

Adopt Human Rights Policy Nucor Corporation – 2020

Resolved: Shareholders request the Board of Directors adopt a comprehensive Human Rights Policy stating the company’s commitment to respect human rights throughout its operations and value chain, and describing steps to identify, assess, prevent, mitigate, and, where appropriate, remedy adverse human rights impacts connected to the business.

Whereas: Nucor Corporation (Nucor) is the largest steel producer in the United States. Nucor supplies steel, steel products, and raw materials such as pig iron to a broad range of industries, including agriculture, automotive, construction, power generation, oil and gas, heavy equipment, infrastructure, and transportation. The Sustainability Accounting Standards Board (SASB) identifies supply chain management and employee health and safety as material for Iron and Steel Producers.

Weak rule of law, corruption, and conflict with indigenous peoples may impact the steel supply chain.¹ Scrap metal recycling, a significant part of Nucor’s business, presents severe worker health and safety risks. Workers may be exposed to arsenic, lead, mercury, radioactive materials, toxic fumes and dust. Working with heated metals in hot environments, flying object hazards, and risk of coming into contact with moving machine parts put workers at serious risk of injury.²

In 2018, a judge approved a \$22.5 million settlement for workers subjected to racial discrimination and harassment at a Nucor steel mill in South Carolina.³ As part of the class-action lawsuit, 114 workers filed claims alleging hostile working conditions dating back to 2002, including the use of racial epithets, displays of racist imagery in the workplace, and employees being denied promotions and benefits based on race.

Nucor does not have a human rights policy. Nucor has a Supplier Code of Conduct, but it does not include a commitment to respect human rights and the Code’s reference to child labor does not align with the ILO Minimum Age Convention. While Nucor does have a Forced Labor Policy, it is limited in applicability to pig iron sourced from Brazil, which may contain charcoal produced under conditions of forced labor.

Investors are unable to evaluate the effectiveness of the company’s existing policies and practices in assessing and managing its human rights risks across the value chain. Nucor does not disclose its salient human rights risks or its human rights due diligence process. Nucor’s conflict minerals disclosure is ranked as “weak” in the 2019 Mining the Disclosures benchmark, scoring 5.8 out of 100 points.⁴

¹ https://drivesustainability.org/wp-content/uploads/2018/07/Material-Change_VF.pdf

² <https://www.osha.gov/Publications/OSHA3348-metal-scrap-recycling.pdf>

³ https://www.postandcourier.com/business/judge-approves-m-settlement-in-nucor-steel-mill-discrimination-case/article_22140262-126e-11e8-8940-abdd6a5db284.html

⁴ <https://static1.squarespace.com/static/594cbfa3440243aef3dfa1c4/t/5d962b2a28839219285ad3c8/1570122552881/Mining+the+Disclosures+2019.pdf>

Nucor may face legal, reputational, business continuity, and financial risks if the company fails to effectively manage its human rights risks. In the supply chain, Nucor may be vulnerable to a U.S. Custom and Border Protection Withhold Release Order, like those recently issued due to forced labor and child labor concerns, detaining imports into the U.S. of products such as bone black from Brazil.⁵

Under the UN Guiding Principles on Business and Human Rights, companies have a responsibility to respect human rights within their operations and value chains by conducting human rights due diligence.

⁵ <https://www.cbp.gov/trade/programs-administration/forced-labor/withhold-release-orders-and-findings>