



# Accelerating Progress Toward A Sustainable Future

Fortive Corporation Annual Sustainability Report | 2022 Reporting Year



## Materiality and Forward-Looking Statements

The disclosures included in this report are being provided to the public in an effort to provide transparency into our environmental, social and governance (ESG) initiatives to respond to investor and other stakeholder requests, and to further enhance our collective understanding of ESG issues. Our approaches to the disclosures included in this report differ in significant ways from those included in mandatory regulatory reporting, including under U.S. federal securities laws and regulations. Thus, while certain matters discussed in this report may be significant, any significance should not be read as necessarily rising to the level of materiality used for the purposes of complying with the U.S. federal securities laws and regulations, even if we use the word “material” or “materiality” in this report.

Certain statements included or incorporated by reference in this report are “forward-looking statements” within the meaning of the U.S. federal securities laws. All statements other than historical factual information are forward-looking statements. Forward-looking statements are based on assumptions and assessments made by our management in light of their experience and perceptions of historical trends, current conditions, expected future developments and other factors. Forward-looking statements are not guarantees of future performance and actual results may differ materially from the results, developments and business decisions contemplated by our forward-looking statements. Accordingly, you should not place undue reliance

on any such forward-looking statements. Important factors that in some cases have affected us in the past and that in the future could cause actual results to differ materially from those envisaged in our forward-looking statements are described in Fortive’s filings with the U.S. Securities and Exchange Commission (SEC). The forward-looking statements included in this report speak only as of the date of this report, and except to the extent required by applicable law, we do not assume any obligation to update or revise any forward-looking statement, whether as a result of new information, future events and developments or otherwise.





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## A Letter from Our CEO



**JAMES A. LICO**  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

### Dear Fortive Stakeholders,

Since our founding in 2016, we have been committed to Sustainability. Delivering long-term value and impact are inextricably linked with our shared purpose and values and are reflected in our business strategy.

Our commitment to Sustainability is grounded in our culture of kaizen, or continuous improvement, the cornerstone of our Fortive Business System (FBS). FBS powers our innovation and growth to deliver industry-leading solutions for our customers. Our dedication to FBS also enables us to advance and scale our Sustainability strategy and performance.

Kaizen and FBS fuel our steadfast optimism – our belief that we can always do better – and our commitment to delivering breakthroughs for all our stakeholders, including customers, employees, shareholders, communities, and the planet.

**Fortive’s shared purpose – essential technology for the people who accelerate progress – makes us an indispensable partner for customers seeking sustainable solutions.**

The work we do, and how we do it, centers around impact. Every day, Fortive’s products, services, and people are making an impact behind the scenes to:

- ensure safe operating conditions for workers in high-risk environments;
- provide software solutions that manage critical metrics for worker health and safety as well as sustainability performance;
- safeguard the operational capacity of critical infrastructure and physical assets;
- enable operational and process efficiencies that reduce environmental impacts;
- advance automated, tailored perioperative care for patients and their procedures; and
- enable quick and accurate results from medical testing.

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**Over 60% of our revenue is generated from products and services that enable sustainability-related outcomes and are aligned with the United Nations Sustainable Development Goals.**

## Advancing Performance and Transparency

As a force for good, we believe in prioritizing trust, transparency, Sustainability, and positive impact to deliver long-term value. Our Sustainability Report is aligned to the top environmental, social, and governance (ESG) reporting frameworks:

- GRI (Global Reporting Initiative)
- SASB (Sustainability Accounting Standards Board)
- TCFD (Task Force on Climate-related Financial Disclosure)

This report also includes our Communication of Progress as a United Nations Global Compact (UNGC) signatory and alignment to the UN Sustainable Development Goals (SDGs).

Our Sustainability ratings continue to increase, including a “B” for our 2022 CDP Climate Change disclosure and a rating of “AA” (leader) from MSCI. In addition, we successfully completed third-party assurance of our greenhouse gas (GHG) accounting, achieving Limited Assurance. These improvements are a testament to the rigor and integrity of our management systems and processes.

**Our organization is built on integrity – when we say we will do something, we do it. This high “say-do ratio” also applies to our Sustainability goals. For example, we established the 2029 absolute GHG emissions reduction goal after achieving our prior goal three years early. And from 2021-2022 we reduced Scope 1 and 2 emissions 1.5% while our business grew at almost 11%.**

## Accelerating Progress Toward a Sustainable Future

Our powerful combination of global companies, specialties, and skills means that when we see a promising new opportunity to advance our sustainability goals, we are uniquely positioned to invest in it.

In addition to the industry leading companies that are the bedrock of our portfolio, we have made strategic investments in companies with leading positions in industrial and construction technology, precision measurement, life safety, and patient care in healthcare. Each of these businesses contributes to a safer, smarter, and more sustainable world – today and tomorrow.

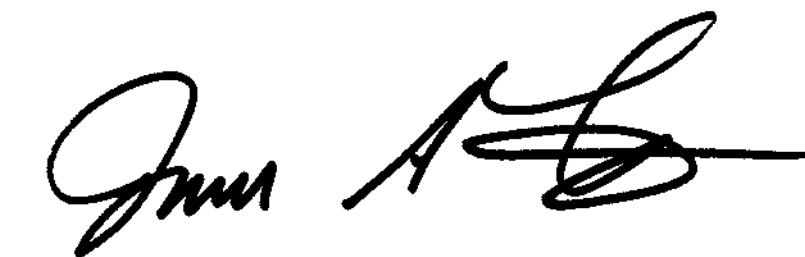
The potential impacts and risks associated with ESG issues are increasingly top of mind, but at Fortive, ESG issues have always been business issues. We have long recognized the benefits of strong governance, impactful environmental goals and programs, and meaningful people-focused goals and initiatives for our stakeholders.

In 2022, we invested in Datamaran, an AI-based software analytics platform that helps companies identify and monitor ESG risks and opportunities in real-time. We believe in the work Datamaran is doing to make ESG risk and opportunity analysis accessible to organizations seeking to create and sustain long-term value.

I am proud of our successes, and I am excited about our future. We have the right formula to continue making an impact in the world: strong and diverse teams, industry-leading companies, the power of FBS, and the grit and tenacity to solve hard problems.

Our Sustainability vision - accelerating progress toward a sustainable future - inspires us every day.

Thank you for joining us on this bold journey, and for putting your trust in us.



**JAMES A. LICO**  
PRESIDENT AND CHIEF EXECUTIVE OFFICER

[1] GRI: Global Reporting Initiative, SASB: Sustainability Accounting Standards Board; TCFD: Task Force on Climate-related Financial Disclosures

**INTRODUCTION**

# 2022 Sustainability Achievements

We are proud to share the breadth of our Sustainability progress, as well as two new goals.

**4th**

consecutive year on Newsweek’s Most Responsible Companies

**100%**

on Human Rights Campaign Corporate Equality Index, for the sixth consecutive year

**60%**

revenue generated from sustainability-enabling products and services

**B**

on CDP’s Climate Change disclosure, up from C

**22.4%**

absolute reduction in Scope 1 and 2 GHG emissions from 2019

**NEW GOAL**

**10%**

goal to reduce water use at major operations by 2029

**78%**

Employee Engagement score

**82%**

Employee Inclusion & Belonging score

**25,000+**

hours dedicated to community service

**75%**

of operating companies in top quartile for total recordable incident rate (TRIR)

**38**

day average SpeakUp! case closure rate, exceeding goal of 45-day average

**NEW GOAL**

**\$100M**

spend goal with diverse suppliers by 2025

## INTRODUCTION

# About Fortive

**We are a global technology innovator with generosity and optimism in our DNA.**

Fortive delivers essential technology and connected workflow solutions across a range of attractive end markets. Our businesses and strategic segments—Intelligent Operating Solutions, Precision Technologies, and Advanced Healthcare Solutions—are built on leading brands, innovative technologies, and established market positions.

Making a positive impact on the world is core to who we are, what we do, and how we do it. Our culture is deeply grounded in continuous improvement, and we're equipped with the tools and the drive to accelerate progress for people-centric fields like industrial manufacturing, engineering labs, workplace safety, facility and asset management, product development, and healthcare.

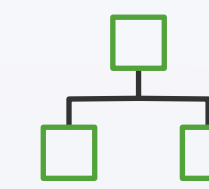
## Who We Are

Our global team is united by a powerful shared purpose: *essential technologies for the people who accelerate progress*. With 17 operating companies, our teams operate across a broad range of industries and geographies. The work together to propel us towards our goal of a sustainable future through development of critical hardware- and software-enabled workflow solutions, applied intelligence, advanced analytics, and other rapidly advancing technologies. We are energized by our vision of a stronger, safer, and sustainable world and boldly pursue the solutions to get us there.

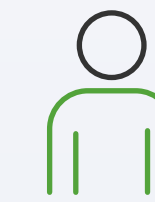
Our products and services enable our customers to reduce environmental impacts, advance community and patient health, and ensure safe workplaces and operational continuity of critical infrastructure. Our growth mindset and culture of curiosity are powerful forces that drive the ideation and experimentation necessary to develop the products and services that accelerate progress for all.



## FORTIVE AT A GLANCE



**17**  
operating companies



**18K+**  
employees



**50+**  
countries



**\$5.8B**  
2022 revenue

## Our Business Segments



### Intelligent Operating Solutions – Optimizing Performance

At the forefront of accelerating progress for our tens of thousands of customers in mission-critical workflows, Fortive’s Intelligent Operating Solutions use advanced instrumentation, software and services to keep much of the world running safely, efficiently, and more sustainably. We have leading positions in electrical test and measurement, facility and asset lifecycle software applications, and connected worker safety. We connect workflows, real-time data, and powerful analytics to keep customers and critical infrastructure maintained, minimize downtime, and supercharge productivity.



### Precision Technologies – Accelerating Innovation

Turning the spark of an idea into a world-changing product requires bold vision, a rigorously customer-centric approach, and specialized expertise in materials, methods, and measurement. Fortive’s Precision Technologies help solve tough technical challenges to speed breakthroughs in a wide range of applications, from food and beverage production and manufacturing to next-generation electric vehicles and clean energy, as our customers seek new test solutions to enable the electrification and connectivity of everything. From deep sea to deep space, engineers and product developers depend on Fortive’s advanced technologies for safety, precision, and reliability, even in the most demanding and dynamic conditions.



### Advanced Healthcare Solutions – Improving Care

As patient care delivery evolves globally, Fortive’s Advanced Healthcare Solutions are enabling health care providers to deliver exceptional patient care more efficiently with industry-leading instrument sterilization solutions, instrument tracking, cell therapy equipment design and manufacturing, biomedical test tools, radiation safety monitoring, and end-to-end clinical productivity solutions. Hospitals, ambulatory surgical centers, and laboratories need these intelligent technologies to help ensure critical safety standards are met, instruments and operating rooms are working at peak performance, and complex procedures are followed accurately in these mission-critical healthcare environments.





**INTRODUCTION**

# Our Commitment to Sustainability

**We're boldly pursuing our vision of accelerating a sustainable future for all by investing in our people, our operations, and breakthrough innovations that directly address environmental and societal challenges.**

Sustainability is inextricably linked with our shared purpose—*essential technologies for the people who accelerate progress*—and our values. Developing products that create a positive impact on the world is what drives us, and what inspires us.

## Our Sustainability Value Proposition

The work we do, and how we do it, centers around **impact**. Every day, Fortive's products, services, and people are working behind the scenes to:

- ensure safe operating conditions for workers in high-risk workplaces;
- provide software solutions that manage critical metrics for worker health and safety as well as environmental performance;
- enable operational and process efficiencies that reduce environmental impacts;
- safeguard the operational capacity of critical infrastructure and physical assets;
- advance automated, tailored perioperative care for patients and their procedures;
- enable quick and accurate results from medical testing.

Sustainability is central to Fortive's business strategy and our progress is accelerated through FBS. We have a portfolio of operating companies with strategic connections to Sustainability through their products and services. This combination of our strategy and portfolio enables us to scale our impact and capitalize on the secular drivers in our current markets, driving growth and long-term value in new markets.

**ESG issues are business issues.** We identify and manage these issues because we understand their importance in maintaining and enhancing the long-term sustainment and value of the company.



## Aligning Our Disclosures with Leading ESG Frameworks

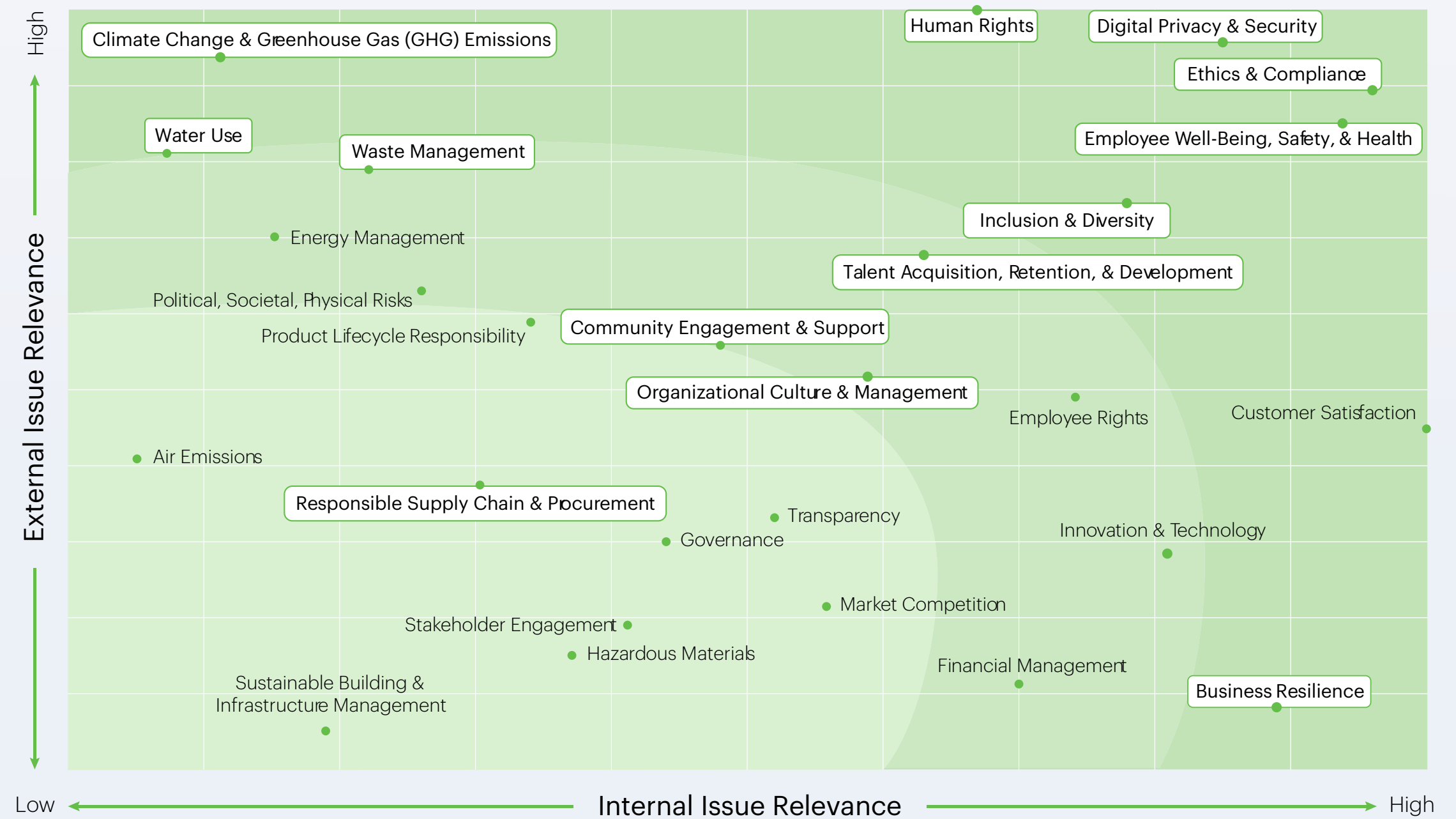
This report provides an update on Fortive’s progress toward our goals in calendar year 2022 and is prepared in alignment with the following frameworks:

- the **Global Reporting Initiative** (GRI) standards: Core (2021 standard)
- the **Sustainability Accounting Standard Board** (SASB) standard for Electrical & Electronic Equipment (RT-EE version 2018-10)
- the **Task Force on Climate-Related Financial Disclosure** (TCFD) framework
- the **United Nations Global Compact** and the **United Nations Sustainable Development Goals** (UN SDGs)

In addition, we report our complete greenhouse gas (GHG) profile and performance via the **CDP Climate Change** disclosure each year. Click [here](#) to access our most recent CDP Climate Change disclosure.



### MATERIALITY MATRIX



## Sustainability Pillars

The Sustainability Pillars serve as the blueprint for our Sustainability strategy, and we define goals in each to drive progress. We dedicate our resources to prioritize continuous improvement in these areas, because we understand the value they offer to the business, as well as the risks of inaction. The Sustainability Pillars, and our alignment with the UN SDGs, provide the organizing framework to focus on the ESG issues that are relevant and material to our business due to the role each has in delivering near- and long-term value for the company and our stakeholders.



### Empower Inclusive and Diverse Teams

**Advance an equitable and inclusive culture that enables everyone to be authentic and do their best work.**

- Inclusion and Diversity
- Organizational Culture and Management
- Talent Acquisition, Retention, and Development



### Invest in Our Communities

**Create and advocate for positive impacts in the communities in which we work, live, and serve.**

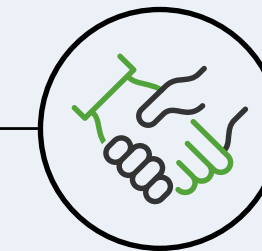
- Community Engagement and Support



### Protect the Planet

**Protect the environment and resources across the value chain.**

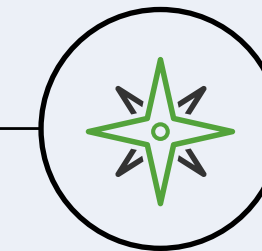
- Climate Change and GHG Emissions
- Water Use
- Waste Management



### Work and Source Responsibly

**Raise and reinforce expectations to ensure people, safety, and quality are priority #1.**

- Employee Well-Being, Safety, and Health
- Responsible Supply Chain and Procurement
- Human Rights



### Operate with Principle

**Establish and enforce boundaries to protect critical assets.**

- Ethics and Compliance
- Business Resilience
- Digital Privacy and Security



**OPTIMIZING ENERGY GENERATION AND TRANSMISSION FOR THE CLEAN ENERGY TRANSITION**

**Gems Sensors** pressure switches and transducers control the blade pitch and yaw on wind turbines to maximize the amount of power generated under any wind condition.

**Intelex** software allows customers to conduct greenhouse gas (GHG) emissions accounting and reporting, including the proportion offset by renewable energy.

**Hengstler-Dynapar** smart solar tracker encoders help solar panels track the sun's movement across the sky, maximizing available energy generation.

**Fluke** provides industry-leading solar maintenance tools, which enable technicians to test and confirm the performance of each cell on solar panels.



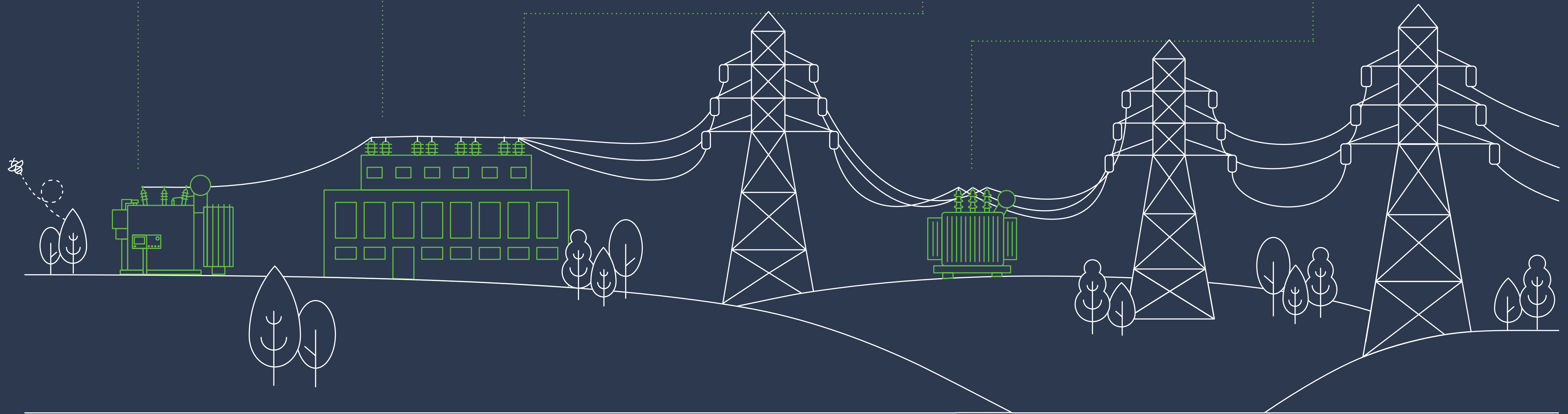
**ENSURING SAFE MANAGEMENT AND SUSTAINED OPERABILITY OF CRITICAL INFRASTRUCTURE**

**Tektronix** signal generators enable power conversion of renewable energy into electricity.

**Qualitrol's** digital gas analyzers provide real-time detection of gas leaks in electrical substations, including sulfur hexafluoride (SF6), a potent greenhouse gas.

**ServiceChannel's** preventive maintenance software visualizes real-time data to keep assets operating in peak condition, reducing risks of performance degradation or catastrophic failure.

**Industrial Scientific's** iNet<sup>®</sup> Now equips technicians with real-time analysis of gas concentrations in hazardous environments and alerts when conditions are not safe for entry.



**ENABLING EFFICIENT OPERATIONS IN OUR TOWNS AND CITIES**

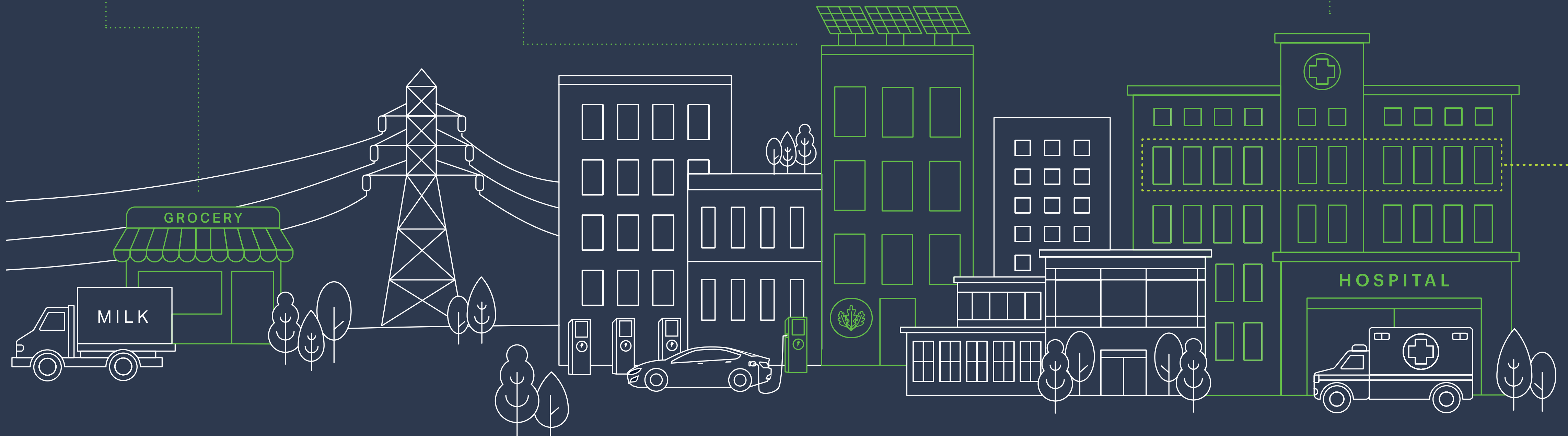
**Anderson-Negele's**

intelligent sensors enable food and beverage companies to achieve precise fill rates, avoiding production downtime and food waste.

**Setra's** Networked Multi-load Power Meters simplify energy management by identifying energy use patterns and inefficiencies and tracking energy savings resulting from ongoing improvements.

**Gordian's** Green Building Costs Book with RSMMeans data helps construction professionals plan, budget, and build commercial buildings to LEED standards.

**Accruent** vxObserve software provides energy management visibility, allowing facilities teams to optimize their building systems, understand real-time energy consumption, and prevent system failures.



**PROMOTING PATIENT AND PROVIDER SAFETY WITH REAL-TIME MEASUREMENTS AND CLEAN TECHNOLOGY**

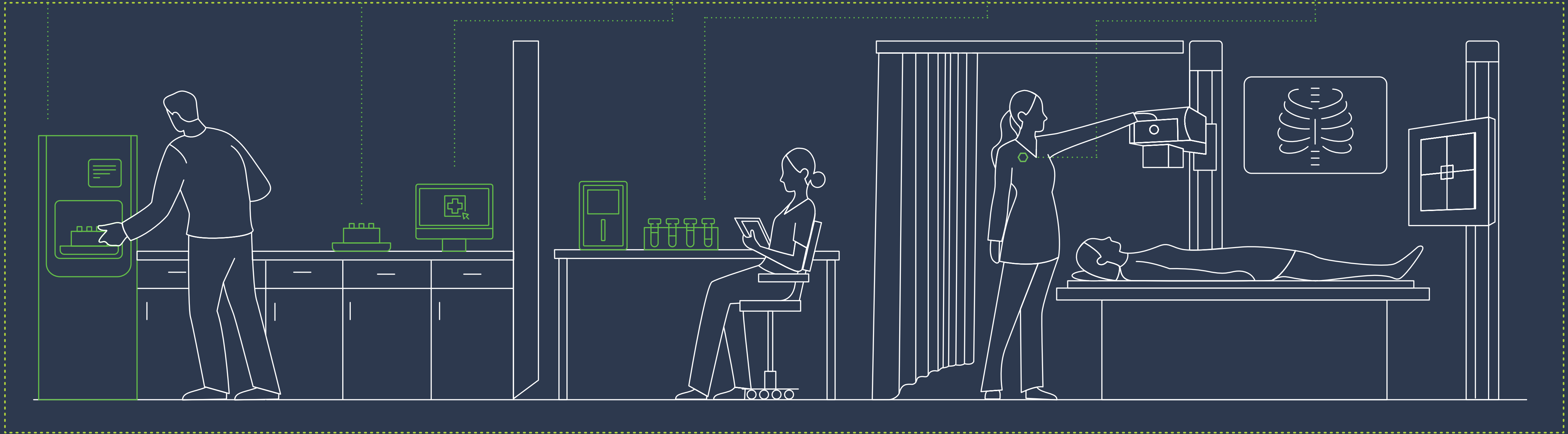
**ASP's** STERRAD® systems sterilize instruments using hydrogen peroxide, keeping technicians, patients, and the environment safe from chemical exposure.

**Censis'** CensiTrac® software tailors the instrument tray list for procedures and tracks instrument usage to identify unused instruments, which reduces costs, energy, and water use associated with sterilization.

**ProVation's** perioperative clinical documentation and productivity software solutions enables physicians to focus on safe and efficient patient care.

**Invetech's** is a market leading partner for developing and scaling best-in-class medical diagnostic devices and process automation solutions for cell and gene therapies.

**Landauer** dosimeters measure radiation exposure for technicians, providing a record and real-time reading of exposure levels to prompt behavior changes and instantly reduce exposure.



**INTRODUCTION**

# Our Culture

**Our purpose – Essential technology for the people who accelerate progress – is our reason for being. We bring that purpose to life every day, guided by a unique set of values, behaviors, and systems. Together, these elements define our culture.**

Our values encapsulate the teamwork, customer focus, growth mindset, and drive that enable us to develop breakthrough Sustainability solutions.

## Values

**We build extraordinary teams for extraordinary results.**

We are more together, and we all have something unique to offer. Using FBS, along with our strong, inclusive culture, enables us to come together to solve problems no one could solve alone.

**Customer success inspires our innovation.**

Our culture of continuous improvement enables us to drive innovation and deliver transformative technologies that break down barriers and forge new paths for our customers and the world.

**We compete for shareholders.**

We are a force for good. We believe that prioritizing trust, Sustainability, and positive impact creates long-term value for all our stakeholders - our customers, employees, shareholders, and communities.

**Kaizen is our way of life.**

FBS is core to who we are. It is a foundational philosophy that shapes what we do and how we approach challenges. Our commitment to continuous improvement inspires us to keep growing and learning.





**INTRODUCTION**

# How We Work

## The Fortive Business System (FBS)

FBS is how we work and what differentiates us from other companies. Through kaizen, or continuous improvement, we constantly challenge ourselves to be better – make better products, provide better services, and exceed customer expectations. We instill that ethos in everything we do.

In a company that is 18,000 strong and spans more than 50 countries and multiple industries, FBS is our common language and our superpower.

We intentionally create kaizen teams that bring different skills, backgrounds, and experiences together to solve problems more effectively than any individual could alone.

**“We begin each kaizen by ‘checking titles at the door’ to empower each participant to contribute with an equal voice.”**



**JIM LICO**  
PRESIDENT AND CHIEF EXECUTIVE OFFICER



## Unleashing Growth and Innovation Through FBS

Our culture is deeply grounded in the FBS operating model. FBS encompasses a powerful set of tools and methods we employ across our operating companies and a mindset that drives continuous improvement.

This shared mindset and belief in better is how we run our business to deliver results and evolve for the benefit of all of our stakeholders. We're a learning organization at heart, and our focus on innovation and growth keeps us a step ahead of what our customers need next.

We have achieved our goals and committed to more ambitious goals through the use of FBS tools. The rigorous application of FBS has enabled us to establish processes and controls to improve data quality, communicate clearly with operating companies and stakeholders, and quantify the impact we're enabling through our efforts.

Our continuous improvement culture drives us to always evaluate opportunities to streamline processes, improve visibility, and execute efficiently.

**"FBS is much more than a set of tools - it's the glue that connects all of our separate businesses through our singular commitment to continuous improvement, or kaizen. We truly believe in bringing all levels of the business together in an environment where everyone's voice is heard and matters."**



**KIRSTEN PAUST**  
SENIOR VICE PRESIDENT,  
FORTIVE BUSINESS SYSTEM OFFICE

### FBS—OUR MINDSET AND TOOLKIT FOR CONTINUOUS IMPROVEMENT



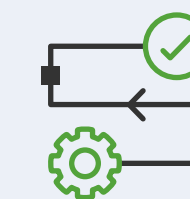
**Fuels experimentation and knowledge sharing.** We learn from each other and from our customers



**Enables our people to grow** by creating the conditions and support to maximize teamwork, problem-solving, and results



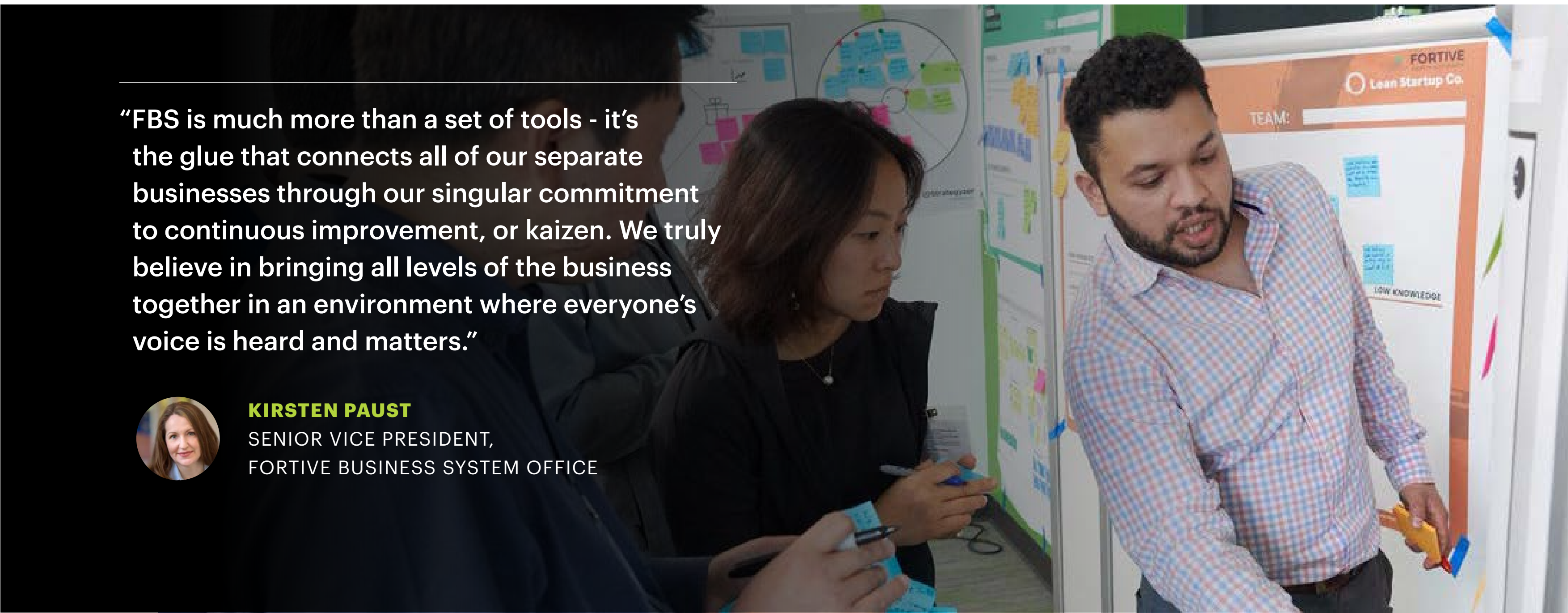
**Aligns with sustainability principles** by optimizing for efficiency and productivity while eliminating inefficiencies and physical waste



**Captures proven methods**, while providing the flexibility to adapt tools to specific situations



**Provides the framework and tools** to test and iterate to help continually improve and accelerate progress



## Leveraging FBS to Advance Sustainability

FBS is fundamental to who we are and how we work. We use FBS to set and achieve our Sustainability goals and embed Sustainability in all that we do. We're particularly proud to share some of our 2022 accomplishments:



### Empower People and Inclusive Teams:

- **82%:** Achieved all-time high on our Employee Inclusion and Belonging score
- **Improved our People strategy using:**
  - Voice of the employee
  - Kaizen
  - Problem solving



### Invest in Our Communities:

- **3x:** increase in Fortive Foundation gifts since 2020
- **Improved gift execution process using:**
  - Value stream mapping
  - Standard work
  - 5S - Simplify, Straighten, Scrub, Stabilize, and Sustain



### Protect the Planet:

- **50%:** our 2029 target to reduce absolute Scope 1 and 2 greenhouse gas (GHG) emissions
- **Achieved Limited Assurance for GHG accounting using:**
  - **Intelex** GHG software
  - Value stream mapping
  - Problem solving
  - Transactional process improvement



### Work and Source Responsibly:

- **63%:** average improvement of Environmental, Health, and Safety (EHS) Risk Score across major operations
- **Systematically reduced risk using:**
  - **Intelex** EHS Software
  - Daily visual management
  - Standard work
  - Voice of the customer



### Operate with Principle:

- **38-day average:** case closure rate through our SpeakUp! program
- **Exceeded our 45-day average goal using:**
  - Value stream mapping
  - Kaizen
  - Daily visual management
  - Standard work

## The Fort

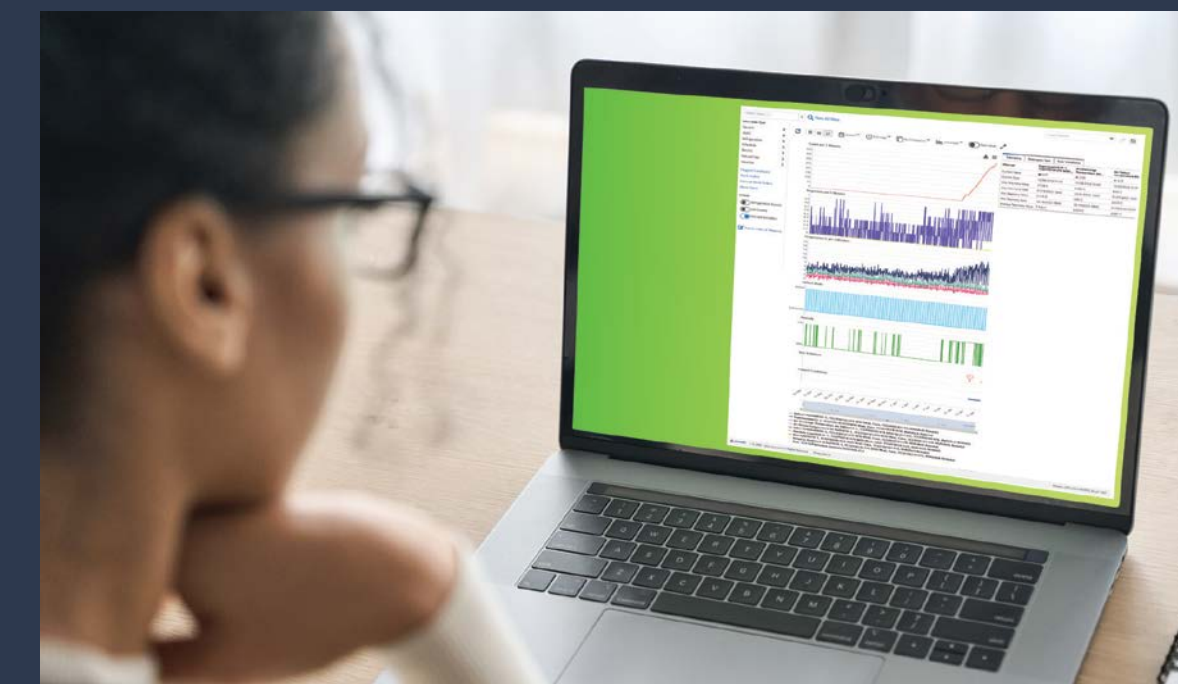
The Fort is our hub for innovation, where we go deep on data, analytics, artificial intelligence, and other emerging technologies to drive continuous improvement and breakthroughs. The Fort specializes in developing simple, elegant solutions to address the deep and complex challenges many of our customers face.

Using FBS to prototype, measure, learn, and iterate, The Fort develops solutions that can be shared across operating companies to enable impact at scale:

- **Business segment-aligned teams** are comprised of data scientists who work closely with the Segment operating companies to better utilize their data, voice of the customer, and develop customer use cases.
- **The Armory** is a database of reusable code, business solutions, and standard work that engineers across all of the operating companies can leverage.
- **The Data Leaders Program** identifies data scientists, trains them, and deploys them to help other operating company teams, building capacity and capabilities across the operating companies.



**The Fort provides a nimble approach to problem solving and a faster time-to-project-launch. On average, operating companies that partner with The Fort see a net gain of over three months compared to traditional project development.**



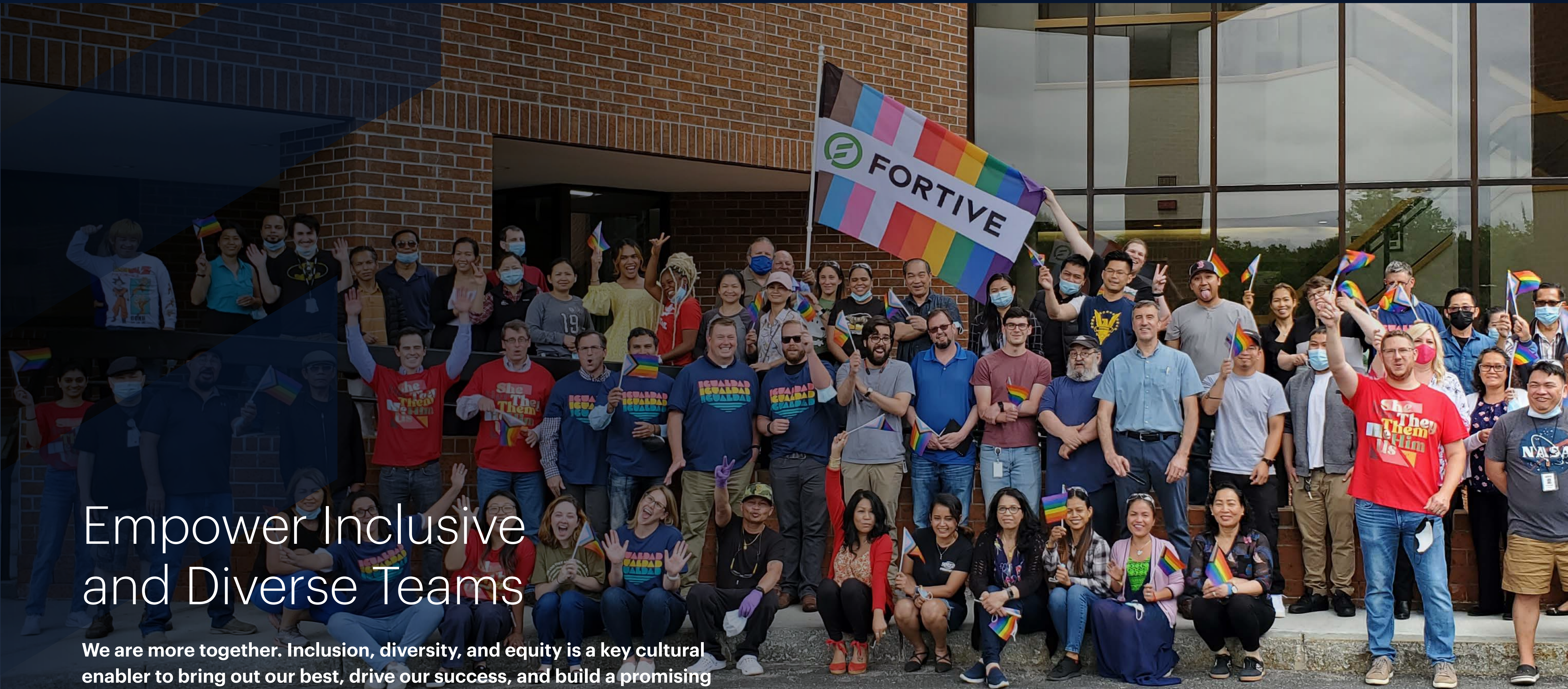
### PRODUCT HIGHLIGHT

#### Accruent: Refrigerator failure prediction for grocery retailer

Accruent's vxObserve product enables customers to manage the maintenance of large fleets of equipment, including heating and air conditioning (HVAC) systems and large refrigeration units. The Fort worked with the vxObserve team to develop an advanced deep-learning solution to improve critical asset failure prediction rates.

Through a pilot program with a major grocery retailer in the United Kingdom, the solution enabled the customer to:

- achieve 99.8% asset uptime
- generate more than \$3M in cost savings
- avoid the release of more than 1,700 MTCO<sub>2</sub>e in emissions, through enhanced refrigerant management



# Empower Inclusive and Diverse Teams

We are more together. Inclusion, diversity, and equity is a key cultural enabler to bring out our best, drive our success, and build a promising future for our teams, communities, and the world around us.

**EMPOWER INCLUSIVE AND DIVERSE TEAMS**

# Our Commitment to Cultivating An Inclusive Growth Culture

**Organizational culture is all about people, and we believe we are more together. People are at the heart of who we are, what we do, and how we work.**

Fortive is a global team, 18,000 strong, energized by a shared purpose. Our People strategy centers on empowering strong, inclusive teams working together to solve problems no one could solve alone. We intentionally seek out different skills, backgrounds, and voices to deliver results for our customers and fulfill our employee promise – **For you. For us. For growth.**

Our People strategy is defined by our inclusive growth culture, advanced through FBS and talent and reward systems, and measured by our employee experience processes. These key elements enable us to accelerate progress for our customers, our teams, and the world around us.



**HIGHLIGHTS**

**100%**

on Human Rights Campaign Corporate Equality Index, for the sixth consecutive year

**2022**

Newsweek's Most Responsible Company

**78%**

Employee Engagement score on the 2022 Employee Experience Index

**82%**

Employee Inclusion & Belonging score on the 2022 Employee Experience Index

“Our culture is grounded in our shared purpose and values, and our success reflects our relentless pursuit of better. Across operating companies, we are collaborative and supportive – we have a culture of curiosity and seek to learn from one another. We are builders, innovators, and entrepreneurs, which creates richness through our diversity of skills and experiences.”



**STACY WALKER**  
CHIEF HUMAN RESOURCES OFFICER



## **Inclusion, Diversity, and Equity (IDE) Enables our Culture**

We all have a role in building a culture and community where everyone can thrive. We are committed to cultivating an inclusive and diverse culture where everyone feels respected, valued, and empowered.

Eliminating bias and striving for equity and fairness is a natural extension of our values. In 2022, we formally added equity to our inclusion and diversity journey.

Together with FBS, IDE is a key cultural enabler.

- **Inclusion** - Develop our teams to build a Fortive where you can be yourself and do your best work.
- **Diversity** - Build a diverse Fortive through hiring, developing, and retaining a strong and diverse team.
- **Equity** - Build a culture of equity that enables greater innovation and performance for customers and for the world.

## Talent and Rewards Systems Advance our Culture

Our culture inspires us to keep experimenting, growing, and learning. Our robust talent and reward systems advance our people strategies by attracting, growing, and retaining the talent we need now and in the future. Together, these systems strengthen our employee value proposition and build our employer brand while delivering new experiences to our employees and results for our customers.

In 2022, we further integrated IDE into our core talent processes and programs by:

- **Enhancing inclusive leader experience:** our training and toolset to equip senior leaders to lead inclusive and diverse high-performing teams.
- **Diversifying hiring sources:** to include Historically Black Colleges and Universities (HBCUs) and other institutions with greater student diversity.
- **Continuing support for our employee and friends resource groups (EFRGs):** to increase inclusion and belonging within and for our underrepresented employee communities. In 2022, we had over 3,000 employee members across over 30 EFRGs.

**NEW EXECUTIVES WHO JOINED FORTIVE IN 2022**

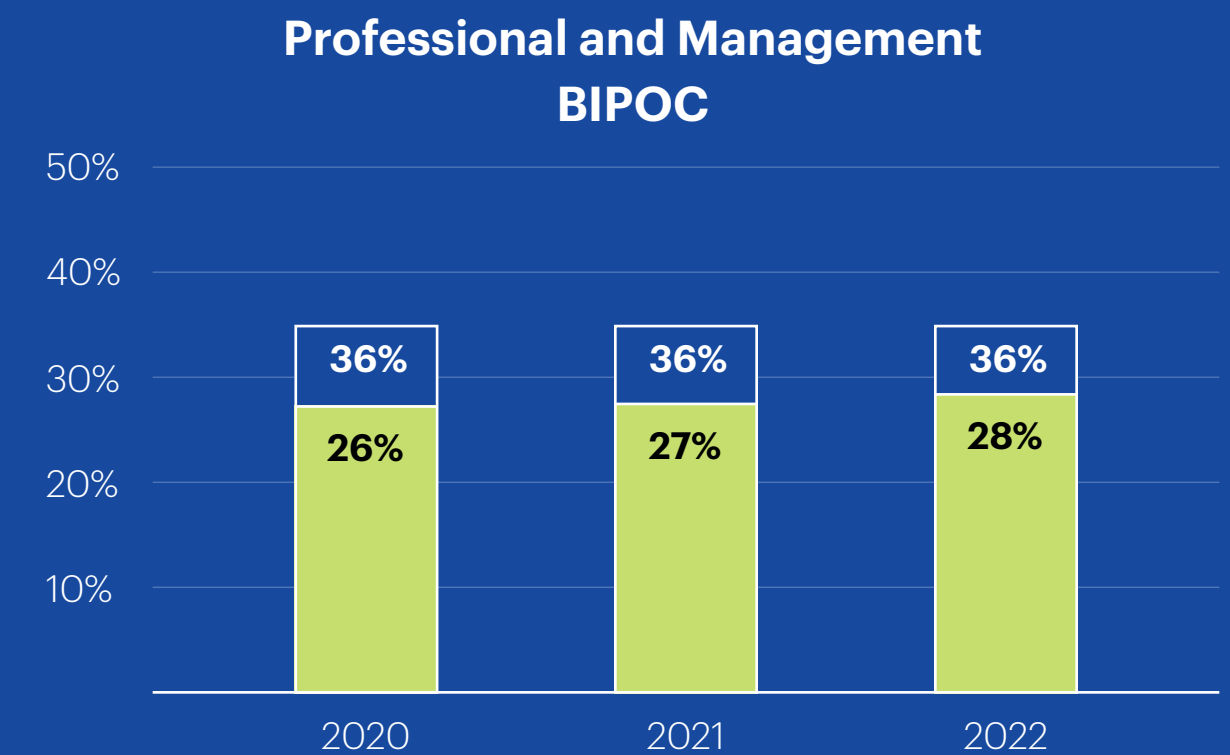
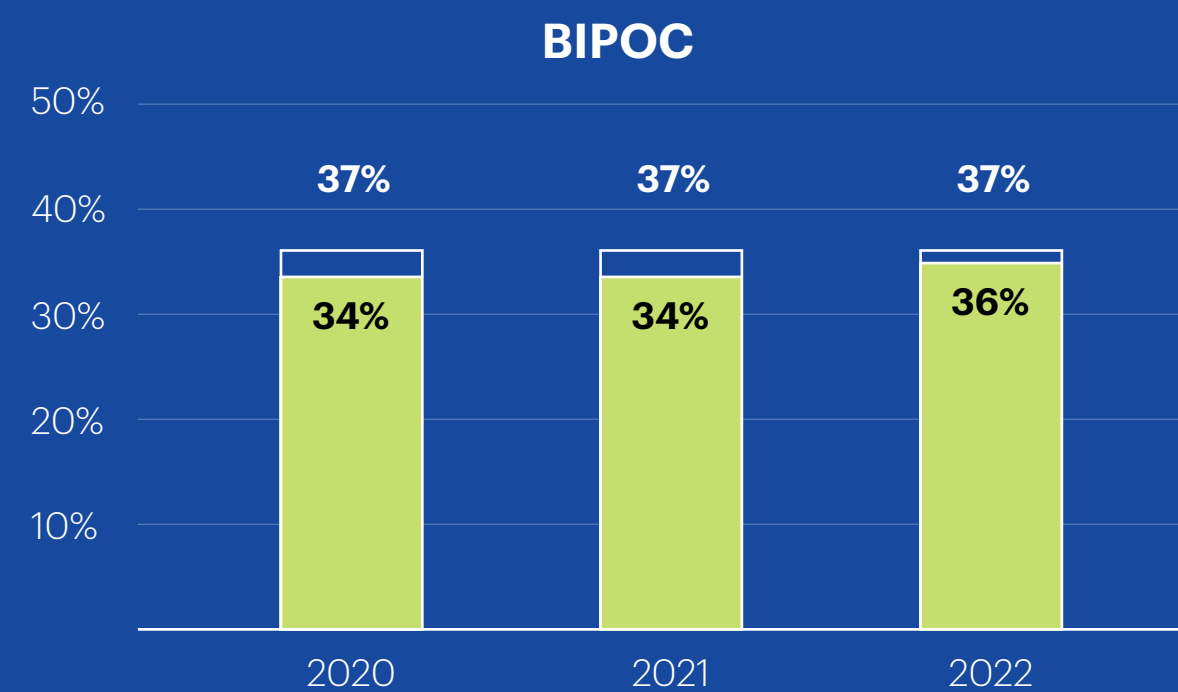
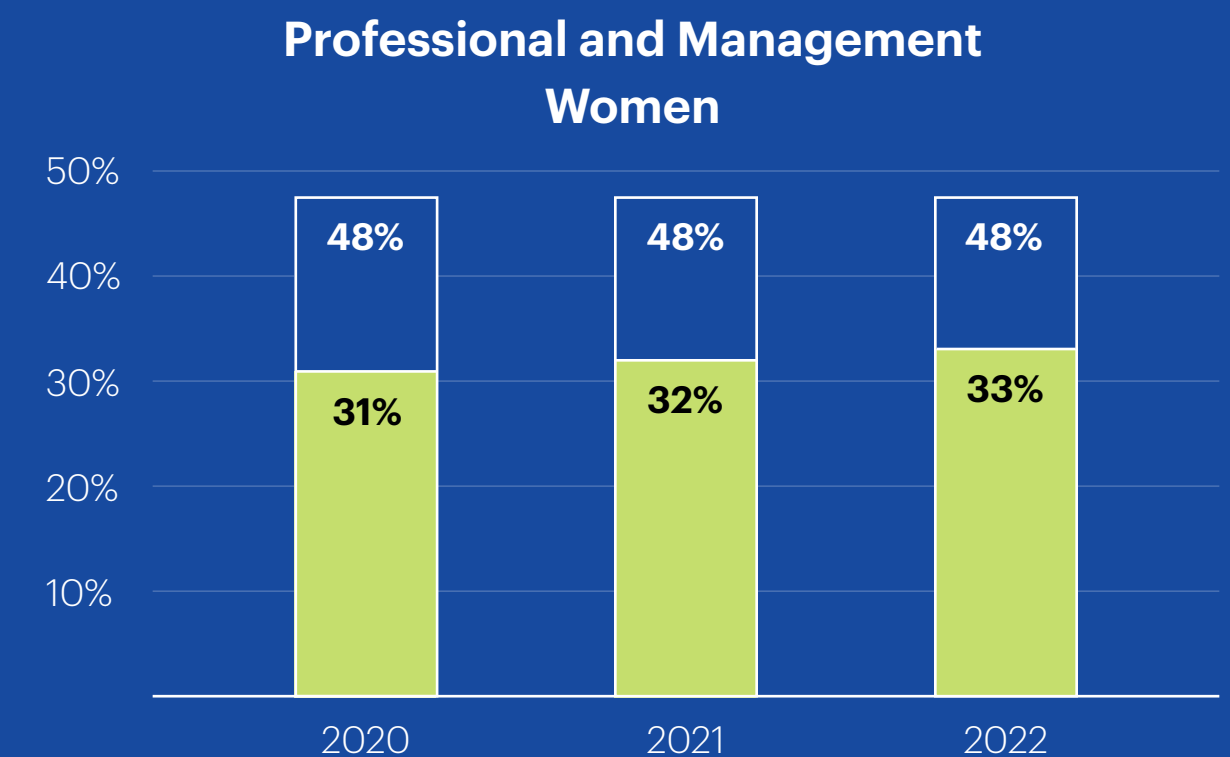
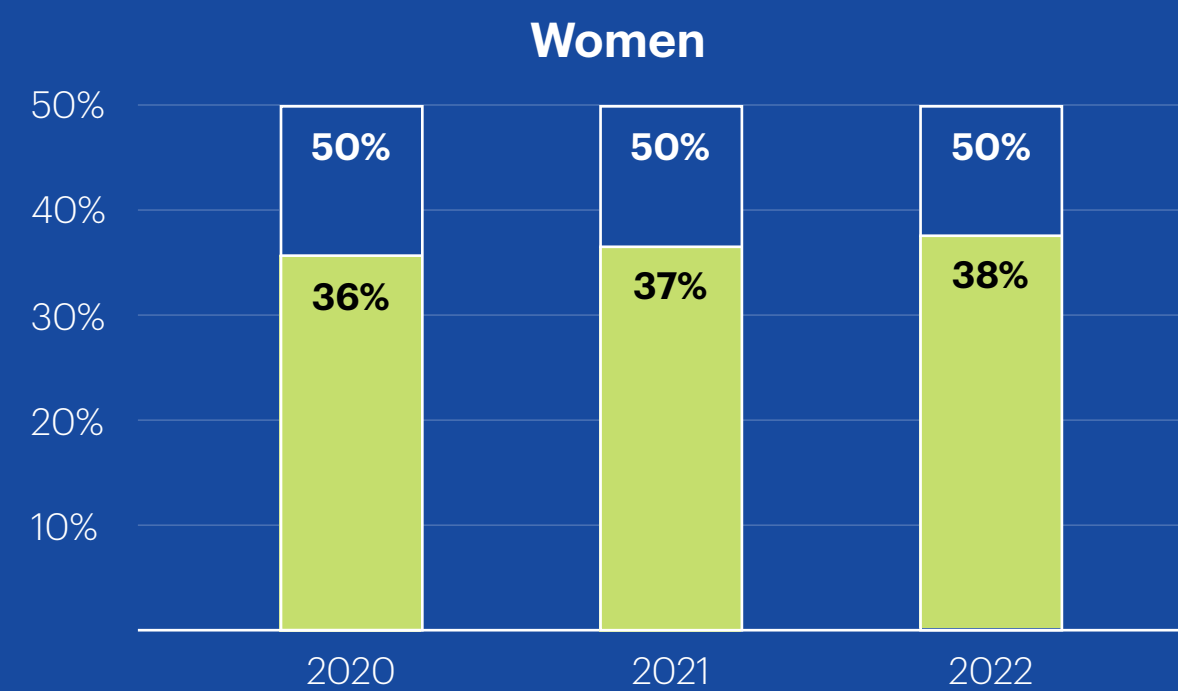
**36%**  
are BIPOC

**36%**  
are women

## PROGRESS TOWARD OUR ASPIRATIONAL 2025 IDE GOALS

Transparency and accountability help us create an inclusive, diverse, and equitable culture. We set aspirational goals of 85% achievement on our Inclusion and Belonging Index, and 50% women and 37% Black, Indigenous, People of Color (BIPOC) representation by 2025 across Fortive. We have made steady gains in each of these metrics year-over-year, despite challenging global labor markets.

■ Annual Metrics<sup>1</sup>    □ 2025 Aspirational Goals



[1] Based on internal data as of the end of the respective calendar year.



## Talent Growth and Development

We expanded our learning programs to provide continued growth experiences for our people.

### People Leader Experience (PLE)

Designed for mid- to senior-level leaders, PLE supports employees moving into team leader roles.

A deep, experiential learning for both new and experienced team leaders, PLE harnesses interactive learning that provides critical tools to prepare our employees for greater people leadership responsibilities.

### Accelerated Leadership Experience (ALE)

With an emphasis on FBS skills and leadership development, ALE teams work on real-time business challenges for two months, culminating in a presentation of their solution and recommendations to an executive panel and their sponsor organization.

### Fortive Leadership Summit (FLS)

FLS is a quarterly summit for operating company presidents that focuses on strengthening capabilities, building new skills, networking, and benchmarking leading practices to effectively run their businesses.

**One third of operating company presidents participated in GMDP, which helps us recruit and grow our leadership bench.**

### General Management Development Program (GMDP)

As a pipeline program for high potential, early- and mid-career leaders, GMDP provides the opportunity to learn and grow through formal development, visibility to senior executives, and mentorship. GMDP prepares graduates to become senior level leaders at Fortive and our operating companies.

### FBS Ignite

A professional development opportunity that accelerates career growth through an immersive, supportive experience.

FBS “Igniters” engage in:

- intensive instruction in the FBS toolkit;
- executive career coaching;
- a discrete business challenge to address over three months; and
- exposure to other parts of the business and their culture and customers.

FBS Ignite is a perfect example of our focus on long-term value creation: while outcomes are critical to the near-term business needs, the Ignite program is as much about the learning as it is about the outcomes.



**“The one-on-one career coaching has been incredibly helpful, and having an advisor that looks and sounds like me makes all the difference in the world.”**



**TIFFONIA NOUSSI**  
HUMAN RESOURCES BUSINESS PARTNER,  
FLUKE RELIABILITY SYSTEMS

## Total Rewards Programs

IDE extends to every aspect of our business, including our reward systems and compensation practices. Our Total Rewards programs attract and retain talented, curious people with a growth mindset and a passion for innovation, collaboration, and continuous improvement. We offer leading programs that inspire and reward superior performance, are equitable, and foster an inclusive, diverse, and healthy global workforce.

We're committed to offering equal pay for equal work. Not only is it the right thing to do, but this commitment also allows us to attract and retain talented people, strengthens our inclusive culture, and results in a higher-performing company. We regularly review our pay levels, which are defined for each job based on market data including geography, and we proactively adjust if needed to achieve equal pay for equal work.

**“We all play a role in building a culture that celebrates diverse perspectives, where everyone can speak their mind, be authentic, and know they are supported.”**



**ANDREA MULHALL**  
VICE PRESIDENT,  
INCLUSION, DIVERSITY AND EQUITY



## Employee Experience Reflects our Culture

Our promise to employees is – For you. For us. For growth. To achieve this promise, leaders at all levels actively seek feedback from employees and other stakeholders to strengthen our culture.

Our Employee Experience Index (EEI) is one of the many ways we actively solicit input. Overall EEI results have improved 5% from 2019 to 2022, with a steady increase over the period, including all-time high scores for:

- **Employee engagement:** 78%
- **Employee inclusion and belonging:** 82%
- **Career growth and development:** top quartile
- **Leader effectiveness:** top quartile

We have moved to quarterly pulse surveys to get a more frequent picture of health and satisfaction across the workplace. The higher frequency of feedback tells employees that their voices are valued and wanted; and the feedback received tells us how we're doing against our goals for a motivated, engaged, and energized workforce.

We are proud of the progress we're making to cultivate an inclusive, diverse, and equitable culture. Our continued improvement is even more significant given the dynamic workforce movement and global competition for talent over the last few years.

## Partnering for Equity

We amplify our IDE work through intentional partnerships.



### CEO Action for Racial Equity

CEO Action for Racial Equity is the first business-led fellowship with a focus of advancing racial equity through corporate engagement tools and public policy. Fortive is proud to be an active member and drive progress on the Business Diversity Initiative that supports the growth and scale of Black-owned businesses by increasing equity and access to capital, networks, and opportunities across all business services.



### Washington Employers for Racial Equity

The Washington Employers for Racial Equity is a coalition of employers across Washington state to support racial equity. Aligned with our internal IDE strategy, our signatory status includes setting measurable targets, assessing progress, and publicly reporting results. Further, the coalition commits to advocating for policies that advance equity in our headquarters home state of Washington.



### Forté Foundation

The Forté Foundation gives women equal access to an infrastructure, including business education, role models, professional networks, and leadership training that empowers them to rethink what's possible. Through its efforts, the Forté Foundation has a strong track record of helping to launch women into fulfilling business careers.

Fortive partners with Forté to accelerate and advance our talent strategy for women, recognizing that women face distinct challenges in their career journeys. Through this partnership, we have created a three-pronged approach to identify top female talent:

- strategic sourcing efforts through alumni channels,
- talent attraction through events, and
- professional development, such as, preparing mid-career women for executive roles.

**“It meant the world to be selected to join this program. I feel seen by Fortive, and the fact they are investing in my growth is really motivating.”**



**SELU GUPTA**  
HARDWARE ENGINEERING MANAGER, TEKTRONIX

### CASE STUDY: EMPLOYEE AND FRIENDS RESOURCE GROUP (EFRG) EVENTS

The Viva! EFRG is dedicated to empowering members to achieve full professional and social potential and to encourage inclusion, representation, and growth for the Latinx community across Fortive.

In September 2022, Viva! hosted more than 10 virtual events in honor of Hispanic Heritage Month. Over 500 employees worldwide attended and participated in the events, helping to promote and raise community awareness of the cultural richness the diverse Latinx communities represent across Fortive.





# Invest in Our Communities

We make a meaningful impact in the communities around the world where we live and work.

**INVEST IN OUR COMMUNITIES**

# Community Engagement and Support

**In addition to the high-quality, high-impact products and services we deliver every day to customers, we are committed to being engaged, responsible neighbors and citizens.**

Across Fortive, our teams contribute to and have a positive impact in the communities around the world where we live and work.

**HIGHLIGHTS**



**Day of Caring:**

**100%**  
operating company participation

**25K+**  
volunteer hours

**150+**  
communities

**16**  
countries

**Fortive Foundation:**

**~\$2M**  
donated since 2020

**15**  
non-profit organization recipients

**Fortive Scholarship Program:**

**20**  
new students and 29 renewing students awarded scholarships to support their post-secondary education

## Day of Caring

We recognize the power of giving back. Our annual Day of Caring is a Fortive tradition that reflects our spirit of generosity and optimism. Acts of service connect us to the communities where we live and work, enhance our sense of well-being, and provide opportunities to engage in activities or with organizations that are fulfilling on a personal level.

As an employee-led initiative, Day of Caring empowers our teams to come together, identify causes they care about, and provide meaningful support to community partners. Across the company, we offer each employee a full, paid day off to serve their community.

In 2022, many of our teams returned to in-person Day of Caring events, providing a greater platform for service and impact.



**VIDEO:** [Hear from our employees about what Day of Caring means to them](#)

## FORTIVE RECOGNIZED AT 12TH CHINA PHILANTHROPY FESTIVAL

Fortive won the 2022 Sustainable Development Award at the 12th China Philanthropy Festival held in Shanghai. This is the second year Fortive was recognized at the festival. In 2021, Fortive won the “Public Welfare Driving Force Award” for the community impacts our teams had through the Day of Caring.

Founded in 2011, the China Philanthropy Festival is hosted by mainstream media outlets in China and designed to promote the importance of community engagement and philanthropy.



Since 2016, our teams have dedicated more than 150,000 hours of service to our local communities worldwide

## The Fortive Foundation

We established the Fortive Foundation to direct and scale our philanthropic efforts. Since its first year of operation in 2020, the Fortive Foundation has increased its annual charitable contribution more than three-fold by supporting non-profit organizations worldwide whose missions and impact align with the Fortive Foundation’s giving areas:

- STEM education
- Social justice
- Strengthening communities
- Environmental stewardship

In 2022, we invited our employees and our EFRGs to identify organizations that align with their missions. **The Fortive Foundation allocated 30% of its social justice-focused charitable contributions to the organizations designated by our EFRGs.**

The Fortive Foundation has established partnerships with select non-profit organizations to further amplify our philanthropic efforts.

Through both the American Red Cross and GlobalGiving, employees are able to donate directly to support communities in need and have their contributions matched by the Fortive Foundation.

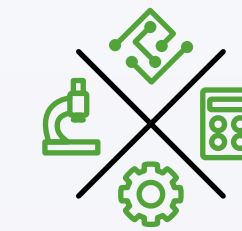


## Fortive Scholarship Program

To support and invest in the next generation of innovators, the Fortive Scholarship Program provides scholarship awards to the children of employees across Fortive to support their pursuit of post-secondary education. Scholarships are available to employees’ dependent children planning to attend a two- or four-year college, university, or vocational school.

Each year, we grant 20 new scholarships, along with renewal awards. In 2022, we increased our investment in our scholarship program, raising all scholarship awards to a consistent, higher level. The rising costs of higher education create near- and long-term challenges for students and their families and disproportionately affect students from underrepresented populations. Enhancing our awards enables us to extend support to our employees where it can make a meaningful difference and advance equity and access to post-secondary education.

## 2022 FORTIVE FOUNDATION CHARITABLE CONTRIBUTION RECIPIENTS



### STEM education

Code.org  
AnitaB.org



### Social justice

Equal Justice Initiative  
Human Rights Campaign Foundation  
Girls E-Mentorship  
Stonewall Community Foundation  
Team Red, White & Blue



### Strengthening communities

Feeding America  
American Red Cross  
Doctors Without Borders  
GlobalGiving

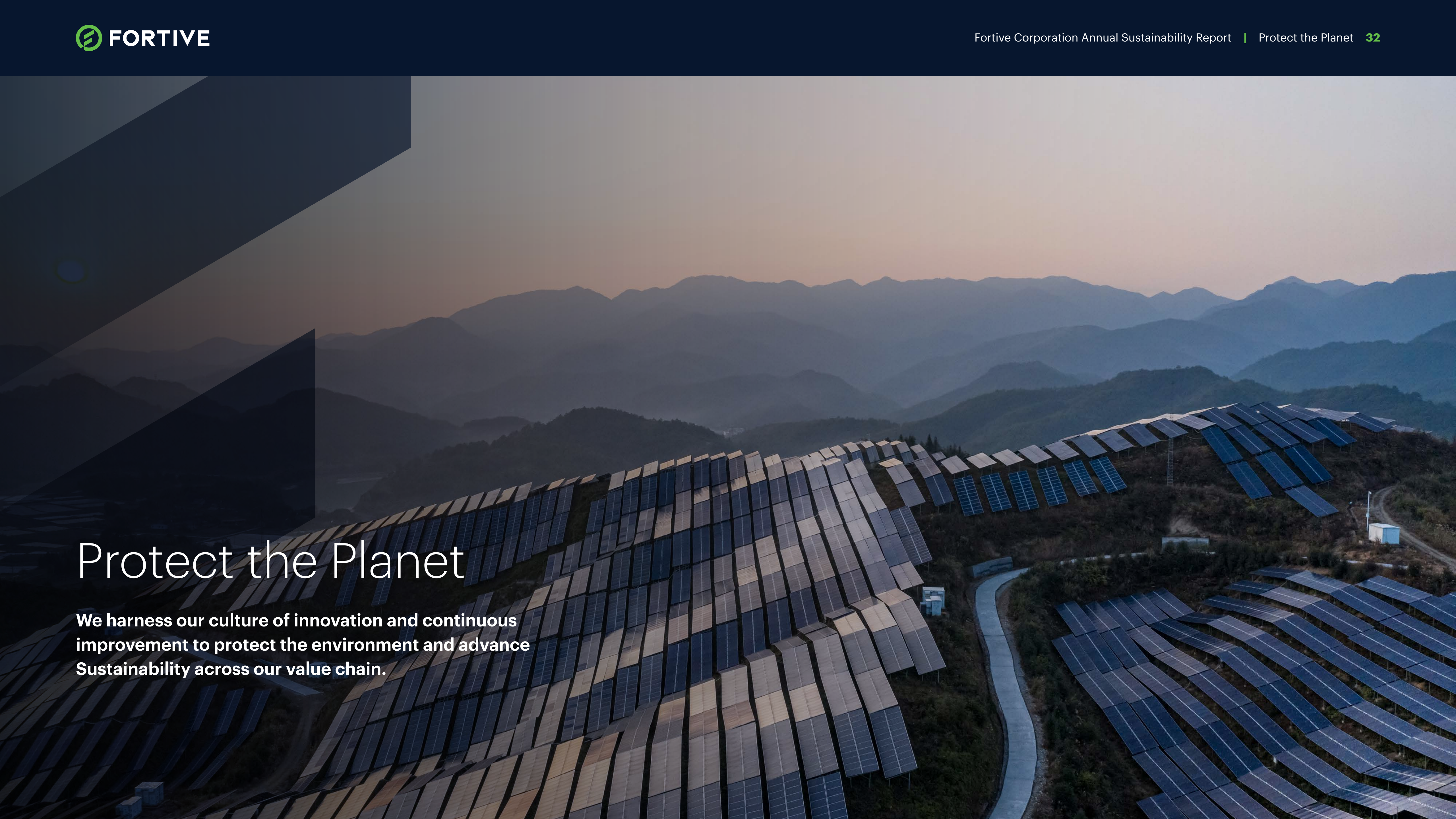


### Environmental stewardship

Engineers Without Borders  
One Tree Planted  
The Nature Conservancy

# Protect the Planet

**We harness our culture of innovation and continuous improvement to protect the environment and advance Sustainability across our value chain.**





**PROTECT THE PLANET**

# Climate Change and Greenhouse Gas (GHG) Emissions

The job of protecting the planet belongs to all of us, and at Fortive, we take that responsibility seriously.

Climate change demands bold action to adapt to changing conditions and protect the health of communities worldwide, and we are accelerating our efforts to reduce our impact on our planet and protect its natural resources.

**HIGHLIGHTS**

**22.4%**

reduction in Scope 1 and Scope 2 GHG emissions from 2019-2022

**\$2.0B**

revolving credit facility structured as a Sustainability-linked facility, with improved pricing based on achievement of 2029 GHG target

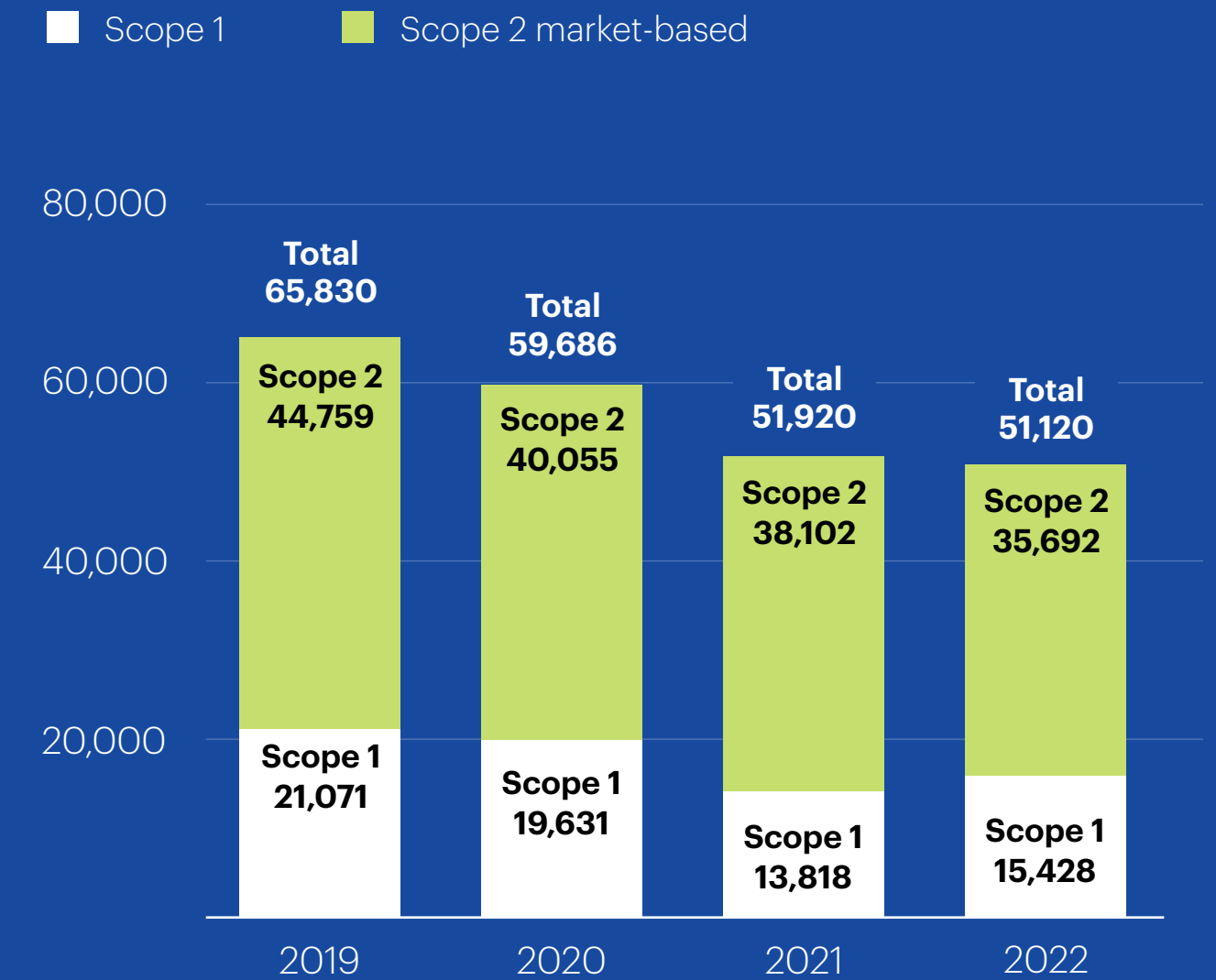
**3**

years of GHG inventories achieved Limited Assurance via third-party assurance

**10%**

water use reduction by 2029 at our major operations, from 2022 levels

**GHG Emissions (metric tons of CO<sub>2</sub>e)**



**In 2022, we announced a new absolute GHG emissions reduction goal – to reduce absolute Scope 1 and 2 emissions 50% by 2029 from 2019 levels.**

We reduced absolute GHG Scope 1 and 2 emissions 22.4% despite unprecedented and unpredictable business conditions in 2020 through 2022.

From 2021 to 2022, we reduced Scope 1 and 2 GHG emissions 1.5% while our business grew at almost 11%. We are proud of this performance and remain dedicated to continued progress toward our 2029 goal.



“To ensure a sustainable future for all, we have aligned our Sustainability strategy and climate-related disclosures with the Task Force on Climate-Related Financial Disclosures (TCFD) to fully reflect the strength of our climate-related governance, strategy, and risk management metrics and targets.”



**PETER UNDERWOOD**  
SENIOR VICE PRESIDENT, GENERAL COUNSEL

## Scope 1 and 2 GHG Emissions – Roadmap to 2029

Our 2029 target – to reduce absolute Scope 1 and 2 GHG emissions 50% from 2022 levels - is our most ambitious goal yet, and is aligned to the Science Based Targets Initiative (SBTi)<sup>1</sup> and the Paris Agreement.

The strategies we’re using to achieve the goal include:

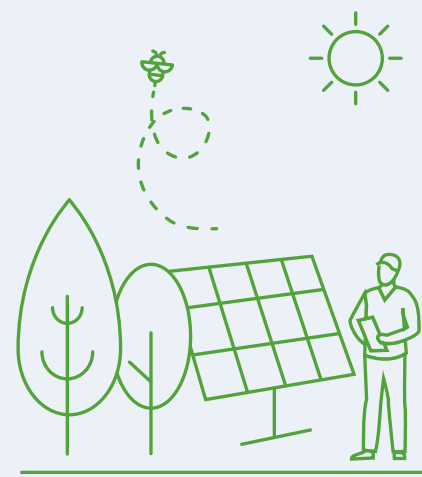
- **GHG targets for operating companies:** To drive continuous improvement and attention to efficiency across the business, each operating company has an annual GHG reduction target.
- **Sustainability kaizens:** Across our major operations, our teams evaluate and identify opportunities to reduce energy, sources of GHG emissions, water, and waste.
- **Renewable energy:** We are developing a multi-faceted renewable energy strategy, including utility contract procurements, on-site renewable energy systems, and large-scale, clean-energy projects.
- **Capital investments:** We support additional capital funding for projects that deliver meaningful GHG emissions reductions.
- **Third-party assurance:** By having our GHG inventories and accounting processes reviewed via third-party assurance, we ensure our protocols align with The GHG Protocol standards.

<sup>[1]</sup> In accordance with SBTi guidance, determination of materiality requires a complete Scope 3 profile. We are committed to finalizing our assessment of downstream emissions categories this year.

## Renewable Energy

To support our decarbonization goals, Fortive intends to invest in on-site renewable energy and large-scale, off-site renewable energy installations. In 2022, we joined the Clean Energy Buyers Association (CEBA) to gain insights about renewable energy and clean technology instruments and formulate our renewable energy strategy.

In addition, we are examining opportunities for on-site renewable energy across our major operations and clean energy options with our utility providers worldwide.



We purchased renewable energy certificates (RECs) generated in regions where we operate, including North America, Poland, France, India, and China.

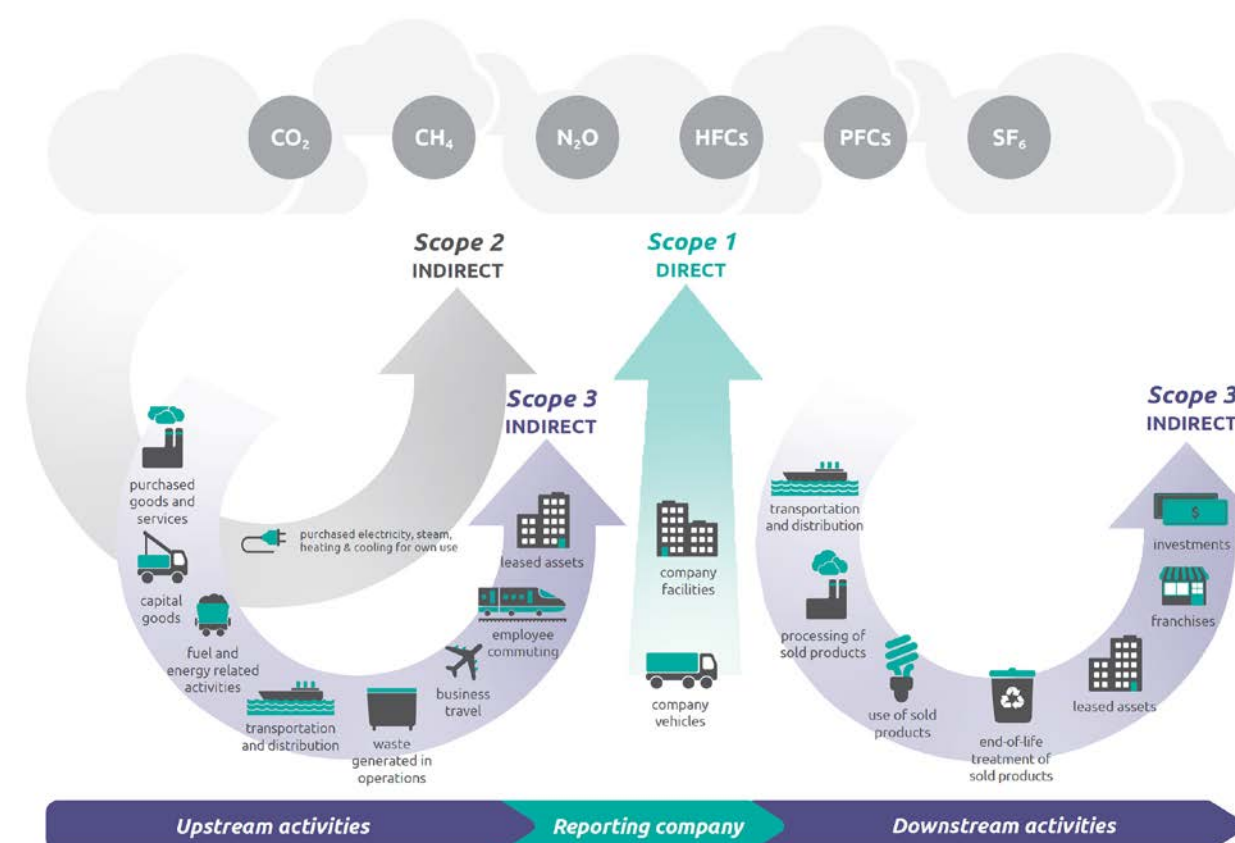
The RECs purchased in the United States are Green-e® certified and generated by renewable energy sources that support pollinator habitats in their design.

## Scope 3 GHG Emissions

In 2022, we began our analysis of Scope 3 emissions – the emissions generated through indirect activities upstream and downstream of our operations. We completed our Scope 3 emissions baseline for the eight upstream categories and determined the following are most relevant:

- **fuel- and energy-related activities,**
- **waste generated in operations,** and
- **business travel.**

We disclosed the emissions for these categories in our [2022 CDP Climate Change disclosure](#) and continue to evaluate the downstream Scope 3 categories to determine relevance. Once complete, we will determine which categories are material to inform a Scope 3 reduction goal.



### PRODUCT HIGHLIGHT

#### Supporting Electric Vehicle (EV) Charging

The **Fluke** FEV100 EVSE verifies EV charging voltage and maximum available current at EV charging stations, in combination with a multimeter or oscilloscope, to ensure customers receive an optimal electricity draw when charging. This functionality is critical to enable EV owners to charge with confidence.

The Inverter, Motor, and Drive Analysis (IMDA) software on the **Tektronix** 5 Series B Mixed signal oscilloscope enables rapid analysis of energy flow from EV battery packs to the motor, identifying where to troubleshoot if flow is less than optimal.

**PROTECT THE PLANET**

# Water

**Clean, sustainable water supplies are vital for human health, industry, agriculture, and energy production. Water access and availability are persistent challenges for communities across the world, and water scarcity is amplified by climate change.**

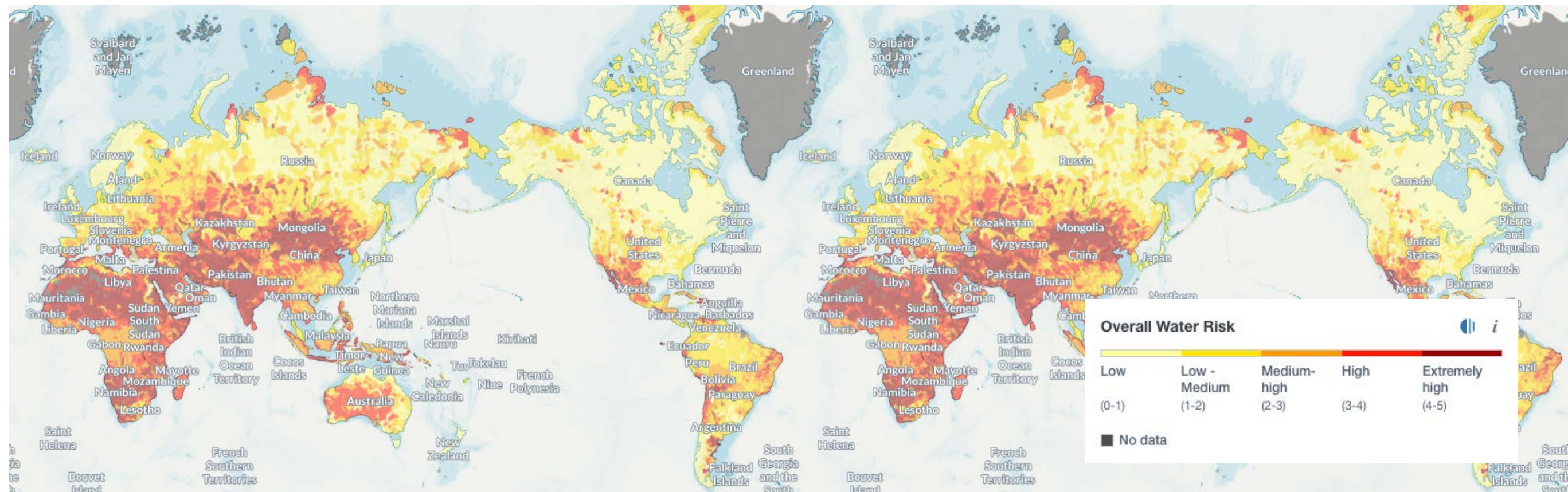
We recognize the importance of water stewardship for the safety and health of our operations, employees, and communities.

**We are committing to reduce water use 10% by 2029, from 2022 levels at our major operations worldwide.**

Water stewardship in regions that are at highest risk for water scarcity is critically important, and we are committed to evaluating and reducing our usage, particularly in the highest risk regions for water scarcity.

In 2022, we analyzed water use across our sites to evaluate the relative level of risk to our major operations.<sup>1</sup> After mapping our major operations in the [World Resources Institute \(WRI\) Aqueduct 3.0 Water Risk Atlas](#),<sup>2</sup> we determined that 11 (16%) of our major operations are in high-risk locations<sup>3</sup> for water scarcity.

- [1] EHS Significant Sites are any Fortive location with 50 or more employees, or that is engaged in any of the following activities other than as a de minimis activity at the site: Manufacturing, Assembly, Engineering (other than software engineering), Research and Development (other than software R&D), Warehousing (but not simple storage) or Service.
- [2] The WRI Water Risk Atlas is a tool that uses open-source, peer-reviewed data to categorize exposure to water risk based on physical and regulatory risks.
- [3] High-risk includes those sites categorized as "high" or "extreme" risk according to the WRI Aqueduct Risk Atlas Tool.



**FBS IN ACTION**

In 2022, we deployed a methodology to qualify products and services that enable Sustainability-related outcomes directly or through customer applications. The methodology was informed through a culmination of efforts by two Accelerated Learning Experience (ALE) teams over an 18-month period. The outcome is a standardized process across Fortive, which includes quarterly financial updates and an annual review of product portfolios with the operating companies.

In 2022, **approximately 60% of Fortive's revenue was generated from sustainability-enabling products and services.** Specifically, these products and services align with the following United Nations Sustainable Development Goals (UN SDGs):



The ALE program was an ideal proving ground for this project due its combined focus on FBS and the diverse nature of the teams. The teams applied their enhanced knowledge of FBS, their companies, and industries to develop, iterate, and pilot their solution(s) with a representative sample of business teams across Fortive, advancing the ideation process rapidly and efficiently. Through ALE, we were able to accomplish six months of work in 10-12 weeks.



# Work and Source Responsibly

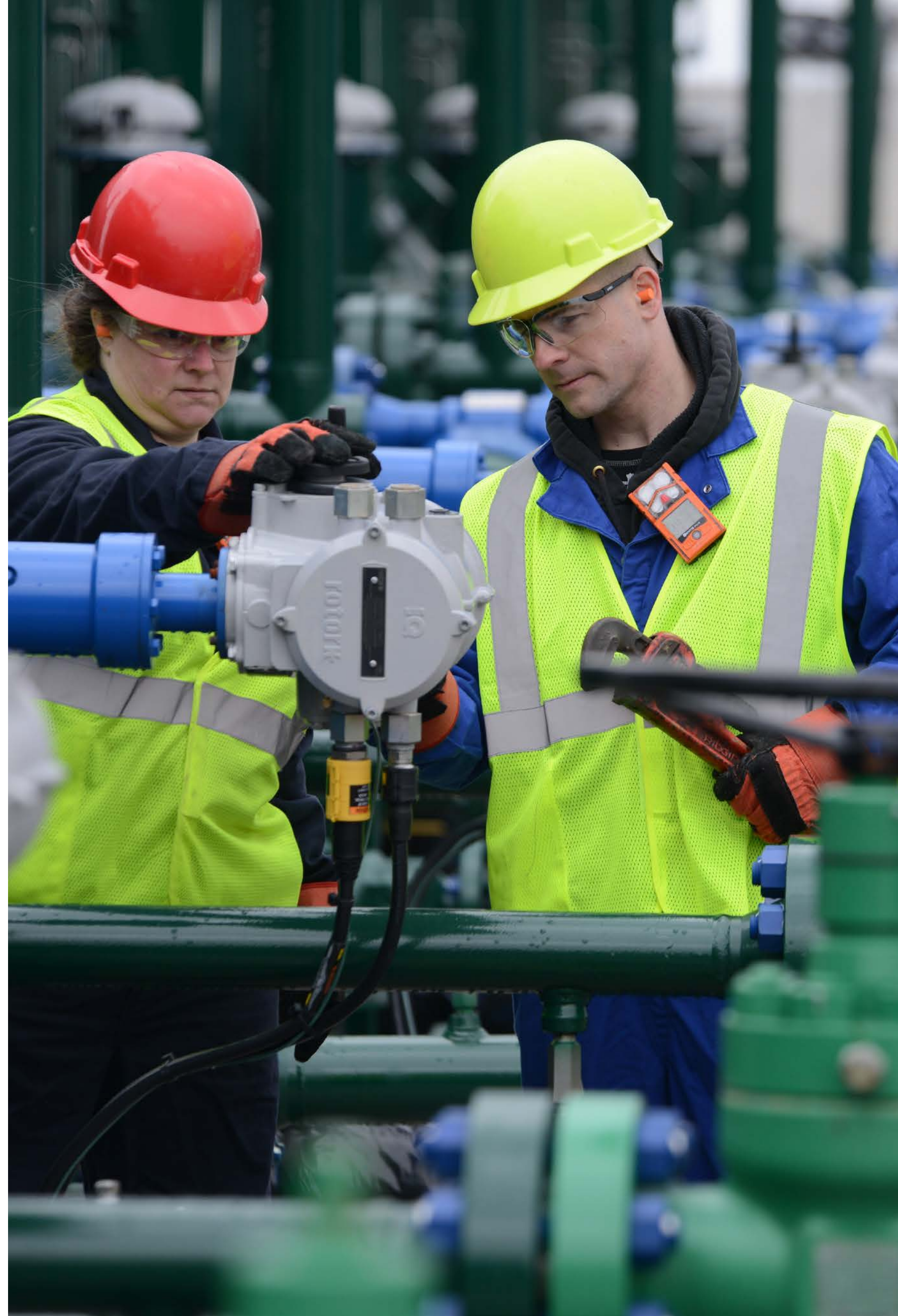
We believe in walking the walk. From the manufacturing floor to confined spaces, to hospitals, we make products designed to keep people safe.

**WORK AND SOURCE RESPONSIBLY**

# Our Commitment to Health and Safety in Our Operations and Supply Chain

**We have an unwavering commitment to safety and hold our teams and suppliers to the highest standard of responsibility. We put integrity, safety, and quality first.**

Beyond complying with all applicable laws and regulations, we are committed to cultivating a culture of respect, integrity, and fairness. This applies to our employees as well as the suppliers, business partners, and other third parties we partner with to serve our customers on time, within budget, and at the highest standard of quality.

**HIGHLIGHTS****75%**

of operating companies achieved top industry quartile scores for total recordable injury rate (TRIR)

**56%**

of operating companies achieved top industry quartile scores for days away, restricted or transferred (DART)

**6.2%**

increase in diverse supplier spend in 2022, from 2020 levels

**100%**

supplier audits completed within the 12-month cycle

**WORK & SOURCE RESPONSIBLY**

# Environmental, Health, and Safety (EHS)

**We are committed to the health, safety, and well-being of our employees. To keep our employees safe, we have proactive EHS programs that prioritize identifying risks and mitigating hazards to avoid injury or incidents. This mindset applies to how we manage our operations and as we develop products and innovate for customers.**

Our EHS teams use the **Intalex** EHS software platform for management of EHS data and metrics tracking. In 2022, we expanded use of Intalex EHS applications to manage:

- **Injury and Illness rates:** safety reporting
- **FM Global property risk and insurance:** risk management
- **EHS Audits:** compliance
- **EHS Risk Score:** site EHS management

Our operating companies continuously improve their EHS practices and programs to keep employees healthy and safe. Through our annual EHS Summit, we bring EHS professionals from across the company together to learn and share EHS practices and programs that foster innovation, ideation, and collective problem solving.

## EHS Risk Score

The EHS Risk Score is an internal tool used by all our operating companies to assess risks, define leading EHS practices, and drive continuous improvement.

Across Fortive, sites review and assess their EHS risk profile twice annually, and scores are reported to leadership. In 2022, we updated the EHS Risk Score to include a Sustainability category and added criteria to all categories to improve EHS risk management for our software-focused businesses.

## EHS Leadership Council (EHSLC)

Our operating companies manage EHS on a day-to-day basis to ensure policies and practices are clear and reflect the nature of site-specific work. The EHSLC develops Fortive-wide policies and serves as a support network for the over 300 sites across the globe.

In 2022, we evolved our EHS policy into an EHS and Sustainability policy to reflect the interrelationship between EHS and Sustainability in our operations.



## FBS IN ACTION

Our Qualitrol Fairport (NY) manufacturing operation wanted to shift to a proactive EHS management model to prevent injuries and incidents by eliminating hazards. The site conducted an Ergonomics, Energetics, Exposures, and Environment (4E) kaizen event to accelerate the deployment best across the 4E spectrum.

Through the 4E kaizen, the Qualitrol team completed 69 EHS risk assessments, evaluating the risk of 428 individual manufacturing processes steps.

**Of these steps, 32 tasks (7%) were identified as high risk, and 56 tasks (13%) were identified as medium risk. The team developed a corrective action plan to mitigate the risks, using standard 30-, 60-, and 90-day tollgates to track progress toward completion.**

The kaizen team accomplished in one week what would have taken an EHS leader months or even years to achieve. Now, the Qualitrol Fairport site has visibility to EHS risk and preventive actions across their manufacturing operations.

**WORK & SOURCE RESPONSIBLY**

# Responsible Sourcing

**Our high standards for integrity and compliance are contained in the Fortive Code and extend to everyone. The Fortive Supplier Code, provided to every supplier, articulates our expectations and standards for conduct and transparency.**

**THE FORTIVE SUPPLIER CODE TENETS:**

Clearly articulate our values, standards, and expectations.



Ensure all partners operate in accordance with our priorities for safe and fair working conditions.



Follow production practices that ensure quality and protect the environment, safety, and rights of all people.

Guided by the Fortive Supplier Code, we work with suppliers that follow production practices that ensure quality, safety, environmental protection, and the rights of all people. We proactively engage with suppliers to provide our Supplier Code and ensure they understand our standards and expectations.





## Supplier Diversity

We believe diverse perspectives fuel innovation, within our operations and with our partners. Supporting Minority-owned, Women-owned, Veteran-owned, certified small businesses, Federal Historically Underutilized Businesses (HUB), and disadvantaged businesses is a crucial component of our responsible sourcing initiatives. Our goal is to influence the supply chain by investing in suppliers that share our values.

**To drive our progress, we are committed to spend at least \$100M annually with diverse suppliers by the end of 2025.**

This represents approximately 10% of our current spend in North America and an increase of roughly 25% from when we launched the program in 2020.

In 2022, we focused on building out our supplier diversity to drive performance and progress by establishing the following:

- A Supplier Diversity Program:** We invested additional corporate resources to build capacity and capabilities to launch and sustain our Supplier Diversity Program.
- An LGBTQ+ supplier classification:** The classification supports and recognizes lesbian, gay, bisexual, transgender, and queer business owners.
- A partnership with the National Minority Supplier Development Council (NMSDC):** To foster connections with minority business enterprises (MBEs), NMSDC helps corporations and MBEs create mutually beneficial relationships and advance economic equality.



**“I anticipate that we will see an increase in the number of [governmental] agencies where supplier diversity is established upfront in the contract.”**



**KRIS GORRIARAN**  
PRESIDENT, GORDIAN

### PRODUCT HIGHLIGHT

#### Gordian: Facilitating Supplier Diversity

Gordian, a Fortive operating company that specializes in pre-construction activities such as planning, estimating, and procurement, has been focused on job order contracting (JOC), a process that helps public agencies complete a series of construction projects under one, master contract by assembling a catalogue of preset pricing. Increasingly, JOC contracts contain goals related to inclusion, diversity, and equity, including diverse suppliers.

## Sourcing Locally

We continue our focus on identifying suppliers that are geographically closer to both our sites and our customers' locations. This strategy reduces our carbon footprint by decreasing distances between suppliers and our operations, promotes business resilience, and brings value to local communities. Sourcing locally also decreases risk of supply chain disruptions, improving our resilience in the face of continued supply chain challenges.



## Human Rights

**We uphold fair labor standards for all employees across our operating companies and value chain by cultivating a culture of respect, integrity, and fairness. We are committed to conducting our operations in an ethical and responsible manner.**

Threats to human rights are constantly evolving and growing. We take seriously the need to understand labor and human rights practices across our suppliers. We are engaging more deeply with our suppliers to ensure they support international efforts to protect human rights and abolish forced labor, child labor, and human trafficking and address any issues.

**In 2022, we expanded the coverage of our Sourcing Responsibly initiative to include human rights, completing 100% of the reviews without major concerns.**

We use a systematic approach to continuously evaluate the human rights risks with our suppliers, leveraging independent data sources to assess the potential for corruption and forced labor to create consistency among our suppliers.

In addition, the Fortive Supplier Code is aligned with the International Labour Organization (ILO) and includes specific language on human rights and combating modern slavery. Through our Human Rights Risk Assessment and Supplier Audit Program, we also educate suppliers on our expectations outlined in the Fortive Supplier Code.



### FBS IN ACTION

Each year, Fortive recognizes individual operating companies that have made great strides in productivity, highlighting efficacy in the areas of direct materials savings, indirect and logistics savings, and other important supply chain-related drivers.

In 2022, **Industrial Scientific** was recognized as the Most Improved Procurement Organization. Throughout the year, Industrial Scientific utilized FBS as a foundation for their work, as demonstrated through commitment to the FBS Champion process, by investing in FBS office-sponsored bootcamps, regularly scheduled kaizens, and ongoing engagement with Fortive subject matter experts.

**Industrial Scientific achieved this recognition through Value Analysis/Value Engineering (VAVE) performance of 1.3%, an indirect savings performance of 4.4%, and Days Payable Outstanding (DPO) performance of 110.6 days.**



# Operate with Principle

We know that *how* we do things matters as much as what we do. We are firmly committed to acting with integrity; it's part of our value proposition to our employees, customers, business partners, and shareholders.

**OPERATE WITH PRINCIPLE**

# Ethics and Compliance

**We uphold a simple but powerful concept: Your Integrity/Our Success, which continues to inform and guide all aspects of our Compliance Program.**

We believe that ethical business conduct is foundational to our growth and success. We are committed to operating with integrity and set these same high expectations for those who do business on our behalf.

The Fortive Code of Conduct, available in 22 languages and signed by every employee, is a clear guide to act with integrity in everything we do. Our industry-leading compliance program includes a confidential channel, called SpeakUp!, for employees or partners to raise issues and concerns at any time.



**HIGHLIGHTS**

**38 day** – average case closure rate through our “SpeakUp!” program, our open reporting portal for reporting potential ethics or compliance breaches

**PRINGO** – a data privacy shared service model established to support operating companies with requirements and strategy at scale

**Risk Assessment Process** – expanded Sustainability criteria in the annual process to include talent management, physical *and* transition-related climate change-related risks, and supplier diversity and resiliency

**86th percentile** – our year-end 2022 IT security score from BitSight, the leading security ratings organization

Our commitment to integrity and compliance is clearly articulated in the Fortive Code, our code of business conduct, and we strive to ensure employees feel empowered to speak up and take action toward continuous improvement.

In 2022, Fortive launched MyPolicies, a central repository of company-wide policies, based on the FBS tool voice of the employee. Employees reported locating specific policies and ensuring that they were up to date drained productivity. MyPolicies is a centralized resource that houses all company policies, is easily searchable, and is maintained so employees, managers, and compliance leaders are equipped with resources to decide to do what is right.



**“Operating in a compliant and ethical manner is our expectation for ourselves, because we know that how we achieve success is as important as delivering the results.”**



**JENNIFER ZERM**  
CHIEF COMPLIANCE OFFICER

### SpeakUp!

Our SpeakUp! program exemplifies our open-door policy and commitment to transparency. We want our employees to have multiple avenues to have their concerns heard, to know and trust that their concerns will be investigated, and to feel confident that we will drive accountability or improvement as appropriate.

SpeakUp! includes a hotline and web reporting tool available to anyone who interacts with Fortive, including customers, suppliers, and partners, and enables a reporting party to provide the current status of their case.

To hold ourselves accountable and demonstrate our commitment to timely investigations, we set a goal in 2022 to achieve an average case closure rate of less than 45 days.

**We reached an average rate of 38 days, exceeding our goal by 15%. To achieve this, we emphasized:**

- **Transparency:** Deploying a bespoke tool that enables the Compliance teams to see the active stage of the process and the applicable goals and tollgates to move the process forward.
- **Training:** Conducting 2.5-day trainings with the functions involved in the internal investigations process (e.g., human resources, compliance, internal audit) to equip our teams and ensure everyone involved in the investigation understood the process, their role(s) in it, and the resources to guide them.

**OPERATE WITH PRINCIPLE**

# Business Resiliency

**We're tapping into powerful new systems and standards to monitor, manage, and mitigate risks in real time and respond quickly to emerging trends and topics.**

Agility is always top of mind in our business operations. The last several years have underscored the importance of having strong, secure systems in place, as well as a nimble and proactive culture. While Fortive is composed of nascent and seasoned companies, we are united in our relentless commitment to curiosity, innovation, and our customers.

Fortive's commitment to Sustainability also contributes directly to business resilience. Diversifying our energy and supply sources reduces the risk of disruption and positions our teams to be vigilant and nimble while ensuring compliance with new and emerging regulatory requirements.

## Risk Assessment Process

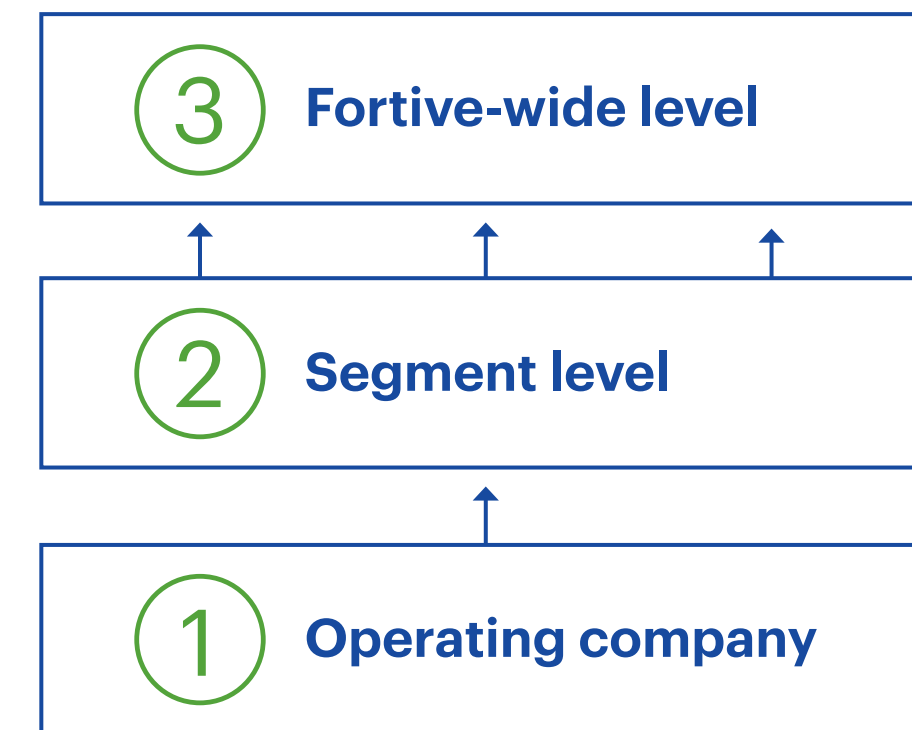
Our Enterprise Risk Management (ERM) model provides continuity of core business operations, including better understanding ESG risks and opportunities. Our integrated approach to risk management enables a swift and effective response to unexpected events, ensuring we continue providing for our customers and employees.

- **Carbon Emissions:** Decreasing carbon emissions is good for business and good for the planet. Lower energy use means cost savings and greater operational efficiency. Diversifying our power sources reduces energy volatility and reduces regulatory exposure.
- **Supplier Risk Management:** Our updated Supplier Risk Assessment process projects the impact of various events and improvements that account for the risk management strategies to ensure a consistent response and focus on impact-oriented actions. The Fortive Supplier Risk Management process seeks to inform input for the broader Risk Assessment Process.
- **Human Rights:** We continue to engage more deeply with our suppliers through our Supplier Audit Program to better ensure our supply chain is free from human rights abuses, such as forced labor or human trafficking.
- **Ethics and Compliance:** A comprehensive Ethics and Compliance program and mindset enables a better, stronger business through these practices.

Our Risk Assessment Process (RAP) is a core tool we use to identify and manage risks on an ongoing basis. Fortive requires all operating companies to participate in the RAP annually, to ensure that we are effectively identifying risk, mitigating where necessary, and driving to opportunity where applicable. The process looks at risks across a variety of categories that are updated annually to capture new and evolving areas.

The RAP is conducted at an operating company basis, which is rolled up to a Segment level, and ultimately to a Fortive-wide level. This ensures and provides an appropriate view of the risk landscape across the portfolio, globally and at multiple levels of the organization up to the Board of Directors. We track progress on Risk Countermeasures regularly throughout the year.

### RISK ASSESSMENT PROCESS



**OPERATE WITH PRINCIPLE**

# Data Privacy and Security

**Data is a modern currency as valuable as money, sometimes more so. It is a fundamental necessity for our business and our customers, and we strive to maintain best-in-class data privacy and security programs and safeguards.**

**“Digital transformation is disrupting traditional data management systems, particularly in the healthcare sector. As a company whose software supports medical providers and their use of patient information, we are keenly aware of our obligation to have provide data privacy controls and procedures to ensure protection of individuals’ privacy.”**



**BILL KARAZSIA**  
VICE PRESIDENT, PRIVACY &  
INFORMATION GOVERNANCE

Our commitment to being an employer and partner of choice makes digital privacy and security a top priority. We protect critical assets by establishing and enforcing clear boundaries.

Transparency is needed surrounding the data we collect, how it’s used, and importantly, how it’s protected. We deeply value the trust we’ve built with our customers and employees and understand our responsibility to apply trusted technologies and best practices to our data safekeeping.

## Privacy and Information Governance

In 2022, Fortive announced the creation of a new standalone organization within the legal department called Privacy and Information Governance (PRINGO), which operates as a global, shared service enabling operating companies to perform their privacy requirements with consistency, increased reliability, and dedicated resourcing and expertise.

The PRINGO office is guided by three principles:

- **Do Better** – by having relevant accountabilities performed by a specialist shared service, reducing administrative burden on operating companies
- **Do More** – by automating the performance of legal requirements and raising the attainment bar to reduce Fortive’s risk profile globally
- **Less external spend** – by reducing unplanned spend and creating predictability in expenses, while delivering insight and results to operating companies in virtual real time

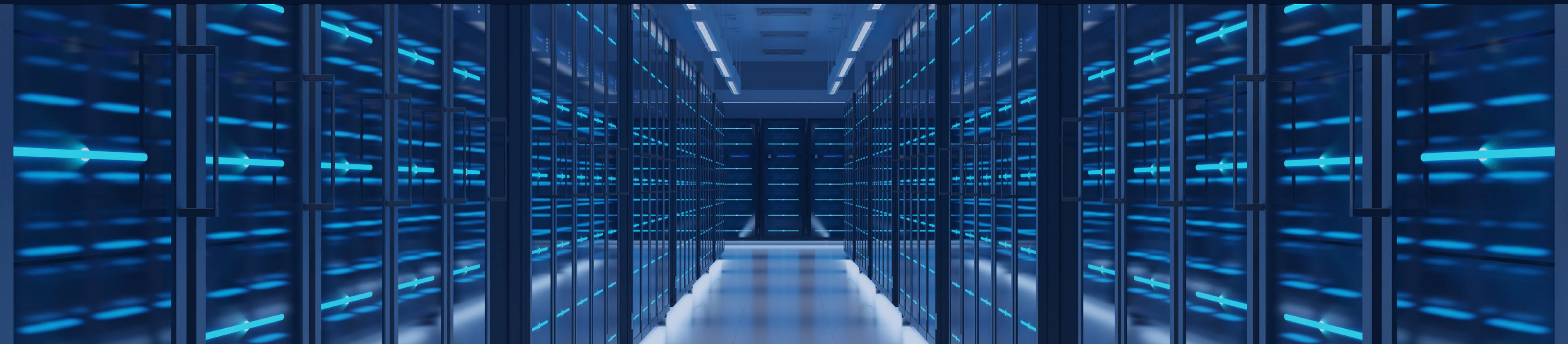


### FBS IN ACTION

Fortive’s legal department leveraged the Accelerated Leadership Experience (ALE) to develop new materials to test the results of bringing our customers new levels of transparency about how we use and safeguard personal data in our products and services.

ALE is designed to provide participants with a safe space to apply FBS tools to a real problem, and we worked to develop low-fidelity prototypes (saving time and money compared to creating a polished product at an early stage) for customer-facing materials related to product privacy.

The group then tested and re-tested the materials to determine whether they could achieve measurable improvement on two metrics: improving sales cycle time and reducing churn. The materials were then shared with actual customers, showing the level of commitment Fortive has to its partners as we seek to improve transparency.



## Cybersecurity

In concert with data privacy efforts, cybersecurity is critical to Fortive as the world, and our operating companies, lean into digital and software capabilities and cloud-based services. These bring increased value for our customers *and* additional vulnerabilities that require careful management. Fortive’s team creates policies and standards that serve as a baseline across all operating companies.

In 2022, we continued implementation of the multi-level security strategy we launched in 2021, aimed at centralizing and standardizing security process and tools across our operating companies. This included implementing monthly metrics to drive consistency, formalizing an approach to third-party risk assessment, and conducting tabletop exercises with leadership.

Our Cybersecurity team’s strategy and annual performance targets align with the National Institute of Standards and Technology (NIST) Cyber Security Framework. NIST’s maturity rating is the best-in-class industry standard, the one against which our security programs are measured.

We are regularly invited to participate in industry-leading security products customer advisory boards – these help us maintain an informed vision and influence on product roadmaps to ensure that they continue to meet our security requirements. Our participation in these advisory boards provides us with valuable insights and best practices from other highly-respected corporations.

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**As a metric, we measure our cybersecurity performance with the BitSight Security rating, a widely-used benchmark that looks at 20 major risk categories, including botnet infections, spam propagation, and patching cadence. Our current overall score is 780, putting us ahead of 80% of our peers in the manufacturing category.**



# In Summary



## We are more together.

We know that inclusion, diversity and equity is a key cultural enabler to bring out our best, drive our success, and build a promising future for our teams, communities, and the world around us.

## We value community.

We make a meaningful impact in the communities around the world, where we live and work.

## We are stewards of the planet.

We harness our culture of innovation and continuous improvement to protect the environment and advance Sustainability across our value chain.

## We prioritize health and safety.

We are committed to safety and well-being – in our supply chain; for our own operations and teams; and in the products we design to keep their workplaces and customers healthy, safe, and productive.

## We believe in integrity.

We know that how we do things matters as much as what we do. We are firmly committed to acting with integrity; it's part of our value proposition to our stakeholders.



#### **GENERAL CORRESPONDENCE**

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[www.fortive.com](http://www.fortive.com)

#### **FORTIVE INVESTOR RELATIONS**

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