



2022 SUSTAINABILITY REPORT EXECUTIVE SUMMARY

**CATERPILLAR'S ENVIRONMENTAL,
SOCIAL AND GOVERNANCE APPROACH**

April 28, 2023



CHAIRMAN & CEO LETTER

With nearly a century of sustainable innovation, Caterpillar has a legacy of providing products and services that continually improve the quality of life and the environment by helping our customers fulfill society's need for infrastructure in a sustainable way. The world is transitioning toward a lower-carbon future, and Caterpillar supports efforts to mitigate climate change. We are making significant progress to reduce greenhouse gas (GHG) emissions from our operations, and our customers rely on Caterpillar to provide a diverse portfolio of products, services and solutions that lower GHG emissions, improve efficiency and productivity, and deliver energy flexibility.

As a leading global equipment and services provider, we believe the energy transition expands opportunities for profitable growth in a variety of ways. For example, we are helping our customers meet accelerating mined commodity demand and our products and services help address rising global energy demand for renewables and many traditional forms of energy. The growing momentum of the energy transition will also require significant global infrastructure investment while expanding Caterpillar's services opportunities.

Caterpillar has been a technology leader for nearly a century, and we continue to invest to meet the needs of our diverse global customer base. We are increasing our investments in autonomy, alternative fuels, connectivity and digital, and electrification (AACE). We will continue to invest more in AACE as we work with our customers to help them achieve their sustainability objectives. You can read about our expanded portfolio of fully electric, fuel-flexible and fuel-efficient products in this report.

We continue to be transparent about our goals, progress and innovations and remain committed to demonstrating shareholder responsiveness. This is illustrated through the publication of our inaugural Task Force on Climate-related Financial Disclosures (TCFD) report and disclosure of our Scope 3 use of sold products emissions.

Our commitment to a reduced-carbon future extends to our public policy efforts as we advocate for a thoughtful approach to identifying and advancing policies that support our customers during the energy transition. More information is available in our 2022 Lobbying Report: The Purpose of Engagement, which we plan to issue annually.

Caterpillar's Values in Action are the foundation for our work, guiding us on our sustainability journey. Through the Caterpillar Foundation, we have engaged in sustainable infrastructure programs, workforce development and disaster relief in 40 countries. We were proud to celebrate the Foundation's 70th anniversary of helping build resilient communities.



We believe the energy transition and growing global energy demand present significant growth opportunities for Caterpillar. Our global team, together with the Cat® dealer network, is committed to enabling a reduced-carbon future as we advance the products, services and solutions that help our customers build a better, more sustainable world.

Jim Umpleby
Chairman & CEO



Cat G3516H gas generator set can be configured to use 100% hydrogen



SUSTAINABILITY DISCLOSURE MILESTONES

Caterpillar committed to its shareholders to provide three new disclosures in 2023. In addition to these commitments, in response to shareholder engagement gathered throughout last year, we provided an additional, new lobbying report to further enhance transparency through our disclosures.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD Report aligns with the 11 recommended disclosures of the TCFD and summarizes how we govern our strategy to address climate-related risks and opportunities and support customers in the energy transition.

Scope 3 Greenhouse Gas (GHG) Emissions

This report includes our first disclosure of Scope 3 emissions data for Category 11, use of sold products.

ESG Incorporated into Incentive Plan for Executive Officers

As described in our 2023 Proxy Statement, we incorporated environmental, social and governance (ESG) into our 2022 incentive plan for executive officers.

Lobbying Report: The Purpose of Engagement

The lobbying report provides greater transparency and disclosure of our advocacy efforts and political engagements, including Climate Lobbying, as well as a description of the oversight and management of these activities.



CS11 GC Vibratory Soil Compactor



33%



reduction in Scope 1 + 2 greenhouse gas emissions from 2018

17%



improvement in recordable injury frequency from 2018

14



Employee Resource Groups (ERGs) building community, belonging and experiences to support development

nearly **\$900M**



invested by the Caterpillar Foundation over the last 70 years

2022 SUSTAINABILITY HIGHLIGHTS

100%



of new products introduced reduced waste, improved design for rebuild/remanufacturing, lowered emissions or improved efficiency from the previous generation

140M lbs

of material taken back through Cat Reman



Successful demonstration of **first battery electric**



793 large mining truck prototype, complementing our innovative portfolio of products and services designed to help our customers achieve their climate-related goals



2030 GOALS & PROGRESS

KEY:
Progress toward achieving 2030 goal



Not on track



Progressing



On track



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.

33%

reduction in absolute greenhouse gas (GHG) emissions from 2018

Progress:

- Implementing energy/GHG reduction initiatives at our facilities
- Improving operational efficiency of our global footprint
- Reduced our direct (Scope 1) emissions by nearly 21% from our 2018 base year



Operations Water



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

14%

facilities achieved goal of water strategy implementation

Progress:

- Continued progress in our second year of implementing water management strategies at our facilities in water high-risk areas
- While 14% of our impacted facilities have implemented all 9 of the required management elements, over 40% of all management elements have been completed by in-scope facilities



Operations Waste



GOAL: Reduce landfill intensity by 50% from 2018 to 2030.

36%

reduction in landfill intensity from 2018

Progress:

- Increased the percent of non-metals recycled at our facilities by 34% in 2022 from our baseline year of 2018
- In addition to reducing the landfill intensity of our operations, we have also reduced our overall waste (recycled and landfilled materials) intensity by 16% compared to our 2018 base year by focusing on waste reduction, recycling and improved operational efficiency



2030 GOALS & PROGRESS CONTINUED



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.



Remanufacturing



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



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.



Customer Safety



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

100%

new products introduced in 2022 were more sustainable than previous generations

19%

increase in sales and revenues from remanufactured products from 2018

17%

improvement in recordable injury frequency from 2018

Progress:

- All of the more than 50 new products in 2022 satisfied the goal criteria
- Reduced emissions with four battery electric machine prototypes: the Cat® 301.9 mini excavator, 320 medium excavator, 950 GC medium wheel loader and 906 compact wheel loader
- Improved fuel efficiency through products such as Progress Rail's first hybrid intermediate power EMD® GT38H locomotives, to be delivered in 2023
- Delivered performance and eliminated exhaust emissions with the R1700 XE battery electric underground loader and mobile MEC500 charger

Progress:

- 140 million pounds of material taken back for remanufacturing through Cat Reman¹
- Cat Reman¹ introduced 28% more remanufactured products in 2022 than in 2021 to support sustainability and total cost of ownership initiatives
- Remanufacturing produces 65-87% less GHG process emissions as compared to manufacturing new parts²

1. Data does not include Progress Rail, Solar Turbines, Caterpillar Energy Solutions and Caterpillar Defense.
2. Represents U.S. environmental impacts comparing "gate-to-gate" remanufacturing and manufacturing processes for engines and components. Based on 2018 external study of Cat engines, alternators and turbochargers. Does not include impacts elsewhere in our value chain.

Progress:

- Engaged our employees in developing solutions to improve their own daily work and send everyone home safely every day
- Amplified focus on new hire safety training and mentorship to manage risk
- Implemented a Safety Dashboard that provides robust, real-time safety data for the benefit of employees and leaders informing their safety focus with facts and data

Progress:

- Provided safety counseling for 10,500+ customer employees
- Supported 150+ customers in multiple industries to develop leaders and improve safety culture
- Developed common master disconnect for future Cat machines and gensets to increase speed and consistency to lock machine during maintenance or emergency incident





CHIEF SUSTAINABILITY OFFICER MESSAGE



Building a better, more sustainable world

It has been my privilege to spend the last two decades collaborating with Caterpillar teams to advance and expand products, services and solutions for our customers. We continue to further our commitment to sustainability, a journey that has included making it one of Our Values in Action as part of our Code of Conduct and formalizing it as a key area of focus in our enterprise strategy. In 2023, I was honored to become Caterpillar’s Chief Sustainability Officer, along with my position as senior vice president of Caterpillar’s Large

Power Systems Division. This is an exciting time to step into the role as we continue to support our customers on their sustainability journey.

Innovation and integration are two of the things we do best at Caterpillar. We are leveraging these strengths to provide innovative products, technologies and services that help our customers meet their climate-related objectives. Additionally, we are supporting our customers throughout the energy transition as they build a better, more sustainable world.

In support of our long-standing commitment to sustainability, we continuously strive for increased transparency. This year, we will begin disclosing our Scope 3 use of sold products emissions. We have also aligned with the TCFD framework as another step in identifying, analyzing and managing our climate-related opportunities and risks. This complements the robust risk management strategy we have in place and supports the strategic choices we are making today to create profitable growth for tomorrow.

Supporting a lower-carbon future, returning people home safely, demonstrating Our Values in Action and reporting for increased transparency are the key topics highlighted in our 2022 Sustainability Report. I invite you to read about the actions we are taking to continue to build on our legacy of providing products and services that advance sustainable progress and improve standards of living.

Dr. Lou Balmer-Millar
Chief Sustainability Officer

AWARDS & RECOGNITION

Business

Dow Jones Sustainability North America Indices
23 years

S&P Global
2022 Sustainability Yearbook

Newsweek
America’s Most Responsible Companies 2023 (#294)
Most Trusted Companies (#7)

Interbrand
Best Global Brands (#83)

Wall Street Journal
Best Managed Companies of 2022 (#29)

Barron’s
2023 100 Most Sustainable U.S. Companies (#74)

Workplace

Forbes Magazine
World’s Best Employers 2022 (#116)
America’s Best Employers 2022 (#289)
America’s Best Employers by State 2022
Best Employers for Veterans 2022 (#83)
Global 2000, 2022 (#139)
Mexico’s Best Employers (#6)

Human Rights Campaign Foundation
Corporate Equality Index 2022 (75%)
Equidad MX 2023, top major Mexican businesses and multinationals for LGBT workplace inclusion, Caterpillar Nuevo Laredo

Fortune Magazine
World’s Most Admired Companies (#102)
Fortune 500 (#78)

Financial Times
Europe’s Diversity Leaders (#610)

5 Stars Award
Best Company To Work For in Brazil, “Large” Category

United Way Worldwide
Global Corporate Leadership Program

NAVIGATING THE 2022 SUSTAINABILITY REPORT

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



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Cover Photo: Caterpillar's first battery electric 793 large mining truck prototype