



2019

SUSTAINABILITY REPORT

Bona[®]



Sustainability Report according to Swedish law and standard

Bona's sustainability report for 2019 is delivered in accordance with the Swedish Annual Accounts Act (ÅRL, Chapter 6) and includes Bona AB (556017-6488) and its subsidiaries. Bona reports on three of the United Nation's 17 global goals – Goal 8: Decent work and economic growth; Goal 9: Industry, innovation and infrastructure; Goal 12: Responsible consumption and production. The Sustainability Report is separate from Bona's Annual Report 2019.

SUSTAINABILITY REPORT 2019

One of the key tenets of Bona's 100 years in business is our commitment to sustainability which includes our care of the environment, people and society. The following report details our goals, progress, and challenges in 2019 as we continue our journey as a sustainable business.

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Sustainability must lead all our efforts as a global community. Bona has proven that it is possible to grow a smart, profitable business that also cares for the world around us.



As we close 2019 and embark upon a new decade, Bona's sustainability journey remains steady, smart, and focused. The heart of our business purpose is to renovate rather than replace flooring materials, a mission that is inherently sustainable.

Since the foundation of Bona in 1919, we have encouraged investing in technology, innovation, and new ways of thinking that has allowed us to nurture a thriving business while also embracing a better way to do business.

This past year we celebrated Bona's 100-year anniversary. While we have held true to our core values of passion, performance, and pioneering, we also have stayed nimble over this past century so that we remain open to new developments that make our products, solutions, and business better.

Today's view of sustainability looks very different than it did 100 years ago. We are in a world where macro trends like our global impact on the environment, fluctuation in the economy and varying standards impact all business in profound ways. The pace has quickened to improve and yet we know that technology and new innovations can make it all possible. Thankfully, Bona's focus on smart growth continues to allow us to make a difference while also keeping our business healthy.

2019 was a year of establishing new goals and standards on Bona's sustainability journey while also celebrating our progress. Highlights from this past year include an innovation award for Bona's new system for resilient flooring, the Bona Commercial System™ at the 2019 ISSA Show in North America, ongoing progress with our e-Learning platform which inherently lessens our carbon footprint, Green Seal certification of Bona SuperCourt OPTUM waterborne athletic wood floor finish and new solar panels at our facility in Malmö, Sweden. We have also seen great growth in our retail channels with an overall increased presence such as Bona's availability on Tmall in Asia. All our accomplishments in 2019 are due to the strong, dedicated team of passionate people here at Bona who want to make a difference.

While we continue to make great strides, we also know there is work to be done. As we step into the next decade our mission is to be innovative, clear and transparent. To that end, we developed a plan that demonstrates the areas we believe Bona can most affect sustainable change and support the United Nation's Sustainability Development Goals. By clarifying our focus on three tenets – Home, Health, Humanity – we hope to give Bona a platform on which to carry us into 2020 and beyond.

Kerstin Lindell
President and CEO, Bona AB

THE YEAR IN BRIEF



100 YEAR ANNIVERSARY

In 2019, Bona marked its 100 year anniversary. The company gathered employees for a night of connection and celebration in early September. Three events hosted all employees in Malmö, Denver, and Shanghai.

INCREASED BRAND AWARENESS

From 2016-2019 Bona's brand awareness has increased considerably. Surveys show that awareness of the Bona brand increased by 55 percent in Sweden, 41 percent in the US, and in England, by as much as 100 percent.



INVESTMENTS IN NEW SOLAR PANELS

In 2019, Bona invested in a total of 921 new solar panels at Bona's production facility in Malmö, Sweden, covering 1,515 square meters. The goal is to use this power source to increase green electricity in Bona's production efforts. The new solar panels are expected to produce 1,000 hours or 276 mWh of energy per year contributing to more than 12 percent of the energy use.



NEW SYSTEM FOR RESILIENT FLOORING GOES GLOBAL

Bona's new system for resilient flooring, the Bona Commercial System™, was launched globally in 2019. This system which renovates flooring such as vinyl composition tile (VCT), sheet vinyl, luxury vinyl tile (LVT), linoleum and rubber was presented at the ISSA North America Show, a top event for professionals in the cleaning industry, and received a prestigious innovation award honorable mention. The new system continues to roll out globally with great success extending Bona's expertise into a new market and industry of renovation for hard surface flooring.

US GREEN SEAL CERTIFICATION FOR BONA SUPERCOURT OPTUM

Bona continues to innovate products that meet and exceed environmental standards. In line with this goal, Bona launched a new waterborne finish for wood floors in the US, Bona SuperCourt OPTUM, for renovation of sports floors.



1,554 DIGITAL TRAINING SESSIONS AND 300 NEW PROFESSIONAL CRAFTSMEN

Bona's digital education program, Bona eLearning, which offers certification and tailor-made education to professional craftsmen was launched globally in 2019 with 1,554 digital sessions downloaded. Bona's position in the market as a premium brand is partly thanks to the wide availability of this training. Additionally, Bona certified 300 new Bona Certified Craftsmen. This certification gives thorough training for increased knowledge and treatment of Bona's products, systems and service.



110 PARTICIPANTS FROM 40 COUNTRIES

At Bona's International Distributors Conference, 110 participants from 40 countries participated in three days of idea exchange, networking, and training. For Bona, it is important to pay attention and nurture relationships so that everyone can contribute and create added value for Bona's market and products.

THIS IS BONA

Bona is a global, family-owned, sustainability-driven company that supplies products for installing, renovating, maintaining, and restoring premium floors. Bona's expertise and passion is to deliver solutions that make floors beautiful and functional year after year, throughout the entire lifetime of the floor.



CUSTOMERS

Consumers

Professional Craftsmen

Industry, Flooring Manufacturers

PRODUCTS



FINISHING

Products for finishing floors including waterborne, oil-based, and natural penetrating oil.



FLOOR CARE

Floor care and maintenance products including cleaning solutions, polishes, mops, tools, and machines.



INDUSTRIAL COATINGS

Products for industrial coatings including UV solutions.



FASTENING

Wide range of silane-based adhesives and tools for floor installation



SANDING

Full suite of abrasives and sanding equipment.

BONA'S SUSTAINABILITY WORK

Bona's approach to long-term sustainability is prevalent in everything we do. Most importantly it is embedded in our value chain and business model so that every product innovation, every business decision, and every step in our evolution takes into account the environment, people, and society.

Sustainable development and growth are the heart of our business. It characterizes the way we relate to our world, our customers, and our employees. Bona's commitment to long-term sustainability means that the three tenets of environment, society, and economic sustainability must remain in balance. When our business is healthy, we can create a platform for making a significant difference.

Safety, health, and the environment are our top priority. For us, sustainability is not something that stands alone – it is characterized by our culture, our processes, and our systems. Bona has identified three priority areas that create the foundation for further development of our sustainability work.

REDUCED IMPACT ON THE ENVIRONMENT

Acting sustainably and taking responsibility for our climate footprints is even more relevant and important today, given the prevailing climate change and threats to our environment. Bona conducts continuous development work to reduce our impact with a concern for both outdoor and indoor environments.

SUSTAINABLE GROWTH THROUGH INNOVATION

Sustainable innovations are the heart of how we make a difference at Bona. With new innovations, we are constantly developing products that can lessen our impact on the environment both locally and globally. To speed up the pace, we have clear innovation goals and reinvest in research and development.

RESPECT FOR PEOPLE

Bona always puts safety and health first – from our employees, to anyone who uses our products and systems, to Bona customers and professional craftsmen.

BONA'S SUSTAINABILITY PLATFORM

From the core tenets of environment, society, and economic sustainability, Bona has established a platform to realize and focus on a holistic approach to sustainability – Home, Health, Humanity. This framework is the foundation of our commitment to a sustainable world, a sustainable business and work life, and our commitment to society.



HOME



HEALTH



HUMANITY

BONA AND SUSTAINABILITY FROM A GLOBAL PERSPECTIVE

A sustainable journey means taking into account varying market conditions and driving forces to implement change. As a sustainability focused brand, Bona is watching world trends and staying nimble in our business to account for new developments and shifts in the marketplace. Following are a few examples that contributed to Bona's business evolution in 2019

Sustainability at the forefront. Climate change and the resulting effects of environmental challenges are at the forefront of the global conversation and communities are asking for change. A survey conducted by Yale and George Mason University shows that 72 percent of the US population are concerned about the global warming issue. This record-breaking figure is likely a result of extreme weather and massive fires in California, Arizona, and Florida. At the same time, the consciousness of the younger generation is increasing, calling for change. During the year, Fridays For Future have united people around the world in demonstrations for the climate.^[1]

Consumer demand. Expectations from consumers related to sustainability is on the rise. Nielsen's Global Corporate Sustainability Report shows that 66 percent of all consumers are willing to pay more for a product from a sustainable company. This consumer demand is also putting pressure on retailers to more closely evaluate the products it puts on the shelf. In order to meet the demands for sustainable products, customers report on sustainability to an increasing extent. Today's customers want more information about the origin, quality and content of a product, but they also expect information about product packaging and companies' goals for sustainability.^[2]

Building industry shifts. The building industry is a sector with both direct and indirect impact on the environment. The construction, renovation, and demolition of a building inherently leaves a climate footprint. The building industry continues to evolve and come together to ideate, support, and innovate new methods and products that support sustainable building. Additionally, environmental certifications for new building construction, such as the certifications LEED and BREEAM is on the rise.

Stricter environmental legislation. On a regional, national and global scale stricter laws and regulations are creating a precedent for safer products. REACH (Registration, Evaluation, Authorization and Restriction of Chemicals), for example, is the EU's system that stipulates and monitors chemical and environmental safety requirements for goods that are launched on the EU market. Recently more countries in Southeast Asia and South America are legislating or are in the process of legislating while also introducing notification systems. In California and New York, legislation on chemical use and transparency on declaration of contents have become more stringent. While the increase of environmental legislation protects consumers and ensures environmentally safe products, there is a fragmented legislation between the countries (with the exception of REACH). The varying regulation means companies must remain nimble and flexible to meet these standards across the globe.

[1] <https://www.nationalgeographic.com/environment/2019/01/climate-change-awareness-polls-show-rising-concern-for-global-warming/>

[2]: Nielsen's 2015 Global Corporate Sustainability Report.

PLASTICS: A GLOBAL CHALLENGE

The use and reuse of plastic is a global concern. While progress is happening, there is not universal solution. Both the private and public sectors are working across the world to find resolutions to this highly complex issue. Companies continue to reduce their reliance on plastics. Consumers think twice before buying plastic bags, using recyclable bottles or plastic straws. There is also an increased legislation regarding plastics. In 2019, the EU approved a directive banning disposable plastic products, such as disposable cutlery and straws. In Canada and the United States, regional bans or fees for plastics have been implemented. In Central and South America, at least eight countries have implemented, or are about to implement, special bans or fees for plastic bags.^[3]

[3] Skräpprapporten – Håll Sverige Rent
https://www.hsr.se/sites/default/files/skrapprapport_2019_digital_lagupplöst.pdf

A SUSTAINABLE BUSINESS

The heart of Bona's lifecycle-based solutions and sustainable business model is the in-house research and development team. Continuous development and customer-driven innovations create value and long-term sustainable results.

Bona's mission is to create beautiful floors by offering products and systems that care for, maintain, and renovate a wide range of flooring surfaces throughout the entire life cycle of the floor. Offering alternatives to refurbish worn floors (rather than tearing out and discarding the materials) protects the earth's resources and is our most significant contribution to the environment and our communities. As a family-owned, 100-year-old company, Bona has worked with sustainable products and solutions for decades. For example, in the 1970's Bona was the first in the industry to innovate and market environmentally safe waterborne finishes.

OUR PASSION

Bona takes a strong lead in developing sustainability through innovation. Our passion for flooring in combination with a culture that supports curiosity and new ideas offers ideal conditions for continuous development. Bona's focused innovation goals and reinvestment in the company accelerate the innovation pace. We are always looking for new sustainable solutions, big or small, and look to every new development as a way to contribute and make a difference for the environment, for our customers, for professional craftsmen, and for society.

BUSINESS MODEL FOR A WIDE RESPONSIBILITY



RESEARCH AND DEVELOPMENT

At Bona's core is the in-house research and development teams in Sweden, Germany and the US. We have developed environmentally friendly products with high performance. New technologies and raw materials are carefully monitored to ensure compliance with applicable legislation. Bona has implemented global innovation processes and knowledge sharing across the company and the industry.



RAW MATERIALS

At Bona, we source and develop our raw materials within the strictest standards and safety for the environment. For several years now, Bona has reduced the VOC (Volatile Organic Compounds) content in finished products and increased the amount of green raw materials in all production units. This is Bona's system for Green Chemistry.



PRODUCTION

Bona's production facilities are continuing to work toward best practices in health, safety, and environmental impact. Bona has established goals for energy conservation, renewable energy production, reduction of water in production, and decreased waste.



DISTRIBUTION AND TRANSPORT

Bona's environmental goals for transportation apply to the company around the world. We are working to increase sustainable transportation solutions and smarter processes that reduce climate impact. Every country has different conditions and infrastructure considerations which are taken into account for the most efficient and sustainable solutions.



CUSTOMERS

Bona's customers, consumers, professional craftsmen, and floor manufacturers should always feel safe and secure when using Bona's products and systems. Health, safety and environment are of the utmost importance throughout the company and the products it offers.

RESPONSIBILITY FOR THE VALUE CHAIN

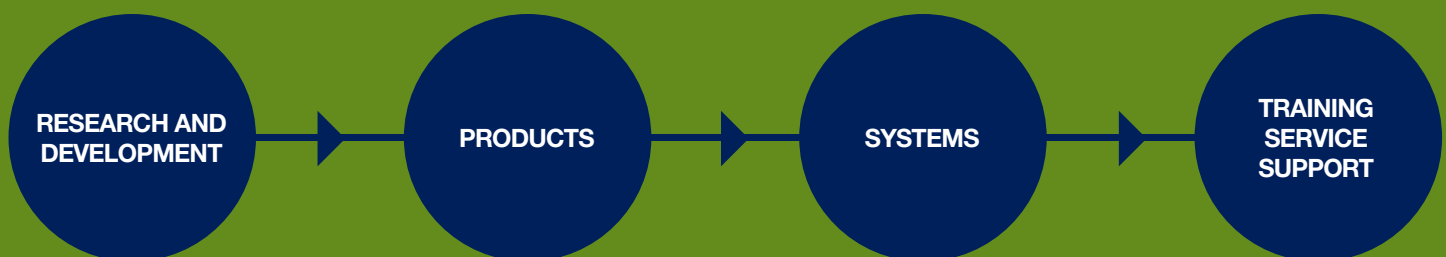
Bona's perspective on sustainable development is based on the belief that everything has the potential to improve. We are constantly evaluating our value chain to balance our commitment to sustainability, our promise of high quality, and ever-changing market demands.

At Bona, the value chain starts with research and development. We invest in innovation and carefully select raw materials that best support the quality and sustainable nature of our products. Because Bona's production and raw material development is in-house, it creates a unique opportunity to not only innovate more quickly, but to also make changes or product modifications faster than outsourcing.

Training, service, and support are also integral to Bona's operations. The Bona Certified Craftsman Program (BCCP), a certified training program for professional contractors, is a unique educational and networking community where members are trained on the latest products and technologies all while ensuring the correct use of Bona products and services. The program allows floor owners to feel at ease when using a Bona Certified Craftsman and allows the program members to stay connected, learn new skills and grow their business. Bona also offers an online, eLearning platform to all craftsman across the world to share skill development, product knowledge, and business development tips.

BONA'S VALUE CHAIN

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



SUPPLY CHAIN OWNERSHIP

Because Bona closely manages our business value chain we also take an ownership role in our supply chain. Bona's expertise in research and development enable us to be clear regarding the required components for our products and to drive sustainable development without sacrificing quality or performance. We review our compliance requirements regularly.

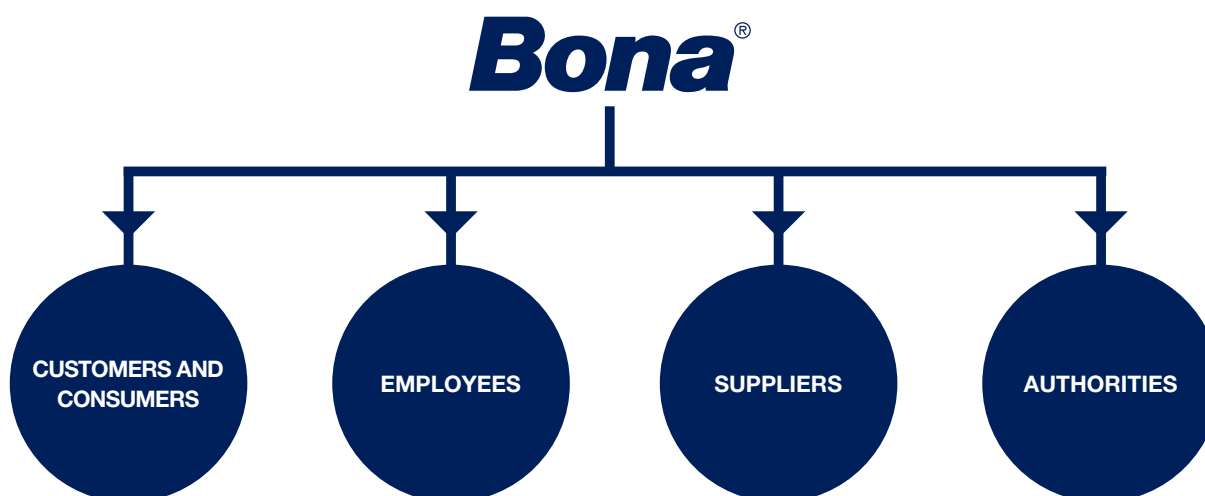
For more please see Bona's Code of Conduct which is based on the UN Global Compacts ten principles, International Labor Organizations core conventions and OECD guidelines for multinational companies.

BONA'S STAKEHOLDERS

On a daily basis Bona is in dialogue with stakeholders across the globe. This constant communication keeps us engaged in industry trends and allows us to shift our products and services to best meet stakeholder needs.

Bona's driving force is to develop the best, sustainability-focused products in the industry. In order to stay connected with constant market shifts and demands, we maintain open communication with those who are purchasing, using and living with our products. This ongoing, open dialogue allows us to stay tuned-in to the larger, more evergreen market needs and invest less in trends that may not have a long shelf life.

Bona's most important stakeholders are the groups that are affected by and/or affect our business. They are customers, consumers, employees, suppliers and authorities.



CUSTOMERS AND CONSUMERS

Bona is a global player with customers all over the world. Our customers are consumers, retailers, distributors, craftsmen, and facility management. Based on our expertise in sustainable products for hard surface flooring, we work to strengthen our customers' businesses with a focus on consumer needs.

EMPLOYEES

Active and committed employees who are involved in the success and progression of the business is paramount. Bona's values of Passion, Performance, Pioneering are embedded in our culture. The ONE Bona dialogue is carried out with all employees around the world. We also work cross-team and cross-country to ideate and share knowledge. Bona management engages in dialogue with employees through workplace meetings, annual appraisal discussions, and one-on-one meetings.

SUPPLIERS

Bona depends on strong business relationships with our suppliers to maintain a healthy business. We engage with our suppliers regularly at conferences and in meetings but also on an individual basis to ensure we're meeting supplier needs.

AUTHORITIES

As a company that strives to not only meet but to also exceed regulatory requirements, we also maintain strong relationships with governing bodies. These relationships occur at the local, regional, national, and global level with a core focus on those organizations responsible for the environment, safety, chemicals, and general health. On a national and global level, Bona works through various trade associations to share key learnings and connect with peers in the industry.

WE CONTRIBUTE TO THE UNITED NATIONS GLOBAL SUSTAINABILITY GOALS

Bona's sustainability platform is in accordance with the United Nations 17 Global Sustainability Goals as a way to contribute to global wellness and well being.

The UN global goals are intended to establish long-term sustainable development in the areas of economic, environmental, and social engagement. The goals support the implementation of Agenda 2030 which strives to eliminate extreme poverty, decrease inequalities and injustices, 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:



GOAL 8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



GOAL 9 INDUSTRY, INNOVATIONS AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



GOAL 12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Ensuring sustainable consumption and production patterns.

HOME





BONA'S COMMITMENT TO A SUSTAINABLE WORLD

Bona's commitment to sustainable development is based on our concern and care for our home - both our planet as well as the home where we live.



Bona's commitment to a sustainable world means a commitment to the environment. Our daily work is focused on research and development, innovation, and production that contributes to sustainable development taking the planet as our collective home into consideration. We strive to be a positive force that drives change by developing new, sustainable products and placing a higher demand on ourselves than governmental or legislative guidelines require.

CARING FOR OUR PLANET

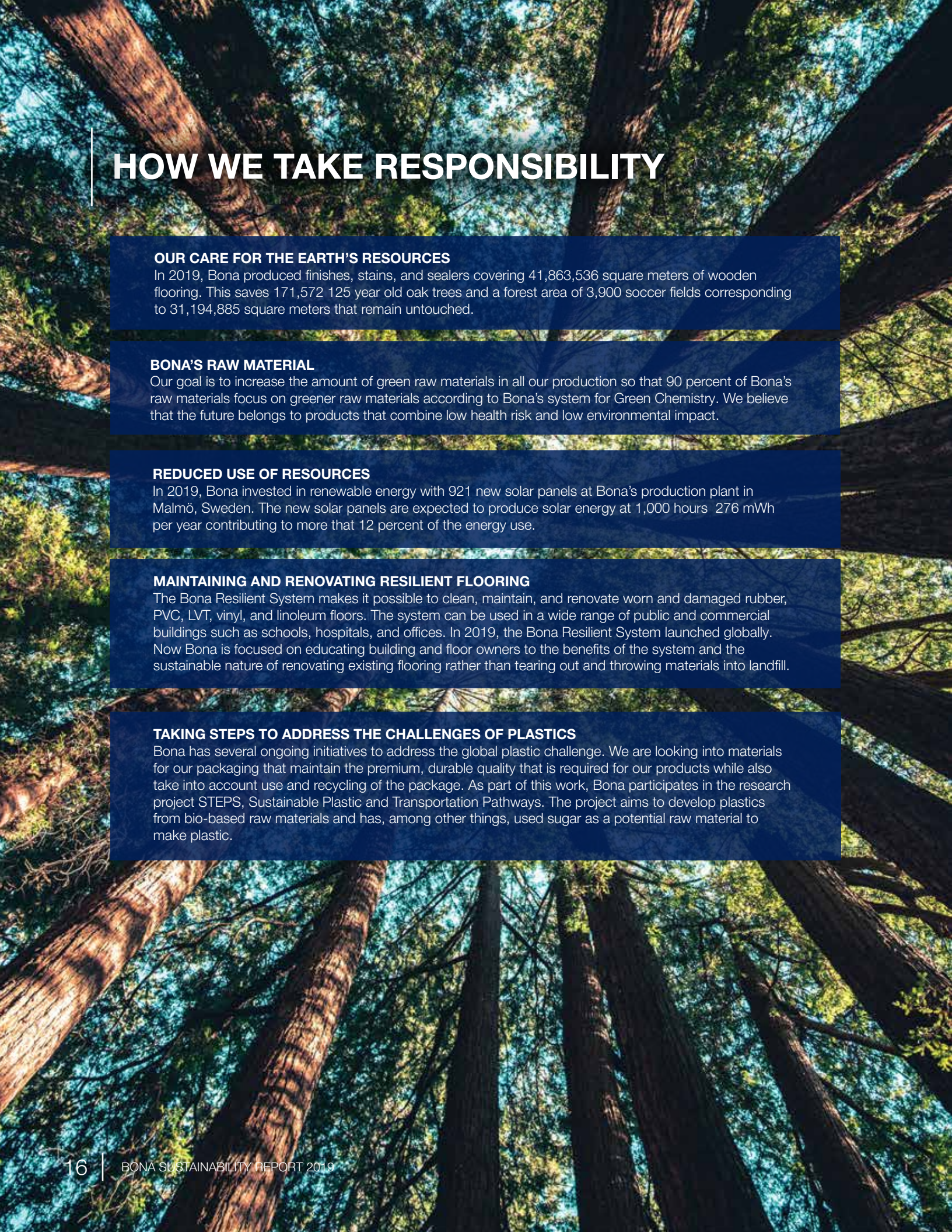
Based on Bona's concern for the environment, our long-term goal is to minimize the negative impact on the environment and create sustainable growth through innovation. Bona's Safety, Health, Environment, (SHE) policy, describes how safety, health and environmental risks are evaluated, mitigated, and navigated.

Additionally, Bona's research and development protocols keep health and environmental protocols top of mind. In our innovation process, sustainability means we always take into account the content of our chemical products, our emissions that affect our environment and climate, the life cycle of Bona's products, and the ability to conserve nature's resources.

Bona's development work is driven by the market demands and with care for our customers. Bona's product management team is an important link in Bona's development work. By staying abreast of new trends, connecting with stakeholders, and assessing the latest technologies, the product team at Bona works to keep our offerings innovative.

CARING FOR OUR SURROUNDINGS

The pursuit of a safer and healthier home is core to our promise. While Bona has long offered safe, low VOC products for the home (like our waterbased floor cleaners) we are always looking for new ways to innovate. We have come a long way on this journey, but there is more to do. As we move into a new decade, Bona is looking forward to even more offerings and solutions to contribute to a better indoor environment; in houses, offices, hospitals, buildings and schools.



HOW WE TAKE RESPONSIBILITY

OUR CARE FOR THE EARTH'S RESOURCES

In 2019, Bona produced finishes, stains, and sealers covering 41,863,536 square meters of wooden flooring. This saves 171,572 125 year old oak trees and a forest area of 3,900 soccer fields corresponding to 31,194,885 square meters that remain untouched.

BONA'S RAW MATERIAL

Our goal is to increase the amount of green raw materials in all our production so that 90 percent of Bona's raw materials focus on greener raw materials according to Bona's system for Green Chemistry. We believe that the future belongs to products that combine low health risk and low environmental impact.

REDUCED USE OF RESOURCES

In 2019, Bona invested in renewable energy with 921 new solar panels at Bona's production plant in Malmö, Sweden. The new solar panels are expected to produce solar energy at 1,000 hours 276 mWh per year contributing to more than 12 percent of the energy use.

MAINTAINING AND RENOVATING RESILIENT FLOORING

The Bona Resilient System makes it possible to clean, maintain, and renovate worn and damaged rubber, PVC, LVT, vinyl, and linoleum floors. The system can be used in a wide range of public and commercial buildings such as schools, hospitals, and offices. In 2019, the Bona Resilient System launched globally. Now Bona is focused on educating building and floor owners to the benefits of the system and the sustainable nature of renovating existing flooring rather than tearing out and throwing materials into landfill.

TAKING STEPS TO ADDRESS THE CHALLENGES OF PLASTICS

Bona has several ongoing initiatives to address the global plastic challenge. We are looking into materials for our packaging that maintain the premium, durable quality that is required for our products while also take into account use and recycling of the package. As part of this work, Bona participates in the research project STEPS, Sustainable Plastic and Transportation Pathways. The project aims to develop plastics from bio-based raw materials and has, among other things, used sugar as a potential raw material to make plastic.

COMMITTED TO GLOBAL SUSTAINABILITY



“As a company, we need to address the negative changes that are happening with our planet. At Bona, we take seriously the tenets of environment, economy, and society, as part of long-term sustainable development.”

Björn Johansson
Global Environmental Manager

We all ask ourselves: how can we meet today's needs while also ensuring that our grandchildren can meet their needs? World class manufacturers face many challenges in seeking global sustainability. At Bona, emissions, packaging, and raw materials are three major areas of focus, says Björn Johansson, who holds a PhD in chemical engineering and has extensive experience of various types of industrial surface treatment processes.

We live in a society where global carbon emissions, particularly those caused by transportation, continue to rise worldwide. Bona seeks to reduce its climate impact by being as efficient as possible throughout the entire process of procurement, manufacturing, and distribution. We strive to buy raw materials from suppliers near our factories. We transport our products by train instead of truck whenever possible. We reduce our energy consumption through solar panels at our factory in Sweden and distribution center in Germany. We develop water-based finish as an effective replacement for solvent-based products, and we continue to look for better protocols that lead to more efficient logistics solutions.

Bona is proud to be at the forefront of high-quality packaging that can be recycled and reused. But there is still more we can do. We continue to devote more resources to research and testing, and to set even higher goals. One challenge we are addressing is balancing our various activities that affect our carbon footprint. We know that it's not one single activity that affects environmental impact, but when that activity is put in a global perspective, the difference becomes significant. The challenge is to weigh the different perspectives – for example, if we find packaging material that is reusable but heavier, it may not be sustainable from a broad perspective because it costs more to transport. The key is to find a high-quality packaging solution that has a significant positive effect on our environment.

In everything we do, we at Bona constantly strive to find the right balance between what we think is best and what our customers expect from us. Sustainability means the courage and the will to make long-term sustainable decisions and act in an ethical manner to do what's best for our planet.

HEALTH





BONA'S COMMITMENT TO A HEALTHY BUSINESS AND WORK LIFE

A healthy business means a deep commitment to healthy employees. Bona's commitment to sustainable development of our business and our employees is based on our financial and social responsibility, and a profound respect for human rights.



Bona strives for a sustainable workplace where the employees can feel happy, safe and grow in their own professional development.

SUSTAINABLE BUSINESS GROWTH

Bona maintains a commitment for long-term success and growth without compromising our responsibility for social conditions, personnel, and human rights. Bona is working towards Vision 2020, a strategic plan with a view to holistically grow the business based on sustainability, innovations, and customer-driven development. The vision states ambitious annual goals with 10 percent organic growth, 10 percent profit, and 10 percent growth through new initiatives.

We strive to maintain a robust business that ensures that we meet financial goals and adapt to a changing world. By keeping our business healthy we can invest in research, education, our people, and technology. At the same we adhere closely to Bona's Code of Conduct to ensure our business growth is also meeting social and ethical standards.

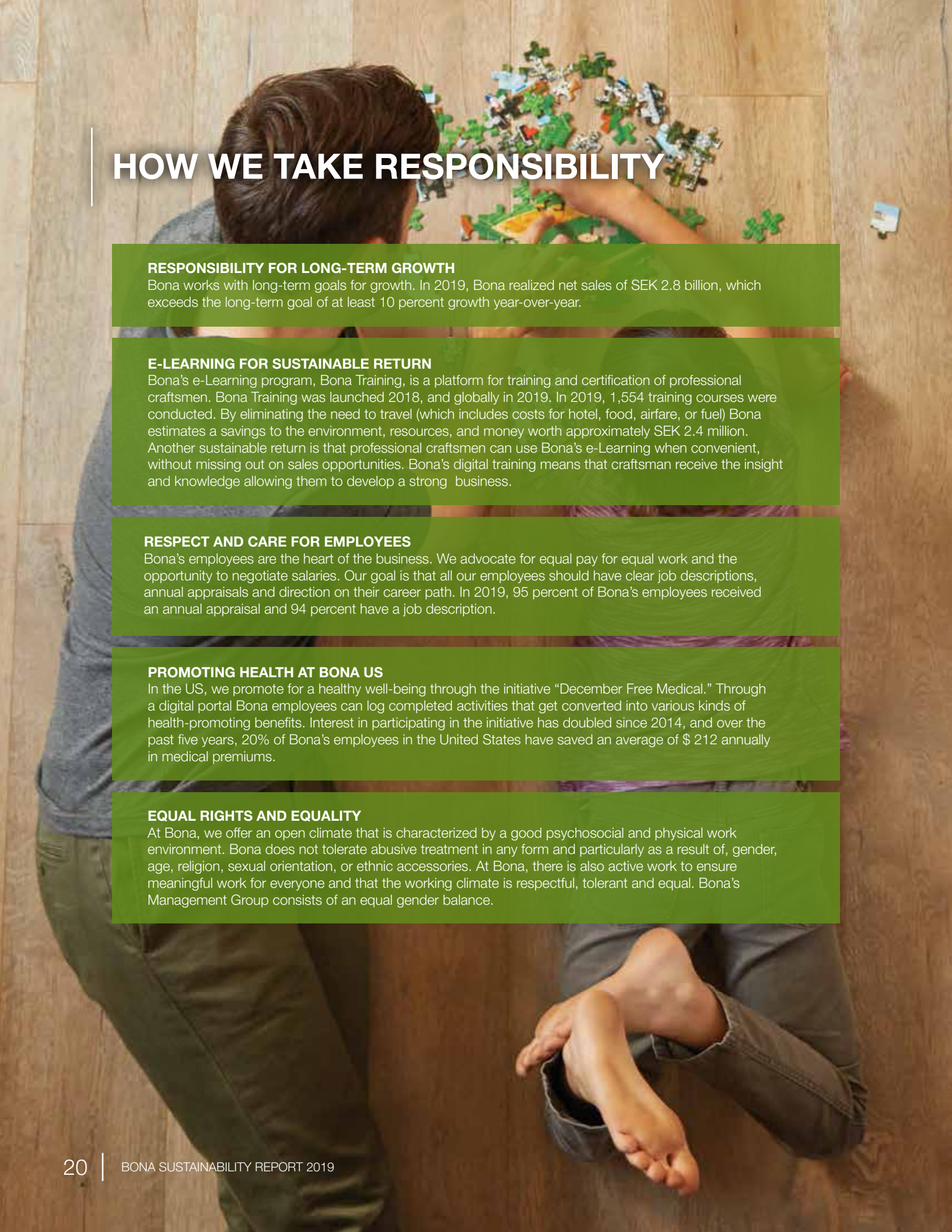
Working on the basis of business ethical principles is a prerequisite for running our business responsibly. This is the foundation that allows us to gain the trust of our partners, customers, and employees.

CARE FOR OUR EMPLOYEES HEALTH AND WELLBEING

We believe that respect for human rights starts with us. Our goal is to be a supportive, inspiring workplace where people can thrive. Therefore, we have zero tolerance for harassment or discrimination. We work to achieve equal pay for equal work and offer the opportunity to negotiate salaries.

Bona strives to be a prosperous company and our employees are the key success factors in this work. Bona's ability to attract competent and committed employees is crucial to drive development in accordance with strategic plans and achieving our goals.

One of our most important responsibilities as an employer is to ensure that everyone is safe, secure, and healthy. Therefore, safety, health, and sustainability are a top priority. In addition to competitive benefits for employees including salary, health benefits, internal culture dialogs and other advantages, Bona's employees are given the opportunity for continuous skills development and knowledge exchange in a global network-based organization.



HOW WE TAKE RESPONSIBILITY

RESPONSIBILITY FOR LONG-TERM GROWTH

Bona works with long-term goals for growth. In 2019, Bona realized net sales of SEK 2.8 billion, which exceeds the long-term goal of at least 10 percent growth year-over-year.

E-LEARNING FOR SUSTAINABLE RETURN

Bona's e-Learning program, Bona Training, is a platform for training and certification of professional craftsmen. Bona Training was launched 2018, and globally in 2019. In 2019, 1,554 training courses were conducted. By eliminating the need to travel (which includes costs for hotel, food, airfare, or fuel) Bona estimates a savings to the environment, resources, and money worth approximately SEK 2.4 million. Another sustainable return is that professional craftsmen can use Bona's e-Learning when convenient, without missing out on sales opportunities. Bona's digital training means that craftsmen receive the insight and knowledge allowing them to develop a strong business.

RESPECT AND CARE FOR EMPLOYEES

Bona's employees are the heart of the business. We advocate for equal pay for equal work and the opportunity to negotiate salaries. Our goal is that all our employees should have clear job descriptions, annual appraisals and direction on their career path. In 2019, 95 percent of Bona's employees received an annual appraisal and 94 percent have a job description.

PROMOTING HEALTH AT BONA US

In the US, we promote for a healthy well-being through the initiative "December Free Medical." Through a digital portal Bona employees can log completed activities that get converted into various kinds of health-promoting benefits. Interest in participating in the initiative has doubled since 2014, and over the past five years, 20% of Bona's employees in the United States have saved an average of \$ 212 annually in medical premiums.

EQUAL RIGHTS AND EQUALITY

At Bona, we offer an open climate that is characterized by a good psychosocial and physical work environment. Bona does not tolerate abusive treatment in any form and particularly as a result of, gender, age, religion, sexual orientation, or ethnic accessories. At Bona, there is also active work to ensure meaningful work for everyone and that the working climate is respectful, tolerant and equal. Bona's Management Group consists of an equal gender balance.

A FOCUS ON HEALTH, SAFETY & THE ENVIRONMENT



"Bona has always been a leader in making products that work well and are healthy for the environment. This company cares for the health of its employees and consumers. That's what has compelled me to come to work for Bona 22 years ago, and that's why I stay here."

Lisa King
SHE Specialist

Healthful environments lead to healthy and happy people who enjoy working with and using our products. From waterborne stains and finishes to dust containment to encouraging employees to stay healthy, our commitment is a holistic journey with big goals.

"We build and renovate buildings and homes very efficiently nowadays, creating tighter window and door seals," King explains. "Those energy efficiencies also increase the toxins inside our home because they have nowhere to escape. We have to make our products with fewer chemicals while maintaining their effectiveness."

Not only do we implement rigorous internal testing of all our products, but we look to two, third-party, certifying organizations to confirm our findings – GREENGUARD and Green Seal. Bona's full system of waterborne hardwood floor stains and finishes have been GREENGUARD certified since 2005 with several products being GREENGUARD GOLD certified since 2010. Bona's hardwood floor and hard surface care and maintenance products have been GREENGUARD GOLD certified since 2006.

More recently, Bona received Green Seal certification on its one-component premium waterborne athletic wood floor finish, Bona SuperCourt OPTUM. Green Seal certification standards maintain safety/health/environment (SHE) criteria and regulate the use of hazardous chemicals in products. The GREENGUARD and Green Seal certifications are very stringent processes with frequently changing benchmarks backed by research and facts.

In addition to our third-party certifications Bona continuously improves the health of our employee work environments. For example, product ingredients are delivered via a tanker truck and silo pumped directly into the tanks. This eliminates dust or air particles in addition to increasing efficiencies.

King, whose responsibility also includes assuring that Bona's liquid products are compliant with the Global Harmonization program of labeling chemicals, theorizes the next decade for Bona.

"Homes and buildings keep getting smarter and more energy efficient, so we need to stay ahead of that innovation by making interior products that are effective and promote a healthy, sustainable environment," she says.

Similarly, for workers, as technology continues to modernize, Bona will identify and use more closed-loop manufacturing systems that minimize the actual touching of raw materials. We focus on offering a healthy and innovative work environment that makes employees want to have long-term careers with Bona.



HUMANITY





BONA'S COMMITMENT TO THE COMMUNITY

At Bona, we hope to make a difference every day with the people we know and the communities in which we live. Our mission is to give back to our local communities, schools, and organizations while also contributing on a global scale.



We believe that sustainable results are created by nurturing and developing long-term relationships. Our goal is to give back and make a difference in our society, both locally and globally. Bona is a family-owned company that believes in humanity and reinvests in long-term sustainability. Bona stands for sound values, for equality and diversity, and is against discrimination.

We conduct an economically stable business where our biggest contribution to society is the local job opportunities we create and the tax revenue we contribute. We also encourage all our employees to participate and get involved in community projects wherever possible.

WE CARE FOR OUR COMMUNITIES LOCALLY AND GLOBALLY

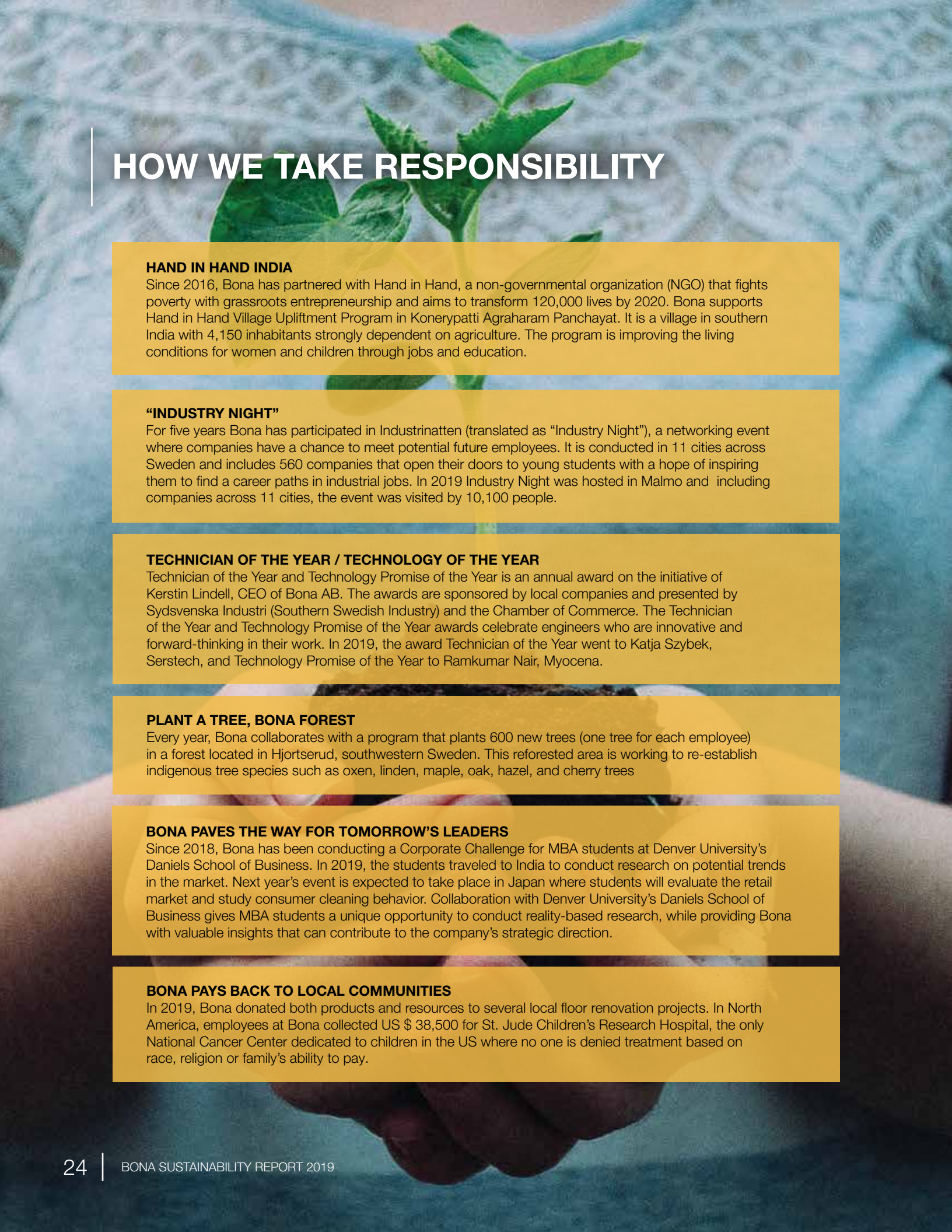
At Bona we want to contribute and strengthen our relationships with our global and local community. Our long-term goal is to work for a better world with respect for people and to work where we can make the most difference.

Bona is involved in various community initiatives and charity projects. We believe that giving back in large and small ways creates ripple effects to a better world.

BONA'S COMMITMENT TO SOCIETY

Bona is also involved in various development issues for the sustainable development of our society. For example, Bona has instituted an annual award which is given to promising students in technology and chemistry. We are also committed to welcoming students through a Swedish initiative called Teknicsprånget.

We believe that sustainable social development takes place in collaboration with others in society, including the academic and research sectors. Bona's ambition is to take a clearer role in raising awareness and influence through the dissemination of knowledge and expertise. Collaborating in research projects with universities provides us a platform to create cross-border innovations, share knowledge and gain new perspectives from other disciplines, companies, and industries.



HOW WE TAKE RESPONSIBILITY

HAND IN HAND INDIA

Since 2016, Bona has partnered with Hand in Hand, a non-governmental organization (NGO) that fights poverty with grassroots entrepreneurship and aims to transform 120,000 lives by 2020. Bona supports Hand in Hand Village Upliftment Program in Konerypatti Agraharam Panchayat. It is a village in southern India with 4,150 inhabitants strongly dependent on agriculture. The program is improving the living conditions for women and children through jobs and education.

“INDUSTRY NIGHT”

For five years Bona has participated in Industrinatten (translated as “Industry Night”), a networking event where companies have a chance to meet potential future employees. It is conducted in 11 cities across Sweden and includes 560 companies that open their doors to young students with a hope of inspiring them to find a career paths in industrial jobs. In 2019 Industry Night was hosted in Malmö and including companies across 11 cities, the event was visited by 10,100 people.

TECHNICIAN OF THE YEAR / TECHNOLOGY OF THE YEAR

Technician of the Year and Technology Promise of the Year is an annual award on the initiative of Kerstin Lindell, CEO of Bona AB. The awards are sponsored by local companies and presented by Sydsvenska Industri (Southern Swedish Industry) and the Chamber of Commerce. The Technician of the Year and Technology Promise of the Year awards celebrate engineers who are innovative and forward-thinking in their work. In 2019, the award Technician of the Year went to Katja Szybek, Serstech, and Technology Promise of the Year to Ramkumar Nair, Myocena.

PLANT A TREE, BONA FOREST

Every year, Bona collaborates with a program that plants 600 new trees (one tree for each employee) in a forest located in Hjortserud, southwestern Sweden. This reforested area is working to re-establish indigenous tree species such as oxen, linden, maple, oak, hazel, and cherry trees.

BONA PAVES THE WAY FOR TOMORROW'S LEADERS

Since 2018, Bona has been conducting a Corporate Challenge for MBA students at Denver University's Daniels School of Business. In 2019, the students traveled to India to conduct research on potential trends in the market. Next year's event is expected to take place in Japan where students will evaluate the retail market and study consumer cleaning behavior. Collaboration with Denver University's Daniels School of Business gives MBA students a unique opportunity to conduct reality-based research, while providing Bona with valuable insights that can contribute to the company's strategic direction.

BONA PAYS BACK TO LOCAL COMMUNITIES

In 2019, Bona donated both products and resources to several local floor renovation projects. In North America, employees at Bona collected US \$ 38,500 for St. Jude Children's Research Hospital, the only National Cancer Center dedicated to children in the US where no one is denied treatment based on race, religion or family's ability to pay.

GIVING BACK TO THE COMMUNITIES WHERE WE LIVE



"Bona uses our company resources to assure a sustainable future for the communities in which we live and work."

Jesus Crende

*Area Sales Manager,
Bona Latin America*

Recently, Bona learned of a group of low-income schools in Mexico whose students used an extremely damaged community sport floor for activities. In addition to offering physical activity as well as a safe and productive pastime for students, the sports facility helps students gain important leadership and team-building skills achieved by playing sports.

Giving the students the high-quality, sturdy new floor they so desperately needed required a valiant community effort, as well as a source to lead the charge. Bona was glad to be that source. We offered to donate the materials and organize resources to refinish the floor.

We contacted graduates of our Bona Certified Craftsman Program (BCCP) and invited them to donate time and labor to refinish the floor. The response was overwhelming. We invited graduates to donate their time and labor, and received an overwhelming response. As a team, we transformed the dilapidated sport floor into a beautiful and safe surface that will be used by numerous students for years to come.

In addition to wood flooring education, one of the key tenets of the BCCP program is the concept of giving back to our community. Bona organizes numerous sport floor restoration projects by donating materials and inviting graduates to donate their time to improve the surfaces and outcomes in the neighborhoods who utilize these floors. This 'pay it forward' concept is an industry differentiator for Bona, and it also dovetails with our values of doing the right things in the right ways. We use humanitarian efforts to provide innovation, professionalism and sustainable careers - as well as safe surfaces - for communities.

Crende, who joined Bona over a decade ago, currently serves as area sales manager for Bona's Latin American operations. He recalls how many of these students entered the BCCP program with no money or resources, and little hope for a sustainable future. They've progressed from excellent laborers to successful wood flooring business owners who freely join us in giving back to our communities.

"I am extremely proud of the Bona team effort, as well as the dedicated BCCP professionals who've made a difference in the lives of their families and countless others by joining us in giving back to our communities," says Crende.

REPORT ON BONA'S SUSTAINABILITY WORK DURING 2019

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

The overview summarizes Bona's most significant sustainability data in the four areas of environment, social conditions, personnel, respect for human rights and countering corruption. Bona has chosen to cluster the social aspects and report them together.

GOVERNANCE OF BONA'S SUSTAINABILITY WORK

Bona's supervision of the sustainability work is managed within the framework of Bona's regular organization and management. Bona's Group Management has overall responsibility for strategies, goals, and measures and the follow-up is carried out. Bona's Group Management meets four times a year and reports to Bona's Board four times a year.

Bona departments have the operational responsibility for their sustainability work. The CEO or the head of each subsidiary has the ultimate responsibility for this work. The departments report on a monthly basis in smaller groups.

Changes compared to 2018 Sustainability Report

Bona has added two new goals to the Sustainability Report 2019. They are:

1 NEW GOAL IN THE SECTION ENVIRONMENT

Annual internal audit to evaluate and ensure that Bona uses the most sustainable raw materials.

1 NEW GOAL IN THE SECTION SOCIAL CARES, ENVIRONMENT AND PERSONNEL

Increase sales of Bona Dust Containment System.

BUSINESS ETHICS

Goal	Results 2019	Primary risks	Risk management
All employees shall undergo training in business ethics and anti-corruption every third year.	The goal has not been fulfilled but all new employees received training during this 3-year period. One case submitted through 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. Bona Group Code of Conducts with guidelines for business ethics in operational management and stakeholder relationships. Supplier policy
Continuous evaluation of Bona suppliers.	All of Bona's current suppliers have been evaluated. Documentation is stored in Framework.		

ENVIRONMENT

Goal	Results 2019	Primary risks	Risk management
Reduce waste by 10 % and reduce energy consumption by 5 % by 2020 in relation to levels from 2015.	Energy consumption increased 16% compared to the 2018 level which means increased consumption by 11% from 2015 levels. Deviation is due to change in reporting regarding energy consumption. Waste increased by 3% compared with the previous year which means a total increase of 4% from 2015 levels. Deviation is due to increased use of water in production stage	Overuse of the earths resources. Hazardous chemicals in products, environment and work environment. Accident connected production. Emissions of fossil fuels at transport.	Safety, Health and Environment (SHE) policy that describes how safety, health and environmental sustainability always should be prioritized in all of Bona's process. Research and development policy with guidelines for prioritization of sustainability and life-cycle aspects in developing new products and raw materials. Bona Group Code of Conduct that outlines expected behavior for employees with regard to environmental issues. Closed production system and specific crisis management plans for each production risk. Evaluations annually. Product labeling and SDS sheets (Safety Data Sheet). In US membership in Smartway, prioritizes transportation efficiencies.
Contribute to sustainable consumption, through renovation rather than replacement of: - Wooden and parquet floors - Hard surface floors like resilient, linoleum, PVC, and rubber	<u>Wooden and parquet floors</u> In 2019, Bona produced finishes, stains and sealers covering 41,863,536 square meters of wooden flooring. This saves 171,572 125 year old oak trees and a forest area of 3,900 soccer fields corresponding to 31,194,885 square meters that remain untouched. <u>Semi-hard floors</u> As part of Bona's development work in 2019, Bona has initiated a life cycle analysis to identify measurement data for semi-hard floors, via IVL, Swedish institute for water and air. Report will be published in 2020.		

ENVIRONMENT, CONTINUED

Goal	Results 2019	Primary risks	Risk management
Over 50% of Bona's gross margin should come from new products	Goal not met. In 2019 37% of gross margin came from products younger than five years old. During 2019 there were however, three product categories that achieved higher than 50% gross margin from new products; Consumer Products, Do It Yourself renovation products, and Industrial Coatings.	Overuse of Earth's resources. Hazardous chemicals in products, environment, and working environment. Accident connected to production plant. Emissions of fossil fuels during transport.	Safety, Health and Environment (SHE) policy that describes how safety, health and environmental sustainability always should be prioritized in all of Bona's process. Research and development policy with guidelines for prioritization of sustainability and life-cycle aspects in developing new products and raw materials. Bona Group Code of Conduct that outlines expected behavior for employees with regard to environmental issues. Closed production system and specific crisis management plans for each production risk. Evaluations annually. Product labeling and SDS sheets (Safety Data Sheet). In US membership in Smartway, prioritizes transportation efficiencies.
More than 90% of Bona's raw materials are categorized as green according to Bona's system for Green Chemistry.	The target of 90% is met by the unit in Malmö. Renewal of measurement method is needed.		
Continuous evaluation of effective sustainable transport options.	As part of its development work, Bona continuously leverages opportunities to streamline even more sustainable transport. More than 90% of transport is by train. In the US, Bona uses SmartWay which to consolidate and streamline good transportation based on size and weight.		
NEW OBJECTIVE Internal audit twice a year to evaluate and ensure that Bona uses the most sustainable Raw materials.	Goal not met. Process started in 2019 to identify focal points for auditing which includes raw material approval, phasing in/out material, and potential improvements.		

SOCIAL CONDITIONS, PERSONNEL, AND HUMAN RIGHTS

Goal	Results 2019	Primary risks	Risk management
Cost related to quality control should not exceed 0.5% of sales.	Goal not met. In 2019 quality control was 0.6% of sales due to extraordinary cost items in Bona's logistics and supply chain during the year.	Improper use of products.	Improper use of products. Damage to the production process or link in the value chain. Unhealthy working environment, exposure to dust. Unequal pay and opportunity for development in their work role. Discrimination or harassment in the workplace.
Continuously create more educational opportunities for Bona user.	1,904 certifications completed via Bona Certified Craftsman Program (BCCP). 1,554 online trainings completed via Bona Training.		
Zero work-related accidents.	20 reported accidents, which has increased since 2018 by 12 accidents. Reason for deviation is that measurement for 2019 includes a larger geographical than previously measured. measurement year.		
NEW OBJECTIVE Increase sales of Bona Dust Containment System.	For the past 10 years Bona sold more than 7,200 Dust Containment units that filter 98.8% of the airborne dust from hardwood floor sanding.		
All employees shall have an annual pay discussion and job description.	100% of Bona employees received an annual review, an increase of 5% since last year. 94% have a role description which is the same result as for 2018.		
No conflict related interests.	Goal not fulfilled in 2019. One incident reported.		



MALMÖ 2020-03-16

Bertil Edner

Chairman of the Board

Britt-Marie Forsberg

Member of the Board

Kerstin Lindell

CEO

**AUDITOR'S STATEMENT REGARDING THE 2019
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 2019 and that it is prepared in accordance with the Swedish Annual Accounts Act.

AUDIT'S ORIENTATION AND SCOPE

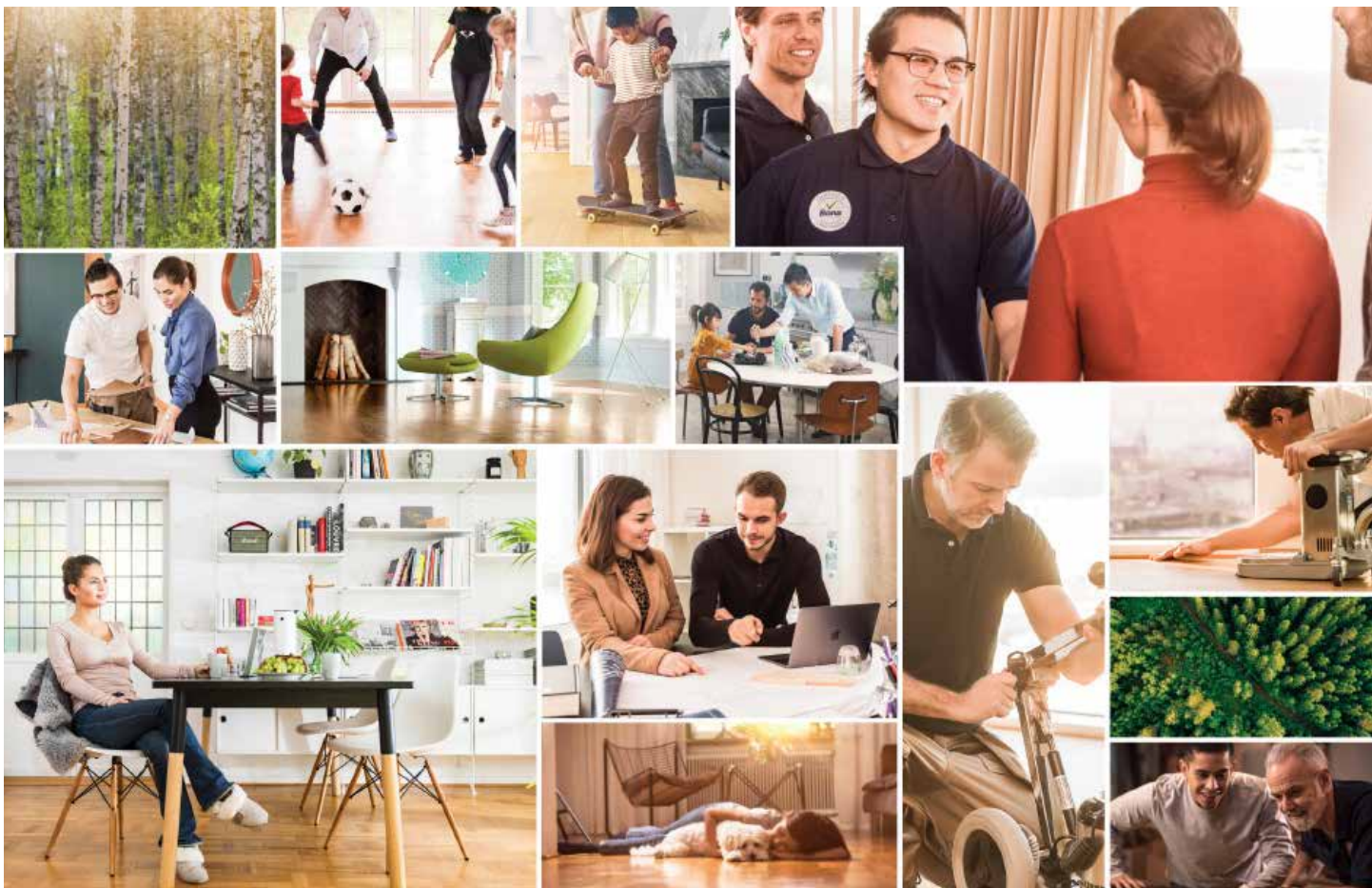
Our audit has been conducted in accordance with FAR's recommendation RevR 12 that regulates auditor statements regarding the statutory sustainable report. This entails that our audit of the sustainability report has a different orientation and a significantly narrower scope compared to the orientation 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 16 2020

Johan Thuresson
Authorized auditor



Bringing out the beauty in floors.

Bona is a family-owned company founded in 1919. With its headquarters in Malmö, Sweden, Bona is now present in more than 90 countries all over the world through subsidiaries and distributors. We provide products for the installation, maintenance, and renovation of floors throughout their lifetime. Today, we have solutions for professionals, homeowners, and prefinished manufacturers.

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