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Ms. Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington, DC 20549

Re: File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Ms. Countryman,

Mackenzie Investments writes in support of File No. S7-10-22: The Enhancement and Standardization of Climate-Related Disclosures for Investors. We appreciate your hard work to ensure the proposal meets the needs of investors for material climate-related information and at the same time furthers the SEC's objectives to maintain fair, orderly, and efficient markets and facilitate capital formation.

Mackenzie Investments believes that physical and transitional risks of climate change have the potential to present negative consequences to the value that we deliver to our clients, with a broader impact on other stakeholders. At the same time, we believe the climate crisis can present opportunities for companies or issuers that are able to adapt their business models and create innovative solutions that enable a Just Transition to a low carbon economy. Our role as responsible stewards of our clients' capital is predicated in part on having access to complete, comparable, and reliable information and we see climate disclosures as foundational to assessing, integrating, and monitoring climate risks or opportunities. In addition, enhanced climate disclosures allow us to meet our climate commitments as signatories to the Net Zero Asset Managers initiative where we have an obligation to report Scope 1, 2 and 3 emissions across our portfolios.

In line with this, we support the inclusion of the following disclosure elements in your proposal:

1. TCFD Recommendations:
Mackenzie Investments supports the SEC's integration of the TCFD's recommendations into its rulemaking, as the recommendations cover the essential elements of climate risk disclosure. Mackenzie investments assesses the TCFD disclosures of issuers in detail as part of our climate action plan and they help to inform our investment decision making. Throughout our climate action work, we have found that the established TCFD framework is the most comprehensive approach to assessing climate risk and opportunity. Additionally given that we are a global investment

manager, we appreciate that the TCFD framework is widely supported by companies, investors, and securities regulators worldwide.

2. GHG Emissions Across Scope 1, 2, and 3

We support the SEC's inclusion of a Scope 1, 2, and 3 GHG emissions disclosure requirement in the proposal as this information is critical to our understanding of the quality of a company's earnings in the face of climate change and the energy transition. We believe that reporting on Scope 1, 2, and 3 emissions captures the full carbon performance and climate impact of an individual asset or investment and paints a complete picture of a company's climate-related risks across their value chain. The disclosure of Scope 3 emissions allows investors to assess transition risks, to integrate these risks into investment decision-making, and ultimately, to shield against severe financial impacts caused by possible stranded assets.

At the same time, we acknowledge that currently, larger companies will likely have more resources to meet this challenging task and therefore we advocate for Scope 3 disclosures being phased in for smaller companies over time once measurement standards and data are more readily available. For clarity, we include some use case scenarios below on the impact of Scope 3 emissions.

i. **Fast-Moving Consumer Goods (FMCG):** FMCG companies have a large portion of their GHG emissions embedded in Scope 3 as a result of transportation and distribution of products, methane emissions from food waste and embedded carbon emissions in the form of plastic and other packaging and its end-of-life treatment.

ii. **Commercial Real Estate (CRE):** Scope 3 emissions have considerable influence in the Real Estate sector and are estimated to account for over 85% of a company's total GHG emissions[1]. The scale and impact of these emissions is significant considering that this sector is responsible for 39% of annual global GHG (direct and indirect) emissions[2] with 11% of those emissions generated by manufactured materials used in buildings such as steel and cement. Scope 3 emissions within this sector primarily include embodied carbon emissions associated with the manufacturing, transportation, use, and disposal of concrete and other building materials used in real estate construction, as well as tenant operational emissions.

[1] See UK Green Building Council (UKGBC) 2019 Guide to Scope 3 Reporting in Commercial Real Estate, pp. 4, available at: https://www.ukgbc.org/wp-content/uploads/2019/07/Scope-3-guide-for-commercial-real-estate.pdf.
[2] See World Green Building Council (WGBC), "Global Status Report for Buildings and Construction", 2019. Available at: https://www.worldgbc.org/news-media/2019-global-status-report-buildings-and-construction.

iii. **Financed emissions:** As global stewards of capital, financial institutions are expected to play a major role in addressing climate change and have a responsibility to manage financially material transition and physical risks to which investments and underwritten assets are exposed. Financial institutions generally have very few scope 1 and 2 emissions and their main exposure to climate risk is through their investment and lending activities which are classified as scope 3 emissions. As such, it is important for financial institutions to report their scope 3 emissions. Mackenzie supports the SEC's clarification that the scope 3 category of *"Investments"* does include "*financed emissions".* To further strengthen its proposal, the SEC might provide additional discussion regarding activities which qualify as "financed emissions".[3]

3. Materiality

Mackenzie supports the SEC's proposed provisions discussing materiality, specifically (1) the requirement to: *[d]escribe any climate-related risks reasonably likely to have a material impact on the registrant, including on its business or consolidated financial statements, which may manifest over the short, medium, and long term . . . ",* and (2) the materiality provisions in the *"Strategy, business model, and outlook"* section of the proposal. Mackenzie Investments supports these provisions because they may prevent unnecessary disclosures while ensuring investors receive information about significant risks. We also support the SEC providing further guidance to issuers on how they should make a materiality determination for scope 3 emissions disclosure, by including additional elements in the materiality test. This may include information on whether the issuer has set a scope 3 target, whether the issuer has performed an assessment of its scope 3 emissions, whether there are relevant industry standards for determining materiality, or whether there are matters that are individualized or particular to the issuer.

4. Water Risk

Water scarcity is one of the top global climate-related risks, per the World Economic Forum, and climate change is having a profound effect on global water cycles. Recognizing the intersection between climate change and water scarcity, Mackenzie Investments supports the disclosure of companies' exposure to, and mitigation strategies for water risk, when material.

5. Carbon offsets

Mackenzie Investments believes that it is important to understand a company's climate impact without the use of offsets and therefore supports the inclusion of disclosures for carbon offsets

[3] See SEC proposal, pp. 171 (footnote # 464), 196-197, 208 (SEC question # 132).

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within the "Strategy, business model, and outlook" and "targets and goals" provisions of the SEC proposal. Added to this, we support the principle of *excluding* the impact of purchased/generated offsets from a company's overall reported emissions.

6. Assurance and Verification

Mackenzie Investments supports the SEC's provisions for requiring assurance of certain GHG emissions disclosures, and for the phasing in of reasonable assurance over time. Assurance is needed to ensure that investors receive accurate, relevant, consistent, and comparable information relating to emissions.

7. Alignment With ISSB Accounting Standards

As a global asset manager with offices in North America, Europe and Asia, Mackenzie Investments supports the SEC's efforts to align its proposal with the ISSB's draft standard and recognizes the strength of the ISSB's standards creation process. As a Canadian asset manager, Mackenzie Investments supports allowing the use of the ISSB climate disclosure standards to act as an alternative to the SEC climate disclosure provision on the premise that it is substantially equivalent to the SEC's rule. Furthermore, as climate-related impacts or risks can materially affect a company's financial position and operations, we support the inclusion of climate-related information in a company's financial statements

Thank you very much for your consideration of our comments.

Sincerely,

Fate Saghir
Global Head and Senior Vice President of Sustainability, Mackenzie Investments

Natasha Stromberg
Global Head and Director of Sustainable Stewardship and Advocacy