

June 11, 2021

Re: Public Statement: Public Input Welcomed on Climate Change Disclosures, Acting Chair Allison Herren Lee, March 15, 2021.

Chair Gensler,

I am writing this comment letter on behalf of [BlueMark](#), a specialist provider of impact verification services for investors and companies. BlueMark was founded in January 2020 to meet the market demand for reliable, independent verification of the *impact* in impact investments, brought on by the rapid growth in this segment of the capital markets. To date, BlueMark has completed over 35 verifications for institutional investors of varying types and sizes on both their impact management practices (their systems, processes, and capabilities to manage impact as an integral component of the investment process) and impact performance (their reported impact results).

My own background includes 15 years at JP Morgan where I ran several risk management groups, including for the credit portfolio and emerging markets trading businesses, as well as the firm's sovereign credit ratings advisory business. This experience provided me a first-hand perspective regarding how capital allocation decisions are made and the critical building blocks supporting development of new markets, including smart regulation, adoption of robust voluntary industry standards, and a mechanism to hold actors accountable to both.

*Our view on the SEC's role in climate change disclosures*

Like many other investors and investor groups,<sup>1 2</sup> we support the SEC's intention to improve the consistency, reliability and quality of climate change disclosures by corporate issuers – and a variety of standards and frameworks exists for the SEC to draw from. We believe such a move is consistent with the SEC's mission to 1) protect investors; 2) ensure fair, orderly, and efficient markets; and 3) facilitate capital formation.

However, this mission cannot be fulfilled with disclosures alone. Third-party assurance also plays an important role in driving market discipline and accountability, while also increasing the efficiency of asset allocation decisions. We have written about the importance of robust third-party verification in previous comment letters about related regulatory efforts. As we wrote in our [comment letter to the IFRS Foundation](#)<sup>3</sup> regarding their proposal to create a Sustainability Standards Board (SSB):

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<sup>1</sup> See comment letter submitted by Janine Guillot, CEO of the Sustainability Accounting Standards Board (SASB) [www.sec.gov/comments/climate-disclosure/cl12-8815762-238031.pdf](http://www.sec.gov/comments/climate-disclosure/cl12-8815762-238031.pdf).

<sup>2</sup> See comment letter submitted by John Streur, President and CEO of the Calvert Research and Management <https://www.sec.gov/comments/climate-disclosure/cl12-8856988-239822.pdf>.

<sup>3</sup> Tideline and BlueMark Comment on the IFRS Foundation's Consultation Paper on Sustainability Reporting

*“It is imperative that the Foundation allows for a range of service providers – beyond the traditional accounting firms – to provide external assurance services to verify the accuracy and completeness of sustainability reporting. We strongly believe that specialized firms like BlueMark bring an expertise and perspective to third-party assurance that extends well beyond the typical sustainability metrics to include the full range of qualitative and quantitative information necessary to form a complete understanding of sustainability practices and performance.”*

We are pleased to have this opportunity to also contribute to the SEC’s efforts on climate change disclosures.

*Addressing question #10 on the auditing and assurance of climate change disclosures*

The growing threat of greenwashing and impact-washing—whereby what investors and companies actually do to address sustainability issues contradicts or falls short of what they say they do—is a major barrier to market confidence and the efficient flow of capital. According to the [2020 Annual Impact Investor Survey](#)<sup>4</sup> from the Global Impact Investing Network (GIIN), the biggest challenge facing impact investors over the next five years is “concerns about impact washing” (66%), followed by the market’s “inability to demonstrate impact results” (35%) and the “inability to compare impact results with peers” (34%). The survey also found that “comparability and validation of impact performance can address investor’s concerns regarding impact washing.”

We believe that smart regulation—which leverages voluntary standards and specialized, third-party impact assurance in addition to direct government regulation and policy—will help to solve for these challenges by bringing increased transparency, accountability, and discipline to the impact investing market.

The impact investing industry has already made some progress in adopting both robust voluntary standards and engaging third-party verification providers like BlueMark. For example, the [Operating Principles for Impact Management](#)<sup>5</sup> (“Impact Principles”) were introduced in April 2019 as a set of best practices for how to integrate impact considerations throughout the investment lifecycle, from strategy design to portfolio management to exit. These Principles also include a requirement that all signatories seek independent verification of their alignment. Today, about 130 impact investors of various types and sizes, representing nearly \$400 billion in combined impact-labeled assets under management, have signed onto these Impact Principles.

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[http://eifrs.ifrs.org/eifrs/comment\\_letters/570/570\\_27216\\_ChristinaLeijonhufvudBlueMark\\_0\\_TidelineCommentLetter\\_IFRSConsultationPaper\\_Dec2020.pdf](http://eifrs.ifrs.org/eifrs/comment_letters/570/570_27216_ChristinaLeijonhufvudBlueMark_0_TidelineCommentLetter_IFRSConsultationPaper_Dec2020.pdf).

<sup>4</sup> Global Impact Investing Network (GIIN): 2020 Annual Impact Investor Survey [https://thegiin.org/assets/GIIN\\_Annual\\_Impact\\_Investor\\_Survey\\_2020.pdf](https://thegiin.org/assets/GIIN_Annual_Impact_Investor_Survey_2020.pdf).

<sup>5</sup> Operating Principles for Impact Management, [www.impactprinciples.org/](http://www.impactprinciples.org/).

CDP<sup>6</sup>, which runs a disclosure system that investors, companies, cities, states and regions use to manage their environmental impacts, also encourages submissions to include a third-party verification completed in accordance with recognized verification standards. According to CDP, more than 590 investors with a combined \$110 trillion in assets have requested that companies disclose through CDP.

Other standard-setters are working on instituting similar verification requirements, including the Principles for Responsible Investment (PRI) and the SDG Impact Standards recently introduced by the United Nations Development Programme (UNDP). The impact investing market has matured rapidly in recent years as more investment managers adopt these standards, thereby helping protect asset owners and ensuring more capital flows to best-in-class impact investors.

We believe the SEC can help catalyze the adoption of these standards and frameworks by issuing guidance that encourages companies and investors to seek third-party assurance as a way to hold themselves accountable and make markets more fair and efficient. Such guidance could include:

- Information on the types of disclosures required, including on both practices (processes) and performance (results)
- Clarification of the relevant standards to which disclosures should be aligned (e.g., CDP, GRI, SASB, TCFD, etc.)
- Encouragement for issuers and investment managers to engage third-party assurance providers rather than an internal audit approach to enable standardization and avoid conflicts of interest
- Regular reviews of assurance processes and statements to ensure quality control, spotlight industry trends and proactively address any issues

While the immediate focus is on climate change disclosures, we believe it is imperative that the SEC cast a wider lens to encourage greater transparency and disclosure of other relevant ESG issues beyond climate change. Such issues may include diversity of board, management, and staff; pay ratios; political spending; etc. The SEC can also play an important role in signaling corporate responsibility to consider issues relevant to a broader set of stakeholders than shareholders alone, especially given the interconnectedness between climate change and other urgent social and economic issues.

Indeed, BlueMark's verification services are designed with this broader stakeholder perspective in mind, directly responding to the needs of impact investors. Other types of investors--whether employing an ESG, sustainable or impact investment strategy--are also increasingly demanding this information as an input into investment decision-making. The number of investors that now seek company disclosures in alignment with SASB or TCFD are proof of this demand, and a sign of the growing importance of consistent and comparable disclosures in the years ahead.

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<sup>6</sup> CDP, <https://www.cdp.net/en/>.



We welcome any questions on the contents of this letter, and we look forward to working with both regulators and standard-setters to bring increased transparency and stability to financial markets.

Sincerely,

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CEO & Co-Founder of BlueMark  
Managing Partner & Co-Founder of Tideline