

2 May 2022

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 Strategy and Metrics & Targets.

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 Strategy and Metrics & Targets. We recognise that many CREs are already preparing and reporting climate-related disclosures under guidance of the TCFD. We are pleased with the XRB's decision to align closely with the TCFD's recommendations, and to apply a principles-based approach where appropriate. 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) Do you think the proposed Strategy section of NZ CS 1 meets primary user needs?
- a) Do you think that the information in this section of the standard will provide information that is useful to primary users for decision making? If not, please explain why not and identify any alternative proposals.

*Yes, we believe that this section adequately addresses the objective of the standard.*

- 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?

*It is not immediately clear that paragraph 3 outlines the four main disclosure requirements, while paragraphs 4-7 contain additional subtext within each main disclosure requirement. It is currently structured so that paragraph 3 and all subsequent paragraphs are separate, however paragraph 3 is a summary paragraph of the following four paragraphs. We recommend that the structure is adjusted to make this section clearer to the reader. The structure of the disclosure requirements in the Metrics & Targets section is less ambiguous. The content within this section of the standard is clear in terms of what is required.*

- c) Do you consider that this section of the standard is adequately comprehensive and achieves the right balance between prescriptiveness and principles-based disclosures? If not, what should be removed or added to achieve a better balance?

*Yes, there is a good balance between prescriptiveness and a principles-based disclosures approach. This section aligns closely to the TCFD climate-related disclosures scenarios of 1.5 degrees and more than 2 degrees and is appropriately broad to account for sector-specific and location-specific risks.*

- 2) Do you agree that a standalone disclosure describing the entity's business model and strategy is necessary? Why or why not?

*We agree that a description of an entity's business model and strategy is necessary to assist primary users in determining which organisations are more prone to climate-related risks and opportunities within specific sectors. We endorse this standalone disclosure.*

- 3) Do you agree that we should not prescribe which global mean temperature increase scenario(s) should be used to explore higher physical risk scenarios (such as 2.7°C and/or 3.3°C or by using Representative Concentration Pathways (RCP) such as RCP4.5 or 6), but rather leave this more open by requiring a 'greater than 2°C scenario'? Why or why not?

*We agree that this section should remain open, with organisations providing a 'greater than 2°C scenario'. Whilst climate-related risks (both physical and transition risks) affect all organisations, the*

*degree to which climate-related risks impact an organisation are sector-specific and specific to the organisation's structure, location, and other specificities. We therefore believe that an organisation should have the ability to select higher risk scenarios as they deem appropriate for their specific risk profile and we expect primary users to benefit from this discretion.*

- 4) We do not require transition plans to be tied to any particular target such as net zero and/or 1.5°C, but that entities will be free to disclose this if they have done so. Do you agree? Why or why not?

*This proposed methodology aligns closer to the 'principles-based approach' which conforms with the approach taken in the Governance and Risk Management sections of the standard. Some organisations, particularly those in hard-to-abate industries may find that too much specificity in this section will produce unrealistic or potentially misleading transition plans. In turn, primary users may find that arbitrary targets (i.e., targets that place all organisations in the same bucket) are not useful in understanding the actual impacts of climate-related risks and opportunities for an organisation.*

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

*We do not have any comments on the defined terms.*

- 6) The XRB has identified adoption provisions for some of the specific disclosures in NZ CS 1:

- a) Do you agree with the proposed first-time adoption provisions? Why or why not?

*We agree with the first-time adoption provisions, given the nature of working with a high level of assumptions in preparing these strategy-related disclosures.*

- b) In your view, is first-time adoption relief needed for any of the other disclosure requirements? Please specify the disclosure and provide a reason.

*No comment.*

- c) If you are requesting further first-time adoption relief, what information would you be able to provide in the interim?

*No comment.*

- 7) Do you think the proposed Metrics and Targets section of NZ CS 1 meets primary user needs?

- a) Do you think that the information in this section of the standard will provide information that is useful to primary users for decision making? If not, please explain why not and identify any alternative proposals.

*The proposed section on Metrics & Targets adequately addresses the disclosure objective in paragraph 1.*

- 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?

*Overall, we believe this section is clear. One ambiguity that has been noted is understanding which Scope 3 emission categories are relevant to an organisation. For example, emissions from leased assets are part of an organisation's downstream emission profile. Steel & Tube Holdings do not have any leased assets; therefore, we will not need to report on this category. However, for downstream 'transportation & distribution', it becomes more ambiguous. The standard needs to ensure that there is adequate guidance to enable organisations to accurately report on emission categories that are relevant to them.*

- c) Do you consider that this section of the standard is adequately comprehensive and achieves the right balance between prescriptiveness and principles-based disclosures? If not, what should be removed or added to achieve a better balance?

*Yes; this section will naturally have a higher level of prescriptiveness, which we support in order to clearly articulate what is required.*

- 8) We have not specified industry-specific metrics. The guidance will direct preparers where to look for industry-specific metrics. Do you believe this is reasonable or do you believe we should include a list of required metrics by industry? If so, do you believe we should use the TCFD recommendations or follow the TRWG prototype?

*No comment.*

- 9) We will require disclosure of scope 3 value chain emissions as part of this standard. Are there areas (particularly in your scope 3 value chain) where there are impediments to measuring at present? If so, what are these areas and when do you think it might be possible to measure these areas?

*There are no current impediments to measuring. Upstream transportation & distribution is the most challenging category at present due to the high number of vendors and varying competencies in terms of data collection and sharing.*

- 10) Paragraphs 8, 9 and 10 contain specific requirements relating to the disclosure of GHG emissions to facilitate the conduct of assurance engagements in line with the requirement of section 461ZH of the Financial Markets Conduct Act. Do you have any observations or concerns about these proposed requirements?

*We have no concern about these proposed requirements.*

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

*We have no views on the defined terms as they are currently proposed.*

- 12) The XRB has proposed not providing first-time adoption provisions for the Metrics and Targets section of NZ CS 1. Do you agree? Why or why not?

*We agree that first-time adoption provisions are not provided for the Metrics & Targets section of NZ CS1. These are simple to establish, and an appropriate amount of time has been given before assurance requirements come into force.*

- 13) The XRB proposes that the minimum level of assurance for GHG emissions be set at limited assurance. Do you agree?

*Yes; some Scope 3 emissions categories will be very difficult to obtain sufficient evidence to provide reasonable assurance. This will give companies the opportunity to receive reasonable assurance for the majority of their emissions, but only limited for the more challenging categories. This will give well prepared organisations the opportunity to receive reasonable assurance and give their primary users more confidence that the data that has been prepared and presented in accordance with the criteria.*

- 14) The XRB has proposed a definition of material (Information is material if omitting, misstating, or obscuring it could reasonably be expected to influence decisions that primary users make on the basis of their assessments of an entity's enterprise value across all time horizons, including the long term). Do you agree with this definition? Why or why not?

*Materiality will be defined differently by primary users depending on their relationship with the organisation; we agree that the enterprise value lens will cover the needs of all primary users.*

- 15) Do you have any other comments on the proposed materiality section?"

*We support further development into considering a 'double materiality' lens for primary users, to capture and focus on impact materiality, not just financial materiality.*

– END –