

**CATERPILLAR INC.**  
**(the “Company”)**

**CHARTER OF THE  
PUBLIC POLICY AND GOVERNANCE COMMITTEE  
OF THE BOARD OF DIRECTORS  
(adopted by the Board of Directors on December 11, 2019)**

**I. PURPOSE AND GENERAL RESPONSIBILITIES**

The Public Policy and Governance Committee (the "Committee") is appointed by the Board of Directors of Caterpillar Inc. (the "Board") to assist the Board in fulfilling its oversight responsibilities for matters relating to corporate governance and public policy. The Committee performs these functions by:

- making recommendations regarding the size and composition of the Board;
- setting criteria for the selection of candidates to serve on the Board;
- identifying and evaluating proposed candidates for election to the Board, consistent with criteria approved by the Board;
- recommending to the Board director nominees for the next annual meeting of shareholders;
- recommending to the Board candidates for election as officers of the Company;
- developing and recommending to the Board a set of Guidelines on Corporate Governance Issues and monitoring the implementation of those guidelines;
- leading the Board in its annual self-evaluation process;
- providing general oversight with respect to public policy matters.

To perform these functions, the Committee shall have the authority to perform the specific duties enumerated in this Charter and, upon the direction or approval of the Board, to undertake other activities on behalf of the Board. The Committee is authorized to request reports on matters related to its authority, its duties as described in this Charter and on any subject that it deems related to its responsibilities. All employees of the Company shall cooperate as requested by the Chairman of the Committee. The Committee is empowered to retain and terminate such advisors and consultants as it deems necessary to assist the Committee in fulfilling its responsibilities and shall have sole authority to approve such advisor’s fees and other retention terms. The Committee shall recommend

to the Board any extensions or changes in the authority or duties of the Committee that it deems appropriate.

## **II. COMPOSITION**

The Committee shall have a Chairman appointed by the Board of Directors. The Committee shall consist of that number of directors as the Board shall determine from time to time, which number shall not be less than two members in accordance with Article III, Section 5 of the bylaws of the Company. Each member of the Committee shall be "independent" under the New York Stock Exchange listing standards, as determined by the Board. The members of the Committee shall be appointed and replaced by the Board. The Board may fill vacancies on the Committee and remove a member of the Committee at any time with or without cause.

## **III. MEETING ATTENDANCE AND MINUTES**

The Committee shall meet at such times as the Chairman of the Committee shall designate, and notice of such meetings shall be given to Committee members, all in accordance with the bylaws of the Company. Directors not on the Committee may attend meetings. One-third of the Committee, but not less than two members, shall constitute a quorum for the transaction of business. Unless the Committee by resolution determines otherwise, any action required or permitted to be taken by the Committee may be taken without a meeting if all members of the Committee consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Committee. As necessary or desirable, the Chairman of the Committee may require that any members of management and outside consultants be present at meetings of the Committee. Members of the Committee may participate in a meeting through use of conference telephone or similar communications equipment, so long as all members participating in such meeting can hear one another, and such participation shall constitute presence in person at such meeting.

The Committee shall report to the Board periodically or as required by the nature of its duties on its activities and shall make such recommendations to the Board as the Committee decides are appropriate. The Chairman of the Committee shall review and approve the Committee minutes and they shall be filed with the Secretary of the Company for retention with the records of the Company. Copies of such minutes shall be presented to each Board member.

## **IV. RESPONSIBILITIES AND DUTIES**

The following responsibilities are set forth as a non-exclusive guide for fulfilling the purposes of the Committee. The Committee is authorized to carry out these activities and other actions reasonably related to the Committee's purposes or assigned by the Board from time to time. The Committee may form and delegate authority to subcommittees when appropriate.

## **A. Corporate Governance Matters**

### ***1. Corporate Governance Guidelines***

The Committee shall be responsible for the implementation and oversight of the Guidelines on Corporate Governance Issues adopted by the Board. The Committee shall annually review the guidelines and recommend changes to the Board as appropriate.

### ***2. Size and Composition of the Board***

The Committee shall evaluate and make recommendations to the Board regarding the size and composition of the Board, including whether the offices of Chairman and CEO should be held by the same person.

### ***3. Selection of Directors***

The Committee shall develop and recommend to the Board criteria for the selection of individuals to be considered as candidates for election to the Board, and shall periodically review these criteria and recommend changes to the Board as appropriate.

The Committee shall solicit and receive recommendations concerning possible candidates for election to the Board, including self-nominations and third-party nominations. The Committee shall identify, review, and evaluate the qualifications of all individuals identified as possible candidates for director and recommend to the Board individuals for election as directors. This function shall include, but not be limited to, making recommendations regarding:

- 1) individuals to fill vacancies occurring from time to time, including vacancies resulting from an increase in the size of the Board; and
- 2) the slates of directors proposed for election at the annual meetings of shareholders.

The Committee shall establish a procedure for the consideration of director candidates recommended by the Company's shareholders.

The Committee shall have the sole authority to engage search firms to identify director candidates.

### ***4. CEO and Chairman of the Board Succession***

At least annually, the Committee shall review the Company's succession plans with the Board and advise the Board concerning candidates for the positions of Chairman of the Board and Chief Executive Officer. The Chairman of the Committee shall chair any executive session of the Board called for the purpose of discussing CEO and Chairman of the Board succession issues.

**5. *Related Person Transactions***

The Committee shall review related person transactions, as defined in applicable Securities and Exchange Commission rules, and establish policies and procedures for the review, approval and/or ratification of related person transactions.

**6. *Director Independence***

The Committee shall annually review the relationships between directors, the Company and members of management and recommend to the Board whether each director is independent pursuant to the Board's definition of independence and the applicable rules and regulations of the New York Stock Exchange and Securities and Exchange Commission.

**7. *Officer Nomination and Ratification***

The Committee shall advise the Board concerning possible candidates for such positions as Chairman of the Board, Chief Executive Officer, Group President, Vice President, Chief Financial Officer, Secretary, Treasurer, and such other officers as the Company may from time to time deem appropriate. To fulfill these responsibilities, the Committee may review such information as the Committee shall deem appropriate.

**8. *Outside Board Service***

The Committee shall review directorships in other public companies held by or offered to directors and senior officers of the Company.

**9. *Director Resignations***

The Committee shall assess the appropriateness of a director's resignation letter submitted in connection with (i) the termination of such director's primary occupation or significant change in such director's business or professional circumstances or (ii) a director who does not receive a greater number of votes "for" such director than votes "against" such director at an uncontested election of directors, and recommend to the Board the action to be taken with respect to any such letter of resignation.

**10. *Executive Security***

The Committee shall provide oversight over the physical security provided to the Company's executive officers.

## **B. Public Policy Matters**

### ***1. Public Relations***

The Committee shall provide general oversight over investor, customer, community and government relations.

### ***2. Legislative and Regulatory Affairs***

The Committee shall review key domestic and international legislation, regulation, trade and public debate affecting the Company.

### ***3. Political and Charitable Contributions***

At least annually, the Committee shall (i) review political contributions made by the Company, and (ii) recommend to the full Board the aggregate amount to be contributed by the Company to the Caterpillar Foundation for charitable purposes.

### ***4. Environmental, Health and Safety***

The Committee shall provide general oversight over environmental, health and safety activities, including the Company's initiatives to produce products and services that support sustainable development of global resources.

## **C. Administrative Matters**

### ***1. Governance Committee Charter***

The Committee shall review this charter at least annually for adequacy and recommend to the Board any necessary changes.

### ***2. Information Flow to the Board***

The Committee shall review and assess the channels through which the Board receives information, and the quality and timeliness of information received.

### ***3. Annual Board and Committee Evaluations***

The Committee shall engage in a self-evaluation annually. The Committee shall also administer the annual self-evaluation process for the Board and its committees. The Committee shall share the Board evaluation results with the full Board and lead Board discussions and analysis thereof.