



**National Australia Bank**

395 Bourke Street  
Melbourne, VIC 3000

9 February 2024

Director  
Climate Disclosure Unit  
Climate & Energy Division  
Treasury  
Langton Cres  
Parkes, ACT 2600

Dear Sir/Madam

National Australia Bank (NAB) welcomes the opportunity to respond to Treasury's consultation on the Exposure Draft legislation for climate-related financial disclosures. As a member of the Australian Banking Association, NAB also contributed to and supports its submission.

NAB is supportive of efforts to create a rigorous, internationally aligned and credible climate disclosure regime. Improved quality and transparency of disclosures across the economy makes it easier for banks and other stakeholders to understand the climate-related performance of organisations, estimate emissions for customers and our portfolio, track performance and identify investment and other opportunities to support the transition to a net zero economy. NAB also supports the Government's stated intention to align with global standards where possible, and reinforces the importance of this design principle as the Government implements Australia's climate disclosure regime.

NAB welcomes the phased implementation approach, which takes account of an entity's size and level of emissions. The proposed phasing will also help ensure adequate time for the accounting sector to mature and build the necessary capacity and capability to provide assurance for climate disclosures. NAB also notes the exemption for small and medium businesses below the relevant size threshold, which should limit undue cost and burden.

Notwithstanding our broad and continued support for the proposed regime, we have identified several areas where further clarity or minor adjustments would help ensure its successful operation.

**Modified liability approach**

NAB welcomes the proposed modified liability approach, which provides relief to entities for a fixed three-year period for disclosures relating to Scope 3 emissions and certain climate-related forward-looking statements. It will encourage best-practice disclosures while reducing risks inherent in making forward looking statements – particularly as companies develop capability. However, NAB believes the modified liability approach should be expanded to apply to all forward-looking statements required to be disclosed by Australian Sustainability Reporting Standards, including climate-related transition plans, where entities must rely on information from third parties that may include assumptions about technological pathways and dependencies. NAB would also appreciate clarity on whether decarbonisation targets associated with Scope 3 emissions are intended to be covered by the modified liability framework, given the uncertainty inherent in these pathways and the reliance on third party and estimated data.

## Assurance requirements

NAB encourages the Government to consider allowing different levels of assurance to apply to different aspects of climate disclosure. Limited assurance of some aspects of disclosure would provide the required stakeholder confidence in reporting, given the inherent uncertainty in some disclosures, for example, scenario analysis.

## Reporting framework

NAB would appreciate further clarity on the required location of climate-related financial disclosures. In principle, NAB supports including this information as part of annual financial reporting obligations. However, it would be useful to understand what, if any, implications this will have for current supplementary disclosures – for example, sustainability data packs, climate and other forms of sustainability reports and disclosures.

NAB also seeks to understand whether the draft legislation will explicitly require alignment of reporting requirements to the financial year. It is currently unclear whether NAB would be required to report Scope 1 and 2 greenhouse gas (GHG) emissions data for our financial year (1 October to 30 September), or for a 12-month period within our financial year (e.g. 1 July to 30 June). NAB currently reports operational GHG emissions in alignment with National Greenhouse and Energy Reporting (NGER) requirements. This means we have at minimum a three-month difference between our operational GHG emissions data and financial performance data. When reporting on financed emissions, given we need to use data reported by other entities, this time lag can vary between 12 and 15 months, and may still require estimates. NAB would suggest that where the most recent data is aligned to required regulatory time frames (e.g. NGER) or for other purposes 12 to 15 months old (as we see with our financed GHG emissions data, given financial year end), it is permitted to be used.

## Next steps

NAB looks forward to ongoing engagement with the Government as it finalises the design for mandatory climate-related financial disclosures.

Thank you again for the opportunity to contribute to the consultation on this critical issue. We would be happy to discuss any aspect of our response with Treasury.

Yours sincerely



Jacqueline Fox  
Chief Climate Officer  
National Australia Bank



Greg Braddy  
Executive Deputy Chief Financial Officer  
National Australia Bank