



# 2023 Task Force on Climate-related Financial Disclosures Report

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# Executive Summary

**United States Steel Corporation (U. S. Steel) is a leading steel producer that combines integrated and mini mill steel technologies to produce high-quality, value-added steel products that serve as the building blocks of a sustainable future.**

U. S. Steel serves the automotive, construction, appliance, energy, containers and packaging industries with high-value-added steel products, such as U. S. Steel's proprietary XG3™ advanced high-strength steel, InduX™ electrical steel and lower greenhouse gas (GHG) emissions verdeX® steel.<sup>1</sup> The Company also maintains competitively advantaged iron ore production and has an annual raw steelmaking capability of 22.4 million net tons.

With differentiated products and a goal of low impact manufacturing, we are transforming our Company to reduce our capital and carbon intensity as core elements of our Best for All® strategy. We are doing our part to realize a low carbon economy while continuing to supply the steel that is foundational to manufacturing—just as we have throughout our 120-year history.

U. S. Steel is empowering its people to innovate new solutions that manufacture products with a low carbon footprint, all the while decreasing the impact on human health and the environment. Our contributions to society go beyond the supply of steel, as we engage with the communities in which we live and work to help build a sustainable future that is Best for All.

<sup>1</sup> Produced with up to 70-80% lower GHG emissions than traditional, integrated-mill steels.



This report incorporates the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to clearly demonstrate our sustainability efforts in the areas of Governance, Strategy, Risk Management and Metrics and Targets.

## Governance

A strong governance program is essential to the oversight of sustainability. Our Board of Directors (Board) as a whole has oversight of sustainability, risk and strategic direction, and has delegated authority to its Corporate Governance & Sustainability Committee to review key sustainability initiatives, policies and practices and sustainability performance.

The Audit Committee of the Board has been delegated authority to oversee the Company's Enterprise Risk Management (ERM) program. Our management takes an active role in climate-related risk assessment and management through executive leadership and interdepartmental committees.

## Strategy

Our Best for All® strategy is focused on providing customers with profitable steel solutions for people and planet, creating a more sustainable future for all our stakeholders. By expanding our mini mill capability, leveraging our iron ore capabilities and expanding on best-in-class finishing assets, our corporate strategy is designed to please customers, improve cash flow,

reduce cost structure, reduce carbon intensity and produce differentiated steel products to meet the needs of our customers. This strategy is informed by an assessment of the climate-related risks and opportunities in our industry as well as potential climate impacts on our facilities, customers and suppliers.

## Risk Management

We have a robust and comprehensive risk function, which includes climate-related risks and an action plan to mitigate these risks. Our ERM framework is embedded across the organization and allows us to identify, assess and manage climate-related risks and opportunities.

## Metrics and Targets

We disclose our Scope 1 and 2 GHG emissions in our annual Environmental, Social and Governance (ESG) Report. In 2021, we announced our aim to achieve net-zero carbon emissions by 2050. This action supports the U.N. Paris Climate Agreement to limit global warming to below 1.5°C compared with preindustrial levels. Our ambition builds on our 2030 goal to reduce our GHG emissions intensity by 20% compared with a 2018 baseline.

# Governance

## Board Oversight

Our Board monitors and guides the Company’s Environmental, Social and Governance (ESG) practices, reporting metrics and performance and retains overall oversight of sustainability, risk and strategic direction, and has delegated to each of the standing committees specific oversight responsibilities.

The Corporate Governance & Sustainability Committee oversees the sustainability program as a whole and the risks associated with achieving certain sustainability-related measures, including greenhouse gas (GHG) emissions and other climate-related matters and sustainable use of natural resources (such as air, water, land and minerals). The committee meets at least quarterly and regularly reports climate-related matters to the Board. As part of its oversight, the committee reviews sustainability as a standing agenda item, including reports and discussions on sustainability strategic priorities, implementation of the GHG emissions and intensity reduction targets, and the use of reporting and disclosure frameworks.

The Audit Committee assists the Board in overseeing the operational activities of the Company and reviewing risks that could have a material impact on U. S. Steel, including risks related to climate change. The Audit Committee meets on a quarterly basis with the Chief Risk Officer and other members of senior management as appropriate, to discuss risks that could have a material impact on U. S. Steel. The Audit Committee reports to the full Board with regard to its discussions.

The Compensation & Organization Committee reviews and approves the Company’s

compensation and benefit programs, as well as corporate goals and objectives that are relevant to the compensation of the CEO and corporate executives and are under short- and long-term incentive plans.

## Management’s Role

Our management takes an active role in managing and assessing climate-related risks and opportunities by integrating climate-related risk into our overall Enterprise Risk Management (ERM) framework, as well as forming interdepartmental committees to drive our sustainability strategy.

Our ERM Governance Committee includes the Chief Executive Officer, Chief Financial Officer, Chief Strategy & Sustainability Officer, and General Counsel and Chief Ethics & Compliance Officer. This management committee meets quarterly to align risk management to strategy, identify emerging risks, evaluate risk prioritization and review action plans for top-tier risks, which includes climate-related risks. The Chief Risk Officer reports on these activities regularly to the Audit Committee.

## CORPORATE SUSTAINABILITY GOVERNANCE

<b>Board of Directors</b>	Oversees sustainability, risk and strategy direction.
<b>Corporate Governance &amp; Sustainability Committee</b>	Reviews key sustainability initiatives and practices, sustainability performance, and public reporting on sustainability topics, including the annual U. S. Steel ESG Report and any related standalone reports (including but not limited to TCFD reporting).
<b>Audit Committee</b>	Oversees the Company’s ERM program, which includes climate-related risks.
<b>Compensation &amp; Organization Committee</b>	Oversees the inclusion of sustainability-related metrics within the Executive Compensation Program.
<b>CEO and Executive Sustainability Committee</b>	Accountable for sustainability performance, risk management and strategy design, development and execution.
<b>Chief Strategy &amp; Sustainability Officer (CSSO)</b>	Executive sponsor and owner of sustainability-related activities. Recommends for approval all sustainability-owned initiatives.
<b>Sustainability Team</b>	Evaluates and communicates the risks of current and potential sustainability-related megatrends and issues, coordinates data management of material topics, manages GHG emissions and is responsible for both external and internal sustainability communications.

Our Executive Sustainability Committee, composed of all our C-suite executives, including our CEO, meets at least quarterly to discuss environmental compliance, sustainability performance, risk management and strategy design, development and execution. The committee is responsible for

setting and communicating sustainability metrics, goals and performance in addition to coordinating internal and external sustainability-related communications such as the annual ESG Report. Our CSSO reports on these activities regularly to the CEO and Board.



The U. S. Steel Board of Directors. Pictured from left to right: Paul Mascarenas, Terry Dunlap, Michael McGarry, Jeh Johnson, Patricia Tracey, David Burritt, Tracy Atkinson, Alicia Davis, David Sutherland, John Faraci, John Engel, Andrea Ayers and Murry Gerber

# Strategy

**Our Best for All® strategy is focused on providing customers with profitable steel solutions for people and planet, creating a more sustainable future for all our stakeholders.**

This strategy is informed by assessment of the climate-related risks and opportunities in our industry as well as potential climate impacts on our facilities, customers and suppliers.

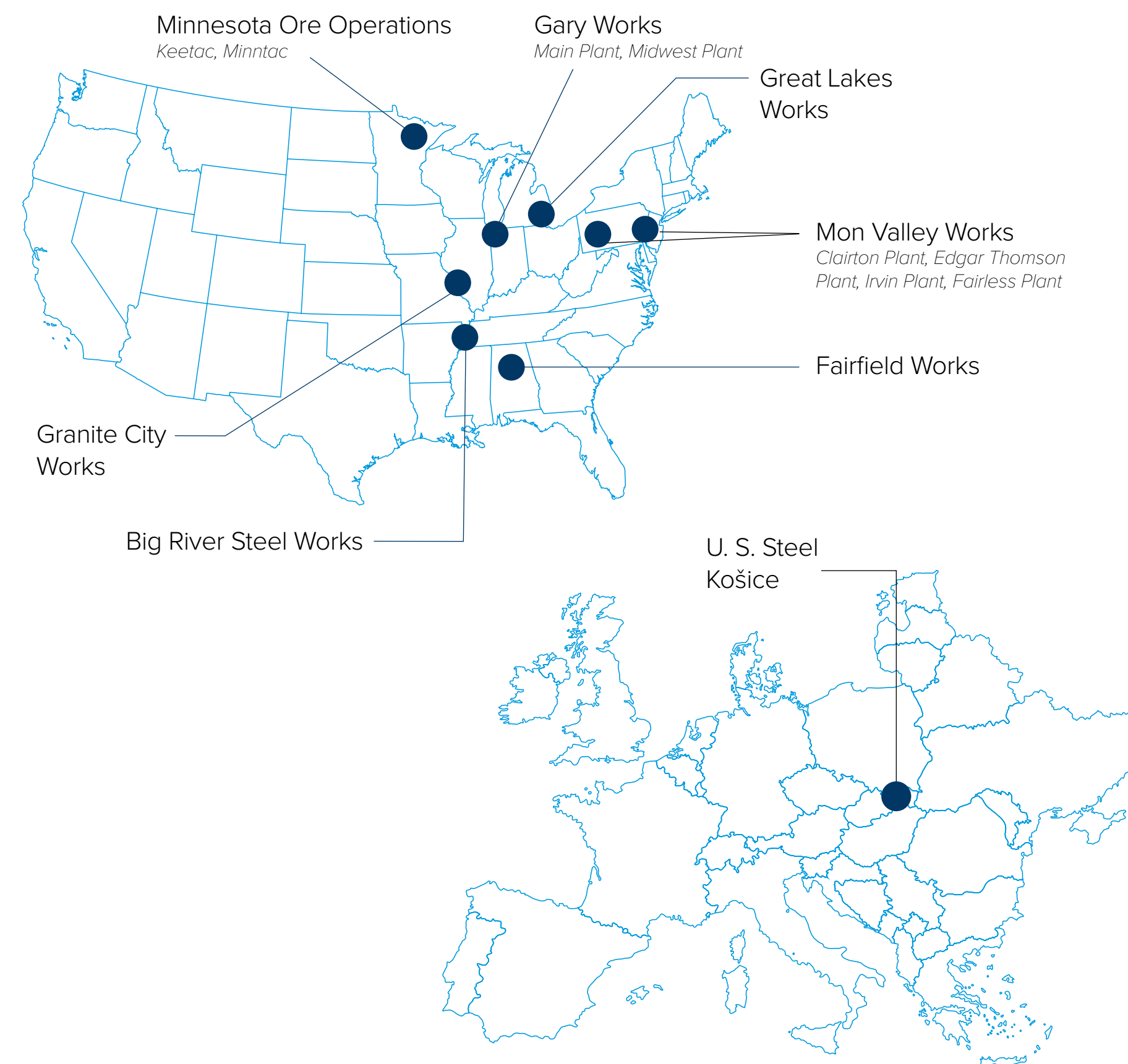
In 2021, we conducted two Task Force on Climate-related Financial Disclosures (TCFD) workshops to identify potential climate-related risks and opportunities. This process included identifying which physical and transition risks are most likely to impact our organization and whether the risk is likely to manifest over the short, medium or long term.

Building upon our initial climate risk assessment performed in 2021, we implemented a climate risk assessment refresh in 2023 to reassess our physical risks, transition risks and mitigation strategies. In 2023, we conducted a location-based quantitative impact assessment of facilities and critical suppliers. The impact to U. S. Steel facilities and critical suppliers in our value chain was evaluated using climate modeling tools to assess site-specific climate-related risks and financial exposure. These tools and the results of the assessment will support cross-functional teams with decision-making. The reassessment also included a detailed regulatory and market landscape assessment to qualitatively reassess previously identified transition risks and identify relevant additions. We also performed stakeholder engagement to identify and align risk mitigation

strategies to the physical and transition climate-related risk impacts assessed. This helped us better understand the physical and transition risks facing our business in the short, medium and long terms, to update our plans to mitigate potential risks and to capitalize on emerging opportunities.

We have included predominant physical risks identified across U. S. Steel sites in this report. The climate model assessed climate-related risks under an updated scenario representing a low carbon economy ([SSP1-RCP 2.6](#); less than 2°C warming) and under the same carbon intensive scenario as the 2021 assessment ([SSP5-RCP 8.5](#); 4°–5°C warming). In addition, we qualitatively reassessed our transition risks considering recent developments in the market as well as the evolving regulatory landscape to strengthen our risk mitigation strategies and pursue opportunities. The refresh of both our physical and transition risk assessment aided the development of targeted strategies aligned to U. S. Steel enterprise risks, Enterprise Risk Management (ERM) procedures and industry risk mitigation practices.

**The following U. S. Steel operational sites were evaluated in the 2023 climate risk assessment, in addition to critical supplier sites:**



## Strategy (cont.)

### Climate-related Physical Risks

We leveraged climate risk modeling to perform a quantitative physical risk assessment for priority U. S. Steel facilities and critical suppliers. This physical risk assessment informs our analysis of climate-related risk exposure under two scenarios: a low carbon economy scenario and a carbon intensive scenario. It also improves our understanding of the potential impacts of physical climate hazards at our sites by evaluating the risk exposure in the short, medium and long terms. We assessed physical risk impacts and potential risk exposure in a carbon intensive scenario in 2030 to gain a better understanding of the risks facing our business in the medium and long terms as detailed in the table on the right. This allows us to align risk mitigation strategies to be prepared for the worst-case scenario. We have also assessed climate-related impacts and exposure up to 2050 and will continue to monitor developments as our business changes to update our plans for our net-zero target for continued resiliency and adaptability, following our Best for All® strategy.

The physical risks of climate change are also among our top tier in our ERM program.

TIMELINE			SHORT-TERM	MEDIUM-TERM	LONG-TERM
Physical and transition risks			0–1 years	1–5 years	5–30 years

PHYSICAL RISK			POTENTIAL IMPACT ON U. S. STEEL			MITIGATION STRATEGY
RISK TYPE	RISK	DEFINITION	LOW CARBON ECONOMY SCENARIO	CARBON INTENSIVE SCENARIO	IMPACT: CARBON INTENSIVE SCENARIO 2030	
<b>Acute</b>	Acute precipitation	Acute precipitation is measured by a 100-year daily total water equivalent.	The average number 100-year daily total water equivalent is projected to increase by ~0.5% from present day to 2030 and by ~2% from 2030 to 2050.	The average number 100-year daily total water equivalent is projected to increase by ~4% from present day to 2030 and increase by an additional ~4% from 2030 to 2050.	By 2030, in a carbon intensive scenario, the potential impacts resulting from extreme precipitation will be most pronounced at our sites in the Southern, Midwestern and Northeastern United States.  Extreme precipitation resulting in flooding may result in operational delays, supply chain disruption and production capacity concerns, highlighting the need for flood protocol measures. Extreme precipitation may also increase costs associated with property insurance premiums, climate adaptation measures and depreciation of infrastructure and equipment.	<p>We proactively develop and execute flood protocol plans for sites located in high-risk flood-prone regions and ensure ongoing adherence through site-level verification processes. Plans often include safety and security flood control protocol, actions for unloading equipment into emergency storage facilities, critical contacts and information on maintenance of river fleets.</p> <p>For sites with significant flooding risk exposure due to precipitation, such as facilities located in the Northeast, there are river flood control plans in place depending on water level elevation.</p> <p>At our site located in the Southern United States, we constructed a floating barge dock that is designed to adapt to changing water levels and mitigate risks associated with flooding. Its buoyancy allows the dock to rise and fall with changing water levels, preventing potential damage that may occur to fixed docks during flooding events and mitigating disruption to the business by enabling river accessibility.</p> <p>We monitor groundwater levels at our site in the Southern United States to detect any potential changes or trends to identify if we are approaching critical levels that pose a risk to our operations. The construction of containment ponds, diversion canals and pumping structures at our sites allows us to store excess water, strategically guide groundwater away from operational areas and remove excess groundwater to create a comprehensive approach to managing groundwater levels and limit impacts to our operations.</p>

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# Strategy (cont.)

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PHYSICAL RISK			POTENTIAL IMPACT ON U. S. STEEL			MITIGATION STRATEGY
RISK TYPE	RISK	DEFINITION	LOW CARBON ECONOMY SCENARIO	CARBON INTENSIVE SCENARIO	IMPACT: CARBON INTENSIVE SCENARIO 2030	
<b>Acute</b>	Extreme weather	Extreme weather events refer to severe storms as well as drought, hail and wildfires. High wind speed is also considered in our analysis.	The average days per year where severe storms — our most prevalent extreme weather risk — are probable is expected to remain close to present-day levels then increase by ~3% between 2030 and 2050.	The average days per year where severe storms — our most prevalent extreme weather risk — are probable is projected to increase by ~3% from present day to 2030, then increase by ~2% from 2030 to 2050.	Based off projections for a 2030 carbon intensive scenario, extreme weather events are projected to most impact our operations in the Midwestern and Southern regions and may result in a loss of infrastructure and safety challenges in production.	<p>During a severe weather event, Emergency Services supervision will monitor the situation through news reports, radio broadcasts and weather alert systems to proactively communicate imminent threats. Additionally, severe weather alert systems at our facilities are tested monthly, and any problems noted during the testing process are rectified within the appropriate U. S. Steel departments. Our planning and emergency response and recovery plans for extreme weather strengthen U. S. Steel's resiliency and organizational preparedness against extreme weather events.</p> <p>Site-level integrated contingency plans include a hurricane notification system, equipment relocation and moving generators into place and are managed by environmental engineers and Health &amp; Safety personnel.</p> <p>We review and assess impact on our sites from storms and other weather-related events relating to capital expenditure to target future risk prevention initiatives.</p>
					Extreme weather events and storms may impact on-site logistics such as water and energy management, resulting in energy insecurity, operational delays, shutdowns and potential revenue loss.	<p>We utilize stormwater Best Management Practices (BMPs), including raw material management, street sweeping, catch basin filtration and stormwater containment areas. Several facilities also use full-scale treatment for stormwater prior to discharge.</p> <p>At our site located in Košice, we have a mitigation action plan for potential overflow from our wastewater treatment plant in the event of strong storms.</p>
					Our sites in Košice and the Midwestern and Southern United States are at the biggest risk of drought, which may lead to water supply shortages and increased water costs.	<p>In the event of drought, our site in Košice also maintains emergency water sources that can be used when water shortages occur.</p> <p>Our Midwestern sites leverage the emergency response and recovery plans in the event of extreme droughts.</p> <p>In addition to mitigating flood risk, the floating barge dock we constructed at our Southern United States site can adjust barge weights based on river conditions and adapt to changing water levels, which can mitigate the impacts associated with droughts. Diverse transportation routes, such as truck and rail, are also available when necessary.</p>

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Strategy (cont.)

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PHYSICAL RISK			POTENTIAL IMPACT ON U. S. STEEL			MITIGATION STRATEGY
RISK TYPE	RISK	DEFINITION	LOW CARBON ECONOMY SCENARIO	CARBON INTENSIVE SCENARIO	IMPACT: CARBON INTENSIVE SCENARIO 2030	
Chronic	Heat stress	Extreme heat is measured by the average days per year with temperature over 35°C.	The average number of days per year of extreme heat events is projected to increase by ~2% by 2030 and ~4.5% by 2050.	The average number of days per year of extreme heat events is projected to increase by ~5% by 2030. Between 2030 and 2050, there is a projected ~23% increase in the average number of days.	The potential impacts associated with extreme heat in a carbon intensive scenario are projected to affect our sites most greatly in the Southern region of the United States, as well as Košice, by 2030. An increased need for cooling would be required, which could lead to increased energy consumption, increased operational costs, depreciation of equipment and potential production interruptions.	Regarding heat stress on equipment, we implement cooling measures for our blast furnaces to maximize operational efficiency and water management during extreme heat days.  Our facility located in Košice conducts regular equipment maintenance and climate control monitoring during hot months.  To mitigate the risk of heat stress on our equipment, our Health & Safety division performs maintenance to prevent delays in our production during extreme heat events at all our sites.
					Prolonged period of extreme heat may lead to a higher risk of heat-related illnesses resulting in absences or reduced work capacity. High temperatures require an increase in breaks and adjusted work schedules that may potentially lead to delays in production schedules.	To ensure the well-being of our employees, during extreme heat events, we have developed a system to issue notification messages to alert our employees of potential danger associated with heat stress. Our sites have personnel safety response plans and operational procedures in the event of excessive heat. This includes incident response protocols for heat stress and dehydration, as well as proactive measures such as providing water and electrolyte drinks for employees, active reminders to stop and hydrate, and dehydration safety messages in common areas.  Operators of our coke oven batteries wear monitoring bands on their wrists and arms to reduce the risk of heat stress by tracking our employees' body temperatures and other health data.  In the event of loss of air conditioning due to power utility loss, our sites have incidence response measures in place to ensure employee safety and report potential incidents.
Chronic	Extreme cold	Extreme cold is measured by the average days per year with temperature less than 0°C.	The average number of days per year experiencing extreme cold events is projected to decrease by ~2% from present day to 2030 and decrease by ~5.5% between 2030 and 2050.	The average number of days per year experiencing extreme cold events is projected to decrease by ~2% until 2030 then decrease by ~14.5% between 2030 and 2050.	Extreme cold most greatly affects facilities in the Northern and Midwestern regions of the United States and our site in Košice. Although the number of days with extreme cold temperatures may decrease in the long term, extreme cold temperatures may lead to frozen pipes and higher energy consumption at our most impacted sites, potentially resulting in higher operating costs and production delays.	The Health & Safety division routinely performs maintenance during cold events to prevent delays in our production. This includes utilizing industrial heaters to prevent pipe freezing at our facility in Košice.  We increase iron ore pellet inventory at Blast Furnace Operation locations during winter months to mitigate the risk of supply chain disruptions and raw material shortages during annual closure of the Soo Locks, which is a set of parallel locks that enable ships to travel between Lake Superior and the lower Great Lakes.
					The risk of extreme cold may threaten the safety of our employees when traveling to work and at our sites. To ensure safety measures, there may be a shortage of labor due to commuting delays or absences caused by extreme cold conditions, potentially impeding overall production.	Our sites have personnel safety response plans and operational procedures in the event of excessive cold.  We have also developed severe weather incident response plans to shut down equipment, seek shelter and report large icicles to Maintenance & Services in the event of extreme cold.
Chronic	Sea level rise	Sea level rise was identified as a chronic physical risk in our qualitative assessment in 2021. However, an analysis of climate modeling developed through our quantitative risk assessment in 2023 revealed that our sites were not significantly exposed to the risk of sea level rise relative to the exposure to other physical hazards. We will continue to actively monitor sea level rise and the risks it could potentially impose on our facilities and supply chain.				



## Strategy (cont.)

### Climate-related Transition Risks

We performed a qualitative reassessment of transition risks by performing a regulatory landscape analysis and a detailed review of industry practices to reassess current and emerging transition risks that may potentially impact U. S. Steel operations in the short, medium and long terms under a low carbon economy and carbon intensive scenario. While the impacts were assessed from a qualitative perspective, it is assumed that transition risk impacts are more pronounced in the long term in a low carbon economy. Policy, market, technology, legal and reputational transition risks were all considered in the reassessment, and we will continue to monitor these risks and implement appropriate strategies to mitigate impacts. The transition risks of climate change are also among our top tier in our ERM and are monitored and evaluated quarterly through our ERM process.

TRANSITION RISK TYPE	DEFINITION	POTENTIAL IMPACT ON U. S. STEEL	MITIGATION STRATEGY
Policy	Actual and potential carbon pricing on operations and/or exported goods	The global carbon market is evolving, with several U.S. states implementing a carbon price and our operations in Košice currently exposed to the European Union Emissions Trading System (EU ETS) and Carbon Border Adjustment Mechanism (CBAM). The EU ETS carbon price is projected to rise to about \$90–\$100 per metric ton of carbon dioxide in 2030. As a result of our greenhouse gas (GHG) footprint, these escalating global carbon costs may significantly increase our operating costs and supply chain considerations. <sup>2</sup>	<p>We are continuing to adopt mini mill technologies to reduce our carbon intensity and manufacture steel using up to 90% recycled steel through the current construction of our \$3 billion steelmaking facility featuring two electric arc furnaces (EAF) with three million tons of annual advanced steelmaking capacity. We expect that our new mini mill, Big River Steel 2, will operate with up to 70-80% fewer GHG emissions compared to the traditional steelmaking approach and directly support our 2050 net-zero emissions target.</p> <p>We use an internal implicit price of carbon of 80 (Euro/metric ton) for all European operational decisions to encourage low-GHG emission investment decision-making and guide strategic decision-making factoring in the long-term costs associated with carbon emissions.</p>
	Current regulation	Current climate-related regulations are mandating reporting of environmental topics like waste and water management, climate-related risks and impacts, GHG emissions and supply chain due diligence throughout the value chain. We face a risk of monetary fines if we do not comply with current regulations in the U.S. such as legislation from the U.S. Environmental Protection Agency (EPA) or in the European Union (EU) like the Corporate Sustainability Reporting Directive (CSRD).	<p>We have implemented environmental and regulatory compliance risks into our ERM framework and evaluate current regulations on an ongoing basis.</p> <p>We leverage internal audits, environmental management systems and our ESG Disclosures Committee to report to regulatory bodies such as the U.S. EPA and EU to mitigate inaccurate reporting and potential fines.</p>
	Emerging regulation	Emerging climate-related regulations could pose risks of potential fines, legal liabilities and reputational damage if we are not prepared or in compliance.	<p>We are actively taking measures to prepare for impending and potential regulations in the EU and the U.S. by planning for increased reporting capabilities and seeking nonfinancial assurance. U. S. Steel is making the investment needed to ensure timely compliance with emerging regulations.</p> <p>We regularly monitor our key ESG metrics to improve the rigor of nonfinancial reporting and increase transparency for regulatory purposes and users of ESG data.</p> <p>In 2022, our procurement team engaged EcoVadis to collect data on suppliers' ESG policies, practices, performance and measurement to help prepare our team for reporting on supplier risk.</p>

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<sup>2</sup> <https://openknowledge.worldbank.org/entities/publication/a1abead2-de91-5992-bb7a-73d8aaaf767f>

**Strategy (cont.)**

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TRANSITION RISK TYPE	DEFINITION	POTENTIAL IMPACT ON U. S. STEEL	MITIGATION STRATEGY
<b>Market</b>	Increased cost of electricity	As companies transition towards renewable energy, electricity prices are projected to increase due to increasing demand and limited supply. Moreover, these prices are susceptible to fluctuations due to various factors, including weather, geopolitical decisions, regulatory changes and economic conditions, which can introduce instability to the market. This may have a significant impact on our operating costs and even lead to supply chain disruptions.	<p>We are continuing to explore and expand opportunities to use renewable energy, including at our Big River Steel Works, which includes potential procurement of purchased power from renewable and carbon-free sources and Emission-Free Energy Certificates.</p> <p>A new solar power plant being built by Entergy will supply renewable energy to Big River Steel Works to produce our sustainable steel products, such as verdeX® and InduX™.</p> <p>We are recycling energy as a byproduct of our existing operations to reduce our dependency on externally purchased power, such as our coke oven gas recycling operations at Mon Valley Works, a Pennsylvania Department of Environmental Protection certified “Alternative Energy System,” which allows our Mon Valley Works facility to meet much of its own electricity demand from internal sources.</p> <p>All plants with blast furnaces (BF) reuse BF gas for heating stoves and for power generation.</p>
	Shortages and increased cost of raw materials	With the development of U. S. Steel’s mini mill capabilities to produce lower emissions steel, in addition to iron ore, scrap steel will become another main raw material in the coming years. Potential shortages of necessary raw materials may result in higher costs in the medium and long terms.	<p>As part of our 2023 climate risk assessment refresh, we assessed climate-related physical risks for our key suppliers as a measure to better understand potential risks and ensure a diversified supplier portfolio for key raw materials to avoid shortages and reduce procurement challenges from a climate perspective.</p> <p>We recycle substantial quantities of scrap metal and steelmaking coproducts and byproducts in our operations to reduce the need to externally purchase raw materials and reduce waste.</p>
<b>Market &amp; Technology</b>	Cost and feasibility to scale lower emissions technologies	Initial costs associated with investment in lower emissions technology is high, and reliance on the development of not-yet-available lower emissions technology could lead to delays in the transition to decarbonization and ability to meet customer demand for green steel.	<p>We are monetizing non-core assets to support the transition to our Best for All® strategy.</p> <p>We are actively seeking public funding opportunities within the U.S. and EU to reduce financial barriers to investing in low emissions technology and support decarbonization.</p> <p>We have Sustainable Procurement and Commercial Task Forces to increase collaboration with suppliers and customers to align on mutual efforts to promote value chain decarbonization.</p> <p>We are collaborating with the University of Illinois to advance the study of low emissions technology like a direct air capture and utilization system at one of our Midwestern sites, which could have the potential to remove CO<sub>2</sub> from ambient air and then permanently mineralize it in concrete products.</p>

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**Strategy (cont.)**

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TRANSITION RISK TYPE	DEFINITION	POTENTIAL IMPACT ON U. S. STEEL	MITIGATION STRATEGY
<b>Technology</b>	Not transitioning to lower emissions technologies	Failure to transition to lower emissions technology could hinder our competitive position in the market and our ability to produce green steel, and result in greater capital expenditures in the long term.	<p>We partner with the energy industry to examine the potential for hydrogen and carbon capture and storage to develop in the tri-state region of Ohio, Pennsylvania and West Virginia.</p> <p>We entered into a non-binding Memorandum of Understanding with CarbonFree to support the pursuit of carbon capture at one of our Midwestern sites to use CarbonFree's SkyCycle™ technology, which has the capacity to mineralize up to 50,000 metric tons of CO<sub>2</sub> per year if a definite agreement is reached, equivalent to the emissions of nearly 11,000 passenger cars.</p> <p>We have collaborated with NETL, the National Energy Technology Laboratory, to test an advanced membrane technology to capture carbon dioxide emissions generated by steelmaking operations. We are piloting the technology at one of our sites in the Northeastern United States to advance our progress towards our net-zero goal. This project is a step towards commercial deployment of this technology and will shape GHG emissions reduction for the entire steel industry.</p>
<b>Reputation</b>	Inability to demonstrate credibility of and progress against decarbonization commitments	Failing to meet our climate goals could impact employee retention, stakeholder trust particularly among investors and customers, and social license to operate.	<p>We continuously work on enhancing our reporting and transparency of our climate and ESG data to engage stakeholders and investors on our plans to reach our net-zero ambition.</p> <p>We have entered sustainability-linked financing agreements to align our climate-related targets to our Company's finance goals and incentivize meeting targets.</p> <p>We engage our community through partnerships, financial contributions and volunteering through our SteelSUSTAINABILITY Employee Resource Group (ERG) efforts to demonstrate our commitment to our communities, planet and future.</p>
<b>Legal</b>	Litigation related to compliance with emerging climate-related regulations or community negotiations over land use and resources	Risk of litigation could result in monetary fines and reputational concerns.	<p>We have comprehensive environmental management systems, and several facilities are certified to ISO 14001 to measure and enhance environmental performance to support our goal of complying with 100% of environmental regulations. We spend over \$300 million dollars annually on total Company environmental expenditure, contributing to environmental compliance, as well as additional capital on projects aimed at environmental improvement.</p> <p>We advocate for the development of appropriate air, water and waste laws and regulations at the local, state, national and international levels.</p>

## Strategy (cont.)

### Climate-related Opportunities

OPPORTUNITY TYPE	OPPORTUNITY	COMMERCIALIZATION OF OPPORTUNITIES
Markets	Opportunity to expand low carbon products (sustainable steel) to meet the increased market demand	We are committed to introducing low carbon products that provide sustainable and profitable solutions for our customers across sectors to meet their own decarbonization goals such as our green steel products, verdeX® and InduX™.
	Opportunity to expand specialized products (e.g., electrical steel) to meet the increased market demand	We have built a non-grain-oriented steel line at Big River Steel to expand our offering of electric steel products and produce our newest electric steel, InduX™, to meet growing customer demand.
	Opportunity to increase consumption of steel used in production and distribution of renewable energy	Our non-grain-oriented steel line, InduX™, will support the growing electric vehicle demand, as well as the production of generators that are crucial to the transition to renewable energy.

### Enterprise Risk Management Alignment

While assessing and identifying our risks and opportunities, we conducted a scenario analysis using two of the Representative Concentration Pathways (RCPs) identified by the Intergovernmental Panel on Climate Change (IPCC). In 2021, RCP 1.9 was used to conduct our inaugural TCFD scenario analysis. RCP 1.9 represents the most aggressive emissions mitigation pathway compatible with the 1.5°C warming limit adopted by the U.N. Paris Climate Agreement. According to the 2023 IPCC Climate Change report, global warming is likely to reach 1.5°C by 2052 if it continues to increase at the current rate. In order to align our assessment with the current global reality, we have decided to use RCP 2.6 in our 2023 refresh to better understand potential impacts for U. S. Steel based on a low carbon economy scenario:

- **RCP 2.6:** RCP 2.6 represents aggressive mitigation against the impacts of climate change to limit global temperature rise to less than 2°C by 2100 with strong intervention of international regulatory bodies and multinational corporations, a regulatory environment oriented towards sustainable development and market preferences rapidly shifting away from fossil fuels. Policy, market, technology and other transition risks are more pronounced in this scenario, whereas risk of long-term physical climate-related risks are less pronounced.
- **RCP 8.5:** RCP 8.5 represents a business-as-usual scenario where environmental issues are generally low priority with weak international regulations. Under this scenario, our short-term transition risks would be mitigated, but long-term physical risks would be intensified as global temperatures continued to rise.



# Risk Management

**U. S. Steel has a robust and comprehensive Enterprise Risk Management (ERM) function, which is based on identifying, assessing, prioritizing, monitoring and mitigating risks to the enterprise.**

We identify climate change as an enterprise risk, which includes both physical and transition risks. Physical risk considers how extreme weather events (e.g., hurricanes and floods) and chronic risks (e.g., extreme cold and heat stress) can directly damage physical assets or otherwise impact our operations or productivity. Transition risk considers how changes in policy, technology and market preference to address climate change can lead to changes in the value of our products, costs

of energy and raw materials and allocation of our resources. Climate risk is an overarching risk that can act as a driver of other types of risks covered by our ERM program.

At U. S. Steel, risk management is intrinsic to the business with clearly defined risk ownership. Our ERM framework is embedded across the organization with three lines of defense—operations, functional support and governance.

#### **Risk Identification and Assessment Process**

Utilizing the insights gained from our 2023 qualitative and quantitative climate risk reassessment, we engaged with our risk function to integrate updated climate risk considerations

into the latest ERM process, which will inform risk mitigation plans to strengthen U. S. Steel's resilience against climate-related risks.

U. S. Steel uses an annual risk survey as the basis for our risk identification and assessment, which contains over 20 enterprise risks from categories that include financial, human capital, customer and reputation, innovation, information technology, environmental, political, regulatory, operational and strategic. Climate-related risks are embedded within several of these enterprise risks so that risk owners can take specific actions to address them. Approximately 90 mid-level to executive leaders with representation from a broad section of locations and functions rate the perceived impact, likelihood and velocity of key risks. Risks

are categorized into long-term, medium-term and short-term time horizons based on when the risk would most likely have an impact on the business. Short-term is defined as 0–1 years, medium-term is defined as 1–5 years, and long-term is defined as 5–30 years. The ERM Governance Committee revisits risks quarterly, and these results are reviewed with the Board-level Audit Committee on a regular basis.

We also track climate-related risks to our business as a stand-alone risk and opportunity to drive our strategy and investment decisions. Results from the survey are evaluated and then calibrated to create a risk prioritization list and heat map.

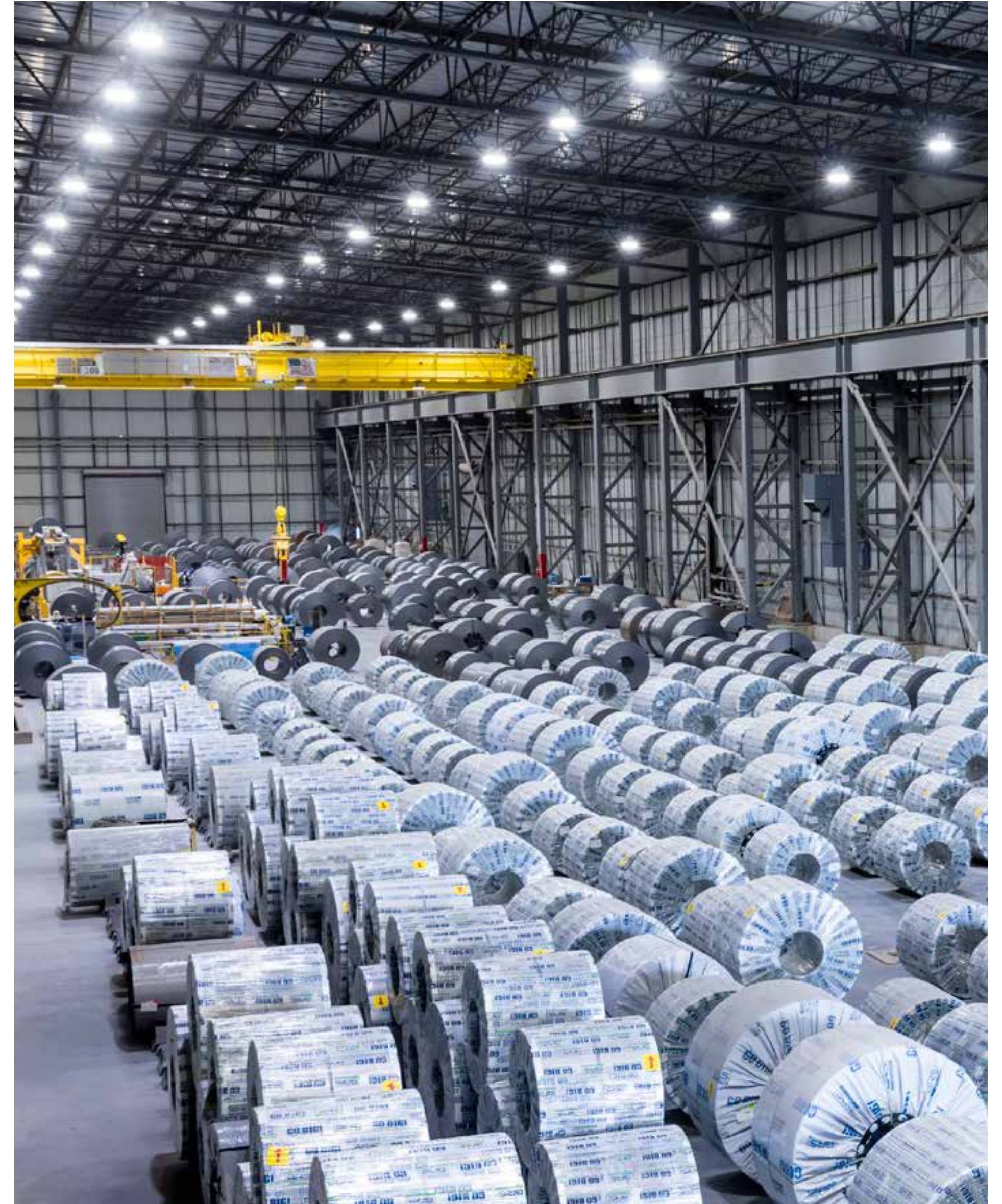


## Risk Management (cont.)

### Risk Management Process and Integration into Overall Risk Management

Each identified risk is assigned an owner who proactively manages risks with a comprehensive action plan. As with other enterprise risks, climate change risks are integrated into the Company's review of strategic and other investments, guiding the management of climate-related risks and opportunities. With the increased focus on climate-related risks, the governance of climate-related risk and managing risks and opportunities has been integrated into the Company's overall strategy execution. For example, U. S. Steel has:

- Begun construction on our second mini mill, Big River Steel 2, which is a key part of U. S. Steel's net-zero strategy. This mill will further aid us in meeting our 2030 greenhouse gas (GHG) emissions intensity reduction goal and 2050 net-zero ambition through its use of endless casting and rolling technology, which uses induction heating instead of natural gas heating of the intermediate product;
- Published a [Climate Strategy Report](#), which details the several methods and technologies U. S. Steel relies on to reduce its carbon emissions;
- Invested in direct reduced (DR)-grade pellet capabilities at our Minnesota Ore Operations Keetac plant, which will provide us with the flexibility to feed a potential future direct reduced iron (DRI) or hot briquetted iron (HBI) facility;
- Introduced our greener steels, verdeX® and InduX™. InduX™ electrical steel is a very wide, ultra-thin and lightweight steel, having all the magnetic properties necessary for electric vehicles, as well as generators. Our verdeX® steel can be produced with up to 70%–80% lower GHG emissions than traditional, integrated-mill steels and has a recycled content of up to 90%;
- Appointed a Chief Strategy & Sustainability Officer to align the Company's corporate and sustainability strategies and regularly monitor and evaluate climate-related risks and opportunities;
- Formed an Executive Sustainability Committee that is accountable for sustainability performance, risk management and strategy design, development and execution;
- Entered into sustainability-linked financing arrangements, with climate-related targets to align the Company's financial goals with its sustainability goals;
- Increased the frequency and depth of Board and senior-level review of climate-related matters;
- Assessed the climate-related risks from our suppliers to avoid negative impacts to our steel quality and timeliness of delivery;
- Increased the durability and weatherization capability of existing plants and facilities to better withstand acute weather events; and
- Implemented enhancements to our capital allocation process to prioritize projects that reduce GHG emissions to further improve our environmental footprint.



## Metrics and Targets

**At U. S. Steel, we are continuing our journey to lower greenhouse gas (GHG) emissions and enable more sustainable steel production through our Best for All® strategy.**

We recognize the synergies between the integrated and electric arc furnace (EAF)-based process routes that allow us to not only create competitive advantages, but also make progress towards reducing our carbon footprint and optimizing operations. As we transition our footprint to more EAF and mini mill technologies, we expect to reduce our emissions and lower our carbon intensity.

In 2019, U. S. Steel announced a goal to reduce GHG emissions intensity by 20% across our global footprint by 2030 when compared with the 2018 baseline year. In 2021, we announced an even more aggressive goal to achieve net-zero emissions by 2050. These are both based on Scope 1 and Scope 2 emissions.

We measure and disclose our absolute GHG emissions and our GHG emissions intensity, both of which can be found in our annual [ESG Report](#).



Construction of our new mini mill, Big River Steel 2, in Osceola, Arkansas.

# Disclaimer

This report contains information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “target,” “forecast,” “aim,” “should,” “will,” “may” and similar expressions or by using future dates in connection with any discussion of, among other things, the construction or operation of new or existing facilities or operating capabilities, changes in the global economic environment, including supply and demand conditions, inflation, interest rates, supply chain disruptions and changes in prices for our products, international trade duties and other aspects of international trade policy, statements regarding our future strategies, products and innovations, statements regarding our greenhouse gas emissions reduction goals, statements regarding existing or new regulations, and statements about our market risk and our risk management, including climate-related risks and

opportunities. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. It is possible that the Company’s actual results may differ, possibly materially, from the anticipated results indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the risks and uncertainties described in this report and

in “Item 1A. Risk Factors” in our Annual Report on Form 10-K and those described from time to time in our reports filed with the Securities and Exchange Commission.

References to “we,” “us,” “our,” the “Company,” and “U. S. Steel” refer to United States Steel Corporation and its consolidated subsidiaries and references to “Big River Steel” refer to Big River Steel Holdings LLC and its direct and indirect subsidiaries unless otherwise indicated by the context. References throughout this document to “GHG emissions” refer to Scope 1 and 2 emissions.

The inclusion of information in this report should not be construed as a characterization regarding the materiality or financial impact (or potential impact) of that information or confirmation or other expectation that the actions described in this report (or related capital investments) will be taken within the timeframe described, or at all. For additional information regarding U. S. Steel, please see our current and periodic reports filed with the Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.



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