

BLUEPRINT FOR A SUSTAINABLE ENTERPRISE

SUSTAINABILITY REPORT **2013**





TABLE OF CONTENTS



A Message from the CEO



Chris Killingstad
President and Chief Executive Officer
Tennant Company

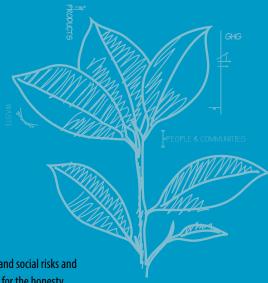
STAKE IN THE GROUND

In 2009, Tennant Company took a big step forward by publishing our first Corporate Sustainability Report, reporting on 2008. On the five-year anniversary of that step, I'm pleased with our progression since then and especially pleased that our commitment to sustainability and stewardship are stronger than ever.

Five years ago, we began reporting on sustainability with the intent that our actions would be driven by our company's core value

of stewardship and vision to create a cleaner, safer and healthier world. I'm extremely proud to say that these two important tenets of our sustainability pledge remain.

It's also gratifying that when we first jumped into the world of sustainability reporting, we focused on four pillars: Products, Energy and Emissions, Waste and People. We remain focused on these four pillars, but arrive at them from a different perspective in 2014. In 2009, the four pillars represented areas where



we believed we could have an immediate and long-term impact. We said we would reduce energy and emissions; we said we would reduce solid waste and increase recycling; we said we would develop innovative products and solutions to clean in environmentally preferable ways; and we said we would try to improve the lives of the people we touch and the communities in which we do business. We have made progress against all four pillars, but more work needs to be done.

We have, over the years, done our best to report on our activities in these areas. We've expanded our scope of reporting geographically and continue to expand the level of detail in our reporting. What we've done best is tell the stories of our sustainability journey. People who are truly committed to creating a cleaner, safer, healthier world. These are people who give their time and compassion so that a young child can have his first bicycle. Or so that a sick or homeless stranger might have a warm, handmade blanket on a cold night.

These are stories of innovators who introduce ideas like the "8 Wastes Program" (2012 Tennant CSR) in order to reduce cost and

(CHRMHILL: Sustainability Goals that Make an Impact (July 2013).

gain operations efficiency. And of innovators who develop award-winning products like os3, T12, 500ze, and 5000-Sc. And of cross-functional teams redesigning our core product lines, using modularity and commonality as quiding principles.

And while these are all great stories, there is no way to value their worth. While we have been very busy these past five years—and yes, I believe we have made progress—we were operating without clear, tangible goals that are "measurable, quantifiable targets for environmental improvement for a defined period of time."

As noted in our 2012 CSR, last year we formally elevated our sustainability efforts to the office of the CEO. That shift provided an expanded, systematic focus on how we can run our global business as a Sustainable Enterprise. We completed a comprehensive update to our sustainability strategy. We extended our GHG Emissions reporting boundary to cover our global operations. And we completed our first Carbon Disclosure Project (CDP) response.

In conjunction with signs of global economic recovery, we have outlined our next great

milestone in the 2013 Annual Shareholder Letter: "A Blueprint for Growth." Our stated goal is to reach \$1 billion in revenue by 2017, while achieving a 12 percent or greater operating profit margin. We know this growth must be achieved sustainably. Rapid growth in developing, and moderate growth in developed economies will increase natural resource pressures. Our customers and other stakeholders continue to request more transparency on our environmental and social governance. To address one emerging issue, we helped launch the Twin Cities Conflict Minerals Task Force, an industry group formed to develop and implement best practices to improve the traceability of minerals and ensure responsible sourcing.

In this report, "Blueprint for a Sustainable Enterprise," we take a considerable leap forward in our sustainability journey by establishing long-term, quantitative, measurable goals for each of our four focus areas: Products, Greenhouse Gas (GHG) Emissions/Energy, Waste, and People and Communities. The following pages discuss how we arrived at these goals through a very deliberate process to engage key stakeholders across the globe and assess the materiality of

economic, environmental, and social risks and opportunities. I'm thankful for the honesty and candor with which Tennant employees and other stakeholders contributed to this process. I believe that this transparency has led to impactful and substantive goals that will, indeed, contribute to creating a cleaner, safer and healthier world.

I'm proud of where we've come in these five short years and I'm energized by the commitment to this next leg of our journey. We will continue to share powerful, motivating stories and share progress toward our objectives and goals. Our "Blueprint for a Sustainable Enterprise" is now in place and synchronized with our "Blueprint for Growth." I'm confident we have a strong foundation for the future which will yield impactful, measurable results.

Sincerely,

Chris Killingstad
President and Chief Executive Officer

STAKEHOLDER ANALYSIS

Strategy and Materiality

STAKEHOLDER ENGAGEMENT

In 2013, we revisited and evolved our strategy for the next phase of Tennant Company's sustainable enterprise initiative. This was a multi-step process and will be an ongoing activity as we continuously refine our sustainable enterprise. The first step was to identify stakeholder groups and key members of each group. For each group, we defined our strategies and tactics for engagement. Not all groups were engaged directly or by the same methods. Where direct dialogue was not practical, we employed proxies. Table 1, "Stakeholder Engagement Strategy and Tactics," lists each stakeholder group, the strategies for engaging them, the tactics we used and their concerns and priorities. Our three primary stakeholder groups are: customers, investors and employees. These are also the most active users of our sustainability reporting.

The objective of this stakeholder engagement and materiality exercise was to identify and prioritize stakeholder needs, expectations and concerns. This process resulted in a long list of aspects on which we could potentially report. The material aspects are covered either in this report's body or the GRI Index.

For the customer stakeholder group, we directly engaged our Strategic Accounts sales managers and we "mined" customers' Requests for Information (RFIs). Refer to the "Stakeholder Strategy and Tactics" table for our customers' most common interests and concerns. The top three are: Greenhouse gas emissions (carbon and energy), water (See Water Materiality Discussion, page 19), and waste. An emerging area of interest is our value stream, both up and down. Human rights, labor practices, safety, ethics and corruption are the core aspects asked about our value stream.

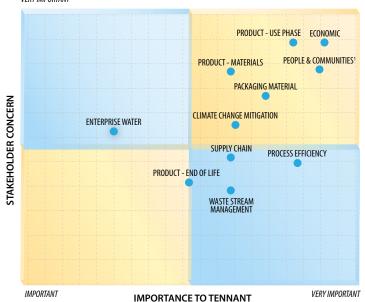
Investor engagement was done through investor meetings with our executives. Investors' primary interests are economic and governance, aspects covered in our SEC filings. However, there is an emerging interest in our environmental stewardship and carbon reporting.

We engaged our employees in two ways. First, through an all employee attitudinal survey, which we conduct about every two to three years, and second, through a series of regional materiality workshops.

MATERIALITY WORKSHOPS

During 2013, we conducted six materiality workshops. Workshop participants represented the key activities at each of our major locations globally. The first step was to brainstorm our internal and external impacts on the environment, society, and economy. Then we used a structured prioritization process, based on the GEMI (Global Environmental Management Initiative) "Metrics Navigator" tool, to prioritize the list of these environmental, social, and economic issues and opportunities. We plotted each issue or opportunity according to stakeholder's level of concern against the importance to Tennant Company's success.

Stakeholder Materiality Analysis Matrix VERY IMPORTANT



¹ Includes corruption, ethics, community involvement, human rights, product safety, employee health and safety

We found many issues and opportunities were similar or related. These were grouped through an affinity mapping process. There are two outputs from this exercise:

- 1. Stakeholder materiality analysis matrix
- Focus areas for our sustainable enterprise initiative. These are:
 Products, GHG Emissions/Energy, Waste (all forms), and People and Communities. More detail can be found in the following report sections.

The final phase to establish objectives, goals and metrics was completed in 2014. For the goal-setting process, we empanelled several small working groups. Working group members were company leaders who will have a key role and impact on achieving results in a given focus area. The working groups established goals for each area that will be tracked and on which we will focus our sustainability reporting. These objectives, goals and metrics can be found in the

focus area sections of this report.

CARBON REPORTING BOUNDARY

Tennant leases, rents or owns 93 facilities and operates fleets of service and sales vehicles - globally. Based on an energy and emissions impact materiality analysis, we identified 22 locations/ facilities to include within the reporting boundary. The 71 facilities outside the boundary are, in aggregate, less than 5% of our total emissions and energy consumption. All fleets in countries with direct sales and service presence are within the reporting boundary.

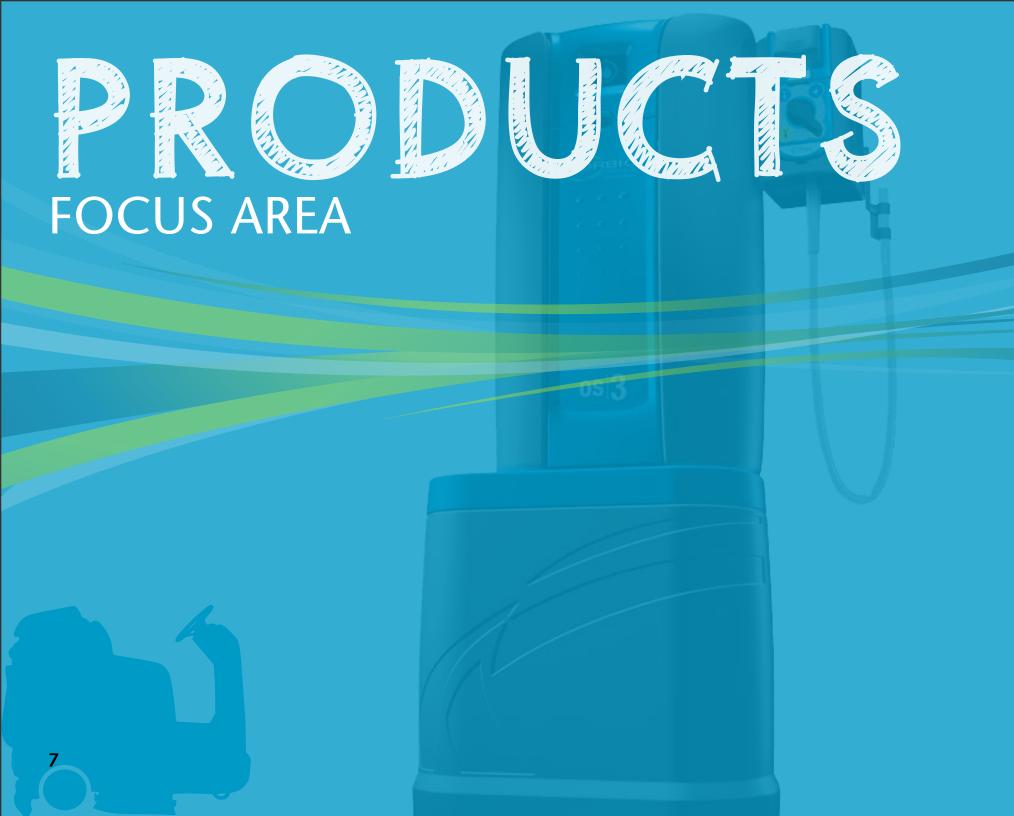
TABLE 1: CUSTOMER, INVESTOR AND EMPLOYEE STAKEHOLDER ENGAGEMENT STRATEGIES, TACTICS AND AREAS OF INTEREST

STAKEHOLDER GROUP	CUSTOMERS	INVESTORS	EMPLOYEES	VALUE STREAM	GOVERNMENTS	COMMUNITIES	NGOS (NON-GOVERNMENT ORGANIZATIONS)	TRADE ORGANIZATIONS & PARTNERS
Engagement Strategy What strategy will Tennant employ to engage stakeholders?	Know customer's concerns and needs, meet their reasonable expectations	Proactively share sustainability highlights with investors	Know employee's concerns and needs, meet their reasonable expectations	Maintain a secure, reliable, balanced and respectful partnership with suppliers and distribution channel members	Have policies in place to ensure full compliance with regulatory requirements	Have policies and practices in place to ensure Tennant is an exemplary corporate resident: locally, nationally, globally	Partner with those whose mission is aligned with Tennant's business objectives Remain open to dialogue from NGO's who are not aligned but may provide other benefits	Maintain membership in organizations that are aligned with Tennant's business purpose
Engagement Tactic How will Tennant implement these strategies?	Direct dialogue with customers where feasible Leverage customer requests for information as proxy for their sustainability priorities Publish performance in CSR and CDP reporting	Include sustainability performance information in Investor Relations package and on website Share key points of sustainability initiative in shareholder letter Publish performance in CSR and CDP reporting	Conduct all-employee attitudinal survey at regular intervals Form employee focus groups to address key concerns and issues Refer interested employees to online CSR report	Vet supplier's compliance with Tennant's supplier guidelines and expectations Meet reasonable needs of distribution channel members and respect their business	Monitor regulations, react to changes and new legislation as appropriate	Meet local codes for emissions, discharge, noise, etc. Offer employment opportunities at fair market compensation Give back to communities in which we work, live and play	Support through memberships and sponsorships; participate in meetings, forums and workshops	Support through memberships and participation in industry work groups, forums and workshops
Major Issues and Concerns (report) What are stakeholders most concerned about?	GHG emissions, waste, water, packaging, supply chain, end-of-life (EOL)	Return on investment Security of investment	Varies by region	TBD	Regulatory compliance: conflict minerals, emissions, discharges, hazardous materials, safety, labor practices, corruption, and ethics	Employment, compliance with ordinances, taxes	Support and align with their mission	Support and align with their mission

AREAS OF FOCUS

Tennant has established long-term, quantitative, measurable goals for four focus areas: Products, Greenhouse Gas (GHG) Emissions/Energy, Waste, and People and Communities. The following pages discuss how we arrived at these goals through a very deliberate process to engage key stakeholders across the globe and assess the materiality of economic, environmental, and social risks and opportunities.





JR PHILOSOPH

Tennant Company is committed to creating and commercializing breakthrough, sustainable cleaning technologies. These solutions empower customers to significantly reduce their environmental impact in the product "use-phase" and help to create a cleaner, safer, healthier world. With this proven model in place, we will extend innovation toward cradle-to-cradle solutions to realize broader sustainability improvement.

We have made significant investments in developing products and solutions to help our customers reduce their environmental footprint. Recent examples include ec-H2O™, Green Machines® 500ze, Eco-ITS™, Orbio® 5000-Sc, and Orbio os3. Technologies and products which provide usephase environmental improvement have been intentionally prioritized through the governance of our product development processes. Our product development process includes a set of crossfunctional policies and practices. These policies and practices are owned and governed primarily by R&D (including Program Management) and Marketing Product Management leadership. Overall product development is governed by R&D and Marketing leadership, key internal stakeholders, and senior leadership.



Orbio® 5000-Sc Green Seal GS-37 Certified

Orbio Multi-Surface Cleaner, the cleaning solution created and dispensed by the Orbio 5000-Sc, is certified as environmentally responsible by Green Seal, an independent, science-based standards developer. The multi-surface cleaner uses a dilution of a product that meets Green Seal™ Standard GS-37 based on effective performance, concentration of a product, minimized/recycled packaging, and protective limits on VOCs and human & environmental toxicity.



In 2014, we commit to embedding more intentional use-phase, environmental improvement in our Advanced and New Product Development Processes. The process changes will enable the following long-term, product use-phase objectives, goals and metrics:



LONG-TERM OBJECTIVE – PRODUCT USE-PHASE

- Develop products that offer measurable environmental impact improvements, in one or more customer use-phase categories.

 These categories are chemical/detergent use, dust emissions, energy efficiency, exhaust emissions including GHG, noise, waste including consumables, waste water efficiency, and water efficiency.
- For replacement products as compared to the Tennant product replaced. For line extension or new to market products – as compared to competitive products.

Reporting on the product use-phase metric will begin with our next CSR.

GOAL:

Achieve 100% of targeted use-phase environmental impact improvements

METRICS:

of targets set (reporting year and inception to date)

% of targets achieved at product launch (reporting year and inception to date)

We have found Life Cycle Analysis (LCA) a useful tool in assessing product environmental improvement - where traditional comparisons break down, such as comparing environmental impacts of the 5000-Sc to traditional packaged chemicals. LCA methodologies can also be useful in examining the upstream and end-of-life (EOL) phases of a product. In 2014, we commit to assessing a representative, traditional product via LCA. The findings of this study will be used to determine future objectives, goals and metrics in our Product focus area.

2014OBJECTIVE – PRODUCT EMBODIED & EOL PHASES

Identify material areas for future work on upstream value chain, from both embodied and EOL perspectives. Conduct cradle-to-grave Life Cycle Assessment (LCA) on recently developed, representative, higher volume product. Results will help define future actions in Product Focus Area.

GOAL:

Complete study in 2014

METRIC:

Study completed, underway, or not started

CHINA T12 LAUNCH

For the first time in Tennant history, an industrial size Tennant machine is being manufactured in our China plant, enabling quicker delivery of the best-selling T12 Rider Scrubber to customers in the Asia Pacific region. Our China plant recently successfully implemented a multi-faceted sourcing and manufacturing strategy to locally source supplies and execute manufacturing processes that equip the plant for industrial manufacturing. This product globalization strategy helps to reduce transatlantic shipping of finished goods and the related financial and environmental impacts.

TENNANT "E" SERIES CARPET EXTRACTORS ACHIEVE TOP HONORS FROM THE CARPET AND RUG INSTITUTE

Tennant is not only focused on offering products that are highly effective and efficient on all floor surfaces, but is equally committed to creating a cleaner, safer, healthier world. We were pleased to achieve the CRI Gold Certification level from the Carpet and Rug Institute (CRI) on all our new "E" series canister extractors including the new Nobles Explorer and Tennant E-Series line of commercial carpet extractors. In addition, the EH5 Extractor, when used with Orbio® Multi-Surface Cleaning Solution, received Platinum honors.

The CRI Gold Certification (www.carpet-rug.org) process is rigorous and tests products for safe and efficient soil removal, water removal, texture retention, rate of resoiling, pH safety, colorfastness and no use of optical brighteners.





GHG EMISSIONS/ENERGY FOCUS AREA



Our goal is to reduce GHG emissions (direct and indirect) used in Tennant operations and along the Tennant value stream. We transparently report GHG emissions to create mutual accountability among Tennant and our value stream partners, all in the spirit of creating a cleaner, safer and healthier world.

In 2013, we extended our GHG Emissions reporting boundary to global for 2012 reporting and completed our first Carbon Disclosure Project (CDP) response. Both projects helped us refine where to focus resources and seek further reduction opportunities. Scope 1 & 2 GHG emissions at Tennant are approximately half from distribution, manufacturing, and office facilities; with the other half from Sales & Service vehicle fleets. We have consistently made investments to reduce both facility energy and fleet fuel usage.

LONG-TERM OBJECTIVE

Reduce GHG Emissions

COAL

Reduce GHG Emissions Intensity 25% by 2020, from 2012 baseline

METRIC:

GHG Emissions (Scope 1 + 2) per unit revenue (mT CO₂e/\$ M)

In 2014, we commit to our first GHG reduction target – 25% by 2020. While developing this target, we began adapting a more systematic approach to emissions management which will continue. In 2013, we implemented and continued emissions reduction projects including: lighting upgrades, with a major retrofit in Louisville, KY yielding an estimated 2.0% absolute GHG reduction (annualized); motor and motor control upgrades; appliance consolidation; fleet transitions to more efficient vehicles; and GPS implementation plus compressor upgrades on service vehicles in North America. These investments all helped drive emissions reductions. In mid-2013, we began moving some out-sourced production in-house. The shift is yielding lean manufacturing and cost-reduction benefits, while also leading to an increase in our 2013 GHG. In 2012, these emissions were outside our reporting boundary as Scope 3. Overall, 2013 GHG emissions intensity increased slightly - by 0.4%. Adjusting for the in-sourcing project, 2013 intensity was essentially flat vs. 2012.

Our Global Operations group and Sales & Service business units are engaged and committed to drive GHG reductions. Going forward, they will embed energy reduction and fuel efficiency improvement goals in their operating plans. To identify new energy reduction initiatives, we will perform in-depth assessments at all material facilities. For fleets, we created and will maintain plans for fuel efficiency improvements and fuel use reductions.

	BASELINE 2012	2013	TARGET 2020	NOTES
GHG Emissions (mT CO ₂ e)	32,463	33,158	-	Scope 1 + Scope 2
Revenue (\$ M)	738.980	752.011	-	-
GHG Emissions Intensity	43.9	44.1	32.9	(mT CO ₂ e) / Revenue (\$ M)
% Change from 2012 Baseline	-	0.4%	(25%)	-

We need to gain a deeper, quantitative understanding of our upstream and downstream (Scope 3) GHG emissions.

2014 OBJECTIVE

Identify material areas for future work on Scope 3 GHG Emissions. Assess total direct and indirect spend, using economic input-output Life Cycle Analysis (LCA) approach. Use study results to define future objectives, goals, and metrics.

ioal:

Complete study in 2014

METRIC:

Study completed, underway, or not started

Use of sold products is one category of Scope 3 GHG emissions. We know our products can enable significant GHG emission avoidance for customers. We estimate 2013 customer GHG avoidance as 12,000 mT CO₂e, from the installed base of two sold product types. This product-driven carbon avoidance is approximately 36% of 2013 Tennant emissions. The size of this carbon avoidance strongly reinforces the importance of customer use-phase goals in our Product focus area.



2013 MARKS FIRST YEAR OF PARTICIPATION IN CDP

Tennant Company participates in the CDP, an international, not-for-profit organization providing the only global system for companies and cities to measure, disclose, manage and share vital environmental information. The 2013 Supply Chain Program response was our first. Our 2013 Disclosure Score of 68 is better than average for the Supply Chain Program. We intend to improve on Disclosure by adding reduction targets and data assurance/verification. Our 2013 Performance Band of D is below average. We intend to improve on Performance by adding reduction targets and beginning a systematic emissions reduction program for both our facilities and fleets.

DISCLOSURE SCORE:

Is expressed out of 100 and reflects the completeness and quality of the response, and hence its usefulness to data users. It is not a metric of a company's performance.

TENNANT

68
DISCLOSURE SCORE

INDUSTRY GROUP AVERAGE

DISCLOSURE SCORE

OVERALL AVERAGE

49
DISCLOSURE SCORE

PERFORMANCE SCORE:

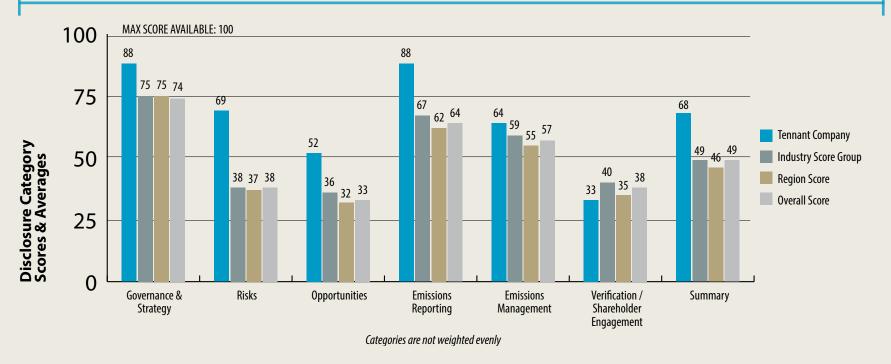
Is expressed in a band (A, A-, B, C, D, E). Points are awarded for actions in the reporting year that contribute to climate change mitigation, adaptation, and transparency.

PERFORMANCE BAND

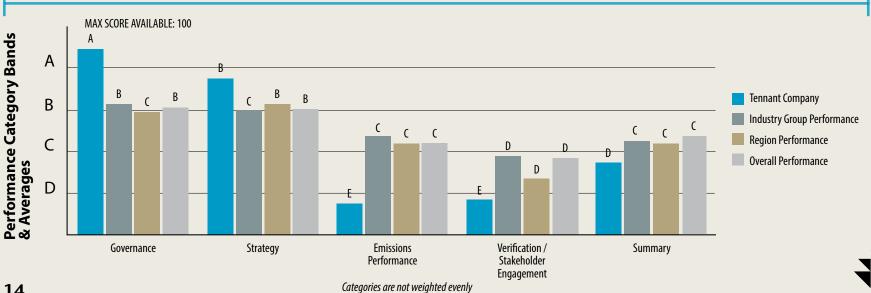
PERFORMANCE BAND

PERFORMANCE BAND

DISCLOSURE CATEGORY PROFILE



PERFORMANCE CATEGORY PROFILE

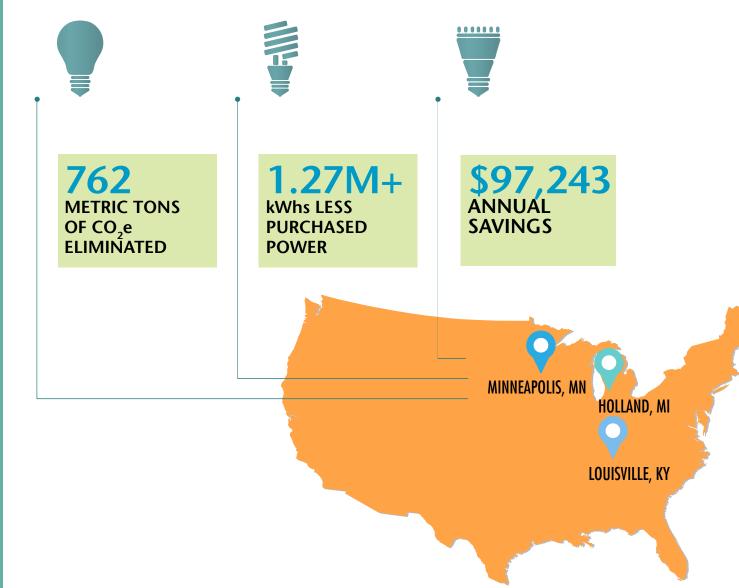


INDIRECT ENERGY REDUCTION PROJECTS

ACTIVITY	LOCATION	CO ₂ E Savings	DOLLAR SAVINGS
Replaced lighting	Holland, MI, USA	11	\$10,680
Replaced lighting	Louisville, KY, USA	664	\$69,777
Replaced canopy lights with LEDs	Minneapolis, MN, USA	10	\$1,979
Decomissioned inefficient motors	Minneapolis, MN, USA	36	\$6,859
Added motion control switches	Minneapolis, MN, USA	5	\$1,001
Replaced metal halide parking lot lighting with LEDs	Minneapolis, MN, USA	8	\$1,561
Removed excess microwaves and refrigerators	Minneapolis, MN, USA	8	\$1,524
Installed VFD motor controls	Minneapolis, MN, USA	20	\$3,862
	TOTALS:	762	\$97,243

ENERGY REDUCTIONPROCESS & EFFICIENCY PROJECTS

In a continuing effort to eliminate waste, reduce cost and decrease energy use, Tennant manufacturing and facilities operations leadership continue to implement important energy management projects. A series of investments in lighting improvements, motor efficiency and replacement of obsolete appliances during 2013 yielded a reduction of 762 metric tons of CO₂e and \$97K dollars in energy cost.



Tennant Vehicle Fleets Important Drivers of Fuel Savings and Carbon Reductions

Implementation of Global Positioning Satellite (GPS) in Tennant field service vehicles in North America is driving improved safety, a reduction in carbon emissions and cost savings. Since launching in late 2013, Tennant North America has seen a reduction, on average, of 13% less idle time per day per service vehicle. In addition, the number of instances where driving speeds exceeded 75 miles per hour dropped by roughly 90% per month over a six-month period. Both reduction in idle time and speed contribute to a reduction in fuel spending.

According to the U.S. Environmental Protection Agency (EPA)ⁱ, gas mileage decreases rapidly once a vehicle has passed 50 mph. The EPA estimates that consumers pay the equivalent of 20 to 24 cents more per gallon for every 5 mph driven over this limit. Assuming that gas costs \$4.00 per gallon, a vehicle driving at 55 mph would be using gas at a rate equivalent to paying \$4.20 per gallon. By drastically reducing speeds and idle times,

Tennant North America spent \$273,368 less in total fuel cost in 2013 than 2012. There are many reasons for this reduction such as newer vehicles with better technology and improved miles per gallon and compressor changes. Having visibility to driving habits through the use of GPS is an important driver as well.

Conserving fuel and reducing emissions are priorities for Tennant fleets in other regions as well, especially in the Tennant U.K. division which was recognized as the 2013 Motorvate Member of the Year. Motorvate is a government-backed environmental certification program which recognizes and rewards companies that successfully reduce carbon dioxide (CO₂) emissions from car and van fleets.

The award is given as part of the Energy Saving Trust Fleet Hero Awards, an extension of the Energy Saving Trust, a charitable organization that offers impartial advice to communities and households on how to reduce carbon emissions, use water more sustainably and save money on energy bills.

Since 2011, Tennant UK fleet has reduced CO₂ emissions by 17% through:

- Improving the car selection process based on "whole life costs" which include lease cost, fuel cost and nonreclaimable value added tax.
- Providing monthly fuel reports to drivers showing highest and lowest MPG (miles per gallon) achieved by driver/vehicle, highest and lowest price paid for fuel and average price paid for fuel against national average prices;
- Reducing service van weight by removing unused parts, tools and excess liquids;
- Replacing existing service vans with smaller ones with lower CO, and lower costs.

BY THE NUMBERS (NORTH AMERICA ONLY):*



366 mT CO₂e GHG emissions reduction in 2013



11 MINUTES OR 13%

Reduction of idle time per day, per rep for North America service representative vehicles since launching GPS in late 2013



1 HOUR OF IDLE TIME

Equals 1 gallon of fuel for a Tennant service vehicle

*Driving safety is paramount to Tennant Company; all Tennant drivers are trained, licensed appropriately by vehicle type and held to safety standards, laws and requilations. U.S. Interstate speed limits for cars and trucks range from 55 mph to 80 mph in parts of the country. [source: www.qhsa.org]



\$273,368

Amount of actual expense reduction for fuel in 2013 from 2012 for Tennant service vehicles



14,000

The number of times Tennant service reps exceeded 75 miles per hour during November 2013 1.160

The number of times Tennant service reps exceeded 75 miles per hour during May 2014

¹ http://www.fueleconomy.gov/feg/driveHabits.jsp



At Tennant Company, we strive to reduce, and target to eventually eliminate, all forms of waste. Our broad view of waste includes material and resource waste, and operational inefficiency. We view water as a critical resource (page 19) that we use as efficiently as possible in our operations. Applying the practices of Reduce, Reuse and Recycle – along with the proven principles of Lean Manufacturing and Continuous Improvement – Tennant is on a journey to becoming a zero waste enterprise.

Tennant has a very strong culture around reducing and eliminating waste. We believe in circular economy principles and expect trends toward circular economy to continue and accelerate. Our long-term objective is for all purchased materials to provide the highest and best use attainable to our customers and all other stakeholders.

The approach we will take is to teach circular economy principles, including the hierarchy of uses. Materials that become part of our products are the highest order use possible. Our operational excellence around Lean Manufacturing inherently minimizes these materials.

IN 2014, WE COMMIT TO A LONG-TERM, ASPIRATIONAL GOAL: NO MATERIALS TO DISPOSAL, INCLUDING WASTE-TO-ENERGY AND/OR LANDFILL.

Achieving this goal globally will be a challenge. Available infrastructure for recycling materials, including organic materials, differs significantly based on markets and geographic locations. We will move consistently toward this goal over time. To drive progress, we will conduct audits for source reduction (in-bound materials) and waste streams at all material facilities. We will also advocate for, and seek opportunities to collaborate with other stakeholders on infrastructure improvements.

We intend to use weight (or volume/proxy weight) of materials to landfill and waste-to-energy as performance metrics. We will explore other potential metrics as we move forward.



WATER IS A CRITICAL NATURAL RESOURCE. CONSISTENT WITH OUR CORE VALUE OF STEWARDSHIP, WE WILL ALWAYS:

- Strive to conserve water and eliminate any waste of water with the technologies and products we develop/commercialize and use in our operations
- Maintain the highest possible discharge water quality in all global operations and all communities where we operate

We performed a water materiality analysis in 2013 for our main locations. The analysis is available on tennantco.com (appendix on TNC Sustainability Internet page). We conclude that water in our direct operations is not a material aspect for setting goals and sustainability reporting.

In 2014, we commit to assess the materiality of our upstream and downstream water impacts. The water assessment will be part of the economic input-output Life Cycle Analysis (LCA) planned for Scope 3 GHG emissions. We will use the LCA results to define future upstream and downstream water objectives, goals and metrics. Our goal is to start and complete this study in 2014.

Discussion of Water Materiality in Tennant Company's Operations

Strategic Account customers — a key stakeholder group — seek information on a broad range of sustainability aspects by submitting Requests for Information (RFI) to Tennant. Information around energy, waste and water is in the majority of these RFI's. Based on discussions with our customers and our industry experience, water is material in the use-phase of our products. We have focused significant resources on water and chemical minimization in the design of our products.

We completed a comprehensive materiality assessment in 2013 as part of updating our sustainability strategy. To ensure we properly addressed enterprise (internal) water use, we retained an engineering firm, Wenck Associates Inc. They are experienced in a wide range of environmental assessments — energy, emissions and water are a few of their areas of expertise. We collaborated with Wenck to develop an approach for assessing the materiality of our water use in our operations.

Our strategy for this assessment included the following:

- Gather water data from our six manufacturing locations. This approach captures the majority of our office locations, which are colocated with our manufacturing operations.
- Identify the highest water consumption location(s) and conduct a deep materiality assessment for this location(s)
- Qualitatively compare and contrast this location(s) to the others to assess the need to conduct a deep materiality assessment of more locations.

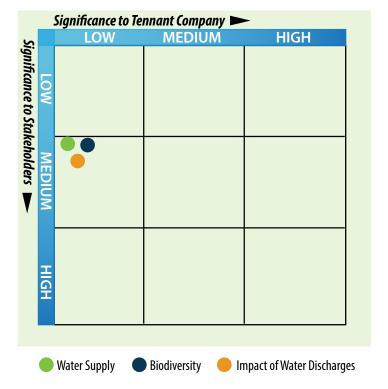
FINDINGS

Our total annual water consumption for manufacturing and colocated offices is 64,537 cubic meters (m³). At 38,727 m³ per year, our Minneapolis Campus, MN (USA) is 60 percent of our water consumption; Holland, MI (USA) is 25%; Uden, The Netherlands is 10%; Limeira, Brazil 3%; Shanghai, China 2%; and Falkirk, Scotland, less than 1%. We conducted a deep materiality assessment of the Minneapolis Campus. The analysis found low-medium significance to stakeholders and low significance to Tennant Company. Table 1 summarizes the water supply risk, discharge impact and biodiversity. Tables 2-4 (page 20) are discussions of each aspect from both stakeholder and Tennant's perspective. (The full report can be found at www.tennantco.com.)

We conclude that water in our operations is not a material aspect for setting goals and sustainability reporting. Water is, and will always be, a critically important natural resource. Consistent with our core value of stewardship, we will always:

- Strive to conserve water and eliminate any waste of water
- Maintain the highest possible discharge water quality in all global operations and all communities where we operate

Table 1 - Water Supply Risk, Discharge Impact and Biodiversity



EXTENDING THE ANALYSIS TO OTHER MANUFACTURING LOCATIONS

In addition to Minneapolis, we qualitatively compared water consumption and discharge at our other five manufacturing locations. Water scarcity, quality and availability were evaluated using the World Business Council for Sustainable Development Global Water Tool® (GWT).

According to the GWT, all six locations are in areas of "sufficient" or "abundant" renewable water. Thus, water availability is not a risk. One note is that the GWT indicates our Netherlands operations are in a region of "high water dependency." Nearly all of the fresh water in the Netherlands originates outside of the Netherlands. We do not consider this a risk or issue as all neighboring countries are members of the EU. Our China location does operate in a region where an average of only 50% of the population is covered by adequate sanitation. However, the specific location in which we operate has modern sanitation and our facility landlord closely monitors and reports discharges.

We conclude that, when considering our water consumption relative to the availability of water in Uden, Falkirk, Limeira, and Shanghai, our operations in these areas are not at risk and do not require a deeper materiality analysis from a water perspective.

Table 2 - Materiality Level: Local/Regional Water Availability and Current Water Use				
Tennant	Stakeholders			
Low: Water use is low relative to the overall regional water availability.	Moderate: Though water availability is an emerging issue in Minnesota, the legislature and state/local agencies are taking steps to ensure a stable water supply.			

Table 3 - Materiality Level: Current Water Discharges				
Tennant	Stakeholders			
Low: Water treatment is available with	Moderate: Water quality is an important issue to			
minimal permitting requirements. Permit	Minnesota citizens who voted to pass the Clean			
requirements are not likely to change.	Water Legacy Act to fund clean water projects.			
Concentrations in Tennant's effluent are low				
relative to discharge requirements and water				
quality standards.	0.00			

HOLLAND, MICHIGAN

The Holland, Michigan facility, where consumption is 16,330 m³, does warrant more analysis but not a deep materiality analysis as we can extend the Minneapolis findings. Holland is a little over half the size of the Minneapolis Campus and consumes 58% less water. However, irrigation is 38% of the consumption compared to only 15% in Minneapolis. The difference can be attributed to the Reverse Osmosis (RO) plant and paint wash process in Minneapolis manufacturing, which has a 50-60% waste component. There is no



RO plant at the Holland facility. Operations water use in Holland is minimal; the majority is domestic and irrigation. Water discharge analysis falls well within the area's ordinance limits. We believe the significance to stakeholders versus significance to Tennant is close to the Minneapolis assessment, possibly less.



Table 4 - Materiality Level: Biodiversity				
Tennant	Stakeholders			
Low: Tennant maintains relatively little turf grass in Minnesota. Conversion of this turf grass is the primary opportunity to improve biodiversity.	Low: While Minnesota's citizens and state agencies prioritize the ecological health and biodiversity, local citizens have varying opinions of the habitat required to increase biodiversity relative to maintained turf grass in commercial/industrial areas.			



Until recently, a Tennant Field Service Tech would receive a "zero due" paper copy invoice from the Tennant distribution center in Louisville with every shipment sent to the tech. On average, a tech would receive two packages a week from Louisville. When John Lund, Vice President of Sales and Service for North America, learned that the Service Techs would just throw the invoices away, he did a quick calculation and made an easy decision to eliminate a non-value-add activity!

2 SHIPMENTS X 52 WEEKS PER YEAR = 104 SHIPMENTS

104 SHIPMENTS X 450 SERVICE TECHS = 46,800 TOTAL SHIPMENTS

46,800 INVOICES & ENVELOPES X \$0.40 POSTAGE = \$18,720 POSTAGE

ENVELOPE AND PAPER COST OF $\$0.05 \times 46,800 = \$2,340$

SUB TOTAL: \$21,060 PER YEAR

LABOR INVOLVED TO PRINT & STUFF ENVELOPES 2 MINUTES X 46,800 = 93,600/60 MINUTES = 1,560 HOURS X \$12.00 PER HOUR

= \$18,720

TOTAL: \$39,780 SAVINGS & ZERO WASTE

LOLA'S TREE

To her colleagues in Tennant's Spain operation, it was no surprise that Lola Valero would add a special creative touch to drive sustainability awareness among all Spain employees. What has now become known as "Lola's Tree" hangs in the Spain office and displays employees' ideas to reduce waste, emissions or take other actions to become more sustainable. Ideas are organized by waste type and are indicated by a different color leaf which is then placed on the tree. Ideas were solicited through an employee survey administered by Valero. Today, Spain is focused on automating shut-off for appliances and using reusable glassware instead of plastic cups, among other things.





Across the globe, Tennant stakeholders identified a broad spectrum of opportunities under the umbrella of our focus area "People and Communities." This focus area encompasses a wide range of stakeholder concerns in the areas of Human Rights; Safety, Facilities and Environment; and Tennant's involvement in our global communities, specifically the areas in which Tennant has business operations.

Tennant has long held a commitment to the welfare of our employees and health of our communities, made visible through the Tennant Foundation, our employee Scholarship Program and other initiatives that have helped to shape the Tennant value system around "leaving things in better condition than we found them." We extend this value of Stewardship to our responsibility for the welfare of our employees, the success of our customers, the financial return to our investors and the vitality of our communities.

Since our founding in 1870, we have operated our business with the highest standards of ethics, integrity and responsibility to others and today these immutable Tennant characteristics are embodied in this value of Stewardship. Therefore, our long-term objectives under the umbrella of People and Communities stretch broadly within and outside of our own operations.



Throughout the world, Tennant Company has created focus groups in each corporate function to drive actions against the areas of focus identified in our Speak Employee Survey. These employee teams have been creatively working and brainstorming ideas to create change and build an even stronger Tennant Company.

- 32 focus groups
- More than 80 initiatives
- 11 Countries
- Over 250 participants (in the groups)

KEY FOCUS AREAS









Tennant in the Community

LONG-TERM OBJECTIVE

To maintain a culture of intentional giving by aligning corporate donations of time, money and equipment with our vision to create a cleaner, safer, healthier world, and enable this giving through programs, policies and practices that balance the company's resources with interests.

GOAL:

Increase visibility of Tennant philanthropy in the communities in which we do business and have high employee representation

METRICS:

- Track the number of employee volunteer hours spent at Tennant-sponsored events
- Track the retail value of charitable donations of equipment
- At least one company-sponsored volunteer event per region as determined by business unit

Orbio Technologies Spreads Holiday Warmth by Making Blankets for Project Linus Charity

Over the holiday season, Orbio Technologies employees generously donated their time and energy into making blankets for the Project Linus charity. Project Linus is a non-profit organization that provides homemade blankets to children in need. The blankets are lovingly made by adults and children from all walks of life and many different sources. The mission is to provide a sense of security, warmth and comfort to children who are seriously ill, traumatized or otherwise in need through the gifts of new, handmade blankets and afghans, created by volunteer "blanketeers."





Tennant in Human Rights

LONG-TERM OBJECTIVE

Tennant will foster and maintain an ethical work environment free of discrimination, including adherence to and support of all internationally proclaimed human rights in both our own policies and the policies of those with whom we do business.

GOAL:

Earnestly solicit and welcome all good faith reports of potential or alleged violations of law or ethical standards

METRICS:

- Percentage of reports answered and investigated promptly in accordance with the ethics hotline guidelines
- Percentage of cases where a summary of findings, response and any remediation is documented and retained per legal guidelines

GOAL:

Prepare, implement and fund compliance programs designed to monitor and enforce compliance with applicable laws and ethical standards in the communities where we operate

METRICS:

- Percentage of employees trained on Tennant ethics standards
- Percentage of employees acknowledging receipt of Business Ethics Guide

GOAL:

Tennant will require business partners to adhere to its compliance programs. Partners will be monitored on a risk-based, periodic basis for agreement with Tennant relevant policies. Refusal or non-compliance will be subject to action up to and including discontinuation of business with Tennant.

METRICS:

- Compliance measurement implemented for Distribution Partners in 2014
- Compliance measurement implemented for Supply Partners in 2015



Tennant Safety, Facilities, Environment

LONG-TERM OBJECTIVE

We will operate our global facilities in a manner that protects the environment and promotes the health and safety of our employees and communities. We will work to meet all regulations, standardize and globalize best management processes, proactively eliminate and mitigate risks and promote a collaborative, interactive culture of shared responsibility.

GOAL:

By 2020, we will reduce workplace injury and severity rates to 1.5 and 1.0 (respectively) from 2013 baseline

METRICS:

- Operations incident rate from 3.10 to 1.5 and Severity rate from 2.18 to 1.
- North America Tennant Sales and Service Company incident rate from 3.93 to 1.5 and Severity rate from 2.36 to 1.

CORPORATE GIVING PROGRAM

GIVING PRINCIPLES

Tennant Company's corporate giving is driven by a commitment to creating a cleaner, safer, healthier world in which to live, work and play. Through corporate-directed giving and the Tennant Foundation, our company proudly supports organizations, programs and individuals who share this value and commitment. Some examples of our giving programs include:

- Tennant Employee Scholarship Program
- Volunteer Gift Matching Program
- Employee Gift Matching Program
- United Way
- Equipment Donations
- Operating and Capital Grants

Tennant Foundation grants are targeted to organizations serving our headquarters community around Minneapolis and are typically modest operating grants, but we consider a small number of capital grants as well. When considering requests for grants, the Tennant Foundation considers: How does this request further our commitment to create a cleaner, safer, healthier world in which to live, work and play? Improving the "quality of life" in our community through environmental programs or social services is one perspective in our grant making. Workforce readiness through education, vocational rehabilitation and other similar services is a second category of giving. Finally, contributing to cultural and arts organizations that enable our employees and their families to "play" is an important area of giving for the Tennant Foundation.

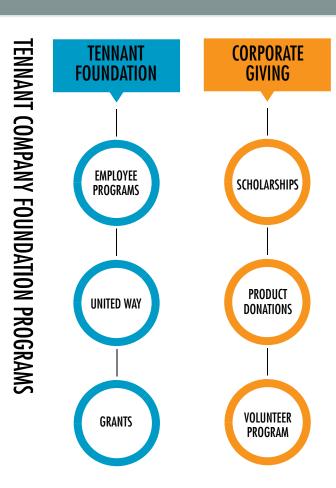
Tennant Company will consider making in-kind or equipment donations outside of the Foundation when requests are employee-supported, when they help to further our giving mission and if the recipient organization meets eligibility requirements.

GRANT APPLICATION PROCESS

Organizations interested in submitting a grant request should complete the Minnesota Common Grant Application Form and explain how their organization's work helps to further Tennant Foundation's mission to create a cleaner, safer, healthier world in which to live, work and play. Only qualified 501(c)(3) organizations with no religious affiliation are eligible to receive a grant.

Mail completed applications to: Tennant Foundation 701 North Lilac Drive, P.O. Box 1452 Minneapolis, MN 55440

VISIT TENNANTCO.COM FOR MORE INFORMATION



TENNANT FOUNDATION

SCHOLARSHIP PROGRAM

In 1980, the Tennant Scholarship Program was implemented for eligible children of regular full-time or part-time Tennant employees. A maximum of 22 new scholarships are available annually, with awards of \$1,250 per year for full-time study. Each scholarship is limited to four consecutive years for those students attending any approved post-high school educational program. Students must requalify for scholarships each year. Scholarships are granted on the basis of educational performance, extracurricular involvement and potential to succeed in the chosen educational program.

GIFT MATCHING

The Gift Matching Program was adopted in 1974 to provide matching contributions on employee gifts to post-secondary schools or colleges. In the 33 years since the program was put in place, the program has undergone significant enhancements:

- The program now includes most organizations recognized as non-profit and tax-exempt by the IRS.
- Employee's gifts are matched on a dollar-to-dollar basis up to a pre-set maximum.
- The maximum amount that can be matched per employee in any calendar year is \$1,500. The minimum amount to be matched is \$50.

During 2013, 141 employees took advantage of the Gift Matching Program with their personal contributions. The Tennant Foundation matched their gifts totaling \$50,822.

VOLUNTEER GIFT MATCHING

The Volunteer Gift Matching Program recognizes the volunteer work of Tennant employees in their respective communities. This innovative program matches 40 hours or more per year of volunteer hours to a single agency with a \$200 gift if that agency would otherwise be eligible for Foundation grants. The program encourages and rewards volunteerism in response to the ever-increasing needs of local non-profit organizations. In 2013, the program supported more than 400 hours of volunteer work by Tennant employees.

EQUIPMENT DONATIONS

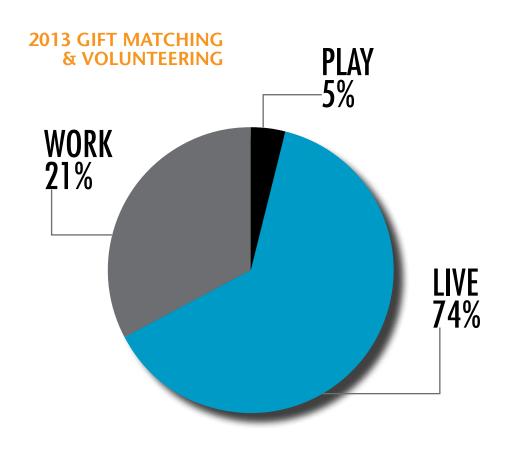
Tennant Company donates Tennant equipment to non-profit organizations to further our vision of creating a cleaner, safer, healthier world. We consider it an imperative that our company is a steward to the communities in which we do business.

Organizations that are non-profit entities, with 501(c)(3) designation and who do not have a religious affiliation, may be eligible for equipment donation. Equipment donations may be granted to any eligible organizations in the United States. Consideration will be given to the potential for a donation to adversely impact the business of a Tennant partner or distributor. Therefore, Tennant may consult its partners prior to making a final decision.

2013 FINANCIAL DATA

TENNANT FOUNDATION AND GIVING

FISCAL YEAR ENDED DECEMBER 31, 2013



TENNANT FOUNDATION	
Total Grant Disbursement	\$326,700 ⁽¹⁾
Total Number of Grants	34
Total Employee Gift Matching	\$50,822 ⁽²⁾
Administrative Expenses	\$43,830
Expenses as a Percent of Disbursements	11.6%
Grants Paid in 2013	
Social Services (LIVE)	\$45,000
Environmental (LIVE)	\$7,500
Health & Safety (LIVE)	\$5,000
Cultural (PLAY)	\$29,000
Education & Workforce Readiness (WORK)	\$64,200
Public TV & Radio (WORK)	\$10,000
United Way	\$166,000
Total Foundation Contributions	\$326,700
TENNANT GIVING	
Tennant Scholarship Program	\$91,480
Equipment & Inventory Donations	\$108,633
Total Giving Contributions	\$200,113 ⁽³⁾
GRAND TOTAL (1), (2), (3)	\$577,635

STEWARDSHIP IS A VALUE THAT TENNANT EMPLOYEES TAKE PERSONALLY

"Employees of Tennant Company work with a spirit of Stewardship. We are accountable to our customers, our co-workers, investors and the global community."

In 2013, hundreds of Tennant employees participated in giving back to their communities, either with a direct financial contribution or through the gift of time. Tennant Company extends gift-matching options to employees in various parts of the world and through the Tennant Foundation, based in Minneapolis, Minn. Employees are encouraged to participate in locally sponsored or corporate-sponsored volunteer events such as cleaning community landmarks, parks and tourist destinations; making sandwiches for the homeless; assembling bicycles for under-privileged children; or making blankets for children in need. Many employees find time to join company-sponsored events and give back in their local communities.

leave it better fthan we found it.



Jim Verstraete is a Tennant employee in Antwerp, Belgium. He is just one of many Tennant employees giving their time to their community. Jim lives out our value of Stewardship: to leave things in better condition than we found them.

In His Own Words... One Employee's Perspective on Giving Back:

ON VOLUNTEERING

"As a volunteer, I work on getting equal rights for minorities, fighting poverty and driving energy conservation in my local community. Each of these is a subject that is very dear to me and they are also areas where true progress has been difficult."

ON ENERGY & ENVIRONMENT

"Energy consumption and environmental impact are high on the political agenda in Europe. We often don't realize how quickly we – as individuals or even a corporation – can reduce our impact on the environment. With an organization in my community, I volunteer to perform energy audits on homes and then help people find their way through all of the programs and possibilities so that they can successfully reduce energy consumption and reap the benefits of lower energy costs, higher energy efficiency and knowledge that they can pass on to others."

ON COMMUNITY

"When I moved to the city of Antwerp, I was inspired by the many nationalities living there. Helping people live together and respect one another is a challenge. In both my professional life and private life, I have developed a passion for helping people understand each other and develop new ideas together. I have regularly had the opportunity to participate in group chats to welcome new people to Antwerp, and explain to them about local life, culture, customs and legislation. It has helped me to open up to different points of view and vice versa. Many of the people I have met are still very close to me. These are my friends; this is my neighborhood."

2013 FOUNDATION GRANTS

BLIND, Inc. Bridging

Children's Hospital Foundation Children's Theatre Company Conflict Resolution Center

Dunwoody College of Technology Emergency Food Shelf Network

Environmental Initiative

Fraser

Great River Greening

Guthrie Theater

Habitat for Humanity - Twin Cities

HIRED

Junior Achievement

Los Angeles Regional Food Bank

MEDA

Minneapolis Institute of Arts Minnesota's Private Colleges Minnesota Academy of Science

Minnesota Opera

Minnesota Public Radio

Minnesota Zoo Foundation

MN Children's Museum

MN Institute for Talented Youth

PRISM

Science Museum of MN

The St. Paul Chamber Orchestra

Tree Trust

Twin Cities Public Television

United Way - Centraide du Grand

Montreal

United Way - Ottawa County, MI

United Way - Twin Cities

US Green Building Council - MN

Walker Art Center

TENNANT FOUNDATION SPONSORS INTENSIVE CARE ROOM AT CHILDREN'S HOSPITAL

The Tennant Foundation is proud to sponsor a room at the Intensive Care center on the Minneapolis campus of Children's Hospitals and Clinics of Minnesota.

Serving as Minnesota's children's hospital since 1924, Children's Hospitals and Clinics of Minnesota is the seventh-largest pediatric health care organization in the United States, with 332 staffed beds at its two hospitals in St. Paul and Minneapolis. An independent, not-for-profit health care system, Children's of Minnesota provides care through more than 13,000 inpatient visits and more than 200,000 emergency room and other outpatient visits every year.

2013 SCHOLARSHIP RECIPIENTS

Maya Audi Tamara Bouwmans Luke Christenson Elissa Doyle Kyle Edner Scott Hartman Justin Hoikka Joseph Koch Rachel Lumley Eric Madsen

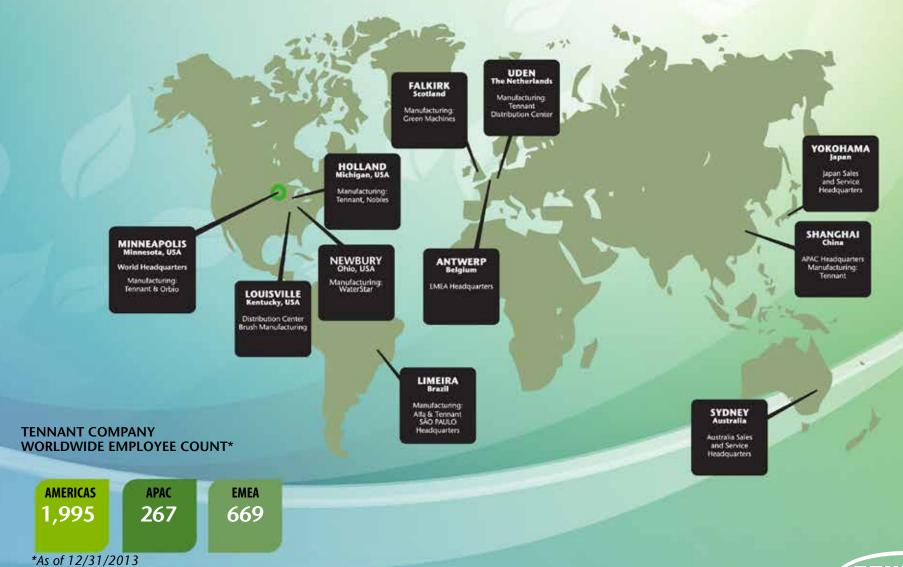
Elizabeth Newell

Georgia Newell Shelby Poest Emma Pouliot Victoria Prosser Nathaniel Reilly Bailey Thompson Rebecca VanHorne Carrie Vichill Emilie Watson Cody Wetmore Brittany Wimmer



Tennant Foundation's gift is recognized and displayed at Minneapolis Children's Hospital.

TENNANT COMPANY GLOBAL LOCATIONS



ABOUTTENNANT COMPANY











Tennant Company, a Minnesota corporation that was founded in 1870 and incorporated in 1909, is a world leader in designing, manufacturing and marketing solutions that help create a cleaner, safer, healthier world. The Company's floor maintenance and outdoor cleaning equipment, chemical-free and other sustainable cleaning technologies, coatings and related products are used to clean and coat surfaces in factories, transportation facilities, public venues, warehouses, retail, education, healthcare, office buildings, parking lots and streets, and other environments. Customers include building service contract cleaners to whom organizations outsource facilities maintenance, as well as end-user businesses, healthcare facilities, schools and local, state and federal governments that handle facilities maintenance themselves. The Company reaches these customers through the industry's largest direct sales and service organization and through a strong and well-supported network of authorized distributors worldwide.

PRINCIPAL PRODUCTS, MARKETS AND DISTRIBUTION

The Company offers products and solutions mainly consisting of mechanized cleaning equipment targeted at manufacturing, warehouse and logistics, transportation facilities, public venues, retail, healthcare and education markets; parts, consumables and service maintenance and repair; business solutions such as rental and leasing programs; and sustainable cleaning technologies that reduce the need for chemicals in the cleaning process. Adjacent products include surface coatings and floor preservation products. The Company's suite of offerings are marketed and sold under the following brands: Tennant[®], Nobles[®], Green Machines[™], Alfa Uma Empresa Tennant[™] and Orbio[®]. The Orbio brand of products and solutions is developed and managed by Orbio Technologies, a group created by Tennant to focus on expanding the opportunities for water-based sustainable technologies such as ec-H2O[™] and Orbio 5000-Sc. Tennant Company's products are sold through direct and distribution channels in various regions around the world. In North America, Brazil, Australia, China and most of Western Europe, products are sold through a direct sales organization and independent distributors. In more than 80 other countries, the Company relies on a broad network of independent distributors.

TENNANT IS AN ACTIVE MEMBER OF THESE ORGANIZATIONS*

Building Service Contractors Association International

Environmental Initiative

International Sanitary Supply Association

Manufacturers Alliance for Productivity and Innovation

Minnesota Business Partnership

Minnesota Chamber of Commerce

U.S. Green Building Council

Minnesota Chapter USGBC

Minnesota Sustainability Practitioners Roundtable

Twin Cities Conflict Minerals Task Force

Waste Wise Minnesota

Human Resources Leadership Council

Global Environmental Management Initiative

NorthStar Initiative for Sustainable Enterprise

FUnited

VDMA (Verband Deutscher Maschinen- und Anlagenbau – German Engineering Federation)

FME (Dutch association of manufacturers in the technology industry)

NVZ (Dutch association for detergents, maintenance products and disinfectants)

National Association of Manufacturers

*Representative, not all-inclusive

APPENDIX VISIT TENNANTCO.COM FOR MORE INFORMATION



GRI INDEX REPORT

Our 2013 Sustainability Report follows the Global Reporting Initiative's G3 reporting framework, released in 2006, at a B Application Level. A full summary of our GRI disclosures and performance indicators is provided in the index below. Visit www.tennantco.com to learn more about the framework and its requirements.



WATER MATERIALITY

A water materiality assessment of Tennant Company's Minneapolis Campus was performed by Wenck Associates Inc. This assessment can be found at www. tennantco.com.



TENNANT COMPANY HEADQUARTERS, USA

701 NORTH LILAC DRIVE, P.O. BOX 1452 MINNEAPOLIS, MN 55440

PH. 1.800.553.8033

FAX. 763.513.2142

EMAIL: INFO@TENNANTCO.COM WWW.TENNANTCO.COM