

CATERPILLAR



2020 Sustainability Report

Caterpillar's Environmental, Social and Governance Approach

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HEAR FROM OUR CEO

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INTRODUCING OUR 2030 SUSTAINABILITY GOALS

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CEO MESSAGE

BUILDING A BETTER WORLD FOR 95 YEARS



Caterpillar's long-standing commitment to sustainability inspires us to help our customers build a better world through products and services that help fulfill society's basic needs – such as shelter, clean water, education and reliable energy – in a sustainable way.

We are committed to contributing to a reduced-carbon future and supporting global efforts to mitigate the impact of climate change. We demonstrate this through our significant progress in reducing greenhouse gas (GHG) emissions from our operations and our continued investment in new products, technologies and services to help customers achieve their climate-related objectives.

We establish and report our progress against ambitious environmental, social and governance (ESG) goals. This year we are introducing seven new goals for 2030 focused on our customers', business' and stakeholders' most relevant issues; five are centered on climate and the environment, and two focus on employee and customer safety. You can read about our accomplishments to date and new ESG goals in this report.

LEVERAGING OUR ENTERPRISE STRATEGY

We leverage all three elements of our corporate strategy – operational excellence, expanded offerings and services – to achieve our sustainability initiatives.

Continuous improvement of operational excellence principles such as safety, quality and Lean help eliminate waste and contribute to achieving our sustainability objectives. Safety is our number one priority, and we achieved our best safety performance on record in 2020 for the second consecutive year. Operational excellence also helps reduce emissions through efficiency initiatives and investment in alternative and renewable power sources in our operations. Since we first announced our 2020 sustainability goals in 2006, we have made significant progress, demonstrating our commitment to reducing our GHG emissions. By 2020, we reduced GHG emissions intensity from our operations by 51% from our 2006 baseline, exceeding our goal. We also obtained 33% of our electrical energy from renewables or alternative sources, exceeding our 2020 goal.

This year we are introducing seven new goals for 2030 focused on our customers', business' and stakeholders' most relevant issues; five are centered on climate and the environment, and two focus on employee and customer safety.

We are helping our customers achieve their climate-related goals through expanded offerings by providing products that facilitate fuel transition, increased operational efficiency and reduced emissions. Our innovations include a battery-powered, zero-emissions switcher locomotive and underground loader, as well as reciprocating engines and gas turbines that burn hydrogen blends, landfill gas and other biogases. We are also developing a variety of alternative power solutions to support a lower-carbon future, including battery-powered construction machines.

Services represent the value our dealers and Caterpillar provide after the original equipment purchase to deliver a superior customer experience and positively impact the environment. We are investing in cutting-edge technology, new products and services to help customers improve fuel efficiency and reduce emissions.

I am confident Caterpillar is well-positioned to continue improving the quality of the environment and communities where we live and work.

Our remanufacturing and rebuild options deliver multiple sustainability benefits, returning components at the end of their initial serviceable lives to same-as-when-new condition, thereby reducing waste and minimizing the need for raw material, energy and water to produce new parts. The new Caterpillar Remanufacturing Division is accelerating our work with Cat dealers to expand our range of repair, rebuild and remanufacturing services for Cat products.

BUILDING A BETTER WORLD

The Caterpillar Foundation has been improving lives around the world for nearly 70 years, and the challenges of 2020 made this purpose particularly urgent. The Foundation's exceptional level of support for worldwide COVID-19 relief efforts — a \$10 million (USD) donation, including a 2:1 match on U.S. employee and retiree donations — speaks to our Caterpillar team's generosity.

Events of the past year reminded us of the importance of living our Caterpillar Values every day and supporting the fight against racism and injustice. Caterpillar joined the OneTen coalition as a founding member, making an annual financial commitment of \$1.5 million and an annual hiring commitment of at least 200 Black American employees. The Caterpillar Foundation reinforced our support of the fight for equal rights through its \$1 million donation, split between the Equal Justice Initiative and the NAACP Legal Defense and Educational Fund, Inc.

In a year of unprecedented challenges, our global team rose to the occasion. With resilience, innovation and engagement, they supported customers, enabling them to perform the essential work of society. I am confident Caterpillar is well-positioned to continue improving the quality of the environment and communities around the world. We are steadfast in our commitment to attaining our ESG goals and helping our customers achieve their climate-related objectives as they build a better, more sustainable world.



Jim Umpleby
Chairman and CEO

Cat® generator sets installed at a landfill gas processing and power plant near Montreal, Canada, producing electricity from landfill gas.



INTRODUCING 2030 GOALS

Caterpillar has a long-standing commitment to sustainability, with our history of sustainable innovation spanning more than 95 years. We share the concerns of governments and the public about the risks of climate change and support global efforts to mitigate its impact. We are committed to further reducing Caterpillar's greenhouse gas emissions while helping our customers meet their climate-related objectives. We are supporting our customers during the energy transition to a lower-carbon future through investments in new products, technologies and services. We are announcing seven new sustainability goals to achieve by 2030, including five climate- and environmental-related goals and two focused on employee and customer safety.

OPERATIONS ENERGY & EMISSIONS

We have set a science-based Scope 1 and 2 goal to reduce absolute greenhouse gas emissions from our operations by **30%** from 2018 to 2030.



PRODUCT EMISSIONS & ENERGY EFFICIENCY

100% of Caterpillar's new products through 2030 will be more sustainable than the previous generation through collaborating with customers, reduced waste, improved design for rebuild/remanufacturing, lower emissions or improved efficiency.



OPERATIONS WATER

Implement water management strategies at **100%** of facilities located in water high-risk areas by 2030.



REMANUFACTURING

Increase sales and revenues from remanufacturing offerings by **25%** from 2018 to 2030.



OPERATIONS WASTE

Reduce landfill intensity by **50%** from 2018 to 2030.



EMPLOYEE HEALTH & SAFETY

We aspire to prevent all injuries and will further our industry-leading safety results by reducing Recordable Injury Frequency (RIF) by **50%** from 2018 to 2030.



CUSTOMER SAFETY

Provide leadership in the safety of people who work in, on and around our products.



SASB Topic



Climate- and Environmental-related Goal

Learn more about our
2030 sustainability goals



SUSTAINABILITY AT CATERPILLAR



Caterpillar is committed to sustainability, and contributing to a reduced-carbon future. We demonstrate this in many ways including through our significant progress in reducing greenhouse gas (GHG) emissions from our operations and our continued investment in new products, technologies and services to help our customers achieve their climate-related objectives as they build a better, more sustainable world.

Caterpillar's global workforce is united by Our Values in Action, Caterpillar's Code of Conduct. Integrity, Excellence, Teamwork, Commitment and Sustainability provide the foundation for our values-based culture.

Sustainability, one of our five Values in Action, is part of who we are and what we do. It inspires us to help our customers build a better world.

Learn more about sustainability at Caterpillar ▶



FOCUS AREAS

We have identified a set of focus areas relevant to our business that guide environmental, social and governance (ESG) initiatives and decision-making throughout our global operations:

- › employee health and safety
- › operations energy and emissions
- › operations water
- › operations waste
- › product emissions/energy efficiency
- › remanufacturing
- › customer safety
- › material sourcing
- › human capital management



These focus areas were refreshed during our recent goal-setting efforts and are closely aligned with topics covered by the Sustainability Accounting Standards Board (SASB), Resource Transformation sector and Industrial Machinery & Goods industry.



SUSTAINABILITY VISION

Our longstanding commitment to sustainability inspires us to improve the quality of the environment and the communities where we live and work and provide products and services that help our customers fulfill society's basic needs—such as shelter, clean water, sanitation, food and reliable power—in a sustainable way.



SUSTAINABILITY MISSION

We strive for economic growth through infrastructure and energy development while providing solutions that support communities and protect the planet.



AWARDS AND RECOGNITION



BUSINESS

- › Dow Jones Sustainability Indices, World and North America, 21 years
- › No. 44, Fortune World's Most Admired Companies
- › No. 21, Wall Street Journal's 100 Most Sustainably Managed Companies (as of February 2021)
- › Best-Managed Companies of 2020, Wall Street Journal
- › S&P Global 2021 Sustainability Yearbook
- › No. 203 of 399, Newsweek America's Most Responsible Companies 2021



ENVIRONMENT

- › U.S. Environmental Protection Agency's Clean Air Excellence Award in the category of Clean Air Technology for the Cat 3512E Tier 4 DGB engine



COMMUNITY

- › United Way Worldwide's Global Corporate Leadership Program
- › 2019-2020 U.S. President's Volunteer Service Award, Junior Achievement



WORKPLACE

- › Forbes Magazine World's Best Employers 2020 (#99), Best Employers for New Grads 2020 (#166), Best Employers for Women 2020 (#289)
- › America's Best Employers for Diversity 2020, Forbes Magazine
- › 80% Ranking, Human Rights Campaign Corporate Equality Index 2020
- › 2020 "Best Places to Work for Disability Inclusion;" Disability Equality Index
- › 2020 Best Company to Work for in Brazil, Great Place to Work Institute
- › Chile's 20 Best Places in 2020 to Work for LGBTQ Equality; Human Rights Campaign



THE CATERPILLAR SUSTAINABILITY EXCELLENCE AWARDS

For more than 10 years, the annual internal awards have recognized Caterpillar teams or individuals that demonstrate sustainable excellence through the development of more sustainable products, services, solutions or processes.

2020 GOALS: PROGRESS ON OUR SUSTAINABILITY JOURNEY

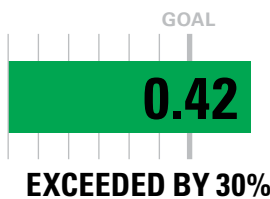
Caterpillar set its first sustainability goals in 2006, establishing targets to be achieved by 2020 related to our operations and product stewardship. In 2013, we revised our strategy and refreshed our goals, adding several new targets. Although the global pandemic adversely affected results in several areas in 2020, we are proud of the significant progress that has been realized through the close of the decade.

■ Goal Attained
■ Progress Achieved

OPERATIONS GOALS

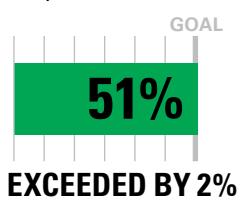
Safety: Recordable Injury Frequency

GOAL: Reduce RIF to 0.60



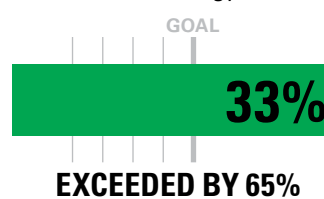
Greenhouse Gas Emissions

GOAL: Reduce GHG intensity by 50% from 2006



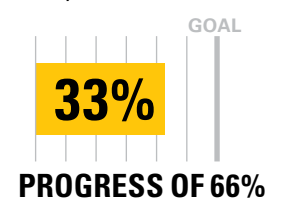
Energy Source

GOAL: Use alternative / renewable sources to meet 20% of our energy needs



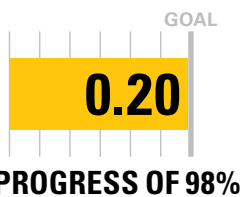
Energy Consumption

GOAL: Reduce energy intensity by 50% from 2006



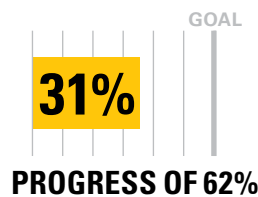
Safety: Lost-Time Case Frequency Rate

GOAL: Reduce LTRF to 0.15



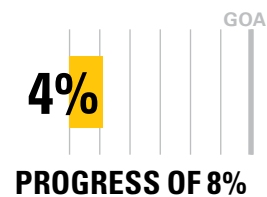
Water Consumption

GOAL: Reduce water consumption intensity by 50% from 2006



Waste Generation

GOAL: Reduce by-product materials intensity by 50% from 2006



Sustainable Construction

GOAL: Design all new construction to meet Leadership in Energy and Environmental Design (LEED) or comparable green building criteria

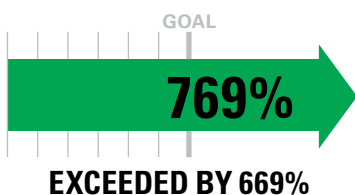


Our new facilities are designed to be more energy- and resource-efficient, including our most recently completed construction in 2019 that met LEED certification requirements.

PRODUCT STEWARDSHIP GOALS

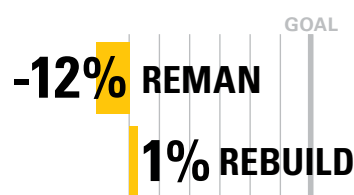
Systems Optimization

GOAL: Increase managed fleet hours by 100% from 2013



Reman and Rebuild

GOAL: Increase remanufacturing and rebuild sales by 20% from 2013



Customer Safety

GOAL: Provide leadership in the safety of people in, and around our products



We prioritize safety in the design and development of every Caterpillar product, service or solutions.

Products, Services and Solutions

GOAL: Leverage technology and innovation to improve sustainability of our products, services and solutions for our customers



We annually introduce new products with sustainable attributes that increase productivity, improve fuel economy and / or lower emissions.

For more information, refer to the ESG Data beginning on page 36.

Corporate Governance



We believe that a robust governance framework creates long-term value for our shareholders, strengthens board and management accountability, and builds trust in the company and our brand.

Caterpillar leadership regularly reports to the board’s Public Policy and Governance Committee regarding sustainability and climate strategies, priorities, goals and performance. The committee is briefed on the environmental, social & governance (ESG) issues as well as the perspectives of investors, customers, employees and other stakeholders. The committee also reviews Caterpillar’s annual political contributions and recommends the amount the company should contribute to the Caterpillar Foundation. The committee provides regular updates to the board and may retain advisors and consultants as needed to assist it in fulfilling its responsibilities.

Governance Framework

	2020
Size of Board	11
Number of Independent Directors	10
Average Age of Directors	63
Average Director Tenure (in years)	8
Annual Election of Directors	Yes
Mandatory Retirement Age	74
Gender and Diversity	45%
Majority Voting in Director Elections	Yes
Independent Presiding Director	Yes
Code of Conduct for Directors, Officers and Employees	Yes
Supermajority Voting Threshold for Mergers	No
Proxy Access	Yes
Shareholder Action by Written Consent	No
Shareholder Ability to Call Special Meetings	Yes
Poison Pill	No
Stock Ownership Guidelines for Directors and Executive Officers	Yes
Anti-Hedging and Pledging Policies	Yes
Clawback Policy	Yes

CODE OF CONDUCT

Caterpillar operates according to Our Values in Action—Caterpillar’s Code of Conduct. The Code defines our Values—Integrity, Excellence, Teamwork, Commitment and Sustainability—which represent what we stand for and how we conduct ourselves with our customers, suppliers and one another. All Caterpillar employees are annually required to complete Code of Conduct training. As part of this training, employees must certify that they have read, understand and agree to comply with the Code of Conduct.

Learn more about our governance framework, Corporate Governance initiatives and board composition:

[2021 Caterpillar Proxy Statement ▶](#)

[Board Committees ▶](#)

[Caterpillar Code of Conduct ▶](#)



RISK MANAGEMENT

Risk is an inherent part of conducting global business. Caterpillar identifies and monitors business risks through a robust internal Enterprise Risk Management (ERM) program. We engage in constructive regulation and public policy discussions that benefit employees, customers and shareholders.

Risks Managed

- > operational
- > strategic
- > financial
- > compliance

To better inform our decision-making, Caterpillar evaluates risks annually at the business unit and enterprise levels on three dimensions: impact, likelihood and mitigation effectiveness.

We incorporate the results of the ERM risk assessment into action plans to mitigate the identified risks. There is strong engagement in the ERM process from the CEO, executives and senior leaders. We embed our risk culture within the business. The company's officers share accountability for business risks, and the board has oversight of the enterprise process. The board and its committees oversee risk. We evaluate senior executives based, in part, on their ability to mitigate risks, through regular discussions between the executive office and business leadership.

We also review compliance risks as part of the ERM risk assessment process and manage them as part of Caterpillar's Compliance program. These risks cover a broad range of issues, including legal and regulatory compliance.

The Compliance program establishes enterprise-level compliance expectations. Business unit personnel and compliance professionals implement controls to meet those requirements with the support of compliance professionals, legal personnel and subject matter advisors. These efforts are enhanced by regular communications, training and annual assessment processes. Through these programs, Caterpillar better manages risk and gauges the potential impact of various outcomes.

POLITICAL CONTRIBUTIONS

We advocate for policies, agreements, legislation and regulations that enable us to help our customers build a better world.

Where allowable by law, Caterpillar may make corporate contributions to campaigns, individual candidates or political committees to support public policies we believe will promote our business interests. The vice president of Global Government & Corporate Affairs manages all political and advocacy activities at the state, federal and international levels—coordinating and reviewing legislative and regulatory priorities critical to the company's business with senior management. In addition, the board's Public Policy and Governance Committee reviews Caterpillar's significant legislative and regulatory priorities, policy on political activities and contributions, corporate political contributions, trade association participation and the political contribution activities of the Caterpillar Political Action Committee (CATPAC).

CATPAC contributions are made only in federal and state elections. CATPAC is funded through voluntary contributions by eligible individuals. A steering committee comprised of Caterpillar non-officer employees representing a diverse mix of U.S. locations and business units oversees all CATPAC disbursements to ensure they promote the company's business interests.

Caterpillar also maintains memberships in trade associations and business groups that may advocate on behalf of business community segments. We are committed to supporting these organizations, as they champion public policies that contribute to the business community's growth and success.

Additional information regarding Caterpillar's corporate contributions, CATPAC contributions and trade association memberships is available on our political engagement website ▶



Energy, Fuel Economy & Emissions



Caterpillar generator sets provide critical backup power for wind installations, such as at Rubart Station in Kansas (as pictured).

Caterpillar shares the concerns of governments and the public about the risks of climate change and supports global efforts to mitigate its impact. We are committed to contributing to a reduced-carbon future. We demonstrate this in many ways including through our significant progress in reducing greenhouse gas (GHG) emissions from our operations and our continued investment in new products, technologies and services to help our customers achieve their climate-related objectives as they build a better, more sustainable world.

We are focused on achieving our climate-related goals while also supporting our customers in achieving their climate-related objectives. We have a legacy of providing products and services that continually improve the quality of the environment and our communities by fulfilling society's basic needs such as shelter, clean water, education and reliable energy—in a sustainable way.

Read our new climate and energy statement ▶

ENERGY MANAGEMENT

Caterpillar manages hundreds of facilities around the world, all of which require energy. Some of these operations, especially our manufacturing sites, are energy-intensive. To mitigate our impact, we are improving energy efficiency, investing in alternative and renewable power generation sources, and making other environmental improvements to conserve water and manage waste.

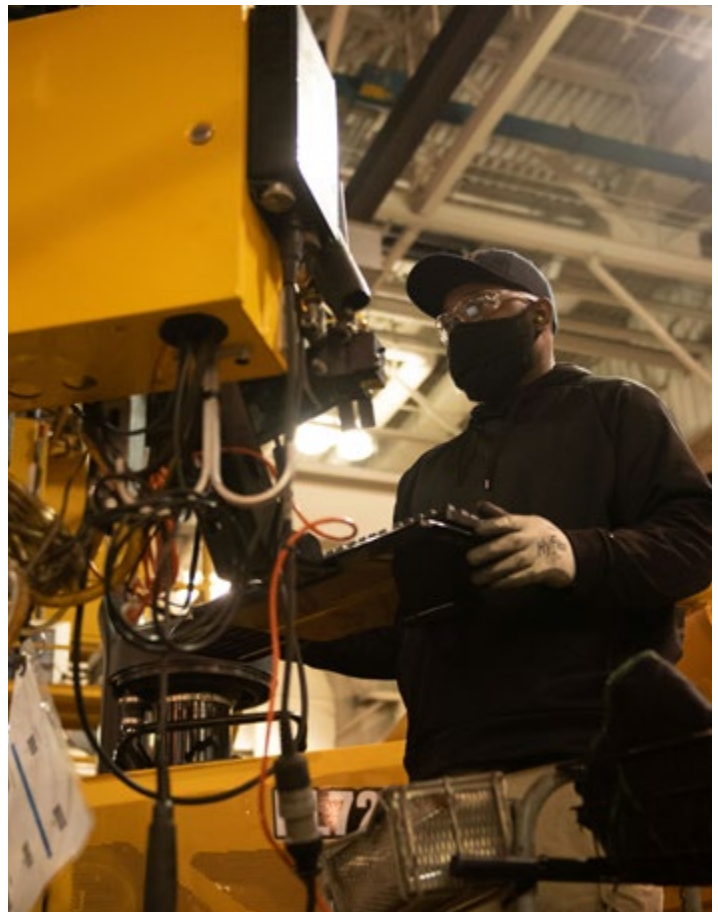
Our enterprise energy management team builds awareness, encourages action and develops improvements in energy efficiency and alternative/renewable power generation. These solutions include purchasing renewable energy certificates and installing renewable energy sources, such as photovoltaics (PV) or a microgrid installation that combines PV with battery storage to supplement and offset electricity generated with diesel fuel at an off-grid location. One significant contribution to alternative energy consumption is the operation of combined heat and power (CHP) systems to power several manufacturing facilities. The energy management team evaluates opportunities for replication of CHP, PV and microgrids at other locations. We also continue to assess new ways to upgrade systems and make facilities more efficient.

Continuous improvement is an essential part of this approach, with new manufacturing technologies and best practices quickly creating opportunities for greater efficiency.

EHS MANAGEMENT SYSTEM

Our high-performance standards for environmental, health and safety (EHS) encourage going beyond merely complying with EHS laws and regulations. Our EHS assurance manual outlines Caterpillar's EHS Management System and establishes fundamental requirements for all workplaces globally, including majority-owned subsidiaries and majority-owned joint ventures. Our facilities assess compliance with our requirements annually, and our EHS assessment team reviews those assessments while also conducting more in-depth reviews of select facilities each year.

Beyond meeting standard expectations, we encourage facilities to implement their own initiatives to improve safety, decrease energy use and increase productivity. Facilities evaluate potential initiatives based on the total annual investment required, total anticipated cost savings and average pay-back period. We also invite facilities to report emissions reduction activities through internal awards and recognition processes.



ENERGY AND GHG EMISSION GOALS

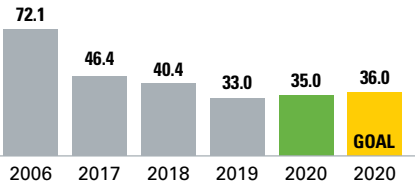
■ Goal Achieved

GHG 2020 GOAL

Reduce greenhouse gas emissions intensity by 50% from 2006 to 2020

GHG EMISSIONS INTENSITY¹

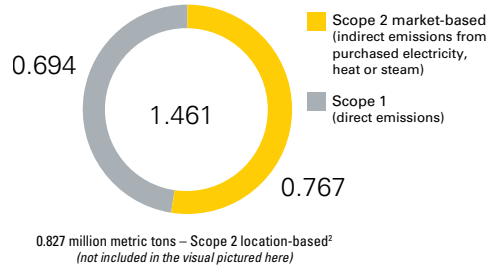
Absolute metric tons CO₂e/million dollars of revenue



51% Our GHG emissions intensity decreased 51% from 2006 to 2020, achieving our 2020 target. In addition, our absolute GHG emissions decreased by 51% from 2006 to 2020. Increases in productivity and efficiency have helped us to achieve our 2020 GHG emissions goal.

TOTAL ABSOLUTE GHG EMISSIONS—SCOPE 1&2

Million Metric Tons (2020)



NEW 2030 GOAL:

We have set a science-based Scope 1 and 2 goal to reduce our absolute greenhouse gas emissions from our operations by **30%** from 2018 to 2030.

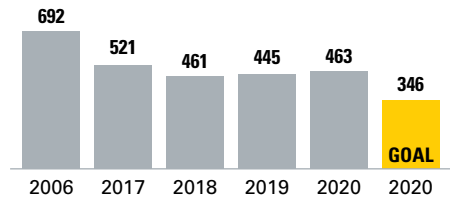


ENERGY 2020 GOAL

Reduce energy intensity by 50% from 2006 to 2020

ENERGY INTENSITY³

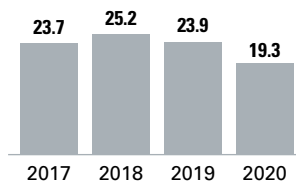
Absolute gigajoules energy use/million dollars of sales and revenues



33% Operations energy intensity decreased 33% from 2006 to 2020, and increased 4% from 2019 to 2020.

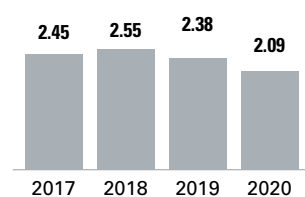
TOTAL ENERGY CONSUMPTION³

Absolute energy use million gigajoules



TOTAL ELECTRICITY CONSUMPTION

Sum of purchased and self-generated electricity in million MWh

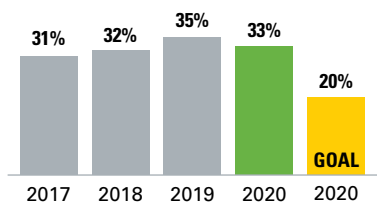


ALTERNATIVE/RENEWABLE 2020 GOAL

Use alternative/renewable sources to meet 20% of our energy needs by 2020^{4, 5, 6}

ALTERNATIVE/RENEWABLE ENERGY

Sum of alternative and renewable electrical energy use/total electrical use x 100



33% of our electrical energy was from renewable or alternative sources in 2020.

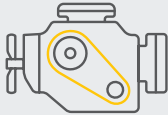
Solar Turbines provide alternative energy technology that is powering some of the largest industries in the world, including some of our own facilities.



SUPPORTING OUR CUSTOMERS

We are contributing to a reduced-carbon future through our continued investment in new products, technologies and services. We are helping our customers achieve their climate-related goals by providing products that facilitate fuel transition, increased operational efficiency and reduced emissions. Our innovations include a battery-powered, zero-emissions switcher locomotive and underground loader, as well as reciprocating engines and gas turbines that burn hydrogen blends, landfill gas and other biogases. We are also developing a variety of alternative power solutions to support a lower-carbon future, including battery-powered construction machines.

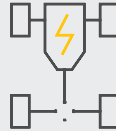
THE EVOLUTION OF ADVANCED POWER SOURCES



Clean, efficient reciprocating engines

Making established power sources even more efficient and fuel-flexible (T4 Diesel, Natural Gas, Biodiesel, Biogas, Dynamic Gas Blending, Hydrogen Blends)

Pairing established power sources with new technologies in a hybrid format (Electric Drive, Battery, Photovoltaic, Microgrid)



Advanced technologies

Replacing established power sources with stand-alone new technologies (Energy Storage, Full Electric)



Aftermarket parts and service

Delivering remanufacture, repair, rebuild, retrofit and repower services (Remanufacturing, Rebuild, Repower, Retrofit Kits)



Many of our advanced power offerings are already at work on customer sites in each of our primary business segments, either complementing our existing engines or as stand-alone power delivery systems. Other solutions are in development to meet our customers' climate-related goals and requirements for performance, durability and economic value:



Renewable Fuels—This includes reciprocating engines that run on biodiesel, biogas and hydrogen blends.



Fuel Cells—Using renewable hydrogen fuel as a scalable electric power source. And, we are exploring the opportunities within fuel cells powered by renewable hydrogen for stationary and mobile equipment.



Electric & Hybrid Powertrains—Employing an electric drive transmission with power components. Examples of this technology include the D6 XE electric drive dozer and the 988K XE wheel loader, the company's latest diesel electric drive construction machines, that improve fuel efficiency and productivity.



Batteries—Powering work with stored electrical energy. The EMD™ Joule locomotive is a new battery-powered, zero-emissions switcher locomotive that Progress Rail developed in collaboration with our customer Vale. The locomotive is commercially available in 2021. And, the R1700 Underground Load Haul Dump (LHD) Loader features battery electric power with zero emissions.



Microgrids—Integrating renewable energy sources into electric power systems. At the Otjikoto Mine in Namibia, customer B2Gold Corp. installed over 62,000 Cat solar panels combined with a Cat Microgrid Master Controller that allows consistent power in all weather conditions. The installation delivered \$1 million in annual fuel savings.

Whatever our customer's goals—lower greenhouse gas emissions, energy flexibility, business sustainability—we provide the advanced power that keeps them working.



Cat Microgrid systems enable customers to integrate renewable power utilizing Cat products including: Microgrid Master Controllers, photovoltaic solar modules, energy storage systems and generators. Pictured is a Cat Microgrid system at B2Gold Corp.'s Otjikoto Mine, Namibia.

REGULATORY STANDARDS AND INDUSTRY ENGAGEMENT

Caterpillar provides U.S. EPA Tier 4/EU Stage IV, EU Stage V or equivalent products in North American, European and Japanese markets. U.S. EPA Tier 4 emissions standards (as well as EU Stage IIIB & Stage IV emissions regulations) provide a 90% reduction in emissions (NOx and particulate matter) compared to Tier 3 standards. Customers in each segment want the cost-saving benefits of more fuel-efficient and fuel-flexible products. Modular offerings within our product lines allow customization of equipment to provide the optimal blend of technology and emissions profile that helps customers achieve their climate-related goals.

As an industry leader, we have a talented and experienced team that constantly innovates to improve machine emissions and safety. Caterpillar will continue to engage and partner with regulators, industry organizations, governments and nongovernmental organizations (NGOs) around the world to share that expertise, which supports advanced technology and informs decisions.

PRODUCING POWER WITH BYPRODUCT GAS

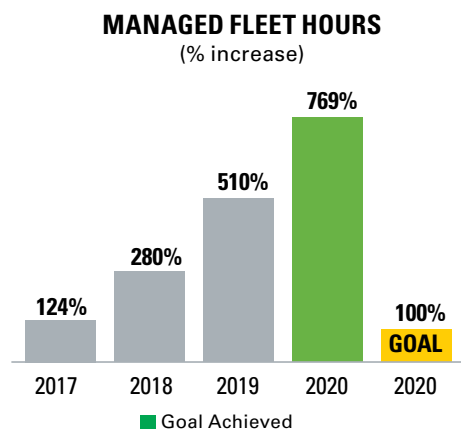
Solar Turbines has 46 gas turbines in use with customers in China, allowing them to burn coke oven gas to produce electricity instead of releasing this gas into the atmosphere. This gas, called coke oven gas (COG), is a byproduct of the coking process in which coal is heated in the absence of air to drive off volatile compounds. COG is a high hydrogen and medium heating value waste gas containing significant dust and corrosive pollutants. The Solar customer, Liheng Steel, is one of the first companies in China to receive a Certificate of Avoided GHG Emissions from the U.S. Environmental Protection Agency Combined Heat and Power Partnership for its achievement in reducing carbon emissions with its combined heat and power (CHP) system.

SUPPORTING CUSTOMERS IN THE FIELD

We collaborate with dealers and customers to deliver customized solutions that help optimize energy use and provide training for operators on how to use our equipment more efficiently. For example, our efficiency experts can help customers evaluate and achieve emissions goals, reduce noise and dust, implement fuel-saving techniques, and optimize idle management practices and fuel and fluid usage.

SYSTEMS OPTIMIZATION 2020 GOAL

Increase managed fleet hours by 100% from 2013 to 2020



95

YEARS OF SUSTAINABLE INNOVATION

Since our earliest days, Caterpillar has provided products and services that benefit our customers, continually improving the quality of the environment and communities where we live and work while helping build a better, more sustainable world.

1906

In **1906**, Benjamin Holt tested his first gasoline-powered track-type tractor that eventually replaced inefficient, steam-powered track-type tractors. His invention was named "Caterpillar," and it was the first step on a never-ending journey toward more efficient power sources for our machines.



1910

You can say remanufacturing is part of our DNA. The Holt Manufacturing Company, one of our two predecessor companies, rebuilt and resold machines as early as **1910**. One of these machines is still owned by the original customer's family today.

1930

In the **1930s**, Caterpillar track-type tractors were converted to run on alternative fuels such as butane and propane. This Caterpillar Seventy track-type tractor was equipped to burn butane in Hanford, California. In this same decade, Caterpillar converted gasoline engines to burn natural gas, and sold diesel engine conversion kits that allowed existing customers to "modernize" their gasoline-powered Sixty tractors.



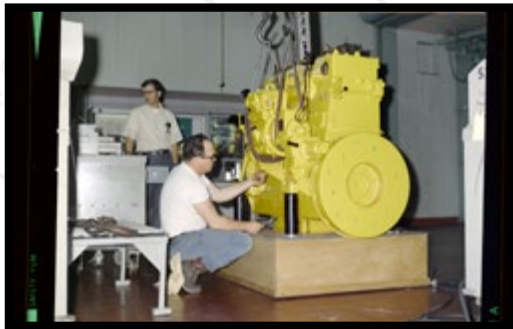
1955

In **1955**, the D9 became the first Cat® machine fitted with a turbocharged diesel engine. Turbocharging technology captures and reuses exhaust gases to increase power while reducing fuel consumption and emissions.

95 YEARS OF SUSTAINABLE INNOVATION

1973

What began as a customer request for a low-cost repair option transformed into one of Caterpillar's most dynamic divisions—Cat Reman. In **1973**, the first Caterpillar remanufacturing plant began production in Bettendorf, Iowa.



Before being donated to the Smithsonian Institution, Caterpillar's first diesel engine prototype, "Old Betsy," was restored and put through a rigorous series of emissions tests in **1973**. Thanks to a forward-thinking design, Old Betsy came very close to meeting 1973 emissions standards 40 years after it was built.

1994

From **1994 to 1995**, Caterpillar ran the first two prototype 777C autonomous mining trucks (AMTs) at a Texas limestone quarry, where they successfully hauled more than 5,000 production loads over a 2.6-mile course, and demonstrated autonomous operations could improve safety.



2019

In **2019**, Caterpillar introduced the D6 XE, the world's first elevated sprocket electric drive dozer, providing substantial fuel savings and efficiency alongside increased productivity.

SUSTAINABILITY INNOVATIONS TODAY

Now, more than ever, customers can count on Caterpillar to provide products and services to help them achieve their sustainability goals.

We are building on our history of innovation to drive value for our customers through our products and services. We partner with our customers to identify challenges, understand requirements and deliver solutions that help them be more successful.



Awarded US Department of Energy research funding for two three-year development projects:

1. a program for a **hydrogen fuel cell system**

for data center power

2. a program related to a flexible **natural gas and hydrogen**

combined heat and power system.

Progress Rail has introduced a zero-emissions **battery-powered switcher locomotive.**



Introduced a battery electric powered **zero-emissions underground loader.**

The Universal Remote Operator Station

provides remote, non-line-of-sight control for safer operation.



SUSTAINABILITY INNOVATIONS TODAY



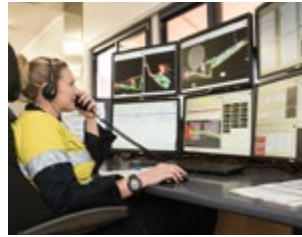
The 3512 T4 DGB engine

has been recognized with the EPA Clean Air Excellence Award for its ability to substitute up to 85% of diesel fuel with natural gas. This proven DGB solution is capable of operating with natural gas blends with up to 20% hydrogen which can significantly reduce methane emissions.

Enhanced safety, efficiency and productivity are among the benefits of mining

autonomous solutions

offered through Cat Command for Hauling, Underground, Dozing and Drilling.



An electric large mining truck trolley

has demonstrated reduced GHG emissions.

Developed together with our dealer PON, the Z-line

electric medium excavator

offers a zero-emissions solution for construction customers.



NEW 2030 GOAL:

100% of Caterpillar's new products through 2030 will be more sustainable than the previous generation through collaborating with customers, reduced waste, improved design for rebuild/remanufacturing, lower emissions or improved efficiency.



Learn more about how Caterpillar products are helping our customers build a better world at caterpillar.com/sustainability ▶

Materials



Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. Caterpillar responsibly sources the raw materials used to build our products. And, we help keep those materials in circulation for as long as possible through remanufacturing and rebuild programs that reduce waste, extend equipment life, and save customers money.

Equipment powerful enough to move and mine the earth must be built with durable materials. Caterpillar sources from a global network of suppliers across broad categories and technologies for aftermarket and production parts. These purchases include a variety of unformed steel products, cut or formed to shape and machined in our facilities; steel and iron castings and forgings, machined to final specification; and finished components, made to Caterpillar specifications or supplier-developed specifications.

Supplier diversity is an increasing focus for our strategic procurement function. With a strong base of diverse suppliers already in place, we are dedicating more resources and developing a strategic approach to formalize a program that will work to identify diverse supplier opportunities and support their efforts to work with Caterpillar.

Many considerations go into the responsible sourcing of minerals used in our products. Tin, tungsten, tantalum and gold (3TG), collectively known as "conflict minerals," have been associated with human rights violations in the Democratic Republic of the Congo (DRC) and adjoining countries. With regard to the extraction and trade of conflict minerals, we will not knowingly provide support to, contribute to, assist with or facilitate armed conflict in the DRC. Our Conflict Minerals Position Statement contains clear expectations for our suppliers regarding their sourcing of these materials. We have established a process that identifies areas of risk on an ongoing basis, and corrective action plans to mitigate or remediate such risks relating to conflict minerals. A supplier's failure to take corrective actions when required may lead to additional actions, up to and including the termination of our business relationship.

Read our conflict minerals position and reporting ▶

Caterpillar supports the Responsible Minerals Initiative (RMI) to help influence smelters' engagement to support supply chain transparency and leverage industry collaboration toward greater business intelligence. Year over year, we strive for an increased supplier response rate, emphasizing 3TG priority suppliers. We leverage industry standards for benchmarking and continually explore efficiencies and cost improvements. Caterpillar also publicly discloses the results of our Reasonable Country of Origin process and any necessary due diligence in Form SD and Conflict Minerals Report as required by the Securities and Exchange Commission (SEC). This report discloses metrics and results of inquiries we execute within our first-tier suppliers. In these reports, we describe our due diligence efforts, including risk mitigation, and process improvements we expect to implement in the following year.

Remanufacturing

For more than 45 years, Caterpillar's remanufacturing and rebuild operations have provided customers with quality equipment that helps deliver lower owning and operating costs. Our engineering and manufacturing expertise, field population and dealer organization make it possible for us to offer remanufactured products and components through many of our brands and rebuild options through our dealers.

Remanufacturing and rebuild options deliver multiple sustainability benefits and help Caterpillar contribute to the circular economy. Through these activities, we recycle millions of pounds of end-of-life iron annually. Because we are in the business of returning end-of-life components to same-as-when-new condition, we reduce waste and minimize the need for raw material, energy and water associated with producing new parts. Through remanufacturing, we make a significant contribution to sustainable development—extending the value of the energy and water consumed in a component's original manufacture and keeping high-value nonrenewable resources in circulation for multiple life cycles. With the company's enterprise strategy focused heavily on increasing services that offer superior customer value, we are in a position to help achieve enterprise goals by satisfying a steady customer demand for remanufactured products and components. Reducing waste through remanufacturing and rebuilding is good for the environment, customers and the enterprise.

REMANUFACTURING 2020 GOAL

Increase remanufactured and rebuild sales by 20% from 2013 to 2020

89%

eligible end-of-life returns collected in 2020^{7,8}

131

million pounds of material collected in 2020 through end-of-life returns^{7,8}

1%

Rebuild sales growth (2013-2020)

-12%

Remanufacturing sales growth (2013-2020)*

**Our business changed substantially after this goal was set. Caterpillar exited the on-highway truck engine business, formerly a significant percentage of our Cat Reman and Dealer Rebuild activities. Then, in 2018, Caterpillar exited all but one of our external third-party reman of other manufacturers' products. Additionally, the 2020 COVID-19 pandemic negatively impacted our top-line revenue. In 2021, a new division was established to grow our reman activities and the associated significant environmental benefits.*

NEW 2030 GOAL:

Increase sales and revenues from remanufacturing offerings by 25% from 2018 to 2030.



REMANUFACTURING ACROSS OUR BRANDS

Caterpillar machines and components are built to last. They are designed to withstand heavy-duty operating conditions and to be restored and used for multiple life cycles. Designing products and components to be used throughout multiple service life cycles is the essence of our remanufacturing approach, which takes many different forms across our brands.

Cat Reman

The Cat Reman process returns component products at the end of their initial serviceable lives to same-as-when-new condition. Engineers use design guidelines to build key products with remanufacturing in mind, ensuring they are highly durable, even under heavy-use conditions. When a component reaches the end of its initial serviceable life, dealers return the used component, referred to as core, to Caterpillar, where it is cleaned, inspected, salvaged and remanufactured to original factory specifications, including any relevant engineering updates. Cat Reman uses state-of-the-art salvage techniques, strict reuse guidelines, and advanced remanufacturing processes and quality controls to ensure reman products provide same-as-when-new performance, coupled with a same-as-new warranty. We charge a deposit along with the purchase of each Cat Reman product, which gives customers an incentive to return their used components (cores) so that we can continue to give materials new life.



Solar Turbines

Solar Turbines provides turbine and compressor overhauls, as well as remanufactured service parts. To minimize customer downtime, Solar maintains an extensive fleet of exchange engines and parts. Each exchange comes with full return-to-original performance specifications and implements the latest design improvements. Solar continues to expand our remanufacturing capabilities and invest in condition-based engineering to improve reman content and extend overhaul cycles while ensuring quality at every step. Solar has invested in several facilities around the world to minimize transportation and provide a faster customer response.



Progress Rail

Progress Rail extends the use of existing locomotives by providing rebuild, overhaul and repower options. These modernization programs upgrade electrical and mechanical systems and other components to extend locomotives' life by 20 years or more with appropriate maintenance. Many repower upgrades meet or exceed current emissions standards in certain regions—depending upon the customer and their needs—while improving reliability and maximizing fuel economy. We also offer reconditioning or repair services for freight cars and a wide range of components, ensuring value-added returns are available for customers, reducing annual maintenance cost. When locomotives and railcars finally reach the end of their usable lives, they can be recycled for other uses through Progress Rail's scrap management services. We also grade recycled rail—or "relay rail"—and other track material to meticulous industry standards.

Caterpillar Energy Solutions

X-Change is a parts replacement program for medium and large MWM-branded engines. The program provides overhauled engines, cylinder heads and other engine components on short notice and can be an economical alternative to on-site maintenance. Beyond affordability, our customers benefit from the high quality of replaced components and less downtime through parts on demand.

Caterpillar Defense

During disaster response or aid delivery, amid surge or rapid deployment, in wartime or peacetime, Caterpillar Defense responds to each operation's needs, including solutions that extend the life cycle of products. Through the military Service Life Extension Program, Cat dealers give machines a complete second life cycle at a fraction of new replacement cost. We also have qualified technicians who conduct repairs in-theater on military bases and customize replacement parts to local needs.

Cat® Certified Rebuild

In the same spirit as Cat Reman, Cat Certified Rebuild programs increase the lifespan of equipment by providing customers with product updates at a fraction of the cost of buying a new machine, enabling us to extend the life of materials.

A complete Cat Certified Rebuild includes more than 350 tests and inspections, automatic replacement or reconditioning of approximately 7,000 parts and a like-new machine warranty. Trained dealer service professionals perform rebuild work using genuine equipment and parts while incorporating the latest engineering updates. Caterpillar provides information, data, training, and service tools to help dealers decide which parts to reuse to achieve the expected longevity of rebuilt components. Since 1985, Caterpillar and our dealers have rebuilt more than 32,000 machines, powertrains and components.



PEOPLE



The people of Caterpillar include over 97,000 globally diverse employees in 66 countries and 150 locations around the world. We collaborate in 76 languages and, together, develop solutions that help our customers build a better world, innovate new technologies and give back to our communities. Our Values in Action define what we stand for and how we conduct ourselves with our customers, partners, and one another. Our employees do work that matters. In turn, Caterpillar provides a positive work environment by continually strengthening our safety culture, supporting all aspects of health, and offering challenging and meaningful work. We attract, hire and develop people with diverse perspectives and strive for an inclusive culture where everyone can do their best work. We believe this is fundamental to our company's success.

OUR GLOBAL RESPONSE TO THE PANDEMIC

Protecting the health of our employees is ingrained in Caterpillar's culture at every level. In 2020, our safety-first culture led the Executive Office's important early response to the COVID-19 pandemic by convening a global, enterprise-level task force of business, EHS, medical, HR, legal and communications leaders. The task force quickly responded with expert guidance, working across the enterprise with our business leaders to implement enhanced safety measures, standard protocols, and important benefits like enhanced paid leave for quarantines and childcare for our essential work force. They also ensured that the needs of our employees who were working remotely were addressed through a variety of measures.

Expanded offerings for tele-health services and increased programming for mental wellness and well-being were provided to all employees. Our Employee Assistance Program (EAP) was expanded globally to provide support for a variety of personal and health concerns, including emotional health, stress and managing change. Supervisors and managers were also provided support adjusting to leading virtual teams, with training materials, seminars and on-demand learning.

Supervisors, managers and leaders in every region of the world ensured frequent communication with employees to help facilitate resiliency throughout the year. In return, our employees responded with focus on driving business results. In addition, many also helped to fight the spread of COVID in the communities where they live and work through donations to local families and volunteer work in supporting local efforts.



The health and safety of our employees is an important focus at Caterpillar, and we strive to continuously reduce injuries. Safety is forefront in our strategic goals and metrics, with visible commitment and support by leadership. In addition to metrics, we believe the best way to drive a culture of safety excellence is to create an environment where our team is accountable for their own safety, as well as the safety of those around them. We relentlessly strive to ensure our workforce returns home safely every day.

Focusing on Safety From Day One

Our production employees are an essential part of the safety process and often suggest innovative solutions to enhance safety in the workplace. Some recent efforts focused on newly hired employees.

Employees within our Building Construction Products Division noticed that those with less than one year of experience accounted for over half of near misses and injuries. Based on this insight, the employee-led team identified workstations that were best suited for new hires according to the complexity and precision needed to complete the task and assigned appropriate work based on experience level. The team also improved their on-the-job training to better educate new hires on safety and preventative measures to avoid injuries. Experienced employees were assigned as dedicated trainers to each new hire to support their learning on the shop floor. This employee-focused program led to a reduction in near misses, turnover rates and even scrap costs.

Similarly, our Product Support & Logistics Division has implemented a safety program, called the Guardian Program, to partner new employees with an experienced team member—or Guardian—during their first six months for an enhanced safety-focused onboarding. Through the pairing, Guardians accrue valuable leadership experience as a means of strengthening their professional development, and new employees benefit from the individualized support a Guardian partnership provides. This one-on-one relationship significantly reduces the new employee’s learning curve, offers enhanced support to ensure understanding of safe behaviors in the workplace, and supports inclusion by acquainting new employees with company culture and department colleagues.

Through year-end 2020, 475 Guardians globally have trained for the program, which has reduced employee safety incidents in first-year employees.



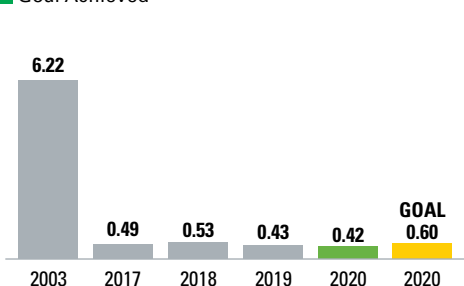
SAFETY 2020 GOALS

Reduce recordable workplace injury rate to 0.60 by 2020

RECORDABLE INJURY FREQUENCY (RIF)

Recordable injuries per 200,000 hours worked

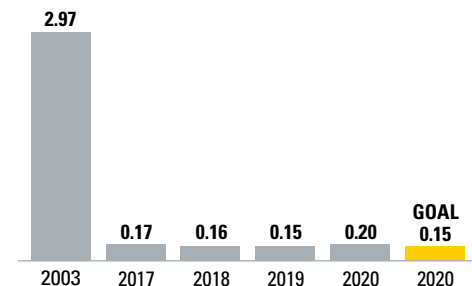
■ Goal Achieved



Reduce lost-time injury case rate to 0.15 by 2020

LOST-TIME CASE FREQUENCY RATE (LTCFR)

Worker-related injuries resulting in lost time per 200,000 hours worked



NEW 2030 GOAL:

We aspire to prevent all injuries and will further our industry-leading safety results by reducing RIF by **50%** from 2018 to 2030.



FATALITIES: 0 EMPLOYEES | 2 CONTRACTORS

CREATING ACCOUNTABILITY FOR EVERYONE

We track enterprise metrics and targets as well as individual business unit goals. Common enterprise targets create structure and accountability, while business unit strategies focused on safety create opportunities for innovation. We drive clear accountability and have an Environment, Health and Safety (EHS) management system, as described on page 13, that establishes expectations worldwide. From day one, we provide every new hire the knowledge they need to perform their job safely, and leaders regularly receive training on their role in safety compliance and setting an example for our strong safety culture. These actions help us manage risk while creating a culture focused on worker health and safety.

OUR PROGRESS REPORT CARD

In 2020, thanks to our relentless focus on safety, we delivered our best recordable injury frequency (RIF) performance on record, improving on our previous record set in 2019. We have reduced our RIF rate by 93% from our 2003 base year and by 2% from 2019 to 2020. Our lost-time case frequency rate has improved by 93% from our 2003 base year but did increase slightly between 2019 and 2020. We attribute this change primarily to the challenges presented by the COVID-19 pandemic.

While we are proud of our progress, we are also very saddened that two contractors suffered fatal workplace injuries at our facilities in 2020. These incidents highlight that safety must always remain the number one focus of all workers, and it further strengthens our safety resolve.

SETTING THE BAR HIGHER

In this report, we announce our new goal to further reduce RIF by an additional 50% from 2018 to 2030, and continue to be a safety leader in our industry. To achieve this goal, we will focus our efforts on reducing the most severe and frequent injuries. Maintaining lasting risk reduction will require even further maturity of our safety culture. Our plan includes fostering a culture of caring by involving employees in developing solutions, listening to their concerns, and ensuring they feel comfortable talking to their peers about unsafe behaviors. Continuing to provide safety learning opportunities for our leaders, safety professionals and employees will enhance our efforts. We know the journey ahead will be challenging but vitally important as we continue to prioritize the safety of our employees and their families.

CUSTOMER SAFETY

Caterpillar’s commitment to safety goes beyond our employees and facilities. Caterpillar Safety Services’ products, solutions and expertise support companies of all sizes in many industries, helping achieve and sustain safety excellence. Caterpillar Safety Services supports dealers, suppliers and customers using cultural assessment tools, continuous improvement processes, technology that identifies and mitigates risk, and a wealth of industry-specific safety resources.

Caterpillar Safety Services provides safety development offerings ▶



In 2020, we delivered our **best Recordable Injury Frequency (RIF) safety performance on record**, while providing essential products and services.

NEW 2030 GOAL:

Provide leadership in the safety of people who work in, on and around our products.





We strive to continually attract, develop, engage and retain a high-performing and diverse global team.

We are focused on attracting talented individuals from the widest talent pool possible. When employees join Caterpillar, whether they are early career or experienced hires, they begin learning about our company values, culture and code of conduct on day one through a robust orientation program.

We are intentional in providing opportunities to strengthen employees' skills and grow their capabilities throughout their career. At the high school level, we provide students with hands-on manufacturing experience to help develop skills and inspire them to pursue a career in manufacturing. In Bangalore, India, for example, we host students and teach them how STEM skills can be applied through virtual and physical demonstrations.

For early career talent, we offer internships, co-ops and career development programs for engineering, marketing and manufacturing. In 2020, we maintained our commitments to our university partners and delivered a virtual intern program. The majority of our interns worked remotely in areas such as engineering design, simulation, digital, logistics and marketing. Leaders and mentors helped ensure that interns received meaningful work experiences based on their specific skills, career interests and goals.

We are committed to helping people reach their full potential and strengthen technical, professional and leadership skills at every level throughout their career. We offer high-impact learning opportunities that include skill-based programs, experiential learning, formal classroom training, mentoring and on-the job collaboration, as well as tuition assistance at colleges and universities. We continued to offer these learning opportunities during the pandemic and, for example, moved 85% of classroom learning in engineering to a virtual format.

Through ongoing talent reviews and robust succession planning, we evaluate capability and identify the talent pools we need to succeed now and in the future.

KEY DEVELOPMENT PROGRAMS



Skills-based programs to upskill our manufacturing employees are developed locally and tailored to the specific needs of the business. For example, new welders in our Decatur, Illinois, factory go through a six-week program focused on safety, quality and welding techniques.

Employees across the globe participated in our Lean Fundamentals, Problem Solving and Leadership programs to increase Lean capabilities, and drive operational excellence throughout our company.



Our **Engineering Rotational Development Program** allows early-career engineers opportunities to work in research and development, new product introduction and continuous improvement over 12 to 18 months, rotating between assignments and gaining foundational training, as well as coaching, mentoring, and professional development opportunities to grow both technical and leadership skills.

In 2020, more than 1,600 employees across the globe completed our fully virtual **Marketing Orientation Program** to gain a comprehensive understanding of our business strategy, products and services, and the value of our dealer network.



Since its launch in 2019, an 18-month **Culture of Sales program** has enabled more than 600 field-facing, customer-focused teams to solve business challenges, share best practices and heighten acumen of core sales competencies.

Our executives continued to coach rising talent. By leveraging remote, live-learning as the pandemic unfolded, they provided



real-time insights to mid- to senior-level Caterpillar leaders in our Leadership Development 300 and Leadership Development 400 by-invitation programs. These leaders learned firsthand how to tackle critical business challenges with agility, while building capabilities around a variety of topics including strategic thinking and building high-performing teams.



Our people are the heartbeat behind the success of our products and services. Our focus on health and well-being represents Caterpillar’s commitment to building and sustaining a high-performing team by giving employees and their families the incentives, programs and social support needed to thrive.

We believe health is achieved by focusing on all aspects of well-being, including emotional, financial and physical health. We call this “Total Health,” and engage our employees through our Total Health Champions network. Total Health Champions are employee volunteers who passionately believe in the value of well-being. They function at a local level to help educate employees about the importance of good health and coordinate meaningful programs and events. They also motivate coworkers to learn about their unique health needs, take action, and effectively use the benefits available to them.

Our commitment to health and well-being not only includes our employees, but also their families. We offer a variety of benefits to both our full- and part-time global workforce that extends to employees’ spouses, same-sex domestic partners and dependents. Some of these benefits include:

- Healthcare coverage including medical, prescription drug, dental, vision and preventative exams and testing
- Parental and adoption leave and infertility benefits
- Life and disability insurance
- Retirement savings plans
- Time-off benefits, including vacation, holiday and paid volunteer time
- Additional voluntary benefits, such as accident insurance, legal services and identify theft

Information and resources to help you and your family at home, at work, and in your community



building a stronger
You

2020 EXPANDED WELL-BEING OFFERINGS

We provided new digital and mobile Employee Assistance Program (EAP) services and added 100% coverage on telehealth services during challenging times.



Throughout the pandemic, our Mental Health First Responder program empowered employees to support one another’s mental health at work and our “Building Resilience” campaign assisted employees adapting to changes in their lives at home and work.



At Caterpillar, we value diverse perspectives and strive to ensure our global team reflects the many communities and customers we serve around the world.

Caterpillar is committed to creating a workplace where everyone can succeed. We are making strides in hiring diverse talent and creating programs that foster an inclusive environment and fuel innovation. We want our employees to feel that they belong, are heard, valued and appreciated. We are accelerating our efforts to improve diversity at every level of our business to create positive and sustainable progress.

HIGHLIGHTS FROM 2020

- We remain focused on increasing female representation. We are prioritizing roles in technical fields such as logistics, procurement, digital and information technology. In India, we tailored recruiting campaigns and on-site benefits to attract female employees. In China, we continue to invest in programs that encourage women to pursue engineering, management and leadership roles.
- A growing number of employees participate in our 14 Employee Resource Groups (ERGs), which connect employees around an interest or background and promote personal and professional development. ERGs drive collaboration across cultures, genders and abilities and are key to Caterpillar's inclusive environment.
- In 2020, Caterpillar joined a coalition of 36 major corporations committed to upskilling, hiring and promoting one million Black Americans over the next 10 years into family-sustaining jobs with opportunities for advancement. The coalition formed OneTen, an organization whose goal is to make meaningful, measureable and lasting impact on racial and economic justice.

As we look forward, we continue to broaden our impact. Different voices and perspectives help us continue to innovate to meet our customers' evolving needs.

HUMAN RIGHTS

Our Human Rights Policy complements Our Values In Action, and is a commitment that we do not condone and strive to eliminate all forms of forced labor, child labor, and discrimination in the workplace; work to establish safe and healthy working conditions; value diversity as a foundational key to the success of our business strategy; seek to compensate our employees fairly and competitively where they work; and, respect principles of freedom of association and the right to collective bargaining. We are committed to respecting fundamental human rights principles throughout our global operations.

Read our Human Rights Policy ▶

Read our first Diversity and Inclusion Report ▶





We care about the employee experience and work hard to create an environment where each employee can do their best work. We continually listen to employee feedback and take action to ensure all Caterpillar employees feel part of one successful global organization and understand our commitment to help them succeed.

EMPLOYEE LISTENING

Our people are critical to delivering solutions for our customers and driving business growth. We are committed to giving them a direct voice in providing feedback on what allows them to perform at their best. We make it a priority to listen and address employee feedback on the work experience and alignment to business goals.

One way we gather feedback is through the Employee Insights Survey. The survey measures employees' perspectives on the execution of our business strategy from their position in the business, as well as how engaged they feel in their experience working at Caterpillar.

All employees can participate in the confidential survey and provide feedback and perspectives. In 2020, Caterpillar employees' feedback indicated that providing challenging and meaningful work is our greatest strength. Last year, the word "challenging" took on new meaning with teams adapting to a rapidly changing environment while remaining focused on delivering our enterprise strategy. Survey results indicated strong leadership support was a key factor in our success.



2020 ANNUAL EMPLOYEE INSIGHTS SURVEY

81% response rate

Year-over-year **favorability results improved on every index**, and scores were **above benchmark** on the majority of survey items.

Inclusion Index 

Scores have increased for the past 3 years.

Employees say our greatest strength is providing **challenging and meaningful work.**



Philanthropy

Our success contributes to the social stability of regions around the world. Caterpillar and our customers support economic growth in developed and developing countries, where aging networks need improvement, and emerging regions require new infrastructure.

Our products help ensure that investments in transportation, energy, telecommunications and waste and water infrastructure produce maximum benefits. By employing more than 100,000 people worldwide—and indirectly supporting countless other jobs—we help provide opportunities that grow economies in countries around the world.

CATERPILLAR FOUNDATION

The Caterpillar Foundation is the philanthropic arm of Caterpillar Inc. and has been on a mission to improve lives since its founding in 1952. Today the Foundation is focused on building resilient communities that thrive in a rapidly changing world. Just as our company and customers work to build infrastructure, the Caterpillar Foundation helps build stronger individuals, communities and economies around the world. The Foundation invests in the skills people need to join the modern workforce, and the natural and vital infrastructure they rely upon.

Nearly
\$810 million
invested in global communities since 1952.

THE FOUNDATION'S FOCUS AREAS INCLUDE



Empowering the workforce of the 21st century—Investing in skills development and STEM (science, technology, engineering and mathematics) to equip people with the skills required for tomorrow's economy, putting them on a path to prosperity. Skills-based education leads to better jobs, and better jobs lead to better futures.



Building resilient communities to address critical environmental challenges, support natural infrastructure development and provide access to basic services, such as water resource management and energy.



Giving back in our communities—Caterpillar's global team helps build a better world using their passions, time and talents to give back, maximizing impact through the Foundation's disaster and matching gifts programs, United Way and volunteer efforts.

Based on investments made in 2020, and together with the help of the Foundation's partners:

3 million individuals

will have better access to industry-aligned STEM education programs.

Over **512,000 acres** will be restored through reforestation, ecosystem restoration and more sustainable land use management practices.

9,700 individuals

are projected to enter the workforce after successful completion of technical and vocational education programs.

1,800 water system interventions

are projected to be installed to connect communities with reliable water sources.

Learn more about the Caterpillar Foundation's work and impact ►

THE FOUNDATION'S RESPONSE TO COVID-19

COVID-19 has affected every community that Caterpillar and the Caterpillar Foundation serve. Given its mission to build thriving communities, the Foundation increased its support for those in need during the initial stages of the pandemic. Early in 2020, the Foundation announced a \$250,000 donation to the China Women's Development Foundation through Give2Asia to provide health care facilities with critical medical protective materials in China's Hubei province, where the outbreak initially occurred.

In total, the Caterpillar Foundation committed \$10 million to support global COVID-19 relief efforts, focused on the world's most pressing needs by partnering with organizations. This commitment included a Foundation 2:1 match on eligible U.S. employee and retiree donations. The Foundation also collaborated with Caterpillar facilities around the world to donate to local charities responding to COVID-19 related health, housing, food and other basic needs in the communities our employees call home.

The Caterpillar Foundation committed **\$10 million** to global COVID-19 efforts, positively impacting 523 nonprofits in more than 16 countries.

Partners included:

- › United Nations Foundation
- › King Baudouin Foundation United States
- › The Global FoodBanking Network
- › Feeding America
- › Boys & Girls Clubs of America
- › Illinois COVID-19 Response Fund



DISASTER RELIEF

The Caterpillar Foundation is a member of the American Red Cross (ARC) Annual Disaster Giving Program. This program provides a funding base that allows the ARC to immediately provide relief to those impacted by disasters. This model ensures that the ARC has funds to prepare for disasters before they occur.

The Caterpillar Foundation invested **\$2 million** in the American Red Cross Annual Disaster Giving Program.

The Foundation's support enabled the ARC to respond to disasters such as devastating bushfires in Australia, the deadly explosion in Lebanon and widespread flooding in Sudan. In addition to supporting relief efforts through its partnership with the ARC, the Foundation made a \$250,000 donation to the Australian Red Cross.

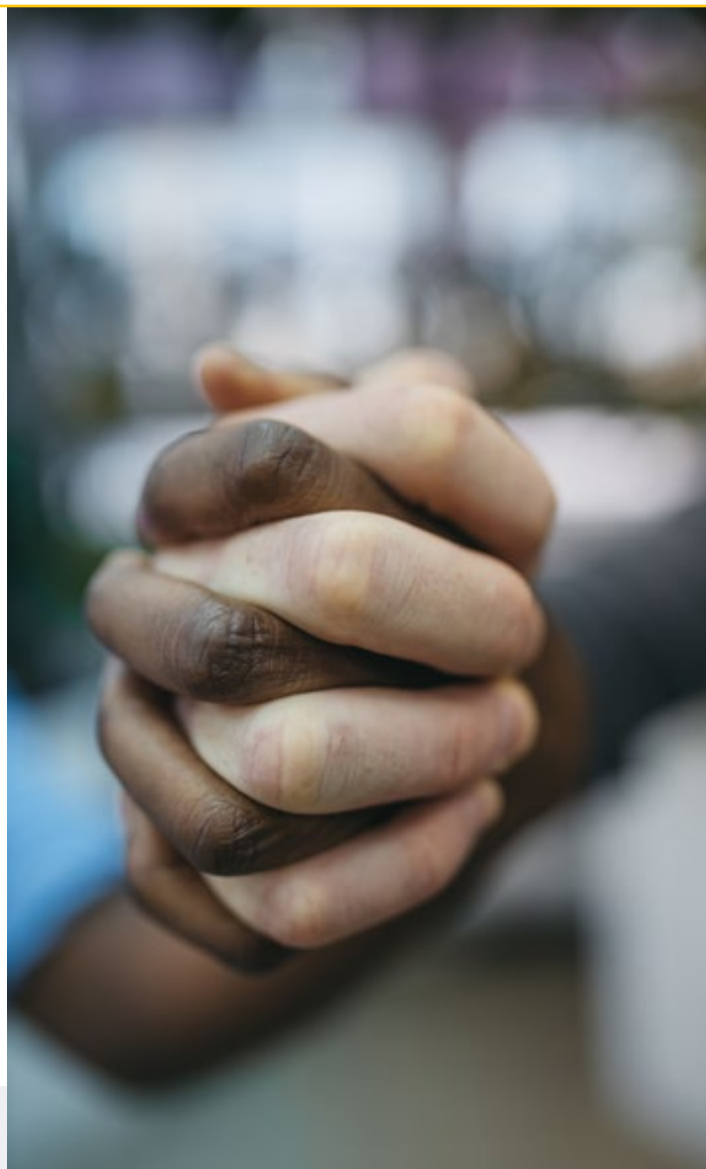


SOCIAL JUSTICE

Caterpillar supports the fight against racism and injustice. To help address structural inequities in the United States, and in line with its mission, the Foundation announced a \$1 million donation split equally between two organizations.

The **Equal Justice Initiative** is committed to ending mass incarceration and excessive punishment—challenging racial and economic injustice, and protecting fundamental human rights for the most vulnerable in our society.

The **NAACP Legal Defense and Educational Fund, Inc.** seeks structural changes to expand democracy, eliminate disparities and achieve racial justice in a society where the promise of equity for all Americans is fulfilled. The Foundation will continue investing in community programs that fight for equal rights and address the destructive effects of racism.



CATERPILLAR FOUNDATION AND THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGS)


The Caterpillar Foundation’s investments align with several of the UN SDGs. The Caterpillar Foundation works to build resilient communities in the places where we live and work and where there is need.


UN SDGS MOST CLOSELY ALIGNED TO THE FOUNDATION



ESG Data




	BASELINE 2006	2017	2018	2019	2020	GOAL 2020	PERSPECTIVE
PEOPLE DATA 							
Total number of employees	N/A	98,400	104,000	102,300	97,300	N/A	
Number of employees outside U.S.	N/A	56,200	59,400	58,700	57,000	N/A	
Women in enterprise	N/A	20%	20%	20%	20%	29% (2022)	Caterpillar remains committed to increasing female representation throughout the company and invests in programs to strengthen our gender-inclusive culture. We have set an aspirational goal of 29% women in the enterprise and 25% women in leadership by 2022.
Women in leadership	N/A	19%	19%	20%	20%	25% (2022)	
Collective bargaining % of employees covered	N/A	41%	40%	41%	40%	N/A	We respect the right of our employees to form, join or not join any lawful organization of their choice without fear of reprisal, interference, intimidation or harassment. We believe it is important for individuals to exercise that right with the benefit of available information


SAFETY 							
Recordable injury frequency ^{A/} Recordable injuries per 200,000 hours worked	6.22 (2003)	0.49	0.53	0.43	0.42	0.60	We strive for all team members to return home safely, every day. In 2020, thanks to our relentless focus on safety, we delivered our best recordable injury frequency (RIF) performance on record, improving on our previous record set in 2019. We have reduced our RIF rate by 93% from our 2003 base year, and by 2% from 2019 to 2020.
Lost-time case frequency rate ^{A/} Worker-related injuries resulting in lost time per 200,000 hours worked	2.97 (2003)	0.17	0.16	0.15	0.20	0.15	Our lost-time case frequency rate has improved by 93% from our 2003 base year, but did increase slightly between 2019 and 2020. We attribute this change primarily to the challenges presented by the COVID-19 pandemic.
Employee fatalities	N/A	0	1	0	0	N/A	While we are proud of our progress, we are also very saddened that two contractors suffered fatal workplace injuries at our facilities in 2020. These incidents highlight that safety must always remain the number one focus of all workers, and it further strengthens our safety resolve.
Contractor fatalities	N/A	0	1	1	2	N/A	


N/A = Not Applicable

^{A/} Data assured by ERM CVS. Please see our [data assurance statement](#).

	BASELINE 2006	2017	2018	2019	2020	GOAL 2020	PERSPECTIVE
ENERGY—OPERATIONS 							
Total energy use ^{A/3} gigajoules	28,720,000	23,690,000	25,160,000	23,950,000	19,340,000	N/A	We remain focused on improving energy efficiency and reducing energy consumption.
Total electricity ^{A/} million MWh	N/A	2.45	2.55	2.38	2.09	N/A	
Grid electricity %	N/A	N/A	N/A	83.8	87.3	N/A	In 2019, Caterpillar began reporting grid electricity data based on SASB recommendations. Data for years prior is not available.
Renewable energy ⁵ %	N/A	16.9	17.4	21.2	21.0	20.0	In 2020, 33% of our electrical energy was obtained from renewable or alternative sources, exceeding our 2020 goal.
Alternative energy ⁶ %	N/A	14.3	15.1	14.3	12.0	20.0	
Energy intensity ^{A/3} absolute gigajoules energy use/million dollars of sales and revenue	692	521	461	445	463	346	In 2020, we reduced our energy intensity by 33% from our 2006 baseline.

EMISSIONS—OPERATIONS 							
Absolute GHG emissions ^{A/} million metric tons CO ₂ e	2.990	2.119	2.207	1.774	1.461	N/A	Our absolute GHG emissions decreased 51% from 2006 to 2020.
Scope 1 direct emissions ^{A/} million metric tons	N/A	0.863	0.927	0.905	0.694	N/A	
Scope 2 market-based indirect emissions from purchased electricity, heat or steam ^{A/} million metric tons	N/A	1.256	1.280	0.869	0.767	N/A	In 2020, we reduced our GHG emissions intensity by 51% from our 2006 baseline, achieving our 2020 goal.
Scope 2 location-based ^{A/2} million metric tons	N/A	1.291	1.322	0.926	0.827	N/A	
GHG intensity ^{A/1} absolute metric tons of CO ₂ e/million dollars of sales and revenues	72.1	46.4	40.4	33.0	35.0	36.0	






WATER—OPERATIONS 							
Total water ^{A/} billion gallons	5.91	4.04	3.85	3.74	3.38	N/A	In 2020, we reduced our absolute water consumption by 43% from our baseline year of 2006 and nearly 10% from 2019 to 2020.
Noncontact cooling water ^{A/} billion gallons	2.74	1.40	1.26	1.31	1.19	N/A	
Total Water Consumption by Source⁹							
Noncontact cooling water ^{A/}	N/A	34.7%	32.8%	35.2%	35.2%	N/A	
Municipal water ^{A/}	N/A	28.7%	30.6%	30.8%	29.6%	N/A	
Surface water ^{A/}	N/A	16.8%	18.3%	18.0%	20.4%	N/A	
Other water ^{A/}	N/A	0.2%	0.4%	0.7%	0.6%	N/A	
Groundwater ^{A/}	N/A	19.5%	17.9%	15.4%	14.2%	N/A	
Water consumption intensity ^{A/10} absolute thousand gallons of water/ million dollars of sales and revenue	76.3	58.1	47.3	45.0	52.4	38.2	Through 2020, we have reduced water consumption intensity at our facilities by a total of 31% from our baseline year of 2006.

WASTE—OPERATIONS 							
Total waste metric tons	574,000	599,000	635,000	587,000	554,000	N/A	Our generation of total absolute by-product materials decreased by 3% from 2006 to 2020 and by 6% from 2019 to 2020.
Waste intensity absolute metrics tons of by-product materials/ million dollars of sales and revenues	13.8	13.2	11.6	10.9	13.3	6.9	
Waste recycled %	84.1	83.5	86.8	87.1	91.5	N/A	In 2020, we reduced our waste intensity by 4% from our 2006 baseline. Also, we are pleased to see the percent of our waste recycled continue to increase year-over-year.

N/A = Not Applicable

^{A/} Data assured by ERM CVS. Please see our [data assurance statement](#).

[Access endnotes](#) providing additional details regarding the data presented.

	BASELINE 2006	2017	2018	2019	2020	GOAL 2020	PERSPECTIVE
PRODUCTS 							
Reported sales and revenue ¹¹ derived from products, services and solutions that demonstrate an improved sustainability benefit over prior offerings	N/A	21%	22%	27%	30%	N/A	Caterpillar has a long history of and a strong process for innovation in the research and development of products and solutions.
Fleet hours increase in fleet hours managed by Job Site Solutions since 2013	N/A	124%	280%	510%	769%	100%	Caterpillar Job Site Solutions (JSS) helps customers realize savings through reduced operator and repair needs, as well as decreased fuel use and associated emissions. Demand from our customers continues to grow for solutions provided by our JSS team working together with our Cat® dealers.
Service agreements increase in machines covered by service agreements with Job Site Solutions since 2013	N/A	151%	321%	501%	575%	N/A	
STRATEGIC PROCUREMENT 							
Supplier Code of Conduct self-assessments	N/A	39%	39%	67%	94%	95%	Since 2016, Caterpillar has proactively surveyed our priority supply base to confirm alignment to Caterpillar's published Supplier Code of Conduct. Caterpillar uses assessment response data to address supply chain risk through a collaborative approach with responding suppliers. The 2020 target reflects continued focus on this initiative.
REMANUFACTURING 							
Growth in remanufacturing ⁷ % sales growth since 2013	N/A	2%	7%	3%	-12%	20%	Our remanufacturing and rebuild operations provide customers with immediate cost savings, help extend product life cycles and use materials more efficiently. We seek to continue to grow these activities.
Growth in rebuild ⁷ % sales growth since 2013	N/A	14%	17%	14%	1%		
Product take-back by weight ^{7,8} millions of pounds of end-of-life material received	N/A	130	155	153	131	N/A	
Product take-back by percentage ^{7,8} % of actual end-of-life returns/eligible returns	N/A	92%	92%	91%	89%	N/A	
SUSTAINABLE CONSTRUCTION 							
Buildings designed in accordance with the U.S. Green Building Council's LEED BD+C (Building Design and Construction) certification process or comparable criteria %	N/A	100%	100%	100%	N/A*	100%	Facilities designed to the LEED criteria are more energy- and resource-efficient than traditional construction.
PHILANTHROPY 							
Community investments in millions	N/A	\$33	\$27	\$28.6	\$37.9	N/A	Since 1952, the Caterpillar Foundation has contributed nearly \$810 million to help make sustainable progress possible around the world by building resilient communities that thrive in a rapidly changing world.
People impacted (cumulative) in millions	N/A	46.5	48.1	50.1	51.2	50.0	In 2013, the Caterpillar Foundation set out to place 50 million people on the path to prosperity by 2020. Together with our nonprofit partners, we are proud of the impact we've had on individuals and in communities around the world.
Matching gifts ¹² in millions	N/A	\$6.0	\$4.1	\$3.5	\$9.8	N/A	The Caterpillar Foundation is proud to match our U.S. employees, retirees and board of directors' contributions to eligible organizations.
United Way ¹³ in millions	N/A	\$11.4	\$11.8	\$12.2	\$12.3	N/A	Caterpillar has supported the United Way for more than 60 years through our annual campaign. The Foundation matches employee and retiree gifts during the campaign, amplifying our impact on the communities where we live and work.

N/A = Not Applicable

A/ Data assured by ERM CVS. Please see our [data assurance statement](#).

[Access endnotes](#) providing additional details regarding the data presented.

* Caterpillar did not complete any construction in 2020; thus "N/A" is displayed

SASB INDEX



TOPIC	SASB CODE	METRIC	UNIT OF MEASURE	RESPONSE/COMMENT
Accounting Metrics	RT-IG-000.A	Number of units produced by product category	Number	Sales data is provided in Caterpillar's annual report to shareholders on Form 10-K.
	RT-IG-000.B	Number of employees	Number	97,300
Energy Management	RT-IG-130a.1	(1) total energy consumed	Gigajoules (GJ)	Total energy consumed in GJ for 2020 is 19,340,000.
		(2) percentage grid electricity	%	87.3%
		(3) percentage renewable	%	21%
Employee Health and Safety	RT-IG-320a.1	(1) total recordable incident rate (TRIR)	Rate	0.42 ¹⁴
		(2) fatality rate	Number	0 employees, 2 contractors
		(3) near miss frequency rate (NMFR)	Rate	Caterpillar emphasizes the importance of reviewing all work-related environmental, health and safety incidents, including near misses. Near misses are communicated and managed locally.
Fuel Economy & Emissions in Use-Phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons per 1,000 ton-miles	Not applicable to Caterpillar.
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	Gallons per hour	We continue to invest in research and development aimed at products that generate fewer direct emissions. Read more about our focus on energy, fuel economy and emissions . Given the diversity of our products and applications in which our products are used, as well as the lack of industry standards to estimate on a per unit of work basis, Caterpillar does not calculate sales-weighted fuel efficiency or emissions in this manner.
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	Watts per hour	
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	Grams per kilowatt-hour	
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	N/A	Caterpillar responsibly sources the raw materials used to build our products. Please see the materials section of this report.
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	Reporting currency	Our remanufacturing and rebuild sales and revenues have grown -12% and 1%, respectively, since 2013. ⁷

Independent Assurance Statement to Caterpillar Inc.

ERM Certification and Verification Services (ERM CVS) was engaged by Caterpillar Inc. (Caterpillar) to provide limited assurance in relation to specified 2020 data in the Caterpillar 2020 Sustainability Report as set out below.

Engagement summary	
Scope of our engagement	<p>Whether the Caterpillar 2020 data for the following indicators are fairly presented, in all material respects, with the reporting criteria:</p> <p>Environmental Data</p> <p><i>Absolute and intensity*</i></p> <ul style="list-style-type: none"> • Scope 1 GHG emissions [million metric tons CO2e and million metric tons CO2e/million dollars of sales and revenues] • Scope 2 GHG emissions (by market-based method) [million metric tons CO2e and million metric tons CO2e/million dollars of sales and revenues] • Total GHG emissions [million metric tons CO2e and million metric tons CO2e/million dollars of sales and revenues] • Total energy consumption [GJ and GJ/million dollars of sales and revenues*] • Total water consumption [billion gallons and absolute thousand gallons of water/million dollars of sales and revenues] <p><i>*Sales and revenue data based on Annual 10k filing.</i></p> <p style="text-align: right;"><i>Absolute only</i></p> <ul style="list-style-type: none"> • Scope 2 GHG emissions (by location based method) [million metric tons CO2e]; • Total electricity [MWH] • Non-contact cooling water [billion gallons] • Water from each of the following sources [%] <ul style="list-style-type: none"> • Non-contact cooling water from foundry operations • Municipal water • Groundwater • Surface water <p>Safety Indicators</p> <ul style="list-style-type: none"> • Lost Time Case Frequency Rate (LTCIR); • Recordable Injury Frequency Rate (RIF) per 200,000 hours worked
Reporting criteria	The WBCSD/WRI GHG Protocol (2004, as revised January 2015) for the Scope 1 and 2 GHG emissions and Caterpillar internal reporting criteria and definitions for the other indicators.
Assurance standard	ERM CVS' assurance methodology, based on the International Standard on Assurance Engagements ISAE 3000 (Revised).
Assurance level	Limited assurance.
Respective responsibilities	<p>Caterpillar is responsible for preparing the data and for its correct presentation in reporting to third parties, including disclosure of the reporting criteria and boundary.</p> <p>ERM CVS's responsibility is to provide conclusions on the agreed scope based on the assurance activities performed and exercising our professional judgement.</p>

Our conclusions

Based on our activities, nothing has come to our attention to indicate that the Caterpillar 2020 data for the indicators listed above under 'Scope of our Engagement' are not fairly presented, in all material respects, with the reporting criteria.

Our assurance activities

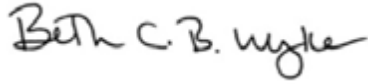
Our objective was to assess whether the selected data are presented in accordance with the principles of completeness, comparability (across the organization) and accuracy (including calculations, use of appropriate conversion factors and consolidation). We planned and performed our work to obtain all the information and explanations that we believe were necessary to provide a basis for our assurance conclusions.

A multi-disciplinary team of EHS and assurance specialists performed the following activities:

- Interviews with relevant staff to understand and evaluate the data management systems and processes used for collecting and reporting the selected data (environmental and safety);
- A review of the internal indicator definitions, reporting guidelines and emission and conversion factors;
- An analytical review of the data from all sites and a check on the completeness and accuracy of the corporate data consolidation;
- Virtual visits to one sites – Caterpillar Xuzhou Ltd. (Xuzhou, China) to review local reporting processes and consistency of reported annual data with selected underlying source data for each indicator. We interviewed relevant staff, reviewed site data capture and reporting methods, checked calculations and assessed the local internal quality assurance processes;
- Desk-based review of source data for the top contributing sites to each key corporate EHS metrics (e.g. energy, water, hours worked) including a sample of invoices and local incident logs, among others.

The limitations of our engagement

The reliability of the assured data is subject to inherent uncertainties, given the available methods for determining, calculating or estimating the underlying information. It is important to understand our assurance conclusions in this context.



Beth Wyke
Head of Corporate Assurance
21 April 2021

ERM Certification and Verification Services, London
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ERM CVS is a member of the ERM Group. The work that ERM CVS conducts for clients is solely related to independent assurance activities and auditor training. Our processes are designed and implemented to ensure that the work we undertake with clients is free from bias and conflict of interest. ERM CVS staff that have undertaken this engagement have provided no consultancy related services to Caterpillar in any respect.



ABOUT THIS REPORT

The reporting period is the 2020 calendar year, which is also Caterpillar's fiscal year. Caterpillar is headquartered in Deerfield, Illinois, USA.

Contact Us ▶

This report has been prepared in accordance with the Sustainability Accounting Standards Board (SASB) Standards. SASB publishes sector-specific reporting standards based on expert input and designed to allow businesses to identify the sustainability issues of highest importance to investors and most relevant in their industry.

We are also working toward a common global purpose with contributions to the U.N. Sustainable Development Goals (UN SDGs). Given the breadth of our products, services and solutions, our advocacy on behalf of policies that enable sustainable development, and the Caterpillar Foundation's effort to build resilient communities, Caterpillar and our customers are helping build a more sustainable future. Report content represents 100% of the products and operations of Caterpillar Inc. and its subsidiaries where we have a controlling financial interest. Where noted,

Caterpillar's independent dealer network and supplier network are also represented. Caterpillar and subsidiary brands are listed on our website. Caterpillar's environmental and safety metrics for operations are consolidated based on the Greenhouse Gas Protocol "operational control" approach. Environmental data includes all manufacturing and office facilities with more than 500 employees. Safety data includes employees in all workplaces within Caterpillar's reporting boundary.

ERM Certification and Verification Services (ERM CVS) has conducted independent assurance of selected 2020 environmental and safety data. To understand the scope, activities and conclusions of the assurance process, please see the [ERM CVS Assurance Statement](#).

Endnotes

1. GHG emissions intensity reduction goal is based on our combined Scope 1 (direct) and Scope 2 (indirect, market-based) GHG emissions using a 2006 baseline year. Likewise, total absolute GHG emissions are a sum of Scope 1 and Scope 2 (market-based) emissions.
2. Location-based Scope 2 GHG emissions are provided in accordance with the GHG Protocol Scope 2 guidance (2015). Our market-based Scope 2 emissions are calculated using the Scope 2 Quality Criteria. The following instruments were used in calculating our market-based Scope 2 emissions: Renewable Energy Guarantees of Origin, energy contracts, supplier-specific emission rates, Caterpillar-owned power generation facilities and, for the remainder of our facilities, grid average emission factors from USEPA's eGRID (2017) and the International Energy Agency's data (2018). For 2020 calculations, Caterpillar did not use residual mix factors.
3. Total energy and energy intensity data for 2018 and 2019 has been revised to bring our calculations into alignment with GRI guidance (302 Energy related disclosure standard).
4. Total renewable and alternative energy includes purchased and on-site generated alternative and renewable energy, as well as calculating the percentage of renewable energy from grid-purchased electricity using data obtained from the International Energy Agency.
5. Renewable Energy: Caterpillar defines renewable energy as energy resources that are naturally replenishing over a short period of time and virtually inexhaustible. Power generation examples include wind, solar, hydro, geothermal, tidal, wave, biomass and biogas from anaerobic digestion.
6. Alternative Energy: Caterpillar defines alternative energy as any source of usable energy that offers substantial environmental benefits compared to the conventional sources of energy that it replaces. Power generation examples include landfill gas, coal mine and abandoned mine methane, combined heat and power, coal with carbon sequestration and localized power generation.
7. Data does not include Progress Rail or Solar Turbines.
8. Product returned for remanufacture (called "core") is not always returned within the same calendar year as sold.
9. Percentages may not add to 100% due to rounding.
10. Water consumption intensity does not include noncontact cooling water from foundry operations.
11. This includes remanufacturing, component overhauls at Cat dealers, power generation using alternative energy sources, customer job site optimization and innovative new products. The components are evaluated each year to adjust for acquisitions, divestitures, offerings that become standard and improvements to data accuracy.
12. This represents employee and retiree donations made in the calendar year 2019 and the Caterpillar Foundation's match made in the calendar year 2020.
13. This includes employee and retiree contributions and the Foundation match for campaigns in the United States, Canada, Mexico and Panama.
14. Data includes Caterpillar and agency employees. Data does not include contractor employees.

Note: Some of the photos included within our 2020 Sustainability Report were taken before the COVID-19 pandemic and prior to masks being a requirement in Caterpillar facilities.

Forward-Looking Statements

Certain statements in this presentation relate to future events and expectations and are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as “believe,” “estimate,” “will be,” “will,” “would,” “expect,” “anticipate,” “plan,” “forecast,” “target,” “guide,” “project,” “intend,” “could,” “should” or other similar words or expressions often identify forward-looking statements. All statements other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding our outlook, projections, forecasts or trend descriptions. These statements do not guarantee future performance and speak only as of the date they are made, and we do not undertake to update our forward-looking statements.

Caterpillar’s actual results may differ materially from those described or implied in our forward-looking statements based on a number of factors, including, but not limited to: (i) global and regional economic conditions and economic conditions in the industries we serve; (ii) commodity price changes, material price increases, fluctuations in demand for our products or significant shortages of material; (iii) government monetary or fiscal policies; (iv) political and economic risks, commercial instability and events beyond our control in the countries in which we operate; (v) international trade policies and their impact on demand for our products and our competitive position, including the imposition of new tariffs or changes in existing tariff rates; (vi) our ability to develop, produce and market quality products that meet our customers’ needs; (vii) the impact of the highly competitive environment in which we operate on our sales and pricing; (viii) information technology security threats and computer crime; (ix) inventory management decisions and sourcing practices of our dealers and our OEM customers; (x) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xi) union disputes or other employee relations issues; (xii) adverse effects of unexpected events; (xiii) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (xiv) failure to maintain our credit ratings and potential resulting increases to our cost of borrowing and adverse effects on our cost of funds, liquidity, competitive position and access to capital markets; (xv) our Financial Products segment’s risks associated with the financial services industry; (xvi) changes in interest rates or market liquidity conditions; (xvii) an increase in delinquencies, repossessions or net losses of Cat Financial’s customers; (xviii) currency fluctuations; (xix) our or Cat Financial’s compliance with financial and other restrictive covenants in debt agreements; (xx) increased pension plan funding obligations; (xxi) alleged or actual violations of trade or anti-corruption laws and regulations; (xxii) additional tax expense or exposure, including the impact of U.S. tax reform; (xxiii) significant legal proceedings, claims, lawsuits or government investigations; (xxiv) new regulations or changes in financial services regulations; (xxv) compliance with environmental laws and regulations; (xxvi) the duration and geographic spread of, business disruptions caused by, and the overall global economic impact of, the COVID-19 pandemic; and (xxvii) other factors described in more detail in Caterpillar’s Forms 10-Q, 10-K and other filings with the Securities and Exchange Commission.



Read More Online

Throughout the year, Caterpillar shares stories of how our solutions are helping customers build a better world. Visit caterpillar.com/sustainability to learn more about how we're making a difference through efficient operations, more sustainable products, a rewarding workplace and philanthropic actions.

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