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Discourse networks in sustainable finance: Mobilisation of collective action frames in stakeholder consultations on the EU Action Plan on financing sustainable growth

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Abstract

Since the 2015 Paris Agreement charged its signatories to make finance flows consistent with a transition towards low-emission economies, sustainable finance has gained mainstream attention of stakeholders in transnational finance governance. As a discipline reorienting finance towards environmental, social, and governance goals, sustainable finance builds on a tradition dating back to the 1980s' socially responsible investment initiatives. Since then, several waves of ideas and diagnoses on the ability of finance to bring about sustainable outcomes have emerged. Dimmelmeier (2020) has sorted the ideas into competing collective action frames based on shared perspectives on "what finance is" and "what it should do". Dimmelmeier's inquiry into sustainable finance ends with the puzzle that the competing frames may converge into a master frame of overall consensus in the policy field. However, the continued proliferation of sustainable finance initiatives opens up the possibility of re-fragmentation suggesting conflict and continued emergence of competing policies.

In an attempt to refine our theoretical understanding of convergence or re-fragmentation of the ideas that drive sustainable finance, I conduct a discourse network analysis on three stakeholder consultations on EU sustainable finance policies. Discourse networks uncover how actors, based on their position in networks, enter into alliances with those they agree with or attempt to block interests of those they conflict with. The discourses mobilised by actors in the consultations will show whether Dimmelmeier's frames accurately reflect the ideational contests in the EU policy processes. At the same time, the network structure among actors that agree or disagree on policies will uncover whether the frames converge in communities of agreement or whether they re-fragmentise into decentral communities. The results show that some frames are more central than others and are organised in structures that provide fruitful conditions for creating shared meaning in the networks suggesting convergence into a master frame. The conclusion is, however, ambiguous as actors in the consultation continue to conflict over central issues in sustainable finance governance.

Abbreviations and acronyms

App.: Appendix

ALPG: Accounting-led private governance

AMF: Autorité des marchés financiers

CDP: Carbon-disclosure project

CDSB: Climate Disclosure Standards Board

CSE: Confederation of Swedish Enterprise

CRDs: Climate-related disclosures

CSO: Civil society organisation

CTB: Climate transition benchmark

DNA: Discourse Network Analysis

EACT: European Association of Corporate Treasurers

EC: European Commission

ESG: Environmental, social, and governance

Action Plan: EU action plan on financing sustainable growth

GBS: Green Bond Standard

GFC: Global Financial Crisis

GHG: Greenhouse gas

GRI: Global Reporting Initiative

IOGP: International Association of Oil and Gas Producers

IIRC: International Integrated Reporting Council

IPCC: Intergovernmental Panel on Climate Change

ISFC: International Sustainable Finance Centre

JBCE: Japanese Business Council in Europe

KPI: Key performance indicators

MFCR: Ministry of Finance of the Czech Republic

MuniFin: Municipality Finance

NFRD: (EU) Non-financial reporting directive

PAB: Paris-aligned benchmark

PIMFA: Trade Association for Personal Investment Management and Financial Advice

R&O: Risks and Opportunities

RQ: Research question

SASB: Sustainability Accounting Standards Board

SOMO: Centre for Research on Multinational Corporations

SRI: Socially responsible investment

SSF: Swiss Sustainable Finance

TCFD: Taskforce on climate-related financial disclosures

UNEP FI: UN Environment Programme's Finance Initiative

UNFCCC: United Nations Framework Convention on Climate Change

VfU: Association for Environmental Management and Sustainability in Financial Institutions

WWF: World Wildlife Fund

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1. Introduction

This thesis examines the role of finance in sustainability. In the years following the United Nation's Framework Convention on Climate Change's (UNFCCC) Paris Agreement, there has been increased interest in turning finance from villain to saviour when it comes to environmental and social issues (Dimmelmeier, 2020, p. 14). Mobilising finance as the solution to such issues is generally termed 'sustainable finance' (ibid). Sustainable finance inherently compromises conflicting viewpoints when it comes to defining the problems and solutions of finance in sustainability. To navigate these conflicts, Dimmelmeier identifies four 'frames' with each their perspective on the appropriate policy tools that can remedy the assumed negative impacts of finance on society and the planet (ibid, p. 199). The frames are termed *the socially responsible investment frame* (SRI), *the risks and opportunities frame* (R&O), *the critical frame*, and *the climate finance frame* (ibid). In recent years, it is held that proponents of these frames have organised into a unified subsystem of finance governance to expand the broader discipline of sustainable finance. The subsystem of unified frames is called *the sustainable finance master frame* (ibid). The fact that each of these frames bring forward their own diagnosis of the shortcomings of finance as well as the appropriate course of action to bring about sustainable outcomes directing global capital makes them important objects of study.

This thesis will examine the role of finance in sustainability by analysing the ideational content of three stakeholder consultations on central policies of the EU action plan on financing sustainable growth (the Action Plan):

1. The EU Climate Benchmarks
2. The climate-related disclosures (CRDs)
3. The EU Green Bond Standard (GBS) (EC, 2020e).

The thesis will analyse the consultation responses of stakeholders from the perspective of discourse network analysis (DNA). DNA sheds light on the dynamics of policy debates (Fisher and Leifeld, 2019, p. 469) and allows for theoretically and empirically informed insights into the interaction of discourses. I link the discourses to the policy frames introduced above to make a data-based assessment of whether the frames reflect actual sustainable finance debates, and to assess the relative prominence of the frames in the consultations. These considerations lead to the first research question (RQ):

RQ 1: To what extent are the sustainable finance frames present in the EU's Action Plan consultations on Climate Benchmarks, climate-related disclosures, and the Green Bond Standard?

The extent to which policy frames are present uncovers the dominance or marginalisation of certain frames in the consultations. Observation of the relative dominance of certain frames has implications for how issues are treated in sustainable finance. The answer to RQ 1 also lays the foundation for subsequent DNA. DNA is applied to identify organisations and discourses that are well-connected and hold strategic positions in the network structure. DNA provides a theoretical platform to argue whether frames are converging into a consolidated 'master frame' which leads to the second RQ:

RQ 2: How does the structure of the discourse networks present in the EU's Action Plan consultations on Climate Benchmarks, climate-related disclosures, and the Green Bond Standard influence the four sustainable finance frames?

The structure of a discourse network describes the dynamics of consensus and dissensus as well as whether a policy network is unipolar, bipolar, or multipolar (ibid, p. 470). The structure of networks holds theoretical implications for policy blockage or policy innovation in a policy field (ibid). The R&O frame is said to dominate sustainable finance by the end of 2018 (Dimmelmeier, 2020, pp. 307–308). This conclusion is based on an assessment of academic ideas and policy innovation among actors in sustainable finance governance from 1998 to 2018 (ibid, p. 136). Dimmelmeier ends his inquiry with a question as to whether convergence will continue unifying the field of sustainable finance or whether competing initiatives will proliferate suggesting re-fragmentation (ibid, p. 197). Contributing to this emerging field of theory, I uncover patterns of agreement and disagreement in the consultations leading to new insights into the puzzle on the potential convergence (integration) or divergence ((re-)fragmentation) of frames. The chapter on research design will qualify the new insights into sustainable finance frames and how these insights are reached applying DNA.

The data foundation of the thesis is three specific consultations on central policies drafted by the European Commission's (EC) technical expert group on sustainable finance (TEG). Observation of statements made by organisations in the consultations offers concrete examples of the frames "in action" as they are mobilised by stakeholders to influence the development of sustainable finance going forward. The thesis will unfold in an introduction to the concept of sustainable finance and theory of

networks before going into a chapter on research design. The thesis will then introduce the three EU Action Plan policies that the stakeholders are consulted on before entering into the analysis.

2. Theory and key concepts: Sustainable finance frames and network theory

What is sustainable finance?

To identify discourse networks among actors engaging in the three Action Plan consultations, the thesis will define 'sustainable finance' before going into a description of the development of competing frames within this area of policy. Sustainable finance refers to a broad category of finance activities that comprises approaches focusing on environmental, social, and governance (ESG) issues (Forstater and Zhang, 2016, p. 10). In other words, sustainable finance is a term that fuses financial considerations with broader ESG aspects of doing business. However, it is generally accepted that sustainable finance is primarily about integrating environmental concerns in financial decision-making (Dimmelmeier, 2020, p. 182).

As the thesis goes into an assessment of the differences among sustainable finance approaches, it becomes apparent that there are competing perspectives on which aspects of sustainable finance to prioritise. While the provided definition of sustainable finance implies inclusiveness to the concerns of the wide variety of positive and negative externalities of business activities, the inclusiveness should not be overstated (ibid). As mentioned above, sustainable finance has developed several competing branches since the 1980s (ibid, p. 139). Today, the branches have, arguably, crystallised into a 'master frame' that aims at bringing together otherwise 'disconnected communities' (ibid, p. 182) of policy-makers, corporations, industry associations, and civil society organisations (CSOs). A deeper look into the frames is necessary to understand the direction of sustainable finance.

It is Dimmelmeier's proposition that organisations' allegiance to certain sustainable finance policies is derived from allegiance to different policy frames with each their diagnosis of the role of finance for sustainability (ibid, p. 244). In the analysis, I examine this proposition by looking at the discourses mobilised by stakeholders engaging in the three EU consultations. The purpose of an analysis into the consultations of the GBS, the Climate Benchmarks, and the CRDs is to shed light on the aspects of sustainable finance that have gained prominence among stakeholders involved in the debates. This is

especially important because the debates take place in expert communities (ibid, p. 246) where organisations compete to control issues. This point is elaborated in the section "Issue control in transnational networks".

Frames in sustainable finance

The socially responsible investment frame

The policy frames analysed in this thesis are rooted in different historical contexts and are devised to tackle different problems. The discipline of sustainable finance is rooted in SRI that emerged in the 1980s' Christian Anglo-Saxon societies where religiously motivated investors sought to align investment activities with their ethical belief systems (ibid, p. 143). The main policy instrument devised by SRI investors is exclusion of companies not adhering to investor ethics (Sparkes and Cowton, 2004, p. 47). The 'sinners' that are excluded by SRI investors are mostly companies associated with tobacco, gambling, alcohol, weaponry, pornography, and pollution (ibid). SRI transformed from its European inception in the 1980s (ibid) to its peak mainstreaming in the late 1990s and early 2000s being linked to increased pressures on companies to engage in CSR through means of shareholder activism (ibid, p. 53). Today, SRI considerations have been marginalised relative to other perspectives (Dimmelmeier, 2020, p. 177), but some traces remain, for example, in the TEG's ESG Disclosures on which the EU benchmarks are based. Both the Climate Transition Benchmark (CTB) and the Paris-Aligned Benchmark (PAB) comprise baseline exclusions of controversial weapons and societal norms violators[1] (TEG, 2019a, p. 9).

The risks and opportunities frame

The second wave of sustainable finance was the accounting-based R&O frame which emerged in the 1990s (Dimmelmeier, 2020, p. 149). The frame links companies' exposure to ESG issues to risks and opportunities of companies' financial performance (ibid). ESG considerations should, according to R&O proponents be disclosed to investors if they are *financially material*, i.e., they will impact the financial performance of the company (ibid, p. 251). The R&O frame was championed by the UN

[1] Societal norms violators include companies that fail to adhere to, e.g., the UN Global Compact and the 6 Environmental Objectives of the EU Taxonomy outlining sustainable economic activities (TEG, 2019a, p. 9)

Environment Programme's Finance Initiative (UNEP FI) in coordination with 13 global financial institutions such as Santander and Deutsche Bank (ibid, p. 147).

Proponents of the R&O frame were, initially, met by opposition from proponents of Friedman's argument that businesses' sole responsibility is to maximise returns to beneficiaries. Such an argument questions the appropriateness of including ESG indicators in corporate reporting meant for the reader to make informed investment decisions (ibid, pp. 150-151). The accounting-based justification for the risks and opportunities frame was, in response to such criticism, that integration of ESG issues into financial reporting is the most credible way to signal the broad risks that the company is exposed to (as well as their own contribution to such risks), particularly in response to climate change and climate change regulations which could present significant costs to companies (ibid). The discussion on the responsibilities of companies and the role of finance persists to this day (ibid).

An obstacle to ESG reporting has since then been to establish what non-financial data is necessary to disclose to provide for an analysis of companies' risks and opportunities (ibid). In response to this problem, a number of other organisations such as the Global Reporting Initiative have emerged in attempts to standardise disclosures (ibid). As sustainable finance developed through the periods of the Global Financial Crisis (GFC), the 2015 Paris Agreement, and the 2015 UN Sustainable Development Goals, the R&O frame gained prominence and was responsible for the continued sophistication of sustainable finance policies through the years (ibid, p. 182). It especially grew among public policy-makers and central banks as they identified system-wide risks after the GFC (ibid, p. 185).

A prominent sustainable finance initiative of the R&O frame is to integrate reporting of climate change concerns in financial disclosures taking into account the fact that sustainability is necessary to generate long-term returns (Lindeijer *et al.*, 2019, pp. 70–71). This way, the R&O frame has fused climate change concerns with Friedman's doctrine on the fiduciary duty of companies to provide returns for investors (Dimmelmeier, 2020, p. 249). The main objective for proponents of R&O financial policies is, namely, to devise a set of non-financial disclosures of financial materiality to communicate accurately the risks and opportunities companies face in response to ESG issues (ibid). Another important emphasis of R&O policies is the freedom to invest in companies of minimal ESG performance to engage in active corporate ownership driving them in the right direction (ibid, pp. 255-256). A third perspective worth mentioning is the stress that financial markets should be unbiased to facilitate allocation

of capital to companies with the best financial performance to ensure the stability of the system (ibid, pp. 258-259). The sustainability of the '*real economy*' should, from this perspective, not be driven by finance but by innovation or public investment in green sectors making them more profitable (ibid, pp. 259-260).

The critical frame

The third frame emerging within sustainable finance is the critical frame. The critical frame gained traction in the mid-2000s diagnosing finance as the problem and not solution to global economic issues (ibid, p. 155). Proponents hold that policy-makers and financial institutions have undervalued the impact of climate change on the economy which leaves a bill beyond paying on top of the devastating consequences for the planet (Elliot *et al.*, 2008, p. 15). Such consequences, according to critical actors, call for war economy mobilisation of capital to renewable energy (ibid, pp. 16-17) and re-regulation that once again make finance the servant and not the master of the economy (ibid, p. 23). Proposals of this kind were termed 'Green New Deal' by their proponents in reference to 1930s economic programmes inspired by Roosevelt and Keynes and set out to introduce tight controls on lending, separation of retail from investment banking, and reform taxation to redirect resources to sustainable public investment (ibid, pp. 24-27). Critical frame proponents are, furthermore, characterised by a mistrust towards the financial system to be used for decarbonisation if not properly curbed through tougher requirements and regulation (Dimmelmeier, 2020, p. 171).

The influence of the critical frame on policy has been marginal relative to the R&O frame (ibid, p. 297). The insistence on impact reporting on negative consequences of business practices is to a large extent credited to CSOs influenced by critical thought (ibid, p. 252). Whereas the R&O Frame only includes non-financial disclosures in the event they are deemed to be financially material (e.g., pose risks to the future returns for investors), the critical frame holds that disclosures should be measured in terms of the harm caused to the external world of the company (ibid). Another dichotomic separation of R&O and critical proponents is on the issue of engagement or divestment. R&O proponents generally support investments in high emission sectors to drive down emissions through active ownership, thus, lowering risks of negative climate impact on company performance (ibid, p. 256). However, critical proponents view active ownership as highly uncredible solutions observing numerous instances of decision-makers running from their promises to decarbonise (ibid, pp. 170-171). Instead, they support divestment from

fossil fuel industries (ibid). Debates on relevant climate disclosures and engagement versus divestment showcase points of intense conflict among the two frames.

The climate finance frame

Like the critical frame, the climate finance frame emerged in response to the GFC when the 2009 CoP 15 in Copenhagen led to fewer public funds for development purposes (ibid, p. 163). This result forced the development community to focus on mobilising the financial industry (ibid). As an alternative pathway to development, the Copenhagen Accord committed developed countries to raise US$ 100 billion by 2020 for development purposes from public *and* private sources (ibid). Many of the following initiatives emphasised the importance of low-carbon transition from private finance which gave rise to the climate finance frame (ibid). The policy instruments devised from this backdrop are public-private methods for raising climate transition capital such as green bonds (ibid, p. 164). Green bonds share the risks of investment among public and private investors to incentivise money flows to green capital (ibid), but fluctuations in political support have meant setbacks to the development of this branch of sustainable finance (ibid, p. 165).

The climate finance frame, along with the R&O frame have gained prominence in policy-making today. The climate finance frame's proponents emphasise the role of finance as a transformative force of decarbonisation of the economy (ibid, p. 197). As part of the Action Plan, the TEG has been mandated to produce a proposal for the GBS (TEG, 2019c, p. 8). The EU has, since the first green bond was issued in 2007 by the European Investment Bank, been a global leader of green bonds in terms of market size (40 % of global issuance) (ibid, p. 16). The GBS represents a significant footprint of the climate finance frame as it is seen as an instrumental policy to reorient capital flows towards sustainable investment (ibid). Such advances stand in stark opposition to the R&O frame which, as discussed above, regards finance as a passive discipline meant to identify risks and opportunities to increase transparency of investment decisions. An analysis of the discourses at play in the consultations to the Action Plan enables an exploration of the expert community on sustainable finance's competing interests in this area of policy.

The sustainable finance master frame

Finally, there is the sustainable finance master frame. The frame emerged in response to the Paris Agreement and the One Planet Summit of 2017 and 2018 which increased the attention given to the

various pathways of keeping the global temperature increase below 2°C (Dimmelmeier, 2020, p. 179). Article 2.1 (c) of the Agreement explicitly commits signatories to '*make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development*' (United Nations, 2015, p. 3). The Paris Agreement marked a shift where national and supra-national entities started to develop sustainable finance strategies (Dimmelmeier, 2020, p. 181). At the same time, the period also marks a discourse consolidation around the term 'sustainable finance' (ibid, p. 182). The sustainable finance master frame comprises aspects of the entire range of diagnoses, policy targets, and policy instruments of the frames mentioned above (ibid). At the same time, R&O policy instruments grew in terms of support and sophistication suggesting the dominance of R&O within the master frame which, even though it displays convergence, is not equally inclusive to all frames (ibid).

The value of an analysis of the discourses at play in the consultations is owed to the new insights into the interests of organisations making up the expert community governing sustainable finance. As shown in the sections on each frame above, the diagnoses of the problems of finance matter for the instruments devised to channel resources towards certain economic activities over others. Seeing frames as collection of ideas that shape attitudes towards appropriate policies, it is important to understand which frames dominate the expert community on sustainable finance.

Issue control in transnational governance

This thesis sets out to examine the relative prominence of policy frames in sustainable finance as well as the network structure around the frames to point towards conflict and congruence among actors seeking to influence sustainable finance policies. In this section, I introduce the network theoretical assumptions applied in the analysis. The thesis borrows the assumptions on issue control in networks laid out by Seabrooke and Henriksen (2017a). They describe transnational governance as a process of competition and coordination among organisations and professionals to control issues (Seabrooke and Henriksen, 2017a, p. 3). Both professionals and organisations strategize to use networks as platforms for exerting influence of policy outcomes by entering into alliances raising the ability to control an issue (ibid, p. 12).

At the foundation of social network theory is the understanding that behaviour of actors is embedded in structures made up by their social relations (Granovetter, 1985, p. 481). It follows that the structure of a network is both a source of influence for involved actors as well as constraining force on

social interactions (Seabrooke and Henriksen, 2017a, p. 17). Actors' embeddedness in network structures means that local behaviour is at one time limited by an actor's position in the network, however, the actor can also exercise agency to change their network position to increase control as well as access to information and resources (ibid, p. 16). Actors, therefore, set out to exploit their network position to maximise control of a given policy issue (ibid, p. 12). An actor or an alliance of actors have issue control when their diagnosis of a problem as well as their proposed treatment has reached a stable consensus (ibid, p. 5). Issue control, consequently, offers the thesis a network theoretical perspective on dominance of certain frames over others.

A key concept in this regard is that of transnationality. Transnationality of an issue means that it is 'liberated' from jurisdictional constraints of national spaces (Seabrooke and Henriksen, 2016, p. 724). Sustainable finance represents an issue that has transnationality since most efforts to govern it has taken place among private actors at the global level to provide a public good beyond the reach of nation states (Thistlethwaite, 2017, pp. 104–105). The Action Plan arguably limits sustainable finance's transnationality since a supra-national entity such as the EU enters the field with the capacity to hierarchically regulate a large proportion of the economic actors doing business within its jurisdiction. Nonetheless, the global scope of various sustainable finance initiatives such as GRI (mentioned above) clearly outlines the transnational nature of sustainable finance. The evolution of sustainable finance with a variety of organisations competing and convening across jurisdictions to influence the global flow of capital makes it a homeless discipline (Dimmelmeier, 2020, p. 130).

The transnationality of sustainable finance has implications for who gets to govern it (Seabrooke and Henriksen, 2017a, pp. 6–7). Issues of transnationality allocate a high level of agency at the hands of expert actors involved in global networks due to the fact that the issue is decoupled from national control (ibid). The argument that sustainable finance has transnationality is backed by the observation that sustainable finance initiatives have largely been discussed in expert communities rather than in broad public debates (Dimmelmeier, 2020, p. 246). The thesis includes these considerations to qualify network analysis as an appropriate theoretical lens for understanding the policy processes in sustainable finance and to introduce the foundational assumptions describing the struggle for power within networks to define issues as well as the appropriate means to treat them. I, however, acknowledge that I only capture a part of the organisations engaging in transnational finance governance in the discourse

networks of the consultations which affects the scope of my findings. I return to this point under "Research design". Having gone through the basic network concepts of the thesis, I will introduce the main tenets of DNA.

Discourse network analysis

The thesis draws on DNA to assess the convergence or conflict among frames of sustainable finance for its ability reveal the structures and dynamics of policy debates (Fisher and Leifeld, 2019, pp. 471–472). Structure in this context refers to a uni-, bi-, or multipolar network of actors identified by uncovering allegiance to ideas (or in this case, policy frames) (ibid). Network structure affects outcomes of policy processes because uni-, bi-, or multipolar networks may facilitate either policy blockage or policy innovation (ibid). DNA's focus on structure allows the researcher insights into the communities of actors that work together in order to promote their perspectives on a policy (ibid, p. 484).

At the basic level, network analysis builds on a set of actors which are linked together based on different types of relationships (Seabrooke and Henriksen, 2017b, pp. 50–51). In conventional network analysis, an actor is visualised as a circle (node) connected to other actors through lines (edges) signalling a specific relationship (ibid). However, with DNA I visualise two-mode networks (or affiliation networks) (Fisher and Leifeld, 2019, p. 475). In two-mode discourse networks, nodes are not linked directly to each other based on relationships, but through affiliations with statements. To illustrate this, I have produced the figure below:

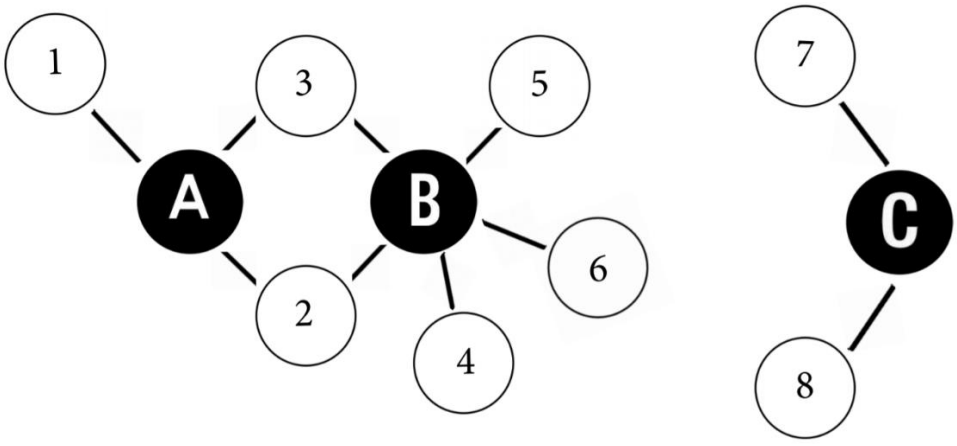

Figure 1: Two-mode network

Nodes of *organisations* (numbers 1 to 9) are indirectly linked to each other through affiliations with *policy beliefs* (letters A to C). In this network, discourses are identified as statements that indicate an affiliation of the organisation with a policy belief (ibid, pp. 475–476). This means that 1 through 3 agrees with A. 2 through 6 agree with B while 7 and 8 agree with C. Based on this, the researcher can identify clusters of organisations that agree on certain policies (ibid). In Figure 1, it is apparent that 2-6 is a relatively powerful cluster agreeing with B while 7 and 8 represent marginalised outliers agreeing with C. In this example, network analysis can be deployed to identify which processes around policy beliefs that are likely to meet *policy blockage* and where there are possibilities for *policy innovation* (ibid, p. 471).

Starting with *policy innovation*, Figure 1 shows a network structure with 2 and 3 occupying broker positions bridging a "structural hole" between policy A and policy B. In this case, 2 and 3 are seen as 'epistemic arbiters' (Seabrooke and Henriksen, 2017b, p. 52). Epistemic arbiters are in the position to shape how issues are treated by defining new concepts based on their position between otherwise unconnected policy communities making the arbiters "multiple insiders" (Seabrooke and Henriksen, 2017b, p. 53; Thistlethwaite, 2017, p. 108). On the issue of company reporting, which is a core aspect of sustainable finance policy, Thistlethwaite (2017) has pointed out that such epistemic arbitrage takes place in sustainable finance where organisations occupy positions between NGO and corporate reporting logics to innovate new ways to treat company disclosures (ibid, pp. 113-114). Such arbitrage among different frames would suggest convergence of frames.

Secondly, DNA can be used to point towards network structures leading to *policy blockage*. Policy blockage likely takes place in polarised network structures characterised by minimal overlap between policy beliefs (Fisher and Leifeld, 2019, p. 484). In Figure 1, assume that policy B and policy C are in conflict such that agreement with policy B necessitates disagreement with policy C. In such a case, organisations 2 through 6 will actively work to block policy C whereas organisations 7 and 8 will work to block policy B. From a network analytical perspective, the probability of policy blockage is higher in networks demonstrating high levels of conflict (ibid). Whereas the size of the cluster around policy B suggests that policy B will prevail, the observations could be coupled with empirical data on the relative power of organisations in the network (ibid, p. 485). Veto-players in both camps, for example, raises the probability of policy blockage.

Discourse networks, thus, clusters organisation into communities based on shared affiliation with discourses. The structure of communities in congruence or in conflict allows the researcher to embark into a theoretically informed discussion on the potential for policy innovation or policy blockage. RQ2 seeks to explain how the discourse network structure present in the consultations shed light on the development and direction of sustainable finance frames. The purpose of this section has been to show that discourse networks can uncover how the patterns of affiliation among organisations and beliefs structure networks into policy communities. The community structure of the networks can facilitate innovation among some organisations and beliefs, but also block progress of policy. Innovation is likely to take place where epistemic arbiters bridge structural holes among otherwise unconnected policy beliefs whereas blockage is more likely to place when conflictual policy beliefs are unconnected in networks meaning that ideational arbitration is absent.

3. Research design

In this thesis, I examine the discourses mobilised by organisations in consultations to make inferences about the prominence of certain collective action frames over others to assess whether sustainable finance frames are converging or fragmenting. This chapter addresses the research design that is chosen to operationalise such an inquiry by slicing through the layers of the "research onion" (Saunders, Lewis and Thornhill, 2015, p. 124). These layers are (1) research philosophy, (2) theory development, (3) methodology, (4) strategy, (5) time horizon, and (6) data collection (ibid). Coding, network visualisation, reliability, and validity are also addressed in this chapter.

Research philosophy and theory development: Constructivism, discourses, and frames

I will start research design chapter by introducing the constructivist philosophy of science constituting the foundation for an examination of ideas. The constructivist outlook builds on the realisation that actors' interests and patterns of behaviour in society are based on a mix of contextual and social influences (Moses and Knutsen, 2012, p. 9). The ontological position of the thesis is based on the understanding that perceptions and experiences are channelled through the human mind. From this, it follows that the meaning of observed phenomena is constructed by human interpretation (ibid, p. 10). Epistemologically, the goal of the research is to identify perceptions about the world rather than make objective conclusions about a natural world that is, perpetually constructed and re-constructed by both

the researcher, and the subjects studied (ibid). Throughout this chapter, I argue that an inquiry into policy frames depends on a constructivist methodology that acknowledges the socially and contextually influenced perceptions of organisations participating in the consultations under study.

As a method, DNA organises actors into groups based on consensus or conflict around ideas (Fisher and Leifeld, 2019, p. 471). Ideas are important objects of study since they both structure behaviour of actors and are mobilised by actors to change the world around them (Blyth, 2001, p. 4). Ideas, in this regard, are identified as discourses that embody value-laden perceptions about what is and what ought to be rendering competing perspectives less plausible (Brinkmann and Tanggard, 2015, p. 299). Throughout the thesis, discourses will be treated as belonging to specific frames based on shared assumptions, values, and perceptions of problems (Dimmelmeier, 2020, pp. 69-71). A collective action frame is a concept developed by social movement scholars to describe the process of constructing meaning (Benford and Snow, 2000, p. 614). Identification of frames depends on retrieval of discourses from interaction among actors (ibid, pp. 624). Frames answer both "what is going on" and "what should be going on" (ibid, pp. 614). As such, they are political in the sense that they construct meaning to garner support and demobilise competition (ibid). For this reason, social movement scholars often refer to frames as "collective action frames" underlining the political nature of framing which intends to shape the "world out there" (ibid). Frames, as aggregations of discourse, are subject to constant social negotiation and thereby evolve in interaction with other frames (ibid).

The concept of frames constitute a good fit with DNA that aims at identifying structures of how ideas are exchanged in networks (Fisher and Leifeld, 2019, p. 471). In the thesis, ideas are represented by discourses that fit within the four sustainable finance frames. As concepts denoting the processes of constructing meaning that propose a certain view of the world, identification of networks through affiliations with discourses and frames fits within constructivist methodology that seeks to shed light on socially constructed patterns (Moses and Knutsen, 2012, p. 199). However, researchers and readers of constructivist social science must be aware of the boundaries of inferences one can make about the world since all observation is shaped by the presuppositions of both the examined subjects as well as the researcher (ibid, p. 202). This is a point I will return to under "reliability and validity".

In terms of theory development, the thesis works abductively since it departs from Dimmelmeier's four sustainable finance frames that it (1) sets out to locate in consultations, and (2) uses as

foundation to set up networks of organisations engaging with frames that may converge or re-fragmentise. Abduction depends on testing known premises against collected data to identify themes and patterns that can be tied to a pre-defined conceptual framework (Saunders, Lewis and Thornhill, 2015, p. 145). Such tests allow for adjustment of theory to the findings (ibid). The adjusted theory can then be tested by subsequent collection of data (ibid). Working abductively allows me to start out with the inference that sustainable finance is currently shaped by competing sustainable finance frames seeking to control how issues are treated. I test whether these can be identified in actual debates on sustainable finance in a socially constructed world by collecting data from policy consultations. The purpose is to uncover new knowledge on the frames mobilised by organisations to control sustainable finance policy. The contribution of abductive research is to test theory in different settings to refine our understanding of the social world by modifying theory based on new observations (ibid). Above, I described that I have opted for DNA that provides a method fitting within constructivist methodology which I will elaborate on in the incoming section.

Method: Discourse network analysis

I set out to answer which sustainable finance frames that have prominence in the consultations on the EU Action Plan as well as how the discourse network structure in the consultations influences the policy field of sustainable finance. Doing this, I draw upon the method of DNA that combines *network analysis* (discussed above) and *content analysis* to reveal whether networks are in conflict or congruence (Leifeld, Gruber and Bossner, 2019, p. 1). DNA involves three steps: (1) Annotation of statements in sources based on chosen codes, (2) creation of networks from the structured statements, (3) analysis of results based on network theory (ibid). The applicability of discourses as the object of study to point towards Dimmelmeier's policy frames is addressed above, but the method to identify discourses from text sources has yet to be clarified. The method, as mentioned, draws upon content analysis.

Content analysis

Content analysis, in essence, is quantification of qualitative data (Saunders, Lewis and Thornhill, 2015, p. 608). The quantitative element of content analysis is owed to the way it is used to, e.g., examine relationships between attitudes of political actors towards certain policies by setting up a range of codes to categorise both the attitudes and the actors in the data set (ibid, p. 609). Content analysis approaches data sets systematically searching for the same pre-defined codes across sources to raise

replicability of the research and its findings (ibid). The coding and categorisation in content analysis must link directly to the purpose of the RQ(s). Coding and categorisation should, furthermore, be based on a consistent theoretical foundation to avoid confusion between the applied concepts of the analysis (ibid). Starting with categorisation, actors are divided into the organisation types: Finance (also comprising accounting and finance-oriented NGOs such as standards boards and industry associations), corporates (also corporate industry associations), public sector, energy sector, and CSOs. The categorisation into organisation types will potentially point towards patterns of certain organisation types being more inclined to support certain frames. The distinction between CSO type organisations on one side and finance and corporate on the other will, e.g., show helpful in the CRDs consultation.

In the analysis, I code for latent content that unifies the interpretive approach of discourse analysis and the quantifying systematic approach of content analysis. Latent content refers to the underlying meanings behind sentences and paragraphs of data sources (ibid, p. 610). Coding for latent content changes the demands to *reliability* of the research design. *Reliability*, in this case, depends on the transparency and consistency around choice of codes and how they are applied to the data (ibid). Addressing transparency, the thesis will go through the development of codes and connect it to the theoretical considerations behind each code (see section "constructing codes" below). Individual statements are examined in the analysis which lets the reader assess if codes are applied consistently and transparently. Furthermore, all coded statements can be found in appendices 2-4.

Research strategy, time horizons, and data

Multiple case study

Operationalising the RQs, a research strategy must be defined to assess the relevant time horizons and data for the study (ibid, p. 177). The thesis has opted for a multiple case study as strategy. Case studies depend on clearly defining a section of the social world to study (ibid, p. 185). The research aims at providing in-depth knowledge of the examined subject *within* the boundaries of the case (ibid). Staying within the boundaries means that the thesis will only capture a small segment of the countless ideas and discourses mobilised by the vast number of organisations engaging in transnational finance governance globally. The in-depth knowledge that is attained in the cases can, however, be used to identify patterns to refine or extend the theory chosen to guide the case study (ibid). There is, thereby, a fit between the abductive approach and the case study strategy. The most critical consideration to

mention in terms of case studies is that I have opted for a multiple case study taking into account three separate policy consultations of the Action Plan. The purpose of including multiple cases is to triangulate and compare across cases whether the same results are found or whether there are differences (ibid, p. 187). Results will back the theoretical predictions or allow for modifications of the theory which, either way, enable new insights into sustainable finance frames (ibid). The value of comparing results across cases is that the thesis can then assess whether some frames have traction across multiple policy initiatives while others may be marginal and limited to certain cases. Since the overall purpose of the research is to address whether sustainable finance frames are converging into a master frame or re-fragmenting, identifying conflict or congruence across cases will lead to a more accurate picture of the ideas influencing behaviour and policy in sustainable finance.

I have retrieved organisations' responses from the most recent consultations on the Climate Benchmarks (EC, 2019d), the non-binding guidelines for CRDs (EC, 2019e), and the GBS (EC, 2020b) (available in full on the links attached to these sources). The three policy initiatives were integral parts of the EU Action Plan under which the EC chartered the TEG to draft four policy initiatives which, besides the ones mentioned above, also count the EU Taxonomy on sustainable economic activities (EC, 2020e). The three consultations examined are chosen since they integrate a variety of policy instruments that are central to understanding the debates among the policy frames examined in the thesis.

Secondary data

The thesis analyses secondary data which offers advantages and disadvantages (Saunders, Lewis and Thornhill, 2015, p. 330). An advantage is that it makes available testimonies from a great number of powerful organisations that would otherwise not be within my reach. The availability of such secondary data enables comparisons across cases in otherwise unattainable volumes (ibid, pp. 330-331). Another relevant consideration is that data are available in a format which makes qualitative interpretation possible. All published consultation documents contain answers in both full sentences and pre-defined answers such as "yes / no / do not know" as well as in formats ranking of agreement from 1 to 5. The pre-defined answers are, however, not used in the analysis. Even though such answers may suggest agreement with a discourse belonging to a specific frame they do not provide sufficient understanding of the thinking behind the agreement. It is the intention behind the agreement that enables an understanding of the mobilisation of a discourse. On that ground, the thesis has chosen to rely only on latent

content of qualitative statements (described above). This approach harmonises with the intention to identify discourses which relies on theoretically backed interpretation of statements uncovering interests of actors (Fisher and Leifeld, 2019, pp. 471–472).

A disadvantage of secondary data is that the data is originally gathered for another purpose than that of the thesis (Saunders, Lewis and Thornhill, 2015, p. 332). The consultation responses are answers to questions devised by the TEG which means that statements analysed are put together to address only the policy aspects that the TEG wants answers to. The implications of usage of secondary data are that while theory is refined against an otherwise unattainable volume of relevant data, certain nuances of discourses mobilised by organisations may be omitted because it was not relevant to the TEG even though it is relevant to the thesis (ibid).

Time horizons

In terms of time horizons, I work with a cross-sectional data sample rather than longitudinal. The implications of this are that my data represent snap shots of the discourses mobilised by organisations (ibid, p. 200). The data are gathered from consultations taking place in 2019 and 2020 (EC, 2019d, 2019e, 2020b). Instead of enabling comparisons through time, this approach is better suited to compare across multiple policy initiatives with the advantage that a broader set of discourses should be available. I assess that this is an appropriate approach since the frames under examination are uncovered from a longitudinal approach describing the emergence of frames in the period from 1998-2018 (Dimmelmeier, 2020, p. 141) after which it is acknowledged that the sustainable finance frames may either converge or fragmentise (ibid, p. 197). A cross-sectional study of the three consultations in the years after 2018 is, thereby, a fitting approach allowing inferences about the convergence or fragmentation of frames based on cases involving a broad set of sustainable finance policies.

Constructing codes

In this section, I introduce the codes that are chosen to point towards discourses belonging to the four sustainable finance frames. Identifying discourses in the testimonies of organisations in the data set allows for assessments of the relative prominence of frames across consultations. It also allows setting up discourse networks enabling analysis of whether there is congruence or conflict between discourses and organisations mobilising them. In discourse networks, policy beliefs are understood as "the glue that binds alliances together" (Fisher and Leifeld, 2019, p. 475). In the same way, sets of

discourses that share fundamental views on issues constitute collective action frames (Benford and Snow, 2000, pp. 623–624). Having established this connection, I introduce the codes to provide a transparent and consistent application of theory to the data.

Moving chronologically through the development of sustainable finance frames, I start with the SRI frame. The codes chosen to represent the SRI frame are "exclusion" and "inclusion". The SRI frame's main policy is ethically motivated exclusion of assets going against the beliefs of investors (Dimmelmeier, 2020, p. 143). Inclusion, on the other hand, is also an SRI perspective that, instead of putting together a negative list that exclude sinners, identifies a set of best-in-class companies that are deemed to better the world (in terms of pollution, labour standards, etc.) (ibid, p. 144).

In the R&O frame, the thesis identifies 3 codes: "engagement", "financial materiality", and "unbiased finance". Engagement is emphasised by R&O proponents making the case that investment in sectors such as fossil fuels is necessary to ensure decarbonisation of them (ibid, pp. 255-256). A prominent argument in engagement discourse is that investment in high emission sectors enable active owners to gently force transition of such sectors which is better than transferring responsibility to irresponsible investors (ibid). Financial materiality is also an integral part of the R&O frame and denotes the belief that only the impacts that are traced back to companies' short, medium, or long term finances are considered *material*. This entails the view that corporate reporting is for the sake of only investors rather than a broader set of stakeholders (Eccles and Youmans, 2015, p. 1; Dimmelmeier, 2020, pp. 250–251). Financial materiality belongs within the R&O frame since it emphasises corporate reports to reflect the financial risks and opportunities that ESG indicators pose companies. R&O proponents count on ESG metrics to materialise in the pockets of investors by internalising risks and spotting opportunities of climate change (Dimmelmeier, 2020, pp. 250–251). Finally, there is the unbiased finance discourse named as such for the primacy it gives to ensuring that financial markets are only regulated to be resilient to exogenous shocks. Prudential policy should ensure robustness over all other interests since markets, if resilient to shocks, are self-regulating and allocate capital to the businesses that performs rather than businesses that do not (ibid, p. 259). If policies are introduced to lead capital towards businesses that do not perform, bubbles will emerge, and market failures arise (ibid).

Next up is the critical frame to which the discourses, "regulate finance", "actual ESG impact", and "Divestment", belongs. The regulate finance discourse carries the diagnose that finance is

systemically flawed and cannot, in absence of regulation, address the problems facing the world today (ibid, pp. 155-156). Statements coded as "regulate finance", thus, supports regulation seeking to curb financial markets for environmental and social goals rather than introducing schemes and standards for organisations to follow voluntarily. Actual ESG impact holds the opposite view to financial materiality and introduces a broader perspective of reporting to take into account societal stakeholders other than investors. Actual ESG impact proponents are especially concerned with negative climate and social impacts of businesses on the external world. From this, it follows that corporate reporting should be done in terms of absolute impacts (e.g., total greenhouse gas (GHG) emissions from operations) rather than metrics measuring impacts material to financial performance or impacts relative to financial performance (e.g., carbon intensity which is introduced below) (ibid, p. 252). This emphasis is owed to the belief that climate and social impacts may not be translated into financial losses, but environmental and social degradation may still occur from business activity (ibid).

Finally, there is the divestment discourse holding that scientifically based decarbonisation (or transition) scenarios are incompatible with investment in certain sectors (ibid, p. 256). While divestment can be seen as an extreme financial materiality concern acknowledging that transition scenarios of certain sectors are too poor to make them financially sustainable (ibid), it is coded as critical frame discourse in this thesis and used for statements coming from the proponents expressing the underlying motivation that, not financial considerations, but climate considerations should be given prominence (ibid, pp. 170-171).

The climate finance frame comprises the three discourses, "transformative finance", "green bonds", and "green incentives". Climate finance proponents support the intention to mobilise both public and private finance to drive the decarbonisation of the economy by reconfiguring policy initiatives (ibid, p. 164). The transformative finance code is used for statements suggesting that policy initiatives in finance can play a part in driving decarbonisation. I also code for statements suggesting that green bonds and green incentives should be mobilised to drive decarbonisation. Green incentives are seen as a polar opposite to the R&O frame's unbiased finance code since green incentives, from the R&O perspective, could destabilise financial markets by allocating capital to sectors not based on considerations of risks or financial performance (ibid, p. 259).

Finally, there is the sustainable finance master frame. As the policy field of sustainable finance has matured, a number of central organisations have worked to connect the community of sustainable finance into a cohesive mass to advance the policies that a broad range of actors can agree on (Dimmelmeier, 2020, p. 194). The master frame is important to the thesis because it addresses whether organisations in sustainable finance converge around treatment of issues within a master frame based on compromise or whether they fragmentise into separate frames. Convergence around compromise is expected in DNA when the network structure makes possible policy innovation while fragmentation is expected under structures leading to policy blockage (Fisher and Leifeld, 2019, pp. 471–472). In the latter case, one could expect that organisations would opt for either of the four frames. However, in a third and more complex outcome, policy innovation may arise within a number of separate clusters based on agreement with discourses across frames. Such a scenario suggests innovation in alliances that blurs the lines the line between frames. In that case, convergence among frames does not lead to convergence into one master frame but to fragmentation into hybrid frames. The scenario would take place in network structures of multiple centres of "regional" integration of discourses from each their frame rather than "global" integration in unipolar networks.

In Dimmelmeier (2020), there are overlaps of interests among frames dependent on the motivation behind a specific treatment of an issue. For this reason the thesis has drawn upon a mix of theory-driven coding and data-driven coding (Brinkmann and Tanggard, 2015, p. 485). While codes are rooted in the theoretical division of discourses into frames (theory-driven), the overlaps among frames mean that conceptual mix-ups are likely. Recall, for example, that divestment discourse can be articulated from both the critical frame and from an extreme R&O perspective but is ultimately coded as critical. I have coded divestment as critical because I leaned upon data-driven coding and concluded that divestment discourse in the consultations better fit within the critical frame. This is done to ensure theoretical consistency and accuracy and the justification for such coding will be backed in the analysis. Coded statements are, furthermore, made available to the reader in appendices 2-4 and the full consultation documents are provided in the "Literature".

Certain discourses across frames can be articulated by the same organisation while others are inherently conflictual making them mutually exclusive. In the latter case, organisations can only articulate one. While most discourses can be mobilised complementing each other, engagement (R&O) and

divestment (critical) represent irreconcilable perspectives on the world. The same holds for financial materiality (R&O) and actual ESG impact (critical), and finally also green incentives (climate finance) and unbiased finance (R&O). A coding strategy that introduces some codes that are irreconcilable and some that are not will ultimately manipulate the outcome of the network structure since certain discourses across frames can be mobilised together while others cannot. The thesis has, however, followed this coding strategy because it most accurately reflects the theoretical considerations that divide the frames from each other. The coding strategy is also assessed against the collected data. The codes are shown in the table below:

Frame	Sustainable Finance Master frame			
	SRI	R&O	Critical	Climate Finance
Discourses / Codes	- Exclusion - Inclusion	- Financial Materiality - Engagement - Unbiased finance	- Regulate finance - Actual ESG impact - Divestment	- Transformative finance - Green bonds - Green incentives

Table 1: Coding of sustainable finance discourses

Software and network visualisation

To ensure replicability of the approach by providing transparency, I introduce the software used for DNA. Data is coded in RStudio following the *Discourse Network Analyzer Manual* (Leifeld, Gruber and Bossner, 2019). The DNA and rDNA packages developed for setting up discourse networks in RStudio is used to code statements (ibid, pp. 48-59) and visualise networks in both two-mode network plots (ibid, pp. 80-90) and dendrograms (ibid, pp. 90-98) used in the analysis. The commands used set up networks and dendrograms are described in appendix 1. Visualisations are helpful since they provide intuitive oversight for the reader and researcher in the analysis (Brinkmann and Tanggard, 2015, p. 491). The visualisations enable an intuitive assessment of the distance between nodes and communities of nodes, but they also provide a statistical measure of the extent to which a network is clustered into separate communities (fragmentation) or if no clear community can be identified (convergence).

Identification of communities in the network should not only depend on what the eye can see. The statistical method to achieve "optimal modularity" is, therefore, applied (Newman, 2006, p. 8578). As a statistical measure, modularity (denoted as *Q*) compares the observed number of edges between communities in networks relative to the expected number of edges between communities in an equivalent network where edges are placed randomly (ibid). The value of the method is that it detects whether the number of edges bridging the gaps between communities is "statistically surprising", i.e., the number of edges between communities are significantly higher or lower than the *expected* number of edges connecting communities in the network (ibid). This way, only communities that are not a product of random chance are identified (ibid) which enables a statistically backed inference of congruence or conflict suggesting either convergence of frames or fragmentation. Modularity is printed as a figure from -0.5 to 1 (Fisher and Leifeld, 2019, p. 476) with positive figures suggesting a community structure (Newman, 2006, p. 8578). The larger the figure, the more significant the division into separate communities (ibid) with high modularity achieved at $Q = 0.4$ or higher (Fisher and Leifeld, 2019, p. 476).

Different algorithms lead to different *Q* scores. To find the optimal modularity and the corresponding number of communities in the networks, I let the software choose the algorithm that maximises *Q*. In the GBS consultation, optimal modularity is achieved with the "fast and greedy" algorithm searching for maximum global modularity (i.e., optimal modularity for the entire network) by taking each node as the sole member of a community and repeatedly join it together with the community that produces the highest increase in modularity until clusters are built (Clauset, Newman and Moore, 2004, p. 2). The hierarchical (complete linkage) algorithm finding optimal modularity in the Climate Benchmarks consultation employs the same "bottom-up" approach, but sets up relatively even clusters by making the distance between clusters correspond to the maximum distance between nodes within each cluster (Hartigan, 1985, p. 65). The CRDs consultation finds optimal modularity with the "walktrap" algorithm which follows the intuition that random walks from node to node tend to provide a path leading to entrapment within a set of nodes connected through short distances (Pons and Latapy, 2005, pp. 1–2). Thus, RStudio and the DNA software enable intuitive visualisations of networks but also provides statistical metrics describing policy communities among organisations in the consultations. The number of communities observed is denoted as *k*, i.e., a bipolar network structure is observed at $k = 2$.

Validity and reliability

Reliability and validity of social science research assess the strength of the research design to coherently connect theory, data, and findings. Reliability of qualitative studies has to do with the transparency of the research design which is ensured through careful description of methodological choices (Saunders, Lewis and Thornhill, 2015, p. 205). Such descriptions enable the approach to be replicated to assess similar cases, but since the thesis sets out to interpret socially constructed discourses, the results are bound to the context of the included data, and one cannot take for granted finding the same results when applying the design to other cases (ibid). It has been the intention of the "Research design" chapter to raise transparency of my approach to set the stage for the analysis where the theoretical sustainable finance frames are applied to the data in order to uncover the relative prominence of frames among organisations in actual policy debates. Such results allow the thesis to make inferences about fragmentation or convergence of frames in the field of sustainable finance following the approach of DNA.

Internal validity refers to the appropriateness and consistency of the theory's application to relevant data reaching credible conclusions (ibid). Code construction is central to ensure a solid foundation for the theory's accurate application to the data, but so is the justification of the method to apply DNA. I argue that there is a solid connection between the theory around discourse networks and sustainable finance frame on the one side, and the empirics gathered from EU consultations on the other. Both Dimmelmeier (2020) responsible for identifying the sustainable finance frames and Fisher and Leifeld (2019) who are some of the original champions of DNA make use of secondary data such stakeholder testimonies derived from policy debates (Fisher and Leifeld, 2019, pp. 473–474; Dimmelmeier, 2020, p. 114) which backs my approach.

In total, the thesis gathered 254 testimonies from organisations spanning government, multinational corporations, financial institutions, and CSOs (EC, 2019e, 2019d, 2020b). 37 organisations responded to the consultation on Climate Benchmarks, 100 to the CRDs consultation, and 117 to the GBS (ibid). 166 of the organisations (not double counting organisations that engage in multiple consultations) made statements that articulate support for one or more sustainable finance discourses. In total, 395 statements were coded. More statements in support of discourses were identified but only one per organisation was counted to avoid certain discourses falsely showing higher prominence because the

same organisations articulated support for them multiple times. Coded statements can be found in appendices 2-4. The number of statements provide a solid foundation for discussing the prominence of various codes as well as the structure of networks among organisations engaging with sustainable finance discourse. The statements are not only used to quantify the support for each frame or to point towards communities of agreement. They are also subject to qualitative interpretation in the analysis to dig out the nuances of each discourse and its link with specific frames. The approach suggests solid internal validity of the research design with robust linkage of theory to data enabling credible conclusions.

The external validity of research refers to the generalisability of findings (Saunders, Lewis and Thornhill, 2015, p. 205). While the thesis follows a rigorous application of codes that are true to the theoretical foundation of the thesis and constitute a solid match with data gathered, I do not claim that the results will be the same across cases external to the thesis. Instead of being *generalisable*, the objective of the "Research design" chapter is to raise transparency making the approach *transferable* for comparative work in other cases (ibid, p. 206).

Conclusion to research design

Dimmelmeier's identification of the frames that lay the foundation for this thesis are based on retrieval of discourses (Benford and Snow, 2000, p. 624) and, thereby, 'only' offers the thesis a theoretical simplification of the vast number of ideas that shape the broader field of transnational finance governance. Designing the thesis as a case study further delimits the scope of the findings since the observations from the consultations constitute only a small sub-section of the vast number of actors and ideas that make up transnational sustainable finance governance. The strength of an examination of theoretical constructs such as frames is, however, owed to the ability to test and refine of our understanding of the social world (Hansen and Andersen, 2009, p. 38). DNA offers a toolbox for an inquiry into frames because it focuses both on the ideas mobilised by actors to influence the world around them as well as the structure in which they do so. Observing network structure uncovers where actors integrate and adapt frames (convergence) and where they conflict (fragmentation).

In conclusion to the "Research design" section, I argue that the research provided in this thesis is based on a solid application of theory to data enabling conclusions about the prominence and mobilisation of discourses belonging to the sustainable finance frames. The results of the research, while not

necessarily generalisable to other settings, are still very relevant to the refinement of the theoretical insights into the ideas shaping sustainable finance policy. The results represent a unique account of the convergence or fragmentation of frames in sustainable finance based on the network structure of organisations' affiliations with discourses. The thesis, thereby, answers the RQs asking whether frames are present in the consultations and how discourse network structures in the consultations influence sustainable finance frames. I argue that the quality of the research design is high because (1) it stays true to the boundaries defined for qualitative constructivist interpretation, (2) it rigorously applies codes to statements, and (3) it mirrors the approach of the tested, albeit new, analytical approach of DNA.

4. Background: The Action Plan

With this thesis, I contribute to the literature on sustainable finance posing two RQs examining (1) the presence and prominence of policy frames in three consultations on EU sustainable finance policy, and (2) the influence of discourse network structures on sustainable finance frames. Before going into an analysis that seeks to answer the RQs, I introduce the EU Action Plan policies in further detail. In May 2018, the EC issued a number of legislative proposals to mobilise capital for sustainable purposes (EC, 2021d). In the eyes of the EC, sustainable finance is "finance to support economic growth reducing pressures on the environment and taking into account social and governance aspects." (ibid). Sustainable finance is an integral part of the European Green Deal and policies aim at channelling private capital into a transition to a climate-neutral, resource-efficient, climate-resilient, and just economy (ibid).

Three cornerstone policies in the EU's sustainable finance framework are the "EU Green Bond Standard", the "EU Climate Benchmarks", as well as the non-binding guidelines for "corporate disclosure of climate related information" (CRDs) (EC, 2020e). In 2018, the EC convened the TEG to deliver on these policies by drafting reports on which to base subsequent regulation (ibid). The TEG's work took place from July 2018 to September 2020. In this section, I will lay the foundation for an analysis of the consultations to the three policies by going through TEG and EC reports that organisations respond to in the consultations. The EU Taxonomy for climate change mitigation and climate adaptation has not been analysed due the published data not having the same quality as the data on the other three consultations limiting comparability of the multiple case study. The reach of the Taxonomy, however, extends to some aspects of the other three policies, and I will, consequently, briefly go through it. The

"Background" chapter focuses on the content of the policies before the consultations because the goal is to provide a context for understanding the initiatives discussed in the consultations. The content below may, therefore, not represent the most recent EU policies. The most recent developments in EU policy are less important to the thesis since the unit of analysis in this thesis is not EU policy, but instead the discourses and frames mobilised by organisations in the expert community engaging in the consultations. It is worth noticing that the three sustainable finance initiatives are all examples of 'soft regulation' in the sense that they only establish rules for sustainable activities and disclosures that companies can choose to follow based on the assumption that better ESG performance attracts more investment (EC, 2021d).

The EU Taxonomy

The EU Taxonomy Regulation entered into force in July 2020 and establishes the rules for when an economic activity can be considered environmentally sustainable (EC, 2021c). The EU Taxonomy defines 6 environmental objectives for sustainable economic activities (ibid): (1) "Climate change mitigation", (2) "climate change adaptation", (3) "the sustainable use and protection of water and marine resources", (4) "the transition to a circular economy", (5) "pollution prevention and control", and (6) "the protection and restoration of biodiversity ecosystems" (ibid). An economic activity is considered sustainable (Taxonomy-aligned) if it makes a 'substantial contribution' to at least one of the objectives while it does no significant harm (DNSH) to the remaining objectives and complies with minimum safeguards (... to social or governance aspects such as UN Guiding Principles on business and Human Rights) (TEG, 2020b, p. 2).

The Taxonomy applies to all economic activities (e.g., corporate activities) taking place within EU jurisdiction (ibid, p. 18), but reporting on corporate due diligence requires companies to report relevant information across value chains external to the EU too (ibid, p. 34). This means that companies may be required to report on global economic activities to be aligned with the EU Taxonomy. Technical screening criteria determining whether an economic activity is sustainable will be rolled out in a series of delegated acts between July 2020 and December 2022 (TEG, 2019c, p. 27). The most recent technical screening criteria was published in April 2021 (EC, 2021c). The definition of environmental objectives, the DNSH principle, and the minimum safeguards are the most relevant aspects of the Taxonomy to this thesis because they are reflected in the other three policy initiatives.

The Climate Benchmarks

As part of the March 2018 Action Plan, the EC committed to devise a policy to enhance ESG transparency of benchmarks for financial products as well as introducing a low-carbon benchmark in the EU (EC, 2021a). The TEG was responsible for drafting minimum requirements as well as contents of company ESG disclosures to be eligible to comply with the benchmarks (ibid). The work resulted in two benchmarks that stepped into force in April 2020 (ibid). The two benchmarks are called the EU Climate-Transition Benchmark (CTB) and the EU Paris-Aligned Benchmark (PAB) and works as labels flagging superior ESG performance of aligned portfolios to investors, thus, attracting capital (TEG, 2019b, p. 9). The two benchmarks differ in scope and ambition such that PAB-aligned portfolios demand higher decarbonisation of the underlying assets relative to the investable universe, excludes more economic activities from the investment possibilities, and requires higher ratio of green shares to brown shares in the portfolio (factor of 4) (ibid). The main differences are outlined below:

Minimum requirements	**EU CTB**	**EU PAB**
Minimum scope 1 + 2 carbon intensity reduction compared to the investable universe	30 %	50 %
Scope 3 phased in	2-4 years	2-4 years
Annual self-decarbonisation	At least 7 % decarbonisation per year	
Green share / brown share ratio compared to investable university	The green share / brown share ratio must be at least equivalent to that of the investable universe	The green share / brown share ratio must be at least 4 times that of the investable universe
Exposure constraints	Minimum exposure to sectors important to low-carbon transition must be equivalent to the exposure of the investable universe	
Disqualification from label	Immediate disqualification of the financial product if misaligned with the trajectory in 2 consecutive years	

Table 2: Proposed climate benchmark minimum requirements
(TEG, 2019b, p. 9)

Some of these minimum requirements warrant elaboration. "Minimum Scope 1 + 2 carbon intensity reduction compared to investable universe" refers to several technical terms. "Carbon intensity" measures GHG emissions against the monetary value of an enterprise (or in some cases, the revenue of an enterprise) within a given a time frame (TEG, 2019a, pp. 40–41). A simplified equation reads:

$$Carbon\ intensity = \frac{GHG\ emissions}{Enterprise\ value}$$ [2]

A reduction of carbon intensity compared to the investable universe means that assets in a CTB- and PAB-aligned portfolio must deliver a reduction of 30 % and 50 % of GHG emissions relative to enterprise value respectively compared to the market index carbon intensity. Scope 1 refers to direct GHG emissions of the company while scope 2 refers to indirect GHG emissions of the company (e.g., emissions from purchased energy) (ibid, p. 39). The next requirement addresses phase in of scope 3 emissions within the 30 % and 50 % reduction thresholds. Scope 3 emissions refer to the entire range of activities in the company value chain such as transport, consumption of sold products, waste disposal etc. Scope 1, 2, and 3 emissions are generally referred to as the company's carbon footprint comprising all possible GHG emissions resulting from a firm's operations and products (ibid). Due to the relatively new and undeveloped standards for scope 3 emissions, a phase-in period of 2-4 years was proposed before companies have to report their entire carbon footprint to be eligible for the benchmarks (ibid, pp. 42-43).

The annual self-decarbonisation of 7 % for both climate benchmarks is aligned with a transition scenario with its foundation in the Paris Agreement (ibid, p. 47). The Paris Agreement aims at keeping the global average temperature change below the catastrophic 2°C threshold relative to pre-industrial levels (ibid, p. 39) which has led the Intergovernmental Panel on Climate Change (IPCC) to draft various carbon transition scenario methods for industry and regulators to follow (ibid, p. 45). The green share / brown share ratio in the benchmarks demands that the portfolio contains at least an equal number of green shares compared to the investable universe for CTB and four times as many for the PAB (ibid, p. 52). The portfolio's exposure to high climate impact sectors which are central to decarbonisation must also be at least equal to the exposure of the investable universe (ibid, p. 60).

A final note is made to the fact, that the benchmarks introduce a variety of metrics that are intended to measure environmental (e.g., exposures to physical or transitional climate risks), social (e.g. exposure to controversial weapons and tobacco), and governance (e.g. corruption and political stability scores at assets' geographical location) performance of portfolios (TEG, 2019b, pp. 61–62). The

[2] Carbon intensity is a good example of an R&O metric (mentioned above) that measures climate impact in relation to financial performance

benchmarks are, consequently, not only intended for decarbonisation purposes, but measures a broader set of risks that could materialise for investors.

The Climate-Related Disclosures

The non-financial reporting Directive (NFRD) of 2014 introduced mandatory disclosure of specific non-financial information of large public interest entities employing over 500 people (EC, 2019a). These entities span listed corporations, banks, and insurance companies (ibid). Besides defining a range of non-financial disclosures that such organisations were required to report, the Directive also bound the EC to devise 'non-binding guidelines on non-financial information' (ibid). The non-binding guidelines became a part of the Action Plan in 2018 as it was seen as a valuable instrument to enhance the focus on, especially, climate-related information (EC, 2019c, p. 2). The motivation behind the updated non-binding guidelines is the perception that the financial sector cannot effectively reorient capital towards sustainable solutions to mitigate the global climate crisis without reliable and sufficient corporate disclosure of climate-related information (ibid, pp. 4-5).

The main climate innovation of the non-binding guidelines is the integration of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations into the EU policy framework (ibid). The TCFD recommendations emphasises the importance of corporate reporting of financially material information (ibid). The non-binding guidelines, however, also go beyond the TCFD recommendations introducing the concept of *double materiality*. Double materiality identifies climate-related information as material denoting that it should be reported if (1) it is necessary to understand corporate performance, development and position (financial materiality), *or* (2) it is necessary to understand the company's external impacts of environmental and social materiality (ibid, p. 7).

Financially material information, in this regard, has to do with company exposure to risks from climate change which are termed *transition risks* and *physical risks* (EC, 2019b). An example of a transition risk is a company's risk of being impacted by forthcoming policies such as stricter energy requirements (ibid). Physical risks count the company's exposure to acute weather events (e.g., storms and floods) and chronic climate developments (e.g., temperature changes, reduced water availability, and rising seas) (ibid). Such disclosures are meant for investors to make well-informed investment decisions (ibid). Examples of environmental materiality are GHG emissions across the value chain along with climate footprints of production such as land-use change (e.g., deforestation) (ibid). Social

materiality refers to human rights issues, bribery, and corruption issues (ibid). In sum, the non-binding guidelines encourage companies to disclose information if it is material from a financial perspective *or* environmental or social perspective, thus, going beyond the TCFD.

The non-binding nature of the guidelines means that companies are not legally required to report the disclosures unless enforced in domestic law. A February 2021 report showed that 5 % out of 1000 companies pursuant to the NFRD follow the commission guidelines (European Reporting Lab, 2021, p. 16). Even with low levels of compliance, the debates among the community of actors engaging in the consultation offer valuable insights into the discourses mobilised by organisations. DNA builds on these insights allowing inferences about the convergence or fragmentation of sustainable finance frames answering the RQs of the thesis.

The Green Bond Standard

The final policy included in the thesis is the GBS. The GBS was drafted by the TEG in June 2019 which the Commission uses as a foundation for an initiative establishing a standard for green bonds that is still pending (EC, 2021b). A green bond is a financial instrument representing a 'loan' from investors to issuers (typically companies or financial institutions). Organisations issue green bonds to raise capital for assets and projects with positive environmental impacts in exchange for long-term returns to investors (TEG, 2019c, p. 16). The main content of the GBS is to build a framework that (1) defines which projects green bonds can raise funds for, (2) commits issuers to describe the allocation of funds, and (3) commits issuers to track and report the environmental impacts (positive of negative) of the project (ibid, p. 10). The purpose of introducing a GBS is to mobilise financial markets to address climate change as well as social challenges working towards a climate neutral economy keeping the global average temperature increase below 2℃ (ibid, pp. 15-16). To prevent greenwashing of bonds, the TEG proposes to align the GBS with the EU Taxonomy on sustainable economic activities introduced above (ibid). This way, issuers of bonds are required to disclose how their strategy and allocation of funds aligns with the Taxonomy's environmental objectives at issuance and through the lifetime of the projects (ibid, pp. 54-55).

The primary recommendation of the TEG is to create the GBS as a voluntary initiative where bonds can obtain an "EU Green Bond" if appropriate disclosures are reported and use of proceeds are Taxonomy-aligned (ibid, pp. 9-10). The GBS requires two types of reporting. The first is allocation

reporting in which issuers of bonds must submit a statement of alignment with the standard, the geographical places of green projects that funds are raised for (by country), and a breakdown of the amounts allocated to green projects (by industry) (ibid, p. 60). The second is impact reporting requiring issuers to disclose the climate impact of their assets, their capital expenditure (funds used to *purchase* fixed assets, e.g., equipment for production) and their operating expenditure (funds used to *operate* fixed assets, e.g. equipment for production) as well as the share of financing to green projects (ibid). A Green Project is defined as an asset or expenditure of an organisation that comply with the EU Taxonomy (ibid , pp. 27-28). While the Taxonomy's technical screening criteria are not yet implemented, verifiers of projects must assess projects' Taxonomy-alignment from the fundamental obligations listed in the Taxonomy regulation (ibid) introduced above.

The perhaps most controversial recommendation of the TEG on the GBS is the potential introduction of financial incentives to accelerate issuance of GBS-aligned bonds. The most debated incentives are alleviation from taxes and prudential rules (ibid, pp. 49-50). Tax credits would be given to holders of bonds (ibid) which, in effect, lowers the interest paid by the issuer to the holder. This, in turn, drives up bond issuance. The TEG also suggests preferential prudential treatment for issuers so that the requirements for capital holdings held relative to an organisation's exposure to green projects are less strict than for "normal" projects (ibid, pp. 50-51). Prudential regulation normally sets requirements for the risk exposure of an organisation relative to its capital holdings to make sure the organisation can withstand unforeseen shocks in the economy making such preferential treatment controversial. The controversy around incentives is underlined in the incoming analysis.

5. Analysis: Prominence of sustainable finance frames and discourse network analysis of the EU Action Plan consultations

In the analysis, I examine statements of organisations partaking in the Action Plan consultations on (1) Climate Benchmarks, (2) CRDs, and (3) the GBS. The analysis is undertaken to answer the two RQs. The chapter is structured into three sections, one for each policy consultation. Each of the sections are separated into two sub-sections answering each their RQ. RQ 1 asked to which extent the four sustainable finance frames are represented in the EU consultations examined. Providing an answer, the analysis shows the number of organisations agreeing with the discourses that, in aggregate, constitute

policy frames as described above. The answer to the RQ will result in valuable insights into whether frames are present in actual policy debates as well as which frames hold prominence among the stakeholders. Such numbers should, however, not stand alone in an analysis that seeks to uncover discourses. I will, therefore, provide examples of statements from which I have extrapolated a certain discourse to show how the frames are mobilised by organisations in the policy-making processes. The strength of this part of the analysis is, thereby, to examine if discourses within the frames have traction in consultations, but the findings also work as a building block to answer RQ 2 which asks what the discourse network structures can say about the direction of sustainable finance frames. Answering RQ 2, I use DNA to point towards network structures among discourses and organisations. Dimmelmeier (2020) ends his inquiry into the frames of sustainable finance suggesting that the policy field might further merge into a sustainable finance master frame or re-fragmentise with emergence of new actors and new initiatives (Dimmelmeier, 2020, p. 197).

An assessment of the structure of discourse networks allows for inferences about the cohesiveness of frames by assessing the cohesiveness of the discourses belonging to each of them. If organisations were loyal to each of the four frames and systematically mobilised them to influence policies, one could expect to locate four different clusters of organisations in agreement around discourses belonging to one frame. Reality, however, shows to be more complex than that. The results show that the same organisations mobilise discourses from several frames. This is a puzzling finding because frames should embody each their diagnose and solution to an issue in question. Such a puzzle may, however, be answered through the use of DNA. DNA hypothesises that the network structure can help uncover congruence or conflict among organisations' policy beliefs which have implications for the ability to point towards points of policy innovation and points of policy blockage (Fisher and Leifeld, 2019, p. 472). Thus, complex interaction between different parts of the network - stemming from organisations adhering to several frames - can lead to several outcomes such as blockage (i.e., conflict) and innovation (i.e., integration of frames) (ibid, p. 471). The analysis shows how actors mobilise discourses across frames, thus, integrating them. While this implies convergence, discourse network structures, however, also show several points of conflict significantly questioning the convergence into a master frame.

The Climate Benchmarks

Research Question 1

In this section, I extract discourses from statements made in the July 2019 public consultation for the Climate Benchmarks (EC, 2021a). The number of organisations delivering statements was 37 spanning across state, business, and CSO divides. ESG-based benchmarks as policy tools are not straightforward to place within the sustainable finance frames since they can comprise elements from across four different frames. The SRI frame which, according to Dimmelmeier, has been largely marginalised in the transnational field of finance governance (Dimmelmeier, 2020, p. 178), arguably has had an impact on the benchmarks. Both the CTB and the PAB will exclude production of controversial weapons and tobacco as well as violators of the United Nations Global Compact and the OECD's Guidelines for Multinational Enterprises (EC, 2020a). In a TEG report, such assets are referred to as "societal norms violators" (TEG, 2019a, p. 56) which corresponds well with the SRI frame's focus on *exclusion* of companies based on ethical considerations (Dimmelmeier, 2020, p. 146).

However, most of the other proposed benchmark metrics can be attributed to each of the three remaining frames dependent on the intention behind their introduction. Since the benchmark policy includes policies that can be represented from across the four frames, I expect to see a result where discourses are relatively broadly distributed among the frames with fewer proponents of the SRI and the critical frame since Dimmelmeier has argued that these frames have been marginalised in recent years (ibid, p. 177; ibid, p. 199). With these considerations in mind, I will introduce the results of the analysis of the consultation responses.

As shown in Figure 2, 22 of the 37 organisations engaging in the consultation are proponents of "transformative finance" belonging to the climate finance frame. The R&O discourses, engagement and financial materiality are supported by 9 and 8 organisations respectively. 4 organisations argued for exclusion of companies based on norm-violations while 6 and 2 organisations argued for actual ESG impact and divestment respectively.

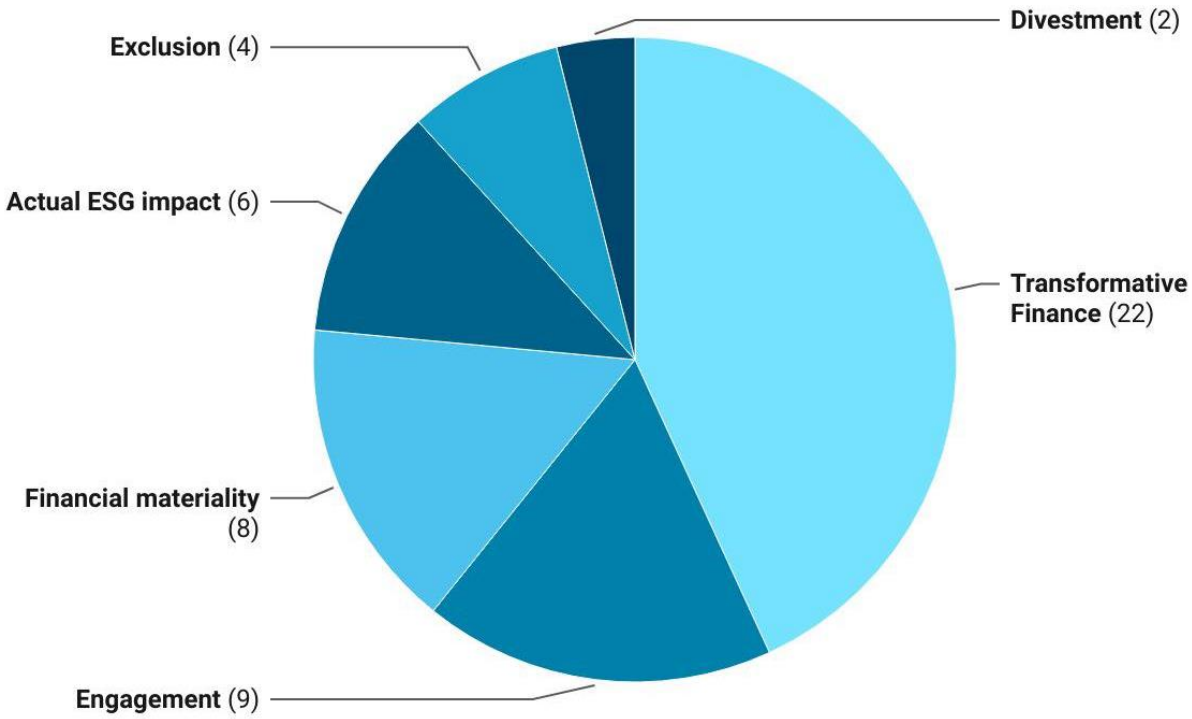

Figure 2: Distribution of discourses present in the Climate Benchmarks consultation

The results are in line with the expectations mentioned above where the R&O and the climate finance frames were the ones most likely to dominate due to the marginalisation of the others (ibid, p. 179). Since the purpose of this section is to answer whether the sustainable finance frames are present in the consultations and which of them that have prominence, I will go through some of the organisations' statements and relate them to the theoretical content of the frames. Starting with the climate finance frame, a telling example of transformative finance discourse is articulated by the Corporate Forum on Sustainable Finance[3]:

"Representing over two-thirds of green and sustainable bond volumes issued by European corporations, the Forum regards sustainable finance instruments as efficient market-based tools that allocate economic resources where they are most needed, particularly to low-carbon and sustainable investments, which are central to the members' corporate strategies." (App. 2, row 39)[4]

[3] A full list of organisations that articulated support for a code, their relevant acronyms used and organisation types can be found in Appendix 5

[4] A full overview of the organisations agreeing with each discourse along with coded statements can be found in appendices 2-4. The reference in the parenthesis refers to which appendix (app.) to look for, and the row refers to which number the statement has in the appendix.

With this statement, the Corporate Forum on Sustainable Finance, which represents European energy giants such as Iberdrola, Ørsted, and EDF (EC, 2019d), precisely articulate the foundational political intentions of the climate finance frame which is to mobilise finance policy to direct capital flows towards "low-carbon and sustainable" assets. 21 other organisations in the consultation agree with this perspective but some articulate it with more specificity on how the policies should address specific business sectors. Scientific Beta states the following:

"… the use of accounting figures will favour industries and companies that have a high share of assets that can be booked vs. those whose value is primarily linked to intangibles. Priority sectors in the transition to a low carbon economy belong to the former, we do not see the wisdom of introducing accounting biases that will reduce the pressure on key transition sectors." (App. 2, row 34)

This statement is articulated in response to the proposed measurement to account for carbon intensity[5]. Here, transformative finance discourse is mobilised by Scientific Beta to direct a point of criticism towards the lenience of the suggested metric measuring carbon intensity which, according to them, favours enterprises with high book value of assets. In their response, this is linked with the high book value *and* emissions of, e.g. utility companies (EC, 2019d) which is the reason for their concern that the instruments proposed will reduce pressure on the key transition sectors. The weighing of emissions against book value is seen to misrepresent the *actual* emissions in the energy sector.

Among climate finance proponents, a more lenient attitude towards high emission sectors can also be found. Unione Petrolifera, for example, holds that:

"A simple decarbonization approach can therefore lead to an underweighting of the sectors where most of the solutions necessary to a low-carbon economy lie - Therefore, an inclusive approach that allows all sectors and technologies to be able to contribute to the energy transition is important and in line with the Commission's position." (App. 2, row 40)

Here, the suggestion that all companies must decarbonise 7 % per year is challenged even though the statement does not go against the climate finance-based intention behind the proposed policy. Adherence to one frame does, thereby, not necessarily mean complete agreement when it comes to policy stringency. The incoming discourse network analysis will go into more detail with the network structure taking into account underlying statements pointing towards discursive congruences and conflicts.

[5] Recall that $Carbon\ intensity = \frac{GHG\ emissions}{Enterprise\ value}$

The discourse network offers a well-suited method to describe how organisations in strategic network positions bridge gaps between conflictual positions. However, at this point it suffices to say that the climate finance frame has salience with a variety of actors that, while not necessarily aligned in terms of specific adjustments of policy tools, share the same political project of mobilising finance to direct capital towards decarbonisation.

The R&O frame which takes up second place in terms of representation among the organisations in the consultation is also not necessarily a hub in complete congruence. Both the engagement and financial materiality discourses indicate adherence with the R&O frame. Financial materiality concerns are well-summed by Trade Association for Personal Investment Management and Financial Advice (PIMFA) (PIMFA, 2021) holding that

> "ESG integration can lead to better informed investment decisions and better risk-adjusted returns." (App. 2, row 26)

The purpose of ESG indicators from PIMFA's perspective is to accurately reflect risks of assets to improve returns for investors. This is seconded by organisations such as asset manager, Candriam:

> "… we rely on benchmark for portfolio comparison purposes. More disclosure on ESG applied criteria and ESG ratings at benchmark level will ease asset manager work." (App. 2, row 9)

Candriam introduces two noteworthy perspectives. First, ESG factors disclosed by companies enable benchmarked portfolios based on ESG ratings which offers Candriam a standardised procedure for supplying clients with an ESG-based investment product, thus, decreasing Candriam's internal cost of assessing ESG-compliance. Secondly, ESG benchmarks enable *portfolio comparison* which is central to the R&O frame that emerged in opposition SRI (Dimmelmeier, 2020, p. 249). Ethically motivated exclusion of companies led to poor performance of SRI funds and, thus, suspicion towards sustainable finance as a viable solution to societal problems (ibid, pp. 248-249). Against this backdrop, the R&O frame was chartered to take into account the *risks and opportunities* of environmental, social, and governance factors on the company to raise returns of investment funds in the long-term (ibid). Candriam's statement on the benchmarks' ability to enable portfolio comparison is, thereby, one that describes the legitimacy of ESG policy among proponents of the R&O frame since ESG factors' raison d'être is to identify portfolios with better adjustment of risks and opportunities to raise returns in the long term.

In the same vein, proponents of the R&O frame also emphasise the importance of engagement versus. Investment manager, Invesco, writes:

"Finally, while we welcome the objective behind the minimum exposures to high emitting sectors, we believe that more flexibility should be granted to benchmarks administrators to allow them to underweight certain sectors to a degree, for example by 25%. This would continue to meet the objective of ensuring the benchmark does not simply exclude high emitting sectors while proving more flexibility in the way benchmark administrators weight companies and sectors." (App. 2, row 23)

Flexibility is a term that is echoed through many of the responses, especially among adherents to the R&O frame. With this statement, Invesco, urges to turn a classic stock market lever of over- or underweighting sectors in the benchmark portfolio relative to the investable universe. Instead of fully excluding a sector from the portfolio, an underweighting of 25 % would mean deliberate reduction of the share of holdings in a sector by one quarter relative to the share of an index. This suggestion is rooted in Invesco's concern that CTB or PAB-aligned portfolios could become "economically unviable" and "unattractive from an investment perspective" (EC, 2019d) which precisely denotes teachings of the R&O frame also discussed above.

The exclusion perspective is also present among the organisations. Swiss Sustainable Finance (SSF), a public-private initiative producing knowledge on sustainable finance (SSF, 2021) states:

"A number of international conventions prohibit or restrict the development, production and use of controversial weapons … However, mainstream indices continue to include such companies. This is causing a problem for active and passive investors who may be subject to extra tracking error and/or additional costs, or unable to invest in controversial weapons-free solutions … SSF is coordinating the collection of signatories who also support the idea that index providers should remove companies involved in controversial weapons from mainstream indices." (App. 2, row 50)

SSF backs the unconditional exclusion of controversial weapons providers and holds that keeping such assets on the mainstream indices makes it hard for investors to even avoid controversial weapons. While their initiative has reached 176 signatories representing US$ 9.7 trillion (SSF, 2020), the SRI frame all but permeates the consultations, and most organisations that argue for identifying companies in violation of norms have accepted metrics for adjusting portfolio exposure reflecting Invesco's statement above.

Finally, there is the critical frame which, in the benchmarks consultation, is represented by the "actual ESG impact" and the "divestment" codes. Since the thesis has recently gone through the SRI-frame's code on exclusion, I will start with divestment to maintain conceptual clarity because these codes could easily be subject to mix ups. In terms of divestment, the World Wide Fund for Nature (WWF) (WWF, 2021) argues the following:

"We have noticed that ESG ratings can rate issues that are 'nice to have' but overlook strategic core business issues, hence they can lead to misleading results. For example, oil & gas companies are regularly part of sustainable funds thanks to their ESG ratings, while they are all aligned with a 4°C scenario or worse, i.e., significantly at odds with the Paris Agreement - hence cannot be deemed environmentally sustainable." (App. 2, row 43)

The WWF statement adheres to the concept of divestment and, in turn, the critical frame since the argument for divestment is rooted in a decarbonisation scenario of a sector that is in conflict with the purpose of avoiding catastrophic climate impacts (Dimmelmeier, 2020, pp. 170–171). From this perspective, any credible policy initiative cannot 'just' rethink the weighting of high emission sectors in portfolios and such initiatives are deemed fundamentally untrustworthy (ibid). Sustainable finance policies that fail to take seriously the urgency of the climate crisis are understood more as "misleading" means of greenwashing and less as credible initiatives taking money away from economic activities of detrimental climate impact. The critical divestment discourse is, thereby, different from the SRI exclusion discourse, which is rooted in the, often religiously motivated, belief that you cannot be moral while profiting from immoral activities (ibid, p. 144).

The final code identified in the Climate Benchmarks consultation is the "actual ESG impact" code that breaks with financial materiality primacy since it emphasises the importance of the impact of business on climate rather than the impact of climate on business. Whereas this is discussed in more detail in the CRDs consultation, it also plays a role in relation to Climate Benchmarks. The German finance network, Association for Environmental Management and Sustainability in Financial Institutions (VfU) has the following remark:

"… metrics in the interim report distinguish between revenues, market capitalization and Total Capital as denominators. They inform on the relative performance of an investment per financial unit. This means they provide important benchmarking information on the ESG performance of a financial engagement in relation to business activities quantified in financial terms. It does not inform about the absolute amount of emissions, their increase or reduction. While the relative indicator is essential in order to measure efficiency (carbon per unit), an absolute indicator in addition is required in order to

measure efficacy (overall emission). Both indicators provide important but distinct information and are complementary." (App. 2, row 51)

The relevance of financial performance of firms is not underestimated, but VfU challenges the approach of only measuring emissions relative to financial metrics by asking benchmarks to take into account the overall emissions providing the helpful distinction between efficiency indicators (emissions / financial unit) versus efficacy (absolute emissions). This perspective corresponds with the critical frame where actors wish to take away the "price tags" on emission reductions since pricing of such efforts fails to reflect the perception that the economy is deeply indebted to environmental systems - not the other way around (ibid, p. 252).

In conclusion to this section on the Climate Benchmarks consultation, the climate finance frame has the largest constituency among the participating organisations with the R&O frame on a second place while relatively few organisations took the consultation as an opportunity to argue in favour of the critical frame and the SRI frame. The benchmark consultation brought to light perspectives from across the four frames which was expected since the content of the benchmark policies had an appeal that cut across the theoretical borders separating the frames from each other. The results lay the foundation for the subsequent DNA uncovering the structure of discourse networks which enable inferences about policy innovation and policy blockage answering RQ 2.

Research Question 2

To answer RQ 2, the thesis draws upon visualisation and statistical metrics pointing towards clusters within networks. Visualisations of two-mode networks and dendrograms uncover the network structure of the consultation showing which organisations that mobilise which frames. They also point towards communities of organisations (or alliances) that form around agreement with certain discourses. Such inferences are coupled with qualitative interpretations of statements mobilised by organisations to provide meaningful insights into the agreement and disagreement among actors in the network.

Since the thesis introduces the first network plots, I will briefly repeat the intuition behind them. Recall from the "Discourse network analysis" section that two-mode discourse networks show the

relationship between two types of nodes: actors (white nodes) and discourses (black nodes)[6]. The relationship between organisations and discourses uncovers how actors are related to other actors that agree with the same discourse(s). The two-mode network also shows how discourses relate to each other being linked together by the same actors. Discourses not connected through organisations imply blockage or irreconcilable views whereas discourses connected through several actors imply innovation or converging perspectives on sustainable finance.

An assumption of network theory is that actors enter into alliances to maximise control of issues (Seabrooke and Henriksen, 2017b, p. 53). The dendrogram in Figure 3 shows whether such alliances are present in the Climate Benchmark consultation. Note first that the modularity of the network shows a weak community structure ($Q = 0.07$) between 3 clusters ($k = 3$). Figure 3, thus, shows a weak separation into 3 camps from each side of a "political middle" (signalled by the division into 2 branches at the top). On the left side of the middle, there is a cluster of 3 organisations that are outliers in terms of interests. These are VfU, Scientific Beta, and WWF. On the right, the two other clusters are found. One of them runs from S&P Dow Jones to Euronext, and one from Candriam to the International Association of Oil and Gas Producers (IOGP). The actors are separated into organisation types, CSO, energy, finance with a clear overweight of financial organisations in the entire network. Since optimal modularity is achieved at three clusters, the network is multipolar suggesting discursive competition among three camps. However, due to the relatively weak community structure, qualitative interpretation should be applied to statements to uncover the extent of competition among the clusters.

[6] See figure 4 below for reference.

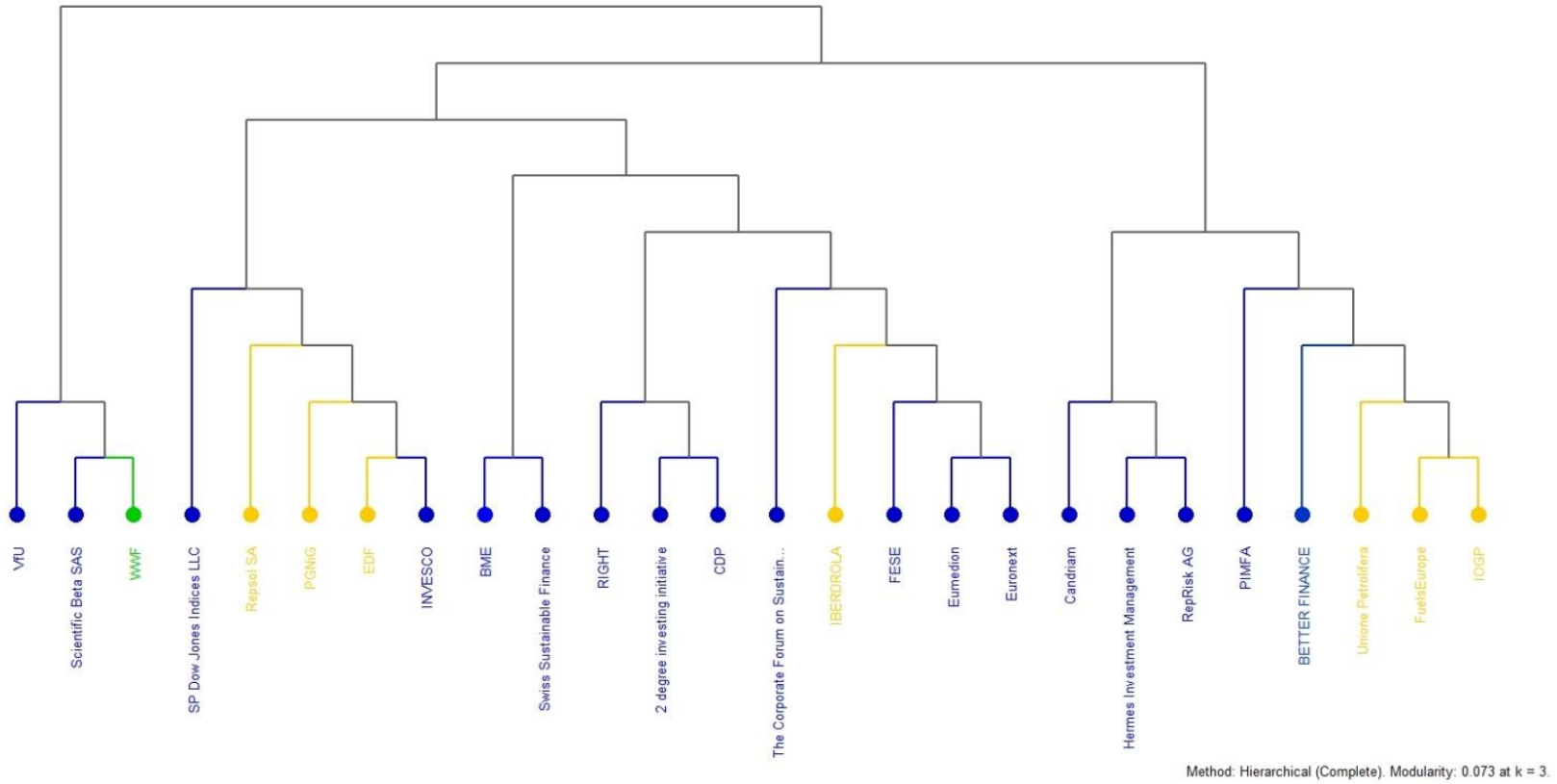

Figure 3: The Climate Benchmarks consultation, dendrogram with organisation types (Abbreviations and acronyms available in Appendix 5)

Finance organisations are coded as *blue*, corporate as *purple*, energy sector as *yellow*, public sector as *red*, and CSOs as *green*

Having described the overall network structure, it becomes relevant to take a look at the discourses mobilised by the organisations in each cluster. Figure 4 shows which organisations mobilise which discourses. A common starting point in network analysis is to identify brokers that connect otherwise unconnected groups (ibid, pp. 51-52). Some central nodes are IOGP, Unione Petrolifera, and FuelsEurope which all support "transformative finance", "financial materiality", and "engagement" suggesting strong alignment of interests. The network also shows how these organisations bridge the gap between the actors in their cluster on the financial materiality side, and transformative finance on the other. Thereby, IOGP, Unione Petrolifera, and FuelsEurope connect organisations adhering to two frames, R&O and climate finance, holding a powerful broker position bridging structural holes in the network.

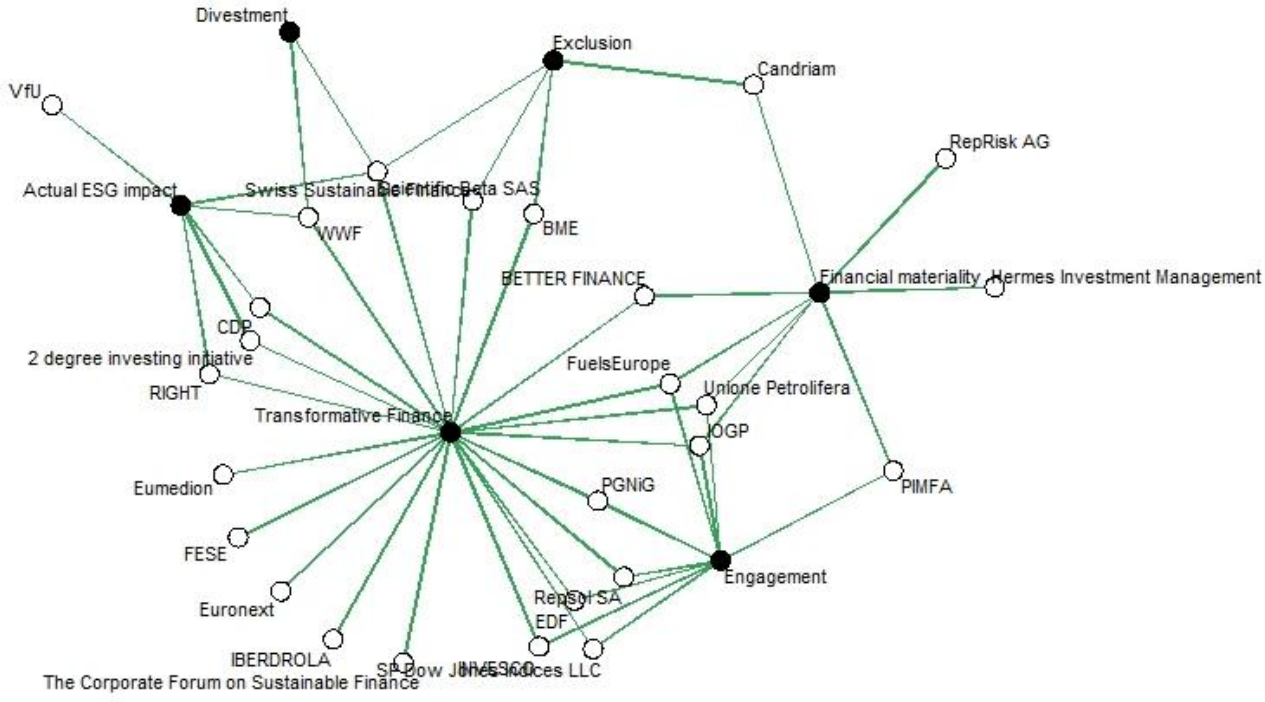

Figure 4: The Climate Benchmarks consultation, two-mode network

In the outlier cluster depicted in the left side of Figure 3, Scientific Beta occupies a noteworthy position being connected to organisations through support for "actual ESG impact", "divestment", "exclusion", and "transformative finance". Here, Scientific Beta is intimately linked with the CSO,

WWF, supporting actual ESG impact, divestment, and transformative finance. Scientific Beta is also linked to ESG data provider, right, and reporting standard producer, CDP, agreeing with both transformative finance and actual ESG impact. Since divestment is irreconcilable with engagement, and actual ESG impact is irreconcilable with financial materiality (see section "Constructing codes"), clusters of organisations of each of these sets of discourses occupy distant regions in the network. The broad support for transformative finance among proponents of both irreconcilable sets of discourses means that otherwise unconnected areas of the network are connected through the belief that finance should be mobilised to drive capital towards decarbonisation activities. Transformative finance discourse, consequently, stands out as a discourse enjoying support from competing communities in the network.

A comparative look at Figure 3 and 4 shows that organisations in the cluster furthest to the right side of Figure 3 all adhere to financial materiality (R&O) discourse with 4 of them also supporting engagement (R&O) and 4 organisations supporting transformative finance (climate finance). It is, thereby, a cluster rooted in R&O but with a few organisations mobilising climate finance discourse as well. The cluster in the middle of Figure 3 is made up by organisations that gravitate more towards transformative finance but with 5 organisations supporting engagement on the R&O side, and 3 supporting actual ESG impact on the left side making it a less cohesive community with complex patterns of support for various frames.

In sum, the identified communities have visualised several points of agreement between organisations which, in network theoretical terms, enable policy innovation among them. The most significant finding is the community around financial materiality which links the R&O-based community with transformative finance discourse through FuelsEurope, IOGP, Unione Petrolifera, and BETTER FINANCE. The organisations will engage in discursive competition with organisations bridging the gap between transformative finance and actual ESG impact (which is irreconcilable with financial materiality). This is done by mobilising discourse supporting their case in a manner that integrates perspectives on issue treatment (Seabrooke and Henriksen, 2017b, p. 53), i.e., present their interests in a way that is digestible across frames.

To give an example of how this competition plays out, I will look at the statements of key organisations such as IOGP occupying broker positions in the network (ibid). Occupying the position

between the R&O discourse, engagement, and the climate finance discourse, transformative finance, IOGP is expected to opt for the strategy to maximise control by integrating the frames (ibid). IOGP will, thereby, lean on the role as multiple insider (ibid) and fuse the interests of each discourse to build a constituency among the disconnected organisations it brings together through its role as broker. How IOGP does so is accurately summarised in their statement on engagement:

> "The industry stands behind the Paris commitments while continuing to meet the growing demand for energy and is working towards both goals. Excluding or penalising sectors or activities with a label of 'brown' or 'green' disincentivises improvement and creates the risk of excluding efficient and improving business, and therefore sends the wrong signal about the need for incentive and continuous improvement." (App. 2, row 46)

Bridging the climate finance frame and the R&O frame, IOGP argues for both committing to decarbonise within the Paris Agreement (climate finance) while placing oil and gas companies on the receiving end of investment arguing for the importance to incentivise efficient business supplying energy for the transition (R&O). On the opposite side of the spectrum, Scientific Beta follows the same strategy as multiple insider arguing for both transformative finance and divestment in their critique of the current inclusiveness of the benchmark format:

> "... the requirement leads to ensuring continued or increased support to sectors, notably the Oil and Gas industry, that need to be phased out or radically reduced in any realistic transition scenario - while this [benchmark] will be welcomed by the Oil and Gas industry, it may come across as an extreme form of green-washing in the eyes of the general public." (App. 2, row 33)

As shown above, Scientific Beta is correct in assuming that the oil and gas industry welcomes the possibility to include fossil fuels in the benchmark. Instead of proposing increased engagement, Scientific Beta argues for divestment away from oil and gas by not allowing fossil fuels in the Climate Benchmarks that, as mentioned above, aims at labelling portfolios aligned with a maximum 2°C temperature increase. Organisations from both sides of the political spectrum of sustainable finance, thereby, follow a strategy of multiple insiding to integrate their interest with the mediating transformative finance frame. Whereas the perspective of Scientific Beta is supported only by the WWF, the IOGP enjoys support from 4 other energy sector companies (FuelsEurope, Unione Petrolifera, PGNiG, and Repsol S.A.) and two financial institutions (Invesco and S&P Dow Jones) bridging the engagement discourse with the transformative finance discourse.

In response to the RQ asking about implications of discourse network structure on sustainable finance frames, the consultation on the Climate Benchmarks showed weak modularity uncovering three communities. Convergence could into a master frame could, therefore, be hypothesised by DNA. Especially following integration of the R&O with the climate finance frame since discourses belonging to each of them dominated the consultation. The struggle for issue control of climate finance and R&O proponents, however, depends on their ability to navigate the network mobilising support for a redefined discourse representing a deliberated compromise. The cluster shown in the right side of Figure 3 shows a relatively dense set of organisations adhering to R&O discourses whereas the cluster in the left is made up of outliers supporting critical discourse. Qualitative insights uncovered strict discursive competition among proponents of engagement and proponents of divestment.

Whereas the nodes linking frames to each other represent policy innovation making possible convergence, the distant clusters of the network occupying competing perspectives will engage in strategies to block the other cluster's interest (Fisher and Leifeld, 2019, p. 484). Both the R&O frame on one side and the proponents of the critical frame on the other will try to drag transformative finance in their direction integrating their preferred treatment of the issue arguing that it is a *must* to ensure decarbonisation through sustainable finance. The albeit weak multipolar structure of the network could, thereby, also lead to decentral outcomes, i.e., fragmentation. The presence of multiple communities in the network leads to decentral construction of shared meaning which which can lead to policy innovation and convergence among likeminded organistions, *but* in a fragmented network. While frames are converging, they may not be doing so into the hypotesised "master frame".

The Climate-Related Disclosures

Research question 1

The weak modularity score uncovered above was telling of the high number organisations that mobilised discourses from across frames integrating perspectives to control the treatment of sustainable finance issues. In this case, I offer further nuances to the findings to show whether decentralised policy innovation is a pattern emerging across cases. The CRDs consultation is observed with interest for its introduction of the "double materiality" perspective which represents an intense point of debate in the field of sustainable finance (Dimmelmeier, 2020, p. 250). Whereas financial materiality and actual ESG impact (represented by "double materiality") were also discussed under the Climate Benchmarks

consultation, a deeper insight into the competition among the discourses is provided in this section. The March 2019 consultation on the EC's non-binding guidelines on CRDs represents the final round of debate before their adoption in June the same year (EC, 2019a). The EC targeted 114 relevant organisations and experts to answer the consultation (of which 100 answers were published). The focus of the consultation is on the different types of materiality defining which disclosures that are relevant to investors as well as on linkages with established global reporting frameworks (EC, 2019c, pp. 5–7). The consultation's focus on materiality appears in the distribution of statements shown in Figure 3.

The financial materiality discourse holds most prominence among organisations with transformative finance and actual ESG impact statements on a tight second and third place. Since financial materiality, engagement, and unbiased finance all represent R&O discourse, the dominance of the R&O frame is relatively outspoken in the consultation. Transformative finance and green bonds discourses constitute the climate finance frame while the critical frame is represented by actual ESG impact and divestment. No proponents of SRI have been identified in this consultation. The relative prominence of frames, thereby, reflects the expectations that, especially the R&O frame has traction in sustainable finance. However, discourse on actual ESG impact also has some traction and does not stand out as marginalised in this consultation.

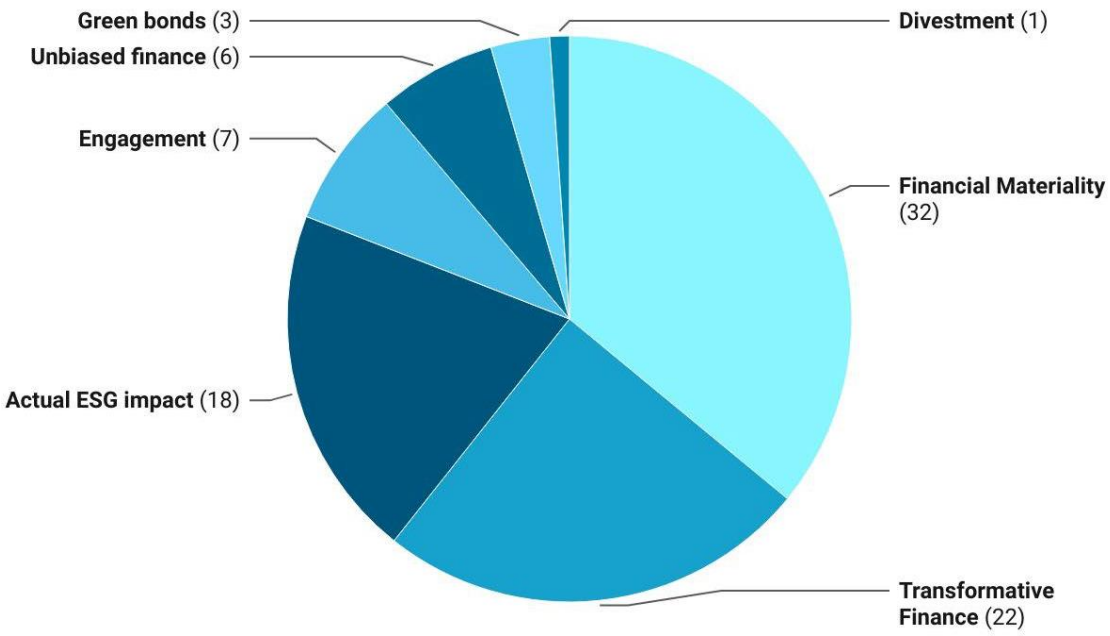

Figure 5: Distribution of discourses present in the CRDs consultation.

There are two new discourses present in the CRDs consultation. The green bonds code is interesting because, in extension of articulating finance as a means to drive decarbonisation (transformative finance), green bonds represent a distinct policy tool to raise money for decarbonisation of assets. "Unbiased finance" is also new and denotes statements articulating that the primary target of finance is financial stability and biased policies directing capital towards green assets breaks with prudential principles of finance (Dimmelmeier, 2020, p. 258). Analysis of these discourses are, however, saved for the GBS consultation.

Debating the relevance of different types of corporate disclosures means debating which group of stakeholders companies are responsible to (Eccles and Youmans, 2015, p. 4). The notion that only financial disclosures are relevant is closely linked to the notion that only shareholders are meaningful audiences to corporate reports captured by the idea of "shareholder primacy" (ibid, p. 2). In opposition to this view, double materiality states that financially material climate impacts must be disclosed for investors' knowledge, *but* environmentally and socially material climate impacts must be disclosed for consumer, civil society, investors, and employees' knowledge (EC, 2019b). The EC's redefinition of relevant audiences to corporate reporting sparks competition from adherents of the R&O frame. An example is global accountancy, Deloitte (Deloitte, 2021), arguing:

> "The terms "financial materiality" and "environmental and social materiality" … are however confusing, as materiality is usually considered from the perspective of the user, not the subject matter, so all information within the management report, for example, should be reported using a consistent materiality. We consider that investors should indeed be a key stakeholder and form part of the primary audience ... Where matters are of importance to the understanding of a company's long-term viability, risks and opportunities, they need to be given appropriate prominence to stakeholders, and investors in particular." (App. 3, row 27)

Following the argument of Eccles and Youmans, it is a process of social construction to define who should be the primary audience of reporting and, in turn, what information is considered *material* (Eccles and Youmans, 2015, p. 5). This theoretical perspective is well-portrayed in Deloitte's statement saying that materiality depends on the audience's perspective. Deloitte is not particularly interested in broadening up the audience of stakeholders arguing that investors are the key audience. Deloitte states that introducing environmental and social materiality in reporting confuses users and, predominantly investors. From this it follows that prominence must be given to risks and opportunities relevant for determining firms' "long-term viability". In the consultation, Deloitte moves on saying that the tension

between materiality types will be eliminated if the EC sticks to the TCFD recommendations (EC, 2019e). The TCFD recommendations are strictly focused on measuring climate risks and opportunities translating to financial impacts (TCFD, 2017, p. 36) which places Deloitte as a proponent of financial materiality.

Avoiding confusion around the materiality term is a big concern among financial institutions as well as among the central incumbents of transnational finance governance such as the International Integrated Reporting Council (IIRC) and the Climate Disclosure Standards Board (CDSB). Both of these organisations represent governance initiatives emerging from accounting expertise (Thistlethwaite, 2017, pp. 104–105). The fact that the initiatives are driven by accounting experts affects the outcome of their suggested "neoliberal" policies which are shaped such that disclosures are intended to provide cost-effective material information which reduces the inclusiveness of the materiality term (ibid, pp. 106-108). The more information, the higher costs of reporting for companies and the higher costs of interpretation for investors (ibid). While the CDSB states that the "inclusion of a double materiality threshold is somewhat confusing" (EC, 2019e), the IIRC argues that:

"… there should not be this 'double' materiality perspective. This itself could lead to silo-based thinking, instead one based on the concept of value creation - with the concept of value based on a multi-capital perspective (financial, manufactured, social & relationship, intellectual, human and natural). If there are two materiality tests, the danger is that in reality one is treated as non-material by businesses and investors." (App. 3, row 61)

Here, IIRC argues in favour of the primacy of value creation which can be translated into the idea of shareholder primacy raising the value of company capital to satisfy economic beneficiaries (Eccles and Youmans, 2015, pp. 1–2). While it is recognised that social and natural capitals must be taken into account to reflect material impacts on finances, the introduction of double materiality implies too much information for reports leading to investors and businesses downplaying the importance of one. Therefore, climate impacts that cannot be translated into financial impacts should be left out.

French financial market regulator, Autorité des marchés financiers (AMF), is of another view:

"The existing definition … was mainly focused on the first perspective financial materiality, thus reflecting investors' expectations. The precision added by the European Commission in this supplement appears key as the environmental and social materiality is closely linked to the first one. …. With this precision, the European Commission also recognises

some specificity of non-financial information that partially differs from financial reporting insofar as it concerns a wider panel of stakeholders (consumers, NGOs etc.)." (App. 3, row 17)

The AMF does not downplay the relevance of financially material climate impacts to be disclosed for investors, however, they welcome the wider scope of corporate reports to provide information material to "consumers, NGOs, etc.". Such stakeholders might be less interested in the financial performance of a particular firm, but instead in non-financial impacts that "concerns a wider panel of stakeholders". Thus, the AMF breaks with the primacy of shareholder interest and the neoliberal focus on cost-effectiveness of corporate reporting discussed above. The perspective is seconded by WWF saying that "… companies should always also disclose about the environmental and social materiality, a key information for many stakeholders." (App. 3, row 89)

The statements of the AMF and WWF calling for corporate reporting to introduce non-financial disclosures intended for a broader audience of stakeholders has been sorted into the actual ESG impact code which belongs to the critical frame. This is owed to the idea of critical frame proponents to reformulate financial theory concepts such as "fiduciary duty". Instead of perceiving the fiduciary duty as the duty to provide returns to current beneficiaries, proponents of the critical frame mobilise the concept as the duty to improve future living conditions of beneficiaries (Dimmelmeier, 2020, p. 232) or perceiving future generations as relevant stakeholders for corporates (Eccles and Youmans, 2015, p. 2). Incumbents of the R&O frame are, however, sceptical towards current investors' willingness to forego risk-adjusted returns for the benefit of future generations (Dimmelmeier, 2020, p. 233), a concern that is reflected in R&O proponents' reservations with respect to broadening up the scope of relevant audiences of reports beyond investors.

In conclusion, there are clear cut disputes among proponents of the actual ESG impact discourse (critical) and proponents of the R&O-based financial materiality discourse. The analysis of the CRDs consultation has brought to light additional perspectives on the presence of various policy frames in consultations of the EU Action Plan. Most notably, the section has provided new insights into the disputes of defining relevant audiences for reporting with the financial materiality discourse enjoying the largest constituency. The actual ESG impact discourse, however, does not stand out as marginalised even though it was articulated by fewer organisations. The climate finance frame had a relatively large constituency in the consultation. The role of the climate finance frame is more outspoken in the GBS

consultation which is the reason I have chosen to postpone the discussion of transformative finance to the analysis of the GBS consultation below. The findings that the main point of debate on the CRDs is among proponents of the critical and R&O frames set the stage for DNA in the incoming section.

Research question 2

Building on the findings of the relative prominence of discourses in the CRDs consultation, I will assess the structure of the discourse network to identify points of policy innovation of frames (convergence) and points of conflict of frames (fragmentation) answering RQ 2. 100 organisations in the consultation had their answers published, and among these organisations, 61 organisations agreed with one or more of the coded discourses. Starting this section, I draw attention to the overarching structure of the network presented in the dendrogram in Figure 6.

Note first that the dendrogram shows a relatively solid division into two communities ($Q = 0.32$[7] and $k = 2$). The figure, thus, shows bipolarisation in the consultation among the organisations occupying either side of the political middle (33 in the left cluster and 28 on the right). The implication of such a structure is that policy innovation is either blocked or taking place in decentralised communities meaning that the network suggests fragmentation more than convergence. An interesting finding is that in the left cluster, running from the Investment Association to Wirtschaftskammer Österreich, only 2 of the 33 organisations are *not* from finance or corporate organisation types while the right cluster makes space for more CSO, energy, and public sector organisations.

Introducing the two-mode network, Figure 7 below shows that the R&O frame is represented mostly by proponents of financial materiality (on the right) while the opposing critical cluster is represented mostly by proponents of actual ESG impact (on the left). Transformative finance is placed as mediator between actors on both sides. Of the 32 organisations in support of financial materiality, 7 of them also support transformative finance cutting across the R&O and climate finance frame. Two actors of significant centrality in this network are the Japanese Business Council in Europe (JBCE) and the DHL Group which, not only bridges the gap between financial materiality and transformative finance but also between transformative finance and engagement.

[7] Recall that high modularity is achieved at 0.4.

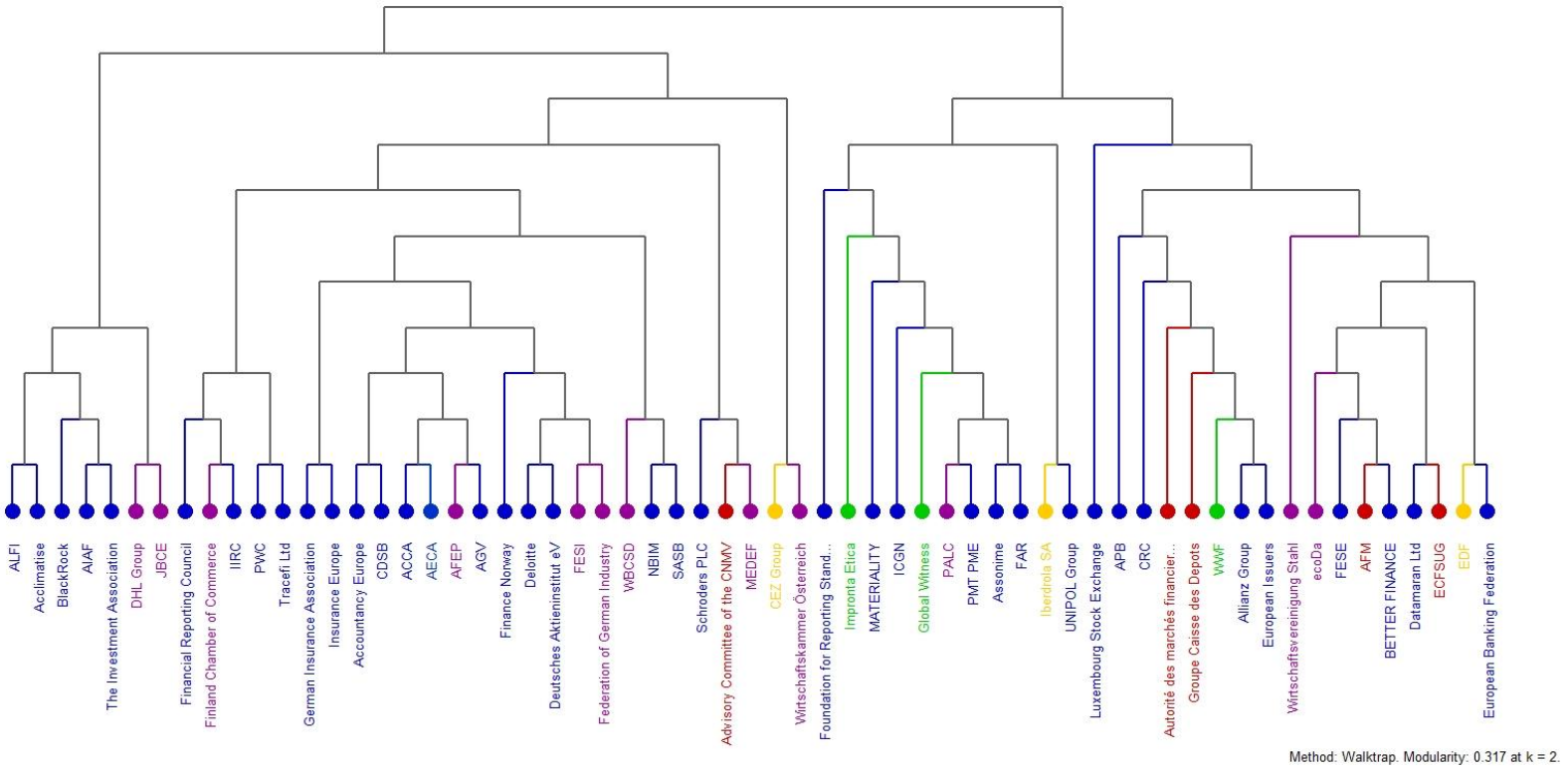

Figure 6: The CRDs consultation, dendrogram with organisation types (Abbreviations and acronyms available in Appendix 5)
Finance organisations are coded as *blue*, corporate as *purple*, energy sector as *yellow*, public sector as *red*, and CSOs as *green*

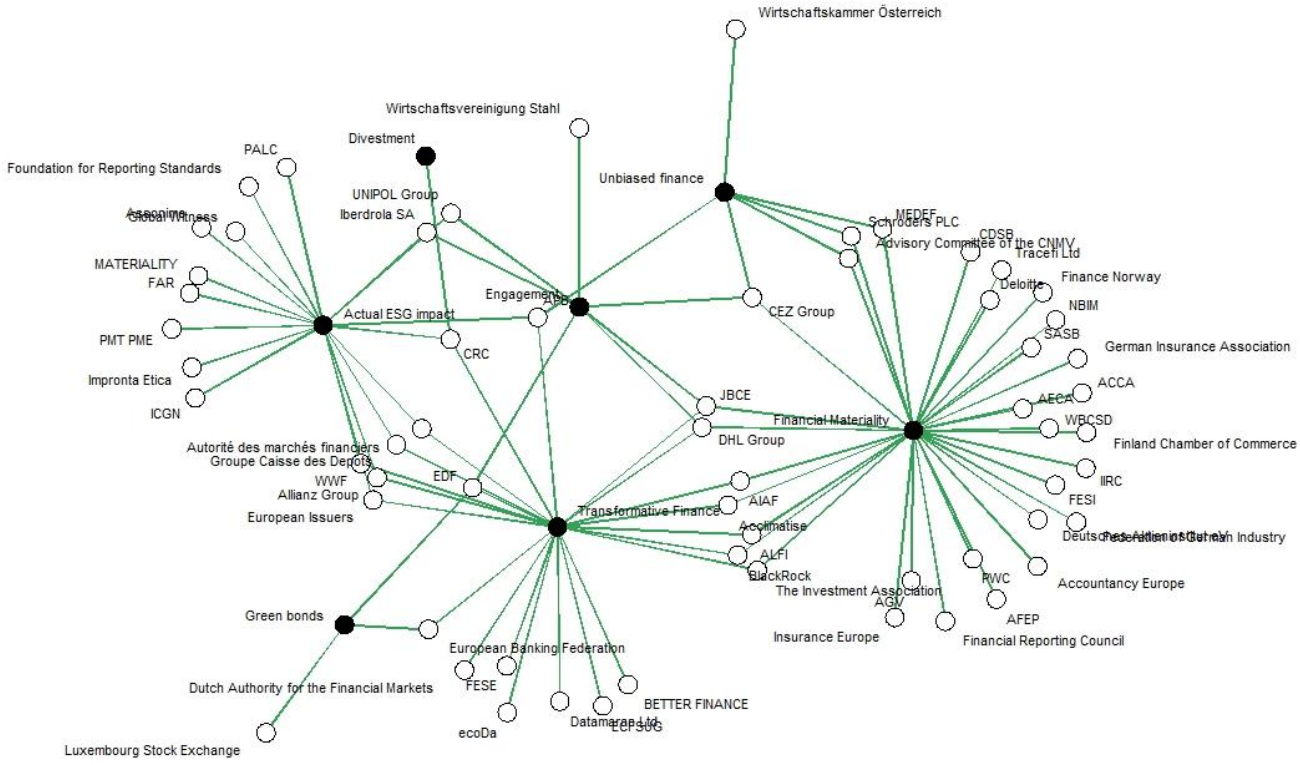

Figure 7: The CRDs consultation, two-mode network

Looking at Figure 6 and 7 together, a pattern emerges. The cluster identified to the left in Figure 6 is made up, predominantly, by "faithfuls" to the R&O discourses with only a few organisations also articulating support for transformative finance in the climate finance frame. On the other side of the political middle identified in Figure 6, we find a cluster of 28 organisations more divided in terms of ideational cohesion shown by the division into 2 evenly split subclusters. One of these subclusters (depicted from Foundation for Reporting Standards to Unipol Group in Figure 6) gravitates towards actual ESG impact discourse whereas the other subcluster (from Luxembourg Stock Exchange to European Banking Federation) gravitates more towards transformative finance. That subcluster also comprises 7 organisations (APB to European Issuers in Figure 6) bridging the gap between transformative finance and actual ESG impact.

The uncovering of a large and dense "R&O bloc" suggests that brokerage to integrate frames may not be necessary for the R&O bloc to dominate the network. Instead of looking at a broker, I, therefore,

look at the testimony of an R&O faithful, Accountancy Europe, to accurately reflect the discursive competition in the bipolar network structure:

> "We would like to reiterate that in our view GHG emissions are only one of the potential indicators a company could disclose to show the results of its policies and for many sectors it can only be seen as a proxy for climate-related risks. Additionally, GHG emissions will not be financially material for all companies in all sectors." (App. 3, row 3)

The testimony states that the impact of corporate behaviour on the climate should only be reported to accurately reflect a company's risk profile and not to serve a broader set of stakeholders that may take interest in the company's carbon footprint. The debate between perceptions of materiality in the R&O frame and the critical frame is discussed in the first part of the analysis, but this example serves to show how an R&O true-believer understands the responsibility to disclose information. As shown in the clusters above, Accountancy Europe is comfortably placed within a bloc of likeminded organisations, but even so there are possibilities for other organisations in the network to innovate and create shared meaning across frames.

An organisation with such capacity is BlackRock which, from its position recognised as the world's largest institutional investor managing US$ 8.7 Trillion (Forbes, 2021) has started a period of branding towards a more sustainable profile (BlackRock, 2021). While arguing for the primacy of financial materiality of disclosures, they are also aware of their responsibility to "deliver on end-investors' sustainability expectations" (App. 3, row 21) and to "advance sustainable finance and fulfil the aims of the EU Action Plan" (App. 3, row 21). The fact that corporations such as BlackRock is an, albeit careful, subscriber to transformative finance holds implications for the integration of the R&O and climate finance frame.

The WWF stands out as a counterpart to BlackRock. The WWF strategizes to integrate transformative finance with actual ESG impact discourse, thus, persuading actors in the climate finance frame to look towards the critical frame rather than the R&O frame. The WWF argues that it "strongly agrees with the Commission focus on the double materiality perspective" (App. 3, row 89) (critical frame), but also to introduce disclosure requirements for corporations to take "into consideration different climate related scenarios over different time horizons, including at least a 2°C or lower scenario…" (EC, 2019e) (climate finance frame).

As such, the WWF is a very interesting counterpart to BlackRock integrating critical discourse in climate finance policies. The dynamic going on the discourse network reflects the dynamic of the history of sustainable finance initiatives. Successful initiatives driving convergence of sustainable finance have been results of competition among NGO and accounting-based logics where organisations have engaged in "epistemic arbitrage" of compromise (Thistlethwaite, 2017, p. 108). In this case, WWF embodies NGO (or CSO) interest in raising accountability of business while BlackRock embodies the accounting-led perspective that, first and foremost, sets out to increase return on investment (App. 3, row 20; Thistlethwaite, 2017, p. 101). The separation into clusters with finance-based and corporate type organisations in the R&O bloc, and a more diverse community in the transformative finance and actual ESG impact cluster (see Figure 6) backs the notion that different organisation types embody different interests for sustainable finance. However, the solid modularity score suggests bipolarisation of the network and relatively little space for such arbitrage among the separate camps which leads to fragmentation rather than convergence.

A conclusion on the network structure uncovered in the CRDs consultation is that the clusters depicted in Figure 6 suggests solid division into communities. DNA hypothesises that such a structure leads to bipolarised meaning construction establishing consensus among likeminded organisations which is more likely to result in fragmentation than convergence (Fisher and Leifeld, 2019, pp. 470–472). Whereas epistemic arbitrage could take place leading to compromise and convergence in the network and, thereby, among frames, the qualitative interpretation of discourses mobilised by organisations in the consultation uncovers interests that stands out as irreconcilable which ultimately suggests fragmentation of frames.

The Green Bond Standard

Research question 1

In this section, I answer RQ 1 by analysing statements made by organisations in response to EU's proposed policy on the GBS. The GBS is intended to flag sustainable loans made from investors to bond issuers raising money for green projects (TEG, 2019c, p. 18). The standard's dependence on the EU Taxonomy which provides definitions on sustainable activities is a policy directly aimed at mobilising finance for transition purposes placing the standard within the climate finance frame (Dimmelmeier, 2020, p. 283). The section starts with an introduction to the overlaps of frames with the

content of the GBS before taking an interpretive look at consultation statements relating them to sustainable finance discourse and frames. This is done to assess if frames are mobilised, and if so, which frames that hold prominence in the consultation.

The GBS addresses the role of finance in sustainability head on. It does so by focusing on reorienting capital flows towards sustainable investment while managing financial risks stemming from climate change (EC, 2020c, p. 3). The question whether GBS issuers or investors should receive incentives (ibid, p. 11) touches upon a long-standing debate in the community of transnational finance governance (Dimmelmeier, 2020, p. 258). Because of such policy content, I expect to identify discourses on the role of finance as envisioned by proponents of the climate finance frame, but I also expect competition from the R&O frame - especially with regards to the debate on incentives. Furthermore, I expect to identify R&O criticism towards the alignment of green projects with the EU Taxonomy which, since its earliest days of development, has been deemed too restrictive in terms of the range of economic activities that bonds can generate flows towards (ibid, pp. 283-284).

I have analysed responses from 117 organisations that provided answers to the October 2020 consultation published by the EC (EC, 2020b, 2020d). 100 of the organisations mobilised discourses belonging to the sustainable finance frames. The total amount of statements located among the organisations are 255 (see App. 4). Figure 8 shows that the climate finance frame dominates the consultation. The three climate finance discourses, "green bonds", "transformative finance", and "green incentives" enjoyed respective constituencies of 69, 46, and 39 organisations. Such a level of support indicates dominance of the climate finance frame. However, the R&O frame represented by "engagement" and "unbiased finance" also had a relatively large constituency among the organisations with 62 and 26 in support of the respective discourses. The picture from the Climate Benchmarks consultation repeats itself in the GBS consultation where the SRI and critical frame are marginalised relative to the R&O and climate finance frame.

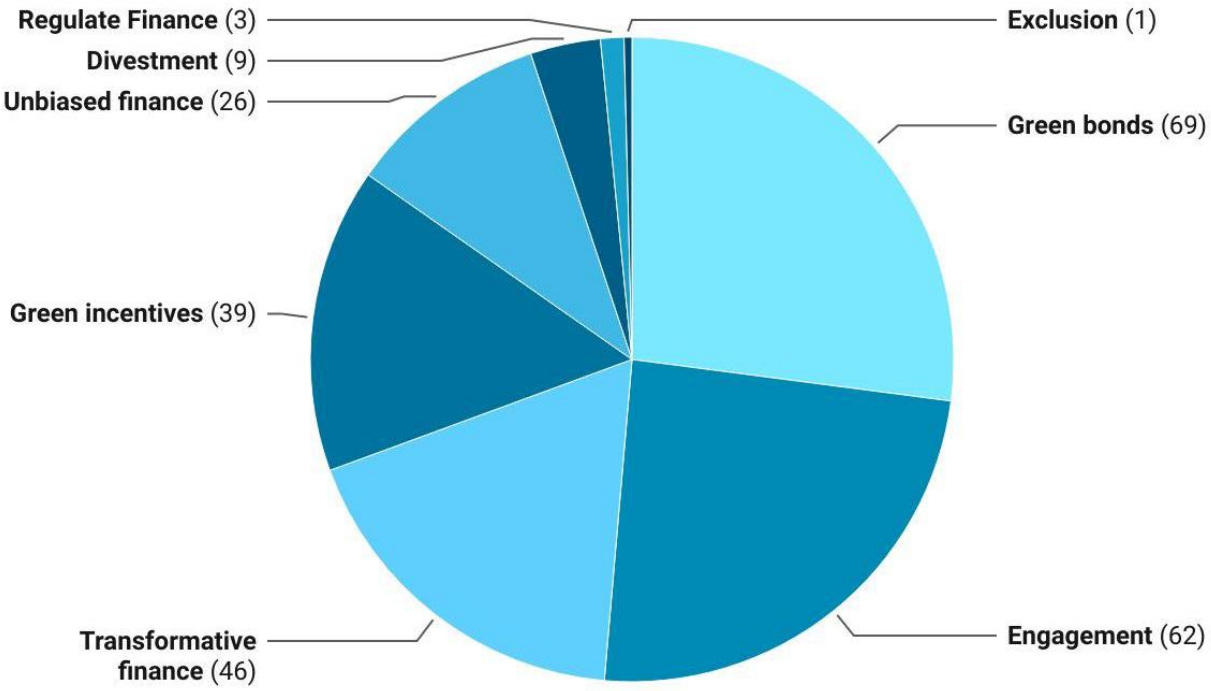

Figure 8: Distribution of discourses present in the GBS consultation.

Among the key insights provided by this consultation is how organisations mobilise discourses supporting the idea to *engage* in decarbonisation projects with businesses in emission intensive sectors rather than *divest*. Another key insight uncovered by the analysis is the debate between green incentives and unbiased finance. However, I will start by introducing a few perspectives on *green bonds* which is the main topic of the consultation setting the stage for the other aspects. The green bonds discourse is placed within the climate finance frame due to its intended use which is presented by Deutsche Kreditbank AG:

> "Green Bonds are an efficient way for investors to steer money to sustainable projects." (App. 4, row 93)

While the statement neatly captures the essence of green bond support, discourses and frames, when applied to real life policies, do not strictly imply consensus among their proponents. Organisations can agree on the policy instrument but disagree on the stringency of its implementation. This is also the case for green bonds. A proponent of a strict GBS is the Dutch NGO, Centre for Research on Multinational Corporations (SOMO) stating:

"There is still too much greenwashing in the green bond market, the EU standard should be the highest standard. There is an important demand for green bonds and the green bond market could remain stable if the green bonds are covering good quality green assets …" (App. 4, row 223)

With this statement, SOMO, a self-labelled watchdog on multinational corporations (SOMO, 2021), argues that it is imperative that green bonds are only issued to raise funds for green assets. The statement represents a concern shared by organisations such as the WWF emphasising that the GBS "… provides for a comprehensive and consistent disclosure regime on taxonomy-alignment …" (App. 4, row 246). The GBS is, hereby, linked to increased disclosure on use of proceeds to ensure that funds raised with the bonds actually align with the proposed EU Taxonomy. On the other side of the spectrum of green bond supporters, we have actors such as Amundi Asset Management. They state:

"Convinced that green bond issuances … are critical tools for public and private issuers to accelerate their transformation towards more sustainable practices and stronger contribution to climate change, we believe that it is critical to foster green bonds issuances across market segments." (App. 4, row 9)

While the GBS is supported to facilitate investment towards green projects the emphasis in this statement is not on the stringency of compliance with the EU Taxonomy but on accelerating transition towards more sustainable practices across market segments. When applied to statements from organisations, the appropriateness of the codes and the theory around the four sustainable finance frames are tested since proponents of the same frame may be in conflict over the settings of the instrument while still agreeing on its use overall. Examining the puzzle that organisations can agree on a discourse but disagree on its settings may be better understood when examining the overlaps in beliefs with other statements. The statement of Amundi Asset Management supporting a GBS covering projects across market segments intersects well with engagement discourse of the R&O frame. French multinational Energy company, ENGIE S.A., argues:

"…it is fundamental that the Taxonomy also stimulates investments in transition activities, amongst other enabling or stimulating the proper scaling up of low and decarbonized gases, which have the potential to decarbonize economic activities in the short and medium term, without such investment leading to a lock-in of assets." (App. 4, row 102)

From this perspective, the GBS is of little value if it does not channel money into assets that most need to be decarbonised. It seconds the less stringent perspective on the requirements of green bonds put forward by the Amundi Asset Management. It is also a perspective shared by the Japanese Business

Association deeming the EU Taxonomy "the Darth Vader" of sustainable finance since it will only generate money for the *dark green side* of transition activities (Dimmelmeier, 2020, pp. 282–283). The fact that 62 organisations articulated support for engagement discourse shows that such concerns are relatively widespread among the organisations partaking in the consultation pointing towards prominence of the R&O frame alongside the climate finance frame.

Conversely, the critical frame has much less traction in this case with only 9 in support of *divestment*. One perspective that, however, stands out as good example of critical discourse is that of CSO, Reclaim Finance:

"The relevance of the alignment with the EU taxonomy depends on the final content of this taxonomy, notably:
- The exclusion of all fossil fuels,
- Tightened criteria for bioenergy, livestock and forestry,
- The exclusion of vehicles that can run with fossil fuels." (App. 4, row 211)

In stark opposition to ENGIE S.A. and in clear spite with industry associations voicing concerns of the Taxonomy being "dark green", Reclaim Finance argues that the alignment of the GBS with the Taxonomy should *only* be done if the Taxonomy is implemented with the highest levels of stringency. While both ENGIE S.A. and Reclaim Finance articulate support for the climate finance frame and green bonds, their demands to the stringency of the GBS intersects with a secondary frame that differs. Reclaim Finance is clearly placed within the critical frame perspective on divestment holding that, in absence of proper policies, the flawed financial system will not ensure timely decarbonisation (Dimmelmeier, 2020, p. 171). To a company like ENGIE S.A. which is looking to decarbonise, divestment away from sectors with high emissions would be a mistake. This is based on the perspective that they are the ones that need capital the most to facilitate transition. Accountancy Europe seconds this perspective arguing that:

"'Transitional activities', in the sense of the Taxonomy, still only cover the best performers, and excluding those that are making progress and transitioning towards a net-zero." (App. 4, row 5)

Transitional activities in energy at the time of the consultation count investment in bioenergy, hydropower, geothermal energy, and finally energy from natural gas (TEG, 2020b, pp. 57–58) (the last one with a technical requirement to operate under 100gCO^2/ekWh and net zero by 2050 (TEG, 2020a,

p. 231)). The TEG sees this requirement as reasonable for a best-in-the-sector performance whereas Italian energy producer Snam S.p.A. sees it as unrealistic (App. 4, row 218).

The competing perspectives mobilised within the boundaries of the green bond discourse shows that the frames constituting the analytical foundation of this analysis are not hermetically sealed off from each other. Instead, proponents of a climate finance policy such as green bonds can support its implementation from R&O perspectives (engagement) as well as critical perspectives (divestment). Divestment and engagement are, furthermore, irreconcilable perspectives on how finance for green projects should be raised which establishes a discursive distance between the critical frame and the R&O frame. In the second part of the analysis, I visualise how frames intersect and discuss the potential for integration or fragmentation of frames in relation to the network structure. Before that, I will introduce an example of competing discourse between the R&O frame and the climate finance frame.

On the discussion of use of incentives to advance the GBS among issuers and investors, the climate finance frame clashes with the R&O frame. Even when the climate finance frame skyrocketed in popularity after the Paris Agreement, central R&O-based proponents such as leaders of the French central bank (Banque de France), argued that prudential policy is about the resilience of the financial system and not about incentives (Dimmelmeier, 2020, p. 258). In this consultation, this perspective is challenged by 39 organisations arguing in favour of green incentives against 26 making the case for unbiased finance. Among proponents of green incentives discourse is the multinational financial institution, Deutsche Bank:

> "The most effective and most predictable incentive for all market participants would be prudential incentives. For instance, multiplying capital requirements with a <1 factor if a bank's exposure is specific to lending, project finance and investments to finance or operate structures or facilities, systems and networks that are fully covered by the GBS (taking Art 501a CRR as a template)." (App. 4, row 86)

This perspective hits R&O proponents where it hurts, namely, in the area of prudential regulation. The suggestion to reduce capital requirements (multiplying by a <1 factor) for finance raised for GBS-aligned bonds is deemed most effective and predictable. Lowering the capital requirement that banks must hold relative to their exposure to green projects means artificially adjusting the expected risk of green projects relative to other projects. If the expected risk of green projects is artificially lowered,

more capital will expectedly flow towards them. However, Deutsche Bank's countrymen from Deutsches Aktieninstitut, hold the opposite view:

"Any direct intervention within the capital markets could be seen critical as it might deteriorate functioning markets and put certain financial market participants at a disadvantage, therefore no tax support, no equity support etc." (App. 4, row 96)

Here, the thought of alleviating green investments from tax as well as prudential requirements could have critical consequences for the proper functioning of markets. The perspective is backed by Insurance Europe underlining the potential consequences of incentive structures in finance:

"Arbitrary 'green support' alleviations of prudential requirements due only to a bond being green and without risk-based justification are not supported. Such actions would create artificial risk/return trade-off distortions, undermine good risk management and lead to valuation bubbles." (App. 4, row 161)

Market distortions, poor risk management, and valuation bubbles echoes concerns for the robustness of financial markets which, if expectations to risks and returns of assets reflect financial performance, will self-regulate to achieve optimal outcomes and market equilibria (Dimmelmeier, 2020, p. 259). From this, it follows that prudential regulation should only be in place to accurately adjust capital holdings of financial institutions to their risk exposure. The discussion on green incentives (climate finance) on one side, and unbiased finance (R&O) on the other provides a point of irreconcilable conflict among the two frames and backs the division of policy beliefs into separate collective action frames. However, since many of the statements above displayed discursive overlaps, the results reached in this analysis are ambiguous because frames may both converge due to some discourses complementing each other and fragmentise due to some discourses competing with each other.

Finally, the thesis briefly discusses the relatively marginalised discourse "regulate finance" belonging to the critical frame. The "watchdog NGO", Bellona Europa argues in favour of regulation saying:

"… the voluntary nature of the proposed EU GBS significantly reduces its effect and in fact jeopardizes [the GBS] creating additional confusion exacerbating uncertainty and doubts. To be able to meet the climate neutrality target by 2050, we need to act now … It is our recommendation that the stated aim to review the need for supporting legislative action in three years should be replaced by a public commitment to develop an EU GBS regulation now." (App. 4, row 38)

Introducing the GBS as law instead of a voluntary initiative would mean that no private scheme could label bonds as green if not Taxonomy compliant. This suggestion is made by Bellona Europa because it would tackle greenwashing of privately issued green bonds as well as because private actors would not make the shift without regulation (EC, 2020b). It clearly communicates the critical frame's suspicion towards the self-regulatory qualities of finance. Regulate finance, as a critical frame discourse, enters the consultation in congruence with the climate finance frame since it backs the upheaval of green bonds into law. A clear distinction among frames is, thereby, further precluded.

In response to RQ 1, I have found that discourses belonging to the frames applied in the thesis reflect the actual debate around policy issues in the field of sustainable finance. The relative prominence of frames can be based on the count of discourses that are clearly in favour of climate finance followed by the R&O frame. The critical frame retains a smaller constituency while the SRI frame is only supported by one organisation. A deeper look at the statements in support of discourses show that variance exists among proponents of the same discourse which, despite agreeing on the diagnosis of a problem, may differ in terms of stringency of policies. At the same time, there are discursive overlaps between, for example, statements in support of green bonds on one side, and engagement (R&O) or divestment (critical) discourses on the other. The implications are that discourses belonging to each their frame combine in complex patterns which are identified by DNA in the incoming section.

Research question 2

Answering RQ 2, I deploy DNA to point towards organisations in congruence or conflict around discourses. Whether there is congruence or conflict in a network has implications for the policy field of sustainable finance since organisations articulating support for discourses across frames suggest integration (or convergence) of frames while distance among frames suggests fragmentation. The discourse network structure will answer the RQ by providing new knowledge on the potential direction of sustainable finance that may converge into a sustainable finance master frame or fragmentise into several competing frames. In the search for clusters based on optimal modularity, four communities are identified ($k = 4$) at $Q = 0.058$ in Figure 9. As such, it could be characterised as a multipolar network with four communities of organisations with overlapping policy beliefs. However, the dominance of the climate finance and R&O frame identified in the first part of the analysis suggests that one should *not* expect to see the four clusters of the network representing each of the four sustainable finance frames.

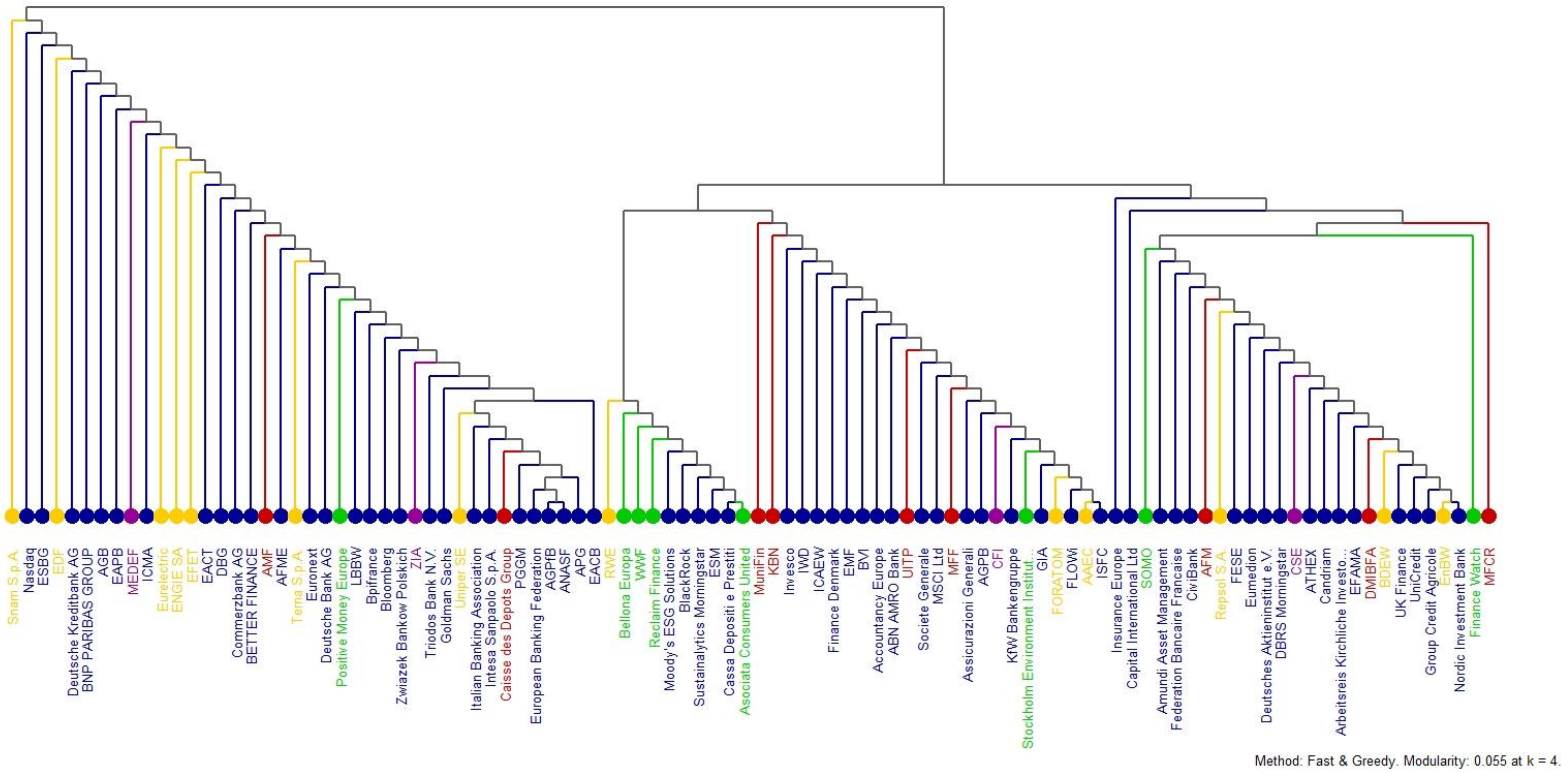

Figure 9: The GBS consultation, dendrogram with organisation types (Abbreviations and acronyms available in Appendix 5)
Finance organisations are coded as *blue*, corporate as *purple*, energy sector as *yellow*, public sector as *red*, and CSOs as *green*

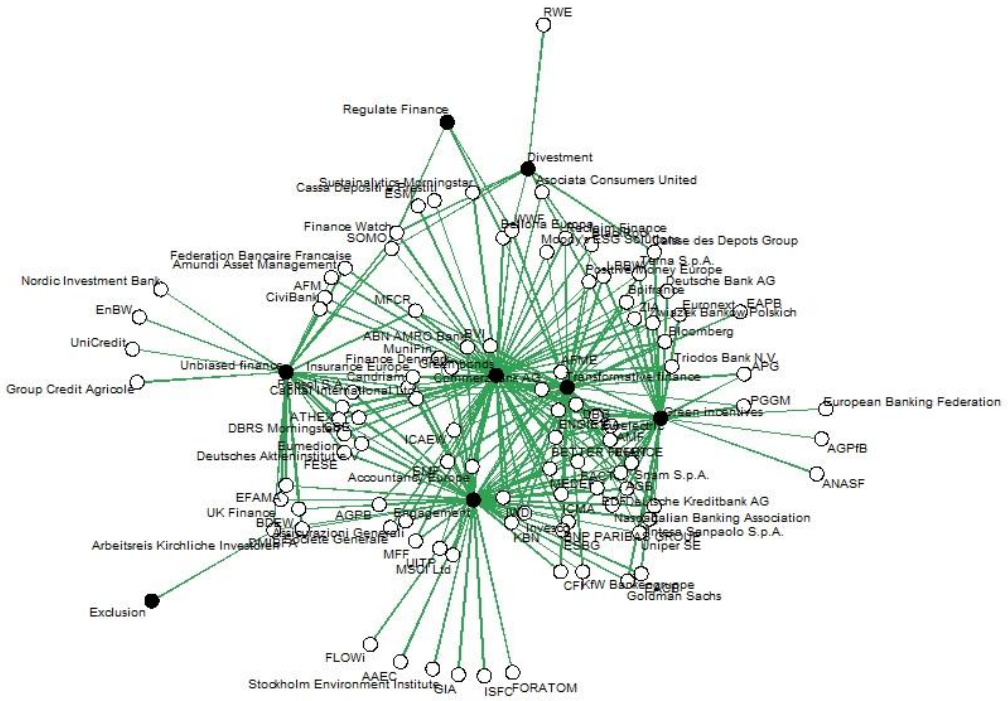

Figure 10: The GBS consultation, two-mode network

A more sober hypothesis would be that clusters are made up of organisations that mobilise discourses belonging to the climate finance frame, the R&O frame, or various mixes of discourses from across frames. Statistically speaking, however, the modularity score, albeit positive, is low meaning that the separation into distinct communities is weak hypothesising central bargaining and meaning construction rather than de-central which suggest convergence.

The political middle between discourses drawn up in Figure 9 shows relatively diverse clusters in terms of organisation types (even though organisations in finance dominate the network). If any cluster displays density around a set of discourses, it is the cluster placed on the left running from Snam S.p.A. to EACB which covers 40 of the 100 organisations articulating support for a discourse in this consultation. On the right side, the remaining three clusters are made up by the organisations from RWE to Associata Consumers United, Municipality Finance (MuniFin) to International Sustainable Finance Centre (ISFC), and Insurance Europe to Ministry of Finance of the Czech Republic (MFCR).

Directing the attention towards Figure 10, I admit that the large number of organisations significantly reduces the overview of the plotted network. Nonetheless, the plot, along with the overview of organisations and statements in App. 4, reveals how the clusters identified in the dendrogram above engage with different discourses. Noting first the discourse nodes, transformative finance, green bonds, and engagement are displayed close within each other's proximity and enjoy large constituencies among the organisations in the network. Recall from the first part of the analysis, that green bonds, engagement, and transformative finance discourses were mobilised by 69, 62, and 46 organisations respectively. Furthermore, green bonds, transformative finance, and green incentives are also placed near to each other suggesting a high volume of overlaps between the three climate finance discourses.

Although it may not be possible to uncover any clear alliances due to the weak modularity of the clusters, a count through App. 4 shows that 20 organisations articulated support only for climate finance frames, while 14 were R&O 'true-believers', and only 1 stayed within the boundaries of critical discourse. However, the organisations staying within one frame are not placed within the same optimal modularity communities listed in figure 9 which means that combinations of discourses across frames provide better descriptions of communities in the network. Thus, organisations combining frames are more likely to form alliances agreeing on a set of policies than organisations staying within the boundaries of one. Even so, the modularity score approaches that of randomly distributed connections across

discourses which implies the absence of sealed off communities. Close interlinkages between discourses point towards a brokerage and, in this case, global congruence in the network rather than conflict (Seabrooke and Henriksen, 2017b, p. 53; Fisher and Leifeld, 2019, p. 471)..

Recall, however, that green incentives belonging to climate finance is a discourse irreconcilable with unbiased finance belonging to R&O. This distinction sheds light on the divide between the left and the right of the political middle illustrated in figures 9 and 10. A slight pattern emerges when observing the organisations placed in the left of the network plot (and right side of the dendrogram), and organisations placed on the right of the network plot (and left side of the dendrogram). With this in mind, a weak structure emerges with a more cohesive cluster on the right of the network plot dominated by climate finance and a more divided cluster on the left.

The community detected in the middle of Figure 9, spanning RWE to Associata Consumers United, is visualised in Figure 10 at the top with some organisations bridging green bonds and transformative finance on one side, and divestment and regulate finance on the other. Whereas such a subcluster points towards some fragmentation, the global pattern shows high centrality of transformative finance, green bonds, and engagement suggesting a degree of global convergence of discourses across frames in the network. The observation is backed by the weak modularity score translating to weak levels of conflict. There is, however, a split among organisations that support either green incentives in the right of the network plot (39 in support) and unbiased finance in the left (26 in support). Qualitative insights into the differences among green incentives and unbiased finance statements show that fragmentation may arise even with weak modularity. Such an argument is based on testimonies as this one from the Confederation of Swedish Enterprise (CSE):

"The objective of prudential rules is to manage risk and increase financial stability. Modifying these rules in order to promote the sustainability agenda could potentially give rise to unforeseen consequences.*"*. (App. 4, row 79)

Along with 25 other organisations, CSE argues in favour of keeping finance unbiased. This is in stark contrast to the view of European Association of Corporate Treasurers (EACT) arguing that green incentives and the GBS would offset some of the "inherent bias towards conventional bond issuance" (App. 4, row 118) while French energy giant, ENGIE S.A., argues that "All forms of financial incentives should support the uptake of EU Green Bonds". (App. 4, row 104)

As a conclusion, the network structure uncovered in this section shows weak modularity which suggests that potential communities forming around shared agreement with certain discourses are insignificant. In discourse network terms, the absence of polarisation provides a fruitful structure for "global" policy innovation due to the fact that the overall network displays agreement around a combination of discourses. Green bonds, transformative finance, and engagement are central policy beliefs with broad support. Such a network structure comes with implications for the RQ which asks how the network structures present in the EU Action Plan consultations influence sustainable finance frames.

In this consultation, the network structure allowing policy innovation shows that the climate finance frame and the R&O frame are highly integrated due to cohesion of green bonds, transformative finance, and engagement discourses. This addresses the puzzle raised about the direction of sustainable finance which may be undergoing fragmentation into several initiatives among communities of organisations. Another possibility is convergence into one sustainable finance master frame. The results show convergence through policy innovation. Policy innovation takes place as compromises and redefinition of policy preferences between proponents of the climate finance frame and the R&O frame (the discussion under RQ 1, e.g., showed how green bond discourse intersected with engagement). There are, however, issues to overcome for an integration into a master frame driven by ideas from the climate finance and R&O frame. Some R&O proponents are in stark opposition to incentives driving capital towards green assets. Green incentives are, however, backed by a large constituency of the climate finance frame. The conflict is uncovered by the qualitative insights of DNA which are perspectives that must not be neglected when painting the full picture of whether frames are converging or fragmenting.

Results: Comparison of cases

Ending the analysis, the thesis compares the results across cases to state overall insights into the field of sustainable finance provided by the application of DNA to the consultations. This is done to answer the RQs asking (1) to what extent discourses belonging to the sustainable finance frames can be identified in the consultations, and (2) how the structures of the shown discourse networks influence the frames. The answers to the questions allows the thesis to make empirically and theoretically backed inferences about the puzzle around the direction of sustainable finance which is hypothesised to either converge around certain frames or re-fragmentise (Dimmelmeier, 2020, p. 197). A comparison of

results across cases is included to provide a more detailed picture of the discourses mobilised by actors in sustainable finance getting full value of the choice of a multiple case study.

Recap of findings

To answer the first RQ, the number of organisations mobilising discourses for each consultation is provided. The climate finance frame leads in both the GBS and the climate benchmarks consultations with R&O on the second place. The roles are reversed in the CRDs consultation. The critical frame occupies the third place across all consultation with the SRI frame having little to no support. No organisations articulated the SRI inclusion discourse.

Frames	Sustainable Finance Master frame										
	SRI		R&O			Critical			Climate Finance		
Discourse	Inclusion	Exclusion	Engagement	Financial Materiality	Unbiased finance	Actual ESG impact	Divestment	Regulate Finance	Green bonds	Green incentives	Transformative Finance
Climate Benchmarks (37 orgs)	0	4	9	8	0	6	2	0	0	0	22
Climate-related disclosures (100 orgs)	0	0	7	32	6	18	1	0	3	0	22
GBS (117 orgs)	0	1	62	0	26	0	9	3	69	39	46

Table 3: Prominence of codes

As shown in the analysis, the number of adherents to each discourse provides a decent foundation to measure the relative prominence of each frame in the consultations. Of the 254 testimonies in the consultations, 187 testimonies articulated support for at least one discourse belonging to a frame corresponding to around 75 %. Many of the remaining testimonies were excluded even though they discussed topics salient to the frames because the support for discourses was ambiguous. Based on this number, I answer the first RQ arguing that the debates of sustainable finance are well-captured by Dimmelmeier's frames and the discourses belonging to them. Recalling, however, that frames are sets of discourses seeking to mobilise collective action for a cause *and* demobilise adherents to other frames (Benford and Snow, 2000, p. 614), the thesis sets out to examine whether a clear separation of organisations in terms of affiliation with frames could be uncovered. Only one such cluster was discovered across the consultations. The CRDs consultation, namely, displayed a relatively strong community

structure of a bipolar separation of organisations into adherents to the R&O frame on one side, and a more diverse community mobilising discourses across frames on the other. Identifying only one community faithful to a frame with reasonable modularity, I argue that the application of frames as separate sets of discourses mobilising collective action for a specific cause did not stand the test against the data gathered in the consultations. Organisations, instead, articulated support for discourses across frames. In the GBS consultation, the network structure even uncovered that organisations are more likely to enter into discursive alliances across frames than within frames. The community structure in the GBS consultation is, however, weak and competition was mainly over green incentives and unbiased finance while there are high levels of agreement on green bonds and engagement.

Discursive competition and cooperation

The finding above does not mean that dissecting discourses into frames has been a useless endeavour. The discourse networks across all consultations uncovered how frames interact with each other. The theoretical assumptions of the thesis tell us that organisations that are multiple insiders will integrate otherwise unconnected perspectives on issues to create shared meaning and, thereby, maximise control over political issues (Seabrooke and Henriksen, 2017b, p. 53; Fisher and Leifeld, 2019, p. 472). In this case it was shown that organisations that were multiple insiders did just that by mobilising discourses in deliberated statements synthesising interests belonging to separate frames of sustainable finance. A range of energy companies, for example, mobilised transformative finance and engagement discourse integrating the climate finance and R&O frame to devise a policy fitting their interests and resources.

Another value of coding for discourses based on the frames is the insights it gives into the irreconcilable debates between proponents of "divestment" (critical) and "engagement" (R&O) as well as between "actual ESG impact" (critical) and "financial materiality" (R&O) which are coded as mutually exclusive discourses. Another pair of mutually exclusive codes are "green incentives" (climate finance) and "unbiased finance" (R&O). The clash between actual ESG impact and financial materiality proponents stands out as the main point of conflict in the climate benchmarks and CRDs consultations while the unbiased finance and green incentives discourses are the main divider in the GBS consultation. Not only are the codes founded in theoretical perspectives on the longstanding debates in sustainable

finance (Dimmelmeier, 2020, pp. 247–264), the statements highlights how organisations in the consultations engage in discursive competitions to muster support for one while demobilising the other.

In the CRDs consultation, it is shown how critical proponents of actual ESG impact metrics actively attempt to mobilise support among proponents of the transformative finance discourse. This is done by questioning the credibility of policies that are intended to align capital flows with scientific transition scenarios but fail to take into account the actual GHG emissions of business activities. On the other side of the spectrum, R&O proponents follow the same strategy saying that credible policies intended to reorient flows of capital must cater to the investor community that directs investment based on financial risks and opportunities making absolute figures on climate impact useless, or at least immaterial.

An interesting point is that otherwise competing actors will mobilise transformative finance discourse to muster support from the climate finance community. In the CRDs consultation, the competition for support from climate finance proponents among R&O and critical discourse actors divides the network into two communities of relatively high modularity. The Climate Benchmarks and GBS consultation networks show weak community structures with large constituencies of the R&O and climate finance frame between which several organisations place themselves. In response to RQ2, the network structures uncovered by DNA show how organisations compete and cooperate across frames to maximise influence over sustainable finance ideas. The implications of this answer are elaborated in the incoming section when I discuss the influence on the sustainable finance frames in terms of fragmentation or convergence.

Fragmentation or convergence?

The findings on discourse networks in the consultations provide a foundation to describe the influence of network structures on the sustainable finance frames. The answer to that question addresses the puzzle motivating the thesis: How does the relative prominence of frames as well as the structure of discourse networks influence sustainable finance, i.e., are frames converging into the proposed master frame or are they re-fragmenting? The weak division into communities in the Climate Benchmarks and the GBS consultation allows for the inference that global integration of frames into a master frame may take place as organisations' allegiances to discourses do not separate them into hermetically sealed competing communities. Thus, there is space for multiple insiders to create shared meanings

integrating perspectives from different frames to muster support for their preferred policies. As is mentioned above, such a master frame brings together the entire field of sustainable finance establishing "a common basis for erstwhile disconnected communities" (Dimmelmeier, 2020, p. 182).

Dimmelmeier holds that such a frame is based on compromises that favour mostly environmental risks and opportunities to companies which are emphasised over social, and governance concerns while the frame would be dominated by R&O proponents (ibid, pp. 182-183). The observation of a master frame is be backed if initiatives emerged around a unified set of discourses leading to 'consolidation' of the policy field (ibid, p. 197). Such consolidation could be seen to take place when an alliance of organisations has established issue control (i.e., recognised authority to determine how to treat an issue) (Seabrooke and Henriksen, 2017a, p. 5) following a process of discursive bargaining (Fisher and Leifeld, 2019, p. 470). The broad support for green bonds and engagement in the GBS consultation suggests that organisations have entered into alliances integrating perspectives from the dominant frames, R&O and climate finance, to establish issue control. However, the relatively large constituencies of both of the irreconcilable discourses, green incentives and unbiased finance, represent significant obstacles to reaching a recognised authority to treat an issue from bargaining processes. Qualitative insights back this observation which lead the thesis towards policy blockage and fragmentation rather than convergence.

The same can be said in the CRDs consultation where the highly divided network is split into an R&O community and a community made up by "the rest". The Climate Benchmarks consultation is divided into three communities, one gravitating towards R&O, one towards climate finance, and finally a very small community gravitating towards critical perspectives. Whereas the R&O frame and the climate finance frame enjoy relatively large constituencies across consultations with reasonable overlaps in terms of organisations playing the part of multiple insiders, critical discourse is represented as competition to global convergence. Especially the CSO, WWF, which engages in all consultations, is an adamant advocate of policies making corporations accountable to external stakeholders (measuring actual ESG impacts) rather than investors (measuring impact in terms of financial performance). Critical voices are not marginalised in the CRDs but stand out as marginalised in the two other consultations in terms of constituency.

Convergence around the climate finance frame and the R&O frame into a master frame for the entire field of sustainable finance is, thus, most likely when observing results from the Climate Benchmarks and GBS consultations based on the prominence of discourses and the structure of networks. The CRDs consultation paints a clearer picture of fragmentation with the critical frame enjoying prominence in terms of constituency and representation of actors playing the game as multiple insiders bridging climate finance and critical perspectives forming real opposition to the R&O frame. Taking into account that no organisation can claim to have legally mandated global authority over sustainable finance governance, fragmentation among frames is the most likely scenario. I make this argument because of the observed traction of critical voices when it comes to measuring actual ESG impacts which goes directly against the R&O-based belief in financial materiality. If meaning construction take place in centres of networks, bi- or multipolar discourse network structures are likely to facilitate decentralised meaning construction among likeminded organisations leading to fragmentation. The argument that fragmentation is likely also takes into account the fragile consensus observed among R&O and climate finance in the GBS consultation still needing to overcome the question on the role of incentives for sustainable finance.

6. Discussion: The role of ideas in sustainable finance

The answers to the RQs above are qualified by the considerations provided under the chapter on "Research design". Nonetheless, it is prudent to revisit some of the strengths and limitations of the thesis' methodological approach discussing the boundaries and possibilities of the findings. The research takes place within a constructivist methodology mobilised to make claims about a socially constructed world by acknowledging the context-bound human interpretation of observations (Ingemann, 2013, pp. 160–162). This means that the reader should be aware that findings in a socially constructed world are malleable and subject to manipulation from the researcher's pre-existing understanding of the world as well as to the theory applied. Furthermore, the findings are limited to the social space of the cases that are studied and should not be used to make generalisations (Saunders, Lewis and Thornhill, 2015, p. 205). With these limitations in mind, I will go through the possibilities of case studies in constructivist research.

At the heart of this thesis is the understanding that ideas have power since they influence the actions of agents while also mobilised by agents to influence the world around them. The role of ideas as

powerful social constructs has been thoroughly tested in the established field of discourse analysis (Brinkmann and Tanggard, 2015, p. 299). Within international political economy literature, Blyth (2001) conceptualises ideas as (1) institutional blueprints describing what the economy is and how it should operate, (2) weapons mobilised to restructure institutional arrangements, and (3) cognitive locks that bind the perception of actors to the boundaries of ideas rather than reformulate them and facilitate change (Blyth, 2001, pp. 3–5). In this thesis, ideas present themselves as discourses constituting collective action frames and, as such, can be discussed in relation to Blyth's conceptualisations. Blyth's conceptualisations of ideas are discussed against the findings of the thesis to demonstrate the unique strengths of constructivist research on diffusion of ideas in networks against competing structural perspectives.

Following Blyth, the thesis holds that ideas are drivers of policy change in their own right and must be given higher prominence when assessing political processes. Policy change in structuralist social sciences is often understood as a result of exogenous crises that punctuate institutional equilibria leading to new institutional equilibria (ibid, p. 3). Interests are taken for granted and attributed to actors' locations in societal structures (ibid). Such a perspective fails to capture the importance of understanding the ideas diffused among actors in society in the various relevant arenas of ideational contest (ibid). On top of this, the structural ecology of games perspective describes how policies are formed across several arenas of interaction leading to de-central consensus (Fisher and Leifeld, 2019, p. 471). While such structural approaches may capture some relevant dynamics of historical change, they fail to open up the black box of how interests are shaped when ideas are exchanged among communities of actors (ibid).

Network analysis introduces its own structural perspective that actors compete and cooperate in networks to define appropriate treatment of issues (Seabrooke and Henriksen, 2017a, p. 5). In this thesis, network structures are more important than understanding which organisations have the formal mandate to determine policies (ibid). With ideas as the unit of analysis, discourse networks uncover how actors organise in terms of agreement with an institutional arrangement, i.e., a policy. The statements made by organisations can be analysed to give elaborate insights into the ideas that lead to policy change while the network structure uncovers alliances among actors. The network structure shows the distances between communities where short distances means that actors can seek integrate issues

bridging ideational gaps while long distances make such issue integration less likely. A thing to take into account, however, is that the "alliances" among actors do not, in themselves, represent any formalised relationship among the organisations in consultations. But the alliances provide valuable insights into how frames position themselves in relation to each other allowing for theoretically based inferences about the possibility of fragmentation or convergence. As such, network structure explains policy blockage or policy innovation paying attention to the ideas and interests embodied by actors rather than taking interests for granted.

Applying Blyth's terminology to the thesis, sustainable finance frames did not display qualities as cognitive locks on actors because organisations mobilised discourses from across frames to control issues. The complex mobilisation of discourses across frames also questions the quality of frames as institutional blueprints that describe what sustainable finance is and how it should work. However, the perspective on ideas as weapons that are mobilised by actors to change institutional arrangements is well reflected in the analysis on both the content of statements as well as the network structure showing alliances and competition among discourses. Thus, ideas influencing sustainable finance policies should not be understood at the level of cohesive ideational frames in isolation from each other but instead at the level of discourses mobilised alongside each other in patterns across frames. Approaches emphasising the importance of ideas are especially relevant because they take into account the endogenous variables embodied by actors that compete and cooperate in networks to establish legitimacy around a certain treatment of an issue.

The structural ecology of games perspective holds that decentralised bargaining leads to policy innovation across institutional arenas following construction of shared meaning at multiple institutional levels (Fisher and Leifeld, 2019, p. 471). Construction of shared meanings across institutional settings would be present in this thesis if each consultation displayed the same patterns of interaction among discourses. The R&O and climate finance frame enjoy the largest constituencies across consultations. They are also the frames that, to the largest extent, innovate to create shared meaning among each other which, to a certain extent, backs the ecology of games perspective. However, DNA shows a bipolar network structure in the CRDs consultation which suggests blockage of innovation among sustainable finance frames on the salient perspective on the materiality of disclosures. A perspective that takes for

granted the qualities of decentralised bargaining to lead to policy innovation, thus, fails to capture the nuances of ideational contest that are uncovered when ideas are the unit of analysis.

The thesis, however, does not reject the importance of structural perspectives. Network structure offers the thesis a range of structural inferences to be made about how ideas are integrated and adapted forming alliances among constituents across frames to raise capacity to control how an issue is treated. The focus on socially constructed discourse has allowed the thesis to make inferences about the ideas that are mobilised as weapons by a broad range of actors in the expert community of sustainable finance. Discourse, from this perspective, is mobilised to change institutional arrangements by integrating competing perspectives on how to treat the issue of capital allocation for sustainability purposes. Instead of focusing on structural perspectives emphasising institutions of legally mandated authority, the approach focuses on the agreement in the networks engaging with policy issues. While the Climate Benchmarks and GBS consultations showed relatively unified network structures of large alliances around discourses of the climate finance and R&O frame, the CRDs consultation showed a bipolar network of competition among the critical frame and the R&O frame both seeking to integrate their perspective with the climate finance frame. I argue that such an "inside-out" perspective on the competition among the organisations in sustainable finance provide valuable insights not captured by "outside-in" structural perspectives focusing on exogenous interferences in a policy field.

A final note is made to the thesis' categorisation of actors into organisation types on which some interesting findings are based. In the Climate Benchmarks consultation, energy actors articulated both engagement and transformative finance discourse to emphasise the importance of placing them at the receiving end of investment as policy is devised to lower emissions. The most outspoken pattern of variance among organisations according to frames was present in the bipolar CRDs consultation where an R&O community was dominated by finance and corporate type organisations and a mixed climate finance and critical frame community comprised more CSO and public sector actors. The findings echo the dynamics of epistemic arbitrage among NGO and accounting logics that has led to convergence around initiatives of sustainable finance in the past (Thistlethwaite, 2017, p. 108). Organisation types offer interesting analytical perspectives on the ideational contests in networks even though I argue that the bipolar network structure makes such arbitrage unlikely. The thesis, however, stays blind to the role of the professionals working in the organisations of the consultations using the organisations as

platforms to treat issues (Seabrooke and Henriksen, 2017a, p. 5). Professional experience and expertise are powerful resources when making claims about how to treat issues (Seabrooke and Henriksen, 2016, p. 735). Such resources also give access to the right networks and right organisations (ibid). I, therefore, end the thesis with the note that further research into the role of professionals that use organisations platforms to influence issues would enhance our understanding of which ideas that get to influence sustainable finance.

7. Conclusion

The thesis has answered the RQs by first showing that discourses belonging to Dimmelmeier's sustainable finance frames are well-represented in the three consultations analysed. The R&O and climate finance frames stand out as dominant, but critical voices constitute competition across all cases, especially in the CRDs consultation. The SRI frame, however, shows to be marginalised. Such results provide a solid foundation to discuss the interaction among frames as organisations mobilise discourses in the consultations. The answer to the second RQ is more complex as the discourse networks show that organisations mobilise discourses from the across frames. Weak modularity scores of the GBS and the Climate Benchmarks consultations suggest that dominant frames will converge as their proponents occupy strategic network positions enabling integration of the perspectives of otherwise separate frames. The findings with respect to convergence or fragmentation of frames are, however, ambiguous. Convergence in the context of the GBS depends on reconciliation on the question of the use of green incentives among the constituents of R&O and climate finance. Fragmentation of frames is most outspoken in the bipolar CRDs consultation where critical proponents have gained traction upon the EC's introduction of "double materiality" breaking with primacy given to financial materiality in corporate reporting.

It is concluded that the DNA method is a good fit with the intention of the thesis which was to uncover whether frames converged or re-fragmented. While keeping the findings within the boundaries of the case study, DNA' focus on network structure provides an analytical toolbox describing where innovation (convergence) among frames is likely to take place and where it is likely that they block each other. At the same time, DNA opens up the black box of structural approaches by focusing on ideas as the unit of analysis rather than taking interests for granted. The value of the thesis is owed to its theoretical contribution to literature on sustainable finance. One valuable contribution is the finding that

organisations mobilise discourses from different frames showing that organisations integrate frames in alliances to maximise control of the policy issue. Another is that the complex mobilisation of discourses across frames can signal global convergence, but integration of frames in bi- or multipolar networks can also lead to fragmentation of frames, albeit in new forms.

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