

WHEREAS: In addition to environmental and social harms, climate change is creating systemic risk to the economy, making the corporate sector’s contribution to climate mitigation a significant policy issue. The latest IPCC publication states that the window for limiting global warming to 1.5 degrees Celsius (1.5°C), and thereby avoiding the most catastrophic impacts of climate change, is quickly narrowing and that immediate, sharp emissions reduction is required of all market sectors and industries.¹

In response, shareholders are addressing the growing material climate risk to their companies and their portfolios. For instance, the Climate Action 100+ initiative, a coalition of more than 700 investors with over \$68 trillion in assets, issued a Net Zero Benchmark (Benchmark) outlining metrics that create climate accountability for companies and transparency for shareholders. Indicators 1 through 5 of the Benchmark seek reporting on companies’ net zero emissions ambition; short, medium and long-term greenhouse gas (GHG) reductions goals; and strategic actions planned to achieve decarbonization targets.²

Steel is one of the most emissions-intensive industries due to its heavy use of fossil fuels, contributing over 6% of global emissions.³ Cleveland-Cliffs is a leading U.S. steel producer. Cleveland-Cliffs has not set net zero, 1.5°C GHG reduction targets, and its short-term targets do not cover Scope 3 value chain emissions, which comprise 25% of total emissions.⁴

To manage climate risk, it is critical that companies set GHG emissions reduction targets to guide planning and investment decisions. Steel markets are already shifting to lower GHG emissions. General Motors,⁵ Ford,⁶ and Volvo are moving to procure low-carbon steel.⁷ The Science Based Targets initiative lists 26 companies in the ‘Mining -- Other Metals’ industrial sector as committed to or having approved net zero targets, including peers SSAB and thyssenkrupp. Tata Steel, Arcelor Mittal, US Steel, and Nucor have made commitments to produce net zero steel by 2050 or earlier.

By setting 1.5°C, Paris-aligned GHG reduction targets for its Scope 1 through 3 emissions, disclosing a net zero transition plan, and demonstrating progress toward achieving these goals, Cleveland-Cliffs can provide investors with assurance that management is reducing its climate

¹ https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf

² <https://www.climateaction100.org/>

³ <https://www.energypolicy.columbia.edu/research/article/low-carbon-production-iron-steel-technology-options-economic-assessment-and-policy>

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https://d1io3yog0oux5.cloudfront.net/clevelandcliffs/files/pages/clevelandcliffs/db/CLF_SustainabilityReport_062022.pdf

⁵ <https://www.nasdaq.com/articles/nucors-nue-net-zero-steel-gets-general-motors-as-1st-customer-2021-10-14>

⁶ <https://www.reuters.com/business/sustainable-business/tata-steels-dutch-arm-signs-mou-supply-ford-with-green-steel-2022-10-25/>

⁷ <https://www.volvogroup.com/en/news-and-media/news/2022/jun/volvo-group-and-fossil-free-steel.html>



AS YOU SOW

30 YEARS 1992 – 2022

2023 Shareholder Resolution
Cleveland-Cliffs Inc | Net Zero Targets & Climate Transition Planning

contribution, addressing the risks and opportunities associated with climate change, and remaining competitive.

BE IT RESOLVED: Shareholders request the Board issue a report, excluding confidential information, disclosing how Cleveland-Cliffs intends to reduce its operational and value chain GHG emissions in alignment with the Paris Agreement’s 1.5°C goal requiring net zero by 2050 emissions.

SUPPORTING STATEMENT: Proponents suggest, at Company discretion, that the Company:

- Disclose a timeline for setting a net zero by 2050 GHG reduction target, and 1.5°C aligned interim goals;
- Consider approaches used by advisory groups such as the Science Based Targets initiative;
- Include an enterprise-wide climate transition plan to achieve 1.5°C aligned emission reductions;
- Annually report progress towards meeting its emissions reduction goals.