

Assurance statement: AA1000

Trucost was engaged by **Tennant Company** to assure data held within its 2020 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 the sole responsibility for the preparation and content of CDP Climate Change Response (hereafter, CDP Response). Trucost's statement represents its independent and balanced opinion on the content and accuracy of the information and 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)
- ✓ The reliability of greenhouse gas (GHG) emissions calculations

Trucost used the Global Reporting Initiative (GRI) and the GHG Protocol to evaluate Tennant's performance information and adherence to the principles.

Scope and limitations

Trucost was engaged to assure the data and claims in Tennant's 2020 CDP Response, encompassing the period of 1 January 2019 – 31 December 2019. Tennant took an operational control approach. Trucost was asked to assure reporting for Scope 1, Scope 2 and Scope 3 category 11 (use of sold products) greenhouse gas emissions. Trucost verified the environmental impacts (as calculated by Tennant) listed within the table in the next column.

When compared to 2018 the emissions from Scope 3 category 11 (use of sold products) has increased by 58%. This change in emissions has occurred due to inclusion of the IPC and Gaomei product lines that were acquired by Tennant in 2017 and 2019, respectively. These product lines were not included in Scope 3 category 11 emissions calculated for reporting year 2018.

GHG SCOPE	SOURCE	UNIT	QUANTITY
Scope 1	Natural Gas	Metric tons CO ₂ e	26,686
	LPG		
	Propane		
	Gasoline		
	Diesel		
Scope 2	Ethanol E85	Metric tons CO ₂ e	14,310
	Location-based		
Scope 3	Market-based	Metric tons CO ₂	6,623
	Use of sold products (2019)		
Scope 3	Use of sold products (2018) ¹	Metric tons CO ₂	579,929
Scope 3	Use of sold products (2018) ¹	Metric tons CO ₂	367,529

¹ When compared to FY2019 assurance statement, the Scope 3 category 11 emission values reported for FY2018 in the table varies negligibly due to methodology refinement made by Tennant.

Findings, conclusions and recommendations

The principles: Nothing came to Trucost's attention to suggest that Tennant's CDP Response does not adhere to the AA1000 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. 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 a good process and software system 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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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 its stakeholders.
- Interviews with managers responsible for sustainability performance and data collection.
- Verification of data accuracy for selected sites, including an audit of conversion factors and calculations.
- Assessment of the extent to which Tennant's sustainability activities adhere to the Principles.
- Review of processes and systems used to gather and consolidate environmental data.

PRINCIPLE	COMMENTS
<p>Inclusivity: the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability</p>	<p>Tennant continues to engage with key stakeholders such as customers, investors, employees, suppliers, NGOs, governments, communities and trade organizations. The communication channels available for stakeholders to raise concerns includes hotline number, direct corporate communication, investor relations and company's website. Tennant has also become a signatory of United Nations Global Compact (UNGC) and this membership provides recognized framework for implementing ESG policy and offers a platform to share best practices in the industry. Tennant actively engages with its employees to encourage operational efficiency improvements. In 2019, the France Sales & Service Organization achieved fleet fuel usage reduction through a driver awareness program. A GPS/telematics system was installed on fleet vehicles and this system allowed the team to gain more insights on vehicle fuel use pattern. This information enabled driver behavioural change leading to improvement in fleet efficiency. As a result the fuel use in 2019 was 25% less than in 2018, a reduction of more than 75,000 litres of diesel.</p>
<p>Materiality: determining the relevance and significance of an issue to an organization and its stakeholders</p>	<p>Climate-related risks and opportunities are identified and ranked as a part of the Enterprise Risk Assessment (ERA) process. During this process, Tennant's internal risk committee updates the Enterprise internal risk profile based on data aggregated from a survey conducted with senior leaders of the organization from different business units across various geographies. Risk prioritization and remediation planning forms a crucial part of the risk profile update. Tennant has identified Greenhouse gases (GHG) as most material KPI for its business followed by social indicators such as employee safety. Within Scope 3 emissions Tennant considers category 11 (use of sold products) to be very material and it is estimated to represent more than 70% of total 2019 Scope 3 emissions. This estimate is based on the Legacy Tennant Scope 3 profile for 2018, which did not include IPC and Gaomei product lines.</p>

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PRINCIPLE	COMMENTS
<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 has set an internal carbon price since 2015 and the main purpose of this is to estimate the risk that entails for the company in the future. The carbon price allows Tennant to estimate the policy related risk exposure from regulatory instruments such as carbon and fuel taxes that can get internalized in the future. Tennant also aspires to achieve zero waste to landfill in the future and this is not a time bound target. The facilities located across the globe have different local infrastructure according to which waste management and recycling processes differ. Tennant is making progress towards this aspirational goal by encouraging waste reduction, reuse and recycling across its facilities. For example, in 2018 Sao Paulo, Brazil office banned use of disposable cups which led to the prevention of over 80,000 cups entering the waste stream.</p>
<p>Impact: Organizations should monitor, measure and be accountable for how their actions impact broader ecosystems</p>	<p>As of 2019 Tennant is on track to achieve its Science-Based Target (SBT). It has set a target to reduce absolute Scope 1 and 2 emissions by 25% in 2030 from a 2016 base year and reduce Scope 3 category 11 emissions 50% per U.S. dollar of equipment revenue by 2030 from a 2016 base year. With respect to Scope 1 and 2 absolute emissions Tennant has achieved a reduction of 20.4% in 2019 compared to 2016 baseline. Similarly, it has reduced Scope 3 category 11 emissions intensity by 19.4% in 2019 compared to baseline. The current SBT target do not include IPC and Gaomei facilities, fleets, or product lines and Tennant will include these in near future while reviewing the SBT.</p>

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 has conducted this assurance independently and impartially and in compliance with S&P Global's policies and procedures, including its Code of Business Ethics that provide a framework relating to ethical conduct, conflict of interest and compliance with law.

Trucost, part of S&P Global
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Steven Bullock
Global Head of Research and
Innovation



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