2021 TCFD Report

BEST FOR ALL^s



Table of Contents

EXECUTIVE SUMMARY
GOVERNANCE
STRATEGY
RISK MANAGEMENT
METRICS & TARGETS
DISCLAIMER



Executive Summary



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 AllSM 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.

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 & 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, U. S. Steel's corporate strategy is designed to please customers, improve cash flow, reduce its cost structure, reduce its 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:

- Metrics & Targets:

a 2018 baseline.



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

We disclose our Scope 1 & 2 greenhouse gas (GHG) emissions in our annual Sustainability Report. In April 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 well below 2 degrees Celsius, compared with preindustrial levels. Our commitment builds on our 2030 goal to reduce our GHG emissions intensity by 20%, compared with

Governance



Board Oversight

Our Board has delegated risk oversight responsibility to various committees of the Board, and all committees of the Board share responsibility for the oversight of strategic objectives, risk management and the sustainability of our business.

The Corporate Governance & Sustainability Committee retains oversight of the sustainability program generally and the risks associated with achieving certain sustainability-related measures specifically. 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 Committee meets at least four times a year, and reports climate-related matters to the Board, which retains overall oversight of sustainability, risk and strategic direction.

In addition, the Audit Committee has been delegated authority to oversee our ERM program and practices, including the Company's evaluation of potential risks relating to climate change. The Audit Committee assists the Board in overseeing the operational activities of the Company and the identification and review of 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.

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 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 and Sustainability Officer and General Counsel and Chief Ethics & Compliance Officer. This Committee meets guarterly 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		

BOARD OF DIRECTORS	Has oversight of sustainability, risk, and
CORPORATE GOVERNANCE & SUSTAINABILITY COMMITTEE	Reviews key sustainability initiatives and and the U. S. Steel Sustainability Report
CEO AND EXECUTIVE ENVIRONMENTAL COMMITTEE	Is accountable for sustainability perform development, and execution.
CHIEF STRATEGY AND SUSTAINABILITY OFFICER	Executive sponsor and owner of sustain approval all sustainability-owned initiativ
SUSTAINABILITY TEAM	Responsible for GHG emissions. The tea current and potential sustainability-relate management of material topics, and is re sustainability communications.

Our Executive Environmental Committee, composed of all of 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. Our management reports to the full Board quarterly on environmental compliance and performance. Our Chief Strategy and Sustainability Officer chairs the Sustainability Steering Committee, which is composed of key members from departments across the organization. The Committee meets on a monthly basis and drives the sustainability strategy throughout the company, taking a strategic view of the issues and reporting to the CEO and Executive Committee. 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 Sustainability Report.

I strategy direction.

d practices, sustainability performance, t.

nance, risk management and strategy design,

nability-related activities. Recommends for ives.

am evaluates and communicates the risks of ted megatrends and issues, coordinates data responsible for both external and internal





IMPLEMENTATION CORPORATE

SUSTAINABILITY STEERIN	Sets and drives sustainability strategy th of issues and reports to the CEO and Ex		
Sustainability	Procurement	Human Resources	from multiple corporate functions critica decision-making body.
Strategy	Legal/Governance	Corporate Communications	
Finance/Risk	Commercial	USSK	
Operations	Government Affairs	Environmental Affairs	
Innovation	Health and Safety	Engineering	
MATERIAL TOPIC OWNERS	5		Responsible for select material topics, g topic initiatives and performance with m Sustainability Steering Committee.

IMPLEMENTATION LOCAL

PLANT COORDINATION

Coordinates with plants on material topic performance and plant GHG data collection.

throughout the company. Takes a strategic view xecutive Committee. Includes senior managers al to sustainability performance. Functions as a

goals and initiatives. Communicates material nembers of the core sustainability team and

Strategy



Our Bes
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industry

	CLIMATE-RELATED RISKS	TIME HORIZON
PHYSICAL RISKS	Risk of flooding which can lead to increased depreciation costs, productivity loss, and supply chain disruption	Long term
	Risk of heat stress at facilities could lead to increased depreciation costs and productivity loss	Long term
	Risk of natural disasters leading to supply chain and operational disruptions	Short-medium term
	Risk of supply chain disruption due to sea level rise and other weather events	Long term
	Risk of carbon pricing which could cause increased operating costs	Medium term
RISK	Risk of not transitioning to lower emission technologies, which could lead to reduced market share and increased capital expenditures	Long term

	market share and increased capital expenditures	Long term
	Risk of shortages and increased cost of raw materials	Long term
	Risk of increased cost of electricity	Short-medium term
OPPORTUNITIES	Opportunity to increase consumption of steel used in production and distribution of renewable energy	Short-medium term
	Opportunity to expand low-carbon products (sustainable steel) to meet the increased market demand	Short-medium term
	Opportunity to expand specialized products (electrical steel) to meet the increased market demand	Short-medium term



st for All[™] strategy is focused on providing cuswith profitable steel solutions for people and creating a more sustainable future for all our olders. This strategy is informed by assessment 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 TCFD workshops to identify potential climate-related risks and opportunities. This process included identifying which physical and transitional risks are most likely to impact our organization and whether the risk is likely to manifest over the short, medium or long term. The adjacent table shows certain potential risks we have identified.



Our climate-related risks and opportunities have informed our business strategy and financial planning.

With respect to climate-related physical risks, our strategy includes efforts to manage our raw materials, production and plant construction to mitigate climaterelated and other risks in several ways:

- Construction of a floating barge dock at Big River Steel to mitigate risk of flooding
- Increase iron ore pellet inventory at Blast Furnace Operation locations during winter months to mitigate risk of supply chain disruptions and raw material shortages during annual closure of Soo Locks
- Initiated projects to secure access to key raw materials in our supply chain in the event of supply chain disruptions

- Planning and emergency response and recovery plans for extreme winter weather and flooding events, as well as contractual arrangements that allow for resale of electricity to the grid during outages

To mitigate **climate-related transition risks**, our strategy focuses on investing in low emission/lower water consumption steelmaking technologies that increasingly rely on renewable energy sources. By doing so, we expect to mitigate electricity and power generation cost increase risks, as well as the impact of any future carbon pricing. Key actions to date to execute these strategies include:

- Acquisition of Big River Steel, a LEED Certified[®], low GHG emission mini mill steelmaking facility, capable of producing steel with up to 75% less CO₂ emissions compared to the traditional, integrated steelmaking process

- Announcement of site selection for our planned second mini mill, to further reduce the carbon intensity of our processes and expand our sustainable steel product capabilities

- Continued exploration and expansion of opportunities to use renewable energy including at the planned second mini mill and our Big River Steel facilities, which includes potential procurement of purchased power from green and carbon-free sources, including the construction of solar and wind power generation facilities and Emission-Free Energy Certificates



- Recycling of 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 Protectioncertified "Alternative Energy System," which allows our Mon Valley Works to meet much of its own electricity demand from internal sources
- Construction of an electric arc furnace (EAF) at our Fairfield Works facility to improve cash flow, reduce GHG emissions and produce more sustainable steel products and solutions
- Allocating capital to improve cash flow and the carbon footprint of our newest EAF operations and develop process changes to reduce our carbon footprint
- Partnering with the energy industry to examine the potential for hydrogen and carbon capture and storage (CCS) development in the tri-state region of Ohio, Pennsylvania and West Virginia
- Monetizing non-core assets to support the transition to Best for AllSM strategy

- Additional elements of our climate-related risk mitigation strategy we will undertake include:
- Perform life cycle assessments on our operating facilities and our key products to more effectively monitor and improve our environmental impact
- Secure future supply of key raw materials in the event of supply chain disruptions and/or resource scarcities, including through efforts to pivot some of our iron ore assets to EAF feedstocks

Our strategy also addresses the commercial opportunities presented by climate change - such as:

- U. S. Steel is committed to introducing products that provide sustainable and profitable solutions for its customers by assisting them to avoid potential carbon emissions and reduce their Scope 3 footprint. Steps taken to execute this strategy include:
- Launched verdeX[™] product line, a sustainable steel solution, to help customers meet their own decarbonization goals
- Began construction of a non-grain oriented electric steel line at Big River Steel to supply specialized steels needed as part of the growing electric vehicle demand and the transition to alternate energy sources

ERM 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:

- RCP 1.9: RCP 1.9 represents very aggressive mitigation against the impacts of climate change with strong intervention of international regulatory bodies and multinational corporations, regulatory environment oriented towards sustainable development, and market preferences rapidly shifting away from fossil fuels. This scenario would increase our transitional risks such as carbon pricing, cost of electricity and failure to transition to lower emission technology, while decreasing our longterm physical risks of disruptions and damage caused by flooding, natural disasters and rising sea levels.

- 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 shortterm transitional risks would be mitigated, but long-term physical risks would be intensified as global temperatures continued to rise.

<u>Risk</u> <u>Management</u>



U. S. Steel has a robust and comprehensive 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 transitional risks discussed on page 5. Physical risk considers how extreme weather events (e.g., hurricanes and floods) and chronic risks (e.g., sea level rise and heat stress) can directly damage physical assets or otherwise impact our operations or productivity. Transitional 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

U. S. Steel uses an annual risk survey as the basis for our risk identification and assessment. The 2021 survey contained over 20 enterprise risks based on previously identified risks, input from interviews with executive leadership and other stakeholders, and consideration of emerging risks published by external parties. Risk categories include financial, human capital, customer and reputation, innovation, information technology, environmental, political, regulatory, operational, and strategic. Climate-related risks are embedded within several of our enterprise risks so that risk owners can take specific actions to address these risks. Approximately 90 midlevel to executive leaders with representation from a broad cross section of locations and functions rate the perceived impact, likelihood, and velocity of key risks.

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 then evaluated and then calibrated to create a risk prioritization list and heat map. The ERM Governance Committee, which includes the Chief Executive Officer, Chief Financial Officer, Chief Strategy and Sustainability Officer, General Counsel and Chief Ethics & Compliance Officer, and other leaders, meets quarterly to align risk management to strategy, identify emerging risks, re-evaluate risk prioritization, and review action plans for top-tier risks. The Chief Risk Officer reports on these activities regularly to the Audit Committee.



U. S. STEEL | TCFD REPORT 2021 | 8





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:

- Appointed a Chief Strategy and Sustainability Officer to align the company's corporate and sustainability strategies and regularly monitor and evaluate climate-related risks and opportunities
- Formed a cross-functional Sustainability Steering Committee to provide oversight of and guidance to U. S. Steel's sustainability efforts, whose membership includes the Chief Risk Officer
- 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
- Implemented enhancements to our capital allocation process to preference projects which reduce GHG emissions to further improve our environmental footprint

intensity.

Metrics & Targets

At U. S. Steel, we are continuing on our journey down the carbon curve and toward sustainable steel production through our Best for AllSM strategy. Currently, U. S. Steel primarily uses blast furnaces to generate the molten iron needed for the integrated steelmaking route, but we recognize the synergies between the integrated and EAF-based process routes that will allow us to not only create competitive advantage, but also reduce our carbon footprint and optimize operations. As we transition our footprint to more EAF and mini mill technologies, we expect to significantly reduce our carbon

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. And earlier this year, we announced an even more aggressive goal to achieve net-zero emissions by 2050.

We measure and disclose our absolute GHG emissions and our GHG emissions intensity, both of which can be found in our annual Sustainability Report.

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 forwardlooking 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, statements about our future business operations, our new product offerings, 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 forwardlooking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forwardlooking 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.

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. 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.



U. S. STEEL | TCFD REPORT 2021 | 10



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