

## Setting Science-based Greenhouse Gas Targets

### WHEREAS:

The Paris Climate Agreement aims to limit the increase in global average temperatures to “well below” 2 degrees Celsius above pre-industrial levels. To meet this 2-degree goal, climate scientists estimate global greenhouse gas emissions must be reduced 40 to 70 percent below 2010 levels by 2050.

The World Steel Association names climate change “the biggest issue for the steel industry in the twenty-first century.” In June 2016, the credit rating agency Moody’s announced it will analyze carbon transition risk based on scenarios consistent with the Paris Agreement. And in June 2017 the Taskforce on Climate-related Financial Disclosures released guidelines recommending that companies “describe the targets used by the organization to manage climate related risks and opportunities and performance against targets” to measure and manage climate risk.

The steel industry accounts for seven percent of global anthropogenic greenhouse gas emissions; the sectoral decarbonization approach suggests an emissions intensity reduction of over 70 percent 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, including several of US Steel’s peers:

- *Arcelor Mittal: 8% intensity reduction by 2020 (2007 baseline)*
- *POSCO: 9% intensity reduction by 2020 (2008 baseline)*
- *ThyssenKrupp: absolute emissions reduction target of 4 percent by 2020 (2013 baseline) for Scope 1, 2 and 3 emissions.*

Several of US Steel’s peers have committed to set science-based greenhouse gas targets, including China Steel and Mahindro Sanyo Special Steel.

CDP’s 2016 report, *Nerves of Steel*, found that US Steel has among the highest emissions intensity compared to peers, increasing by 2.4 percent between 2009 and 2015. The company has no reported greenhouse gas emissions reduction target. In contrast to peers, US Steel also lacks research and development initiatives on breakthrough low emissions technology.

As understanding of climate change develops, companies lacking comprehensive greenhouse gas reduction goals may face increased regulation and greater scrutiny from investors, other stakeholders and the media. In addition to reducing risk, corporate greenhouse gas goals can drive innovation, save money, enhance reputation and create new market opportunities. As more companies set greenhouse gas reduction targets for their supply chains, they are beginning to prioritize suppliers that have lower emissions. Thus, US Steel has the potential to increase market share if it reduces the emissions footprint of its steel.

By failing to set and pursue greenhouse gas goals, US Steel may be at a competitive disadvantage and will not achieve the cost- and risk- reduction benefits realized by companies that are implementing such goals.

### 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.