

An aerial photograph of a dense, lush green forest. A narrow, reddish-brown path or streambed winds through the trees, starting from the bottom left and curving towards the top right. The sunlight filters through the canopy, creating a mix of deep green and bright yellow-green highlights.

2018

SUSTAINABILITY REPORT

Bona[®]

Bona[®]

Bona's sustainability report for 2018 is in accordance with the Swedish Annual Accounts Act (ÅRL, Ch. 6) and encompasses Bona AB (556017-6488) and its subsidiaries. Bona's report is based on three of the UN's 17 global goals. These are; Goal 8, Decent work and economic growth; Goal 9, Industry, innovation and infrastructure; and Goal 12, Responsible consumption and production. The sustainability report is a separate appendix to Bona's annual report for 2018.

SUSTAINABILITY REPORT, 2018

CONTENTS

This is Bona	4
The year in brief	5
A few words from the CEO	6
100% passion, 100% Bona	7
Our heritage shows the way forward	8
Sustainable operations	10
With responsibility for the entire value chain	11
Bona and sustainability	12
How we take responsibility	13
Bona and sustainability from a broader global perspective	14
Resilient System rejuvenates floors	15

REPORT ON BONA'S WORK WITH SUSTAINABILITY, 2018

Bona's responsibility for the environment	16
Sustainable innovations, in symbiosis and in collaboration	18
Bona's responsibility regarding social conditions, personnel and human rights	20
Pioneering launch of digital training program	22
Value-building relationships	24
Bona and business ethics	25
Overview	26

THIS IS BONA

Bona has been a trusted name in floor care for one hundred years. Bona was established in Malmö in 1919 and is a family-owned company that understands the importance of durability and long-term sustainability. We have a global presence and provide products and systems for installing, renovating and maintaining floors. Our passion is delivering solutions that keep floors beautiful and functional year after year, throughout the life of the floor.






Bona operates with global responsibility. Sustainability is our guiding star and driving force in our commitment to continuously develop better products that take consideration of both the environment and users, and that create healthier work and home environments. With one hundred years of collective experience, we are the experts in producing the best in floors.



Bona's customers

- Consumers
- Professional users
- Industry, parquet manufacturers

Bona Products

	<p>Finishing</p>	<p>Products for finishing with water-based sealers and varnishes, oils and hard wax</p>
	<p>Floor care</p>	<p>Maintenance products and systems with polish, refreshers and cleaners, as well as machines and mops</p>
	<p>Industrial coatings</p>	<p>Products for industrial coatings with UV varnish systems</p>
	<p>Sanding</p>	<p>Assortment of sanders and abrasives</p>
	<p>Adhesives</p>	<p>Assortment of glues for installation</p>

THE YEAR IN BRIEF

A major investment for Bona is in the new distribution center in Limburg, Germany, which opened at the end of 2017. The center doubles Bona's capacity when it comes to handling and distribution of goods and features several environmentally friendly solutions and initiatives. It is a green investment with electrical production from solar panels that make the center self-sufficient, with charging stations for electric cars, electric bikes as well as green roofs with vegetation.



On September 30, Bona inaugurated a **new facility** in Englewood, Colorado to be near the Denver Tech Center. Included at the new facility is Bona's largest **training center** as well as Bona's center for **digital training**.

Bona's global intranet – **My Digital Workplace**, was launched in the early fall of 2018. A common platform with information, guidelines and digital courses.

Bona strengthens the brand to include new markets and flooring. Professor Mats Urde at the Lund University School of Economics has contributed to this work and Bona's brand journey has been written up in the Harvard Business Review.

Bona takes the next step and launches **digital courses**

for Bona's professional users. This is a long-term and strategically important initiative that brings Bona into a digital future.



Bona's spray mop has been available on the American market since 2008. It was an immediate success and demand was initially greater than the supply. **Four million spray mops have been sold to date around the world.** During 2018, Bona introduced a number of innovative improvements that made the spray mop even easier to use.



In 2018, Bona launches a new system for vinyl floors, **Bona Resilient System**. One hundred years of knowledge and expertise from maintaining and renovating hardwood floors is now being introduced to new markets and new flooring materials.

Bona has a long-term innovation goal calling for 50% or more of the company's gross margin being derived from products launched or having undergone significant changes during the past five years. Bona attained this goal in 2018, when the gross margin from new innovative products amounted to

53.7%

A FEW WORDS FROM THE CEO

WE LIVE UP TO OUR VALUES

I can see that the core of Bona's business model, with the focus on sustainability and innovation, is still viable after one hundred years. Considering the ongoing climate changes and threats to our environment, working sustainably and taking responsibility for the company's climate footprint is even more relevant and important today.



There is considerable pride and passion at Bona in providing complete solutions in contrast to disposable products and overconsumption. New possibilities and ways of doing things conserve the planet's finite resources. Our innovation goals and capability to reinvest means that we are constantly strengthening our offerings and services to customers.

With the product launch of the Bona Resilient System, which will care, protect and extend the life of vinyl and resilient flooring, we are broadening our offerings and entering a new market. This new offering, and other coming innovations, have led us to revamp the Bona brand, a process that was recently showcased in the Harvard Business Review. This work is far-reaching and thorough, and that has happily drawn the attention of the Harvard Business Review.

A highpoint of 2018 is that Bona's largest sustainability investment, our distribution center in Limburg, Germany, has already yielded a lower environmental footprint after just one year. With the decision to shift from trucks to trains for shipments between Malmö and Limburg, we have drastically reduced our climate impact for transport. Through our boldness and sustainability approach, we are making a difference.

Bona's ability to make long-term sustainable investments and to reinvest capital in developing new innovations is built on clear willingness and confidence on the part of Bona's owners. This confidence comes in part because of Bona's dedicated and engaged employees, who constantly perform to the highest standards. Without this shared mission to continue to innovate and make Bona better none of this would be possible. Thank you to all Bona employees for what you do.

We are now preparing for the next hundred years as market and innovation leaders in our sector. To keep pace with the rapid global developments and new offerings we have made several organizational changes this year that allow us to work more seamlessly across international borders and areas of expertise. These changes enable us to take action quicker, to grow and develop as ONE Bona, and to continue improving our partners' and our customers' already strong trust in our company. It is our solid reputation in hardwood flooring that enables us to continue our journey. By being at the leading edge and delivering sustainability with quality.

Kerstin Lindell
President and CEO, Bona AB

100% PASSION, 100% BONA

Our mission is to bring out the beauty in floors, which includes maintaining and preserving existing floors. This mission drives everything we do from our products and services to how we interact with the world. This mission is also our passion and is inherent in everything we do.

By always asking ourselves how we can contribute, we can move forward in our work. Bona has worked with Vision 2020 since 2017. In 2017 Bona launched a strategic initiative called Vision 2020, with a goal of holistic growth based on sustainability, innovation and customer-driven development. The result of Vision 2020 is to create simplified but effective solutions that not only bring out the beauty in floors but that also increase the lifespan of floors thereby reducing environmental impact.

We know that the decision we make today will have considerable impact on future generations, so every step of the way, our focus is on sustainability.

At Bona, we live by our vision, promises and our key values of passion, performance and pioneering. We want our customers, partners, employees, as well as both the local and global community, to choose us based on what we stand for, how we work and what we deliver. This is how we make a difference.

VISION

Bring out the beauty in floors

MISSION

Creating beautiful floors to bring happiness to people's lives

CORE VALUES

Passion

Passion is our foundation for doing business. We are passionate about what we do and how we do it. We are always fully committed to bringing out the beauty in floors. We take pride in our products, services, and systems and we strongly believe that working with passion is the best way to serve our customers and expand our business.

Performance

At Bona, performance means premium quality. We focus on the needs and safety of professional craftsmen, industrial customers and floor owners in everything we do. We are advocates for sustainable solutions and share our knowledge. This empowers our customers to achieve the best performance and results for floors – from installation and renovation, to maintenance and care.

Pioneering

Bona has a track record of innovation. Pioneering is the basis of our reputation and future. We strive to think creatively and bring innovative ideas to new products, solutions and systems, while being open to change and acting on opportunities in the market. This pioneering mindset helps us to constantly seek new and better ways to improve our performance.

BRINGING OUT
THE BEAUTY IN FLOORS
SINCE 1919

Bona[®]

OUR HERITAGE SHOWS THE WAY FORWARD

Over the course of one hundred years, Bona has gone from being a supplier of floor polish, working out of a small grocery store in Malmö, to being a global player with a passion for floors and floor care. It has been a remarkable journey that is a result of Bona's commitment to entrepreneurialism, innovation and a long-term vision for growth.

“One hundred years of leadership and expertise in floor care have been possible due to our engaged and passionate employees. Bona's success is a shining example of what can be achieved by taking advantage of the market's appreciation of quality and sustainability. Bona's collective experience as experts in maintaining and renovating hardwood floors is now entering a new era. It is nice to look back but even more exciting to look ahead, to where our leadership in floor care will take us next.” Kerstin Lindell, President and CEO

1894 - 1939

IT BEGAN WITH A GROCERY STORE

- In 1894, the then 26-year-old Wilhelm starts a grocery store in Malmö, Sweden. He had spent five years in America and been inspired by what makes a modern business and how it is marketed. Wilhelm becomes one of the first in Sweden to advertise and the store quickly becomes one of Malmö's most popular.
- During 1910, Wilhelm, adds floor wax to the assortment. It is a new product on the market, and production of the polish is in the building beside the grocery store.
- Bona is founded in 1919 when Wilhelm registers the new company Aktiebolaget Bona. Over a period of five years, new products are added with floor cleaning agents, oils, wax and accessories for cleaning and waxing floors.
- In 1938, Wilhelm's son Carl Gustav Edner takes the reins at Bona and becomes the company's first CEO. A long era of expansion now begins.

1940 - 1959

TO INTERNATIONAL MARKETS

- In 1943, Bona moves production to new and larger premises in Malmö. After the Second World War, a construction boom begins in Europe and Bona enters the European market. Bona D-503 floor sealer is introduced during the 50s, which opens the way for extensive exports to Germany, Austria and Switzerland.
- Between 1943 and 1960, Bona grows from a small local business to an international manufacturing company. During these years, sales revenues increase by 2700%.

1960 - 1979

OPERATIONS DEVELOP

- Bona's products are copied and there are soon several similar products on the market, which has a negative effect on prices. Bona works hard with cost-efficiency.
- Production processes are automated and a new administrative data system is implemented. To meet demand for speedy deliveries, Bona invests in a warehouse.
- During the 60s, Bona sees the potential of new technological solutions and with major focus on research and development, both on products and quality control. In 1979, Bona is first in the global market to launch water-based varnishes.

CEO

WILHELM EDNER
1919 - 1938

CARL GUSTAV EDNER
1938 - 1983

” Growing from a small grocery store in Malmö into a major global company over the span of one hundred years puts demands on consistency, and with time, establishing a common culture and values. Looking back, we can see that this in particular has been an important part of Bona's success story and why our employees enjoy working at Bona. Work with ONE Bona, with discussions with all employees worldwide, has given us a solid foundation for the future. It is important to us that we are transparent, that everyone is aware of our shared goals and how each of us can contribute to reaching them. Despite our size, we know one another and are now working together even more in our processes and projects, across international borders as well as various fields of expertise. We firmly believe that this is essential in how we must meet the future – as a united Bona, where everyone shares the same values and goals, despite cultural differences and the many miles between us.”
 Lena Jonasson, Senior Vice President, HR

1980 - 1994

BONA BROADENS CUSTOMER BASE

- In 1984, Bona enters the market for UV varnishes oriented to a new customer group – industrialized parquet producers.
- Bona starts a subsidiary in the US in 1987.
- Bona focuses on product development in water-based varnishes, and with a new generation of varnishes, sales skyrocket.

1995 - 2006

MEETING NEW CHALLENGES

- Bona eliminates a number of sub-brands from the market and invests in Bona's own brands. Bona safeguards the company's worth, and its values permeate all products the company manufactures and sells.
- An extensive project is conducted to strengthen and unify Bona's affiliation and culture. General guidelines are prepared. Bona's training programs are combined into a single entity, the same for all markets. Work with unification of the company has been important for Bona's continued success.
- In 2002, Bona enters the American retail market via hardware stores with Bona Wood Floor Cleaner.
- Profitability decreases. Tougher competition, logistic challenges and excessive overhead costs have an influence. Several measures are taken to streamline operations and make them more efficient.

2007 - 2019

VISION FOR THE FUTURE

- With the recession and subsequent downturn in the construction market, Bona struggles with profitability and market shares. During 2008, Bona sees an upswing and now enters a strong growth phase and doubles sales over an 11-year period.
- In 2007, Bona prepares a strategy for the future, Bona Vision 2020. It prioritizes strategic decisions for Bona's future.
- ONE Bona is implemented in 2008. A discussion tour with talks between Bona management and 528 employees in six factories on three continents, within five business areas and at 18 subsidiaries. This is a major initiative that unites Bona.
- In 2010, Bona now has a complete line of products, a comprehensive solution for care, maintenance and renovation of hardwood floors for longer service life.
- By 2011, Bona is now stocked by the five largest retail chains in America. In 2016, Bona products are on the shelves of nine of the ten largest retail chains. All of 98% of all Bona sales are abroad and the American market accounts for two-thirds of this.
- During 2018, Bona launches a new system for vinyl floors, Bona Resilient System. One hundred years of knowledge and expertise from maintaining and renovating hardwood floors is now being introduced to new markets and new flooring materials.

BERTIL EDNER
1983 - 1999

STEFAN JOHANSSON
1999 - 2007

KERSTIN LINDELL
2007 -

SUSTAINABLE OPERATIONS

Operations are the heart of how our business works. To uphold our mission in bringing out the beauty in floors, we must also continue to innovate and develop our business model to support growth.

A LONG-TERM SUSTAINABLE BUSINESS MODEL

RESEARCH AND DEVELOPMENT

At Bona's core is our in-house research and development. It reflects the company's values and produces environmentally friendly products with high-tech performance. New technologies and raw materials are carefully monitored to ensure compliance with applicable legislation. From there, Bona goes a step beyond by implementing even more stringent requirements than those stipulated in current legislation so that Bona products will be sustainable long into the future.

RAW MATERIALS

At Bona, work is constantly underway to develop new solutions with components that are not potentially hazardous to health, safety or the environment. For several years now, Bona has worked with reducing VOC (volatile organic compounds) content in finished products. Work to minimize impact on the environment from our products has come so far that we have begun a new improvement project with the focus on our raw materials.

PRODUCTION AND INVENTORY

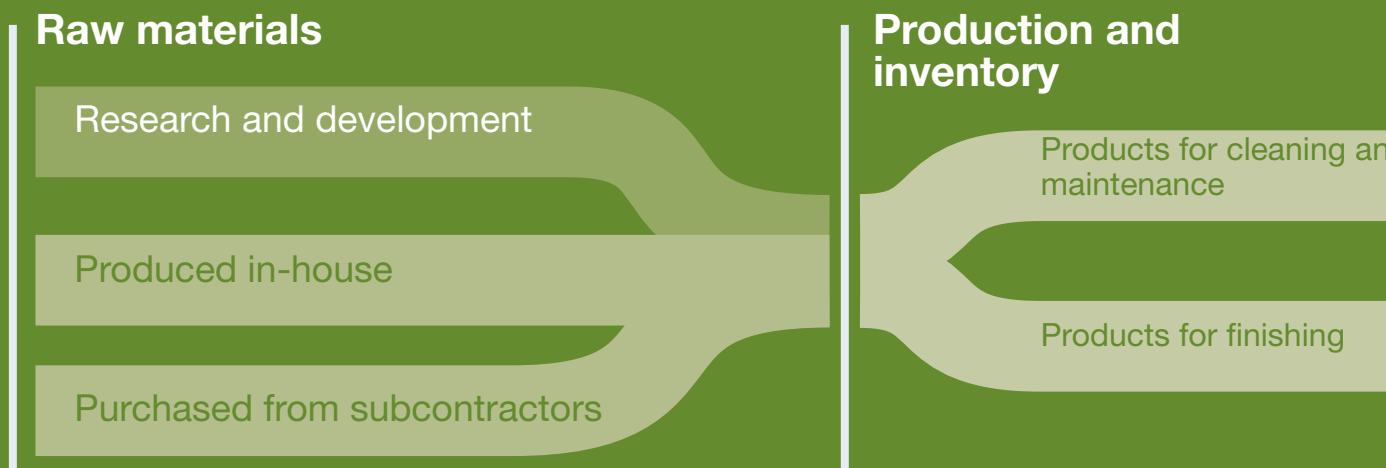
Based on Bona's production and inventory, the company conducts constant development based on health, safety and environmental impact. Bona has established goals for energy conservation, conversion to renewable energy production, reduced amounts of water in production and decreased waste.

DISTRIBUTION AND TRANSPORT

Bona has environmental goals for transports that apply to the entire group around the world and is working in various ways for transition to sustainable transports for reduced climate impact and better economy. As an example, a transition to shipments by train instead of truck between Sweden and Germany has reduced Bona's emissions of greenhouse gases by 60%.

CUSTOMERS

Bona's customers, consumers, professional users and parquet manufacturers can always feel safe and secure when they use Bona's products and systems. Health, safety and the environment are of the utmost importance throughout the company and in the products it offers.



WITH RESPONSIBILITY FOR THE ENTIRE VALUE CHAIN

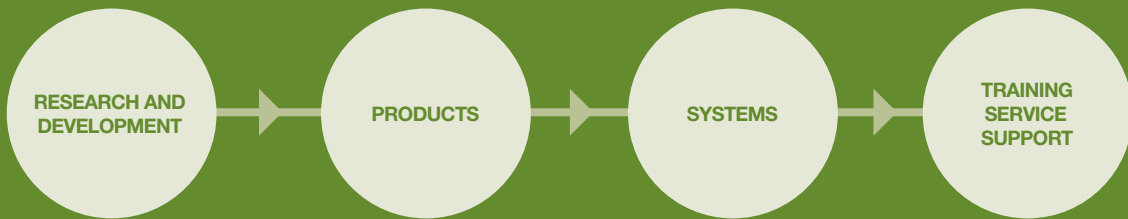
Bona is a family-owned business with aspirations and goals for long-term and sustainable operations. This establishes the prerequisites for attaining sustainable results, both for Bona and the environment.

Bona's owners were early to make the bold decision of owning the entire value chain. While others diversified and sold off parts of their companies, we retained production in-house, along with research and development. This means that we can invest in innovation from the ground up and take responsibility for quality and content for the entire chain.

Training, service and support are important and integrated parts of Bona's operations. The Bona Certified Contractor Program (BCCP) is a certified training program for professional users, and Bona is now taking the next step and digitalizing the courses. By providing good service and support so that Bona's products are correctly used, we create customer satisfaction as well as peace of mind and efficiency for professional users. Doing right from the start means conserving both resources and time for users, Bona and society on the whole.

VALUE CHAIN

Bona creates value through responsible business practices throughout the value chain.



Distribution and transport

Customers

Consumers

Professional users

Industry, parquet manufacturers

BONA AND SUSTAINABILITY

Bona has a long history of working actively with sustainability and reducing the company's impact on climate. Safety, health and the environment have always had the highest priority at Bona, and sustainable innovations are what drives Bona forward. Over the years, Bona has led the industry in innovation – we were first to launch water-based varnishes in the 70s and we developed innovations for dustless sanding in the 2000s.

Bona's contributions to sustainable development come with being a part of the global society, making it natural to associate the organization's goals with the UN's 17 global sustainability goals to describe our contributions from a broader perspective.

The UN's global goals are intended to establish long-term sustainable development and include economic, environmental and social aspects. The goals are to support implementation of Agenda 2030, to eliminate extreme poverty, decrease inequality and unjustness, to promote peace and fairness and to resolve the climate crisis.

The global sustainability goals that are relevant for Bona and where Bona can make a difference are primarily:



8

GOAL 8: DECENT WORK AND ECONOMIC GROWTH

Striving for long-lasting, inclusive and sustainable economic growth, full and productive employment with decent working conditions for all.



9

GOAL 9: INDUSTRY, INNOVATION AND INFRASTRUCTURE

Building durable infrastructure, striving for inclusive and sustainable industrialization and promoting innovation.



12

GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable consumption and production patterns.

Changes to the goals related to the UN's global goals

Bona's prepared its first sustainability report in 2017. In this report, Bona chose to present goals and sub-goals related to four of the UN's global sustainability goals. For 2017, Bona presented the company's activities related to Goal 3, Good health and well-being; Goal 8, Decent work and economic growth; Goal 11, Sustainable cities and communities; and Goal 12, Responsible consumption and production. For the Sustainability Report, 2018, Bona has changed these goals and is instead presenting three goals, two as before and one additional goal. Goals 3 and 11 have been eliminated since they are not deemed as relevant for Bona with consideration to the company's capacity to attain these goals. New for this year is Goal 9. The changes have been made based on the 2017 significance matrix and are based on an internal process with key staff at Bona. This in order to focus Bona's work with sustainability on the significance principle, with consideration taken both to an internal and external process.

HOW WE TAKE RESPONSIBILITY

Sustainability is the core and foundation of our work at Bona. It permeates our business concept and influences the decisions we make and the products we develop. It is also characteristic for how we relate to society, our customers and to all who are employed at Bona.

By taking responsibility for creating and maintaining sound financial operations that tie together our three sustainability goals, we can make a difference. With each decision, we strive to see them from an economic, environmental and social perspective, so that the decisions incorporate long-term sustainability.

Safety, health and the environment have the highest priority in everything we do at Bona, in our day-to-day work and in our products and services. Long-term, sustainable development is constant and is also the key to the company's future success. We strive to be transparent with our work in sustainability. We believe that this approach creates credibility and opens the way for dialog and assessment that enable us to develop and change even more.

A FEW EXAMPLES OF HOW BONA TAKES RESPONSIBILITY

RESPECT FOR PEOPLE

Bona's greatest priority is on the health and safety of our employees as well as for those who use Bona's products and systems. Health and safety are integrated throughout the value chain – research and development, products, systems and training, service and support.

- Global reference groups for ensuring that products and services comply with the most stringent demands.
- Certification with GREENGUARD GOLD for cleaning products in the Bona Floor Cleaning System as well as for all primers and varnishes for professional users.
- In-house training for professional users for long-range knowledge.



REDUCE IMPACT ON THE ENVIRONMENT

Bona puts major focus on reducing negative effects on the environment, with consideration to both outdoor and indoor environments.

- Bona's production in Sweden, Germany and the US is certified in accordance with ISO 14001. Operations in Malmö are also certified in accordance with ISO 9001 and certification work is underway in Germany and the US.
- Bona takes responsibility, with a reverse-integrated value chain that provides knowledge and control, and based on a life cycle perspective for products, systems, services and support.

SUSTAINABLE GROWTH THROUGH INNOVATION

Sustainable innovations are the core and engine at Bona. With new innovations, we are constantly developing our products and, in this way, we can lessen our impact on the environment, both locally and globally.

- We create advanced innovations. In our products, in our projects and in our collaborative initiatives, as well as in our day-to-day operations. We accomplish this with in-house research and development, and in symbiosis with production. We also accomplish this in collaboration with leading universities and in innovation processes with others in which we share our knowledge.

BONA AND SUSTAINABILITY FROM A BROADER GLOBAL PERSPECTIVE

Globalization, digitalization and focus on sustainable lifestyles are general global trends that affect society. We have identified some important areas that affect Bona and our long-term strategies for being a sustainable company.

GLOBALIZATION 2.0

Globalization is when people and countries acquire an increasingly shared economy, culture and politics. Reduced costs for transport and rapid digital development provide increased mobility for people, goods, services, capital and information across international borders. New networks and communities are created independent of geography, language and culture. This also creates links to places beyond the immediate surroundings and accelerates inspiration and the introduction of global trends and phenomena.

For organizations, global strategies are required for local markets. A new middle class is growing forth with digital purchasing patterns. Organizations must have the ability to quickly implement changes, to work with people in other countries and with multi-functional collaboration.

DIGITALIZATION

Both information technology and digitalization represent a paradigm shift that has thoroughly changed society and people's behavior. Both based on how goods and services are designed, produced and distributed, but also on how we integrate in time and space.

For a number of years now, commerce has been a branch in rapid change. Technically savvy consumers who are quickly moving towards more mobile and social shopping, where "the crowd" is the shopping experience and that is having growing significance for buying decisions. Retail trade is doing everything it can to keep up with the increasingly rapid rate of change and is packing the shopping experience with digital content. Everyone will be constantly connected, and people will be in a constant buying state. Online and offline are merging and become an omni-channel. This shopping environment affects all aspects of commerce, from business models to pricing, logistics, inventory and customer relations.

SUSTAINABLE LIFESTYLES

Many of the major environmental problems we have today are a consequence of our consumption and production patterns. Excessive exploitation of the Earth's resources is driving phenomena such as global warming, reduced biodiversity, increased shortage of clean water around the world as well as soil destruction. Increased demand and increased shortage of resources produce conflicts and price increases. Organizations and leaders need to have a sustainable and ethical perspective and invest in sustainable decisions and alternatives.

RESILIENT SYSTEM REJUVENATES FLOORS



During 2018, Bona launched a new system for vinyl floors, Bona Resilient System. The new system is the result of a long-term development project that makes it possible to clean, maintain and renovate worn and damaged rubber, PVC, PU vinyl and linoleum flooring. Old floors get new life, are preserved and renewed instead of being replaced with new floors.

Lars Högwall, Director of New Business Development and Global Business Manager for Resilient says that the new system is pioneering and entails a break in the trend for the flooring industry. There are millions upon millions of square meters of semi-hard flooring that we can give new life, preserve and maintain for the future.

“With the Bona Resilient System, we want to create sustainable added value for floor owners,” says Lars Högwall. “We no longer need to replace a floor just because it is worn or in poor condition. We want to extend the usefulness of existing floors and maintain what we've already invested in. This spares both the Earth's resources and the floor owner's wallet.”

There are countless square meters of semi-hard flooring in commercial and public sector environments. Examples are healthcare facilities, schools, gyms, offices, hotels and other large indoor spaces, such as at airports and convention centers. Floors with varying challenges, with heavy traffic, considerable wear and hygienic requirements.

“What's good about the Bona Resilient System is that it can be used in so many different environments,” says Lars. “The challenge in moving forward is about knowledge, behavior and habits. At present, we have a tradition in society of laying new flooring instead of considering the option of renovating existing floor surfaces. Perseverance will be required by us at Bona along with a somewhat new approach so that it becomes natural for floor owners to care for their floors in a more sustainable manner.”

Bona wants to take on a clearer role in increasing awareness among floor owners and influencing their decisions by sharing the company's knowledge and expertise. In among other ways through collaboration with those in the construction industry and in property management.

“We're now seeing that those in the private and public sectors have gained deeper insight and they are prepared to take the step towards a more sustainable life cycle perspective. We can also contribute here by being a knowledge partner with a more central role in the value chain. Going from being a producer to a partner. This is how I think we can make a difference,” says Lars in closing.

BONA'S RESPONSIBILITY FOR THE ENVIRONMENT

Bona's responsibility for the environment extends throughout the value chain. From the selection of raw materials and production safety, to transport to job sites. As a manufacturing and chemical company, we see it as especially important that we constantly work with minimizing our negative effects on the environment. We also want to be a positive force in driving change by developing new, sustainable products and placing demands beyond the stringent legal requirements.

At Bona, sustainability permeates everything we do – from our operations to our processes and systems. Our responsibility for the environment is an integral part of our company-wide guidelines – guidelines that ensure that operations throughout the company have the same departure point. Bona's SHE policy (Safety, Health, Environment) describes how safety, health and environmental aspects must always be appraised through risk analyses and consequence assessments before decisions are made on investments or other changes. The environmental perspective is also included in our policy for research and development, where health and environmental aspects go hand in hand with improving quality. The policy also includes guidelines for our innovation process, with sustainability having a central role.

IN BONA'S WORK WITH R&D AND PRODUCT DEVELOPMENT, WE ALWAYS TAKE INTO CONSIDERATION:

- The contents of our chemical products
- The indoor work environment for those who use our products
- Emissions that can affect users over time
- Emissions into the environment that can affect our climate
- The life cycles of the products and the opportunities for conserving natural resources

OUR GOALS AND RESULTS

Our business model is reflected in our responsibility for the environment. When floors are renovated and maintained instead of replaced, we can reduce unnecessary use of the Earth's resources. During 2018, Bona produced enough varnishes and oils to coat 41,063,228 square meters of hardwood flooring. This corresponds to annual savings of 168,200 oak trees with an average age of 125 years. They are not needed for laying new floors. Bona's new system for vinyl flooring will entail even greater conservation of our finite resources.

We do not want to grow at the expense of the environment. We are therefore working with constant improvements and investments to reduce our use of resources. It is Bona's goal to reduce our waste by 10% and our energy consumption by 5% by 2020, as measured from 2015. During 2018, we reduced our energy consumption by 5% compared to the previous year. This amounts to a total reduction of 4% since 2015. It is gratifying to be so close to our goal. During the year, we reduced our waste by all of 19% compared to the previous year. Unfortunately, the results from the previous year entail that overall, we have increased our waste by 2% since 2015. The strong reduction in 2018 shows how we can work in the future with achieving our goal for reducing waste.

We believe that the future belongs to products that combine low risk to health and low environmental impact with economic benefits. We therefore have a goal of 50% of our gross margin being derived from new products or products that have undergone significant updates. And we are on the right path. In 2018, new and innovative products accounted for 53.7% of our gross margin.

We led the market through our pioneering shift to water-based varnishes back in the 1970s. What Bona's owners want to do now is implement environmental management that is well ahead of the applicable legal requirements. Many of our competitors in the market are still producing solvent-based varnishes. For each customer that is presently using solvent-based products, a switch to Bona's water-based products means a good deed for the environment. In our efforts to stay at the leading edge and perform well beyond what is stipulated in applicable legal requirements, we have now reached a sufficiently low level with minimizing the VOC content (volatile organic compounds) that affect both health and the environment, that we now need to find new goals to make further improvements. We are therefore also working with the concept Greener Chemistry with the focus on green raw materials. This entails assessing all our raw materials and categorizing them as either green or red. The goal is to increase the amount of green raw materials at all of our product units.

We are conscientious in our efforts to reduce our impact on the environment when it comes to transports. In 2010, we made the decision to shift our largest flow of goods – between Malmö and our central warehouse in Limburg, Germany – to transport by rail. This is a decision that with at same cost, but with a one-day longer transport time, we are drastically reducing the environmental impact of our transports. More than 90% of these transports now go by rail. We constantly review our options for implementing similar transitions in our other markets but are limited by conditions in the existing infrastructures. In the US, we are working to make improvements through more efficient transports, both when it comes to transport costs and environmental impact. We are trying to increase the average weight of each shipment. Higher weights and better coordination mean fewer shipments. We will be identifying and measuring our departure point in the US so that we can set goals for improvements.

SUSTAINABLE INNOVATIONS, IN SYMBIOSIS AND IN COLLABORATION



For Bona, sustainability and quality products go hand in hand. Since the 1970s, Bona has regularly launched better products with less environmental impact. Pioneering innovations with water-based varnishes in the 70s and dustless floor sanding in the 2000s. Innovation at Bona is always about creating long-term sustainable products that are both good for the environment and that create good living and working environments for personnel, users and customers.

Bona conducts both production and R&D in-house. A symbiosis that establishes control and provides unique opportunities for development in the company's value chain.

“Our value chain is reverse-integrated the entire way to the creation of basic ingredients,” says Nicola Renberg, docent and manager for Innovative Partnership. “We choose the raw materials, develop and transform them into finished products. This gives us knowledge and control of our products, down to the smallest ingredient.

“Our fundamental knowledge entails that we very clearly know what we need and want when we buy from our subcontractors,” Nicola says. “If a specific ingredient is not available, we collaborate to develop it. Through our clear requirement specifications, we can push development in a sustainable direction without sacrificing quality and performance. It's sometimes a challenge, but we never ease up on our requirements.”

To conduct global innovation processes within the company, Bona has created a global, process-oriented organization, the Bona Innovation Group, in which we collaborate, share knowledge and prioritize the agenda for coming innovations at Bona. Glenn Svensson is the global project manager and leads innovation projects from concept to finished product.

“Our products are only truly sustainable when they are used and our customers are satisfied,” says Glenn. “This is why innovation must always combine

sustainability, quality and market needs. By having a reverse-integrated value chain, we can begin with a raw material or a property in a product that we want to modify, and then create a solution with retained or better quality.”

Bona was early to realize the importance of sharing knowledge with other stakeholders, academia and other sectors to create pioneering, sustainable products. Because we conduct our own research and development on an advanced level, we can participate in collaborative scientific projects. Bona is participating in several projects with researchers from prominent universities as well as other commercial stakeholders. Bona contributes with expertise and advanced knowledge in combination with awareness and understanding of the challenges in the market and in society. Nicola explains how external collaboration contributes to innovation and development of new, sustainable solutions for Bona's products.

“At Bona, we have a mentality and values that drive sustainable innovation. Collaborating in research projects with universities gives us a platform for creating innovations across international borders and disciplines, such as developing new raw materials from the byproducts of agriculture and the forestry industry, and projects for developing sustainable plastic. Innovations that entail that we do not draw excessively on the Earth's resources. Collaboration and research projects also provide us with insight and inspiration from other companies and branches, which contributes to gaining new perspectives on our work with development.”



BONA INNOVATION HALL OF FAME

At Bona, entrepreneurship and innovations are a part of the company's history and culture, and thus engage and involve everyone. Since 2011, Bona has conducted an annual contest in which the year's most important and most original innovations in the company are honored. Employees vote for their personal favorites in a nomination process and the winners are decided by the Bona Innovation Group.

Bona Net

Innovation of sandpaper that produces better and more efficient sanding with less dust.

Bona spray mop

Innovations that entail upgrades to Bona's spray mop system that improves and simplifies use of the spray mops.

Bona R880

Innovative construction glue without softeners, solvents or water. The glue is a soft, strong and elastic construction glue based on silane, which has high strength and adhesive properties.

Bona Mega ONE

Innovative water-based, 1-component varnish for hardwood floors that dries quickly, is easy to sand and produces an attractive finish.

HOW BONA COLLABORATES WITH OTHERS

STEPS

Bona is participating in the project STEPS, Sustainable Plastic and Transportation Pathways, at Lund University. The project, funded via the Foundation for Strategic Environmental Research (Stiftelsen för miljöstrategisk forskning, MISTRA), is intended to develop plastic from bio-based raw materials. The vision for STEPS is to create a society in which plastic is produced, used and recycled in a sustainable manner by sharing knowledge between academia, society and trade and commerce. During 2018, the project has among other things delivered a component from sugar that has the potential to make plastic in beverage bottles less oil-dependent and has also produced exciting results that pave the way for making plastic from sawdust.

BONA'S RESPONSIBILITY REGARDING SOCIAL CONDITIONS, PERSONNEL AND HUMAN RIGHTS

Bona is a global company that understands the importance of taking responsibility in all markets, both in good times and bad. We believe that sustainable results are created by nurturing and developing long-term relationships. Both with our employees and our customers, partners and the community.

We are proud of our business model, our products and our systems, and the way they contribute to a sustainable future. Bona's journey and success story are due to all our employees here at Bona. For Bona, this is one of the most important areas of responsibility, ensuring that everyone is safe and enjoys working at our company. People who on a daily basis and with considerable commitment in various ways, are taking responsibility and driving Bona's work with sustainable development into the future. Curious people who want to enhance their skills together with Bona. By sharing knowledge and by being open to, and appreciating, the benefits of cultural differences.

Bona's group-wide Code of Conduct is based on the UN's Global Compact's ten principles, international labor organizations' core conventions and the OECD's guidelines for multi-national companies. The Bona Group Code of Conduct regulates the rules of the game for how Bona personnel are to conduct themselves internally with one another as well as with those who do not work at the company. The Code of Conduct describes Bona's core values, guidelines for the workplace and working environment, and how operations are to be conducted. It also describes how contacts and communications are to be handled with stakeholders and others in our business environment, as well as the company's responsibility based on a wider societal perspective. The Bona Group Code of Conduct is annually reviewed and modified as appropriate. All new employees are educated in the Code of Conduct during their introduction to the company and verified in writing that they have understood the content and implications of the code. The Bona Group Code of Conduct and supporting policies are available on the company's intranet, My Digital Workplace.

Bona is a responsible and committed participant in the markets and societies in which the company operates. By operating Bona in a professional and financially stable manner, we see that our greatest contributions are in the local jobs we create and the tax revenues we contribute. But we also want to contribute to initiatives that make a positive difference for the societies in which we operate whenever possible. We encourage all of our employees to participate and engage themselves in societal projects.

OUR GOALS AND RESULTS

Respect for human rights begins with us. Equal pay for equal work and the opportunity to negotiate one's pay are areas in which Bona, as an employer, can have a direct influence and help to influence others. One of our goals is to conduct annual career development and pay discussions with each employee. In 2018, 95% of Bona's employees participated in these discussions. Clear job descriptions contribute to clear and transparent pay structures and opportunities for development. Consequently, all employees must have a job description. Job descriptions are discussed and revised as needed during each career development and pay discussion. Goal fulfillment for job descriptions during 2018 was 94%.

Bona must be a safe and secure workplace. The goal is always for zero accidents in the organization. During 2018, eight accidents were reported, of which four were accidents related to operation of motor vehicles in the US. Many of our employees work in environments with chemicals nearby, which in itself entails increased risk. Health and safety are thus always in focus when we develop new products, and we have worked for quite some time with minimizing risks by having a closed production system.

Sharing knowledge is an important part of Bona's business model. During 2018, Bona held 1,150 training sessions for tradespeople in the US. Training activities are conducted globally in all Bona markets. A goal for 2019 is to prepare figures showing the sum of training sessions for all of Bona.

The highest priority for us is always that our products are safe to use. Our goal is for costs related to quality issues to not exceed 0.5% of total sales. The figure for 2018 was 0.5% and we have thus accomplished our goal for claim adjustments. Claim adjustments concern costs for correcting problems, and in our measurements, this includes freight costs, inventory depreciation and claims related to sales.

HOW BONA COLLABORATES WITH OTHERS

HAND IN HAND INDIA

Hand in Hand is a development organization that fights poverty. The organization offers tangible assistance by investing in people's abilities through help for self-help. This enables people to rise from poverty on their own towards improved quality of life, health and increased democratic rights.

Since 2016, Bona has supported the two-year project Hand in Hand Village Upliftment Program in Konerypatti Agraharam Panchayat, India. This is a village in southern India with about 4,150 inhabitants who are heavily dependent on agriculture, which is a difficult way of making a living and the yield is meager. The project has focused on five areas: Education and Entrepreneurship; All Children in School; Improved Health; Environmental Issues; and Democracy and IT. The project was concluded in 2018 with good results. A total of 78 children have gone to school, 216 women have participated in self-help groups and received backing with micro-financing and knowledge of business development. A total of 1,702 persons have participated in educational programs arranged to counter child labor.

Bona is a proud sponsor and happy to hear the success stories describing the long-term changes made possible by Hand in Hand that improve the lives of those living in the village.

PIONEERING LAUNCH OF DIGITAL TRAINING PROGRAM



One of the highlights of 2018 for Bona was the launch of a digital training program, Bona Training. Bona began providing certification training courses for tradespeople in 2005. Today, these courses are a key component in Bona’s value chain and help solidify Bona’s position as a premium brand in the market. Digital courses are now paving the way for new opportunities, with flexible training tailored to geographic and cultural needs and differences.

“Solid knowledge of Bona’s products and systems – as well as of best practices for how they are used – is essential in achieving optimal results,” says Director of eLearning Todd Schutte. “Arranging conventional physical courses at multiple locations around the globe is complicated and costly. Due to this, we have not been able to conduct courses to the extent and with the continuity as we would prefer. To reach the next level, we need to be able to offer immediate and repeatable courses based on customer needs.”

The benefits of Bona’s training program are extensive, and will contribute to shortening learning curves, both among tradespeople, customers and partners. The major benefits of the platform are in its flexibility and accessibility. Along with this is resource efficiency in being able to maintain an updated course database. Tradespeople can take a course when it fits their schedules, as many times as they wish and even in their chosen language. With a digital system, it is also easier to share knowledge with others and to ensure that everyone receives the same information and message at customer meetings.

“I also see several benefits with our digital training platform when it comes to our social responsibility,” says Todd. “Our eLearning courses give our customers the opportunity to train entire teams quickly and inexpensively, without unnecessary travel and lost working hours. This entails that we reduce both our own impact on the environment and that of the trainees through reduced travel. We are able to share knowledge in an easy and accessible manner, and provide a stamp of quality through our certification program. Certification serves as confirmation of the knowledge acquired by course attendees and a guarantee of quality for their customers.”

The new digital courses are an excellent example of organic innovation within the company. Bona’s culture of entrepreneurship and investment in long-term sustainability, in combination with the timing of digital and technical maturity, have made this venture both possible and successful.

“We started off on a small scale and are now gearing up for global expansion,” Todd says. “We have both the internal expertise and technology for quickly and inexpensively creating new training and demonstration videos tailored to the needs of each market. This makes us entirely unique and market-leading in the field.”

The first four courses were launched by BonaTraining.com at the end of September 2018 and new ones are being constantly added. There will be 21 different courses that compress the four-day course Bona Sand and Finish into two weekend days.

There are presently 2,700 active accounts at BonaTraining.com. The number of unique monthly logins is increasing as more courses are added.

Unique monthly logins

Sept	42	+110%
Oct	51	+21%
Nov	63	+24%
Dec	93	+48%
Jan	149	+60%

HOW BONA COLLABORATES WITH OTHERS

BONA FOREST

Bona Forest is located in Hjortseryd, in Sweden's southwestern county of Kronoberg. A reforested area with older tree species such as wild cherry, Swedish white beam, lime, maple, oak and hazel. Bona Forest is recreating an older, once-common type of Swedish forest, taking us back to our roots, to who we are and what we stand for.



VALUE-BUILDING RELATIONSHIPS



A primary objective for Bona and Bona's employees is to create long-term relationships with customers and the wider market. The co-creation of value is the prevailing approach. Trade professionals are one of Bona's major customer groups. They include skilled craftsmen and contractors who operate floor care and renovation businesses.

Christian Löher is the Sales Manager for Central Europe and has been part of Bona and worked with building up our customer relationships for more than 23 years.

"We want to forge strong ties with professionals who use Bona's products," says Christian. "The sales teams in all of Bona's markets pay regular visits to our customers. We have a major focus on sharing knowledge about our products and systems. For us, the sales process is not a short-term activity, but rather a long-term initiative in which we build solid relationships with those who are most important to us, namely our customers.

"The viability of our sales processes depends on our ability to ensure that our customers know what they are getting when they buy Bona. Vi positionerar oss på kvalitet. This means that we must be able to demonstrate the long-term value created by Bona's systems of products, support and training."

Bona's innovative products and systems only come into their own when used correctly. Regular training for new knowledge and support is the key to success.

"By providing our professional craftsmen with knowledge and support, we empower them with the confidence to succeed, says Christian. "That they deliver quality services using Bona's products in a correct, safe and resource-efficient manner. We take responsibility for providing a solid foundation that enables their businesses to grow. Because we know how important it is to consistently perform to high quality standards and produce excellent results time after time. It's all about building trust over the long term."

REPORT ON BONA'S WORK WITH SUSTAINABILITY, 2018

BONA AND BUSINESS ETHICS

Operations based on the principles of business ethics is a basic condition for us responsibly running a business. It is on this foundation that we can continue to receive the trust of our partners and customers, as well as of our employees and the community.

Bona has zero tolerance when it comes to all forms of corruption and we set standards both for our own organization and our partners. Corruption is a global problem and we must be proactive in taking a stand to reduce the risk of our operations being affected by irregularities. We operate in many different markets and we see that the greatest risk is in certain markets outside Europe, where corruption and bribery are traditionally more common. Our supplier policy describes our expectations of our suppliers and how we prioritized partners based on ethics and sustainability aspects. By being clear about our position and expectations of our partners and suppliers, we can contribute to a democratic and just society where business can be conducted on equal terms.

For us, business ethics begin in our corporate culture and values. It is all about conduct based on integrity and awareness, and having the structures for easily reporting irregularities. The Bona Group Code of Conduct and our policy for gifts set the guidelines for what is acceptable behavior, and also provide help and guidance for personnel in making the right decisions.

There is an external whistleblower function to help employees throughout the organization in taking their responsibility with regard to Bona's position on corruption. Employee anonymity is guaranteed for cases entered in the system and these cases are processed in an established routine for internal investigations. The system can also be used to report other serious incidents regarding conflict of interest or serious irregularities pertaining to Bona's vital interests or persons' lives and health.

OUR GOALS AND RESULTS

Corruption is a broad term and there is consequently a risk for misinterpretation of what it entails. To ensure that all employees have the same perception of what is expected, Bona has a goal of everyone undergoing a course in anti-corruption every third year. In the future, the course will be more easily accessible with Bona's new global intranet, My Digital Workplace, which will facilitate follow-ups and measurement of participation in the course. Implementing a global intranet also makes it easier for all employees to search for information and find guidelines and governing documents at one and the same location. During 2018, Bona trained all employees in the use of the new intranet.

During 2018, no cases were registered in the external whistleblower function.

REPORT ON BONA'S WORK WITH SUSTAINABILITY, 2018

OVERVIEW

Bona's sustainability report has been prepared separately from Bona's annual report. The purpose of this report is to fulfill the requirements for sustainability reporting per the Swedish Annual Accounts Act.

In the overview, Bona's most significant sustainability information is summarized within four areas: environment, social conditions, personnel, respect for human rights and anticorruption. Bona has chosen to cluster the social aspects and present them together.

All Bona guidelines are annually revised and updated as necessary.

ENVIRONMENT

Goals	Results, 2018	Primary risks	Risk management
Reduce waste by 10% and reduce energy consumption by 5% by 2020 in relation to levels from 2015.	Energy consumption was decreased by 5% compared to the previous year, which entails a total decrease of 4% from 2015 levels. Waste decreased by 19% compared to the previous year, which entails a total increase of 2% from 2015 levels.	Excessive use of the Earth's resources. Hazardous chemicals in products. Accidents related to facilities.	The Safety, Health and Environment (SHE) policy that stipulates how safety, health and environmental sustainability must always be prioritized in all Bona processes. Research and development policy with guidelines for prioritization of sustainability and lifecycle aspects in the development of new products and raw materials.
Contributes to sustainable consumption and production.	Use of Bona products entails that 168,200 125-year-old oak trees do not need to be used in new floors. This corresponds to 30,600,000 square meters of hardwood flooring that does not need to be taken up and discarded.	Emissions from fossil fuels during transport.	The Bona Group Code of Conduct that describes expected behavior for all employees regarding environmental aspects. Closed production system and specific contingency plans for each production unit. Annual risk evaluation.
More than 50% of Bona's gross margin is to come from new products.	53.7% of the gross margin was from products less than five years old.		Product labelling and safety data sheets.
More than 90% of Bona's raw materials shall be green raw materials in accordance with Bona's system for green chemistry.	The goal of 90% was fulfilled by the unit in Malmö. Renewal of measurement methods is needed.		In the US, membership in SmartWay prioritizes more efficient transports when possible.
Continuous evaluation of effective sustainable transport alternatives.	More than 90% by train for the largest transport flow. SmartWay is used in the US, and work with the goal of achieving efficient transports with more total kilos per transport has begun.		

SOCIAL CONDITIONS, PERSONNEL AND HUMAN RIGHTS

Goals	Results, 2018	Primary risks	Risk management
Costs related to problems with quality must not exceed 0.5% of sales.	Costs related to quality totaled 0.5% of sales.	Improper use of products. Damage during the production process or in other parts of the value chain. Unequal pay structure and opportunity for career development. Discrimination or harassment at the workplace.	The Safety, Health and Environment policy that stipulates how safety, health and environmental sustainability must always be prioritized in all Bona processes. External training material online via Bona Training Platform as well as 22 training centers in 17 countries with continuous training in conjunction with sales meetings. External whistleblower function for reporting serious incidents. All reported cases are handled according to established process. The Bona Group Code of Conduct that describes expected behavior between all employees and Bona's zero tolerance for harassment or discrimination. Bona's Group HR policy with guidelines for recruiting, pay discussions, job descriptions and the introduction process. Training in safe driving in the US is intended to reduce the number of driving accidents.
Continuously create more training session for Bona users.	1,150 training sessions conducted in the US. For 2019, statistics will be taken from remaining markets.		
Zero work-related accidents.	8 reported accidents of which 4 in conjunction with operation of motor vehicles in the US.		
All employees shall have an annual pay discussion and job description.	95% of all employees have had an annual pay discussion. 94% have a job description.		
Zero conflict-related incidents.	No reported incidents.		

BUSINESS ETHICS

Goals	Results, 2018	Primary risks	Risk management
All employees shall undergo training in business ethics and anti-corruption every third year.	Goal has not been fulfilled but all new employees received training during this 3-year period. No registered cases via the whistleblower function.	No improper business ethics behavior or acceptance of any type of bribe or incident of corruption.	External whistleblower function for reporting serious incidents. All reported cases are handled according to established process. The Bona Group Code of Conducts with guidelines for business ethics in operational management and stakeholder relationships.
Continuous evaluation of Bona suppliers.	All of Bona's current suppliers have been evaluated. Documentation is stored in Framework. Bona suppliers are evaluated every third year.		

MALMÖ 2019-03-13

Bertil Edner
Chairman of the Board

Britt-Marie Forsberg
Member of the Board

Kerstin Lindell
CEO

AUDITOR'S STATEMENT REGARDING THE STATUTORY SUSTAINABILITY REPORT

To Annual General Meeting of Bona AB, Corporate Reg. No. 556017-6488

Undertaking and distribution of responsibility

The board of directors is responsible for the sustainability report for 2018 and that it is prepared in accordance with the Swedish Annual Accounts Act.

Audit's orientation and scope

Our audit has been conducted in accordance with FAR's recommendation RevR 12 that regulates auditor statements regarding the statutory sustainability report. This entails that our audit of the sustainability report has a different orientation and a significantly narrower scope compared to the orientation and scope of an audit conducted in accordance with International Standards on Auditing and other recognized Swedish auditing practices. We hereby state that this audit provides us with a reasonable basis for our statement.

Statement

A sustainability report has been prepared.

Malmö, March 13, 2019
Ernst & Young AB

Johan Thuresson
Authorized auditor

Bona[®]

Bona AB is a family-owned company founded in 1919. The main office is in Malmö, Sweden and Bona is represented worldwide by subsidiaries and distributors in more than 90 countries. We deliver products for installation, maintenance and renovation of floors.

Bona AB
Murmansgatan 130
SE-212 25 Malmö, Sweden

Box 210 74
SE-200 21 Malmö, Sweden

Phone: +46 40-38 55 00
Email: bona@bona.com