

CATERPILLAR INC.
(the “Company”)
CHARTER OF THE
COMPENSATION AND HUMAN RESOURCES COMMITTEE
OF THE BOARD OF DIRECTORS
(adopted by the Board of Directors on December 11, 2019)

I. PURPOSE AND GENERAL RESPONSIBILITIES

The primary function of the Compensation and Human Resources Committee (the “Committee”) is to assist the Company’s Board of Directors (the “Board”) (i) in fulfilling its responsibilities in connection with the compensation of the Company’s directors, officers and employees, and (ii) providing general oversight over employee relations. It performs these functions by:

- establishing and overseeing compensation and benefit plans, including both long and short term incentive compensation plans, for the CEO, CFO, Group Presidents, CHRO, CLO and Vice Presidents of the Company (the “Officers”);
- exercising oversight with respect to the establishment, maintenance and administration of the Company’s compensation and benefits plans for employees other than Officers;
- recommending to the Board the compensation of directors who are not employees of the Company;
- administering the Company’s Equity Award Plans, including the granting of equity awards thereunder;
- furnishing an annual Compensation Committee Report on executive compensation and recommending to the Board the inclusion of the Compensation Discussion and Analysis section in the Company’s proxy statement;
- providing general oversight over employee relations; and
- performing such general oversight and investigation functions inherent to the responsibilities designated herein or set forth in future resolutions of the Board.

The Committee may form and delegate authority to subcommittees when appropriate. The Committee may request, at its sole discretion, reports on matters related to its authority or duties described in this Charter or on any subject that it deems appropriate to its responsibilities. All employees of the Company are expected to cooperate as requested by the Committee. The Committee is empowered, in its sole discretion, to retain or obtain the advice of a compensation consultant, independent legal counsel or other adviser (“Consultant”). The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such Consultant. The Company shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any such Consultant retained by the Committee. Prior to retaining or obtaining advice from any Consultant, the Committee shall consider the independence of such Consultant and any conflicts of interest that could arise including each of the independence factors set forth in the rules of the New York Stock Exchange. The Committee shall recommend to the Board appropriate extensions or changes in the authority or duties of the Committee.

II. COMPOSITION

The Committee shall have a chairman appointed by the Board of Directors (“Chairman”). The Committee shall consist of that number of directors as the Board shall determine from time to time, such number not to be less than two members in accordance with Article III, Section 5 of the bylaws of the Company. The Board may fill vacancies on the Committee and remove a member of the Committee at any time with or without cause. Each member of the Committee shall meet the independence requirements of the New York Stock Exchange.

III. MEETING ATTENDANCE AND MINUTES

The Committee shall meet at such times as the Chairman shall designate and notice of such meetings shall be given to Committee members in accordance with the bylaws of the Company. Directors not on the Committee may attend meetings at the discretion of the Chairman. At the invitation of the Chairman, members of management and outside consultants shall attend Committee 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. Members of the Committee may participate in a meeting through the use of conference telephone or similar communications equipment, as long as all members participating in such meeting can hear one another, and such participation shall constitute presence at such meetings. The Chairman shall review and the Committee shall 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

A. Compensation Matters

1. CEO Performance and Compensation

The Committee shall review and approve the Company’s goals and objectives relevant to the CEO’s compensation. The Committee shall evaluate the CEO’s performance in light of those goals and objectives, and all independent directors shall participate in the CEO’s evaluation. Based on this evaluation, the Committee shall make recommendations to the independent members of the Board as to the CEO’s compensation.

In evaluating the CEO’s performance, both objective and subjective criteria may be used, including but not limited to: (a) the Company’s financial performance; (b) accomplishment of the Company’s long-term strategic objectives; and (c) the development of the Company’s top management team. The CEO shall not attend full Board meetings discussing his or her evaluation.

2. Officer Compensation

The Committee shall (i) oversee an evaluation of the performance of the Company's CFO, Group Presidents, CHRO and CLO and (ii) review and approve each of their compensation. The Committee shall oversee the compensation of the Company's Vice Presidents.

3. Employee and Management Compensation

The Committee shall oversee the Company's compensation practices for salaried and management employees who are not Officers, including the compensation philosophy and objectives in connection with the same.

4. Compensation Plans and Programs

The Committee shall approve, and recommend standards for, the Company's compensation programs and plans, including, but not limited to, the Company's various incentive compensation, equity compensation, retirement and other benefit plans. The Committee shall also ensure that compensation is competitive and rewards performance, taking into account compensation levels and practices at comparable companies, but not being constrained by them in exercising its independent judgment. The Committee shall also consider the vote of stockholders regarding the Company's compensation policies and practices.

The Committee shall review management's assessment as to whether the Company's compensation policies and practices are reasonably likely to have a material adverse effect on the Company.

5. Independent Director Compensation

The Committee shall, in consultation with the Company's management, periodically review the compensation of the Company's independent directors. In conducting its review, the Committee may consider any factors it deems reasonable to such review, including, but not limited to, independent director compensation at other companies. After such review, the Committee shall recommend to the Board the compensation for the Company's independent directors.

6. Equity Award Plans

The Committee shall administer the Company's equity award plans in accordance with the responsibilities assigned to the Committee under any and all such plans. The Committee shall oversee stock ownership guidelines for Officers and directors of the Company.

B. Employee Relations

The Committee shall provide general oversight over the Company's policies and initiatives related to immigration, equal employment and equal opportunity, diversity and inclusion, and labor relations.

C. Administrative Matters

1. Committee Charter

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

2. Committee Evaluation

The Committee shall engage in a self-evaluation annually and report the results of that evaluation to the Board.

3. Reports to the Board

The Committee shall report to the Board periodically or as required by the nature of its duties on all of its activities and shall make such recommendations to the Board as the Committee decides are appropriate.