



2019

ACCELERATING
PROGRESS
TOWARD A
SUSTAINABLE
FUTURE

CORPORATE
RESPONSIBILITY
REPORT
NUMBER TWO



Working together,
we accelerate progress
toward a better future
by helping our customers
work more efficiently
and safely.

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FROM OUR

CEO

Three years into our journey as an independent public company, I am proud of the progress our team has made and incredibly optimistic for our future. A powerful and proven growth model grounded in the Fortive Business System (FBS), our engine for continuous improvement, is part of the story.

But our aim is not growth for the sake of growth. Our shared purpose—Essential Technology for the People Who Accelerate Progress—expresses our fundamental desire to make the world stronger, safer, and better as we grow.

Working together, we accelerate progress toward a better future by providing inventors with breakthrough tools and technologies to solve the world’s most pressing challenges, from keeping critical transportation and energy infrastructure up and running, to predicting harmful equipment failures before they occur.

We also acknowledge the impact and the responsibility that we have as a growing global company. Our desire to make a meaningful impact across the wide range of industries we serve, and to do so in a responsible and sustainable way, is the inspiration for **Accelerating Progress toward a Sustainable Future**. We will use this theme to inspire and guide our efforts in the years to come.

What does a sustainable future look like for Fortive? It means a place where our innovations can fuel both world-changing discoveries and business success. It means a place where bringing more voices to the table accelerates breakthrough innovation and helps us serve our customers more effectively. It means a place where we rigorously apply our FBS toolset and mindset to prevent workplace accidents and injuries, ensure sustainability and responsibility throughout our supply chain, and minimize our environmental footprint.

It’s also a place where all team members are empowered and encouraged to contribute directly and meaningfully to the communities where they live and work. In September, we held our second annual Fortive Day of Caring. As we hammered and sawed and began to see several houses taking shape to give people experiencing homelessness

in our own community a home, I was reminded of the impact we can have at scale when we work together as a team. To us, a sustainable future is about far more than charitable contributions and corporate policies. It's about continuing to build our CSR efforts worldwide, from the ground up, so our teams and our people feel invested in the outcome and the impact they have. This is incredibly important to us.

This past July, we were honored to be named to Fortune's Future 50 list, which recognizes companies with superior prospects for long-term growth and innovative, strategic thinking. We are proud of this achievement and of our progress to date. At the same time, we are aware that we still have much to do. We are tremendously fortunate to have truly extraordinary people working at Fortive who want to make a meaningful impact. These innovators, problem-solvers, and doers will lead the way and accelerate our progress toward a sustainable future for all of us.

—JIM LICO, PRESIDENT AND CHIEF EXECUTIVE OFFICER



A handwritten signature in blue ink that reads "Jim Lico".

ABOUT

FORTIVE

Fortive is a diversified industrial technology growth company deeply committed to making positive change in the world. Our portfolio of 20 operating companies includes leading brands with long histories of solving customers' critical needs, from transportation and energy to advanced instrumentation and facilities management. We are based in Everett, Washington, but our presence extends to 54 countries and to the customers we serve worldwide.

While our businesses are unique, we are united by our shared purpose: **Essential technology for the people who accelerate progress.**

In the context of social responsibility, we have two unique and powerful accelerators. One is that our core businesses have a direct impact on pressing global issues like workplace safety, alternative fuels, transportation efficiency, and infection prevention. The second is that our deeply ingrained culture of continuous improvement, driven by the Fortive Business System (FBS), gives us the toolset and the mindset to continually learn from our successes and failures, grow as individuals and teams, and keep raising our own bar.



20

OPERATING
COMPANIES



54

COUNTRIES
WORLDWIDE



6.7

BILLION IN SALES
IN 2018

Over 26,000 Global Employees

FORTIVE OPERATING COMPANIES



RECENT ADDITIONS TO THE FORTIVE FAMILY



IS A LEADING GLOBAL PROVIDER OF CONSTRUCTION COST DATA, SOFTWARE, AND SERVICES FOR ALL PHASES OF THE CONSTRUCTION LIFECYCLE—FROM PLANNING THROUGH OPERATIONS.



PROVIDES INNOVATIVE MEDICAL STERILIZATION AND DISINFECTION SOLUTIONS FOR HEALTHCARE FACILITIES. ASP IS FOCUSED ON HELPING TO PROVIDE THE SAFEST POSSIBLE ENVIRONMENTS FOR PATIENTS AND THEIR FAMILIES, HEALTHCARE WORKERS, PROVIDERS, AND COMMUNITIES.



INDUSTRY-LEADING CLOUD-BASED SOFTWARE AND SERVICES ENABLE OVER 10,000 CUSTOMERS, IN INDUSTRIES SUCH AS RETAIL, HIGHER EDUCATION, AND MANUFACTURING, TO OPTIMIZE ALL STAGES OF REAL ESTATE, FACILITIES, AND ASSET MANAGEMENT.



PILLARS

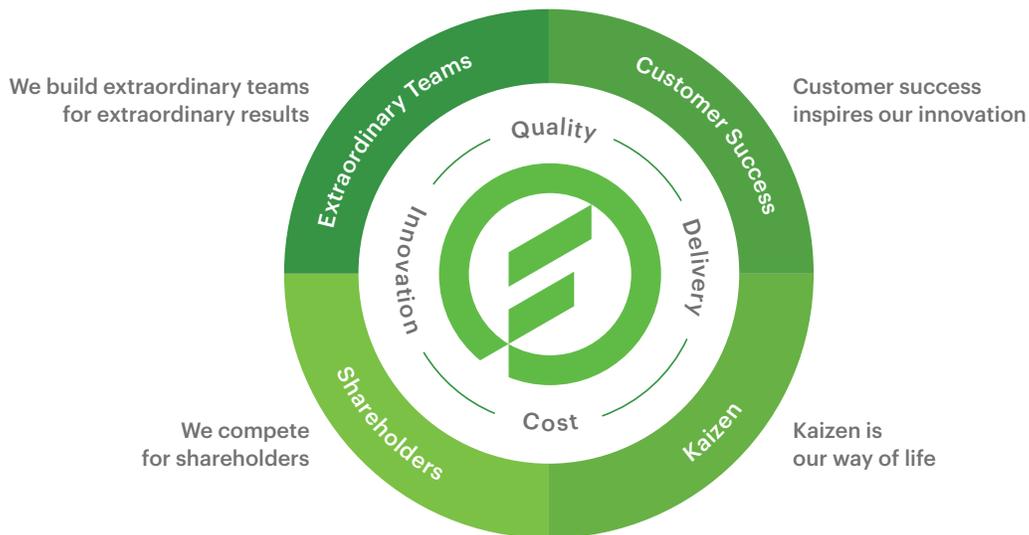
Our shared purpose and values, which are embedded deep within our culture, guide our CSR strategy just as they guide all of our strategic priorities. Through our materiality assessment process we established seven core CSR pillars, or focus areas, and aligned them with our values. This framework positions us for long-term impact and continuous improvement across the many facets of social responsibility. They will influence new products we create, how we operate, and how we engage with our stakeholders. They will help us attract and keep people who share our values and our commitment to a sustainable future.

Looking Ahead

In these pages we will report on our progress against the goals we outlined last year and share new ones, highlighting examples that demonstrate the breadth of ways our operating companies help accelerate progress toward a sustainable future. As our CSR efforts evolve and deepen, we will continue to set new targets and measure our performance, across Fortive and for individual businesses and geographies.

Our Shared Purpose

Essential technology for the people who accelerate progress



**Our shared purpose is why we're here.
And our four values represent what we believe.**



VALUE

We build extraordinary teams for extraordinary results

Customer success inspires our innovation

Kaizen is our way of life

We compete for shareholders

PILLAR

THEME

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

Employee development and growth, inclusion and diversity, employee experience, employee safety and well-being, Environmental, Health, and Safety (EHS) program

2. Create positive impacts in our communities

Community service and giving, Fortive Day of Caring, disaster response

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

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

5. Environmental stewardship

EHS program, environmental footprint, sustainable manufacturing

6. Integrity, compliance, and risk management

Customer and employee privacy, Standards of Conduct, compliance programs, enterprise risk management

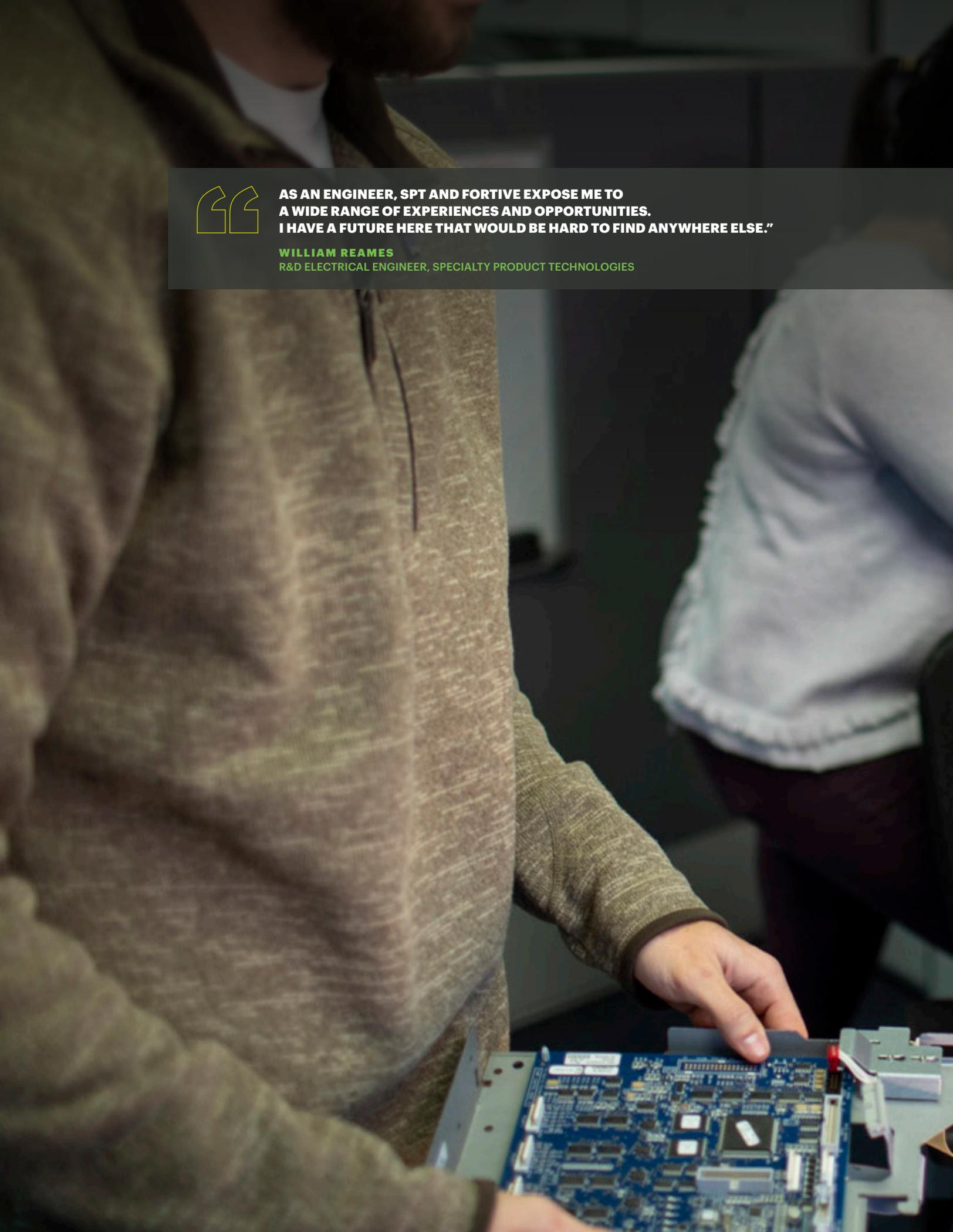
7. Corporate governance

Board and governance practices, escalation and disclosure processes, shareholder engagement, CSR oversight



**AS AN ENGINEER, SPT AND FORTIVE EXPOSE ME TO
A WIDE RANGE OF EXPERIENCES AND OPPORTUNITIES.
I HAVE A FUTURE HERE THAT WOULD BE HARD TO FIND ANYWHERE ELSE.”**

WILLIAM REAMES
R&D ELECTRICAL ENGINEER, SPECIALTY PRODUCT TECHNOLOGIES





EXTRAORDINARY TEAMS

Extraordinary Results

EMPOWER OUR TALENTED GLOBAL TEAM TO
Contribute in Meaningful Ways

We believe in our employees’ potential and their ability to learn, grow, and make an impact—in any role and at every level. Our goal is to apply the Fortive commitment to continuous improvement to our employee experience. Though we can measure things like employee engagement survey ratings and training participation rates, we go beyond metrics to ensure we are truly listening and responsive to our employees. This mindset is captured in our promise to our team: **For you. For us. For growth.**

Accelerating Employee Growth

As the technology that drives the world forward advances rapidly, we recognize that we need to equip our people with the right skills to succeed and provide tangible and inspiring opportunities to learn and develop. In 2018, we introduced our leadership model, the Fortive9, which is our framework for developing the leadership skills needed for success at every level throughout our career journey. The Fortive9 elevates critical innovation skills including obsessive customer focus and adaptability to shifting marketing trends.

Our commitment to developing our future leaders has never been stronger. We created new leadership programs, including the Accelerated Leadership Experience (ALE) and FBS Ignite, which prepare our future leaders to run Fortive businesses, lead large teams and functions, and drive continuous improvement.

Fortive9

“I’m really excited to see our employees embracing the work we’ve done around the Fortive9. When we talk about ‘For you. For us. For growth,’ Fortive9 is deeply embedded in that. If we focus on learning and drive personal and career growth for our people, it will also drive growth for our customers.”

STACEY WALKER, SVP, HUMAN RESOURCES, FORTIVE

Customer obsessed

Adaptable

Strategic

Deliver results

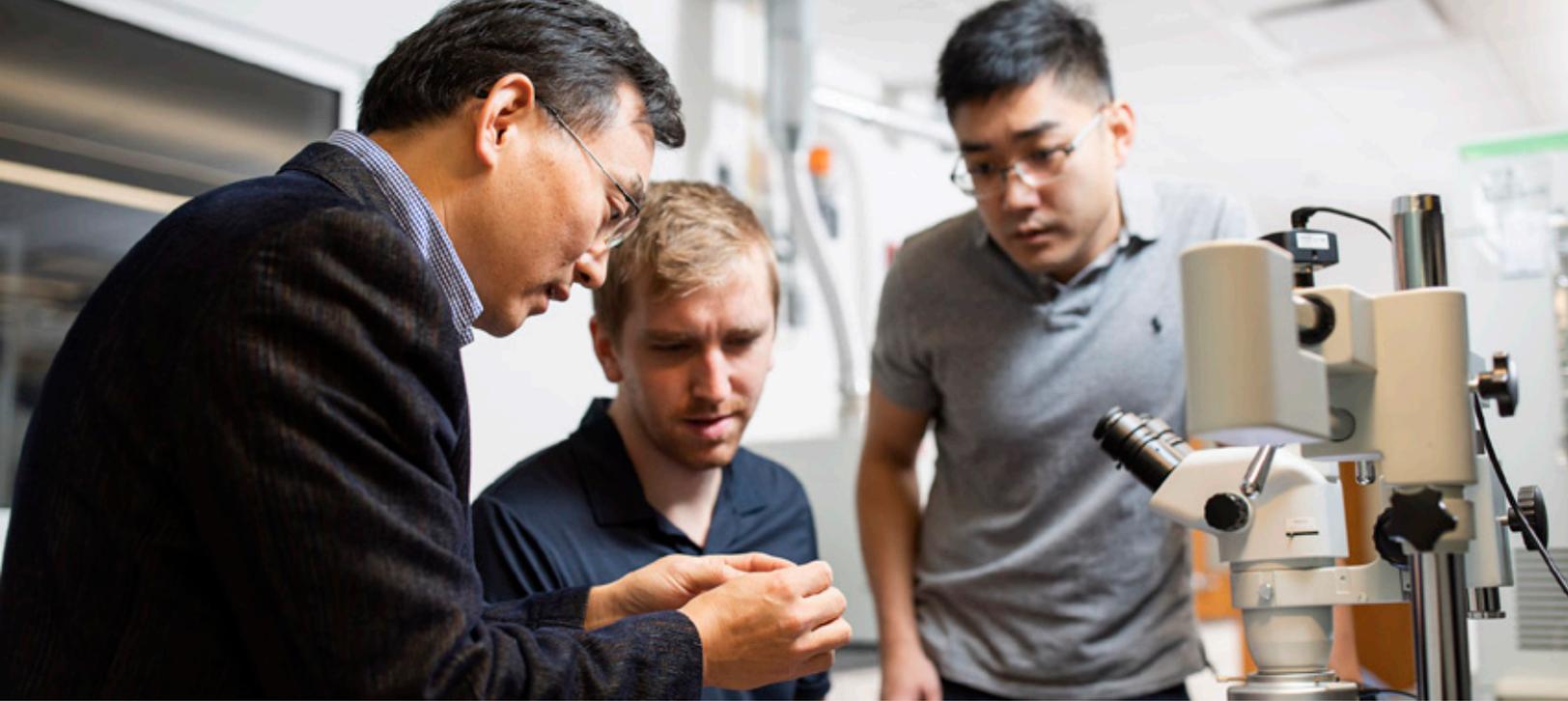
Lead with FBS

Innovate for impact

Courageous

Inspiring

Build extraordinary teams



Every Fortive employee has the opportunity to learn and apply the powerful Fortive Business System (FBS) toolkit in a dynamic environment of unending learning and growth. FBS is the cornerstone of our culture and a unique advantage for accelerating breakthrough innovation. In 2018, we expanded FBS to incorporate Growth Accelerator, a framework for harnessing disruptive technology to deliver breakthrough innovation while maintaining the outstanding execution we're known for. These critical innovation skills include deep customer insight generation to identify problems to solve, rapid experimentation to learn by doing in the real environment, and external benchmarking and learning to push our boundaries on what is possible.

Throughout the year, our 26,000 employees worldwide have opportunities to contribute ideas for working better—and seeing those ideas turned into reality—through kaizen events large and small.

Our new innovation hub, The Fort, is where we share and practice these skills for the benefit of our teams and customers worldwide. These future-focused efforts complement our employee growth and assessment programs, Development for Growth (D4G) and Performance for Growth (P4G), and accelerate our employees' ability to experiment, learn, and stay ahead of the curve.

We were honored to be included in Fortune Magazine's Future 50 list in July. This recognizes us in the company of other changemakers with exceptional prospects for long-term growth. It's also a powerful reminder that our future depends on our ability to accelerate growth and innovation.



"Working at Anderson-Negele makes me feel like I am a part of a family with many paths for growth and development. The philosophy at Fortive focusing around continuous improvement motivates me to come to work every day!"

GRACE DIMEZZA, ASSOCIATE APPLICATION ENGINEER, ANDERSON-NEGELE



When I think about the spirit of this company, it's that growth and development of the person. We need each person to be an empowered problem-solver."

CHRIS WHITTEMORE, FORTIVE BUSINESS SYSTEM LEADER

Accelerating Inclusion & Diversity

Creating an inclusive company is vital to our continued growth, because diverse perspectives are the lifeblood of innovation. We are committed to an inclusive and diverse culture. In 2018, we hired Shinder Dhillon for the new role of VP, Inclusion & Diversity. Shinder has worked closely with our Inclusion & Diversity (I&D) Council, involving employees at every level in establishing a collaborative vision that will truly reflect the needs, priorities, and viewpoints of our diverse global team.

2018 Inclusion & Diversity Employee Survey

1,000+ RESPONSES RECEIVED WORLDWIDE

Key findings:

- **Employees feel included when their opinions and ideas are heard.**
- **Employees characterize diversity as all-encompassing—gender, race, background, ethnicity, age, religion, and experiences.**
- **Hiring practices, education on implicit biases, and holding leaders accountable are viewed as important for creating an inclusive work environment.**
- **Team members value being hired and advancing based on merit, not on diversity alone.**



“Everyone has a role to play in creating a culture of inclusion. When we start to include versus unintentionally exclude, it becomes about the culture we want to create for everyone, where we all can do our best work.”

SHINDER DHILLON, VP, INCLUSION & DIVERSITY



Inclusion & Diversity: Strategic Pillars

	2019 OBJECTIVE	2019 KEY INITIATIVES
 <p>I&D Matters: Create a more diverse Fortive through hiring, retention, and development strategies</p>	<p>Increase overall representation of diverse talent</p>	<p>Establish Fortive diversity talent acquisition strategy</p> <p>Infuse I&D into talent management practices</p>
 <p>Everyone Owns Inclusion: Invest in leaders, managers, and allies to create an environment where everyone belongs</p>	<p>Develop tools and resources to drive inclusive behavior</p>	<p>Unconscious Bias workshops</p> <p>Infuse I&D into leadership programs</p>
 <p>I&D In Our DNA: Build a culture of equity for all of us that enables greater innovation for customers and the world</p>	<p>Build processes and systems to drive actions for an inclusive environment</p>	<p>Global Career Framework design</p> <p>Creation of OpCo I&D plans</p>



Our newly established Inclusion & Diversity (I&D) pillars will guide our I&D strategy, using the insights we gathered from employees to prioritize important change initiatives. Specific programs designed to help employees live the Fortive vision of achieving more together include new Employee Resource Groups and new benefits that seek to maintain a culture of inclusion for parents and others experiencing life milestones. The introduction of paid parental leave, increased adoption assistance, expanded insurance coverage for gender transition, and a new infertility support program all aim to support employees in important moments that affect their lives, both at work and outside of it.



For the second year in a row, Fortive earned a perfect score of 100% on the Human Rights Campaign Corporate Equality Index (CEI). We're incredibly proud to share that an evaluation of our policies, benefits, culture, and general inclusiveness earned us recognition as one of the "Best Places to Work for Lesbian, Gay, Bisexual, Transgender, Questioning, Queer (LGBTQ) Equality." In January 2019, our President and CEO Jim Lico signed the CEO Action for Diversity & Inclusion Pledge, the largest CEO-driven business commitment to advancing I&D in the workplace.



"By embracing our diverse experiences and views, we are better positioned to deliver results, create innovations that matter, and thrive in today's changing world. We are committed to making this vision a reality across Fortive."

JIM LICO, PRESIDENT AND CEO, FORTIVE

At the operating company level, our teams are focused on enhancing our I&D efforts through building more diverse candidate funnels and investing specifically in the candidate experience (Industrial Scientific), expanding recruiting efforts at the Society of Women Engineers Conference (Tektronix), adding training on "Unconscious Bias and Building Inclusive Teams" for managers (Accruent), and creating a new forum for diverse employees to share feedback and ideas with leaders (Gordian).

Employee Resource Groups

True to our roots of encouraging community and empowerment, Fortive encourages the formation of Employee Resource Groups that allow people to come together at work to address important areas of impact. At Gilbarco Veeder-Root (GVR) in North Carolina, Product Marketing Manager and former US Army Blackhawk pilot Matt Powers leads the Veterans at Gilbarco group to recruit high-caliber talent and build camaraderie among GVR's veterans.

"We get people together from different parts of the company and give them the opportunity to network and connect. It creates teamwork. It creates better collaboration. It helps us make better products. We want everyone to feel welcome and a part of the company."

SELU GUPTA, HARDWARE DESIGN ENGINEER AND WOMEN IN TECHNOLOGY CO-FOUNDER, TEKTRONIX

Veterans bring valuable qualities to the workforce, but the transition from military service to the corporate world can be challenging. Networks like this pave the way for better relationships and better work. Tektronix formed Women in Technology to connect women's voices across the company, much like GVR's Women Inclusion Network (WIN) group. In an effort to nurture more employee groups and champion Inclusion and Diversity, Fortive provides toolkits and guidelines for forming new communities.

International Women's Day

In March, employees around the world celebrated inclusion and empowerment on International Women's Day. With a huge presence across all social media channels—over 15,000 posts!—our teams joined together to honor women in engineering and beyond. Men and women alike struck a #BalanceForBetter pose to encourage balance in the workplace, helping to foster the best environment for us all to do our best work.

Fostering an Engaged Workforce that Lives our Values

In a culture rooted in continuous improvement, feedback is essential for quantifying our progress and guiding our efforts to create an environment where people can learn, grow, and be passionate about their work. Our annual employee experience survey gave us powerful insights about our employees' needs and what actions will drive improvement. In an effort to gauge our progress among employees, we incorporated a new question into the survey asking specifically about the impacts of Fortive's CSR efforts.



“Teletrac Navman has provided me a huge amount of support, encouragement, and development opportunities, both formally and informally. I am constantly challenged, and I look forward to continuing my journey and constantly improving myself and the business.”

HANNAH PARRISH, OPERATIONS MANAGER, TELETRAC NAVMAN UK



Fluke Uses Voice of the Customer (VOC) Methods to Boost Employee Experience

Fluke’s exceptional work environment at its Shifu factory in Wuhu, China, has resulted in back-to-back years of top quartile employee experience scores, a 2018 Best Plant Award, and “Best Place to Work” recognition in the Wuhu area. The team used VOC from the Fortive Business System (FBS) toolkit to deeply understand employee needs and challenges. These insights were used to identify and implement key improvements to career advancement opportunities, cafeteria options, local transportation options, communication at employee meetings, and social activities. Overall, Fluke achieved strong year-over-year performance in engagement (+9%), future vision (+7%), and growth and development (+11%). A key contributor to these results was the fact that leaders invested time in meeting with employees. This process of systematically collecting feedback and addressing it through sustainable changes has led to employees at every level actively participating in making Fluke the best place to work, from organizing local charity events to hosting coffee chats for new hires.

“I have been at Shifu for six years, growing personally along with the company. We can express ourselves freely with our managers and peers. When faced with challenges, I’m not alone. I always feel safe and supported working with this team.”

XIN SHAN (SCOTT), FBSL SHIFU

A Proactive Approach to Employee Safety and Well-being

We are committed to ensuring a safe, secure working environment for all of our employees. Across our businesses, we use an FBS visual management tool called +QDIP (Safety, Quality, Delivery, Inventory, Productivity) to manage and track progress toward our goals at every level, every day. Safety—represented by the “+” in +QDIP—comes first.

MELBOURNE, AUSTRALIA: As the Invetech team reset its +QDIP boards and counters to zero for 2019, a look at last year’s results illuminates the benefits of a systematic approach to safety:

170 associates reported “hazard/near misses”
(+26% from 2017)

36 “self reports” submitted, for
21% of total reports

141 employees attended Environmental Health,
and Safety (EHS) refreshers or inductions

300 on-site workplace inspections

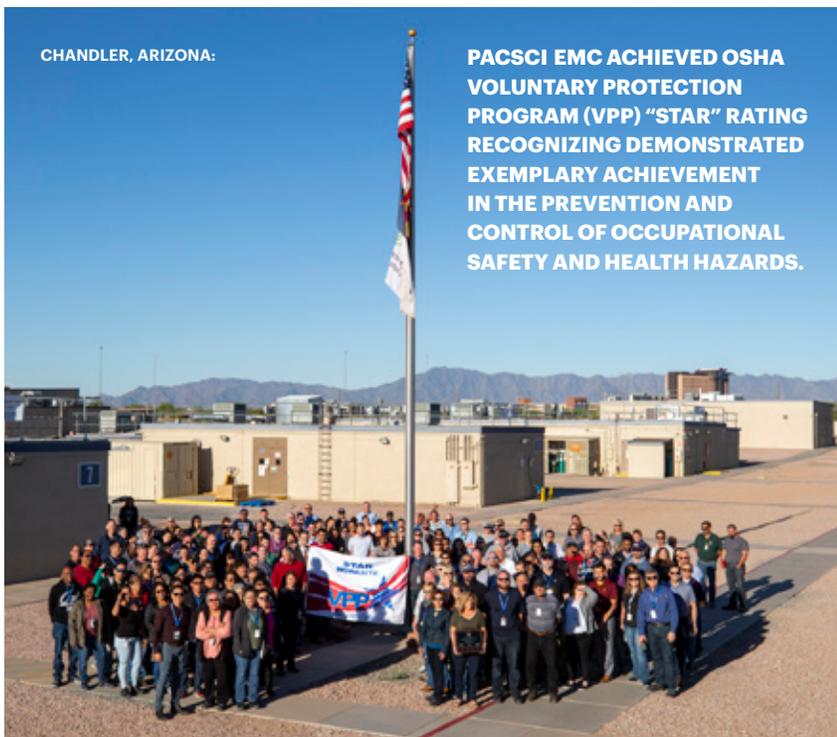
0 medically treated injuries **0** lost time

PITTSBURGH, PENNSYLVANIA:

The Industrial Scientific team leveraged SafetyNet for safety inspections, contractor inspections, and near-miss tracking. To make inspections easier for specialized locations such as labs, team members created custom QR codes with inspection criteria for employees unfamiliar with the area. The team also developed an Annual Safety Awareness Program (ASAP) for new employee onboarding and created a visitor’s safety video.

2018 Safety Performance

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, and we made significant progress in the past year.



AT THE CLOSE OF 2018,

53%

OF FORTIVE OPERATING COMPANIES ACHIEVED TOP QUARTILE FOR TRIR (+35% SINCE 2017),

46%

REPORTED TOP QUARTILE DART RATES (+15% SINCE 2017).

These operating company safety metrics are aggregated on a weighted basis to calculate Fortive's

OVERALL RATES OF 0.63 FOR TRIR AND 0.39 FOR DART.

Our goal is to maintain this level of performance as individual operating companies continue to improve.

GLENWOOD, ILLINOIS:

Landauer achieved 600 days and 1.2 million hours without a lost time incident.

BOXBOROUGH, MASSACHUSETTS:

Setra celebrated 2 million hours of safety without a lost time incident.

ALTOONA, PENNSYLVANIA:

Veeder-Root celebrated 2 million hours of safety without a lost time incident.

"YOU HAVE A COMPANY THAT RESPECTS YOU AS A PERSON AND IS ALWAYS THINKING OF YOUR SAFETY. WHAT MORE COULD YOU ASK FOR?"

EMMA HINES
BUYER/PLANNER, SPECIALTY PRODUCT TECHNOLOGIES

CREATE POSITIVE IMPACTS IN

Our Communities

From day one, we have worked to ensure our team members can have direct and meaningful impact in the communities where we live and work around the globe. Our annual Fortive Day of Caring is our single most visible event, but our employees put in extraordinary individual and group efforts throughout the year. We also recently established the Fortive Foundation to help drive overall charitable giving and response.

Building Stronger Communities

Fortive employees contribute time, talent, and resources to strengthen our communities and support the causes we care about, from mentoring young people to volunteering at local food pantries and animal shelters.

Many of our operating companies have long-running partnerships with educational organizations. At Tektronix, The Tek Foundation contributed nearly \$400K in 2018 to organizations that support educational, scientific, and charitable activities and programs. And on Chicago's south side, Landauer provides invaluable work experience and career mentoring to disadvantaged young adults through the Opportunity Works program.

“We're not just a company. We're not just here to do a job 9 to 5. We are a part of the community. We want to give back as much as we can.”

TONY DU PONT, MAINTENANCE MECHANIC, FLUKE



One Company, Three Kinds of Impact

Gilbarco Veeder-Root (GVR) is one of our largest operating companies, with 159 locations worldwide. These stories showcase how different locations work together to tailor our impact to the unique needs of our communities.

GVR India Changes the Trajectory for Unskilled Workers

Coimbatore, India: Without job skills, women and young people born into poverty are not able to create better lives for themselves. GVR India is partnering with the National Employability Enhancement Mission (NEEM) to change those odds. GVR India has provided traineeships to more than 500 workers in its plant. Each trainee gains valuable new job skills to open up new employment opportunities, at GVR and other local companies.

GVR Greensboro Celebrates 10 Years of Habitat for Humanity Partnership

Many of our individual operating companies actively participate in Habitat for Humanity but this year marks a significant milestone for GVR Greensboro. Since 2008, this team has come together to donate and build homes each year—a contribution totalling over \$300,000 and resulting in 11 new homes for area families in need. In 2018, 125 employees spent a full day constructing different parts of the house, from wall framing and siding to painting and landscaping, for a combined total of 1,000 hours.



GVR Florence Earns “Save the City” Recognition

During our 2018 Day of Caring, more than 100 employees planted 100 trees in front of GVR's location in Florence, Italy, symbolizing the strong roots the company has had in the community since 1969, and how they hope to grow in the future. It also demonstrated the company's respect for the neighborhood by beautifying the environment. In 2018, GVR Florence received a Save the City award, which recognizes organizations and individuals who make Florence the best place to work and live.

Annual Fortive Day of Caring

In October we celebrated our second Fortive Day of Caring, which offers our employees the opportunity to give back to their communities in the way that's most meaningful to them.

“I participated in Fortive’s Day of Caring today by volunteering at Faith Cafe in Tampa, Florida, serving lunch to those in need. My mom is the crew leader once a month, and it was great to join her today.”

CINDY TRAUTMANN, DIRECTOR OF SALES, LANDAUER

Around the globe, Fortive employees helped with high-impact efforts like planting trees, renovating parks and playgrounds, donating blood, and building houses for the homeless. To provide the flexibility for all team members to participate, in many locations the Day of Caring occurred throughout October.

Fluke used its wide reach to rally employees all over for acts of service.

In preparation for the Day of Caring, employees in Shanghai underwent training at the Shanghai Children’s Medical Center. Over the next few days, teams rotated to visit the center and contribute.

“We were trained with the knowledge to help children with leukemia. By reading, drawing, and doing paper crafts with them, we hoped to bring them some happiness and relieve stress.”

CRYSTAL ZHANG, INTERNAL COMMUNICATIONS MANAGER, FLUKE

Fluke employees in Mumbai, India, traveled well outside city limits to help their distant neighbors. Fifteen volunteers traveled to rural and tribal areas for more than two days to advance safe drinking water infrastructure. Work included repairing wells, integrating water filtration, and general clean-up to improve the water collection sites.



“We often think of community activities for our urban area, but this time we went to a rural area to help with water issues. It was a really powerful way to give back, because safe drinking water is essential for the development of rural and tribal areas. We also found that having the well in good working order is critical to the livelihood of many families.”

DEEPAK SONI, FP&A MANAGER, FLUKE MUMBAI



OUR CULTURE IS FIRST AND FOREMOST ABOUT HOW WE WORK TOGETHER AS A TEAM. THE FORTIVE DAY OF CARING IS A GREAT EXAMPLE OF BEING ABLE TO DO THAT AND HELP OUR COMMUNITIES AT THE SAME TIME."

JIM LICO, PRESIDENT AND CEO, FORTIVE



150,000 volunteer hours donated by the team

200 organized community service events

5,000+ participants at **50+** locations worldwide

1,200+ participants at Gilbarco Veeder-Root alone

\$175,000 donated to the International Federation of Red Cross Societies

\$100,000 donated to the American Red Cross





THE PacSci EMC TEAM FOCUSED ON RELIEVING HUNGER IN THEIR REGION. EMPLOYEES DONATED OVER 2,700 WORKING HOURS FOR A BIG IMPACT AT ST. MARY'S FOOD BANK IN ARIZONA. TOGETHER, THEY PACKAGED 22,000 POUNDS OF FOOD—THAT'S ROUGHLY 18,000 MEALS—FOR THE ELDERLY.



In Everett, Washington, local Fluke team members came to the aid of the community. Charitable efforts ranged from assisting rescue animals with the Northwest Organization for Animal Help (NOAH), making and donating blankets to children in need through Project Linus, volunteering at the Everett Food Bank, and cleaning at Camp Killoqua. Furthermore, the Fluke Accelerate Network (FXL) will continue its mission to find new, creative ways for employees to give back to the Everett region. A new partnership with Cascade High School aims to inspire students through education, mentorship, and engagement.

“I spent my time for Fortive Day of Caring donating DOUBLE red blood cells via apheresis at Bloodworks Northwest.”

KRISTA GILBERT, RECRUITING COORDINATOR, FLUKE

Also focusing on education, the Fluke office in Bonita Springs, Florida, sponsored 25 high school students that are interested in pursuing careers through the STEM@work program. Students learned HTML coding, built websites, and even completed a scavenger hunt using the eMaint CMMS system. By using Fluke tools and learning alongside our employees with STEM degrees, these students experienced new career possibilities.



Nationwide, Fluke employees raised over \$172,000 for United Way. Over 25% of the employee base contributed time or money to the cause, which focuses on removing barriers to help families escape poverty.

“We truly made an impact on our local community by helping clear and sort a warehouse of donated goods, prepare meals in the kitchen, and organize the thrift shop. Thanks PacSci EMC for inviting me to be a part of your team! My body is tired, but I left today feeling energized and inspired to do more!”

SARAH LAUTERBACH, GROWTH DESIGNER & INNOVATION CHAMPION, FORTIVE

Direct Assistance

Our OpCos have an inspiring history of responding to communities in need following natural disasters. That spirit of helping each other reached new heights in the face of Hurricane Florence. We rallied with a dedication to serving affected communities—including hundreds of employees within the Fortive family—and applied learnings from past hurricanes to maximize our positive impact.

- SPECIALTY PRODUCT TECHNOLOGIES (SPT) found itself in the eye of the storm in North Carolina. Using what they learned from past hurricanes, SPT team members purchased supplies and provided time off for employees to prepare their homes before the storm hit. After the storm, SPT management helped distribute survival essentials and clean-up services to many employees, and all team members received a full week's pay, whether they were able to work or not.



The spirit that we have at Fortive of helping one another and helping our community is a critical and important part of our culture—not only during the the Day of Caring but with how we've helped our employees in North Carolina during Hurricane Florence."

JIM LICO, PRESIDENT AND CEO, FORTIVE

- IN NEARBY GREENSBORO, NORTH CAROLINA, Gilbarco Veeder-Root rallied staff and customer relationships to help their neighbors. Thanks to swift efforts and key partnerships with Costco and Highways & Skyways, critical supplies hit the (sometimes flooded) roadways to SPT within 24 hours.

- QUALITROL ANTICIPATED emergency orders for products required by utilities recovering from hurricane damage. The team managed operations by prioritizing all recovery-related orders with immediate one-day lead-times.
- MATCO TOOLS provides flexible payment programs and other assistance to franchisees and customers who are impacted by natural disasters.
- KEY TECHNOLOGIES FROM GORDIAN provides the framework for managing recovery efforts. Its RSMeans data is used by FEMA as the basis of calculating and awarding disaster recovery grants nationwide.



"Having developed relationships from prior storms with local support in four counties, we were able to launch resources more swiftly after the storm."

ANDREW MCCAULEY, PRESIDENT,
SPECIALTY PRODUCT TECHNOLOGIES

Fortive Scholarship Program

The foundation of progress is education. For the third year, we supported children of Fortive employees as they pursued various undergraduate and graduate degrees. Scholarships were awarded based on academic performance, leadership potential, and economic need, and can be renewed for up to three years. In 2018, Fortive granted 20 new scholarships and 15 renewals to invest in the future of our employees' aspiring college graduates.

166

APPLICANTS WORLDWIDE

20
NEW SCHOLARSHIPS
PLUS
15
RENEWALS AWARDED

15%

OF 2018 WINNERS FROM
OUTSIDE THE U.S.

**SINCE THE LAUNCH OF THE PROGRAM IN 2016, FORTIVE HAS FUNDED
57 SCHOLARSHIP WINNERS, FOR A TOTAL OF \$400,000**

“The gift of these scholarships to 20 kids across the globe is an amazing benefit that will help bring the Fortive family closer together as they build extraordinary teams.”

STEVE HOCH, SALES AND OPERATIONS MANAGER, FLUKE AND PARENT OF FORTIVE SCHOLARSHIP RECIPIENT



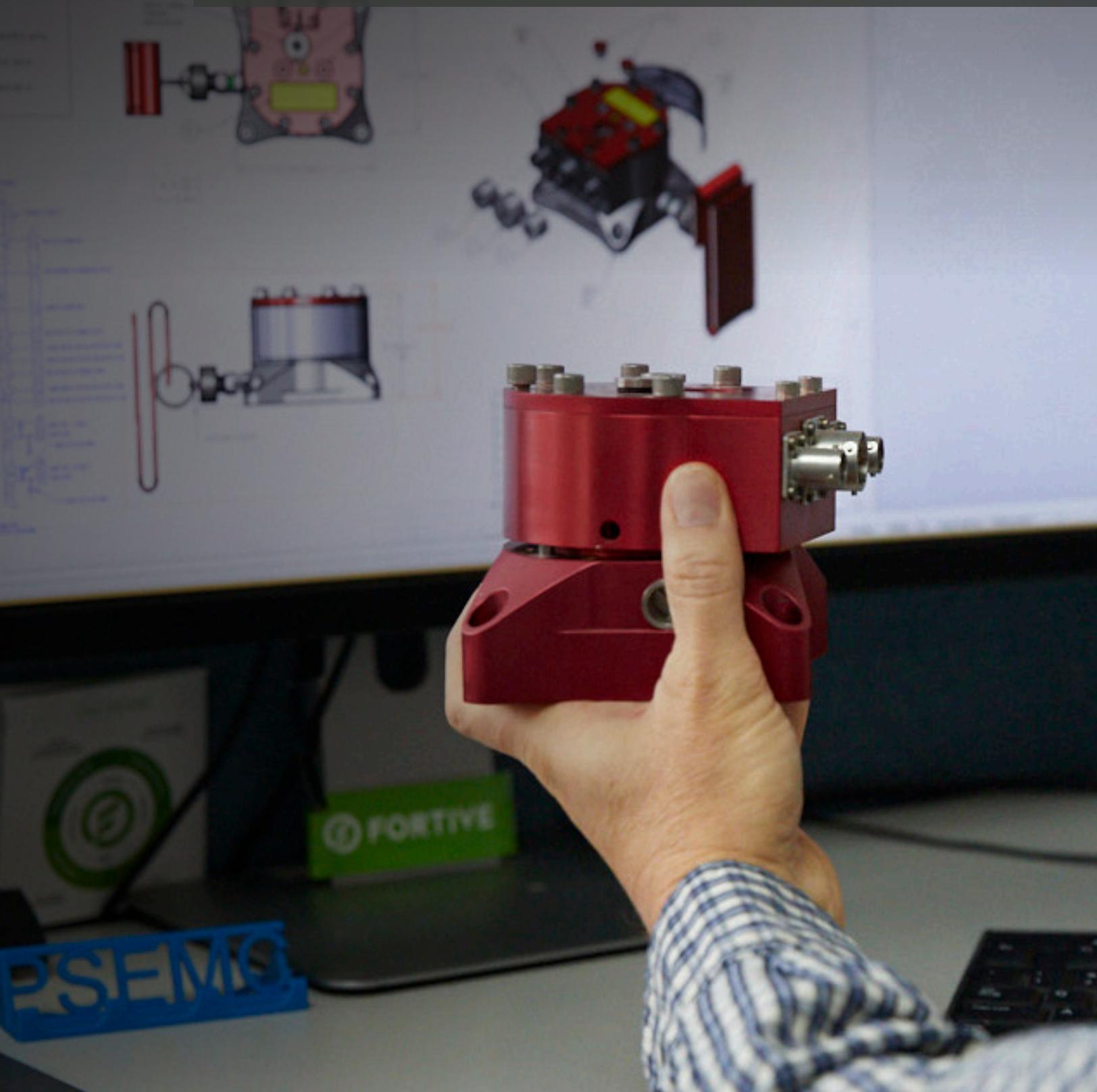
I don't know if I'd be going to college right now if I hadn't won the scholarship. To know that I have the scholarship continually as long as I do my part... I can't think of a better word than amazing.”

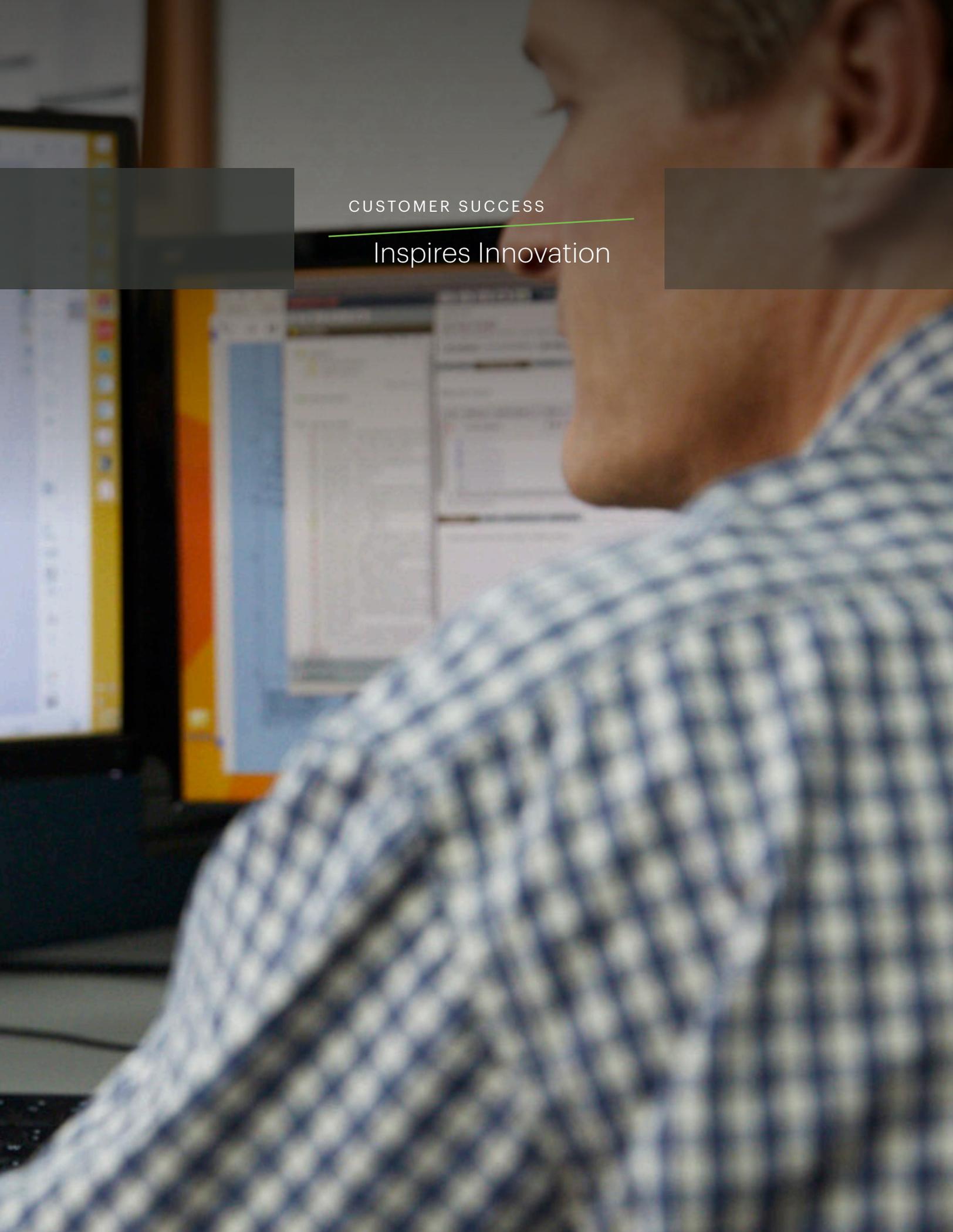
CHRISTINE BLACKMON, FRESHMAN AT BRIGHAM YOUNG UNIVERSITY



EVERYONE WANTS TO FEEL THAT THEIR VOICE AND OPINION MATTER, AND IS HEARD. WHEN PEOPLE GET THE CHANCE TO GET IN ON THE GROUND FLOOR, HELPING US CREATE NEW SOLUTIONS, IT'S A REALLY EXCITING TIME FOR OUR CUSTOMERS."

KIRSTEN PAUST, VP, FORTIVE BUSINESS SYSTEM



A close-up, profile view of a person wearing a blue and white checkered shirt, looking towards a computer monitor. The monitor displays a software interface with various panels and data. The background is slightly blurred, showing an office environment. Two dark grey rectangular overlays are positioned on either side of the text.

CUSTOMER SUCCESS

Inspires Innovation



MAKE THE WORLD
A BETTER PLACE

PROVIDE INNOVATIVE PRODUCTS AND SERVICES THAT

Make the World a Better Place

Our customers' goals are our inspiration. Our shared goal is to make the world stronger, safer, and better by providing our customers with technologies that assist them in achieving sustainable outcomes, predicting harmful equipment failures before they occur, saving lives, and improving health. We believe that Fortive tools and technologies will be at the core of the next wave of world-changing inventions, from autonomous vehicles to next-generation cloud computing. Our innovations help our customers accelerate meaningful change.

FORTIVE COMPANIES HOLD OVER

3,400
ISSUED PATENTS
WORLDWIDE.



Working for Matco Tools has given me the opportunity to not just work with a great team and develop myself as a leader but to grow alongside our customers. We all share a common purpose, which is a driving force for change and innovation."

FRANK DOLCE, CUSTOMER SERVICE
SUPERVISOR, MATCO TOOLS

This year, we'll continue to invest in the people that push progress forward. That means building more personal connections with our customers and nurturing powerful changes through nimble experiments and rapid prototyping. And it'll happen right here at The Fort, our central innovation start-up designed to incubate promising businesses and explore emerging technologies.

"There's deep empathy around our customers, which gives us the confidence to do things that are off the beaten path. If we're just doing the same things everybody else is doing, that's not going to create anything new and different for the world."

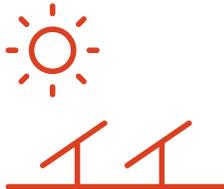
BARBARA HULIT, SVP, FORTIVE



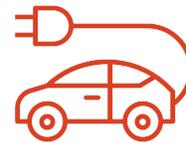
Testing instruments like Tektronix oscilloscopes have applications across the board for wind and solar power, plus more efficient power transmission and communication systems.

Qualitrol implemented a dissolved gas analyzer created specifically for large-scale wind turbines that works to identify malfunctions before they happen to ensure uninterrupted clean energy.

Hengstler's encoders help activate the rotor blades in the production of wind energy.



A Hengstler smart solar tracker works to aim solar panels toward the sun as it moves.



Tektronix makes it possible for new solutions to come to life, from production to testing, and from solar cells to electric vehicles.

Sustainable Technologies

Just like us, our customers are building and implementing solutions for a sustainable future. Our focus on positively impacting the adverse effects of climate change and acknowledging limitations in natural resources drives the work we do and how we do it. The future of alternative energy is smarter and brighter, thanks to numerous Fortive technologies.

“What keeps me up and running is being able to provide clean energy to everybody.”

CHRIS KILPATRICK, VESTAS SITE MANAGER, FLUKE

Gordian's Campus Sustainability Solutions help institutions integrate sustainability improvement plans with core campus functions. The application of their revolutionary construction platform helped American University become the first U.S. institution to achieve carbon neutrality.

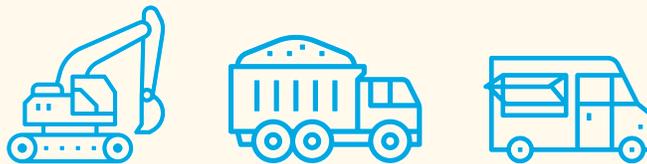
Far beyond college campuses, PacSci EMC applied its sustainability technology to tackle the problem of space debris. The Modular Architecture Propulsion System (P-MAPSTM) allows satellites to de-orbit upon expiration, reducing space debris in accordance with current international regulations.

In parallel with a changing energy grid comes changing transportation networks. Today's investment in future technology will pave the way for all of us. Gilbarco Veeder-Root (GVR) built upon its 150-year history as an industry leader, and trusted partner of gas stations worldwide, with a minority investment in electric vehicle (EV) and software company Tritium, which produces ultrafast EV chargers. GVR is committed to helping the EV market grow by expanding distribution of these innovative chargers.

“Our partnership with Tritium is the logical next step in our long history of evolving our business portfolio to address progressive customer needs. This investment provides early and judicious entry into a market with a growing need for rapid charging, which is one of the top barriers to EV purchase.”

MARTIN GAFINOWITZ, SENIOR VICE PRESIDENT, FORTIVE

Another area focus at GVR is emissions technology. Changing regulations around the world drove many countries to reconsider their fueling infrastructure, and GVR was ready to respond with productive solutions. Governments in Mexico, India, and China put pressure on customers to act quickly, which opened a need for fast, easy-to-install equipment. GVR began developing centralized vapor recovery systems, including the ability to adapt to aging infrastructure that might otherwise get left behind in modern environmental efforts.



In Europe, GVR worked with traditional petroleum retailers to incorporate technology for modern transportation, like EV chargers and compressed natural gas dispensers. Urea—also known as AdBlue—helps reduce hazardous effects of diesel vehicles by neutralizing emissions in the exhaust stream. The non-hazardous aqueous urea solution combines high-quality urea with deionized water that produces a harmless nitrogen and water vapor.

ANGI, a GVR business in Janesville, Wisconsin, provides the fueling infrastructure to meet a new interest in compressed natural gas (CNG). This option serves as a more environmentally responsible and cost-effective alternative to diesel, alongside biogas, which allows waste and landfill byproducts to fuel vehicles or heat homes. On the other side of the globe, GVR China helps protect underground water with its double wall products. This effort works in tandem with its “Smart Station Solution” program, a software-enabled solution that boosts efficiency in gas station services.

Positive Environmental Impacts

Climate change is impacting our lives and those of future generations. Fortive companies create tools and technologies that reduce our footprint on the planet, making our lifestyles more sustainable. We know that fostering innovation leads to the smartest solutions, and we’re proud to share in the progress.

Accruent and Gordian help companies improve sustainability and reduce downtime through physical resource management while ensuring compliance with EPA, CARB, and F-Gas regulations and reducing fugitive emissions. Accruent’s remote monitoring platform, Observe, shows best-in-class results in monitoring energy performance and enabling autonomous reduction controls. And more than half the hospitals in the U.S. rely on Accruent’s CMMS monitoring software to extend the technological lifespan of life-saving biomedical equipment.

SAVES
10%
IN WATER
CONSUMPTION



A new product from Anderson-Negele launched in 2018 reduces water and chemical usage in customer facilities. The ITM51 incorporates a turbidity sensor during the clean-in-place (CIP) cycle that lets workers know when the rinse cycle can be ended, saving up to 10% in water consumption.

“Our focus on continuous improvement and top-notch quality helps keep Anderson-Negele at the forefront of this industry. It makes me proud to know that the products we work on every day are in the market ensuring the safety of scoops of ice cream and the taste of a cold beer.”

NICK WILLIAMS, MECHANICAL ENGINEER, ANDERSON-NEGELE

Specialty Product Technologies (SPT) embarked on its first endeavor in the SaaS platform. Beta testing of its new AccuBin™ software allows agricultural industries to remotely monitor inventory and reduce waste, thanks to its comprehensive, cloud-based inventory management system and user-friendly dashboard.

Saving Lives and Improving Health

Working at the cutting edge of technology introduces the need for products and solutions that keep people safe, both within our workplaces and out in our communities. From radiation protection to life-saving hospital equipment, our achievements work to ensure that progress happens safely.

"I work at ISC because of the people I work with, and the goal we work towards. To actively strive for ending death on the job by 2050 gives me a sense of accomplishment, and all small steps towards it are important steps in my eyes."

NATHAN STEWARD, FIRMWARE ENGINEER, INDUSTRIAL SCIENTIFIC



Landauer continues to improve radiation safety efforts at every scale. Landauer's products help assess and track the risk of workers affected by occupational radiation exposure, in addition to confirming radiation therapy equipment for cancer treatment. Workers benefit from the Vision™ dosimeter and its ability to prevent over-radiation of the eye, as well as efforts to reduce dosage and improve compliance through RadFacts and Enterprise Dose Dashboards. At the nationwide level, Chris Passmore, VP of

Dosimetry Services and Client Experience, is serving on the National Council on Radiation Protection and Measurements (NCRP) to explore safe exposure limits in a way that will shape guidelines in the U.S.—including assessing the risk for a potential NASA mission to Mars.

In the healthcare industry, Invetech drives innovation in the promising field of Next Generation Sequencing (NGS). A new product from Dover Motion, the Dover Objective Focusing (DOF) stage, provides a lower-cost option for high-performance microscope imaging. That equipment allows researchers to explore NGS and work toward developing gene-based therapies to cure previously untreatable ailments, opening the door for major impact.



"We have the opportunity to partner with companies that are all about making life better for humanity by diagnosing and curing illnesses. I think there's enormous value in that for Invetech and a lot of pride to be had of working in this field."

ANDREW HINSCH, ENGINEER, INVETECH



Fortive recently acquired Advanced Sterilization Products (ASP) from Johnson & Johnson. ASP supports healthcare facilities in the fight to protect patients against life-threatening infections, which are a leading cause of illness and death around the world. ASP's innovative medical sterilization and disinfection solutions for healthcare facilities broaden our "safety as a service" offering, and we look forward to the meaningful contributions the ASP team will make to our culture of FBS and our sustainability efforts.

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.

- GLOBAL TRAFFIC TECHNOLOGIES (GTT) CELEBRATED the 50-year legacy of Opticom™, its industry-leading traffic signal priority control software. The company partners with cities around the world to implement priority signaling for emergency response vehicles, public transit, and public works services, such as snowplows.



STUDIES SHOW THAT EMERGENCY VEHICLE PREEMPTION CAN REDUCE CRASH RATES BY UP TO 70% AND CAN

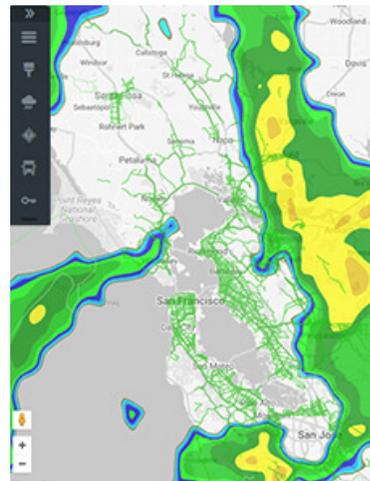
IMPROVE RESPONSE TIMES BY UP TO 25% —ENOUGH TO MAKE A DIFFERENCE FOR MANY PATIENTS.



Looking at public transit, a collaboration between GTT and the New York City Metropolitan Transit Authority (MTA) applied traffic priority signaling for nearly 6,000 buses and 13,000 intersections.

The project reduced bus travel times by an average of 18%.

- IN MAY 2018, Teletrac Navman launched a software-enabled Driver Safety Analytics Solution that integrates dashboard cameras, driver data, and fleet-wide analytics onto a single platform, aiming to identify training opportunities, retain great drivers, and streamline the insurance process. In addition, the company's DIRECTOR fleet management software incorporates Weather Telematics to alert drivers and fleet managers of hazardous driving conditions. By using data science and machine learning, the weather tool can predict route changes or cancellations up to six hours in advance—and assist at-risk drivers so they can make safe, informed decisions during perilous weather events.



SOURCE

Responsibly

The value of our products begins before they're even made. We require our suppliers to follow ethical and socially responsible business practices, outlined 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.

Fortive uses over 8,000 different suppliers, from over 11,000 different locations worldwide.

Many of our employees are responsible for assessing our suppliers and verifying compliance with the Fortive Standards of Conduct (SOC). These employees are trained on compliance with labor laws, including human trafficking and slavery-related issues, and regularly conduct supplier visits and audits.



80

MANUFACTURING SITES

500
supply chain professionals

SPEND WITH PREFERRED SUPPLIERS*

2017 >

34%

2018 >

36%

2025 goal

80%

Preferred Supplier Program

Our suppliers must meet rigorous ethical standards, as well as achieving quality and meeting cost objectives. We further encourage this through our Preferred Supplier program, which rewards suppliers that have demonstrated a commitment to meet tougher business criteria. In addition, we have augmented our criteria so that future preferred suppliers must demonstrate their ability to comply with the social responsibility components of our SCOC.

Procurement Tools and Processes

With our decentralized 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. In 2018, we updated our audit process to include a new component: the Corruption Perception Index (CPI). This new tool, along with other improvements, will help us focus audit resources effectively.

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. This helps 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 international standards, which aim 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. Each is also 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.

Responsible Sourcing in Practice

TEKTRONIX IS A CTPAT (Customs Trade Partnership Against Terrorism) registered partner, working in collaboration with U.S. Customs and Border Protections (CBP) to protect supply chains and implement best practices. As part of this public-private coalition to improve trade practices and secure borders, Tektronix has participated in several audits from CBP, and the company conducts annual supplier surveys and site audits to ensure compliance.





**A SUCCESSFUL KAIZEN LEAVES TITLES AT THE DOOR
AND DRAWS OUT OPINIONS AND INPUT FROM EVERYONE."**

JIM LICO
PRESIDENT AND CEO, FORTIVE



KAIZEN IS OUR

Way Of Life





ENVIRONMENTAL

Stewardship

Kaizen is a philosophy of continuous improvement, and our commitment to that concept drives us to do better every day, including our environmental impact. Improvement means identifying our successes and learning from our failures. We hold ourselves to high standards of environmental stewardship and continuously look for ways to raise the bar.

“We are a global organization. So how do you implement change in an organization so large? A single person is not going to be able to do that alone, but as a team we can work together to shift the momentum.”

CHRIS WHITTEMORE, FORTIVE BUSINESS SYSTEM LEADER

Environmental, Health, and Safety (EHS) Program

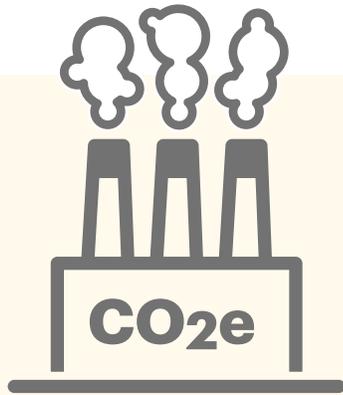
Our EHS policy reflects our commitment to conducting business in an environmentally responsible and sustainable manner in compliance with applicable laws and regulations and to continuous improvement in our performance. Consistent with our data-driven culture, we use a management systems approach to EHS that helps us ensure ordered and consistent efforts for environmental issues. This system, along with the Fortive Business System (FBS), allows us to go beyond simple compliance with our EHS programs. Further demonstrating our commitment to EHS, we have acquired Intelix, a leading provider of EHS management software solutions.

- MANY OF OUR SITES have also incorporated elements of FBS into their Environmental, Health & Safety Management System (EHSMS) to drive improvement and integrate the EHSMS with their business operations. Our management systems approach and FBS rigor have allowed 32 of our 92 EHS Significant Sites to achieve one or more of ISO-14001, OHSAS-18001 (ISO-45001), or International Contractors Safety Rating System (ICRS) certifications.

Measuring Our Environmental Footprint

As a global company, we strive to minimize waste, avoid pollution, and adopt sustainable practices. We are committed to reducing our environmental impact by leveraging FBS tools to deploy targets and continuously improving our performance against them. Going forward, we will continue to build off past Energy Kaizen successes and explore new opportunities to achieve our targets.

In 2018, we focused on assessing our emissions and energy usage to develop meaningful goals towards reducing emissions for our EHS significant sites (which, following the Altra divestiture, account for 68% of our total square footage, 80% of our total insured value, and 85% of our revenue). This process included reviewing applicable standards and frameworks, exploring possible targets, and deploying a custom intensity target that best fits our business.



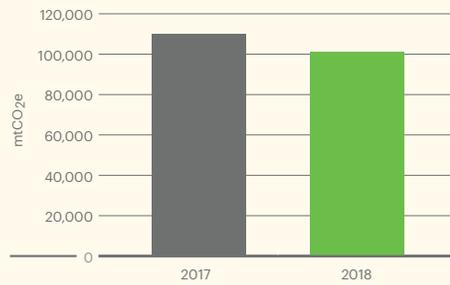
2017 BASELINE

REDUCE BY 40%

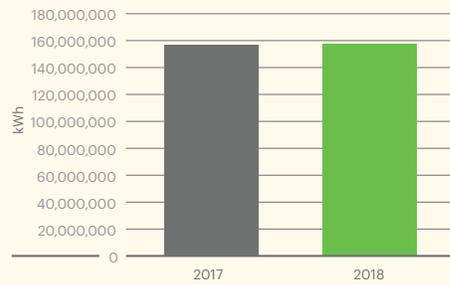
2030 GOAL

Our goal is to reduce our Scope 1 and 2 CO₂ equivalent (CO₂e) emissions across our EHS significant sites by 40% per dollar of revenue generated by 2030, using 2017 as our baseline.

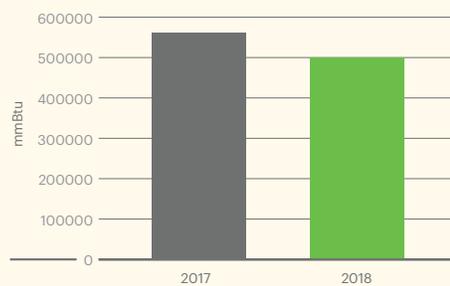
Scope 1 + 2 Emissions



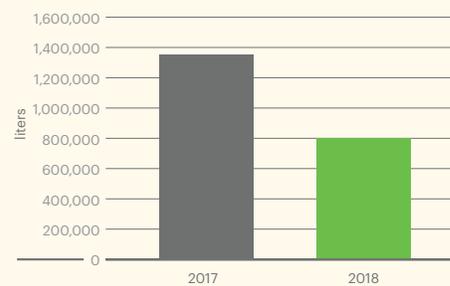
Electricity



Natural Gas



Diesel



Fortive's 2018 reportable Scope 1 and Scope 2 CO₂e emissions for these sites (excluding the Altra-divested companies) was 102,427 metric tonnes (34,845 MT Scope 1 and 67,582 MT Scope 2). Our absolute emissions decreased 7% between 2017 and 2018, and carbon intensity decreased 17%.



As an additional important step forward, Fortive will disclose to the Carbon Disclosure Project (CDP) this year.

Saving energy helps the environment and our business. The FBS Energy Kaizen tool empowers us to continuously improve our footprint by identifying opportunities for energy savings through a complete energy audit.

In Altoona, Pennsylvania, employees at our Veeder-Root plant held a kaizen to identify opportunities to reduce waste. As manufacturers of environmentally conscious products, they wanted to live up to sustainable values—but calculated that the facility of 275 employees sent 225 tons of waste to landfills every year. Thanks to the audit, the team found that 70%



of that trash could be recycled and got to work implementing new programs. Eight months later, an impressive 71% of waste was recycled, and the plant enjoys cost savings of \$5,000 per month. Looking forward, the Altoona plant hopes to become a zero-waste facility.

Fortive companies also looked at daily commutes as another area for improvement. Last May, Hengstler participated in National Bike to Work Month, successfully replacing 451 car trips with bike rides. That 2,624-kilometer effort saved 656 kg of carbon dioxide and won the team first place in the region. When a car is necessary, Hengstler now has an electric vehicle and charging station. Specialty Product Technologies (SPT) considered sustainable options for the 60-mile commute from Wilmington to its headquarters in Elizabethtown, North Carolina. Three vans run daily, thanks to the WAVE carpooling program, which also receives subsidies from the city of Wilmington. And the commute program at Nagase-Landauer covers employee costs for public transportation, resulting in over half of employees taking the train to work. The team also purchased electric cars for their company fleet.



**NAGASE-LANDAUER
INSTALLED ROOFTOP
SOLAR PANELS
TO POWER THE
TSUKUBA, JAPAN,
FACILITY WITH
CLEAN ENERGY
(AND SELL THE
SURPLUS BACK TO
THE UTILITY
COMPANY).**

Employees at the Landauer Glenwood, Illinois, site performed kaizen events throughout the year that resulted in saving over 18,000 square feet of facility space—enough to reduce the company footprint and move operations from nearby Solon, Ohio.

**LANDAUER
RECYCLES APPROXIMATELY
5,000 POUNDS OF PLASTIC
FROM ITS LUXEL+ DOSIMETERS
EVERY YEAR.**



**SINCE INITIATING
A PAPERLESS
REPORTING
PROGRAM FOR
DOSE REPORTS
LAST YEAR,
LANDAUER
HAS SAVED
OVER 600
TREES PER YEAR.**



“Last year’s Bike to Work campaign collected data from more than 11,000 bike routes, and one of those was mine. My participation contributed to the development of new and safe bike trails throughout Slovakia—and in the near future, I hope to be able to cycle to work completely off the heavy-traffic roads. Cycling is great for your physical and mental health, and a great way to contribute directly to a healthy planet.”

EDUARD RIBAR, SOFTWARE DEVELOPER, HENGSTLER

Hengstler replaced
451
car trips with
bike rides,

A 2,624-KILOMETER
EFFORT THAT SAVED
656 KG OF CO₂.



THE COMMUTE
PROGRAM AT NAGASE-
LANDAUER COVERS
EMPLOYEE COSTS
FOR PUBLIC
TRANSPORTATION.

50%
of employees
now take the train
to work.

Sustainable Manufacturing

In the manufacturing industry, changing a single process can lead to significant impact. Some of our companies made great strides in identifying areas for improvement and implementing new, more sustainable practices.

In 2018, Hennessy switched from painting its machines to powder coating them, eliminating approximately 4.8 tons of Volatile Organic Compounds (VOCs) that are normally discharged into the atmosphere. Furthermore, the team reduced the amount of hazardous waste from paint cans and completely switched to LED lighting—saving an estimated 1 million kWh every year.

**POWDER COATING
ELIMINATED**

**4.8
TONS
OF VOLATILE
ORGANIC
COMPOUNDS.**



Others focused on sustainable alternatives for lead. PacSci EMC manufactures parts that use green energetics, essentially replacing the use of lead, like its BNCP material in the Firex product line and its CP material used in oil and gas products. In addition, PacSci EMC produces CLCP, a lead-free, cobalt-based material that offers excellent stability at high temperatures and is substantially less sensitive to impact than azide-based materials. Industrial Scientific recently became a certified Restriction of Hazardous Substances (RoHS) compliant company, following the elimination of lead from its products.

Hengstler will completely eliminate the use of cadmium in rivet components in all relay products in 2019.

Tektronix has a Restriction of Hazardous Substances (RoHS) strategy in place to design and manufacture our products to be RoHS compliant. All new internal designs have eliminated the use of cadmium and hexavalent chromium conversion coatings.

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.

95%

**OF ALL DYNAPAR
PRODUCT IS NOW
ROHS COMPLIANT.**

Hengstler is abiding by European standards to avoid hazardous materials as defined by REACH and RoHS. Through kaizen activities, Hengstler will completely eliminate the use of cadmium in rivet components in all relay products in 2019. The company also participates in WEEE electronic waste recycling and is certified by ISO 14001. A project looking at plastic scraps led to re-granulation that will reduce 3,000 kg of plastic waste in the form of Polyamide 66. In addition, 95% of all Dynapar product is now ROHS compliant.

In addition, 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.

“Culture is not built overnight, so we articulate it regularly, and we show the employees how much FBS really helps them. We want every employee to feel like when they come to work every day, they walk into a Fortive company, rather than an individual operating company. We work to build synergy among leadership and across operating companies, businesses, and geographies.”

JASPER ANG, PRESIDENT OF ASIA, FORTIVE



WE ARE CLEAR ABOUT OUR VALUES AND EXPECTATIONS OF CONDUCT, AND HOLD EACH OTHER ACCOUNTABLE. IT IS A CLEAR COMPONENT OF OUR CULTURE AND OUR VALUE PROPOSITION.”

JENNIFER ZERM, VICE PRESIDENT, CHIEF COMPLIANCE OFFICER



WE COMPETE FOR

Shareholders





WINNING WITH
INTEGRITY

INTEGRITY, COMPLIANCE, AND

Risk Management

"Winning with integrity" is a key component of the Fortive culture, and part of our value proposition to shareholders, customers, employees, and business partners.

Customer and Employee Privacy

At Fortive, we pride ourselves on a culture of transparency and trust. Our teams commit to protecting data and personal information with the utmost integrity. This year, senior leadership assembled a steering committee to address the goals of the General Data Protection Regulation (GDPR), a regulation in the European Union that took effect in May 2018. The working committee leveraged FBS and Voice of Customer (VOC) to set standard compliance practices and align with stakeholder demands. Additionally, we hold marketing workshops about customer communication and empower employees to report any data misuse through our Speak Up! program. Beyond successful alignment with GDPR, we are committed to the ongoing journey to consistently provide the level of privacy our customers and employees deserve.

Fortive Standards of Conduct

At Fortive we believe that upholding the highest ethical standards is essential to our future and continued success. The fundamental principle that we expect every employee to uphold is simple: act with honesty, fairness, and transparency in all dealings on behalf of Fortive.

The Fortive Standards of Conduct (SOC), available in 24 languages, reflect our values and expectations of ourselves and guide our behavior, with key principles focused around compliance with policies, laws, and regulations globally.

Annually, we ask our employees to certify to the SOC and train on this and other legal and compliance topics throughout the calendar year to keep our values and expectations top of mind for all.

97% average completion rate for
Fortive SOC online training in 2018

Integrity and Compliance Program

The SOC provides the foundation for our Integrity and Compliance Program, overseen by our Board of Directors and headed by our Chief Compliance Officer. Our comprehensive program outlines clear expectations of ethical conduct, prevents violations by increasing understanding of integrity and compliance-related risks, and promoting an environment where concerns are raised openly and addressed appropriately.

Anti-Corruption

We believe it is critical that Fortive and our operating companies abide by the anti-bribery and anti-corruption laws of every country in which we operate. As a result, we have implemented an Anti-Corruption Program. Among other things, we require third parties to annually certify to us in writing that they will comply with anti-bribery, import/export, and other applicable laws, and abide by the SOC.

We have also established a Channel Partner Tool Kit (CPTK) for use by our operating companies in performing appropriate diligence on distributors and other third parties with whom they intend to do business. In 2018, all of our operating companies achieved a three-year goal for full program implementation, and our focus now shifts to continuously improving and evolving our practice.

Speak Up! Program

Our Speak Up! Program provides multiple avenues and resources to our employees and business partners to raise questions or integrity concerns. Fortive operates a phone reporting hotline and web reporting tool in over 20 languages and has leaders in legal, compliance, HR, finance, and internal audit available to resolve concerns.

Enterprise Risk Management (ERM)

We have a comprehensive program to identify, categorize, and analyze the key risks facing our operating companies and to effectively mitigate those risks. The first component is a systematic process for each operating company to consider a broad spectrum of risks, with flexibility in response and risk mitigation design. In 2018, we expanded this process to include deeper analysis of climate change risks facing our businesses. The second component is input from all levels of the organization and across all geographies, to ensure we are hearing from multiple constituents with different points of view. We also maintain a corporate-level Risk Committee, which reports on the results of these efforts to our Board of Directors annually.

In addition, each operating company reports its EHS Risk Score on a semi-annual basis for each of its EHS Significant Sites. The EHS Risk Score is a comprehensive metric for assessing EHS risk at each of our EHS Significant Sites. 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 annual EHS awards, given annually to recognize exemplary EHS performance, strong integration with Fortive core values and business operations, and significant year-over-year improvement.

The average employee-base weighted EHS Risk Score across Fortive at the end of 2018 dropped to 57, continuing the trend of improvement in 2016 and 2017. Our goal is to reach 46 by the end of 2019.

EMPLOYEE-BASE WEIGHTED EHS RISK SCORE





CORPORATE

Governance

Our Board of Directors serves a significant role in setting company strategy and serving our shareholders effectively. We have an unwavering commitment to empowering the Board with the right values for good corporate governance.

Our Board and Governance Practices

In 2019, we were fortunate to add Jeannine Sargent, who brings extensive experience with technology companies and additional strategic perspective to our Board of Directors. Our Board now consists of eight members, five 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 2018, we continued our shareholder engagement initiative, with a particular focus on the social responsibility initiatives outlined in last year's report. We shared how our CSR strategy aligns with our business strategy, and we received valuable feedback about what is most important to them, which will inform our efforts going forward.

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 SVP and General Counsel Peter Underwood, who also oversees our EHS function and reports directly to the CEO. 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.

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