



# 2024 CLIMATE RELATED DISCLOSURES

STEEL & TUBE HOLDINGS LIMITED



# Introduction

Steel & Tube offers one of New Zealand's most comprehensive ranges of steel products, services, and solutions. Steel & Tube's group activities involve processing and distributing steel and metal products. Our purpose is to make life easier for our customers. We aim to maximise the role of steel in fostering a sustainable, low-emission society, while simultaneously expanding our business and delivering value to our shareholders.

Steel & Tube has a dual pathway strategy; building a diversified and resilient business (Continue to Strengthen the Core) while capitalising on new avenues of growth (Grow High Value Products and Services). Strengthening the core involves building on the strong business foundation we have established, to deliver best-in-class customer experiences, operational efficiency, and a strong financial performance. We will grow our business by expanding our offering and investing in new products and services that provide high value to our customers. Steel & Tube considers sustainability and emissions before acquiring new businesses or introducing new products and services.

Steel & Tube is strategically positioning itself to adapt to a future of low emissions by working to reduce our direct emissions and understand the impact of our products, and how we can reduce our product carbon footprint. We support New Zealand's goal of achieving net-zero emissions by 2050. In 2022 we joined the Sustainable Business Council, and in 2024 our Group Sustainability Manager became a board member of the Sustainable Steel Council, further solidifying our commitment to minimising our environmental footprint through active collaboration with industry peers.

Transitioning to a low-emission economy presents both opportunities and challenges and we acknowledge that climate change could significantly alter our core business operations and activities. Steel is an infinitely recyclable material, and with the upcoming installation of New Zealand Steel's Electric Arc Furnace, our product will only increase its circularity in the coming years. Our work over the last two years to conduct scenario analysis and identify key climate risks and opportunities has laid the groundwork for developing our climate change strategy and transition plan that will continue to evolve in the years to come. In FY24, we completed the second phase of

our climate risk assessment, and over FY25 we are working to embed transition planning into our business.

Due to uncertain technological changes, economic factors and environmental changes, our strategies are subject to change. Steel & Tube cautions reliance on forward-looking statements that are necessarily less reliable than other statements. Steel & Tube gives no representation, warranty, or assurance that actual outcomes or performance will be consistent with statements made in this report. We do not accept any liability whatsoever for any loss arising directly or indirectly from any use of the information contained in this report. Nothing in this report constitutes financial, legal, tax or strategic growth guidance or advice.



**Susan Paterson**  
Chair



**John Beveridge**  
Director

29th October 2024



# Statement of Compliance

Steel & Tube is a climate-reporting entity under the Financial Markets Conduct Act 2013. These climate-related disclosures comply with the Aotearoa New Zealand Climate Standards (NZ CS 1, 2 and 3) issued by the External Reporting Board (XRB).

This report contains Steel & Tube's first climate statement in accordance with the Aotearoa New Zealand Climate Standards and covers the financial year 1 July 2023 to 30 June 2024. All figures and commentary relate to the full year ended 30 June 2024, unless otherwise indicated.

Steel & Tube has chosen to use the first-time adoption provisions set out in NZ CS 2 as follows:

- + **Adoption provision 1: Current financial impacts**  
Provides an exemption for an entity from disclosing in its first reporting period the financial costs of (a) the physical impact of climate change, and (b) the transition to a low carbon economy.
- + **Adoption provision 2: Anticipated financial impacts**  
Provides an exemption for an entity from disclosing in its first reporting period the anticipated financial impacts of climate-related risks and opportunities it reasonably expects.
- + **Adoption provision 3: Transition planning**  
Exempts an entity from disclosing in its first reporting period the transition plan aspects of its strategy and the extent to which these are aligned with its internal capital deployment and funding decision-making processes.
- + **Adoption provision 4: Scope 3 GHG emissions**  
Exempts an entity from disclosing in its first reporting period greenhouse gas ("GHG") emissions in metric tonnes of carbon dioxide equivalent classified as Scope 3.

- + **Adoption provision 5: Comparatives for Scope 3 GHG emissions**

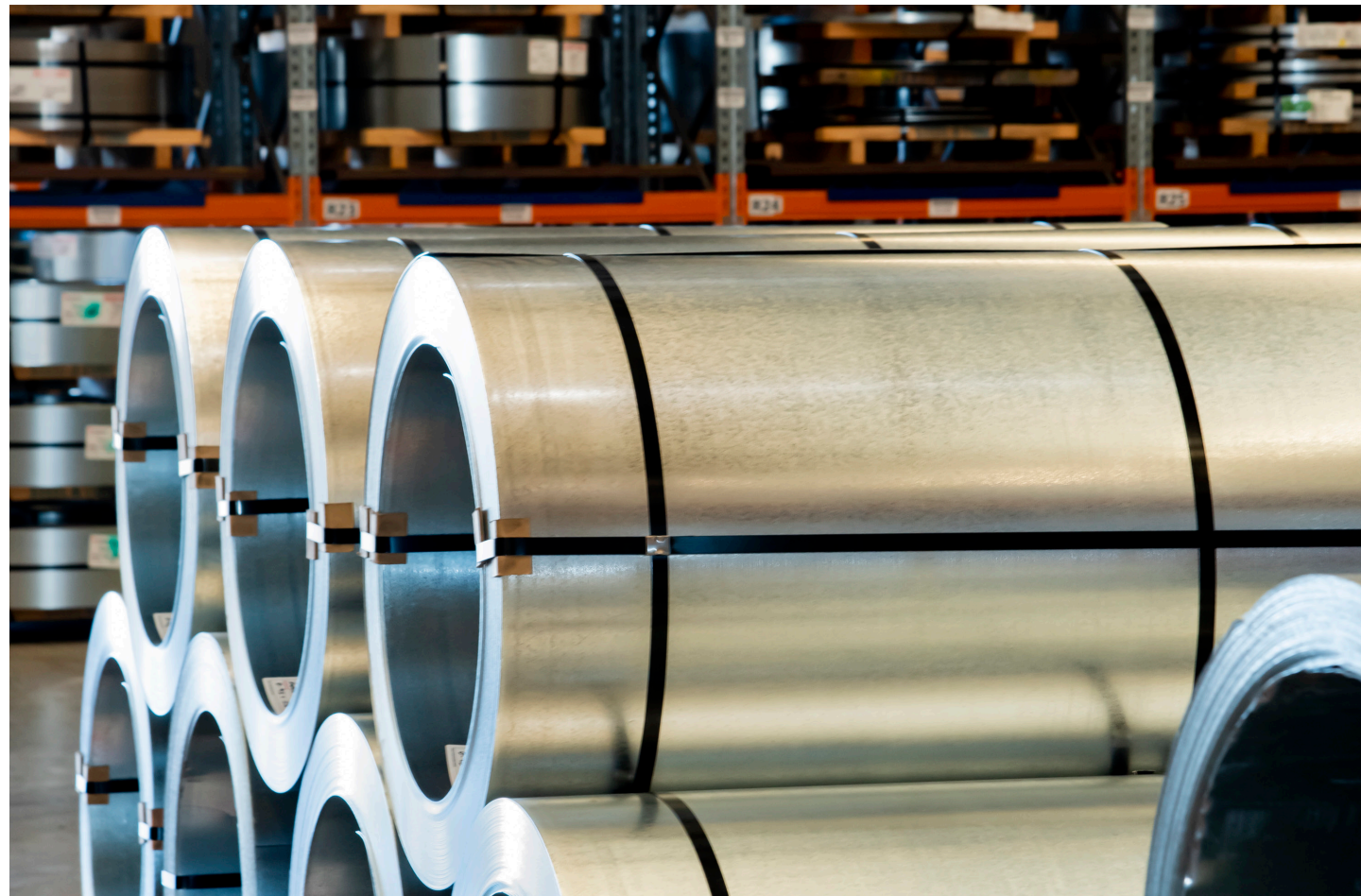
Allows an entity to not disclose comparatives for the previous two reporting periods.

- + **Adoption Provision 7: Analysis of trends**

Provides an exemption to entities from disclosing an analysis of main trends evident from a comparison of each metric from previous reporting periods to the current reporting period.

## Transition planning

During FY25, work has commenced on our transition plan. This plan will be based on the findings from the climate risk assessment and scenario analysis detailed in the following pages.



# Governance

## Board Oversight

Steel & Tube's board of directors has overall responsibility and oversight for Steel & Tube's strategy, which includes addressing climate-related risks and opportunities. The board is supported in this by Steel & Tube's Audit & Risk Committee. Steel & Tube's directors are responsible for their ongoing education and staying informed about climate-related issues. The board utilises climate-related expertise from within Steel & Tube, and externally when required. From FY25, the board has delegated oversight of climate risks, opportunities and reporting to the Audit & Risk Committee. The board retains overall responsibility for climate strategy. The board also relies on management to keep them informed of changes and developments on climate change issues and sustainability. The board is responsible for the oversight of climate-related disclosures.

Sustainability and climate performance are standing topics for discussion at board meetings, with key updates reported at six board meetings in FY24 and is also a key matter for discussion at the annual board strategy day.

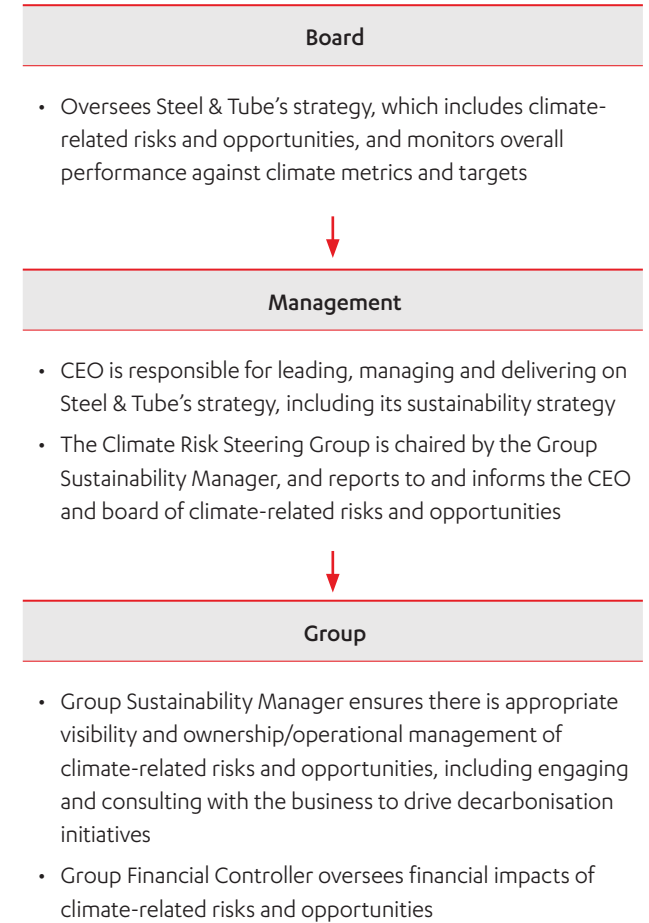
Steel & Tube has been measuring performance on internal Environmental, Social and Governance (ESG) metrics and targets since 2022 after its first materiality assessment. These metrics and targets were approved by the board and cover a range of performance indicators including GHG emissions. Performance across these internal ESG metrics and targets are reviewed by the board on a quarterly basis. Climate-related performance is not currently incorporated into remuneration policies.

## Management's Role

The board delegates climate-related responsibilities to various management-level positions and oversight groups. The Chief Executive Officer (CEO) leads the management and delivery of the company's strategy, and delegates management of sustainability and climate-related matters to the Chief Financial Officer (CFO) and Group Sustainability Manager. Steel & Tube's Group Sustainability Manager reports to the CFO and works across the group to ensure the implementation of decarbonisation projects and other strategic sustainability initiatives.

The Group Sustainability Manager chairs Steel & Tube's Climate Risk Steering Group and provides sustainability recommendations and updates to the board at least six times a year. The Climate Risk Steering Group, which comprises of senior leaders, leads an annual review of climate-related risks and opportunities and recommendations are made to the board. Using these various sources of information, the board is enabled to make informed decisions and guide the company towards sustainable practices.

The Sustainability Manager meets monthly with the CEO and CFO to discuss sustainability initiatives in progress, performance on Scope 1, 2 and 3 emissions and any developments in identified climate-related risks and opportunities. The Sustainability Manager also attends the Health, Safety & Sustainability Engagement meetings held every six weeks and involving site managers, operations managers and area managers across the company. The Sustainability Manager reports relevant insights and feedback from these meetings up to the CEO and CFO.



# Strategy

Sustainability features as one of Steel & Tube's four strategic goals; to deliver positive outcomes for our business, our people, our communities, and our planet. In alignment to this goal, over FY23 and FY24, Steel & Tube has undertaken a two-phased climate risk assessment, conducted scenario analysis, and taken steps towards developing a transition plan. A description of the climate risk assessment and scenario analysis work undertaken is provided in the "Approach to scenario analysis section" on page 6.

## Current Impacts

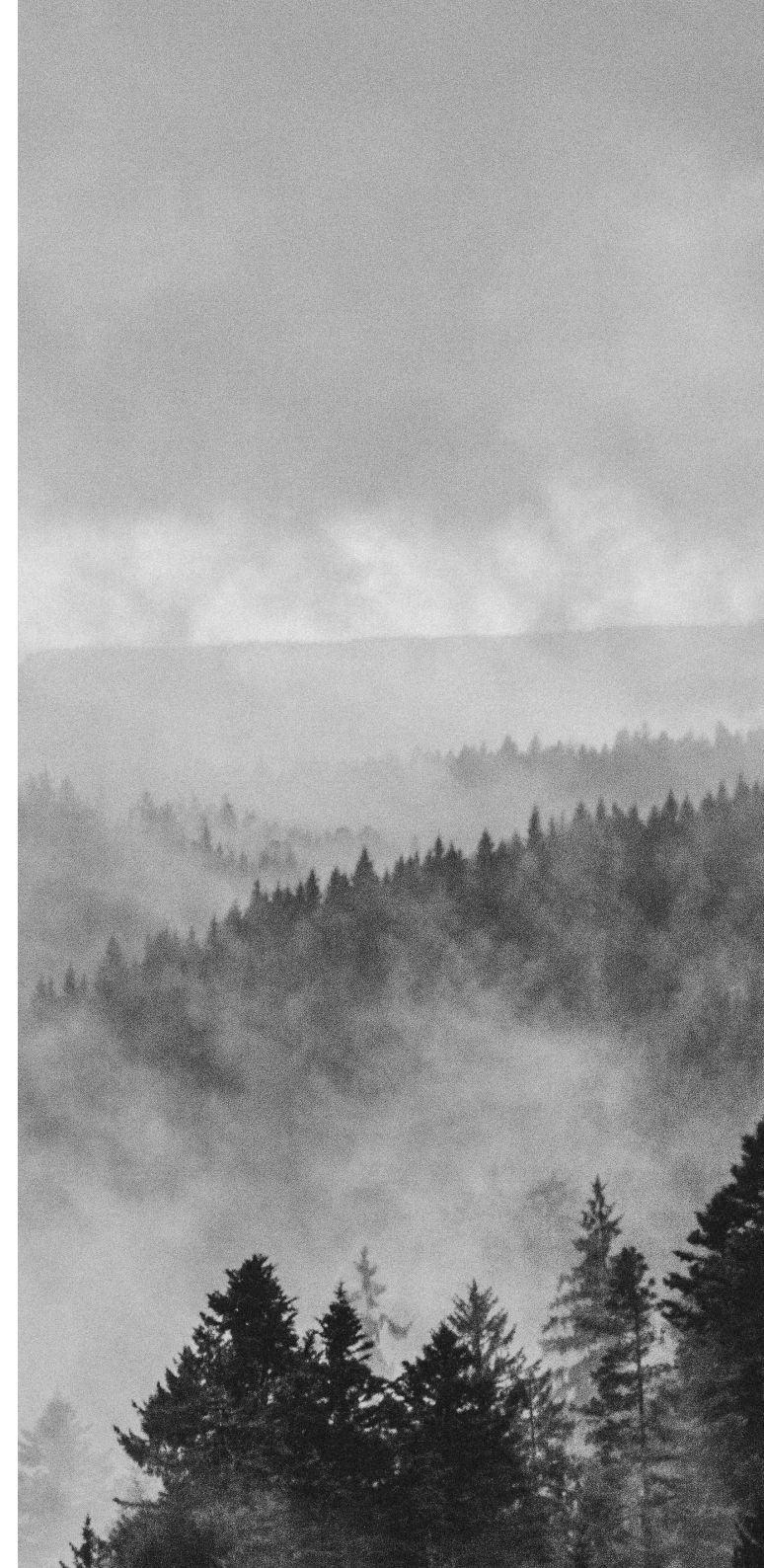
Steel & Tube has analysed how our business is currently impacted by physical and transition aspects of climate change. The main impacts are from weather events disrupting our business activities and those of our customers, and a potential shift in demand towards materials with lower embodied carbon.

## Physical Impacts

In early 2023, Steel & Tube witnessed first hand the susceptibility of New Zealand to severe weather conditions, with the flooding in Auckland and Northland, and the impact of Cyclone Gabrielle across much of the North Island, in particular the Hawkes Bay. These physical climate-related events caused extensive damage to infrastructure and supply chains. Economic repercussions included disaster recovery costs and lost productivity. These repercussions were felt strongly by many businesses in the upper North Island and, to a lesser extent, the rest of New Zealand. Despite these challenges, Steel & Tube experienced only minor disruptions to its operations. The company was able to extend support to its employees and customers affected by these extreme weather events. We have continued to strengthen our business continuity planning in FY24, which includes emergency responses for each site for different civil defense scenarios.

## Transition Impacts

Steel & Tube is one of New Zealand's leading distributors and processors of steel, metal and related products and our customers range from food and dairy processors, engineers and fabricators to manufacturers, builders and construction companies. We are aware that customers within these segments either currently have or are beginning to develop embodied carbon targets for their projects (e.g. Green Star Building requirements). In other cases, end-user demands are driving requests for products that meet low-carbon specifications. A growing awareness of the impact of emissions and desire to reduce embodied carbon in the building sector in particular has created a shift in demand towards materials with lower embodied carbon. This trend could potentially lead to a loss of customers, revenue and, to a lesser extent, market share for Steel & Tube if we do not have the correct mix of product offering that meets low-carbon requirements.



# Approach to Scenario Analysis

Over the course of 2023 and 2024, Steel & Tube engaged Deloitte to assist with conducting a climate risk assessment and scenario analysis workshops to build our scenario narratives.

The initial output was the development of our climate scenario architecture, agreement on the strategic time horizons for testing our exposure to climate risks and hazards and a climate risk & opportunities register, containing our identified and rated physical and transition risks.

We chose the Network for Greening the Financial System (NGFS) scenarios for our analysis primarily due to the availability of regional or country-specific data for New Zealand, and the inclusion of temperature pathways necessary for compliance with NZ CS 1. The scenario architecture and narratives were developed internally, adopting NGFS narratives for Net Zero 2050, Delayed Transition, and Hothouse - Current Policies. Additionally, we incorporated a broader set of climate scenarios from the SSP (Shared Socioeconomic Pathway) Scenarios, the Intergovernmental Panel on Climate Change (IPCC) and qualitative descriptions, population demographics and socio-economic assumptions.

The time horizons for these scenarios were determined on the basis of Steel & Tube's asset and product design life, its asset management regime, and its longer-term business strategy. The warming scenarios and time horizons adopted by Steel & Tube provide a means of stress testing the exposure and vulnerability of Steel & Tube's assets, operations and people to the effects of climate change over time and under different scenarios.

Steel & Tube conducted its scenario analysis as a standalone process, and we have not undertaken any modelling. An explanation of the sources of data is provided in the Appendix 1. A staged approach was taken to develop board knowledge and understanding, with full board engagement during the introduction of climate-related disclosures. This culminated in board approval of the climate risk assessments and scenario narratives.

The Climate Risk Steering Committee participated in a scenario analysis workshop to define "how climate change could plausibly affect our business model and strategy, what should we do and when". This information was then used by the group to identify our driving forces, using the STEEP analysis (social, technological, economic, environmental, and political categories) as provided by the XRB Staff Guidance on Entity Scenario Development. The output of the analysis for each climate scenario was consolidated and scenario narratives were drafted.

Risk and Scenario Time Horizons		Steel & Tube's Climate Scenarios
Short-term	Present day to 2030	Orderly – Net Zero by 2050 (1.4°C)
Medium-term	2030 to 2050	Disorderly – Delayed Transition (1.6°C)
Long-term	2050 to 2100	Hothouse – Current Policies (3°C+)

# Our Climate Scenario Architecture

	Orderly	Disorderly	Hothouse
IPCC SSP	SSP 1 – 1.9, 1.4°C	SSP 1 – 2.6, 1.8°C	SSP 5 – 8.5, 4.4°C
NIWA RCP	RCP 1.9	RCP 2.6	RCP 8.5
NFGS Scenarios	<b>Orderly – Net Zero by 2050</b> Global Warming limited to 1.5°C by the end of 2100	<b>Disorderly – Delayed Transition</b> Global warming limited to 2°C by the end of 2100	<b>Hothouse – Current Policies</b> Global warming reaches 3°C of warming by the end of 2100
Policy Ambition	1.4°C	1.6°C	3°C+
Policy Reaction	Immediate and smooth	Delayed	None – current policies
Technology Change	Fast change	Slow/fast change	Slow change
CDR (carbon dioxide removal)	Medium-high use	Low-medium use	Low use
Regional Policy Variation	Medium variation	High variation	Low variation
<b>Short-term (Present day – 2030)</b>	Early implementation of climate change regulation and policies. Clear market signals encourage steel makers to drive enhanced resilience through strategic products, competitive pricing and strict screening. <b>Physical Risks: Low</b> <b>Transition Risks: High</b>	Delayed implementation of policies and mixed market signals make it difficult for steel makers to meet demands and needs. Increased exposure to reputation damage. <b>Physical Risks: Low</b> <b>Transition Risks: Low</b>	Current policies – limited ambition. Limited to no investment in infrastructure resilience and extreme exposure to climate impacts results in credit and liquidity risk. <b>Physical Risks: Low</b> <b>Transition Risks: Low</b>
<b>Medium-term (2030 – 2050)</b>	Ambitious decarbonisation goals and policies are introduced immediately, and emissions decline rapidly and steadily to achieve net zero by 2050. <b>Physical Risks: Low</b> <b>Transition Risks: Medium</b>	Significant decarbonisation is delayed until the mid-2030s. There is a high transition risk as New Zealand rushes to meet net zero by 2050 goals and moderate physical risk exposure due to delayed action. <b>Physical Risks: Medium</b> <b>Transition Risks: High</b>	No additional policies are introduced to curb emissions, and emissions continue to rise. Warming reaching >3°C. There are limited transition risks but extreme physical climate risks. <b>Physical Risks: High</b> <b>Transition Risks: Low</b>
<b>Long-term (2050-2100)</b>	Net zero achieved. Relatively low weather impacts. <b>Physical Risks: Low</b> <b>Transition Risks: Low</b>	Extended period of policies due to delayed/disorderly transition. Higher impacts felt. <b>Physical Risks: Medium</b> <b>Transition Risks: Low</b>	Impacts are creating large GDP destruction. Still no policies. <b>Physical Risks: High</b> <b>Transition Risks: Low</b>

# Description of Scenario Narratives

The following section provides a summarised overview of the three scenario narratives developed and utilised by Steel & Tube in FY24. These narratives aim to illustrate the critical uncertainties and assumptions regarding how Steel & Tube's operating context might evolve over time under various potential futures. Although they are shaped by a scenario architecture that makes specific assumptions about how context evolves over time, they remain qualitative and exploratory in nature. Climate scenarios are not predictive, nor are they forecasts or representations of preferred options.

## Orderly

In response to increasing global pressure to combat climate change, the global community attempts to meet its obligations under the Paris Agreement by implementing stringent policies mandating the use of sustainable materials in construction. These policies prioritise materials with lower carbon footprints, pushing the construction industry to adopt greener alternatives. Steel & Tube must navigate these regulations while maintaining competitiveness. Public awareness and concern about climate change has surged, influencing customer preferences. Consumers and businesses alike are demanding more sustainable products, with rapid investigation and research conducted for alternative materials and low emission methods for producing steel. Steel, traditionally seen as a high-carbon material, faces scrutiny not only from the construction market, but also from the new potential workforce who factor in environmental impact in their choice of employment. Although the higher carbon content of steel has a negative perception, there is also growing recognition of the durability and circularity of steel, presenting an opportunity for Steel & Tube to reposition its products. The economic landscape is shaped by fluctuating access to finance, driven by banks and insurance companies prioritising sustainable investments. Financial entities restrict access to funding unless high-emitting companies have a verifiable transition plan. Companies with strong environmental credentials find it easier to secure funding. Additionally, technological advancements in alternative materials like wood and synthetics are increasing, posing both a threat and an opportunity for Steel & Tube.

## Disorderly

The political landscape is chaotic, with inconsistent and rapidly changing policies. Governments are struggling to balance economic growth with climate commitments, leading to unpredictable regulations. Steel & Tube faces a volatile environment where sudden policy shifts can disrupt operations and strategic planning. Public opinion is fragmented. While a significant portion of the population demands immediate and drastic action on climate change, others are resistant due to economic concerns. This division creates a challenging market where customer preferences are highly variable and difficult to predict. Steel is often criticised for its embodied carbon, but its durability and recyclability still hold appeal for certain segments. Increased weather events demonstrate the durability and reliability of steel products, but a disruptive supply chain causes issues for procurement. The economic environment is unstable, characterised by fluctuating access to finance and insurance. Banks and insurance companies are increasingly wary of high-carbon industries, leading to sporadic and unpredictable financing conditions and excessive delays due to fluctuating lending criteria. Technological advancements in alternative materials are progressing unevenly, creating both opportunities and threats for Steel & Tube.

## Hothouse

In this scenario, global efforts to mitigate climate change have largely failed, leading to severe and frequent climate impacts. Governments are overwhelmed by the immediate need to address climate disasters, resulting in reactive and fragmented policies. Steel & Tube must navigate a landscape where regulations are inconsistent and often focused on short-term crisis management rather than long-term sustainability. Society is experiencing significant stress due to the impacts of climate change. Public opinion is polarised; while some demand urgent action, others are more concerned with economic survival. Customer preferences are shifting rapidly, with a growing demand for materials that can withstand extreme weather conditions. Steel, known for its strength and durability, is increasingly valued, but its environmental impact remains a concern. The economic environment is highly unstable, characterised by frequent disruptions due to climate-related events. Access to finance is erratic, with banks and insurance companies becoming increasingly risk-averse. Technological advancements in alternative materials are slow and uneven, as resources are diverted to immediate climate response efforts. Steel & Tube faces a challenging market where adaptability and resilience are key.



# Climate-related Risks and Opportunities

Steel & Tube has identified a number of anticipated climate-related risks and opportunities over defined time horizons. The tables below outline the material climate-related risks and opportunities that Steel & Tube has identified together with their anticipated impacts.

The timeframes identified below over which we estimate that risks or opportunities could eventuate are not currently linked to our strategic planning timelines or capital deployment plans. However, climate-related risks and opportunities are considered in this section covering decisions on significant capital expenditure and potential acquisitions.

Description	Timeframe	Anticipated Impacts
<p><b>Physical Risk:</b> <b>Business disruption from extreme weather</b></p> <p>Extreme weather events could result in damage to assets, business interruption and operational delays. These weather events may also impact on customer projects with delays and reduced demand for steel</p>	<p>Short-term</p> <p>Medium-term</p> <p>Long-term</p>	<p>Increased extreme weather events could:</p> <ul style="list-style-type: none"> <li>• Cause damage to buildings and worksites</li> <li>• Close or damage transportation routes necessary for our people to come to work, and to deliver and receive goods</li> <li>• Disrupt supply chains nationwide, with associated costs</li> <li>• Reduce revenue due to an inability to deliver customer orders</li> <li>• Cause customers to pause or delay projects, resulting in decreased demand for Steel &amp; Tube's products</li> <li>• Increase the cost of insurance, repairs, maintenance and asset replacement</li> <li>• Increase capital expenditure to upgrade properties to a climate-resilient standard</li> </ul>
<p><b>Physical Opportunity:</b> <b>Increased demand for steel as a resilient construction material</b></p> <p>Steel is a highly resilient, strong and sustainable construction material and offers a number of advantages in a future where climate change and extreme weather events are more likely</p>	<p>Short-term</p> <p>Medium-term</p> <p>Long-term</p>	<ul style="list-style-type: none"> <li>• Increased demand for steel in new build and rebuild projects, particularly for essential infrastructure, coastal protection and port rebuilds</li> <li>• Increased demand for building products, such as roofing, that are corrosion resistant</li> </ul>

Description	Timeframe	Anticipated Impacts
<p><b>Transition Risk &amp; Opportunity:</b>  <b>Growing customer preference for building products with lower embodied carbon</b></p> <p>Steel has relatively higher embodied carbon than other building products. New technologies to decarbonise steel are still in very early stages</p>	<p>Short-term  Medium-term  Long-term</p>	<ul style="list-style-type: none"> <li>• Customers seeking to meet embodied carbon targets and requirements, turning to alternative building products</li> <li>• Short/medium term - global investment in low-emissions steel production, as mills invest in Electric Arc Furnaces and R&amp;D for low embodied carbon steel production</li> </ul>
<p><b>Transition Opportunity:</b>  <b>Decarbonisation of the energy sector</b></p> <p>Transition away from fossil fuel energy sources such as coal to more sustainable energy for example solar and wind</p>	<p>Short-term  Medium-term</p>	<ul style="list-style-type: none"> <li>• Increased demand for steel as an essential component in the construction of alternative energy projects</li> <li>• Decarbonisation of the energy sector creates demand for steel products for i.e. wind turbines, steel ground mounted solar arrays</li> </ul>
<p><b>Transition Risk:</b>  <b>Increased regulation and compliance</b></p> <p>Introduction of new climate-related regulation or policies that affect customer projects and/or the company and/or directors</p>	<p>Short-term  Medium-term</p>	<p>Associated risks include:</p> <ul style="list-style-type: none"> <li>• Potential fines and litigation for directors due to failure to comply with climate-related disclosures</li> <li>• Perceived greenwash resulting in litigation</li> <li>• Reduced demand for steel due to low embodied carbon policies in construction projects</li> </ul>
<p><b>Transition Risk:</b>  <b>Global supply chain disruption</b></p> <p>Increasing geopolitical tensions, supply and demand disruption, and carbon border adjustment mechanisms</p>	<p>Short-term  Medium-term</p>	<p>Steel &amp; Tube sources 50-60% of its products from global steel mills. Global supply chain disruption could:</p> <ul style="list-style-type: none"> <li>• Reduce access to offshore steel mills and product</li> <li>• Increase the cost of accessing steel globally</li> <li>• Lead to lost sales where stock is unavailable</li> <li>• Increased costs associated with international freighting</li> </ul>

# Risk Management

Steel & Tube has undertaken a stand-alone climate risk assessment to identify, assess, and manage climate-related risks. This end-to-end risk assessment process involved several key steps.

A series of workshops were held to establish the scope and boundary of the climate change risk assessment, and included Steel & Tube's Climate Risk Steering Group consisting of members of the Senior Leadership Team (SLT) and key internal subject matter experts. This group identified and rated Steel & Tube's climate risks and assessed and validated the results.

The climate risk assessment took into consideration the methodology provided by the Ministry for Environment's National Climate Change Risk Assessment Framework, which offers a structured approach to identifying and assessing climate change risks at a national level. The company also referred to ISO 14091-2021, a standard that provides guidelines for assessing physical risks and opportunities associated with climate change. Additionally, Steel & Tube utilised the methodology for identifying and rating transition risks and opportunities that is recommended by the Task Force on Climate-related Financial Disclosures (TCFD). This comprehensive approach ensured a robust and thorough climate risk assessment, aligning with international best practices and standards.

Risks are assessed over timeframes that are in line with our scenario time horizons (present day to 2030 for short term, 2030 – 2050 for medium term and 2050 – 2100 for long term).

The scope of our climate risk assessment encompassed all aspects of Steel & Tube, its subsidiaries, our suppliers, upstream transportation, and one step down the supply chain to our direct customers. No parts of our value chain are excluded from this assessment.

At a minimum, a comprehensive climate risk assessment will be carried out every three years. Annually, a list of top risks and opportunities will be reviewed by the SLT and presented to the board to determine if further action is necessary.



# Metrics and Targets

## Metric Categories

Metrics and targets are used to quantitatively measure an organisation’s sustainability performance.

- + **Scope 1** emissions we directly control. For Steel & Tube, this includes vehicle fuel and stationary combustion
- + **Scope 2** purchased electricity from the grid

As previously noted, Steel & Tube has opted to use NZ CS 2 Adoption provision 4, providing an exemption from disclosing our Scope 3 emissions in FY24. Although we have historically reported some of our Scope 3 emissions, previously this has been based on incomplete data. A full description of our GHG emissions methods, assumptions and estimation uncertainty are included in Appendix 2.

## Table of Emissions

All figures are in tCO<sub>2</sub>e (Tonnes of Carbon Dioxide Equivalent). Our baseline year for GHG emissions is 2023.

Emissions Category	FY22	FY23	FY24
<b>Total Scope 1 &amp; 2</b>	1,857	1,886	1,702
<b>Scope 1</b>	<b>1,239</b>	<b>1,523</b>	<b>1,393</b>
Stationery Combustion	10	9	8
Vehicle Fleet	1,229	1,514	1,385
<b>Scope 2</b>	<b>618</b>	<b>363</b>	<b>309</b>
Electricity Consumption	618	363	309

Our reported FY22 and FY23 Scope 1 and 2 emissions published in August 2023 were measured in accordance with the Ministry for the Environment’s Measuring Emissions: A Guide for Organisations: 2022. We have since applied each version of the MFE Emission Factor books to our corresponding financial year (eg. FY22 emissions apply MFE 2022 Emission Factors, FY23 emissions apply MFE 2023 Emission Factors and FY24 emissions apply MFE 2024 emission factors).

## Explanatory Comments

**Scope 1:** In May 2024, Steel & Tube acquired 20 trucks and 8 trailers, and as a result emissions that were previously accounted as Scope 3 Category C9 (Downstream Transportation and Distribution) are now accounted as Scope 1 – Vehicle Fleet.

**Scope 2:** The emission factor for Scope 2 electricity consumption in FY23 and FY24 was significantly lower than the FY22 emission factor, this has resulted in a reduction in the tCO<sub>2</sub>e amount when comparing FY23 and FY24 to FY22.

## GHG Emissions Intensity

Steel & Tube measures Scope 1 & 2 emissions intensity by tonnes sold (kgCO<sub>2</sub>e per tonne sold).

Emissions Intensity – Tonnes Sold	FY22	FY23	FY24
Scope 1 & 2	11.08	12.77	14.74

## Additional Metric Categories

Our work to assess the amount or extent of assets or business activities vulnerable to climate-related risks (and aligned to opportunities), including the methodology and metrics to quantify, is ongoing and is not included in this first year of reporting.

Steel & Tube does not currently apply an internal carbon emissions price. Steel & Tube is currently determining how climate-related risks and opportunities serve as an input to its internal capital deployment and funding decision-making processes.

## Targets

Steel & Tube has not currently set any climate-related targets, but we are working towards developing meaningful targets over FY25 as we continue to investigate appropriate metrics that are industry specific and a transition plan to support our ambitions to achieve any targets.

# Appendix 1: Scenario Analysis and Climate Risk Assessment Methodologies

## Overview of Scenario Analysis

Scenario analysis is a process for identifying and assessing the potential implications of a range of plausible future states under conditions of uncertainty. Scenarios are hypothetical constructs and not designed to deliver precise outcomes or forecasts. Instead, scenarios provide a way for organisations to consider how the future might look if certain trends continue or certain conditions are met (TCFD Guidance, 2017).

Steel & Tube's Climate Risk Assessment (CRA) analysis provides insight into plausible future risk profiles in terms of Steel & Tube's exposure and vulnerability to the effects of climate change, and how these evolve over time and under different global warming scenarios.

Our operational boundary for our scenario analysis and CRA was determined to be two tiers upstream (i.e. to the steel mill) and one tier downstream (i.e. the direct customer) of our value chain.

## Methodology

For the purposes of our CRA, we adopted the shared socioeconomic scenarios (SSP) provided by the Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6) to assess Steel & Tube's evolving risk profile.

The SSPs build upon the Representative Concentration Pathways (RCPs) from the IPCC Fifth Assessment Report (IPCC AR5). We use the RCP scenarios (that are aligned to the SSP scenarios) from the IPCC AR5 for climate metrics that had not yet been developed within the IPCC AR6 models.

For the purpose of assessing Steel & Tube's transition risks, we have referenced the scenarios provided by the Network for Greening the Financial system, which include the Orderly, Disorderly and Hot House World as described below:

### Orderly Net Zero by 2050

An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO2 emissions around 2050. Some jurisdictions such as the US, EU and Japan reach net zero for all greenhouse gases by this point. This scenario assumes that ambitious climate policies are introduced immediately. Carbon Dioxide Removal (CDR) is used to accelerate the decarbonisation but kept to the minimum possible and broadly in line with sustainable levels of bioenergy production. Net CO2 emissions reach zero around 2050, giving at least a 50% chance of limiting global warming to below 1.5°C by the end of the century, with no or low overshoot (< 0.1°C) of 1.5°C in earlier years. Physical risks are relatively low.

### Disorderly Delayed Transition

Assumes global annual emissions do not decrease until 2030. Strong policies are then needed to limit warming to below 2°C. Negative emissions are limited. This scenario assumes new climate policies are not introduced until 2030 and the level of action differs across countries and regions based on currently implemented policies, leading to a "fossil recovery" out of the economic crisis brought about by COVID 19. The availability of CDR technologies is assumed to be low pushing carbon prices higher than in Net Zero 2050. As a result, emissions exceed the carbon budget temporarily and decline more rapidly than in well below 2°C after 2030 to ensure a 67% chance of limiting global warming to below 2°C. This leads to both higher transition and physical risks than the Net Zero 2050 and below 2°C scenarios.

### Hothouse Current Policies

Assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080 leading to about 3°C of warming and severe physical risks. This includes irreversible changes like higher sea level rise. This scenario can help central banks and supervisors consider the long-term physical risks to the economy and financial system if we continue on our current path to a "hot house world".

# Appendix 2: GHG Methodologies, Assumptions and Estimation Uncertainties

## Methodology

Our Greenhouse Gas (GHG) inventory is prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard; and Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard. All metrics are prepared using the 'operational control' consolidation approach.

Our emission factors are sourced from the Ministry for the Environment, as described in Table A.

Steel & Tube ensures the accuracy and relevance of our greenhouse gas (GHG) emissions reporting by annually updating our emission factors in alignment with the latest releases from the Ministry for the Environment (MfE). Each year, MfE publishes updated emission factors in their guides for organisations, such as:

- A Guide for Organisations: 2022 Summary of Emission Factors
- A Guide for Organisations: 2023 Summary of Emission Factors
- A Guide for Organisations: 2024 Summary of Emission Factors

By incorporating these updated factors, we maintain consistency with national standards and reflect the most current data available. This practice enhances the reliability of our GHG inventories and supports our commitment to transparent and accurate environmental reporting.

We do not rely on estimations for our Scope 1 and 2 GHG emissions reporting. All reported data is based on direct measurements and verified sources, ensuring the highest level of accuracy and reliability in our emissions disclosures.

**Table A**

Emissions Type	Emission Source & Factor	Emissions Activity	Calculation Methodology	Data Source(s)	Assumptions, Limitations & Uncertainties
Scope 1	Natural Gas (MfE)	Natural gas used for water heating on site	Location-based method	Consumption data in kWh is provided by our power management company, using invoiced data from retailers	Low uncertainty on data quality from supplier, medium uncertainty from emission factors not being site-specific
Scope 1	LPG (MfE)	LPG used in forklifts and other onsite equipment	Fuel-based method	Automated usage report from main supplier, consumption data collected from invoices for other suppliers	Low uncertainty - reports are automatic from the supplier, manually entered quantity volumes are low
Scope 1	Fleet Vehicle Fuel (MfE)	Fuel used in vehicle fleet	Fuel-based method	Prior to May 2024, there were two sources of fuel reporting separate fleet managers, however our fuel reporting is now consolidated into one report from one source	Low uncertainty - reports are automatic from the supplier. Where an operator has purchased fuel on their Steel & Tube Procurement card, this is captured in a separate report.
Scope 2	Grid sourced electricity (location based) (MfE)	Electricity sourced from the grid to our sites	kWh-used method	Usage report from supplier dashboard	Low uncertainty - reports are sourced directly from the supplier and do not use averages or assumptions