

29 October 2024

External Reporting Board
154 Featherston St
Wellington

Dear External Reporting Board,

We are grateful for the opportunity to submit feedback on behalf of Steel & Tube Holdings Limited on the consultation document titled *Proposed 2024 Amendments to Climate and Assurance Standards*. Steel & Tube thanks the External Reporting Board for the opportunity to offer feedback on these proposed amendments to NZ CS 2: Adoption of Aotearoa New Zealand Climate Standards and NZ SAE 1: Assurance Engagements over Greenhouse Gas Emissions Disclosures. We have answered the questions from the consultation in the appendix to this letter and are supportive of the proposed changes.

Steel & Tube is one New Zealand's leading providers of steel and metal solutions, proudly helping our customers build from the ground up for over 70 years. Steel, as a building material, is exceptionally durable, infinitely recyclable, resistant to water damage, and generates minimal construction waste. It's an essential material in the building of renewable energy infrastructure such as wind and solar farms, as well as a weather resistant building material. We believe that steel is essential to New Zealand's transition to a circular low-emission economy.

As part of our feedback, we also offer the following general observations as a Climate Reporting Entity:

- The ultimate aim of the Aotearoa New Zealand Climate Standards (as stated in NZ CS 1, paragraph 2) is to "support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future" we are unequivocally supportive of this aim. However, we believe that a fundamental review should be conducted to evaluate whether the Aotearoa New Zealand Climate Standards are achieving this objective
- Our observation is that a number of the requirements in the standards do not directly address this objective and are incurring significant costs, subsequently diverting capital and resource allocation away from impactful activities such as emissions reduction and investment in decarbonisation
- We acknowledge the rationale behind New Zealand's Climate Standards aligning to the TCFD framework (and assume that future changes would align to IFRS Sustainability Standards) however we believe that adherence to international requirements has not given enough consideration to adapting these standards to New Zealand's situation and context. Where alignment to international standards has trade benefits for exporters within New Zealand, the same cannot be said for other reporting entities
- Steel & Tube supports developing requirements that address the stated aim of the standards rather than strict harmonisation with international standards, also noting that entities can continue to voluntarily comply with IFRS and other international standards

In summary, we believe each requirement within the standards should be only retained if it supports the objective of climate reporting. Requirements also need to be reviewed from a cost benefit perspective.

We are happy to meet to discuss. Please do not hesitate in contacting us with any questions: please contact either Courtney Fraser courtney.fraser@steelandtube.co.nz or Richard Smyth richard.smyth@steelandtube.co.nz

Sincerely,



Courtney Fraser
Group Sustainability Manager



Richard Smyth
Chief Financial Officer & Company Secretary

Appendix – Questions and Answers

Question 1: Do you agree with Proposal 1 to extend Adoption Provisions 4, 5 and 7 for scope 3 GHG emissions disclosures from one accounting period to two accounting periods?

We agree with Proposal 1.

Question 2: Do you agree with Proposal 2 to add a new Adoption Provision 8 that gives relief of one accounting period before scope 3 GHG emissions assurance is mandatory?

We agree with Proposal 2, however we note that it would have been ideal for this to have been applied across all assurance requirements but understand the constraint due to legislation.

Question 3: Do you agree that a one-year delay for scope 3 GHG emissions assurance is sufficient to enable systems to mature to support the availability of sufficient reliable data and to enable increased consistency across the assurance market?

We believe a two-year delay would be more appropriate given the cost and resourcing required to gather the data needed to accurately report and calculate scope 3 emissions.

Question 4: Do you agree with Proposal 3 to extend Adoption Provision 2 for anticipated financial impacts from one accounting period to two accounting periods?

We believe the significant costs associated with preparing to disclose anticipated financial impacts justifies an extension from one accounting period to three accounting periods.

Question 5: Do you agree with Proposal 4 to extend Adoption Provision 3 for transition planning from one accounting period to two accounting periods?

Similar to question 4, developing a transition plan is directly linked to the work that is required for disclosing financial impacts and therefore we believe this adoption provision should also be extended to three accounting periods.