

Caterpillar Tax Strategy

Our tax strategy and policies are aligned to the Caterpillar Enterprise Strategy and conform to our Worldwide Code of Conduct and Values in Action. We are committed to being a responsible taxpayer, acting in an ethical and sustainable manner in all tax matters and being transparent in our dealings with tax authorities.

This strategy seeks to ensure that we fully comply with all applicable tax rules and regulations in the jurisdictions in which we operate, we pay the tax we are legally required to, and we safeguard our reputation as a responsible taxpayer while also recognising that we have an obligation to shareholders to manage our tax liabilities. To these ends, we have outlined the following principles which drive our decision making with respect to our tax affairs:

- We manage our tax affairs in accordance with our Code of Conduct at all times.
- We will comply with all relevant tax laws, regulations, and reporting requirements in the jurisdictions in which we operate. If we discover instances of non-compliance we will seek to resolve them with the appropriate tax authority.
- Recognizing that the application of tax laws and regulations to specific transactions can be highly complex, we will take positions which we believe are consistent with the manner in which the law and regulations should be applied upon examination or related proceedings. We may seek or obtain external advice with respect to these issues as appropriate.
- We seek to build constructive relationships with taxing authorities. Where appropriate and practicable we may obtain seek input or agreement from authorities prior to undertaking a transaction.
- Our activities are driven by business needs. When given a choice between different options to implement a business transaction, we will determine the most appropriate option considering together legal, commercial, financial, strategic, and reputational impacts.
- Transactions between Caterpillar affiliates shall be structured in a way that is consistent with the operations of the business and produces an allocation of income to the jurisdictions in which we do business that is consistent with the 'arms-length' principle outlined in the OECD Transfer Pricing Guidelines.

We will regularly review our tax strategy with the Chief Financial Officer and the Audit Committee of the Board of Directors.

In accordance with Para 16(2) and Para 25 of Schedule 19 Finance Act 2016, this represents the UK Group's tax strategy in effect for the year ended 31 December 2020.