



2018

**No1**

| CORPORATE RESPONSIBILITY REPORT |

**F**ortive is a young company with deep roots. Our heritage provides us with a unique culture and a powerful toolset for continuous improvement. Our shared purpose drives us to make the world a better place. And our story is only just beginning.



A photograph of two scientists in a laboratory. In the foreground, a man with grey hair and a beard, wearing safety glasses and a blue lab coat, is looking through a microscope. In the background, another person is also working at a microscope. The scene is brightly lit, typical of a laboratory environment.

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#### **About Fortive**

Fortive is a diversified industrial growth company that was created through a spin-off from Danaher Corporation in 2016. We are based in Everett, Washington, but our impact circles the globe through our family of 25 business units that we call “operating companies.” Our operating companies include market-leading brands that provide professional and engineered products, software, and services in critical areas of advanced instrumentation and solutions, transportation technology, sensing, automation and specialty, and franchise distribution.

While our businesses are unique and operate across a variety of end markets, we are all guided by our shared purpose—to deliver essential technology for the people who accelerate progress. In today’s world, so much of innovation and progress centers around the development of new sustainable technologies, finding ways to live and work safely, and improving our health, infrastructure and environment. Our shared purpose means that we are ideally suited to contribute to these efforts. And our culture of continuous improvement and bias for action that we call the Fortive Business System (FBS) gives us the means to do so. FBS is a philosophy and a set of processes and tools that are deeply ingrained in our culture, in everything we do, to help us learn from our successes and failures, grow as individuals and teams, and identify ways to improve.

Throughout this report, you will read about operating company strategies and successes in helping to make the world stronger, safer, and better, and in supporting our customers’ efforts to do the same.

We are Fortive, and we are just getting started.

# OVER 25,000 GLOBAL EMPLOYEES

2017 REVENUE

**\$6.7**  
BILLION



**Invetech**



TELETRAC NAVMAN



**Tektronix**



**HENGSTLER**

**FLUKE**

**WEST**  
Control Solutions

**INDUSTRIAL  
SCIENTIFIC**



**HENNESSY INDUSTRIES, INC.**

**KOLLMORGEN**



**QUALITROL**  
Defining Reliability



**LANDAUER**



**Portescap**



**From Our CEO**

Reflecting on our first full year as an independent public company, I'm inspired by our achievements and excited about our future. We made tremendous progress toward our goals in 2017, achieving strong organic sales growth and significantly improving year-over-year earnings. Beyond the financial results, I am proud of the progress we made embedding our shared purpose—essential technology for the people who accelerate progress—and values into our culture, and establishing our direction on the issues that matter most to our employees, investors, and other stakeholders. Among the most important is the role that social responsibility plays in our future success. To that end, I'm excited to present our first annual CSR report.

In these pages, you will read about our efforts to bring diverse teams together in a collaborative environment that fuels innovation, to empower our employees through meaningful opportunities for professional development and growth, and to advance employee engagement, safety, and well-being. You will learn how Fortive employees contribute to their communities in meaningful ways, whether it's providing disaster relief, volunteering to create positive social change, or demonstrating leadership. In 2017 we held our first annual Day of Caring, which gave our employees the opportunity to spend a day out in their communities helping to make those communities better places to live and work. I was incredibly



**“We are fortunate to have truly exceptional people working at Fortive who want to make positive impacts for our customers, employees, and our world.”**



inspired by the kindness and generosity of our Fortive family as we participated in over 200 team events and countless personal projects, enriching the lives of people in 90 communities in more than 30 countries around the world.

I am also pleased to share with you some of the many ways that Fortive makes the world stronger, safer, and better, including reducing workplace deaths and injuries, helping emergency vehicles arrive at their destinations safely, testing and calibrating modern electronics, and predicting harmful equipment failures before they occur.

Our longstanding culture of continuous improvement, embodied in the Fortive Business System (FBS), is the driving force behind many of the efforts described in this report. We apply our FBS tools and concepts to minimize waste and pollution, promote sustainable practices and policies, and prevent workplace accidents and injuries.

We are proud of our progress. At the same time, we are aware that we still have much work to do. We are fortunate to have truly exceptional people working at Fortive who want to make positive impacts for our customers, employees, and our world. These innovators, problem-solvers, and doers will continue to lead us and help guide us in our CSR-related strategies and goals in the coming years. Our long-term success and growth depend on it.

**JIM LICO**, PRESIDENT AND CHIEF EXECUTIVE OFFICER

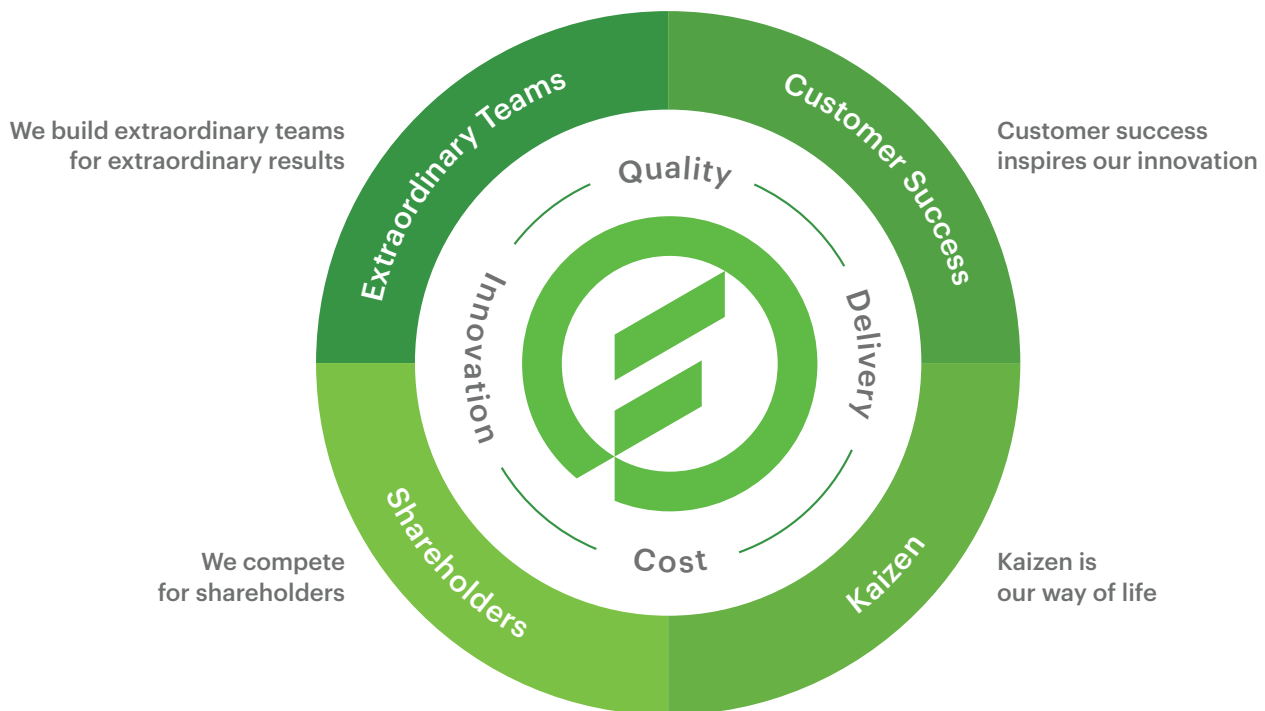


## Our Shared Purpose and Values

Our shared purpose is why we're here. And our four values are how we do it. Throughout this Corporate Social Responsibility (CSR) report—our first—we'll demonstrate how these values inspire our efforts to embrace social responsibility as we run a global company spanning multiple industries.

## Our Shared Purpose

**Essential technology for the people who accelerate progress**





## **Defining Our CSR Strategy**

Since the creation of Fortive almost two years ago, our shared purpose and values have guided our efforts to establish a social responsibility strategy. Living our values to advance our business objectives means we think daily about how we can foster a strong culture of collaboration, how our products make the world a better place, and how we can continuously improve our performance for our team, our customers, and our shareholders.

As we worked to prepare for this first public report, we used a systematic process to understand how various CSR issues drive our business and to identify our areas of focus going forward.

### **Materiality Assessment**

In March 2017, we held a workshop to explore how Fortive and our operating companies approach corporate social responsibility around the world. We invited BSR, a global nonprofit organization specializing in sustainability strategy development, to guide our discussion. We generated a list of priority issues, drawn from the recommendations of leading sustainability initiatives, including the Global Reporting Initiative, the Sustainability Accounting Standards Board, and the Sustainable Development Goals.

We prioritized issues based on their importance to Fortive's business and to key stakeholders, including current and prospective employees, customers, shareholders, and communities. We considered the list through the lens of our shared purpose and values and incorporated feedback from company leaders, investors, customers, and BSR.

### **Defining Our CSR Pillars**

Through this materiality assessment, we identified seven core pillars—or focus areas—for Fortive’s CSR strategy. We then aligned these pillars with our values, which drive our strategic priorities and our key performance indicators. This framework positions us for long-term impact and continuous improvement across the many aspects of social responsibility.

### **Looking Ahead**

In several sections of this report, we will describe goals we have identified and our established strategies to track and report on those goals. As a group of diverse and global operating companies, our CSR-related goals and objectives have historically resided at the operating company level, and tend to vary based on unique business, regional, and other factors. As part of our evolving strategy, we intend to deploy CSR-related goals applicable across all of Fortive, and to report on those goals and our results in subsequent CSR publications. Our CSR pillars will be a critical framework for evolving these goals and metrics to measure our future performance. They will influence new products we create, how we operate, and how we engage with our stakeholders. They will help us attract and keep the best people who share our values.

## FORTIVE CSR PILLARS

### FORTIVE VALUES

**WE BUILD  
EXTRAORDINARY  
TEAMS FOR  
EXTRAORDINARY  
RESULTS**

### CSR PILLAR

**1. Empower our  
talented global team  
to contribute in  
meaningful ways**

Diversity and inclusion, employee development and growth, employee engagement, employee safety and well-being, support during extraordinary events

**2. Create positive  
impacts in our  
communities**

Community service, corporate and individual charitable giving, Fortive Day of Caring, sharing knowledge, disaster response

**CUSTOMER  
SUCCESS INSPIRES  
OUR INNOVATION**

**3. Provide innovative  
products and services  
that make the world a  
better place**

Products and services with positive environmental impact, sustainable products and technologies safety as a service, saving lives and improving health, protecting critical infrastructure

**4. Source  
responsibly**

Supplier code of conduct, supply chain standards, fair labor standards

**KAIZEN IS OUR  
WAY OF LIFE**

**5. Environmental  
stewardship**

Environmental, Health, and Safety (EHS) Program, key metrics, management systems approach, product compliance and development, environmental footprint

**WE COMPETE  
FOR SHAREHOLDERS**

**6. Integrity, compliance,  
and risk management**

Standards of conduct, integrity and compliance program, anti-corruption, Speak Up!, risk management

**7. Corporate  
governance**

Board and governance practices, shareholder engagement, CSR oversight









Extraordinary Teams | Extraordinary Results



## Empower our Talented Global Team to Contribute in Meaningful Ways

At Fortive, we seek out talented, curious people with a passion for “better,” and we invest in our people to provide unlimited opportunities for personal learning and growth. As a team, we solve problems that no one could solve alone, and we learn things that no one could learn alone. We seek out and include diverse voices, perspectives, and experiences, because we know we’re stronger when we do.

### Employee Development and Growth

We believe in our employees’ potential and their ability to learn, grow, and make an impact—in any role and at every level. The unique experience we offer, which combines the excitement of a startup with the opportunities and support of a larger company, is captured in our promise to our team: For you. For us. For growth.

We know that the development and growth of our employees is critical to our ongoing success, and meaningful programs like Development for Growth, designed to activate long-term career development, and Performance for Growth, our annual performance assessment program, lead the way.

**“We make multiple formal and informal investments in our people, helping them—and us—continue to grow. One of the best things I get to do is be part of the development of our team. The work the team is doing and the barriers they are breaking through inspire me every day.”**

STACEY WALKER, SVP HUMAN RESOURCES

We provide employees at all levels with numerous opportunities to build new skills. To give a sense of participation and scale, Fluke hosted more than 600 employees for leadership training in 2017, training 90% of the company’s global leaders in situational leadership and introducing new employee-level situational leadership preparation.

**GURNEE, ILLINOIS:** Over the past year, Dynapar, a leading supplier of motion control feedback products, focused on employee development through career discussions, job shadowing, and increased training. The company also created new career progression opportunities by adding a more senior level for assembly and operator positions. As a result of these efforts, supervisor effectiveness rose by 7%, and employee satisfaction with growth and development increased by 9%.

EMPLOYEE  
SATISFACTION WITH  
GROWTH AND  
DEVELOPMENT  
INCREASED  
BY

9%



**SÃO PAULO, BRAZIL:**  
Gilbarco Veeder-Root, a  
supplier of fuel dispensers,  
point of sales systems,  
and support services,  
introduced an early  
career internship in  
Brazil for undergraduates,  
offering 36 hours weekly  
of mentorship by a  
professional in their  
area of study.



### Diversity and Inclusion

At Fortive, our differences unite us as we leverage our unique strengths for the benefit of our customers and teams, every day. Our innovation and growth goals depend on our strength and diversity of people and teams. Diversity of thought. Diversity of background and experience. Diversity of expertise. Diversity of characteristics.

Becoming the best we can be means that every member of our team feels heard, respected, and supported. It means that our work environments foster unity, not uniformity. It means that our employees bring out the best in each other, as authenticity facilitates camaraderie. And it means that we cast the widest net in recruiting to ensure we hire the very best talent.

**“We’re committed to improving the levels of diversity in our current team, as well as in our pipeline of future leaders. By creating an environment where we are all free to bring our best selves to work, we encourage all voices to participate and be heard.”**

JIM LICO, PRESIDENT AND CEO, FORTIVE

To help ensure we are living our values around diversity, Fortive recently kicked off our Diversity & Inclusion Council, a global cross-functional team consisting of members nominated by senior leaders for their ability to drive real and positive change. The Council leads our global diversity and inclusion initiatives, including efforts to attract, develop, and retain top talent, and to create an inclusive workplace where everyone can be themselves and is empowered to grow and succeed.

## PILLAR



Our belief in these values and our efforts to promote diversity and inclusion in the workplace are showing results. For example, Fortive earned a perfect score of 100% on the Human Rights Campaign Corporate Equality Index (CEI). The evaluation process included a robust review of our policies, benefits, culture, and general inclusiveness, and Fortive was recognized as one of the “Best Places to Work for Lesbian, Gay, Bisexual, Transgender, Questioning, Queer (LGBTQ) Equality.”



## Perfect score of 100%



**BEAVERTON, OREGON:** At Tektronix, a world leader in test, measurement, and monitoring technology, the global Women in Technology employee resource group promotes science, technology, engineering, and math (STEM) education and helps women succeed in sales, engineering, general management, and other roles where women are often in the minority. Its 2017 Women in Sales and Technology Lunch expanded the impact to more than 100 team members from across Fortive, who gathered to hear guest speakers share stories about their career paths and personal journeys. These events offer ongoing opportunities for networking and mentorship.

"I feel really excited about how integrated our teams are. We sort of jump into each other's space without even thinking about it, but that's how we have rich, energetic discussions about things we are challenged by, and that's how we come up with extraordinary results."

CARLA ZAMPAGLIENE, USABILITY ENGINEER, INVETECH

#### Fostering an Engaged Workforce that Lives our Values

Feedback is essential to our culture of continuous improvement, and our annual employee engagement survey is an important tool for empowering our employees, understanding their needs, and measuring progress against the employee experience we want to offer.

### 2017 Employee Engagement Survey Results

**+2%**

OVERALL EMPLOYEE  
ENGAGEMENT  
(+7 SINCE 2016)

**+5%**

EMPLOYEE GROWTH  
AND DEVELOPMENT  
OPPORTUNITIES

**+4%**

COMMITMENT  
TO FORTIVE BUSINESS  
SYSTEM (FBS)

**+2%**

BELIEF THAT SURVEY  
RESULTS WILL DRIVE CONTINUED  
POSITIVE CHANGE



## PILLAR



Another way we cultivate strong employee engagement is to carve out dedicated time for innovation. This can take the form of a three-continent Innovathon at Gilbarco Veeder-Root, an employee competition for improving products, processes, and production at Hengstler, or the global ProtoTek program at Tektronix, which offers employees dedicated time for brainstorming and producing prototypes to solve problems and develop technologies.

“Innovation is the vital energy for any organization, the blood of any business. It needs to flow across every level and every team to ensure the hunger for change is kept alive and recognized, with no ‘top-down’ barriers. The Innovathon events unleash this energy, foster passion, and give participants a unique opportunity to impact the future of the company.”

GIOVANNI CARAPELLI, VP GLOBAL INNOVATION, GILBARCO VEEDER-ROOT

### Employee Safety and Well-being

Delivering essential technology is demanding and occasionally dangerous work, and we do everything we can to ensure a safe, secure working environment for our employees. As part of FBS, we use a visual management tool across Fortive businesses called “+QDIP” (Safety, Quality, Delivery, Inventory, Productivity) as a key tool to manage and track daily progress toward our goals at the manufacturing cell level, plant level, and company level. It is no coincidence that the “+” —the Safety element of +QDIP—appears first in the list. At Fortive we believe we owe each other our very best efforts toward creating a safe and secure working environment, and our emphasis on safety in this key daily management tool demonstrates that commitment.

Our goal is for each operating company to achieve U.S. Occupational Safety and Health Administration (OSHA) top quartile for Total Recordable Injury Rate (TRIR) and Days Away Restricted Time Rate (DART) for their NAICS code by the end of 2019. These operating company safety metrics are aggregated at the Fortive level on a weighted basis to provide overall rates.

#### AT THE CLOSE OF 2017

**18% OF FORTIVE OPERATING COMPANIES  
ACHIEVED TOP QUARTILE FOR TRIR**

**31% REPORTED TOP QUARTILE  
DART RATES**



**FAIRPORT, NEW YORK:** Qualitrol, which delivers precision tools to monitor our global power infrastructure, recently celebrated 5.5 million hours without lost time across its six manufacturing sites. The Fairport site celebrated 2 million hours without a lost-time accident in November 2017. Key drivers for these results include the Kamishibai self-audit process and weekly on-site active release technique (ART) sessions.

**“You take our great talent base with the power of FBS, and you see extraordinary things happen.”**

BARBARA HULIT, SENIOR VICE PRESIDENT

**TAMPERE, FINLAND:** Gilbarco Veeder-Root Finland received the Contractor Safety Award from Neste, one of its key customers and the world’s largest producer of renewable diesel. Neste presents the award annually to a contractor that has performed its work with the highest level of quality and safety.

**MUMBAI, INDIA:** The Gilbarco Veeder-Root India human resources team launched an innovative workplace program promoting employee wellness, which helps employees develop and sustain healthy behaviors through holistic education, competitions, support, and resources. More than 90% of the employees received a comprehensive health check-up and consultation as a result.

**90%**  
**OF EMPLOYEES  
RECEIVED A  
COMPREHENSIVE HEALTH  
CHECK-UP**

## Create Positive Impacts in Our Communities

Many employees join Fortive for the opportunity to do work that makes a difference in the world, but our commitment to making the world stronger, safer, and better doesn't end with the workday. And with our operating companies spread around the globe, we have the unique opportunity to make a direct and meaningful impact in many communities around the world.



### Building Stronger Communities

Fortive employees generously contribute time, talent, and resources to help strengthen their communities and support the causes they believe in. Many of our operating companies have long-term relationships with nonprofits and educational organizations, such as GTT with Banyan Community, an organization that provides low-income youth and families with social and life skills classes and career information. In Columbus, Ohio, Anderson-Negele donates state-of-the-art equipment to The Ohio State University College of Food, Agricultural, and Environmental Sciences to enable initiatives that advance researchers' knowledge base.

Other Fortive companies facilitate opportunities for employees to volunteer in areas they are most passionate about. You might find Fortive employees painting and cleaning a local school, building bicycles for Big Brothers and Big Sisters, and volunteering at animal shelters, nursing homes, and food pantries. In Mumbai, India, Gilbarco Veeder-Root employees create educational materials and assist with training on cleanliness and health at local schools, and the Fluke team works to promote local farmers and reduce food waste.

Many Fortive teams and employees share their expertise to support STEM education in their communities and help inspire the next generation of leaders. In Mount Waverly, Australia, Invetech team members share their expertise in robotics by hosting an annual Sumo-Bot challenge. Kollmorgen team members work closely with the Radford, Virginia, FIRST Robotics program, and PacSci EMC partners with a Tempe, Arizona-area middle school to provide STEM enrichment activities. In Gurnee, Illinois, Dynapar holds open houses for local schools to immerse and educate students on STEM, manufacturing, and engineering career options.

**“We’ve hosted students here on campus, who come and learn about engineering. I always see students’ eyes light up with excitement when they begin to learn about the impact of science and technology. Sometimes they don’t want to leave at the end of the class.”**

GRAHAM MCCARTHY, TEKTRONIX

**BEAVERTON, OREGON:** The Tek Foundation at Tektronix has contributed nearly \$400,000 to organizations that support educational, scientific, and charitable activities and programs in the global Tektronix community.



**STOW, OHIO:** The Matco Tools “Tools for the Cause” campaign has raised over \$800,000 through support of organizations such as the Breast Cancer Research Foundation via their line of “pink” products—including welding helmets, water nozzles, and lanterns. Matco also formed a philanthropic committee to provide employees opportunities to volunteer time and advance the cause.

### Annual Fortive Day of Caring

In September 2017 we celebrated our first Fortive Day of Caring, which empowered our employees worldwide to give back to the communities where they work and live. Every team member took a workday to volunteer with the community organization of their choice.

Around the globe, Fortive employees helped with high-impact efforts like clothing and school supply drives, tree planting projects, and beach and park cleanups. This annual event is a unique opportunity for employees to accelerate progress for the causes they care most about, from homelessness and hunger to the environment and STEM education.

**“At Fortive, we have so much to be thankful for, and sharing our talents and resources with our global communities helps us find meaning in our lives at work. This commitment to our communities has always been an important part of our culture.”**

JIM LICO, PRESIDENT AND CEO, FORTIVE



PILLAR

2

Team members from Sensing Technologies and Automation & Specialty businesses provide youth outreach (Beijing, China)



## 90 GLOBAL LOCATIONS

### 150,000

volunteer  
hours  
donated by  
the team

### 200

organized,  
team-coordinated  
community service  
events

## \$250,000

DONATED TO  
AMERICAN RED  
CROSS/INTERNA-  
TIONAL  
FEDERATION OF  
RED CROSS AND  
RED CRESCENT  
SOCIETIES

**GREENSBORO, NORTH CAROLINA:**  
Gilbarco Veeder-Root hosted  
the largest Fortive Day of Caring  
event at a single location, with  
over 500 employees partici-  
pating across a variety of both  
employee-directed and  
company-sponsored activities.



Safety Marathon and  
Health Fair



Walk-a-Thon for  
Puerto Rico



United Way – Read Across America  
(New Britain, Connecticut)

## Disaster Response

In 2017, we had many opportunities to actively support our employees, our customers, and our communities during extreme weather events. We mobilized to deliver essential technology to restore critical infrastructure, and we opened our hearts to help with recovery at a human level.

**“It’s amazing to see how people will step up and contribute to a team the same way you’d see in a family environment.”**

BRANDON GREENLEY, GENERAL MANAGER, PacSci EMC

After Hurricane Harvey hit the Houston area, the Industrial Scientific team supplied gas detection equipment to help identify broken gas lines and chemical spills. Employees also mobilized throughout the weekend to assist customers and victims in a variety of ways, including providing water and cleaning supplies.

Qualitrol shipped hundreds of pressure relief valves to a partner who was working around the clock to produce replacement pole-mount transformers and restore power to the regions affected by Hurricane Harvey.

Fluke’s Bonita Springs, Florida, site was in the direct path of Hurricane Irma. Fluke leadership quickly implemented programs to protect and assist employees, including paid time off, option to work from home, and financial assistance. Fluke also donated equipment worth almost \$100,000 to aid with hurricane relief efforts.

## Fortive Scholarship Program

We believe in unending learning for our current and future team members. In 2017 Fortive distributed 20 scholarships to deserving children of our employees, for pursuing undergraduate study. Scholarships recognize academic performance, leadership potential, and economic need. Awards are renewable for up to three years, in order to support our families as they invest in their children’s future.

## 165 APPLICANTS WORLDWIDE; 20 WINNERS SELECTED

**+17%**

increase in scholarships  
awarded since 2016

**31%**

of 2017 winners from  
outside the U.S.

**\$200,000+**

pledged to the  
2017 winners


**“I’m a pre-health student interning at a nearby hospital.  
This scholarship has allowed me to graduate completely debt-free.”**

FORTIVE SCHOLARSHIP RECIPIENT, ARIZONA STATE UNIVERSITY







A hand is holding a yellow and black ELIKE 5K camera. The camera has a large lens and a black strap with a yellow label that says "ELIKE". The background is a blurred green, suggesting an outdoor setting. A green horizontal line is at the top, and a grey horizontal line is at the bottom.

**Customer Success** | Inspires Innovation



## Provide Innovative Products and Services that Make the World a Better Place

Our story is intertwined with our customers. Their goals are our inspiration. Our innovations help them along their path to success, and together we make each other better. Our shared goal is essential technology that makes the world stronger, safer, and better. Our products and services help conserve natural resources, protect critical infrastructure, save lives, and improve health.

Fortive companies hold over 3,300 issued patents worldwide.

### Sustainable Products and Services

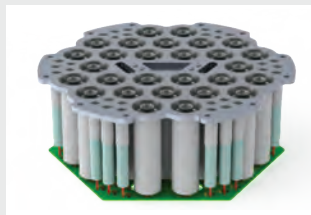
Our customers' success increasingly depends on our ability to address scarcity of resources, climate change, and sustainability directly through innovative products and services. Our employees are ready for the challenge, and in many respects they are ahead of the curve.

Some Fortive companies directly support and advance the rapidly evolving field of renewable energy. For example, Qualitrol's encoders are used in wind and solar farms, enabling cleaner energy sources. A variety of renewable energy applications, including electric vehicles, wind and solar energy, solar cells, wind turbines, batteries, and fuel cells, rely upon Tektronix test and measurement equipment. Pressure sensors from Gems Sensors for natural gas compressors allow the safe dispensing of alternative clean fuels to fleet vehicles. And Gilbarco Veeder-Root continues its legacy of over 150 years of fueling technology innovation by investing in the development of more sustainable, environmentally friendly technologies, alternative energies, and more efficient fueling operations.

**"Enabling our customers to keep pace required a completely new oscilloscope platform. The 5 Series MSO is the culmination of the largest single platform development effort in Tektronix's history and delivers significant new innovations that will benefit our customers daily."**

CHRIS WITT, VICE PRESIDENT AND GENERAL MANAGER, TEKTRONIX

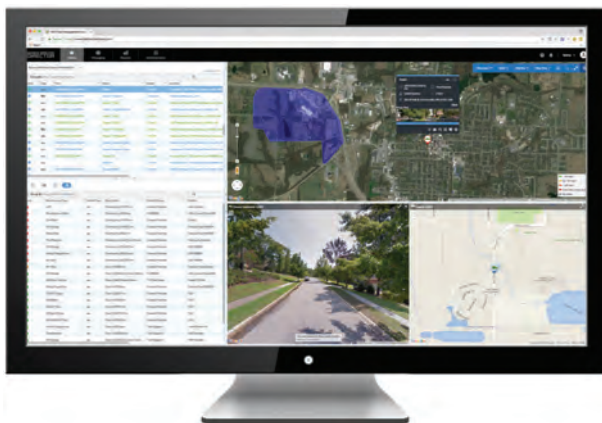
**CHANDLER, ARIZONA:** PacSci EMC, a leading provider of pyrotechnic energetic material devices and systems, is working to increase sustainability in space with their MAPS array of clean-burning rocket motors. MAPS motors provide non-toxic propulsion capability for CubeSats and SmallSats, providing a solution to assist with satellite decommissioning and removing space debris.



**"We are proud that the majority of leading retailers in the business have been long-time customers and consider it recognition of our commitment to this great industry. We look forward to providing outstanding fueling technology and services for another 150 years."**

MARTIN GAFINOWITZ, SENIOR VICE PRESIDENT

Some of our core expertise lies in precision monitoring and measurement that is critical to our customers' own sustainability efforts. Anderson-Negele helps food and beverage manufacturers, dairy processors, brewers, and pharmaceuticals manufacturers meet important production efficiency, wastewater conservation, and product waste reduction goals. And Qualitrol's very product line exists to enhance sustainability. The company's monitoring and diagnostic solutions help their utility customers replace periodic maintenance with need-based maintenance, preventing unplanned power outages and downtime of critical equipment.



Teletrac Navman optimizes fleet management for more than 500,000 vehicles around the world. Their innovative solutions reduce fuel consumption by more than 7% on average, leading to a total reduction of CO<sub>2</sub> emissions of roughly 1.2 million tons per year.



**"Fortive has the unique opportunity to lead the transformation of the industrial world from a hardware-centric model to one that is driven by software, sensors, mobility, and data analytics. We're addressing the most complex workflow needs of our customers."** RAJ RATNAKAR, VICE PRESIDENT, STRATEGIC DEVELOPMENT

## PILLAR

## 3

**Saving Lives and Improving Health**

Several Fortive operating companies provide products, technologies, and service solutions dedicated to keeping our customers and community members safe as they work, travel, and go about their daily lives. For example, Industrial Scientific produces advanced gas detectors, gas detection management software, and predictive analytic software for the prevention of workplace incidents and injuries. Their team members are dedicated to the ambitious goal of eliminating death on the job by the year 2050. Their belief is that because—in hindsight—every accident is preventable, all accidents are ultimately predictable.

We also apply our innovation and our deeply ingrained continuous improvement mindset to make our own products as sustainable and durable as possible—and to extend the life span of our customers' products.

**PITTSBURGH, PENNSYLVANIA:** Industrial Scientific products are built to last, meaning that unlike “disposable gas detectors,” they can be used for many years and then recycled. Their iNet® Gas Detection as a Service program ensures that instruments are properly maintained, serviced, and recycled so they don't end up in landfills.



More than 3 billion x-ray examinations are performed worldwide each year, but in the dynamic operating room environment, medical staff often overlook the risk of invisible radiation. Fluke's RaySafe Personal Radiation Dosimetry systems reduce radiation overexposure in 2,000 operating rooms worldwide by providing real-time insights into personal radiation exposure. Advanced sensor design eliminates the need for user interaction, so doctors and nurses can keep their focus on patient care.

**“We're at our best when the stakes are high. Our rugged, reliable technologies are essential because there is no room for compromise when the goal is keeping our customers safe.”** WES PRINGLE, SENIOR VICE PRESIDENT



**"We're inspired by how we've seen technology drive safety, and we believe that we're on the cusp of a massive increase in productivity. These trends should ultimately drive workplace fatalities to zero. We are taking actions to make that outcome a reality as soon as possible."**

JUSTIN MCELHATTAN, PRESIDENT AND CEO, INDUSTRIAL SCIENTIFIC



FOUNDED IN 1954, Landauer is a full-service radiation safety provider recognized for unsurpassed innovation and the development of worldwide monitoring standards and technologies. Landauer's proprietary digital dosimetry platform and optically stimulated luminescence (OSL) technology set the standard of radiation safety to protect health-care workers, dentists, veterinarians, first responders, military personnel, and energy workers around the world.



## PILLAR

## 3

From busy urban hospitals to remote clinics, Fortive products also monitor mission-critical equipment, drive lifesaving research forward, and deliver supplies in innovative ways.

Anderson-Negele's superior hygienic sensors allow food & beverage, cosmetics, and biopharmaceuticals companies to ensure their products are safe for consumers. Hengstler's safety relays help keep elevators and escalators, railway crossings, and emergency door mechanisms operating safely and reliably. In emergency situations, Gems's pressure sensors help firefighters safely use their self-contained breathing apparatus, and Gilbarco Veeder-Root enables fuel service clients to broadcast Amber Alerts on the large color screens of their fuel dispensers, broadening the search efforts of communities trying to locate missing children.

**MOUNT WAVERLY, AUSTRALIA:** Invetech, partnering with Caladrius Biosciences, received a Good Design Award® for their breakthrough Counterflow Centrifuge Device (CFC), which will be used to develop new cell-based therapies for the treatment of cancer. The jury selected the device as best in category for medical and scientific product design. Designed as a key element in the commercial manufacture of cell therapies, the CFC allows cell therapy developers to wash and concentrate cells in a closed environment.



**"The combination of a centrifuge and counterflow represents a significant breakthrough that will greatly enhance the ability of the cell therapy industry to develop new therapies for the treatment of cancers and other illnesses. This is a very comprehensive technology solution."** 2017 GOOD DESIGN AWARD JURY

**RADFORD, VIRGINIA:** Kollmorgen's precision motors power drones for Zipline, which delivers blood, medicines, and other life-saving supplies to small hospitals in remote regions of Africa. For these rural hospitals, the use of drones reduces delivery times from hours to minutes to help tackle an unnecessarily high maternal mortality rate.

**"Before, it took at least three hours to get blood in an emergency. Three hours can make the difference between saving or losing a life. Now we get blood in 15 minutes. Fifteen minutes, we can work with."**

DR. ROGER NYONZIMA, HEAD SURGEON  
AT NYANZA HOSPITAL'S MATERNITY  
WARD, RWANDA



### Protecting Critical Infrastructure

Fortive products and services play an essential role in keeping our power grids up and running, our transportation systems operating smoothly, and our roads safe.

With a legacy of innovation spanning nearly half a century, GTT—a market leader in traffic signal priority control—makes 3,100 cities worldwide smarter and safer. GTT signals have been deployed at more than 70,000 intersections to help emergency vehicles reach patients more quickly and transport them safely. GTT's Opticom products encourage public transit use by reducing delays by up to 40%, decreasing travel times by up to 20%, and improving on-time accuracy.

TRAVEL TIMES  
REDUCED UP TO

20%

DELAYS  
REDUCED UP TO

40%

DEPLOYED  
AT OVER

70K

INTERSECTIONS



**ON THE ROAD**, Teletrac Navman's solutions keep highways safe by capturing pre-trip inspection reports, verifying mass and load compliance, warning truck drivers about unsafe behavior, monitoring working hours to prevent driver fatigue, ensuring timely maintenance, and capturing high-resolution telematics data when safety incidents occur.

## 4

## Source Responsibly

At Fortive, we require our suppliers to follow ethical and socially responsible business practices, which we outline in our Supplier Code of Conduct (SCOC).

**INTEGRITY AND COMPLIANCE:** Suppliers are expected to meet the highest standards of integrity. This includes deterring corruption, maintaining accurate records, reporting conflicts of interest, and providing a process for reporting suspected violations.

**LABOR AND EMPLOYMENT:** In addition to following all applicable regulations, suppliers are prohibited from using forced or involuntary labor, child labor, or engaging in any form of human trafficking.

**ENVIRONMENTAL, HEALTH, AND SAFETY:** In addition to compliance with all applicable laws, suppliers must seek to minimize adverse impacts on the environment as well as conserve resources.

Across our operating companies, we have more than 500 supply chain professionals involved with the purchase of goods and services to support more than 80 manufacturing sites. Many of these employees are responsible for assessing our suppliers and verifying compliance with the Fortive Standards of Conduct (SOC). They are trained on compliance with labor laws, including specifically human trafficking and slavery-related issues. They regularly conduct supplier visits and audits.

**FORTIVE USES 8,941 DIFFERENT SUPPLIERS,  
FROM 11,352 DIFFERENT LOCATIONS WORLDWIDE.**

**WE ALLOCATE 80%  
OF OUR SPEND  
TO 641 OF THESE  
SUPPLIERS.**

### Preferred Supplier Program

Our Preferred Supplier program helps us ensure that our suppliers are meeting their ethical and social obligations, while also delivering value against quality, delivery, and cost objectives. Suppliers selected for preferred status have demonstrated a commitment to meet tougher business criteria in return for continued growth opportunities. In addition, we are in the process of supplementing our preferred criteria so that in the future, in order to obtain preferred status, suppliers must pass an assessment of their ability to comply with the social responsibility components of our SCOC.

**40%**

**IN 2017, OUR BUSINESS  
WITH PREFERRED  
SUPPLIERS INCREASED  
BY 8% TO 40%.**

**OUR GOAL IS TO PURCHASE 80%  
OF SPEND REQUIREMENTS FROM  
PREFERRED SUPPLIERS BY 2025.**

### **Procurement Tools and Processes**

Because of the decentralized nature of our operations, we have developed a strong framework of tools and processes to ensure our operating companies execute consistently on topics related to strategic sourcing and supply base management. Fortive maintains a supplier risk management database with assessment summaries of each supplier's overall risk (represented by financial and operational assessments). We updated our audit and assessment tools in 2017 to ensure that all visits assess SCOC compliance.

Among the suite of tools availed for effective sourcing, we have developed "Should Cost" tools to help us determine reasonable baseline costs of engineered items that helps to identify potential issues regarding labor, integrity, and environmental violations.

### **Protecting Our Supply Chain**

We are firmly committed to responsible sourcing throughout our supply chain. We recognize that our customers and our stakeholders care not only about the value of our products, but also about how those products are produced.

Fortive complies with the Organization for Economic Cooperation and Development (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, as well as section 1502 of the Dodd-Frank Act, which aims to prevent the use of minerals that directly or indirectly finance or benefit armed groups in these areas. Every Fortive supplier is required to commit to being or becoming "conflict-free" and sourcing only from conflict-free smelters. Every supplier is required to provide completed EICC-GeSI declarations of commitment to becoming conflict-free and documenting countries of origin for tin, tantalum, tungsten, and gold purchases.



QUALITY

**DELIVERY**



DATE	TIME	WHO	DUE	STATUS	DATE	ISSUE	ACTION
				( )		Jim	9 Lines
				( )		8-9 M/S	6'0"
				( )		0-5 Min'in	6'0"
				( )		0-6 Min'in	6'0"
				( )		0-7 Min'in	6'0"
				( )		0-8 Min'in	6'0"
				( )		0-12 Min'in	6'0"





**Kaizen** | Our Way Of Life

## Environmental Stewardship

*Kaizen*, or continuous improvement, means we can always do better. This commitment to better is the key to our growth and deeply ingrained in our culture: learning from our successes and failures, growing as individuals and teams, and always looking for ways to improve. We know that our stakeholders are more concerned than ever with a business's environmental impact. We hold ourselves to high standards of environmental stewardship, and consistent with our values, are constantly looking for ways to raise the bar.

### Environmental, Health, and Safety (EHS) Program

Fortive maintains an EHS policy that expresses our commitment to conducting business in an environmentally responsible and sustainable manner in compliance with applicable laws and regulations, and to continuous improvement in EHS performance.

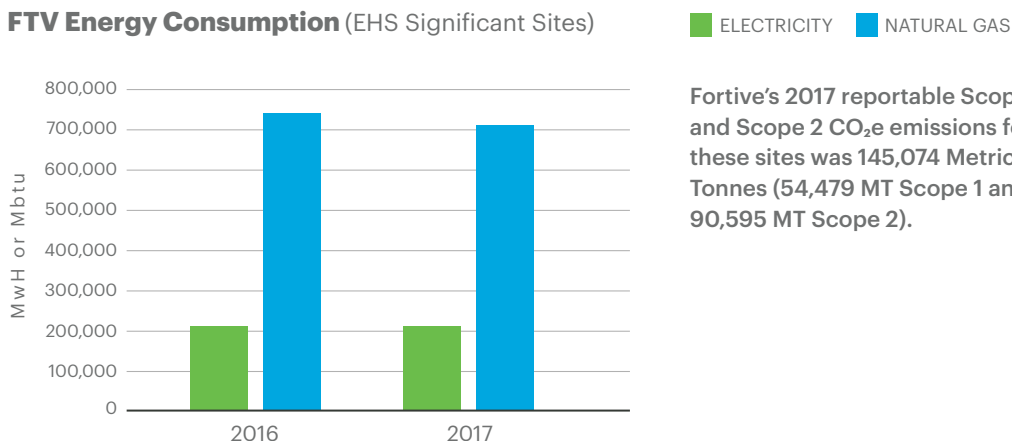
Consistent with our data-driven culture, we use a management systems approach to EHS that helps us ensure an ordered and consistent approach to environmental issues. Our management systems approach, along with FBS, allows us to go beyond simple compliance with our EHS programs. Many of our sites have also incorporated elements of FBS into their Environmental, Health and Safety Management System (EHSMS) to drive improvement and integrate the EHSMS with their business operations. Our management systems approach and FBS rigor have allowed 35 of our 108 EHS Significant Sites to achieve one or more of ISO-14001, OHSAS-18001 (ISO-45001), or International Contractors Safety Rating System (ICSRS) certifications.

### Measuring Our Environmental Footprint

Given our scale, we are well aware that what we do and how we do it has a significant impact on the environment. We strive to reduce our environmental footprint by minimizing waste, preventing pollution, and adopting sustainable practices and policies.

Our initial focus for reducing our environmental footprint is collecting baseline data for energy consumption, water usage, and waste across all our operating companies. We will

#### FTV Energy Consumption (EHS Significant Sites)



Fortive's 2017 reportable Scope 1 and Scope 2 CO<sub>2</sub>e emissions for these sites was 145,074 Metric Tonnes (54,479 MT Scope 1 and 90,595 MT Scope 2).



use this data to focus our efforts going forward, with specific goals and objectives as well as more advanced data-collection tools.

Saving energy is a win-win—it helps the environment and improves our bottom line. The FBS toolkit includes an Energy Kaizen tool that takes a facility through a complete energy audit and identifies opportunities for energy savings. We will be kicking off an initiative to hold Energy Kaizens at all of our operating companies soon.

Many of our operating companies have already incorporated energy efficiency into their facilities design and have taken action to reduce their energy consumption. For example, our Tektronix manufacturing facility in Shanghai, China, recently held a Lighting Energy Savings Kaizen and replaced all interior lighting with high-efficiency LEDs, reducing energy consumption by 47%.

Lean principles are a core part of FBS, and we strive to reduce waste at every juncture, from processes to products. In Greensboro, North Carolina, Gilbarco Veeder-Root recently implemented a large-scale recycling program for a variety of materials, resulting in up to 3 million pounds recycled annually. And in Gurnee, Illinois, Dynapar's green team has been exploring methods of reducing packaging waste, both from their suppliers and from the products they ship directly.

**EVERETT, WASHINGTON:** Fluke recently updated its headquarters to include many environmental improvements, such as recycling and composting programs for everything from metals, cardboard, and plastic to used oil and batteries. Fluke is also saving energy by converting to LED lighting and energy-efficient appliances.

### Product Compliance and Development

Many of our operating companies are actively engaged in industry-wide initiatives to develop and define common technical qualification criteria, acceptable material alternatives, and testing and reporting standards that will allow us to transition our product designs to meet evolving demands.

Where applicable, our product categories sold in the European market meet the requirements for Restriction of Hazardous Substances (RoHS/RoHS 2) and Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). Our operating companies have additional programs in place to ensure that our products comply with similar requirements in the markets where we sell our products and services.



**BEAVERTON, OREGON:** At Tektronix, all products are designed and manufactured to be RoHS compliant. All new internal designs have eliminated the use of cadmium. Hexavalent chromium conversion coatings have been eliminated from custom parts and new designs.











**Competing** | For Shareholders



## Integrity, Compliance, and Risk Management

A key principle in our success has been our unwavering commitment to integrity and ethical business dealings. Upholding these high standards is equally critical to our future success and essential to our ability to compete for shareholders.

### Fortive Standards of Conduct

To establish our commitment to integrity and a culture of ethical business dealings in the complex international business and legal environments in which we operate, we have established the Fortive Standards of Conduct (SOC). Our SOC, available in 21 languages, provides the foundation for our behavior, with guiding principles focused on global compliance with laws and regulations, and our policies.

The Fortive SOC applies not only to employees at all locations worldwide, but also to our agents, representatives, independent contractors, consultants, and all others who support Fortive businesses.

### Fortive Compliance Program

The Fortive Compliance Program is built on our commitment to acting and winning with integrity. Our Board of Directors oversees the program, and our Chief Compliance Officer leads it. Specifically, it is in place to:

**PREVENT** violations of law, policy, or the SOC through education and awareness

**DETECT** opportunities for improvement by supporting a transparent and open environment where concerns are raised openly

**CORRECT** gaps through expert response and appropriate countermeasures

The Fortive SOC is the foundation of our Compliance Program. Employees are trained annually on the SOC and also receive regular live and online training on a variety of other topical issues such as anti-bribery, data protection, and fraud and business integrity.

**97%**  
AVERAGE  
COMPLE-  
TION RATE  
FOR FORTIVE  
SOC ONLINE  
TRAINING

**“Fortive is an exciting company with a strong track record of success. As a legal team, we help its businesses achieve their goals while ensuring safety, effective compliance, and the highest standards of ethics and integrity.”**

PETER UNDERWOOD, SENIOR VICE PRESIDENT AND GENERAL COUNSEL

### Third-Party Compliance

Our third-party compliance program is designed to ensure that Fortive’s business partners understand and reflect our values and commitment to integrity and compliance. Key components include due diligence, anti-bribery contract provisions, annual anti-bribery training and certifications, on-site visits, and monitoring.

### Speak Up! Program

Fortive is committed to fostering an open and transparent culture where concerns can be raised without fear of retaliation. We maintain and promote a variety of resources to

encourage our employees, customers, and business partners to raise any concern, including a phone hotline, a web reporting tool, and a network of managers and leaders trained to receive and escalate concerns.

We provide regular reporting to senior leadership and the Board of Directors on the types of concerns raised, timeliness of response, and countermeasures to ensure visibility and accountability.

### **Risk Management**

At Fortive, we believe that effective management of risks inherent in our strategy and operations is critical to preserving our ongoing business enterprise and to maximizing value for our shareholders in the long term. To help manage risk, FBS teaches our employees how to identify, implement, and track countermeasures to ensure that identified risks to achieving our desired outcomes are mitigated. Risk management and effective countermeasuring take on many forms and are part of numerous business processes throughout our operating companies. There are two key processes, however, that all of our operating companies participate in from a risk management perspective—our Enterprise Risk Management program and our EHS Risk Score initiative.

Our Enterprise Risk Management program is an annual process to identify and proactively mitigate new and evolving risks. This ongoing process is both standardized and customized—each operating company is asked to consider standard risk categories, while also having the flexibility to incorporate risks that may be unique to their business or geographies. Each operating company also applies countermeasures to key risks and tracks those countermeasures throughout the year. Each year the Fortive Risk Committee synthesizes reports from all of our operating companies into a consolidated global report to the Board of Directors.

As part of our EHS Risk Score initiative, each operating company reports its “EHS Risk Score” on a semi-annual basis for each of its EHS Significant Sites (which are sites with sufficient EHS exposure to warrant in-depth EHS programs, based on objective criteria including 25 or more employees engaged in manufacturing, field service, R&D, or warehousing). The EHS Risk Score is a comprehensive metric for assessing EHS risk at each of our EHS Significant Sites. OpCo scores range from 0–200, with lower scores being better. It includes 19 evaluation criteria assessing performance as a surrogate for risk, providing a comprehensive, uniform way to measure progress on EHS issues. The EHS Risk Score also forms the basis for our Best and Most Improved EHS Plant awards. These awards are given annually to the plants that demonstrate exemplary EHS performance and significant year-over-year improvement, and that best integrate their EHS programs with Fortive core values and business operations. To help reinforce the importance of EHS, the EHS awards are given out by our CEO at the annual operations summit.

Given the diverse nature of EHS risk across the Fortive portfolio, we have not set a specific Fortive-level target score, but we review and track progress toward operating company goals and expect to see continual improvement in EHS Risk Scores. For example, the average EHS Risk Score across Fortive at the end of 2016 was 71. The 2017 year-end average score improved to 64.

## Corporate Governance

A strong commitment to good corporate governance empowers our Board of Directors to set company strategy and serve our shareholders effectively.

### Our Board and Governance Practices

Our Board of Directors consists of seven members, four of whom are independent as defined by NYSE and SEC rules. All members of our Audit, Compensation, and Nominating and Governance Committees are also independent. Our Chairman and CEO positions are separate, and we maintain an independent Chairman of the Board.

#### In addition:

We maintain a majority vote requirement for the election of directors in uncontested elections.

We provide for proxy access to permit a shareholder, or a group of up to 20 shareholders owning at least 3% of the outstanding shares continuously for at least three years, to nominate and include in our proxy materials director nominees constituting up to 20% of our Board of Directors.

We have no shareholder rights plan.

We are in the process of phasing in a declassified Board of Directors.

We maintain Corporate Governance Guidelines that limit the number of boards of other public companies on which our directors may serve to four.

We maintain a related person transaction policy with oversight by our Nominating and Governance Committee.

All members of our Audit Committee are audit committee financial experts.

### Shareholder Engagement

In 2017 we began a shareholder engagement initiative, proactively reaching out to shareholders representing over 50% of our outstanding common stock, to listen to their concerns regarding our governance policies, executive compensation philosophy, and CSR efforts.

### CSR Oversight

Our Nominating and Corporate Governance Committee is charged with overseeing our CSR reporting and making recommendations to the full Board of Directors regarding the process.

At the management level, our CSR process is overseen by a CSR Steering Committee made up of several senior company leaders and chaired by Senior Vice President and General Counsel Peter Underwood, who reports directly to the CEO. He is also generally responsible for overseeing our EHS function. Mr. Underwood provides periodic updates to the Nominating and Corporate Governance Committee and the full Board of Directors regarding many of our ongoing CSR-related activities, including our progress on safety initiatives, environmental compliance, and SOC compliance. We also maintain an EHS Leadership Council, which drives our EHS strategies and participates on the CSR Steering Committee.



### **General Correspondence**

Fortive Corporation  
6920 Seaway Boulevard  
Everett, Washington 98203

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

### **Investor Contacts**

Postal correspondence should be mailed to:  
Computershare  
P.O. 505000  
Louisville, KY 40233

Overnight correspondence should be sent to:  
Computershare  
462 South 4th Street, Suite 1600  
Louisville, KY 40202

Fortive Investor Relations  
If you would like to contact a member of  
Fortive's Investor Relations team, you may  
do so by e-mail, telephone, or mail:

Fortive Investor Relations  
6920 Seaway Boulevard  
Everett, Washington 98203  
E-mail: [investors@fortive.com](mailto:investors@fortive.com)  
Tel: (425) 446-5000



F O R T I V E . C O M