Task Force on Climate-related Financial Disclosures (TCFD)

About this disclosure

Worthington Steel prepares its climate-related disclosures in alignment with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). These disclosures provide investors, customers, and other stakeholders with insight into how we identify, assess, and manage climate-related risks and opportunities across our business. The information reflects fiscal year 2025 performance and complements the data and narratives shared in our 2025 Corporate Citizenship and Sustainability Report. This disclosure also forms part of Worthington Steel's broader ESG governance and reporting framework, which aligns with the Global Reporting Initiative and CDP.

1. Governance

Climate oversight at Worthington Steel begins with the Board of Directors. The Board's Nominating and Governance Committee reviews climate-related information at least quarterly as part of the enterprise risk management process. The Committee receives updates from management on emerging regulations, physical risk trends, and progress toward environmental performance goals. Management's ESG Steering Committee, co-chaired by the Chief Operating Officer and the Senior Director of Environmental Health, Safety and Sustainability, provides day-to-day leadership. This cross-functional group includes senior leaders from Finance, Operations, Legal, and Commercial and integrates climate considerations into business planning and operational decisions.

Climate-related matters and other ESG priorities are incorporated into quarterly enterprise risk management updates presented to the Audit and Nominating and Governance Committees to ensure consistent oversight at the Board level.

Enterprise risk management, which encompasses climate-related risks, is overseen by Worthington Steel's Risk Manager within the Treasury function. The Senior Director of Environmental Health, Safety and Sustainability leads day-to-day ESG strategy and reporting, ensuring that climate considerations are integrated into operations and disclosures and are regularly communicated to the ESG Steering Committee and the Board's Nominating and Governance Committee.

2. Strategy

Worthington Steel's approach to climate strategy is grounded in our core belief that resilience and responsibility support long-term business strength. We monitor both short-term and long-term climate-related risks and opportunities and integrate these insights into our strategy, investments, and customer relationships. In the near term, our most significant risks involve extreme weather

events that may disrupt production or logistics, as well as water scarcity that may affect operations in Mexico and other regions. Over the medium to long term, regulatory and market transitions such as evolving carbon pricing, energy costs, and demand for lower carbon materials represent both challenges and opportunities. Our growing involvement in electrification, grid modernization, and clean energy infrastructure positions Worthington Steel to benefit from global decarbonization trends.

Worthington Steel evaluates qualitative climate resilience using two climate scenarios, RCP 2.6 and RCP 8.5. These scenarios help us understand how physical conditions may shift over time and how those changes could influence facility operations, material handling, infrastructure, and continuity planning.

Our qualitative climate scenario assessment considers how projected shifts in rainfall, temperature, and water availability may affect several of our operating locations over time. Climate models indicate that Valley City, Ohio, may experience increasingly intense rainfall events that could place additional pressure on stormwater systems, while Rome, New York, is expected to see progressively warmer conditions that could influence building performance, equipment loads, and summer energy use. In India, our Poonamallee facility is located in an area projected to face longer dry periods and increasing numbers of consecutive dry days, trends that may challenge regional water availability over the long term.

Worthington Steel uses scenario insights to better understand how facility conditions may change over time and where additional attention may be needed. While we have not yet adopted a formal climate adaptation planning process or integrated scenario results directly into capital planning or financial modeling, this information reinforces the importance of long-term resilience and supports discussions about resource needs, operational readiness, and future planning. Many of the improvements already implemented across our operations align with the types of actions that would be recommended to reduce exposure to the physical hazards identified in the scenario analysis. These measures are pursued primarily to support reliable operations, safety, and insurance requirements, yet they also provide indirect protection against projected climate-related risks as climate patterns continue to shift.

In parallel, Worthington Steel continues to identify opportunities to expand in markets that support electrification, energy efficiency, and cleaner materials. These areas provide both business growth potential and contributions to customers' sustainability objectives.

3. Risk Management

Climate-related risks are incorporated into Worthington Steel's enterprise risk management framework. We use a heat-map methodology that considers both the likelihood and severity of potential impacts. Our assessments draw on third-party climate data, insurance modeling, and operational insights from internal teams. The results are reviewed quarterly and integrated into strategic planning and investment processes. Risks are grouped as either physical or transition in nature, covering issues from extreme weather to evolving policy and market requirements.

In response, we have implemented a mix of mitigation measures that include reinforcing high-risk facilities, expanding emergency response capabilities, investing in energy and water efficiency, and diversifying our supply chain. The company's Green Star initiative, which sets annual performance goals for every facility in energy, water, waste, and compliance, serves as the primary mechanism for continuous improvement. Our enterprise risk management and ESG teams periodically review the effectiveness of these controls to ensure ongoing alignment with evolving climate expectations and regulatory requirements.

4. Metrics and Targets

In fiscal 2025, Worthington Steel reported absolute Scope 1 and 2 greenhouse gas emissions of 187,522 metric tons of CO2e, a 2.4 percent reduction from the prior year. Emissions intensity remained steady at 0.02 metric tons of CO2e per ton processed. We maintained a waste diversion rate of 98 percent, recycling more than 400,000 tons of scrap steel and 60,000 tons of spent pickle liquor across our facilities, together representing nearly half a million tons of material diverted from landfill. Twenty-three facilities are certified to ISO 14001, sixteen to ISO 45001, and one to ISO 50001.

Worthington Steel maintains a Scope 3 greenhouse gas inventory, which is disclosed through CDP and EcoVadis. The majority of Scope 3 emissions arise from purchased goods and services. We are continuing to strengthen data quality and supplier engagement to improve the accuracy of these estimates.

The company has completed third-party verification of Scope 1, Scope 2, and Scope 3 emissions for fiscal year 2025. Verification supports the accuracy and robustness of our greenhouse gas accounting and helps ensure consistency with emerging stakeholder and regulatory expectations.

While we are not setting new quantitative targets this year, our focus remains on maintaining or improving our emissions intensity through operational efficiency, energy management, and the ongoing use of renewable electricity where feasible.

California Compliance Statement

This disclosure has been prepared to align with the climate-related financial risk reporting expectations outlined in Senate Bill 261 and the associated guidance developed by the California Air Resources Board. Worthington Steel has also completed third-party verification of its Scope 1, Scope 2, and Scope 3 greenhouse gas emissions for fiscal year 2025 in accordance with the requirements of Senate Bill 253. Together, these efforts reflect our commitment to transparent climate-related disclosure, credible emissions reporting, and the integration of climate considerations into the way we operate and create value.