

2018

UK

Gender Pay Report



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 established its first major facility outside the United States more than 60 years ago in the UK. Today, the company employs more than 7,500 people in 19 facilities across the UK.

We are committed to ensuring that our workplace is diverse and representative of the many customers we serve around the globe. At Caterpillar, we respect the unique talents, experiences and viewpoints of all of our employees. Different perspectives help us achieve our best work and enable our company to make positive changes in the communities where we live and work. And that matters to us. Our workforce is as diverse as the customers we serve. We have different backgrounds and varied experiences. But wherever we work, whatever we do, we share a single set of values that unite our company. We live and work by these values – integrity, excellence, teamwork, commitment and sustainability – which means we treat each other with respect and value each individual's contribution. At Caterpillar, we recognize the need to celebrate diversity and the true uniqueness of each individual member, while ensuring the inclusion of the individual's ideas and contributions.

Diverse and inclusive work environments embrace the values, unique talents, experiences and viewpoints of employees. At Caterpillar, we are a high-performing team living our values and inspired to help our customers build a better world.

Inclusion drives business results, and Caterpillar knows that when it focuses on having the best talent – including a more gender-balanced workforce – everyone benefits. The more diverse our global team, the better positioned we are to meet the needs of our customers.

Global footprint...



104,000
Global Workforce



Construction



Mining
Equipment



Diesel &
Natural
Gas Engines



Industrial
Gas
Turbines



Diesel-
Electric
Locomotive

>3 million Products at work
around the world



168
Global Cat® Dealers



\$54.7 billion
2018 Global Sales and Revenues



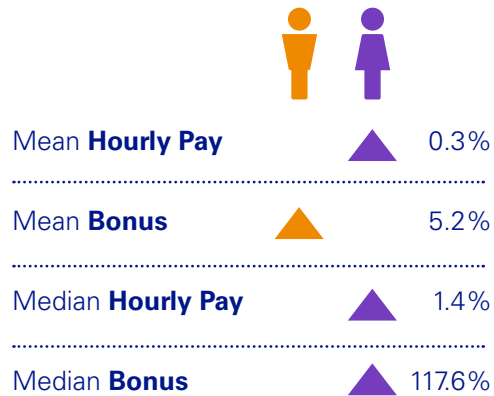


Measuring...

To provide a more complete picture, Caterpillar has chosen to report data for all its employees in the UK, excluding Northern Ireland (NI). Caterpillar in the UK is made up of separate legal entities, three of which are in scope for Gender Pay Reporting.

All UK Caterpillar Employees, excluding NI

Gender Pay and Bonus Gaps



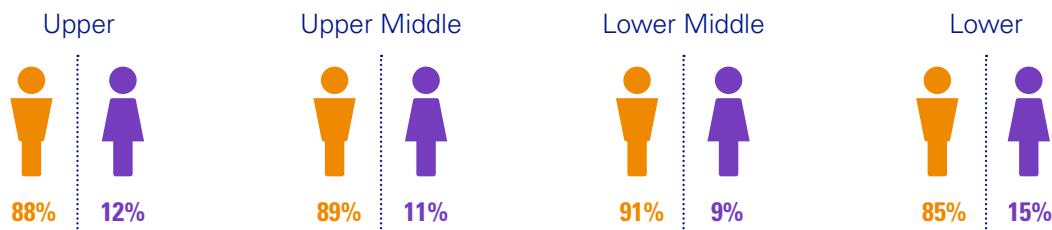
Proportion of employees paid a bonus*



Proportion of employees eligible to participate in bonus scheme

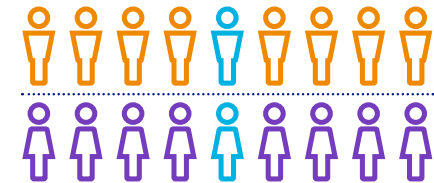


Pay quartiles



Mean

The difference in the average hourly pay for women compared to men within a company.



Median

The difference between the midpoints in the ranges of men's and women's pay. The pay gap between hourly rate pay for the middle woman compared to that of the middle man.

* Non-payment of bonus is the result of:

- Bonus plan not paying out due to business performance
- Employee leave of absence
- Effective date of hire occurred outside of reported plan year



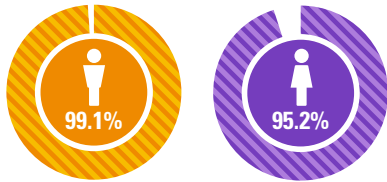
Caterpillar (UK) Ltd.

Gender Pay and Bonus Gaps

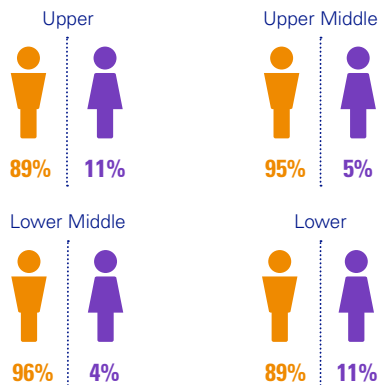


Mean Hourly Pay	▲	4.2%
Mean Bonus	▲	15.7%
Median Hourly Pay	▲	1.6%
Median Bonus	▲	147.2%

Proportion of employees paid a bonus



Pay quartiles



Perkins Engines Company Ltd.

Gender Pay and Bonus Gaps

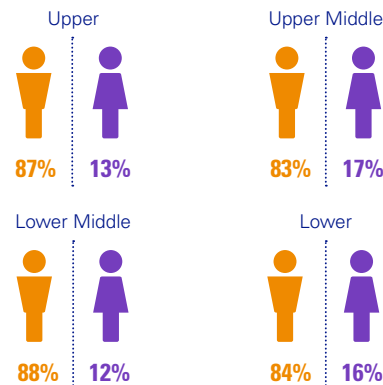


Mean Hourly Pay	▲	2.5%
Mean Bonus	▲	18.5%
Median Hourly Pay	▲	2.8%
Median Bonus	▲	31.8%

Proportion of employees paid a bonus



Pay quartiles



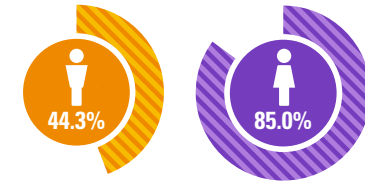
Progress Rail Services UK Ltd.

Gender Pay and Bonus Gaps

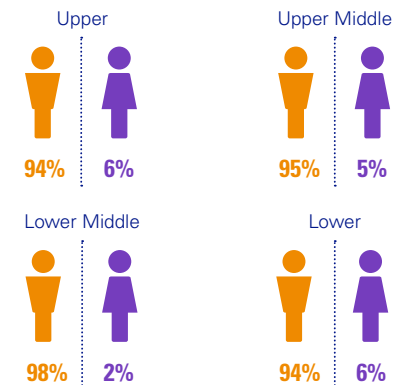


Mean Hourly Pay	▲	6.8%
Mean Bonus	▲	141.6%
Median Hourly Pay	▲	4.5%
Median Bonus	▲	100.0%

Proportion of employees paid a bonus



Pay quartiles



Understanding...



"Equal Pay" is about receiving equal pay for equal work. Caterpillar has gender neutral pay grades and a pay-for-performance philosophy that includes opportunities for equal pay and bonuses.



The **"Gender Pay Gap"** is the average difference between a man's and a woman's remuneration over a period of time. The "Gender Pay Gap" is influenced by a number of factors, including the demographics of a company's workforce. At Caterpillar, a higher proportion of men make up the total workforce with a significant amount in production roles.



Our goal is to increase the percentage of women at all levels and across all areas.

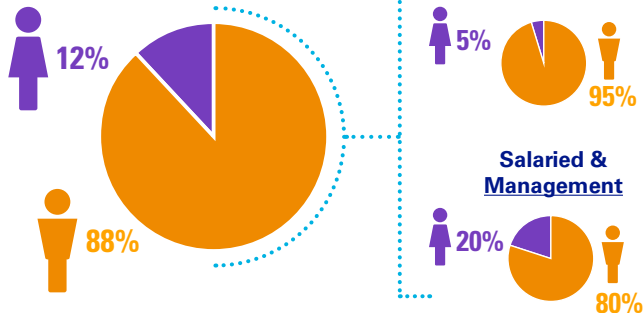


Our compensation is driven by individual and team performance. Base pay as a proportion of total compensation decreases as salary grade increases, meaning more pay at risk with increased job responsibility.



At Caterpillar, we employ more men than women across our business.

Total Workforce



- Our overall figures shown in line with the UK regulations reflect a negative pay gap (women being paid more than men).



- 79% of women, but only 42% of men are in salaried roles; this impacts the median hourly pay rate.
- Within the sub groups of salaried and management or production, when looked at independently, we see a gender pay gap in line with the national average.

Did you know...



The national average*

17.9% UK National Median Pay Gap

*Source ONS 2018. Reflects a positive pay gap (men being paid more than women).


Definitions...

Production: employees who work within our manufacturing and logistics facilities

Salaried and Management: employees who work in supporting or leadership roles

Addressing...

Caterpillar is committed to driving this change across the enterprise and has implemented and supported many initiatives on behalf of our global team – both women and men – at all career stages.

 The goal is to create a diverse, inclusive and safe environment where all employees can thrive regardless of sex, race, religion or belief, age, sexual orientation, gender reassignment, or disability.

- Employee Resource Groups serve as catalysts for change including Women's Initiative Network (WIN)

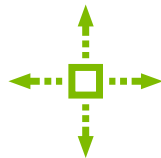


- “Breakthrough Leadership” – Intentional leadership development for current and future female leaders



- “Breakthrough Leadership Men as Allies” – Leadership training to address gender bias in the workplace

- Flexible and agile working policies designed to support employees balance work and lifestyle commitments



- Improve recruitment practices to address unconscious bias

- Enhanced maternity, paternity and adoption pay

- Our strategy, underpinned by our inclusive values, drive equal opportunities and inclusion



- Create more opportunities for female representation

- Mentoring, including reverse mentoring, which provide leaders with a different perspective

- Graduate and Apprenticeship programmes

- Society of Women Engineers



- Women's Engineering Society



- Science, Technology, Engineering and Mathematics (STEM)



- Partner with local schools and colleges to increase STEM awareness and provide career advice



- International Women's Day



- ▶ For more information on our initiatives, [click here](#).





Our commitments...

Caterpillar fosters an all-embracing environment and believes that regardless of gender, the full value of each individual's contribution can be realised only when we treat one another with respect, trust and dignity.



Providing all employees with the opportunity to develop and having the very best capable talent – including a gender-balanced workforce – benefits everyone. Addressing gender parity is a key step in a broader, more intentional diversity and inclusion journey. Because ultimately, Caterpillar believes that when employees with different opinions, experiences and backgrounds come together, we help our customers build a better world.



We confirm that our data published within this report is accurate and in line with the UK Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Cheryl Johnson
Chief Human Resources Officer

Mark Dorsett
UK Country Director