1997, Resitech has been selling Bona treatment products in Brazil, as well as importing floors from the U.S., Malaysia and Europe.

With economic growth at 7.5 % last year and similar figures predicted for this year, the future for Resitech looks bright. "2011 was incredible," says co-owner, Felipe Costa Ferreirinha. "We introduced about five new Bona products and they're all doing well."

Bona floor-care products are also selling well and have already gained a 70% market share. "Brazilians have started taking care of their wooden floors!", jokes Felipe.

While Felipe and his partner Flavia Felgueiras focus on the market for professional products, the company's original founder, Mr Ferreirinha senior, sells pre-finished parquet floors out of showrooms in several major Brazilian cities. The elegantly designed Espaco Felgueiras provide a calm space for architects to review the latest flooring products and also bring customers if they wish.

Brazilian customers ask for Bona

Resitech and Bona have a long history of working together. These days, the brand is so well-known in Brazil that customers actually ask for Bona products by name. This has much to do with the efforts of Felipe and his father before him.



Felipe Costa Ferreirinha

For abrading the toughest floors:

Choose Bona Diamond Abrasives

With our new, patented abrasive for floor sanding, Diamond Abrasives, you can sand the toughest of wooden floor surfaces – even ceramic-reinforced UV coatings of the kind typically found in sports arenas and commercial spaces. Occupying a unique position on the market, Bona Diamond is the only abrasive system capable of sanding ceramic-reinforced UV-coatings in an efficient, safe, and economical fashion.

The harder the surface, the more efficient the diamond technology becomes! Using Diamond abrasives you can penetrate every material, leaving no scratch marks – just a smooth, attractive surface ready to be varnished.

The system includes soft intermediate pads that help the sanding disc conform to the floor's contours. To remove the dust generated by the sanding, the system features special cleaning discs.



Safe sanding of ceramic reinforced UV-coatings

Key benefits

- Abrades the toughest coated wood surfaces
- Even penetrates ceramic-reinforced UV coatings
- Leaves no scratch marks
- The harder the surface, the more efficient the abrasion
- Special cleaning disks and pads
- Gives you a smooth, attractive, varnish-ready surface

Covered by Bona Lifetime Support

We help you preserve a perfect surface

throughout the entire lifetime of your wooden floor. Partner with us and you not only get access to consistently high quality primary and after-market products, but also to the services and expertise that lie behind them, worldwide.

Contact us today

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