

Assurance statement: AA1000

Trucost was engaged by Tennant Company to assure data held within its 2019 CDP Climate Change Questionnaire Response.

Intended users

The intended users of this assurance statement are the management and stakeholders of Tennant Company (hereafter, Tennant).

Responsibilities of Tennant and assurance provider

The management of Tennant has sole responsibility for the preparation and content of the CDP Climate Change Response (hereafter, CDP). Trucost's statement represents its independent and balanced opinion on the content and accuracy of the information and environmental data held within.

Assurance standard

Trucost undertook the assurance in accordance with AA1000AS (2008 with 2018 addendum) Type 2 moderate-level assurance, covering:

- ✓ Evaluation of adherence to the AA1000APS (2018) Principles of inclusivity, materiality, responsiveness and impact (the Principles)
- ✓ Reliability of greenhouse gas (GHG) emissions

Trucost used the GHG Protocol to evaluate performance information and adherence to the Principles.

Scope and limitations

Trucost was engaged to assure the data and claims in Tennant's 2019 CDP Climate Change Questionnaire Response, encompassing the period of 1 January 2018 – 31 December 2018. Tennant took an operational control approach. This statement relates specifically to the information disclosed in the Questionnaire, and may not be interpreted as validating environmental data reporting in other sources.

Trucost verified the environmental impacts (as calculated by Tennant) listed within the table in the next column.

Methodology

Trucost's assurance activities included the following:

- Review of the processes by which Tennant defines the sustainability issues that are relevant and material to its operations and stakeholders
- Interviews with managers responsible for sustainability performance and data collection
- Verification of data accuracy for a selection of sites, including an audit of conversion factors and calculations
- Assessment of the extent to which Tennant's sustainability activities adhere to the Principles
- Limited assessment of evidence provided to support key claims in its CDP Response
- Review of processes and systems used to gather and consolidate environmental data

SCOPE	SOURCE	UNIT	QUANTITY
GHG Scope 1	Natural Gas	Metric tons CO ₂ e	27,403
	LPG		
GHG Scope 2	Propane		14,385
	Gasoline		
GHG Scope 3	Diesel		9,608
	Ethanol		
GHG Scope 3	E85	364,812	
GHG Scope 3	Use of Sold Products (2017)	367,060	

Findings, conclusions and recommendations

The Principles: Nothing came to Trucost's attention to suggest that Tennant's CDP response does not adhere to the AA1000AS Principles.

Data reliability:

Trucost's review included an audit of Tennant's data calculation methodology and conversion factors. Trucost found Tennant's approach to be comprehensive and accurate. Notably, this was the third year that Location Based and Market Based Scope 2 Emissions were assured, and Trucost found the data and reporting methodology to be in line with the recommendations of CDP. All minor corrections were made as necessary.

Tennant has implemented good process and software systems to collect global energy consumption and uses a spreadsheet tool to calculate GHG emissions. The most up-to-date conversion factors available were used. Trucost encourages Tennant to continue to review and update emissions factors annually or as available.

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PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Tennant has identified customers, investors, and employees as the company's key stakeholder groups. Other stakeholder groups identified include value stream (suppliers and distribution channel) members, governments, communities, NGOs, and trade organizations & partners. These stakeholder groups were identified during a formal stakeholder assessment that Tennant conducted in 2013. Tennant has publicly reported on the output of the stakeholder assessment, which includes engagement strategies, tactics and the identification of major issues and areas of concern for each stakeholder group. Tennant also reviews the performance of its suppliers to ensure that they are in compliance with Tennant's supplier guidelines and expectations. A supplier summit was held in early 2017, identifying additional engagement opportunities. Tennant followed up on those opportunities identified at the supplier summit through 2017-2018. Tennant began targeted engagement with an important group of direct material suppliers in 2018. The category constitutes 2% of suppliers by number, 8% of the supplier spend and over 10% of Scope 3 "Purchased goods and services" category emissions.</p> <p>There are different avenues available for stakeholders to voice their concerns, such as a hotline number for employees or any other member of community to report on ethical concerns, which is publicly available on its website. The communication channels available to external stakeholders include direct communication through corporate communications, investor relations and through the company's website. With the majority of its sales and services delivered directly to customers, Tennant also has regular direct engagement with its shareholders and customers, which includes communication on sustainability issues.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Tennant conducted a formal materiality assessment in 2013 to identify the key sustainability focus areas for itself and its stakeholders based on the most significant sustainability impacts. The company aims to re-run the materiality assessment next year by including IPC, which was acquired in April 2017. Tennant plans to include its recent acquisition Gaomei in this process from 2020 onwards. Tennant has embedded IPC's Scope 1 & 2 emissions in this year's reporting boundary and intends to include Scope 3 emissions in its reporting boundary from next year onwards. The company recognizes stakeholder input as pivotal for determining materiality.</p> <p>Investors are increasing their focus on ESG Ratings. Tennant has addressed areas of improvement identified in these ratings, mainly by increasing publicly available information. The company prioritizes the safety of its employees in the Services and Operation and Logistics department.</p>
<p>Responsiveness: an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions and performance, as well as communication with stakeholders</p>	<p>Tennant responds to all the stakeholders feedback received. The company prioritizes action if the concerns are new and pertinent. If deemed necessary, a project team might be created headed by a project leader. For other concerns, Tennant's response is guided by the results of the materiality mapping process. Tennant considers physical risk and transition risk to be critical for business continuity. The company manages physical risk by undertaking business risk assessments. It involves devising business continuity plans in the wake of an extreme weather event. Trucost recommends Tennant develop a quantitative assessment framework for evaluating chronic physical risks relevant to its operations. The company manages transition risks through its Product Regulatory Group and having appointed a Product Stewardship Engineer. The group monitors regulations which could affect Tennant product categories currently or in the future. The Senior Product Stewardship engineer works closely with the R&D group to turn technology risks into opportunities. An example to demonstrate this commitment is to shift their current product lines away from internal combustion and towards battery power. Tennant has set a shadow price of carbon to both quantify risk and understand potential impacts of change in their energy usage. The company plans to understand how the acquisition of IPC influences carbon risk at the enterprise level in 2019 3rd quarter. The company increased its total 2018 RECs purchases by more than 75% compared to 2017.</p>
<p>Impact: Organisations should monitor, measure and be accountable for how their actions impact their broader ecosystems</p>	<p>Tennant reviews its progress annually against the science-based emission reduction goals by reviewing the overall GHG footprint upon submission to CDP. The company plans to undertake a full-scale materiality assessment in 2020 to reassess its emission reduction goals as a result of acquiring IPC and Gaomei. Tennant plans to set the base year as 2018 or 2019 while setting a new emission reduction target. The company recognizes the GHG emissions of its sold product to be much higher when compared to embodied emission of its raw materials. The Global Strategic Supply team is considering next steps for supplier assessment and intends to formalize a plan in the second half of 2019. The company estimates its customers to have avoided 13,400 mT. of CO₂e from ec-H₂O and ec-H₂O NanoClean equipped scrubber-driers and 800 mT from reconditioned equipment in 2018 respectively. Tennant measured the revenues from the sale of low emission goods and services to be more than \$1.34 billion from 2008-2018.</p>

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Assurance provider

Trucost has been researching, standardizing and validating corporate environmental performance data since 2000. Trucost's research team has the relevant professional and technical competencies and experience to conduct an assurance to the AA1000 standard. Trucost did not provide any services to Tennant during 2018 that could conflict with the independence of this work. This is the fifth year that Trucost has assured Tennant's environmental data held within its Corporate Sustainability Report and response to CDP.

Trucost, part of S&P Global
London, July 2019



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Trucost
ESG Analysis

S&P Global

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