



6 October 2023

TO

UK Financial Reporting Council
Secretariat to the UK Sustainability Disclosure Technical Advisory Committee (TAC)

Via Email

Re: Terrascope's Response to the UK Sustainability Disclosure Technical Advisory Committee's (TAC) Call for Evidence

Terrascope welcomes this opportunity to provide our views and input as the UK Sustainability Disclosure Technical Advisory Committee (TAC) reviews the technical aspects of the ISSB standards for endorsement.

About Terrascope. We are an end-to-end decarbonisation SaaS platform that enables enterprises to measure and reduce their Scope 1, 2 and 3 greenhouse gas emissions – an essential input for corporations to assess and disclose their climate transition risks and opportunities. Headquartered in Singapore and serving large enterprises across Asia-Pacific, Japan and Europe, our data science and machine learning platform is designed to bring speed and accuracy to carbon accounting for companies in real economy sectors – in particular, the agriculture, food & beverages value chain. We empower companies to measure and reduce their Scope 3 supply chain emissions. Our client base includes multinational corporations in the UK market.

As a specialist in carbon accounting and decarbonization, Terrascope will focus on providing views regarding IFRS S2.

The UK Government already requires mandatory climate reporting. We urge the UK Government to require reporting entities to align climate reporting with the IFRS S2, including mandatory Scope 3 transparency, with a view to producing better quality, internationally comparable disclosures.

For clarity and conciseness, Terrascope is pleased to communicate the following key points:

Our comment		This relates to:
1	Mandatory reporting in accordance with specific global standards/frameworks is essential. Without mandatory climate disclosure reporting, companies can choose from as many as 500 sustainability frameworks, including the Task Force on Climate-Related Financial Disclosures (TCFD), Climate Disclosure Standards Board (CDSB) and the Global Reporting Initiative (GRI), among many others. Mandatory reporting will focus effort on where it matters most for consistency and comparability in climate disclosure reporting, and therefore provide transparency on progress towards decarbonization goals. The UK should align climate reporting requirements, starting with IFRS S2. Consistency with ISSB guidance will reduce the cost of compliance for large companies which operate across multiple jurisdictions (regardless of whether they are listed or not).	#1 Overall views





2	Measuring and disclosing Scope 1, 2 and 3 emissions can unlock value. Terrascope recommends that the UK Government requires all reporting entities to disclose Scope 1, 2 and 3 emissions for each reporting period. In particular, mandating Scope 3 is essential for managing systemic transition risks. Scope 3 typically contributes ~85% of an enterprise's overall corporate carbon emissions footprint and offers the biggest opportunity for climate action and decarbonisation that can be influenced by the company. For example, identifying an emissions hotspot in Scope 3 Category 1 (purchased goods and services) led one of Terrascope's clients to begin redesigning its manufacturing process, reducing input material required by 20%, as a precursor to the company's targeted engagement with priority supply chain stakeholders for this hotspot.	#9 Cross-industry metrics #10 Costs and benefits
3	Using the right carbon software solutions can reduce costs, effort and time taken to prepare for climate disclosure. Reporting entities typically find quantitative fields such as GHG emissions disclosure to be particularly challenging, but the use of carbon software which incorporates robust data science and machine learning can help with both speed and accuracy. For instance, Terrascope's software has helped entities accomplish their Scopes 1, 2 and 3 emissions accounting five times faster (compared to manual methods), thus saving significant time.	#4 Reporting approach #10 Costs and benefits
4	IFRS S2 (para 29(a)(ii)) requires reporting entities to measure their GHG emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), but allows authorities to require reporting entities to use a different methodology. Terrascope recommends that the UK Government specifically requires reporting entities to use the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). This will reduce the reporting burden on global companies and enhance corporate comparability across jurisdictions. This will enable reporting entities to make use of readily available carbon software to accelerate their GHG emissions measurement process. For instance, Terrascope's software is designed and verified to be in accordance with international GHG accounting standards such as the Greenhouse Gas Protocol.	#9 Cross-industry metrics
5	Companies should begin reporting as soon as possible. It would be beneficial for the UK Government to invite companies to prepare and submit their first IFRS S2-aligned climate disclosure report as early the financial year 2024, with the necessary disclaimers such as safe harbour provisions, to encourage companies to undertake the baseline preparations that will enable more robust reporting for the mandatory regime beginning in the financial year 2025.	#11 Application of the requirements
	While some companies have been reporting on a voluntary basis, it will be the first reporting cycle for others. Our experience shows that it takes at least one reporting cycle for companies to identify and fill critical data gaps. The quantitative data underpinning robust climate reporting requires time and experience, and it is important that companies begin compiling their first comprehensive GHG inventory covering Scope 1, 2 and 3 as soon as possible. In this respect, our view is that the transition reliefs stated in IFRS S2 will provide adequate time for companies to meet the disclosure requirements.	





Terrascope remains available to discuss our comments or answer any specific questions that the UK	Sustainability
Disclosure Technical Advisory Committee may have. Please contact me at	in this regard

Sincerely,

Ching Hu

Climate Regulations and Reporting Specialist