



### CHAIRMAN'S MESSAGE

## Local Citizen: Making Sustainable Progress Possible One Community at a Time

Doug Oberhelman  
Chairman & CEO

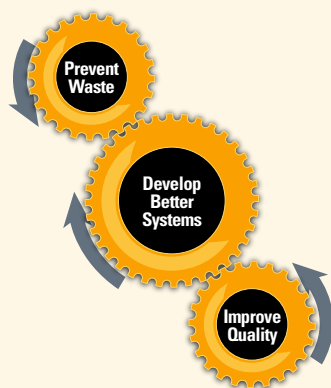
Caterpillar is the world's largest manufacturer of heavy equipment, so sometimes it's hard for people to make the connection between our business and our commitment to sustainability. For me, it's not hard at all. It's who we are and what we do every day. We protect the health and safety of ourselves and others. We innovate to make our products more efficient and to prevent waste. We support infrastructure development and environmental responsibility.

We are a diverse global team striving to build a better world, one community at a time.

We elevated Sustainability to one of Our Values in Action in 2014, but sustainability is not new to us, not at all. "Making Sustainable Progress Possible" has long been a cornerstone commitment to our customers, stockholders and employees. We have also long known that sustainable progress requires balancing the economic, environmental and social aspects of our business.

This report presents example after example of how we are contributing to that progress and balance. Sustainability drives innovation at Caterpillar – through innovation and technology, we reduce resource consumption, emissions and their associated costs.

### SUSTAINABILITY PRINCIPLES



### Sustainability drives innovation.

In these pages, you'll learn about innovations like Solar Turbines' new SoLoNOx™ technology that reduces NOx emissions from gas turbines; and innovations that combine the best attributes of existing solutions – like Caterpillar Marine's new twin fin propulsion system that is robust, easy to maintain and, because it's compact, doesn't compromise maneuverability or cargo space. This report highlights innovations with the potential to transform an industry – like our Intelligent Compaction system that enables paving machines to achieve desired criteria on a new roadway in as little as a single pass. That increases productivity and safety, and reduces fuel consumption and CO2 emissions.

Sustainability drives innovation in our internal operations, too – like the transportation and packaging process improvements in Building Construction Products facilities around the world. These facilities and their suppliers have worked together closely, and now we have fewer, more efficient shipments. This has increased safety and reduced processing time, CO2 emissions and costs.

Wherever Caterpillar designs, develops, builds and sells, we recognize and respect our responsibility to build a better world. We envision a world in which people's basic

needs – including shelter, clean water, sanitation, food and reliable energy – are fulfilled in an environmentally sustainable way. Our facilities, products, services and solutions focus on using resources efficiently as we strive to achieve that vision.

And we do it, one community at a time.

### We reclaim, recycle and remanufacture.

In greenhouses, our generator sets not only generate power efficiently; they also use CO2 beneficially to aid plant growth. This means many parts of the world have year-round access to food and flowers that they might not have otherwise. Mining reclamation sites use Cat® equipment to grade and restore land, returning it to its native state. You'll read about a North Dakota site that I visited during the year, where a landscape that not long ago was producing vital mineral ore has transformed again, back into rolling hills, woods and grassy fields.

We are especially proud that, for more than 40 years, we have been remanufacturing our products and parts, restoring them to be as strong and useful to our customers as if they bought them brand new. Over the last 10 years, Caterpillar's worldwide remanufacturing operations have recycled more than 500,000 tons of materials, keeping them out of landfills or scrap heaps. Our remanufacturing work alone has kept over 1,000,000 tons of greenhouse gas out of the atmosphere. In June, I shared a detailed history of Caterpillar's commitment to sustainability with our shareholders.

### Sustainability builds communities.

In this report, you'll also read about our continued safety record improvements. Our safety record is among the best of any industrial company today. In 2014, we decreased our Recordable Injury Frequency to 0.71. That's a 9 percent reduction from 2013. I think about how lives are better when injuries are avoided. We started our intense journey to improve safety more than a decade ago, and we'll never let up.

And our employees live in the communities near the Caterpillar facilities where they work, so we are personally interested in preserving and improving those communities. I think our people are proud of Caterpillar's work in their neighborhoods, all over the world. We've included just a few examples in this report, including employees in Nashville, Tenn., who provide pro bono legal services and employees in Brazil who are preserving native plants.

The Caterpillar Foundation supports dozens and dozens of efforts like these through grants that are targeted to alleviate the root causes of poverty and provide paths to self-sufficiency and prosperity. Since its formation in 1952, the Caterpillar Foundation has given hundreds of millions of dollars to support sustainable progress for families and communities across the globe.

Sustainable progress is not possible without access to reliable, clean and affordable energy, water, food and shelter. At Caterpillar, we support the development of all of these.

### Energy access is fundamental to prosperity.

Caterpillar knows that energy is fundamental to higher living standards and economic growth. We support traditional fossil fuels and technology that will make those fuels burn more efficiently. We are also pursuing innovations that utilize alternative and renewable resources.

Whether it's our industrial engines that support energy production; our machines that excavate and build new dams and power plants; our generator sets that power medical clinics; or our diesel-electric locomotives that transport food and materials across countries – Caterpillar actively leads the world in creating better conditions for economic growth and opportunity.

We are a company built on values; 2015 is our 90th anniversary as a company living and operating according to those values. We are a global team, the best there is, and we will continue to make sustainable progress possible one community at a time.

Doug Oberhelman  
Chairman & CEO  
Caterpillar Inc.

### GOALS AND PROGRESS

Caterpillar has set aspirational, long-term goals for its operations and product stewardship. We believe these standards affirm our determination to lead our industry to a more sustainable future.

#### 2020 GOALS FOR OPERATIONS



Reduce our recordable workplace injury rate to 0.6 and lost-time case rate due to injury to 0.15.



Reduce energy intensity by 50 percent from 2006.



Use alternative/renewable sources to meet 20 percent of our energy needs.



Reduce greenhouse gas emissions intensity by 50 percent from 2006.



Reduce water consumption intensity by 50 percent from 2006.



Reduce by-product materials intensity by 50 percent from 2006.



Design all-new facility construction to meet Leadership in Energy and Environmental Design (LEED) or comparable green building criteria.

#### 2020 GOALS FOR PRODUCT STEWARDSHIP



##### SAFETY

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



##### SYSTEMS OPTIMIZATION

Increase managed fleet hours by 100 percent from 2013.



##### PRODUCTS, SERVICES AND SOLUTIONS

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



##### REMAN AND REBUILD

Increase remanufactured and rebuild business sales by 20 percent from 2013.

### PERFORMANCE AT-A-GLANCE

Goal	Definition	2020 Goal	2014 Status
Recordable Injury Frequency (RIF)	Recordable injuries per 200,000 hours worked	0.6	0.71 <sup>1</sup>
Lost-Time Case Frequency Rate (LTCFR)	Work-related injuries resulting in lost time per 200,000 hours worked	0.15	0.23 <sup>2</sup>
Energy Intensity	Absolute gigajoules energy use/million dollars of revenue	50%	28%
Alternative/Renewable Energy	Sum of renewable and alternative electrical energy use/total electrical use x 100	20%	27.4%
GHG Emissions Intensity	Absolute metric tons of CO <sub>2</sub> e/million dollars of revenue	50%	38%
Water Consumption Intensity	Absolute thousand gallons of water/million dollars of revenue	50%	34%
By-Product Materials Intensity	Absolute metric tons of by-product materials/million dollars of revenue	50%	-1%
Leadership in Energy and Environmental Design (LEED)	Facilities completing construction in 2014 that met LEED or comparable green building criteria	100%	75%
Systems Optimization	Increase in fleet hours managed by Caterpillar Job Site Solutions from 2013	100%	47%
Reman and Rebuild	Increase remanufactured and rebuild business sales from 2013	20%	4% (Reman) 1% (Rebuild)

<sup>1</sup> RIF improved 89% from 2003.

<sup>2</sup> LTCFR improved 92% from 2003.

#### FORWARD-LOOKING STATEMENTS

Certain statements in this 2014 Sustainability Report 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," "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 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) government monetary or fiscal policies and infrastructure spending; (iii) commodity price changes, component price increases, fluctuations in demand for our products or significant shortages of component products; (iv) disruptions or volatility in global financial markets limiting our sources of liquidity or the liquidity of our customers, dealers and suppliers; (v) political and economic risks, commercial instability and events beyond our control in the countries in which we operate; (vi) 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; (vii) our Financial Products segment's risks associated with the financial services industry; (viii) changes in interest rates or market liquidity conditions; (ix) an increase in delinquencies, repossessions or net losses of Cat Financial's customers; (x) new regulations or changes in financial services regulations; (xi) a failure to realize, or a delay in realizing, all of the anticipated benefits of our acquisitions, joint ventures or divestitures; (xii) international trade policies and their impact on demand for our products and our competitive position; (xiii) our ability to develop, produce and market quality products that meet our customers' needs; (xiv) the impact of the highly competitive environment in which we operate on our sales and pricing; (xv) failure to realize all of the anticipated benefits from initiatives to increase our productivity, efficiency and cash flow and to reduce costs; (xvi) additional restructuring costs or a failure to realize anticipated savings or benefits from past or future cost reduction actions; (xvii) inventory management decisions and sourcing practices of our dealers and our OEM customers; (xviii) compliance with environmental laws and regulations; (xix) alleged or actual violations of trade or anti-corruption laws and regulations; (xx) additional tax expense or exposure; (xxi) currency fluctuations; (xxii) our or Cat Financial's compliance with financial covenants; (xxiii) increased pension plan funding obligations; (xxiv) union disputes or other employee relations issues; (xxv) significant legal proceedings, claims, lawsuits or government investigations; (xxvi) changes in accounting standards; (xxvii) failure or breach of IT security; (xxviii) adverse effects of unexpected events including natural disasters; and (xxix) other factors described in more detail under "Item 1A. Risk Factors" in our Form 10-K filed with the SEC on Feb. 17, 2015 for the year ended Dec. 31, 2014.

#### TRADEMARK INFORMATION

© 2015 Caterpillar All Rights Reserved. CAT, CATERPILLAR, their respective logos, ACERT, BUILT FOR IT, MineStar, Product Link, Solar, VisionLink, "Caterpillar Yellow," the "Power Edge" trade dress as well as corporate and product identity used herein, are trademarks of Caterpillar and may not be used without permission.