



# OUR MARKET-BASED WAGE APPROACH

Our market-based wage approach is an integral component of Caterpillar's Total Rewards package and is designed to balance the need to attract and retain employees with the need to keep our facilities competitive.

We are committed to wages that are competitive in our local markets. Since 2005, Caterpillar has conducted a local market analysis each year to ensure we set wages appropriately.

Prior to 2005, we failed to get the balance right. Our wages were substantially above market. That uncompetitive position led to severe under-utilization of many of our facilities and hampered growth and employment opportunities.

**Our market-based wage approach has allowed us to put our facilities in a competitive position while providing good jobs for thousands of employees.**

- We've kept our promise to review wages annually, resulting in 14 adjustments over the last 17 years.
- Since 2005, we have increased our market-based wages by \$8.41, or nearly 60% (Labor Grade 3).
- We've also responded to changing labor market conditions. Between November 2021 and July 2022, we made two wage adjustments that resulted in increased pay of more than 8 percent.
- 97% of employees are on the same market competitive wage, regardless of hire date.

**Since 2017, we've increased the workforce in our Central Labor Agreement facilities by nearly 2,000 jobs – or almost 40%. We were able to do that because we've maintained the competitiveness of our facilities compared to other manufacturing options.**

**We aim to reach an agreement that positions Caterpillar, our facilities and our employees to compete and succeed long into the future.**