



CATERPILLAR®

2021
SUSTAINABILITY
REPORT
EXECUTIVE SUMMARY

CATERPILLAR'S ENVIRONMENTAL,
SOCIAL AND GOVERNANCE APPROACH



EXECUTIVE SUMMARY

CHAIRMAN & CEO LETTER

SUSTAINABILITY IN ACTION

Our long-standing commitment to sustainability inspires us to set and achieve meaningful environmental, social and governance (ESG) goals and develop innovative products, technologies and services to support our customers on their sustainability journey.

We believe the energy transition represents a significant opportunity for long-term profitable growth, leading us to add sustainability as a focus area of our enterprise strategy.

To demonstrate the importance of transparent climate-related reporting and disclosure, we will further enhance our reporting in our Sustainability Report released in 2023. This will include our first-ever Task Force on Climate-Related Financial Disclosures (TCFD) report and public disclosure of estimated Scope 3 greenhouse gas emissions.

ENABLING OUR CUSTOMERS' SUCCESS

The addition of sustainability as a focus area, together with operational excellence, expanded offerings and services, highlights our work to achieve Caterpillar's and our customers' climate-related objectives. Through investments in technology that facilitate fuel transition, operational efficiency and reduced emissions, we are helping our customers reduce their carbon footprint while also meeting their requirements for performance, durability and economic value.

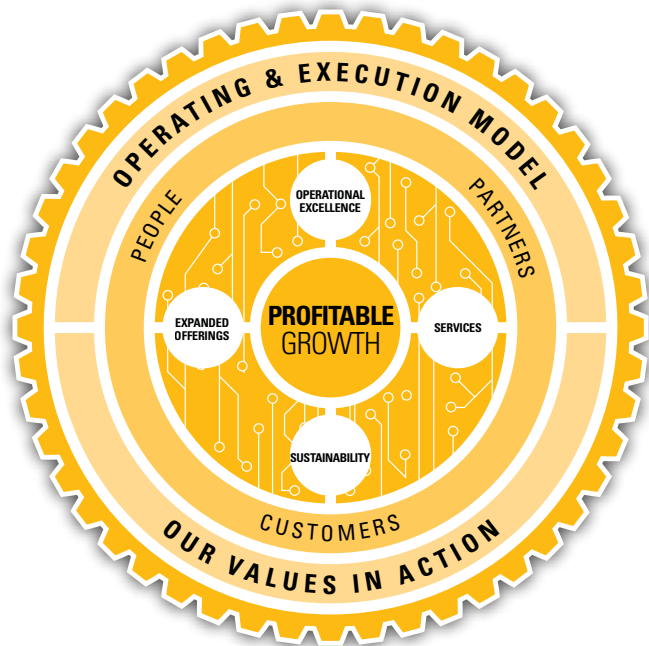
In 2021, a number of projects were announced that will allow Caterpillar to contribute to a reduced-carbon future. You can read about several examples of [product innovation](#) in our Sustainability Report.

OUR VALUES IN ACTION

Our ESG commitment extends beyond environmental sustainability. We continue to build a more diverse and inclusive workplace, as outlined in our Diversity & Inclusion Report. We also demonstrate strong corporate citizenship through the Caterpillar Foundation, helping build stronger, more resilient and sustainable communities around the world.

We are building on our legacy of providing products and services that advance sustainable progress and improve standards of living, supporting our customers throughout the energy transition as they build a better, more sustainable world.


Jim Umpleby
Chairman & CEO



VIEW THE FULL CATERPILLAR 2021 SUSTAINABILITY REPORT

CATERPILLAR TO BEGIN REPORTING SCOPE 3 GHG EMISSIONS DATA IN 2023

CATERPILLAR'S APPROACH TO GHG EMISSIONS

Caterpillar supports the goals of the Paris Agreement to limit global temperature rise, and we are committed to contributing to a reduced-carbon future. We demonstrate our commitment by setting targets and disclosing progress toward greenhouse gas (GHG) emissions reduction goals. We announced our first sustainability goals in 2006 and refined them in 2013 to include a 50% reduction in Scope 1 and 2 GHG emissions intensity from 2006 to 2020. We actually achieved a 51% reduction against this goal.

In 2021, we set seven new sustainability goals for 2030. Among them is a new goal to further reduce absolute **Scope 1 and 2** GHG emissions by 30% between 2018 and 2030.

Also in 2021, we further emphasized our commitment to reducing product-related emissions by disclosing an additional new goal that 100% of our new products through 2030 will be more sustainable than the previous generation.

In **2023**, Caterpillar will provide our first-ever public disclosure of estimated **Scope 3 emissions data** (including for Category 11 – Use of Sold Products), utilizing the **Greenhouse Gas Protocol** for reporting. Also of note, our first **TCFD** report will also be published in **2023**. We will continue to be transparent about our goals, progress and innovations and are committed to continue enhancing our climate and sustainability disclosures.

At Caterpillar, we have a legacy of providing products and services that continually improve the quality of life and the environment by fulfilling society's need for infrastructure including shelter, clean water, transportation and reliable energy – in a sustainable way.

In 2021, we released our Climate & Energy Statement, which reflects our commitment to contributing to a reduced-carbon future.



Click here to read our updated **CLIMATE & ENERGY STATEMENT**.



VIEW THE FULL CATERPILLAR 2021 SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE 2021

Caterpillar Board of Directors



Public Policy and Governance Committee



Chief Executive Officer



Executive Office

CATERPILLAR RESTRUCTURES BOARD TO FURTHER EMPHASIZE SUSTAINABILITY AND ESG

Sustainability oversight is conducted at Caterpillar's highest levels, beginning with our board of directors. Given the importance of sustainability, the board restructured its committees, effective June 8, 2022, and created the new Sustainability and other Public Policy Committee (SPPC). Among other responsibilities, the SPPC will have oversight over climate and sustainability.

Management's sustainability governance includes our Chief Executive Officer (CEO) and all executive officers who report directly to the CEO, including the Chief Sustainability & Strategy Officer.



[Read more](#) about our Corporate Governance

SUSTAINABILITY GOVERNANCE 2022

Caterpillar Board of Directors



Sustainability and other Public Policy Committee



Chief Executive Officer



Executive Office

SHAREHOLDER ENGAGEMENT AND RESPONSIVENESS

Caterpillar values the diverse perspectives and input of our shareholders. Through regular, ongoing shareholder engagement, we hear their interest in how Caterpillar is addressing and reporting on climate change, as well as how our company is contributing to a reduced-carbon future.

We have responded to shareholder feedback by taking and announcing several key actions, including:

- Disclosing our estimated Scope 3 GHG emissions data beginning in 2023;
- Committing to utilize the TCFD framework to further enhance our sustainability reporting beginning in 2023;
- Incorporating ESG performance into the 2022 incentive plan for executive officers;
- Creating a new executive leadership position of Chief Sustainability & Strategy Officer, reporting directly to the Chief Executive Officer; and
- Launching our annual Diversity and Inclusion Report, which also includes a link to the disclosure of our EEO-1 report.



[VIEW THE FULL CATERPILLAR 2021 SUSTAINABILITY REPORT](#)

2030 GOALS AND PROGRESS

KEY: Progress toward achieving 2030 goal



Operations Energy & Emissions

GOAL:

We have set a science-based Scope 1 and 2 goal to reduce absolute greenhouse gas emissions from our operations by **30%** from 2018 to 2030.



32% Reduction in absolute GHG emissions from 2018

Goal Progress:

- ✓ **24%** of all energy at Caterpillar facilities provided by renewable sources*
- ✓ Implemented energy/GHG reduction initiatives, including machine replacements and production efficiency improvements, resulting in beneficial contributions to reduced emissions

Operations Water

GOAL:

Implement water management strategies at **100%** of facilities located in water high-risk areas by 2030.



11% Facilities achieved goal of water strategy implementation

Goal Progress:

- ✓ Foundational year for defining and deploying water management criteria in high-risk areas
- ✓ Implemented water management elements, including compliance, management strategy, leadership review, and employee engagement

Operations Waste

GOAL:

Reduce landfill intensity by **50%** from 2018 to 2030.



34% Reduction in landfill intensity from 2018

Goal Progress:

- ✓ Recycled **91%** of waste due to waste reduction and recycling projects
- ✓ Reduced packaging waste due to increased utilization of returnable shipping containers

Remanufacturing

GOAL:

Increase sales and revenues from remanufacturing offerings by **25%** from 2018 to 2030.



-3% Decrease in sales and revenues from remanufactured products from 2018

Goal Progress:

- ✓ **127 million** pounds of material taken back for remanufacturing through Cat Reman
- ✓ Progress anticipated with remanufacturing options integrated into future product development

Product Emissions & Energy Efficiency

GOAL:

100% of Caterpillar's new products through 2030 will be more sustainable than the previous generation through collaborating with customers, reduced waste, improved design for rebuild/remanufacturing, lower emissions or improved efficiency.



100% New products introduced in 2021 were more sustainable than previous generations

Goal Progress:

- ✓ Reduced waste and fuel consumption as well as increased safety and operator ease-of-use features in the Cat® M316 and M320 Wheel Excavators as compared to previous models
- ✓ Supported improved efficiency and productivity, such as the 992 Wheel Loader that provides optimized design resulting in 32% more productivity and 48% more efficiency, as compared to the 992K
- ✓ Reduced emissions through products such as the G3520 2.5MW gas generator set with retrofit kits allowing up to 25% hydrogen content, expected to be available in late 2022.

*Renewable sources includes purchased and on-site generated renewable energy, and the renewable energy from grid-purchased electricity.



2030 GOALS AND PROGRESS – *continued*



Employee Health & Safety

GOAL:

We aspire to prevent all injuries and will further our industry-leading safety results by reducing recordable injury frequency (RIF) by **50%** from 2018 to 2030.



23% Decrease in recordable injury frequency from 2018

Goal Progress:

- ✓ **Best safety performance** on record for third year in a row
- ✓ Facilities worldwide effectively managed enhanced safety measures and vaccination opportunities to protect employees from COVID-19
- ✓ Amplified focus on new hire safety training and mentorship



Customer Safety

GOAL:

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



Our Qualitative Commitment Statement

For example, Caterpillar Safety Services highlights in 2021:

- ✓ Provided safety counseling for **7,200+** customer employees
- ✓ Developed a National Safety Month campaign
- ✓ Hosted an Executive Leadership Safety Summit

NAVIGATING THE 2021 SUSTAINABILITY REPORT

Each section below is hyperlinked to the content provided throughout the full body of our Sustainability Report.

EXECUTIVE SUMMARY	3	REPORTING	
SUSTAINABILITY AT CATERPILLAR	8	ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) DATA	56
CORPORATE GOVERNANCE	11	PRIORITIZATION AND MANAGEMENT OF ESG ISSUES	60
ENERGY, FUEL ECONOMY AND EMISSIONS	15	SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) INDEX	61
MATERIAL PROCUREMENT	31	GENERAL REPORTING INITIATIVES (GRI) INDEX	62
REMANUFACTURING	34	DATA ASSURANCE	68
PEOPLE	39	ABOUT THIS REPORT	69
PHILANTHROPY	50		

