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Prison break from financialization: The case of the PRI Reporting and Assessment Framework

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Abstract

Purpose

This article seeks to unravel the mechanisms through which financial actors agreed upon a sustainability accounting standard without financializing social and environmental issues, i.e., assigning a monetary value to sustainability.

Design/Methodology/Approach

The article examines the Reporting and Assessment Framework created by the United Nations Principles for Responsible Investment (UN-PRI), the leading reporting sustainability framework in the asset management industry. It relies on a longitudinal case study that draws upon interviews, participant observation, and archival data.

Findings

The article demonstrates that the conception of the framework was a funnelling process of sustainability valuation comprising two co-constituted mechanisms: a process of valorization – judging what is deemed of value – and a process of evaluation – agreeing on how to assess value. This valuation process unfolded by creating the framework, thanks to two enabling conditions: the creation of non-prescriptive evaluative criteria that avoided financialization and the valuation support of an enabling organization.

Originality/Value

The article helps understand how an industry can encompass the diversity of motives and practices associated with the adoption of sustainability by its economic actors while suggesting a common framework to report on and assess those practices. It uncovers alternatives to the financialization process of sustainability accounting standards. The article also offers insights into the advantages and inconveniences of such a framework. The article enriches the literature in the sociology of valuation, financialization, and sustainability accounting.

Keywords: Financialization – Plurality of Values – Principles for Responsible Investment (PRI) – Responsible Investment – Sustainability Accounting – Valuation

Introduction

Do economic actors care about sustainability? Do they care about climate change, water scarcity, poverty alleviation, access to medicine, education rights, or exploitive labour, to name a few? The answer to this question is often given conditionally: Economic actors care about sustainability if they can prove sustainability has a financial impact (Adams et al., 2020; Kaplan, 2019). Therefore, valuing sustainability is dominated by the market value of social and environmental issues: the higher this value, the higher its worth to the organization.

The literature on sustainability and accounting thus follows in the same vein. Research abounds on the role of (financial) calculability in sustainability (Crane et al., 2015; Cuckston, 2013, 2018; Gray, 2010; Woschnack et al., 2021). To be deemed important (of value), sustainability issues have been primarily transformed into numbers that could later be given a financial value (Barman, 2015; Chiapello, 2015; Cuckston, 2013, 2018). For instance, several studies show that the value of 'protecting the environment' was transformed into a 'measure of energy consumption,' which was eventually translated into 'money' (Howard-Grenville, 2007; Howard-Grenville & Hoffman, 2003). These three steps thus comprise the 'valuation process' (Kjellberg & Mallard, 2013) of 'protecting the environment.' This valuation process transforms the intrinsic value of 'protecting the environment' into 'generating profits.'

Though 'financialization' provides economic actors with a simplification of the complex nature of sustainability issues it also poses a big problem: only sustainability issues that are calculable and financially material matter in the end (Lowe et al., 2020; Woschnack et al., 2021). However, many sustainability topics, such as biodiversity loss or urban development, remain hard to price. This difficulty is notably explained by the fact that those issues are systemic. At the same time, existing valuation models tend to mobilize linear forms of reasoning that cannot account for the complexity of the problems at stake (Bansal et al., 2021; Bebbington et al., 2020; Rodrigue & Romi, 2022). As a result, economic actors tend to postpone their commitment to sustainability until the problems become overwhelming and too costly to address, such as climate change (Ansari et al., 2013). Therefore, convincing economic actors to engage in sustainability without financialization is of primary importance for both societal and economic reasons (Adams et al., 2020; O'Dwyer & Unerman, 2020).

In addition, recent work has recognized the limits of numerical and financial forms in evaluation (Chelli & Gendron, 2013; Coulson, 2016; Lowe et al., 2020; Morrison & Lowe, 2021). Sustainability issues are multivocal; single actions can be interpreted coherently from multiple perspectives simultaneously (Bellucci et al., 2019; Ferraro et al., 2015; Laine & Vinnari, 2017; Quattrone, 2022). Some recent research has pushed for the necessary reliance on forms of human judgments such as peer review (Lamont, 2012) or visuals (Arjaliès & Bansal, 2018; Corazza et al., 2020; Quattrone et al., 2021) though few studies have offered concrete examples. We thus ask the question: *how can financial actors agree on an accounting standard that values sustainability without financializing it?* Financializing in this article refers to the attribution of a market value to sustainability, understood as the monetary price for which the sustainability issue (e.g., pollution) or benefit (e.g., diversity) would be valued in a market.

This research question is addressed through a longitudinal case study of the construction of the PRI Reporting and Assessment Framework, the leading sustainability reporting framework in the asset management industry. The article explores how the PRI chose to shift away from financialization to report and assess their practices of Responsible Investment (RI). RI integrates environmental, Social, and Governance (ESG) issues into traditional investment processes. RI can be considered one of the main paths asset management professionals use to transform their investment practices towards sustainability (Yan et al., 2019).

We examine the creation and implementation of the Reporting and Assessment Framework (from now on to be referred to as ‘the framework’) created by the PRI and how it enabled the adoption of a new valuation process of sustainability for the PRI signatories, and this without financialization. Through a longitudinal and exploratory case study that draws upon interviews, participant observation, and a wealth of archival data, we examine the socially constructed valuation process (Kjellberg & Mallard, 2013), wherein constituents created, deliberated, and ultimately agreed upon the (e)valuation criteria used in the framework.

We show that the process of construction of the framework comprised two co-constituted mechanisms: (1) a process of valorization through which constituents agreed on what to value and (2) a process of evaluation through which they agreed on how to assess what they valued (Lamont, 2012; Vatin, 2013). This process of valuation was rendered possible thanks to two enabling conditions: (1) the selection of non-prescriptive evaluation criteria that avoided financialization and (2) the valuation support of an enabling organization (i.e., PRI) (Gond & Piani, 2013).

Our contribution is threefold. First, we answer recent calls for further research at the intersection of the sociology of valuation and accounting (Doganova et al., 2018; Mennicken & Power, 2015; Millo et al., 2021; Plante et al., 2021; Vollmer et al., 2009). We notably do so by theorizing how a plurality of values can be expressed in a valuation process. Uncovering the multiplicity of values involved in a situation has been identified as essential for transforming practices toward sustainability (Bellucci et al., 2019; Clune & O’Dwyer, 2020; Latour, 2013).

Second, we expand previous research on the financialization process of sustainability. Most studies have typically explored how and why economic actors search to assign a market value to sustainability for the latter to become financially ‘material’ for their organizations (Chiapello, 2015; Crane et al., 2015; Cuckston, 2013, 2018; Etzion & Ferraro, 2010; Young-Ferris & Roberts, 2021). Although such a financial approach has long been questioned by scholars, notably for discarding the intrinsic value of sustainability and valuing only what could generate financial value, few alternatives have been proposed (Arjaliès & Bansal, 2018; Chelli & Gendron, 2013; Gray, 2010; Lowe et al., 2020; Rodrigue & Romi, 2022). We show that there is no fatality nor divine curse that forces economic actors to use financial numbers (Shore & Wright, 2015) and offer a process of valuation through which financialization can be avoided.

Last, we enrich previous research on sustainability accounting, particularly the creation of sustainability accounting standards (Adams & Narayanan, 2007; Clune & O’Dwyer, 2020; O’Sullivan & O’Dwyer, 2015), by providing a study of “accounting in action” (O’Dwyer & Unerman, 2016). We develop further knowledge of how sustainability is understood and reported using an innovative theoretical approach that explores accounting through an interdisciplinary lens, as suggested by Unerman and Chapman (2014). By offering an alternative approach to financialization, we also open a potential avenue for engaging with current debates around the hegemony of market value and its dangers in sustainability accounting standards (e.g., IFRS (International Financial Reporting Standards) or TCFD (Task Force on Climate-related Financial Disclosures) (Adams et al., 2020; O’Dwyer & Unerman, 2020).

Together, these contributions offer a theoretical and empirical path through which sustainability’s multivocality and evolving nature can be acknowledged and expressed (Ferraro et al., 2015). Although the practical effects of the PRI framework remain to be evaluated, the article suggests that financial actors can commit to sustainability without the need for a “financialization proof.” Nevertheless, we also point to the fact that this alternative approach might well be a form of financialization in disguise that could potentially raise ethical problems by misguiding stakeholders on the motivations of financial actors.

Theoretical Framework

The Valuation Process: Valorizing and Evaluating

Though definitions abound, valuation can best be understood as the process of "bringing order to mere 'differences'" or "how people, things, and idea(l)s are ordered in relation to one another" (Kjellberg & Mallard, 2013, p. 17). A valuation process comprises two dimensions: valorizing and evaluating. Valorizing refers to the attribution of value, whereas evaluating points toward assessing value (Lamont, 2012; Vatin, 2013). For instance, valorizing sustainability means considering that sustainability is deemed worth some value; it is something desirable compared to others while evaluating sustainability consists of assessing sustainability and understanding how such value is achieved, usually with measures and reference points.

The sociology of worth, from which the sociology of valuation originates, argues that individuals and organizations have 'orders of worth,' a set of shared values that they pursue and that evaluation criteria are attached to these values (Boltanski & Thévenot, 2006). For instance, market evaluation criteria, such as financial performance measures, are tied to the worth that individuals and organizations attach to the market. In contrast, family evaluation criteria such as standards of parental love are linked to the worth that individuals or society attach to the family concept (Cloutier et al., 2017). The sociology of worth thus implies that the choice of values an individual or organization pursues precedes the selection of evaluation tools used to assess the enactment of these values. Within this framework, evaluation is therefore secondary to valorization. For instance, 'protecting the environment' is first judged to be worth, i.e., valuable; then, the 'measure of carbon footprint' can be selected as the evaluation tool to assess how an organization protects the environment.

However, recent research in the sociology of valuation shows that the opposite relationship is also possible: evaluation tools might instead determine what is worth or valuable. Such evaluation tools can reinforce particular value systems within an industry and affirm specific values over others (Lamont, 2012; Plante et al., 2021). To attribute value, people require means, measures, and calculative devices such as accounting standards (Boltanski & Thévenot, 2006; Callon & Muniesa, 2005; Friedland & Arjaliès, 2021; Latour, 2013). To better understand this relationship, many articles have examined the role of accounting in the valuation process (Millo et al., 2021; Plante et al., 2021).

Today's consensus is that valorization and evaluation are tied to each other, a relationship labelled as a 'valuation process' (Hutter et al., 2015). A valuation process is a socially constructed process wherein actors create, deliberate, and agree upon the value(s) to be pursued and the evaluation criteria that they deem appropriate to assess the sought value(s) (Lamont, 2012; Vatin, 2013). The valuation process here should not be confounded with financial 'valuation' as typically understood in accounting, which focuses exclusively on the financial evaluation of assets.

The interest in the sociology of valuation has also been spurred by a recent surge of interest in how things are valued have and how this valuation has shifted from the consideration of value as a given towards valuation as a collective, non-linear, multi-dimensional, and dynamic process of sensemaking (Clune & O'Dwyer, 2020; Plante et al., 2021). Scholars have recognized that the valuation process is not merely an objective or self-generative (Beunza & Ferraro, 2019;

Mehrpouya & Samiolo, 2016). The performativity of accounting requires the involvement of various actors in the construction of the reporting system, often through the use of multiple discussions (Bellucci et al., 2019; Laine & Vinnari, 2017; Quattrone, 2022).

Although the sociology of valuation has typically explored how individuals and organizations come to value non-financial value(s) (Fourcade, 2011a; MacKenzie, 2009), this literature has been little used by (sustainability) accounting scholars (Mennicken & Power, 2015; Vollmer et al., 2009), with a few recent exceptions (Clune & O'Dwyer, 2020; Faulconbridge & Muzio, 2021; Plante et al., 2021). Research work is primarily scattered, and several calls have been issued for more exploratory and generalizable work (Doganova et al., 2018; Hall et al., 2015; Hutter et al., 2015; Karpik, 2010; Kjellberg & Mallard, 2013; Millo et al., 2021). Mennicken and Power (2015, p. 223) thus explained:

> The plasticity of accounting valuation underwrites the power of accounting and should not be read as weakness. Indeed, as sociologists, we need to work harder to understand how the systemic reach of accounting as a practice of ordering and valorizing has never been greater when core practices of measurement and valuation are most contested and plural, and ever vulnerable to the dissonant force of innovation.

By exploring the relationship between valorizing and evaluating in the context of a sustainability accounting standard, this article is a first step in this direction. We aim to investigate how a plurality of values could be expressed through an accounting standard (Clune & O'Dwyer, 2020). Such expression is critical for transforming practices toward sustainability (Bellucci et al., 2019; Latour, 2013). The sociology of valuation approach has been identified as a promising path to understand better the relationships between the (non-financial) values at stake and the evaluation devices thus designed (Millo et al., 2021). Yet, accounting and valuation scholars struggle to theorize the conditions for such achievement (Barman, 2015; Doganova et al., 2018). The article addresses this gap by studying how the PRI Reporting and Assessment Framework overcame financialization.

The Preference of Sustainability Accounting Standards for Financialization

Attention over the past decade has shifted from the dominance of quantitative economic value toward the commensuration of the non-economic value (Fourcade, 2011a, 2011b; Gray, 2010; van Bommel et al., 2022). To be deemed necessary (of value), sustainability issues have been mainly transformed into numbers that could later be valued financially (Barman, 2015; Chiapello, 2015; Cuckston, 2013, 2018), notably through 'standards' (Adams & Narayanan, 2007; Clune & O'Dwyer, 2020; Slager et al., 2012). The creation of accounting standards that mirror financial numbers has therefore been widely regarded as one of the main levers to further structure and push for sustainability, particularly in financial markets (Arjaliès & Bansal, 2018; Busch et al., 2016; Etzion & Ferraro, 2010; Giamporcaro & Gond, 2016; Yan et al., 2019).

A second, complementary account focuses on the performativity of the accounting standards (Beunza & Ferraro, 2019; Marti & Gond, 2018). One example of this approach can be found in MacKenzie (2009)'s study of the development of carbon markets. This market was created ex nihilo with the idea to price carbon (by measuring permits to emit greenhouse gases or credits earned) to consider its value within existing financial models and thus integrate climate change concerns within management decisions. Such research shows that while established accounting standards essentially guide and frame action, reflexive agents actively take and transform the usage of existing tools to fit their purposes (Beunza & Ferraro, 2019; Clune & O'Dwyer, 2020; Giamporcaro & Gond, 2016). Through a performativity lens, the materiality of sustainability is not something to be proven but rather something to be created.

An essential concern for actors willing to put sustainability on the agenda of financial actors has therefore been to be able to demonstrate that the risks associated with sustainability could be of value for society – whether by measuring it or constructing it – that they need to be managed, and that doing so adds financial value – or what is commonly known as finding the 'business case' for sustainability (Adams et al., 2020; Kaplan, 2019; Porter & Kramer, 2011; Young-Ferris & Roberts, 2021). The valuation process of sustainability accounting standards has consequently been shaped toward quantification and financialization (Chiapello, 2015; Hall et al., 2015; Woschnack et al., 2021).

However, by quantifying and assigning a market value to sustainability, standards setters might discard difficult-to-value issues, which are of importance for society but also for the long-term benefits of economic actors (Coulson, 2016; Rodrigue & Romi, 2022). For instance, though biodiversity is undoubtedly valuable, it might not yet be financially interesting to invest in the latter according to the valuation models in use (Cuckston, 2013; Jones et al., 2013; Leins, 2020). This bias towards the need for a financialization "proof" is found in most sustainability accounting standards targeting economic actors, such as IFRS, <Integrated Reporting (IR)> or TCFD, and this despite the numerous dangers assigned to financialization (Adams et al., 2020; Gibassier et al., 2018; O'Dwyer & Unerman, 2020).

Standards setters mobilize financialization to promote sustainability to appeal to the "order of worth" (Boltanski & Thévenot, 2006) typically associated with economic actors, i.e., financial value. Financial actors, in particular, are known to incorporate a lot of quantitative elements based on pricing in their valuation processes to exhibit a financial pattern, even if qualitative judgment abounds (Arjaliès et al., 2017; Svetlova, 2018). Organizations such as the PRI abide by the same rules and have traditionally used financialization arguments to advance their cause (Etzion & Ferraro, 2010; Giamporcaro & Gond, 2016; Gond & Piani, 2013; van Bommel et al., 2022). This choice for financialization also results from the inability of most accounting frameworks to price systemic issues, such as sustainability ones, that do not align with the linear reasoning adopted by historic valuation models (Bansal et al., 2021; Bebbington et al., 2020; Quattrone, 2022; Rodrigue & Romi, 2022). In other words, the biodiversity loss might be very costly for financial actors, but they might not be able to prove it yet. The need for financialization proof in such a case might lead financial actors to disregard a sustainability topic that should matter to them, both for financial and societal reasons, endangering their very survival.

Hence the research question: *how can financial actors agree on an accounting standard that values sustainability without financializing it*? This article addresses this question by examining the creation and implementation of the PRI Reporting and Assessment Framework (after this to be referred to as 'the framework') and how it enabled a new valuation process of sustainability for the PRI signatories.

Methodology

Research Setting: The PRI Reporting and Assessment Framework

Launched in 2013, the framework is an annual survey that PRI signatories must complete by answering questions on how they govern and implement responsible investment? The threefold objective of which is: (1) to control the activities of its signatories; (2) to help signatories progress in RI; and (3) to be coherent with the PRI mission. The document was to be filled in online, which consisted of 220 indicators across 12 modules (e.g., goals and objectives; roles and responsibilities; collaborative organizations/initiatives) tailored for each asset class. Each module contained mandatory (45%) and voluntary indicators. The indicators were a mix of closed-ended (numbers or binary responses), open-ended (free text), and open and closed-ended fields. The PRI secretariat input the data reported to an assessment framework versus its peers. The peers were not identified, and scores were provided as 'stars' relative to peers rather than numerical scores (see Figure 3). The framework can therefore be compared to a ranking. Although such a form of accounting standard is unusual in many industries, it is widespread in asset management. A mutual fund's (financial) performance is evaluated vis-à-vis a benchmark or its peers in this sector.

The creation and implementation process of the framework, which spanned more than three years, was the most extensive consultation in PRI history. It emerged through a lengthy consultation across more than 400 signatories, numerous deliberation meetings, calls and workshops, and pilot tests, resulting in a complex document of over 220 indicators. Signatories were involved from the onset in its design and in the governance bodies and committees that oversaw its development.

Data Collection

To analyze the creation process of the tool, we used a qualitative approach. This approach is aligned with the methodological tradition of the sociology of valuation, which emphasizes interviews and in-depth analysis of the valuation devices at use as essential investigation tools to understand a valuation process (Kjellberg & Mallard, 2013).

Our primary sources of data were the documents provided by the PRI and the interviews with informants from different teams within the PRI that were involved in the creation and implementation of the framework. Such informants had a deep knowledge of the framework, insight into the organization's strategic plans, and a strong understanding of the trends occurring within the industry. Contact began with an informal meeting of the authors over coffee with two Reporting and Assessment Managers at the PRI headquarters in London in March 2013, when the framework was at the beginning stages. Formal visits and interviews then commenced one year later in three steps: in March 2014, during the final stages of collecting the reports from the signatories; in June 2014, to gather feedback after reporting had been completed; and in October 2014, to collect feedback after the assessment reports had been completed. Repeat interviews followed the changes within and after (2015 to 2017). We conducted a debriefing interview with three key informants in the PRI in March 2019, during which we gathered feedback on our analysis of the data and asked them to reflect on the overall process. In 2021, we obtained from the PRI information about the practical impact of the framework on the signatories. The organization found that clients allocated more assets towards institutions with higher scores on the framework, confirming the industry's reporting system's importance (Ceccarelli et al., 2021).

Further, we contacted signatory representatives who were part of the technical committee or consulting process. We interviewed 21 key persons, some of whom we interviewed more than once. Tables 1a and 1b provide details on the interviews. Appendix 1 provides the interview guide. Note that the PRI did not see any concern about the study revealing its name since the organization systematically shares the content of the discussion of its signatories through reports (with some delay) to increase the transparency and accountability of its membership.

Although our interviews focused on the PRI and the members who actively shaped the standard and not on the investment professionals using the framework, the length of the fieldwork provided us with sufficient time to evaluate the impact of the latter on signatories' practices (see above). The information we gathered over time notably confirmed the absence of the quest for financialization proof in the standard – a surprising finding that we did not expect at the beginning of the study.

INSERT TABLES 1A AND 1B ABOUT HERE

We perused archival data for three main reasons: first, to ensure more in-depth probing during the interviews; second, to cross-check the accuracy of facts and figures provided during the interviews and partially mitigate subject bias; and third, to substantiate our interview findings. These documents were also crucial to our analysis since they enabled us to study the evolution of the framework's content over time. The publication by the PRI of several reports after 2015 that accounted for the discussions over the framework also offered additional evidence and helped us corroborate the process as the interviewees described it. Those reports being publicly available and monitored by the PRI signatories themselves, we are reasonably confident that they portrayed an accurate account of what happened from the PRI perspective. We were also provided with the login details of the online reporting tool and had continuing email correspondences with the members of the R&A Team. Table 2 provides a list of the leading archival data.

INSERT TABLE 2 ABOUT HERE

Finally, our participative observation in PRI events and internal meetings provided solid background knowledge and updated information on the context. Those meetings were mainly used to build trust between the PRI and the research team and as an additional triangulation source. We could exchange informally with informants who were not directly interviewed during these meetings, hence verifying our findings' accuracy. Table 3 provides a list of meetings and events we attended.

INSERT TABLE 3 ABOUT HERE

Data Analysis

It is essential to highlight that this study is longitudinal over several years, and the analyses in this article reflect how the field continued to evolve. Characteristic of longitudinal, exploratory, and qualitative research, our data analysis, though informed by theory, had a strong emergent dimension. We shifted back and forth between raw data and theory during the examination. We did this in four recursive and non-linear steps, as elaborated below.

Step 1: Understanding the purpose and process of creating and developing the tool. Our first step was to create an organized narrative by reviewing all the transcripts and archival data that led us to generally understand why and how the reporting and assessment framework was developed. We printed and hand-marked the transcripts to get a first general reading of each interview and held long discussions about what we felt was interesting, surprising, and unsurprising about each interview. From the beginning of our research project, we were puzzled by how the PRI could commensurate sustainability issues and create a standard that encompassed both financial and sustainability issues within RI practices. We mainly focused on how the indicators changed over time due to a deliberative process and tried to understand the dynamics between the different values.

Step 2: Coding in a database and pursuing relevant themes. We organized our thoughts by coding in NVivo 10 to identify emergent themes and efficiently structure groupings and hierarchies in our data. This step was a long, recursive, continuous process that cuts across these four 'steps.' We employed theoretical sampling and pursued data relevant to the themes while at the same time using extant theory, which allowed us to discover new themes through an abductive manner (Lorino et al., 2011). To do so, we first used a focused coding (Charmaz & Belgrave, 2002) that identifies codes as formulated by the interviewees themselves, such as "greenwashing," "reporting," or "diversity." While working on this first coding round, the centrality of the desire to accommodate the plurality of values was at stake. We then conducted a second coding round theoretically informed by the valuation literature. This choice was guided by the numerous elements of the discussion that related to the mechanisms of evaluation and valorization and the crucial role of the PRI as an enabling organization in this process. This *axial coding* (Strauss & Corbin, 1998) enabled us to outline relationships between the different first-order codes. We grouped these codes into four aggregate constructs: valorizing sustainability, evaluating sustainability, enabling the organization and non-prescriptive evaluation criteria. Note that this coding comprised interviews and critical documents provided by the PRI.

Step 3: Verifying and triangulating data. Observation provided us with in-depth insights into how asset managers felt about the new standard. To improve upon and validate the codes and the categories that emerged, we continually revisited the data and made changes when needed. We notably used the field observations and documentary evidence to verify the accuracy of what the interviewees were telling us. In particular, the information provided to us by the PRI personnel – both factual and anecdotal – were vital. The documents published by the PRI after 2015, in which the organization accounted for the exchanges during the creation of the framework, were also a valuable additional source of data triangulation. We also had a glimpse of the creation of the framework. We had critical insights into the changes in strategy taking place within this central organization due to the changes in the field. Last, we exchanged with three key informants of the PRI in March 2019 to see if they concurred with our interpretation of the findings.

Step 4: Going back to the theory. The fourth step was to cross-check the accuracy of the data, substantiate our findings with archival sources, link our results to theoretical concepts, and construct a theoretical narrative (Auerbach & Silverstein, 2003). We coded and recoded in a 'generative' manner at each stage (Strauss & Corbin, 1994) until we uncovered the valuation process of sustainability that was at the core of all our interviews. We re-organized the structure of our findings based on the model, as described in Figure 4.

The Case Study: The PRI Reporting and Assessment Framework

When the legitimacy and viability of Responsible Investment (RI) were being questioned, as was the usefulness of the Principles for Responsible Investment (PRI), the Reporting and Assessment framework was created. The decoupling between how the public perceived the PRI signatories and what they were doing was problematic and threatened the movement's existence. Thus, the move towards the structuration of reporting through the framework and the imposition of its public disclosure was meant to address this greenwashing critique. To achieve this, the signatories of the PRI engaged in a unique valuation process through which they collectively agreed upon why sustainability should be valued (i.e., for societal reasons, not only for financial ones) and how to report on it (i.e., through non-prescriptive evaluation criteria), thereby enabling the presence of a plurality of values in RI practices.

Since the valuation of sustainability that took place was chosen by the signatories themselves and ratified by a corresponding accounting device (i.e., the framework), an assessment of RI practices judged legitimate by the signatories could be done by the PRI, potentially leading to the delisting of signatories if their practices did not align with the way their peers valued sustainability. Doing so reinforced the movement's collective identity and provided signatories with a safe space within which learning could occur. Hence, the process of valuation of sustainability rendered sustainability 'of value' for both the signatories and the PRI itself. The below sections describe this process.

Precipitating Condition: Bottom-to-Top Governance Structure

It is important to note that whereas financial reporting was standard in the asset management industry, reporting on RI practices was not very developed. Still, the consensus was that asset managers would favour a financial form of reporting if this had to be done. Indeed, the creation of the PRI and the development of RI that followed were primarily motivated by the idea that integrating RI criteria could generate financial performance. The PRI's Reporting and Assessment Framework originated in 2005 as a simple annual survey run by Mercer – one of its signatories – which all signatories were required to complete. The sole purpose was to keep the PRI secretariat informed about the activities of its signatories by asking them to complete a set of questions. Whereas reporting was always compulsory for all asset owners and investment managers, public disclosure was optional. According to the PRI, many signatories described the original framework as "dreadful." It had no fundamental accountability element since the PRI had no mandate to delist those who did not report. The PRI thus came under scrutiny that it was evolving into a commercial association that signatories used for marketing purposes. Some signatories themselves felt that "everyone can now become a member of the PRI… it's not a distinguishing factor anymore." (Interviewee 17)

> In their responses, some signatories expressed concern that some of their peers were demonstrating varying levels of commitment to responsible investing, were making little or no progress implementing the Principles, or were using the PRI primarily as a marketing tool to secure or retain mandates from asset owners. In response, the PRI's strategic plan prioritized the network to recognize diversity better and enhance accountability across the signatory base. (PRI Formal Consultation: Recognizing Diversity, Strengthening Accountability - Results published in 2015, p.1)

In response to this critique, in May 2011, the PRI Advisory Council decided to create a new, robust reporting framework to deploy more stringent, precise, and structured indicators and introduced elements of mandatory public disclosure. Signatories who did not comply would be delisted. This framework was expected to provide an accountability element to the PRI, illustrate control over the activities of its signatories, and reinforce its value proposition as the primary authority in creating a language for RI as the bridge not only within signatories themselves but also between signatories and the public (e.g., regulatory agencies, investee firms, savers, and other stakeholders).

> So, why are we doing this? (…) the PRI is a voluntary initiative. Everyone can sign up to the PRI and say, you know, I am part of this. So, there is an accountability element of, yes, you are promising, you are doing something. But how do you ensure that the brand name, the recognition of what this institution is about, doesn't just get used for green-labelling or greenwashing? So, since the start, there was a strong sense that there needed to be an accountability element and that the Reporting & Assessment was the accountability element. (Interviewee 2)

Valuation Support through the PRI

Creating the new framework was a complex process that spanned more than three years (see Figure 1). The process was mainly complex because of the input from everyone. Note, however, that only the signatories of the PRI could participate – i.e., asset management professionals. There was, therefore, no multi-stakeholder consultation. In addition, the specific difficulty in this arena was that the signatories were heterogeneous in many aspects – size and ownership (from small niche ethical funds to giant commercial and investment banks like Goldman Sachs to the French Government Sovereign fund) to RI practices and philosophies with some doing equity screening, some impact investing, others doing ESG integration across the board, and still, others not having an implemented RI pin place whatsoever. In addition, the field was still in a growth phase with no regulatory standards, which explains the enormous challenge faced by the PRI. The PRI wanted to be the voice of the mainstream, yet the definition of the mainstream was complex.

INSERT FIGURE 1 ABOUT HERE

The PRI implemented a unique top-to-bottom governance structure to oversee the process. They created three committees: (1) Reporting and Assessment Advisory Committee (RAAC): 4 members responsible for advising on the development of the R&A process; (2) Reporting Technical Committee (RTC): 15 members responsible for advising on the development of the pilot version of the Reporting Framework, and (3) Assessment Technical Committee (ATC): 14 members responsible for advising on the development of the assessment methodology. The committee members, who came from all parts of the world, guided the development process with the support of several external consultants.

The committees participated in several calls and full-day meetings at the PRI HQs wherein they would first discuss the purpose of the framework, define the scope, what should be reported on, and how these should be expressed in the questions. They then looked at the framework question by question and decided which were essential and not. Finally, region and asset class-specific advisory groups reviewed draft modules. The PRI hired Interviewee 2 to lead the project; they anticipated that (s)he would only be dedicated to the framework part-time. Instead, the extent of the work proved much more substantial. At the time of the interviews, the PRI employed seven full-time staff dedicated to the framework, thus increasing the number of employees considerably (the total number of PRI employees was around 50). Further, realizing that they were not able to best leverage the data they had, the team eventually split into two groups: one team that ran the process (puts modules together, etc.) and another team that ensured that the data was used internally (to build strategy and products) and externally.

> The purpose of this consultation is to outline each of these challenges in greater detail, consider whether they act as a barrier to deeper implementation of the principles by the investment industry, and gather additional feedback about how the PRI should respond. (PRI Formal Consultation: Recognizing Diversity, Strengthening Accountability - Results published in 2015, p.1)

Valorizing Sustainability through a Plurality of Values

This bottom-to-top governance approach allowed an initial pool of relevant indicators to emerge from the committee discussions. In late 2011, a first draft of the reporting part of the framework was completed, and input was received from over 250 stakeholders. A pilot version was developed and launched for signatory testing in June 2012. Forty percent of eligible signatories participated in the pilot. In addition to this, module-specific calls and workshops took place, resulting in thousands of proposed inputs on improving the reporting framework. A similar process occurred with the assessment, whose pilot version was released after receiving the reports. The PRI issued many updates to review and keep people in the loop regarding what was going on. The PRI had a team of secretariats wholly dedicated to the initiative, ensuring minimal delisting due to non-reporting.

Whereas the pilot was generally well-received, there was discord among the numerous players involved. There were notably key vocal opponents who threatened to delist and whose voices carried much weight. The process of getting input was described as "painful" by the PRI and many signatories and could have certainly not unfolded without the support of the PRI.

> Everyone had a different idea: 'We can do this, we can do that, we can do that, we can do that..." There was also a moment where we said, "Oh, oh, oh. We cannot do all of that." (Interviewee 13)

During the pilot, signatories found that it required much effort to gather and report data for each indicator (the estimated average time to complete the framework was between five days and two weeks), the proposed approach was too prescriptive, the mandatory disclosure requirement put them off, and finally, they questioned the structure and content of some modules, including the rationale for the inclusion of each indicator and their definitions. Indeed, there were difficulties finding indicators that could work for such a heterogeneous set of organizations.

> The main concerns raised by signatories during the 2012 pilot, which the Secretariat now seeks to address, can be grouped into five key areas. It is important to note that many of these issues and the associated solutions we have proposed are interrelated.

- The effort required to gather and report data for each indicator.
- The prescriptiveness of the proposed approach.
- The timing and duration of the reporting period.
- The mandatory disclosure requirement for some indicators.
- The structure and content of some supplements, including the rationale for inclusion of each indicator and their definition. (PRI Reporting Framework: Objectives, Feedback and Next Steps, October 2012, p.5)

This led to further consultation with another 100-150 signatories, on average lasting two hours each.

> We sat around a table two years ago (…) and said: It would be great if we all agreed on what the outcomes were. And it was not only that we did not agree (…) it was that: we did not know. (Interviewee 2)

The PRI was reluctant to alienate its signatories; instead, they needed their "buy-in." This led to finding common ground across the different signatory concerns and focusing on the vital core issues.

> We had to kind of build indicators in a way that there are different paths, that signatories can tell their story, and also that our assessment will reward different paths, so we are not prescriptive about how you should, or you should not be a responsible investor. (Interviewee 9)

Due to the number of consultations, provocative questions were removed from the pilot. Questions that contained prescriptive definitions for RI or highlighted the relationship between sustainability and financial performance were softened, and most were eventually dismissed. Quantification became less relevant, and the previously "add-on" explanation options became almost the main document. Signatories did not want prescriptive criteria that would mirror financial reporting. Instead, they searched to accommodate the diversity of motives and practices associated with RI.

> In our opinion, the current framework has limitations in capturing the diversity of signatories, particularly with organizations of a certain size and complexity. (PRI Consultation – Accountability & Differentiation, Full Results disclosed in 2016, p. 38)

> A way forward could be the introduction of a UNPRI ISO-like label. It would need clear specifications in each category (asset managers, asset owners, providers...) with some degree of granularity depending on the asset mix, the assets at stake... (PRI Consultation – Accountability & Differentiation, Full Results disclosed in 2016, p. 38)

Signatories also preferred fewer indicators with more space for discussion than an exhaustive "check-box" inventory of practices. For example, by either merging or deleting indicators, the total number of indicators in the framework was reduced by approximately 30%, with the number of mandatory indicators reduced by about 20%; differentiation between "mandatory to report" and "mandatory to disclose" was implemented to mitigate concerns of too much public disclosure. The minimum ownership threshold of reporting on an asset class module was raised from 5% to 10%. Specific percentages were dropped and replaced by broad ranges. Table 4 outlines these changes.

INSERT TABLE 4 ABOUT HERE

This deliberative iterative process elucidated what topics were important since this was collectively agreed upon and decided upon. It also allowed the PRI to shift accountability from the organization itself, making the signatories accountable for their own choices and the results from these choices.

> The process to develop this with input from all our signatories has been very painful. [Laughing nervously.] But (…) when people come back and say: "Oh, we do not like it." Well, it is like, it is not us inventing this, (…) This is based on the agreement of the entire signatory base, and I think that makes all the difference. (Interviewee 13)

Finally launched in 2013, the new framework consisted of 220 indicators across 12 modules tailored for each asset class. An average PRI signatory would need to complete around five modules and 75 indicators. Each module contained mandatory (45%) and voluntary indicators. The modules asked for information that was at that time unknown, with questions focusing almost exclusively on the process through which each PRI principle was pursued and purposefully avoided framing sustainability in terms of impact on financial performance and risks.

The decision of signatories not to favour quantitative and financial criteria came out as a surprise to the PRI. Indeed, when the PRI was launched, the PRI team "sold" RI to asset management professionals on the premise that integrating sustainability issues would help them generate better financial performance. Yet, when discussing the framework's content, signatories gradually suggested that this dimension was no longer the most important one and could even be detrimental to advancing the "cause" of the organization – i.e., promoting RI. Questions of the framework hence included: *How do you approach RI? How do you incorporate ESG issues into your investment process? How do you practice active ownership? How much do you collaborate on and promote RI?* Due to the nature of the questions, the indicators were a mix of closed-ended (numbers or binary responses), open-ended (free text), and open and closed-ended fields. In the latter, a question may be a closed-ended question with space for an open-ended explanation. Figure 2 illustrates how apart from the organizational overview part of the report, the bulk of the framework used open and closed-ended questions. Though most questions remained mandatory, signatories could now explain their processes, descriptions, and justifications. This gave a new language to RI: It was no longer judged by quantifying financial performance measures and instead accommodated a diversity of viewpoints on what sustainability meant. The non-prescriptive collective criteria defined what RI should be without being too specific about its material instantiations. Signatories could focus on their value and create justifications for their philosophy and responsible investment practices.

INSERT FIGURE 2 ABOUT HERE

> Each signatory should be treated equally and fairly and should be given a chance to comply with the principles that suit their strategies. At the same time, the PRI should

> encourage transparency and accountability by setting warning limits to those who don't report and disclosing each signatory score to the public. These steps should encourage signatory accountability. (PRI Consultation – Accountability & Differentiation, Full Results disclosed in 2016, p. 38)

The PRI took six weeks to check responses to see whether they were usable. Ultimately, 820 out of 1,260 signatories (the latter figure including service providers not required to report) reported; 814 were deemed "usable" responses. The response rate (around 95- 99%) was unexpected and overwhelmingly positive.

> I think a lot of the imagined opposition to the framework didn't materialize because nobody wanted to leave because they didn't want to be transparent. I think the challenge of the reporting actually was quite a strong one. Once the PRI decided you had to report, people would be too embarrassed not to. So, they did it. (Interviewee 6)

Evaluating Sustainability

After reporting had been concluded, the next step was to assess the signatories based on their submitted reports, reflecting critical issues. The assessment team at the PRI was given the challenging task of creating an assessment methodology that did not rank the signatories against each other. Nevertheless, it would indicate how well they were doing in a completely confidential manner. The reports were mainly open-ended, closed, and open-ended questions, so they needed to assess signatories without quantitative figures. The first thing they did was provide a score using stars from 0-3 for different topics and compare this to a median score of their peer group whose composition was not provided.

Further, for added flexibility, the number of peers was different for each topic, some of which had no peer group. Figure 3 shows a sample assessment sheet. Another column shows either green or red arrows pointing up or down, respectively, which indicates whether the year-on-year score improved or became worse.

INSERT FIGURE 3 ABOUT HERE

In October 2014, we returned to the PRI offices. During this time, the signatories provided the assessment results, and the PRI released a document of disclosure of the assessments on their website, which was downloaded 75,000 times. The assessment reports were simply meant as feedback for learning and not for ranking, mainly because of the preconceived notion that only quantitative numbers could provide rankings. However, while there was generally positive reception of the assessment process, signatories began decomposing the assessment results and were highly concerned about their performance and ranking against their peers. Although signatories were firmly against being ranked initially, there was increased sentiment that this would be inevitable and useful in bringing forward the RI agenda. They wanted to learn from each other and progress to better include sustainability in their investment practices.

> I would be in favour of really driving the assessment from the PRI side, so the PRI sets the framework to make that very sharp and strong distinction on what the asset

> managers do, and then really look at implementation and results and not only at policies. (Interviewee 17)

This highlights that performance evaluation was particularly warranted in this emergent field wherein there were no prominent best practices, and people were unsure about what they were doing. Signatories wanted to be evaluated but not in a way that mirrored financial performance to preserve the variety of approaches to sustainability. Signatories ascribed such importance to the assessment to the extent that it became the most crucial aspect of the framework, with many complaining that their score was "unfair." The reaction to the usefulness of the framework was so positive and the calls for assessment so robust that the PRI decided that they could be more stringent and demanding. Indeed, only three signatories were delisted due to reporting (the total number of de-listings was 121 compared to 171 new signatories), much less than feared. Filling out the forms organically created a thought process and a more structured platform for the entire industry. Relatedly, assessment became more stringent. Once they realized that signatories were all scoring highly on an indicator, the PRI calibrated and increased the stringency and depth of the evaluation. They intended to "make the standards harder and harder." Now that there was assessment, they began to think about the need for assurance and verification, even if this was unintended at the beginning.

> If you are going to provide an assessment report, then you need to guarantee that information somehow, which is the assessment reports being taken slightly out of their intended context. And even if that was not what we meant in the first place, then there is an element of us having to manage that expectation. So, it is clear that we do have some work to do on assurance. (Interviewee 2)

Finally, the PRI planned to work on having a base for starting dialogues and conversations on improvement. The framework thus planted seeds for evaluating outcomes and outputs to determine what is achieved. From then on, asset owners had something consistent to compare and monitor their asset managers.

> I am a believer in having dialogue and trying to sort of implement behavioural change, and what is really interesting about what we can potentially do with the data is having that bigger kind of notch effect on the industry. A lot of our aims for the reporting framework are to be collaborative with other organizations that have similar aims, to get people talking in a similar language about responsible investment, and about those kinds of issues; so that people understand each other when they are talking about it, and, you know, you do not have to go through the process of explaining things when you are starting a dialogue, because everybody is on the same page. (Interviewee 1)

Valorizing Sustainability Without the Need for a Financialization Proof

The complete assessment methodology was officially launched in 2015 and used for the first time by all signatories during the 2015/2016 cycle. Following the framework, changes to the three-year strategic plan for 2015 to 2018 were brought forward. The PRI was stuck with a critical identity question: "Are we an aspirational organization trying to bring people along, or are we going with the signatory base just telling us what to do?" The framework allowed the PRI to address this issue.

The framework process created more interaction amongst different departments within the PRI itself and controlled internal quality. It led each department to question how they could use the data to serve their specific purposes. It enabled networking teams to have a more significant role in providing on-the-ground presence to support signatories globally. It also highlighted where signatories were not doing very well, thus strengthening the value-added of the implementation support team. Creating the framework made the organization recognize an internal failure that they needed to focus more and be more strategic about projects, thus becoming a tool to clarify their strategy.

> The R&A team is the one that 100 percent focuses on this. [However] [Interviewee 1] will never deliver her objectives if (s)he doesn't use the other team (…) and. So only way that the dataset will be used is if implementation services and investor engagement teams learn how to use that data and transform it into something that signatories can use. (Interviewee 2)

During the PRI's 10th anniversary, the PRI conducted a series of workshops in key cities to discuss the future of the PRI and RI. During this meeting, one of the key points was to improve the accountability process for signatories not progressing. A survey conducted with signatories revealed that 66% favoured delisting those who did not demonstrate progress, and 88% agreed to a two-year delisting timeframe (after being given a chance to improve). 72% of signatories were in favour of delisting those that did not act in a manner that brings their publicly stated commitment to RI into question (e.g., fraud, environmental issues, etc.), and 71% were in favour of using the framework data to do this.

> The principles should be taken seriously, and signatories are obligated to demonstrate that efforts are being made to progress the initiatives. PRI offers an abundance of resources to assist signatories who need guidance. Those who are unable to progress and do no not access the resources available should be delisted. (PRI Consultation – Accountability & Differentiation, Full Results disclosed in 2016, p. 38)

Using the framework, they now had the opportunity to delist not only because of non-reporting. In 2017, the PRI estimated that 16% of the PRI signatories were at risk of being delisted (Consultation Paper: Proposals and Methods to Strengthen PRI Signatory Accountability, July 2017, p.7).

> A number of signatories raised with us the fact that some organizations who have signed the principles have faced regulatory, legal, and/or financial sections as a result of corporate wrongdoing. Whilst the PRI has no desire to be a regulator or replace the important role that they play; signatories did feel that there needed to be a mechanism in place to review those who seriously contravened the spirit of the Principles. (Consultation Paper: Proposals and Methods to Strengthen PRI Signatory Accountability, July 2017, p.4)

Before the framework, the PRI was worried that appearing "too sustainability-focused" would discourage asset management professionals from joining the organization. The creation process of the framework provided a better understanding of what RI meant for the PRI signatories and that it was much broader than financial performance. The need for performance assessment was linked to a desire by their signatories to improve the sustainability of investment practices and get rid of signatories that their peers judged as "not responsible enough." Before the framework, no information would allow signatories to categorize themselves.

> A lot of people come into the PRI to learn as much, and the exercise of learning can be done through the PRI reporting tool. A lot of people feel that going through the tool actually said, "oh, this is what it means to be a responsible investor." (Interviewee 2)

The PRI thus received the necessary support and reassurance that they needed to push the action agenda forward and stopped justifying RI merely based on financial performance and mitigation of risks. According to our informal exchanges with the team of the PRI in 2017 and the description of the process that led to the new mission of the PRI, the PRI Reporting and Assessment Framework was the initial movement that enabled the PRI to embrace sustainability for its societal benefits, rather than for mere financial performance[2].

The inclusive and deliberative process on which the framework was based, as well as the desire of signatories to avoid quantitative financial criteria to favour non-prescriptive ones that pointed to a broader meaning of sustainability, gave the PRI the confidence that they could be more demanding and push the movement of RI forward. According to the PRI, in 2018, 95% of signatories said that the framework captured their implementation of RI. To favour progress among its signatories while preventing greenwashing practices, the PRI further developed the use of the framework by creating several outlets based on the data gathered. They published "Transparency Reports" that made signatories' public responses available to view on the PRI website to trigger accountability to the public. They also made "Assessment Reports" known only to signatories to see their progress year-on-year relative to peers. Eventually, they launched a "Data Portal," a web-based platform that allowed signatories to search, view, and collect transparency reports, notably by requesting confidential reports of fellow signatories. Throughout, the PRI hoped to increase the sustainability of asset management practices, which eventually led them to publicly assert that their mission was not only to serve asset management professionals but rather society as a whole:

> Over the next ten years, our aim is to bring responsible investors together to work towards sustainable markets that contribute to a prosperous world for all. The PRI cannot solve the world's challenges – success relies on enabling our signatories to act. (Blueprint for responsible investment, 2017)

However, our exchanges with the PRI in 2021 showed that the absence of financialization proof in the standard did not mean that signatories were not financially motivated. The study provided by the organization (Ceccarelli et al., 2021) notably showed that signatories with higher scores on the framework were most likely to receive more assets from clients. Such a finding raises questions regarding the potential use of "sustainability" arguments by investment professionals for financial purposes only. Although we cannot conclude, the survey is further evidence that financialization proof is unnecessary to enroll clients' support, even in what counts among the most financialized industries worldwide – i.e., the financial sector itself.

[2] See PRI (May 2017): A Blueprint for Responsible Investment: Genesis, Assumptions and Process.

Discussion

The article addresses previous calls for studying "accounting in action" (O'Dwyer & Unerman, 2016). Following recent calls from accountants (Mennicken & Power, 2015; Millo et al., 2021; Plante et al., 2021), we apply insights from the sociology of valuation to uncover the mechanisms through which sustainability accounting standards could avoid the need for a financialization proof. We provide a stylistic representation of the process model of valuation revealed by our case study in Figure 4. We now elaborate on the implications of these findings for the literature on valuation, financialization, and sustainability accounting standards.

INSERT FIGURE 4 ABOUT HERE

The Process of Valuation through Which a Plurality of Values Can be Included in a Sustainability Accounting Standard

The article enriches previous research at the intersection of valuation, financialization, and sustainability accounting standards by proposing mechanisms and conditions through which a sustainability accounting standard can help express a plurality of values. In the case under study, such diversity of values was instantiated through the valuation process of sustainability. Transforming practices toward sustainability by including a multiplicity of values into an accounting standard is exceptionally challenging (Bellucci et al., 2019; Morrison & Lowe, 2021; O'Dwyer & Unerman, 2020). Such difficulty notably originates from the typical association of evaluation criteria with one particular order of worth – e.g., standard organizations want to elicit the support of economic actors through the use of financialization arguments (Adams et al., 2020; Etzion & Ferraro, 2010; Giamporcaro & Gond, 2016; Leins, 2020; Yan et al., 2019). This research offers an alternative path that avoids using a financialization proof, thus enabling the inclusion of a plurality of values in the standardization process. We identify a precipitating condition, two mechanisms, and two enabling conditions that allowed such a process to unfold (cf. Figure 4).

The precipitating condition was a bottom-to-top governance structure that allowed for a deliberative and inclusive process wherein both forms of coordination – ethical discourse and economic bargaining were considered. This finding echoes previous accounting research on sustainability that shows the importance of engaging in some form of dialogue within the standardization process itself (Bellucci et al., 2019; Brown & Dillard, 2015; Clune & O'Dwyer, 2020). With this in place, the valuation process of sustainability could then occur – understood as the ability of participants to agree on collective criteria on which the value of sustainability was justified and reported (Hutter et al., 2015). Through this constructive process, promoting discord and negotiation, a discussion of what was deemed of value and how to assess it unfolded (Lamont, 2012; Vatin, 2013). The framework provided the valuation device through which the diversity of values attached to sustainability could be expressed.

Two enabling conditions were crucial to the success of this valuation process: (1) the design of non-prescriptive evaluative criteria that avoided financialization and (2) the valuation support of an enabling organization (i.e., the PRI) that provided regular feedback to the participants. The first condition, 'non-prescriptive evaluative criteria,' was key to the valuation process. Instead of threatening firms using mandatory requirements or 'boxing' them to fit several definitions, the PRI gave the firms leeway to comply and explain their values without fear. An important pronouncement by the PRI was also highlighting friendly peer-ranked competition whose objective was to provide self-assessment to self-regulate and improve instead of public exposure to weaknesses of firms which – as the field itself – was in a state of flux and learning. The PRI allowed signatories to mediate and adapt the principles accordingly to fit their needs, allowing for the gradual social construction of RI to occur in a way that was minimally disruptive to the status quo (Edelman, 1992). The goal of the process was to redefine RI so that the signatories could not only comprehend but also agree upon it while enabling each of them to express their values.

The second condition – the role of the PRI as an enabling organization (Gond & Piani, 2013) was also crucial to the inclusion of a variety of values in the process of valuation. In their study of the role of the PRI in the platform of collaborative engagement between institutional investors and corporations, Gond and Piani (2013) already described the PRI as an "enabling organization." According to the authors, an enabling organization facilitates the emergence of collective action "by lowering barriers to entry and providing a mobilizing structure, support collaborative efforts by adding their legitimacy, normative power, and persistence to the collaborative engagement, and create conditions for a lasting dialogue [between investors and managers] by providing a hybrid organizational space." (Gond & Piani, 2013, p. 64)

The role of such organizations in valuation has not been theorized by valuation or accounting scholars (Clune & O'Dwyer, 2020; Doganova et al., 2018; Kjellberg & Mallard, 2013). Nevertheless, our study shows their essential function in valorizing and evaluating (Lamont, 2012; Vatin, 2013). The PRI was unique because it played an advocacy-type role, calling for collective action towards sustainability and providing infrastructure for such action. Although the framework's design did not include external stakeholders – such as corporations in the collaborative engagement platform, our study confirms most of the analysis provided by Gond and Piani (2013). Through its normative power and own legitimacy, the PRI provided a mobilizing structure that created conditions for signatories to maintain the search for a common framework while enabling the expression of a diversity of values. This process was characterized by the representation of heterogeneous groups that allowed for a proliferation of viewpoints and philosophies, the formation of dynamic committees whose roles could change over time, and the existence of continuous and effective communication systems. In such a situation, participation was necessarily extensive, learning was continuously taking place, and most revisions were unplanned and adapted, as is often the case when (sustainability) reporting standards are created (Slager et al., 2012).

The role of the PRI in this specific case was to help members embrace the diversity of their approaches while agreeing on a standard structure. On this particular dimension, Gond and Piani (2013) identified four roles that an enabling organization could play: 1) triggering the initiative on an issue; 2) offering mobilizing structures; 3) diminishing incentives to free rides and 4) providing a structure that bears coordination costs. Our study confirms but also enriches such functions. The PRI bore most of the coordination costs by its involvement in channelling the discussion through dedicated teams and several working groups. This helped avoid free riders in the association that could have increased the risk of greenwashing. By involving all members in the discussion and making the signatories accountable for their choices, the PRI also searched to exert a soft power on its constituents, silently coercing them to have more responsibility and commitment to the practice and the agency.

Another vital role that the PRI had in the case of the framework, not identified by Gond and Piani (2013), was its function as a "maieutic machine" (Busco & Quattrone, 2018). By maieutic, we refer to the ability of the PRI to help members generate the epistemic search needed to agree on what to value and how to evaluate it. This was mainly obtained by providing regular feedback and channelling collective reflection through questioning and reformulating their perspectives on RI. Such maieutic was key for the valuation process to unfold. Akin to an "epistemic object" or "boundary object" (Arnaboldi et al., 2017; Kaplan, 2011; Knorr-Cetina, 1999), the framework was also essential to this search since it enabled the sharing of collective values and evaluation criteria.

It is crucial to observe that the PRI pushed for expressing the diversity of values embodied by its signatories and insisted on the commonalities between these approaches. Unlike the collaborative engagement platform, the PRI, in the case of the framework, did not create a hybrid organizational space between the PRI signatories and external stakeholders since all actors involved in the design of the framework were already members of the PRI. This is a crucial difference from previous research in accounting that promotes stakeholders' engagement in a democratic fashion (Bellucci et al., 2019; Morrison & Lowe, 2021). In addition, and even though the PRI shifted away from the financialization arguments, there was little usage of alternative forms of expressions, such as visuals or storytelling (Morrison & Lowe, 2021; Quattrone et al., 2021). The framework distinguished itself in its absence of compulsory financial numbers (Arjaliès & Bansal, 2018). Still, it cannot be labelled a dialogic accounting tool due to the lack of external stakeholders and counter-accounts (Laine & Vinnari, 2017). The PRI shifted away from financialization arguments. Yet, it did not exhibit the more radical features searched by critical accounting scholars.

An Alternative Path for Sustainability Accounting Standards?

Our study contributes to the literature on sustainability accounting standards. It elucidates the differences between previously multi-stakeholder initiatives such as the Global Reporting Initiative (GRI) or Integrated Reporting (IR). Waddock (2008) provides a very comprehensive and detailed list of the differences among these initiatives. For instance, <IR> was set by the IIRC as a private transnational standard-setter without explicit state backing (Gibassier et al., 2018; Humphrey et al., 2017). Actors in the IIRC were free to join and leave depending on whether their concerns were effectively problematized in the project. The GRI (Etzion & Ferraro, 2010), on the other hand, developed a common reporting framework for sustainability reporting that allows cross-company and cross-industry comparisons based on its common reporting framework. The GRI was a multi-stakeholder coalition that included input from thousands of experts from businesses, NGOs, and other organizations worldwide.

The PRI Framework originated from constituents within the asset management industry who had no strong sustainability background. Unlike the IIRC and GRI, which were initiatives with clear objectives at the very beginning to institutionalize a practice using influential professionals and powerful actors, the PRI was based on memberships and completely voluntary. Some of the loudest proponents of reporting were the smaller firms who were more vigorous advocates and not the larger, more established firms. It is also essential to highlight the nature of the structuration behind closed doors. The members of the PRI wanted the process to be deliberative and inclusive rather than imposed upon them by outside actors. This practice was found in other financial settings, such as when French RI investors discussed the impact assessment of their mutual funds (Arjaliès et al., 2022). They were also careful on how to handle the data as an internal learning tool rather than be misinterpreted by external actors as a means for critique.

Based on our findings, we believe that there were solid advantages for the approach adopted by the PRI, notably in the context of the rise of greenwashing critiques vis-à-vis RI. As we explained above, it notably enabled bottom-up governance to gather the signatories' support, engagement, and collective learning. Given the fragility of the situation – trust being compromised-the valuation process was essential to trigger the reflection about what RI was and what it should become. If an external body had imposed a standard, such as the IIRC, or even regulation, such collective reflection would have been much more difficult to obtain. Also, unlike the IIRC, the PRI did not need to convince signatories to join. They, therefore, had more leverage to push the framework.

However, this process did not benefit from the legitimacy, nor the form of dialogic accounting associated with multi-stakeholder initiatives, such as the one that supported the GRI. It also did not include insights and critiques from key potential users of the reporting and assessment framework. Therefore, it was difficult to anticipate how the framework would be judged by the different stakeholders impacted by it. The financial benefits that were later attached to the framework – i.e., signatories with the higher scores attracting more assets (Ceccarelli et al., 2021), notably raises questions on the potential use of "societal" arguments for financial purposes only. Finally, one can wonder whether the avoidance of financialization by the PRI signatories was the result of a greenwashing attempt. It may indeed be the case that signatories found it easier to ambiguously frame their RI practices if no quantifiable standard was in place (Arjaliès et al., 2022; Himick & Audousset-Coulier, 2016). Auditing qualitative reporting might be more challenging than auditing sustainability reporting that mirrors financial one. Although we cannot conclude on this point, the risk of misguiding clients about the motivations of financial actors due to the absence of obvious financialization arguments is a fair concern. Also, the use of a ranking system implies that the overall quality of the reporting and assessment is relative to the industry's practices – which some stakeholders could overall judge as poor.

Additionally, the framework is an industry-standard that other sectors cannot use. The IR and the GRI frameworks seem to be more appropriate reporting tools on those dimensions. They provide cross-sectorial reporting, but they also attempt to facilitate the dialogue between different stakeholders (e.g., investors and corporations). Instead, the PRI framework is a tool through which members of a movement become accountable to each other at the expense of others. Through this process, asset management professionals hoped to reach a consensus about what it meant to do RI and be part of this more significant movement. However, only the future will tell us whether the PRI signatories achieved their goals. Financial actors are critical members of the "chain of finance" (Arjaliès et al., 2017), meaning that their practices are likely to influence the other actors on the chain (i.e., corporations, audit firms, governments, etc.). Their choice of developing a standard that cannot be applied throughout the chain of finance raises potential questions as to whether they aimed to trigger systemic change. For instance, the framework does not help corporations report on their sustainability practices or address the diversity of ESG ratings – which is undoubtedly a valid concern (Chatterji et al., 2016; Christensen et al., 2022).

Another critical aspect is that while institutional investors are a vital player in pushing for sustainability practices, their reporting depends on the reporting done by their underlying firms in which their portfolios are invested. Many firms selected by investors in their portfolios still struggle with ESG metrics. Even if the adoption of CSR objectives has become a common practice for most firms, deploying the corresponding operational plans and actions is still a work in progress. Therefore, whereas the financial components of the reporting system are detailed and validated with well-anchored auditing processes, ESG data are often both recent and quite fragile. The heterogeneity of these data and the technical hurdles faced to measure some extra-financial parameters at the firm level (for example, on things like biodiversity or employee well-being) represent real obstacles for external stakeholders in charge of assessing the ESG performances of these firms. To sum up, the efforts put into improving the standards at the financial market level both encourage and suffer from this work in progress in the adjacent fields.

Finally, the literature abounds about the dangers of financialization, including the discarding of sustainability topics that are difficult to price (Arjaliès & Bansal, 2018; Lowe et al., 2020). (Sustainability) accounting scholars have multiplied the calls for a broader approach to sustainability, engaging directly with some standards, such as IFRS and TCFD (Adams et al., 2020; O'Dwyer & Unerman, 2020), and calling for more diverse approaches to accounting (Alawattage et al., 2021). Although not perfect, the PRI framework offers an alternative path to financialization for sustainability accounting standards. The study could thus provide a departure point for engaging with other standardization bodies on how to go beyond the financialization arguments in the design of evaluation criteria. Further research is, however, needed to assess the quality and effects of this reporting system on practices and their accountability.

Conclusion

Our study has a unique setting – the integration of seemingly unquantifiable sustainability issues within a financial industry that is highly embedded in quantitative financial practices. Nevertheless, our findings suggest that other sectors that have become increasingly financialized over the past decade may experience a resurgence of alternative evaluation techniques in the years to come. As societies seek more meaning in the economy, economic actors increasingly seek new societal purposes, strengthening the mutual relationships between society and the economy. The development of the framework uncovered helpful information. In particular, the valuation process became a tool to clarify definitions and strategy, not only to support the practice but also to create the practice of RI through a performative effect.

Our findings nevertheless pose essential questions. The process over output focus can be tricky as such information can be seen as subjective and biased, pushing RI out of mainstream finance. The audit of sustainability information needs to take precedence here for legitimacy as a financial practice to remain. Further, the usefulness of reporting and data usage to improve the industry remains visible. We have a big question today: was this non-financialization of sustainability financialization-in-disguise? That is, was this the result of the failure of economic models to capture the complexities of sustainability and thus bring forth new forms of valuation and accounting, *or* is this a temporary step in a nevertheless longer process of financialization wherein inevitably, the data from reporting and assessment would eventually be used for better and more structured quantification? Regardless of the answer, we remain hopeful that finance can matter beyond finance matters.

It doesn't have to be so complicated. It's just about using it.
(Reporting and Assessment Senior Manager, PRI)

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FIGURE 1. TIMELINE OF THE DEVELOPMENT OF THE FRAMEWORK

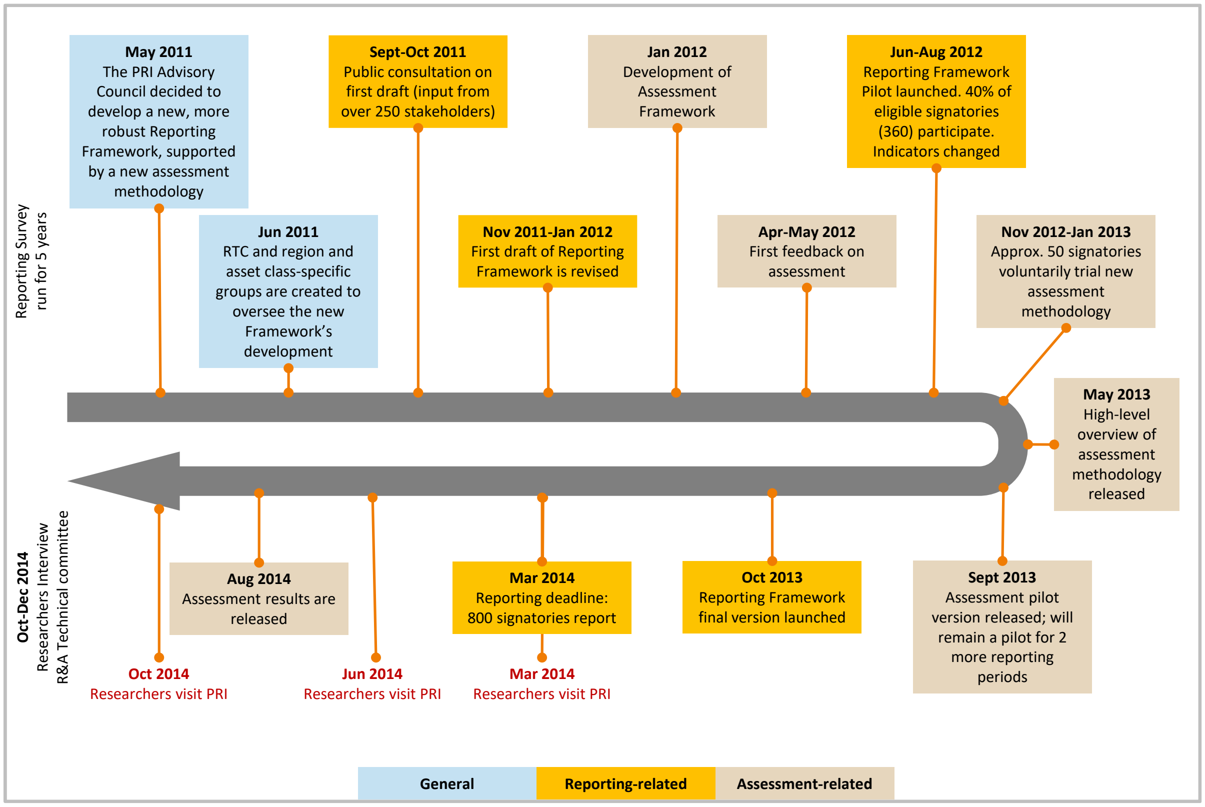


FIGURE 2. OVERVIEW OF INDICATOR TYPES

(1) Organizational Overview: General overview of the organization
*Sample indicator: “Provide an approximate breakdown of your assets under management at the end of your reporting year.”

(2) Overarching Approach: Responsible Investment Policy (ies), Governance & Human Resources, RI objectives, strategies, etc.
*Sample indicator: “Does your Responsible Investment Policy (or policies) address E, S, and G, and at what level of detail? Explain if necessary.
**Sample indicator: “Please provide a brief description of how you evaluate performance and reward staff for their performance on RI in the Reporting year. For the staff with RI responsibilities, indicate which performance assessment and reward elements are in place (e.g., annual appraisal, KPI objectives, rewards, etc.)

(3) Listed Equities Supplement – ESG integration, exclusion, themed investments, engagements, processes
*Sample indicator: “Please describe your listed overarching ESG exclusions and how you implement them.
**Sample indicator: “Please indicate the coverage and type of E, S, and/and search (internally or externally produced) you use in your investment processes. Please provide any additional information.”

(4) Closing Supplement

	Open	**Closed**	**Open & Closed**	**Total**
Mandatory	0	1	1	2
Voluntary	1	1	4	6
Total	1	2	5	8

*Sample indicator: Did the PRI reporting and Assessment Reporting Framework capture your implementation of the principles? Please provide any comments.

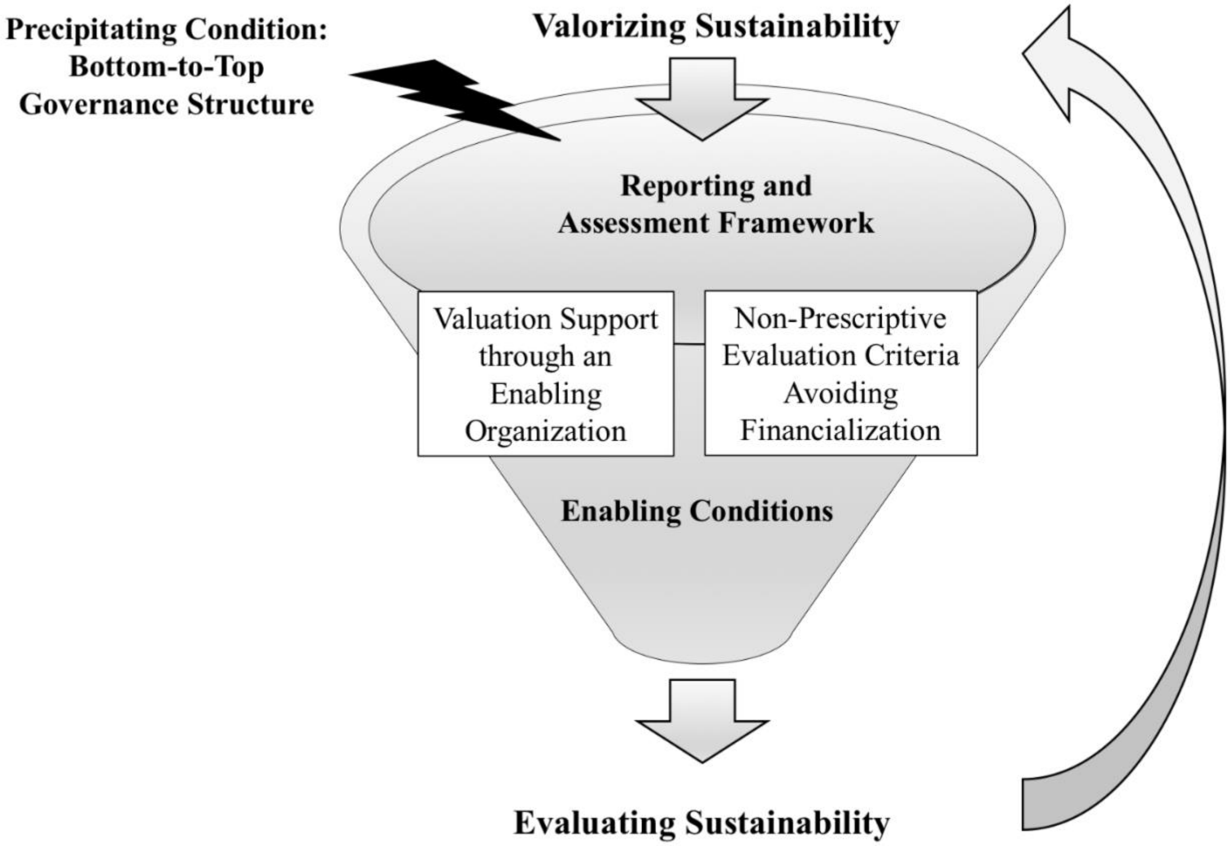
FIGURE 3: SAMPLE ASSESSMENT SCORECARD

MODULE	OVERARCHING APPROACH
MODULE TOTAL	16 ★ (OUT OF A MAXIMUM 30 ★ FROM 10 INDICATORS)
MODULE SCORE	B

SECTION	INDICATOR			MEDIAN PEER SCORE (# peers)	YOUR SCORE	YoY
	NUMBER	TYPE	TOPIC			
RI POLICY / POLICIES	02	CORE	RI policy and other guidance documents	★★★ (60)	★★★	↑
	03	CORE	Policy type and coverage	★ (30)	☆☆☆	↑
	04	CORE	Conflicts of interest	★★ (60)	★☆☆	↑
OBJECTIVES & STRATEGIES	05	CORE	RI goals and objectives	★★★ (60)	★★☆	-
GOVERNANCE & HUMAN RESOURCES	08	CORE	RI roles and responsibilities	★★★ (20)	★★☆	↑
	09	CORE	RI in performance management & rewards	★★ (50)	★★☆	-
	09	ADDITIONAL	RI in personal development / training	★ (10)	★☆☆	↓
PROMOTING RI	10	CORE	Collaborative organisations / initiatives	N/A (7)	★☆☆	↓
	11	CORE	Promoting RI independently	★★ (10)	★★★	↑
	12	ADDITIONAL	Dialogue with public policy makers	N/A	N/A	
ASSURANCE OF RESPONSES	19	ADDITIONAL	Internal / external review of responses	★ (45)	★☆☆	↑

Source: PRI Mock Assessment Report 2014 (p.9)

FIGURE 4. PROCESS OF VALUATION OF SUSTAINABILITY



LIST OF TABLES

TABLE 1A: LIST OF INTERVIEWEES

List of Interviewees	
Interviewee 1	Associate Director, Signatory Services
Interviewee 2	Head of Reporting and Assessment
Interviewee 3	Reporting and Assessment Manager
Interviewee 4	Reporting and Assessment Manager
Interviewee 5	Head of Investor Engagements
Interviewee 6	Reporting and Assessment Senior Manager
Interviewee 7	Associate Director, Networks and Global Outreach
Interviewee 8	Head of Networks, PRI
Interviewee 9	Networks and Global Outreach Senior Operations Manager
Interviewee 10	Head of Continental Europe, Networks & Global Outreach
Interviewee 11	Head of Academic Research
Interviewee 12	Director of Policy and Research
Interviewee 13	Reporting and Assessment Manager
Interviewee 14	General Manager
Interviewee 15	Director of Operations and Finance
Interviewee 16	Responsible Investment Advisor, PGGM; part of the R&A Technical committee
Interviewee 17	SRI Manager, Triodos Investment Management; part of the R&A Technical committee
Interviewee 18	Senior Vice President for Sustainable Investing, Pax World; part of the R&A Technical committee
Interviewee 19	Head of RI, ATP; part of the R&A Technical committee
Interviewee 20	Team Member, Sustainable Financial Markets
Interviewee 21	Responsible for the Academic Network

TABLE 1B: INTERVIEWS CONDUCTED

Date	Location	Interviewee/s	Length
26-Mar-14	PRI HQs, London, UK	Interviewees 1 & 2	1h 11m
26-Mar-14	PRI HQs, London, UK	Interviewees 3 & 4	1h 35m
26-Mar-14	PRI HQs, London, UK	Interviewees 5 & 6	1h 28m
26-Mar-14	PRI HQs, London, UK	Interviewees 7, 8 & 9	1h 47m
26-Jun-14	PRI HQs, London, UK	Interviewee 6	1h 22m
26-Jun-14	PRI HQs, London, UK	Interviewees 10 & 11	0h 45m
26-Jun-14	PRI HQs, London, UK	Interviewees 12 & 2	1h 01m
26-Jun-14	PRI HQs, London, UK	Interviewee 1	1h 04m
26-Jun-14	PRI HQs, London, UK	Interviewee 13	0h 24m
13-Oct-14	PRI HQs, London, UK	Interviewees 1 & 14	1h 07m
13-Oct-14	PRI HQs, London, UK	Interviewee 9	1h 11m
13-Oct-14	PRI HQs, London, UK	Interviewee 15	0h 24m
13-Oct-14	PRI HQs, London, UK	Interviewee 2	0h 51m
13-Oct-14	PRI HQs, London, UK	Interviewee 13	0h 22m
13-Oct-14	PRI HQs, London, UK	Interviewee 6	0h 43m
13-Oct-14	PRI HQs, London, UK	Interviewee 1	0h 22m
30-Oct-14	Telephone Interview	Interviewee 16	0h 50m
20-Nov-14	Telephone Interview	Interviewee 17	0h 32m
10-Feb-15	Telephone Interview	Interviewee 18	0h29m
20-Feb-15	Telephone Interview	Interviewee 19	0h40m
12-March-19	PRI HQs, London, UK	Interviewees 1 & 20 & 21	1h30m
2017	Informal exchanges with the PRI team	Not included as interviewees	3h00m

TABLE 2. SUMMARY OF KEY ARCHIVAL DOCUMENTS

Date released	Document	Number of pages
June 2012	Assessment Technical Committee Member List	2
April 2012	Pilot 2012 – Introduction	11
April 2012	Pilot 2012 – List of Indicators	67
April 2012	Pilot 2012 – Main Definitions	10
April 2012	Pilot 2012 – Supplements (14 files)	380
May 2012	Pilot 2012 – Data Collection Tool	12 Excel files
October 2012	PRI Reporting Framework: Objectives, Feedback and Next Steps	16
May 2013	Assessment Methodology	11
May 2013	Reporting Framework May Update	5
October 2013	Development and Governance of R&A	7
October 2013	Mock Assessment Report	16
October 2013	R&A 2013/14 Process: Requirements and Outputs	5
October 2013	Online Reporting Tool instructions	6
December 2015	Recognising Diversity, Strengthening Accountability – PRI Formal Consultation	13
May 2016	PRI Consultation – Accountability Full Results	45
May 2017	A blueprint for responsible investment	34
May 2017	A blueprint for responsible investment – Genesis, Assumptions and Process	48
July 2017	Proposals and Methods to Strengthen PRI Signatory Accountability	14
March 2019	Reporting Framework Review – PRI Formal Consultation – Investors	21

TABLE 3. SUMMARY OF PARTICIPATIVE OBSERVATION

Date	Activity
March 2013	Visit to PRI headquarters in London
March 2014	Visit to PRI headquarters in London
June 2014	Visit to PRI headquarters in London
October 2014	Visit to PRI headquarters in London
June 2016	PRI 10-year Global workshop series
December 2017	PRI-Academic Network

TABLE 4. RESULTS OF THE DELIBERATIVE PROCESS

Recurring issues raised	Changes made to first draft	Changes made to pilot
Reporting Burden and time-consumption Signatories felt that the report was an additional burden on their already heavy loads. They suggested to lessen the reporting frequency or shorten the length of the report.	- Questions identified as not essential were removed and/or combined. - Reporting could be avoided for less important parts of the business - Possibility to say "same as above" to quicken answering	- Detailed non-RI-related quantitative information (including a detailed breakdown of signatories' asset under management by asset class) no longer requested - Total number of indicators reduced - Increase in asset threshold needed for reporting - Pre-filled forms for the subsequent years
Mandatory versus Voluntary reporting Signatories felt that confidential information was requested that would be made public and jeopardize their competitive positioning. They asked to lessen the number of overall questions and lessen request for detail against individual questions	- A minimum mandatory core set of questions were defined (35% of total). The rest would be voluntary. - Voluntary parts will have both open-ended and closed-ended questions allowing signatories to select questions they want to respond to.	
Prescriptiveness Signatories felt that the PRI, as an aspirational initiative, was too prescriptive by including language in some indicators that implied it preferred one particular RI approach, process or practice over others. Signatories found overly-specific terminologies difficult to distinguish		- Removed references to indicators that were deemed difficult to understand and confusing - Revisiting, and in some cases removing, strict definitions associated with some indicators and concepts - Providing more space for signatories to "comment" - Changing numeric and percentage indicators into broad ranges

Recurring issues raised	Changes made to first draft	Changes made to pilot
Usability of the framework		- Improving guidance and definitions so signatories spend less time trying to establish the meaning and purpose of an indicator. - Improving the online data collection tool - Ensuring the framework is as closely aligned to other industry and/or regulatory standards
Timing and duration of the reporting period Signatories did not agree with the proposed timing as it did not correspond with their own reporting timeframes		- Allow signatories to report against their preferred reporting year - Extending the length of time that the online reporting tool remains open