

22 November 2021

External Reporting Board  
PO Box 11250  
Manners St Central  
Wellington 6142

Dear External Reporting Board,

I am pleased to submit feedback on behalf of Steel & Tube Holdings Limited for the proposed standard titled *Aotearoa New Zealand Climate Change Standard 1: Climate-related Disclosures* (NZ CS 1). Steel & Tube thanks the External Reporting Board for the opportunity to offer feedback on this section related to Governance and Risk Management.

Steel & Tube is New Zealand's leading provider of steel solutions and a proud New Zealand company with over 60 years of trading history. We are the only business in New Zealand that offers the entire range of steel products under one holding company and are an integral part of our domestic steel industry. Steel & Tube recognise the need to collectively reduce carbon emissions and we support New Zealand's commitment to achieve net-zero carbon by 2050.

Steel as a building material is incredibly durable, infinitely recyclable, resistant to water damage and produces minimal construction waste; we believe steel serves a crucial role in New Zealand's transition to a lower emission economy.

Overall, Steel & Tube agrees with the XRB's proposed sections on Governance and Risk Management. We recognise that all large issuers are already disclosing under the NZX Corporate Governance Code, with climate-risk being similarly managed to other risks pertinent to a large organisation. We have suggested minor adjustments, but ultimately endorse these sections of the proposed standard.

Please do not hesitate in contacting me for any further questions or remarks:

Trent Brash  
Group Sustainability Manager  
[Trent.Brash@steelandtube.co.nz](mailto:Trent.Brash@steelandtube.co.nz)

Sincerely,



Trent Brash

## Appendix – Questions and Answers

- 1) Primary users have been identified as existing and potential investors, lenders and insurance underwriters. Do you think that all of these users should be included in the primary user category?

*We support the identified primary users. We also believe that employees should also be included in the primary group. Whilst they do not necessarily have a capital allocation, the decisions that are made by the business have a material impact on employees. Employees are inextricably linked to the business and these reports will influence how they invest their own personal capital (for example, their time).*

- 2) Do you think the proposed Governance section of NZ CS 1 meets primary user needs?
- a. Do you think that the information provided under this section of NZ CS 1 will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.

*We agree with the XRB's decision to align governance disclosures with the recommendations and guidance provided by the TCFD.*

- b. Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?

*This section on governance is clear and all publicly listed companies will already be disclosing under the NZX Corporate Governance Code. We see this section of the standard as complimentary to this code.*

- c. Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?

*Yes, we have no further comments.*

- 3) Do you think the proposed Risk Management section of NZ CS 1 meets primary user needs?
- a. Do you think that the information provided under this section of NZ CS 1 will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.

*Broadly speaking, yes. Risks are identified, methodology is shared and ultimately, those with capital allocations in the business will be able to determine how an organisation has managed and mitigated risk. However, by having the processes so broad, you risk losing comparability between entities, particularly those within sectors. We believe the element of comparability is a useful determinant for investors to consider and believe there should be more specificity required in this section.*

- b. Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?

*Yes, the requests are clear.*

- c. Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?

*While it is important to not be too prescriptive, as it will become a 'tick-the-box' exercise for some organizations, we believe a certain level of prescriptiveness is needed so investors can compare entities within sectors.*

- 4) The XRB has primarily drawn from the TCFD's definitions for its defined terms. Do you agree that we should align closely with the TCFD's definitions?

*Yes, the more conformity we have around verbiage and definitions, the less likely people will get confused. We support aligning with the TCFD definitions.*

- 5) The XRB is particularly interested in feedback on the following defined terms as they are currently proposed: 'climate-related risk', 'climate-related opportunities', 'climate-related issues', 'physical risk', and 'transition risk'.

- a. Do you consider that the XRB should align with the TCFD and use the terms 'climate-related opportunities' and 'climate-related issues', or should we only refer to 'climate-related risks'?

*We believe the document should align with the TCFD and use the terms 'climate-related opportunities' and 'climate-related issues'.*

- b. Do you consider that the proposed definitions for these terms are accurate, sufficiently clear and well-explained? Do they need further detail or explanation? If so, should that detail be included in the defined terms or in guidance?

*We believe that the proposed definitions are adequate.*

- 6) Do you have any other views on the defined terms as they are currently proposed?

*No, other than what has been mentioned.*

- 7) The XRB is currently of the view that adoption provisions for some of the specific disclosures in NZ CS 1 will be required. However, the XRB does not believe it is necessary to provide any adoption provisions for entities in relation to the Governance and Risk Management disclosures. Do you agree with this view? Why or why not?

*Yes, we agree. Large issuers already have a high amount of rigor in how they approach governance (see NZX Corporate Governance Code) and risk management and this section of the standard compliments other mandatory reporting requirements that are already in place. A Board of Directors' core*

*responsibility is to identify, manage and mitigate risk in an organisation, with climate-related risks being fundamentally similar to other risks in an organisation.*

- 8) The XRB currently intends NZ CS 1 to be concise and sector neutral, with sector specific requirements to be contained in guidance. Do you agree with this approach?

*Yes, the guiding principles are the same regardless of sector.*

- 9) Do you have any other comments?

*We have no further comments on this matter.*

– END –