

Resolved: Shareholders request that US Steel adopt time-bound, quantitative, company-wide, science-based goals for reducing total greenhouse gas emissions, taking into account the goals of the Paris Climate Agreement, and report, at reasonable cost and omitting proprietary information, on its plans to achieve these goals.

Supporting Statement

The Paris Climate Agreement, which entered into force November 4, 2016, specifies a goal limiting the increase in global average temperature to “well below 2°C” above pre-industrial levels. To meet this 2-degree goal, climate scientists estimate global greenhouse gas emissions must be reduced 40-70 percent below 2010 levels by 2050; the US target is 26-28 percent below 2005 levels by 2025.

Noting ensuing government action and policy shifts, the World Steel Association names climate change “the biggest issue for the steel industry in the twenty-first century.” And BlackRock, the world’s largest asset manager, states that “climate change risk has arrived as an investment issue” and “regulatory risks are becoming key drivers of investment returns.”

As understanding of climate change impacts develops, companies lacking comprehensive greenhouse gas reduction goals may be being singled out by regulators, the media and activists. In addition to reducing risk, setting corporate greenhouse gas goals can drive innovation, save money, and enhance our company's reputation.

The steel industry accounts for 7% of global anthropogenic greenhouse gas emissions. The sectoral decarbonization approach suggests an emissions intensity reduction of over 70% by the steel industry by 2050 to achieve 2 degrees. Over half of S&P 500 companies have already set greenhouse gas emissions reduction targets, as have several of US Steel’s peers:

- *ArcelorMittal: 8% intensity reduction by 2020 (2007 baseline)*
- *POSCO: 9% intensity reduction by 2020 (2008 baseline)*
- *ThyssenKrupp: improve efficiency by 3.5 TWh by 2020, around 1.3 million tons of CO₂ emissions avoided annually.*

Companies can achieve greenhouse gas reductions by reducing direct emissions, improving energy efficiency, and using renewable energy. In 2013, CDP found that four of five companies earn a higher return on carbon reduction investments than on their overall corporate capital investments, and that energy efficiency improvements earned an average return on investment of 196%, with an average payback period of 2-3 years. Money saved from energy efficiency can be reinvested into the business, benefiting shareholders.

In CDP’s 2016 report, *Nerves of Steel*, US Steel ranks last relative to peers. It has the highest emissions intensity among peers, 24% above average. The company has no reported greenhouse gas emissions reduction target or R&D initiatives on breakthrough low emissions technology, unlike many other companies, and has made no recent progress in reducing emissions intensity. If US Steel fails to set and pursue greenhouse gas goals, it may not achieve the benefits realized by its peers—a competitive disadvantage for the company and shareholders alike.