Received: 21 March 2021 | Revised: 6 July 2022 | Accepted: 29 August 2022
DOI: 10.1002/eet.2029

RESEARCH ARTICLE

Environmental Policy and Governance
WILEY

Why policy coherence in the European Union matters for global sustainability

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Funding information
Familjen Erling-Perssons Stiftelse; Horizon 2020 Framework Programme, Grant/Award Number: 693642

Abstract

The global economy is producing unequal economic exchanges between countries, including illegitimate transfer of wealth from low-income countries, which ultimately undermine efforts towards securing robust social welfare systems. This puts policies on trade and finance, corporate governance and circular economy at the centre of the global development puzzle. Policy coherence for development must be understood in the context of the tension between the overarching societal goal of achieving sustainability and the functioning of the global economy. In this article, we focus on the political and legal challenges this puzzle presents, using the case of European Union policies on business, finance and circular economy, which have global impacts. We see these as core areas of law and policy where advances are made but which need to be better positioned within an overarching aim of sustainability.

KEYWORDS
circular economy, corporate governance, EU business and financial market law, international investment, policy coherence, sustainable finance

1 | INTRODUCTION

In order to safeguard the Earth's life-support system on which the welfare of current and future generations depends (Griggs et al., 2013), changes in the economic realm are necessary (Biermann et al., 2012). Sustainable development requires a rethink of the economy as well as the regulatory system that governs it (Capra & Mattei, 2015; Raworth, 2012, 2017). Sustainable development can be viewed as a nested concept, where the global economy serves society within Earth's ecological limits (Giddings et al., 2002; Griggs et al., 2013). Therefore, we define sustainability as securing social foundations for humanity (Raworth, 2012) while working to mitigate pressures on planetary boundaries (Persson et al., 2022; Rockström et al., 2009; Steffen et al., 2015). We study barriers and opportunities to ensure greater policy coherence in European Union (EU) legislative and policy regimes for business, finance and circular economy. Policy coherence may be defined as ‘the process where policy makers design a set of policies in a way that, if properly implemented, they can potentially achieve a larger goal’ (Cejudo & Michel, 2017, p. 755). We focus on improved policy coherence, positioned within the context of achieving *sustainable* development. This approach is different to policy coherence studies focusing on policy interaction (e.g., Nilsson et al., 2012).

The international community are increasingly setting expectations of business behaviour through international sustainability initiatives (Sjåfjell & Taylor, 2019). Examples include the United Nations' (UN) sustainable development goals (SDGs) (United Nations, 2015), the Organisation of Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (OECD, 1976), and the UN Guiding Principles for Business and Human Rights (United Nations, 2011), and several initiatives at the EU level. In this article, we study three broad and interconnected EU policy areas that all have potential to contribute to sustainable development: finance, business and the circular economy. Within finance, we encompass sustainable finance and international investment; in business policy we study corporate governance encompassing the governance of global value chains (GVCs); and as regards sustainable production and consumption policy, we study circular economy policies. These are all identified as important policies that can improve EU's contribution to sustainable development (Ahlström, 2019; Sjåfjell et al., 2018). However, these are all policy areas with varying degree of impact on sustainability.

The Circular Economy Initiative was launched in 2015 with its action plan *Closing the loop—An EU action plan for the Circular Economy* (European Commission, 2015a). The EU is committed to transitioning from a linear to a circular economy 'where the value of products, materials and resources is maintained in the economy for as long as possible, and the generation of waste minimised' (European Commission, 2015a, p. 1). The initiative was renewed with *A new Circular Economy Action Plan for a Cleaner and More Competitive Europe* in March 2020 (European Commission, 2020a).

The Sustainable Finance Initiative was launched in 2018 through the adoption of the *Action Plan: Financing Sustainable Growth* (European Commission, 2018a) and the EU define sustainable finance as 'the process of taking due account of environmental and social considerations in investment decision-making, leading to increased investments in longer-term and sustainable activities' (European Commission, 2018a, p. 2). Sustainable finance is one of six priorities of the European Commission for 2019–2024 and part of the European Green Deal (European Commission, 2022a). Already in 2019 and 2020, two significant legislative instruments were adopted: the Disclosure Regulation and the Taxonomy Regulation (European Commission, 2020b, 2020c). In 2021, the EU launched its renewed *Strategy for Financing the Transition to a Sustainable Economy* (European Commission, 2021a), which included additional action points to complement and build on the first Action Plan on sustainable finance. The initiatives on circular economy and sustainable finance can be denoted 'policy hotspots' as they are 'the most promising ones due to political will and allocated resources to advance the EU's commitment to sustainable development' (Ahlström, 2019, p. 8).

The first Action Plan on sustainable finance included also an action point on promoting sustainable corporate governance (European Commission, 2018a), which was followed up by the Commission's Sustainable Corporate Governance initiative, with the latest step being the proposal for a Directive on corporate sustainability due diligence on 23 February 2022 (European Commission, 2022b, 2022c). This development represents the third prominent initiative in this article. The EU defines sustainable corporate governance as helping 'companies to better manage sustainability-related matters in their own operations and value chains as regards social and human rights, climate change, environment, etc.' (European Commission, 2020d).

Undoubtedly, there are other significant initiatives that are important for achieving sustainability in the EU, for example the EU Emissions Trading System (European Commission, 2022d) and the new European Climate Law (European Commission, 2021b). However, we take a broader approach to sustainability than climate change, while focusing our analysis on the three policy areas introduced above, which have significant impact on market actors' behaviour, across scales, beyond and within the EU. The evolving nature of the policy developments in finance and international investment, corporate governance, and circular economy are all connected through the role of GVCs. We study how these policy areas are interlinked and to what extent they contribute to sustainable development. We do not study all these policy areas in detail as that would go beyond the scope of one article. We position the article within the discussions in the EU on reforms in these areas in the period between January 2017 and January 2020,[1] including also some later developments as illustrative from our discussion.

The article is structured as follows: In section 2, we discuss EU's policies on policy coherence and to what extent they contribute to sustainable development. In section 3, we present the theoretical background for the paper. Section 4 comprises a presentation of the methodological approach combining data and analyses from a workshop with academics and policy representatives and autoethnographic accounts together with research documentation and reports from the Horizon 2020-funded project Sustainable Market Actors for Responsible Trade (SMART).[2] We describe the research process, data collection and data analysis from the workshop in detail. In section 5, the specific findings from the workshop are presented. These findings are positioned within the broader research agenda of the SMART project. In section 6, we discuss identified policy tendencies, reform proposals and the feasibility of reform, aligned with the principle of sustainable development into EU policy. Section 7 concludes.

2 | EU POLICY COHERENCE AND SUSTAINABLE DEVELOPMENT

An analysis of how the EU contributes or hinders a transition to sustainable development requires a starting point in the EU's work on development, its commitments to the 2030 Agenda and its Policy Coherence for Development (PCD) policy. PCD has its origins in the aid effectiveness agenda piloted by the Development Assistance Committee (DAC) and OECD in the early 1990s (Gammage, 2019). The PCD work was originally premised on the notion that aid will be more effectively distributed if donors adopt a common position on issues related to development (Gammage, 2019). In the EU, PCD has its legal basis in Article 208(1) of the Treaty on the Functioning of the European Union (TFEU). The stated 'primary objective' of development cooperation is poverty reduction and eradication, which can be found in the Treaty's Article 208(2). It provides the EU with measures that should adhere to internationally recognised commitments, such as the SDGs. The EU's focus on PCD is both a legal commitment and a policy goal (Adelle & Jordan, 2014; Carbone, 2008). The EU's development cooperation policies, with basis in Article 21 of the Treaty on European Union (TEU), are to be informed by the founding values of the EU and contribute to the EU's overarching goals (Bartels, 2016).

In the European Consensus on Development (European Commission, 2017), PCD is considered a key priority to achieve the SDGs (Dohlman, 2016), with emphasis on trade and finance (European Commission, 2019b). The Commission has expressed commitment to adopting a cross-sectoral approach to policy coherence 'to reflect the new dynamics of the SDGs and the requirements of the new Consensus on Development' (European Commission, 2019c). However, sustainability as an overarching goal requires a multi-directional approach to policy coherence. Strengthening a cross-sectoral and 'good enough' approach to PCD will enable the EU to reorient its agenda towards the realisation of pragmatic and attainable outcomes, an approach, which do not strive for perfect coherence (Vanheukelom et al., 2018). Both the OECD and the EU make use of 'synergies approaches' of policy coherence, using different mechanisms. The OECD adopted the concept of policy coherence for sustainable development (PCSD). This means acknowledging the integrative nature of the UN SDGs without prioritising a formal hierarchy (Vanheukelom et al., 2018). The EU acknowledges 'synergies' through its adoption of a 'whole of government' approach to SDG implementation (European Commission, 2019d). This is an approach with formal institutional mechanisms that develop and integrate policies to promote the SDGs alongside multi-stakeholder participatory processes (Cázarez-Grageda, 2019).[3]

According to the Commission, policy coherence 'seeks to minimise the negative impact of EU policies on developing countries, promoting synergies between policies and thereby increasing the effectiveness of development cooperation' (European Commission, 2019d). PCD is entrenched in a development agenda that has historically prioritised official development assistance and aid over coherence of its other policies. A broader starting point is needed in which careful thought is given to the purpose and objective of PCD, taking into consideration key aspects of policies, avoiding unfair or distortive practices. For example, when the EU offers protection to the 'sensitive' sectors of the developing country trading partner under a Free Trade Agreement, this should not automatically include requirements to liberalise tariffs. The preferential status of the EU allows cheaper EU products to enter vulnerable markets and place domestic producers in precarious positions (Gammage et al., 2020).

Hickel (2017, 2020) provides an interesting complementary perspective on how to understand sustainable development, which is relevant for analyses of policy coherence. Hickel's (2020) Sustainable Development Index measures nations' ecological efficiency in delivering human development and indicates that all countries are 'developing'. No countries achieve high scores for human development while at the same time remaining within ecological boundaries (Hickel, 2020). The divide between high-income and low-income countries ('developed' and 'developing') is based on the conception that development is working and that poverty can be eradicated through aid (Hickel, 2017). However, it is increasingly clear that poorer countries are less prosperous because of not only historical, but contemporary unequal terms for participating in the global economic system (Hickel, 2017). Market actors extract much more from countries designated officially as 'developing' than is transferred to those countries in form of aid (Hickel, 2017). The largest flows are unequal exchanges from trade, trade misinvoicing, and abusive transfer pricing (Hickel, 2017); activities that are all connected through complex webs of GVCs. This put trade and other investment-related dynamics such as company law and corporate governance at the heart of the development puzzle, and of this article. While trade is integrated and prioritised in the European Consensus on Development, and clearly acknowledged by OECD (OECD/WTO, 2019), the 'aid for trade' policies still attribute too much significance to aid rather than to the functioning and dynamics of the world economy.

To shift away from traditional overseas development assistance aid, the EU has relied on so-called 'blended' finance to support its development-related activities. 'Blending' in the 'aid for trade' context intersects with trade, investment and finance as it can promote a variety of projects, financed through public-private partnerships (Gammage et al., 2020). However, PCD is currently not bringing about the intended results: current approaches do not facilitate the EU's primary objective of poverty eradication, nor does it contribute to the broader objective of achieving sustainable development in 'least developed' countries (European Commission, 2018b). The aim of policy coherence for the transition to sustainability must be aligned and integrated within an understanding of how policies concerning business and finance affect inequality dynamics in the global economic system (Alvaredo et al., 2018). This includes European company law and corporate governance, financial market law and circular economy law. To facilitate such a broad and integrated analysis, we employ systems thinking, an approach that is particularly suitable for studying GVCs.

3 | THEORETICAL BACKGROUND

Systems thinking facilitates a better understanding of how to identify patterns and relationship between structure and behaviour (Meadows, 2008). This approach simplifies the identification of root causes of problems, contribute to increased understanding of changing structures and expand and facilitates the identification of new opportunities (Meadows, 2008). Systemic approaches such as systems models, based on systems thinking, can aide governments to predict outcomes of decisions and actions to avoid 'silo mentality' in policies and strategies (Banson et al., 2015).

In order to better understand how the policy fields of business, finance and circular economy are interlinked, and what is lacking in terms of policy coherence for the transition to sustainability, we draw on insights from a specific branch of systems thinking: social-ecological systems (SES) thinking. In SES thinking, humans and nature are studied as elements of an integrated whole (Berkes et al., 1998; Berkes et al., 2003; Folke et al., 2016; Ostrom, 2009). This theoretical entry point view humans as both being part of, as well as shaping the ecosystems that they depend on (e.g., Folke et al., 2016; Liu et al., 2007; Norström et al., 2017) and is often defined as 'integrated system(s) of ecosystems and human society with reciprocal feedbacks and interdependence' (Folke et al., 2010, p. 3). This entails appreciating that systems consist of many components that are interdependent and co-evolutionary (Berkes, 2017) and facilitates increased understanding of cross-scale dynamics in social practices and ecosystems (e.g., Berkes et al., 1998; Berkes et al., 2003; Carpenter et al., 2012).

In the context of increased need for sustainable business and finance, this means viewing social systems as nested within natural systems and it also means recognising that business activities and governance systems depend on nature (Folke et al., 2016; Gladwin et al., 1995; Orach, 2018; Roome, 2012; Starik & Rands, 1995;

Whiteman et al., 2004; Williams et al., 2017). SES thinking helps structure the analysis of policy coherence in EU policies from a holistic perspective, acknowledging the complex interrelations between business and finance, and the broader society and the ecosystems on which all market actors depend. It further provides an analytical basis for identifying significant barriers to the contribution of business and finance to sustainability. Systems thinking enables analyses to move beyond more narrow conceptualisations on policy coherence, PCD and PCSD, focusing on achieving the larger goal of sustainability. Moreover, SES thinking together with the approach of 'good enough coherence' (sensu Vanheukelom et al., 2018) allow for an overarching and integrated analysis of the three broad set of policy areas.

There are two distinct but related logics that act as barriers to seeing business and finance as interconnected elements of the SESs: shareholder primacy and financialisation.

Firstly, the dominance of the social norm of *shareholder primacy* has exacerbated and reinforced the abstraction of business from society and the environment (e.g., Polanyi & MacIver, 1944; Sjåfjell, 2020a). It has created a definition of corporate purpose as maximisation of returns to shareholders, informed by and strengthening a reductionist notion of what a company, a dominant form for organising business, is (Sjåfjell & Taylor, 2019). This may be contrasted to the general and multifaceted purpose of advancing social welfare (Aglietta & Rebérioux, 2005; Johnston, 2009; Sjåfjell, 2009). Shareholder primacy does not have a company law basis; rather it is a short form for a complex mix of perceived market signals and economic incentives, informed by path-dependent corporate governance assumptions and postulates from U.S.-based legal-economic theories (Bruner, 2013; Sjåfjell & Bruner, 2019; Smith, 1988; Sneirson, 2019). This is evidenced through a decade of multijurisdictional comparative company law analysis, which has demonstrated that company laws across jurisdictions give boards as the core decision-makers discretion to govern the companies in the way they see fit, and that this space is constrained by shareholder primacy (Ireland, 1999; Sjåfjell et al., 2015; Sjåfjell & Bruner, 2019; Stout, 2012, 2013). Shareholder primacy has so far in aggregate proven to be stronger than competing norms, where the OECD Guidelines for Multinational Enterprises (OECD, 1976) and the UN Guiding Principles for Business and Human Rights (United Nations, 2011) are significant examples. As such, this context constitutes 'clashing norms' in society (Sjåfjell & Taylor, 2019).

Secondly, when studying current EU business and financial market policy and new initiatives, it should be done in light of the EU's particular emphasis on finance after the financial crisis in 2007–2008 (Ahlström, 2019; Ahlström & Monciardini, 2021). This crisis prompted revision of a wide array of legislation in order to mitigate what was perceived as market mechanisms of short-term thinking. Processes of corporate *financialisation* (e.g., Aalbers, 2017; Epstein, 2005; Krippner, 2011; Sweezy, 1995) appear to have affected EU policy, creating a strong path dependency with finance at its centre. It is suggested that this path dependency is institutionalised to the extent that it limits the EU's ability to create sustainable legislation (Ahlström, 2019). Financialisation is here defined as 'the increasing dominance of financial actors, markets, practices, measurements and narratives at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households' (Aalbers, 2017, p. 962).

4 | METHODOLOGICAL APPROACH

This article employs a transdisciplinary methodology based on interactions between academics and EU policy officials (e.g., Jahn, 2008; Lang et al., 2012). The methodological choice is motivated by the acknowledged key role stakeholder participation has in developing research findings that are aligned with political and societal goals and that is being practically applicable (Gramberger et al., 2015). Collaboration and improved relationships between academics and public service policy officials are proven to be key for facilitating the uptake of research into policy (Cacari-Stone et al., 2014; Oliver et al., 2014). Transdisciplinary participation by EU policy officials have explanatory potential as this means that we in dialogue and through co-production of knowledge, can test research results with key informants. We understand this transdisciplinary process as 'a reflexive, integrative, method driven scientific principle aiming at the solution or transition of societal problems and concurrently of related scientific problems by differentiating and integrating knowledge from various scientific and societal bodies of knowledge' (Lang et al., 2012, p. 26–27).

We use research findings from a carefully crafted and organised workshop with EU policy officials in order to test and evaluate a selection of reform proposals developed during the SMART project. As laid out by Krütli et al. (2010, p. 866), it is possible to engage in different degrees of participatory approaches. They identify the different intensity levels of (a) 'information', (b) 'consultation', (c) 'collaboration' and (d) 'empowerment'. These degrees are distinguished according to the levels of involvement of the actors and the typology of the evaluation approach (Brandt et al., 2013). We grade the level of involvement of EU policy officials as a 'consultation' (Krütli et al., 2010), when drawing on the findings from the workshop. In doing this, we test the feasibility of the project's reform proposals for business, finance, and products (Cullen et al., 2020; Maitre-Ekern et al., 2020; Sjåfjell, Mähönen, et al., 2020).

It is important to reflect on the different roles that researchers can have in transdisciplinary research. These roles include acting as 'a facilitator', 'a self-reflective scientist', 'change agent', and 'knowledge broker' (Cockburn, 2018; Milkoreit et al., 2015; Sellberg, 2018; Wittmayer & Schäpke, 2014). We consider ourselves to have acted in combined roles of facilitators, self-reflective scientists, and knowledge brokers. This is reflected in our methodology where we combine empirical findings from a qualitative content analysis based on a workshop, with reform proposals from the SMART project on business and finance, and circular economy.

We actively participated in the transdisciplinary research process, and at the same time we reflected and analysed the findings from a broader policy perspective. This was enabled through the inclusion of autoethnographic accounts (Ellis et al., 2011) into our methodology. Autoethnography is a textual approach to collect research data, which means that it is possible to identify experiences, reflect on them, and represent them through evocation of interaction between the self and the research (see Holman Jones, 2007). When investigating these relationships, this method enables the fusing of personal narratives with sociocultural explorations (Holman Jones, 2007). The autoethnographic approach complements the transdisciplinary process with additional important reflections about the different researcher roles, which further facilitated reflexive and critical thinking about feasibility of policy interventions. This is in line with what is discussed by Witjes et al. (2021), who emphasise the importance of critically exploring researchers' roles when executing transdisciplinary research in order to navigate trade-offs when co-producing solutions for sustainability. They note that researcher roles are often not made explicit in the literature, which is a problem. If transdisciplinary research approaches are to further evolve, increased and renewed attention to reflexivity in this process is necessary (Witjes et al., 2021). The autoethnographic accounts also serve the purpose of avoiding deterministic thinking and enable for critical thinking regarding cultural and institutional differences between the academics and EU policy officials (see van der Arend, 2014).

4.1 | Research process

The workshop in Brussels brought together academics and EU policy officials to discuss interactions between the different policies of finance (sustainable finance and foreign direct investments), business (corporate governance related to GVCs) and products (the circular economy initiatives), and to the extent to which these either enable or constrain policy coherence in the transition to sustainability. The workshop participants from academia had backgrounds ranging from company law, accounting law, trade law, labour law, circular economy to sustainability science. The EU policy officials represented units from different Directorates-Generals and different Commission agencies with competencies ranging from development and cooperation, human rights and policy coherence to sustainable finance, circular economy and corporate governance. We hired a research assistant in order to ensure careful and exact minutes from all discussions and conclusions during the day.

The workshop consisted of four main sessions. In the first three, scholars from the SMART project presented research findings in regards the three policy areas *Corporate governance and development*, *Circular economy and development* and *EU Sustainable Finance Initiative and foreign direct investment*. In session 4 on *Policy coherence mapping and brainstorming* we discussed the three topics in conjunction. In each thematic session we presented (1) policy gaps, (2) ideas and (3) reform suggestions that had been previously identified in our research (Cullen et al., 2020; Maitre-Ekern et al., 2020; Sjåfjell, Mähönen, et al., 2020), so that we could receive feedback. For the last session, which was a key component in our data collection, we used the following conceptual background as basis for the discussion (see also Appendix S2):

> Policy coherence is about ensuring that non-development policies, including trade, business and finance, do not undermine the possibilities of achieving goals defined in the development policy, and where possible be designed to support achievement of the development policy goals. In the context of Agenda 2030, this means that policies should not undermine – and where possible support – the achievement of the SDGs.

We referred to the well-established SDGs, but in order to operationalise this understanding, we applied SES thinking, which guided the different thematic discussion points.

TABLE 1 Guiding questions for policy coherence mapping

1.	What policy goals and instruments within the three separate policy areas may affect the possibilities of achieving the Global SDGs—and which SDGs?
2.	Are there any inconsistencies between the goals and instruments of the three different policy areas with respect to achieving SDGs?
3.	What dilemmas and incoherencies are in the process of being addressed by the EU?
4.	In what way have they been addressed—and what policy/legislative adjustments and developments have been carried out?
5.	What legislative instruments and/or policy instruments are the most important ones for achieving sustainable development?
6.	What important issues have not been addressed?
7.	What adjustments should be carried out and how can this be done?
8.	Are there any cultural aspects/value judgements that are a problem for aligning certain important policies? Are there any discrepancies within the European Commission, among other EU institutions or Member States?

Note: See Appendix S2.
Abbreviations: EU, European Union; SDGs, sustainable development goals.

4.2 | Data collection and analysis

The method for the collection of data consisted of a qualitative content analysis with data from two sources: (1) Field notes taken during discussions at the workshop and (2) autoethnographic accounts from the principal researcher.

In the policy coherence mapping and brainstorming session, we applied the conceptualisation of policy coherence laid out in section 4.1 to discuss potential and experienced dilemmas and incoherencies between the three policy areas in focus (policy goals and instruments) and relevant SDGs. More specifically, the following questions were used to guide the discussion and the mapping exercise (Table 1).

The principal researcher used and analysed three varieties of field notes from the workshop. The principal researcher furthermore wrote

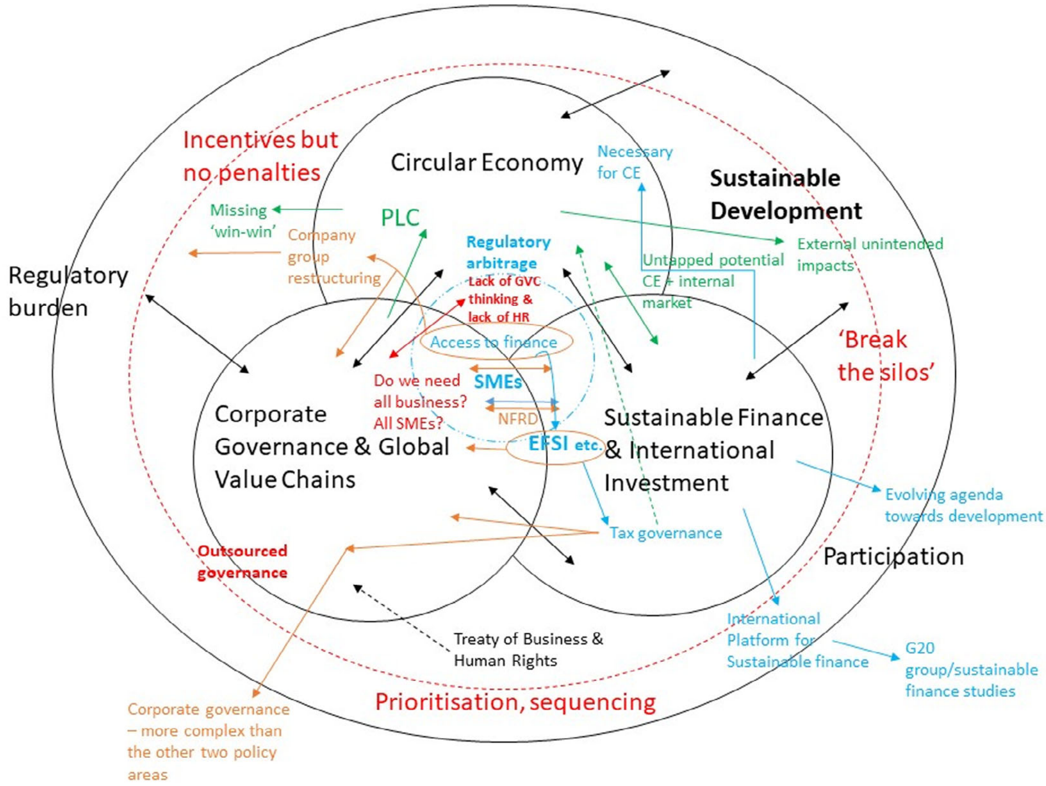

FIGURE 1 Systems map from workshop 17 September 2019. Significant, overlapping and incoherent aspects of these policy areas are marked in different colours. Green = Circular Economy & Development; blue = Sustainable Finance & International Investment; Orange = Corporate Governance & Global Value Chains; black = details; and red = important aspects. [Color figure can be viewed at wileyonlinelibrary.com]

a retroactive narrative ethnography about her experience prior to and during the workshops in order for us to fully understand what the discussions in the workshop entailed for our research. Such ethnographic accounts in the form of a narrative can capture rich details about the researcher's experiences, including interactions with other workshop participants (Ellis et al., 2011; Holman Jones, 2007).

The principal researcher analysed the data from the workshop based on a quasi-inductive approach (Jensen, 1998) drawing on the principles of grounded theory (Strauss & Corbin, 1998). This approach allowed us to develop broad 'pre-categories' before the sampling and coding processes begun, so that they could be used in the processes (see Brytting, 1990; Jensen, 1998). The rationale behind this choice is that it can facilitate an awareness of a number of dimensions of the phenomenon that is studied (see Perry & Jensen, 2001) – in this case EU business, finance and circular economy policy. The data analysis comprised of both formal (the coded field notes) and informal (ideas and intuitions) rudiments (Atkinson & Hammersley, 2007, p. 205). Data analysis was ongoing from the 'pre-fieldwork phase' prior to, and during the workshop. Formal data analysis consisted of three main processes, (1) construction of policy map, (2) coding and (3) validity checks. We let the coding categories emerge from the data, meaning that we marked off coherent stretches of the text by the topical focus expressed in them (Fielding, 1993). Specifically, the notes and minutes from the workshop were coded by developing abstract categories and thereafter typologies of significant findings (Fielding, 1993) so that we could compare the data with key concepts and phases from the theoretical background.

5 | FINDINGS FROM WORKSHOP

When analysing the policy areas from a SES perspective, we included also additional topics that were identified by the workshop participants and the research team as being common for or connecting the policy areas. The main findings from the discussion at the workshop are presented below in section 5.1.

5.1 | Policy coherence mapping of EU business and financial market law and policy

In this section, the findings from session 4 are interlinked with general findings from the discussion but also from the workshop as a whole. Figure 1 is mainly the result of the discussion and brainstorming in session 4 of the workshop. Considered in conjunction, we see that they contribute to a better understanding of how these policy areas are linked and which problems that are connected. In Figure 1, significant, overlapping and incoherent aspects of the policy areas are marked in different colours. Aspects related to circular economy and development are coloured green. Aspects related to sustainable finance and international investment are coloured blue. Aspects related to corporate governance and GVCs are coloured orange. Details are coloured black and important aspects are coloured red. Naturally, Figure 1 does not represent a complete list of all relevant aspects.

The most important aspects that can improve policy coherence are coloured red in Figure 1. The first aspect in our discussion was the criticism against the Commission for perpetuating 'silo thinking' across its institutions (see also Brown, 2016). The strong criticism has previously led (then) Commission President Juncker to set dismantling of silos as a top priority (European Commission, 2014, 2015b). Yet, in spite of Juncker's initiative, the tendency to compartmentalise—with each Directorate-General of the European Commission and each sector discussing their own traditional issues—has not been overcome. For example, until very recently, this has contributed to company law being totally ignored in sustainability debates (see European Commission, 2022b).

A SES approach to analysing EU business and finance policy, requires and enables an analysis that 'break the silos', coloured red in Figure 1 (see middle, right hand side of Figure 1). A SES approach requires an appreciation of complex relationships and connections between the parts of a system, in this case different actors who play an important role in the regulatory process. It entails simultaneously shifting the focus beyond these different parts; a focus on the function of the whole (Ackoff, 1999; Meadows, 2008). This seemingly theoretical argumentation was operationalised at the start of the workshop, which supported group dynamics and facilitated discussion.

Breaking the silos is necessary to achieve policy coherence; to ensure that all Directorates-General of the Commission, including all relevant services and affiliated agencies, are knowledgeable about and aligned towards the main goals. This would enable joint efforts between these entities where they together can work out their different roles in improving their respective policies internally and externally. While there exist certain staff documents, strategies and communications on the matter, notably the New European Consensus on Development (European Commission, 2017), from the discussions, it was clear that the three policy areas are not systemically organised.

5.1.1 | The interconnectivity of GVCs

In session 4, we discussed the role of GVCs in relation to the other policy areas; a theme coloured orange in Figure 1. A major theme is denoted 'lack of GVC thinking' (and 'lack of HR [human rights]'), placed at the centre of Figure 1, and coloured red. EU-based corporations are involved in GVCs with activities that are based on exploitation of people, destruction of the environment and undermining of the economic bases for well-functioning societies, with economic development implications. Through GVCs, wealth is displaced from the production country to European home states (Sjåfjell et al., 2019). In Figure 1, a red arrow is placed between the corporate governance and GVC policy point to the circular economy policy area. The arrow goes in both directions and is connected to the roles of small and medium-sized enterprises (SMEs). SMEs are not only the dominant form of business in the EU, but are often part of GVCs that are intertwined with large multinational corporations that have the power to impact the direction of multiple businesses. This entails firstly, that an ideal situation could be that such corporations 'take the lead' in sustainable, circular business activities and require the same of their suppliers and sub-suppliers. This is what in the literature is called a lead firm (Marullo, 2019) or a keystone actor (Österblom et al., 2017). During the workshop discussion we developed the theoretical questions 'do we need all businesses?' 'All SMEs?'. If a 'lead company' (sensu Marullo, 2019) should take full responsibility of its GVC, we cannot assume that all suppliers, and sub-suppliers will meet the requirements that will be imposed on them. Secondly, therefore, in the SMART project, we include SMEs in our proposals for reform, in contrast to the approaches that the Commission have presented so far, where, for example, the sustainability reporting rules in the EU set a threshold making them applicable only for the largest companies to start with (see European Commission, 2021c).

At the core of GVC thinking is the responsibility for negative impacts of business activities. Through GVCs, corporations can export responsibility from their country of origin to the host country of production, which tends to result in corporations seeing themselves as not responsible for pollution or social rights violations occurring in countries further down the GVCs with lower standards or enforcement. Thirdly, we discussed the problem with prioritisation/sequencing, i.e., the politics of implementation, noted in at the bottom part of Figure 1. This is specifically marked in Figure 1 as it has such a distinctive impact on the rest of the factors.

Finally, from the red category in Figure 1, we also identify the structural policy approach of implementing incentive systems without sanctions (see 'incentives but no penalties', upper left-hand side of Figure 1). For several decades, the question has been raised as to why corporations are not obligated to take responsibility where their business operations have a negative impact (Post, 2012). This aspect is closely connected to how the economy is designed and therefore also to aspects of prioritisation/sequencing. The priority of creating economic growth in the EU is well established (e.g., European Commission, 2014). In the context of this article, we focus specifically on the concept of financialisation 'as a regime of accumulation' and (…) on the rise of what we denote shareholder primacy, with financialisation facilitating the rise of shareholder primacy (see Aalbers, 2017, p. 961). Financialisation also prevents financial stability, while the focus on reinforcing financial growth, notably through seeking to maximise shareholder returns, also removes focus from investment in the real economy (Sjåfjell et al., 2015). These aspects where also part of the discussion.

5.1.2 | The international aspects of EU finance

During the workshop, we discussed the lack of systemic integration of sustainability aspects in financial market regulation, that is, those often denoted as environmental, social and governance (ESG) factors (see Sjåfjell et al., 2018). Initially, in 2018, the lack of integration of social sustainability aspects was a key deficit in the sustainable finance action plan (Cullen et al., 2020).[4] At the time of the workshop, this was still a major concern, which multiple participants of the workshop voiced during our discussion. Moreover, we noted that a proper analysis of the social aspects of sustainable finance should be analysed in the context the prolongation of the Social Pillar of the EU during the new political cycle under the leadership of Commission President Ursula van der Leyen (European Commission, 2019e, 2019f) and its 'Just Transition Mechanism' (European Commission, 2020e). As such, it seems that on the one hand the EU wants to increase its focus on social issues, while on the other hand it still does not embrace it fully. This may be due to anticipated resistance from Member States, a suggestion that was voiced during the discussions.

In session 3 on *EU Sustainable Finance Initiative and foreign direct investment*, we also briefly discussed the connection between the two policy areas, and how they intersect with international trade. The aspects of particularly interest are coloured blue in Figure 1. We conclude that a lack of focus on international investments in the sustainable finance agenda is, in part, due to the agenda being developed using a 'Euro-centric' approach. The agenda emerged as an antidote to the problems of financialisation in the aftermaths of the financial crisis (Ahlström & Monciardini, 2021; Esposito et al., 2019), which had an impact on the EU legislative processes. When developing the agenda, the main focus was on European investors and functioning aspects of European financial markets. This can partly explain why international investments such as foreign direct investments are not included. However, what has also become clear is that the agenda does encompass a competitiveness strategy where Europe is competing with China on developing green financial instruments, although we were not able to identify how or to what extent development considerations have been part of this decision. This in itself is a clear indication of the problem of the silo thinking in the Commission. Finance and investment are part of closely related economic activities across the globe. Yet, capital flows are viewed differently in capital markets in comparison to in the real economy, with impacts on the policy that is being discussed. When addressing these policy areas from a systems perspective, this becomes evident.

In addition, when reviewing the priorities of the EU's international investment policy (see European Commission, 2019b; World Bank, 2019), it appears to be exclusively an international policy work stream. The role of investment decisions for, and integration with, financial markets in different regions of the world is not fully considered. While sustainable development is included among the objective of EU investment policy (European Commission, 2019b), most of the emphasis is on inclusion of sustainable development in EU trade agreements.[5] In addition, the potential for interlinkages with sustainable finance policies do not seem to be included. This means that the policy barrier is strong on both the finance policy side and the investment policy side. However, the Commission has with its new Strategy for Financing the Transition to a Sustainable Economy enabled policies that reflect the principle of policy coherence at least in some aspects, with greater attention being paid to improving the link between European financial market policy and international economic policy (European Commission, 2021a).

5.1.3 | Mitigating the unintended impacts of EU circular economy policies

From our analysis, we identified that the circular economy policies are most 'aligned' with a policy coherence perspective. Not only do multiple Directorates General of the European Commission have joint circular economy missions in the European Economic Area, they also developed circular economy missions with Commission delegations to countries in what is denoted as 'the Global South'. As indicated in green in Figure 1 (see middle, upper right-hand side of Figure 1), there seems to be untapped potential with regard to the development of circular economy policies for the purposes of the internal market, where there is room for creating more harmonised rules for products that can be manufactured from recycled materials (see also Ahlström, 2019). The development of more standards for secondary raw materials will be important for this process. However, in the context of policy coherence, the relevance of this process goes beyond the functioning of the internal market. European businesses' GVCs and their impact on other countries should form an integral part of circular economy policies. One of the most promising policy areas are those promoting longer product life cycles (see Dalhammar, 2019) this was also indicated by the workshop participants as PLC [product life cycle].

The circular economy concept is most often used to explain the combined benefits of reduce, reuse and recycle activities (Kirchherr et al., 2017). Here, several issues are highlighted; first, it is important that we enable policy developments that go beyond energy efficiency requirements. Today eco-design is mainly developed for energy related products. There is a need to expand the scope to other kinds of products (Maitre-Ekern, 2019). If extending producers' responsibility for the entire life cycle of products in general (i.e., across product groups), this would encourage the manufacturing of durable products and stimulate rental and maintenance services sectors (Perez, 2016). In addition, the 'consumer rights doctrine' is slowly changing, which means that there is an emerging acknowledgement of the need to limit consumer choice, in favour of aspects of reparability.[6] Yet, the circular economy challenge is larger than all this. While the notion of products has been emphasised in the context of this article due to the scope of the SMART project, we maintain that 'a circular economy is about the economy' (see Webster, 2021), meaning that a proper approach to circularity goes much beyond the focus on products. The approach used here, to study business, finance and circular economy policy jointly, using a SES approach, is in line with the approach by Webster (2021, p. 115) who emphasises the interconnectivity of three elements with importance for circular economy: the importance of design, the intimate relationship between the materials systems and finance systems and the need to apply 'framework thinking', viewing circular economy as a nested living system.

In the discussions it was noted that the problem is overconsumption in Europe, based on production in countries outside of Europe and with increased waste flows exported to those countries the EU denotes as 'developing' (see also Taylor & van der Velden, 2019).

5.2 | Intermediate conclusions

In summary, our intermediate conclusions are that (a) there is a need to continue working to break down silos in relevant services and affiliated agencies, and consequently towards policy coherence. It is necessary to (b) promote GVC thinking across policy areas, in order to facilitate the emergence of strong sustainability-oriented lead companies (sensu Marullo, 2019), with capacity to impact sectoral changes. The circular economy policies should be further updated and designed through GVC thinking so that they can influence other countries. In addition, (c) dynamics between the EU and the Member States cannot be overlooked; the 'Euro-centric' approach of distinguishing between finance and investment, as well as the anticipated resistance by the Commission to regulating social policies of Member States, are both examples of this. Finally, (d) the implications of priorities of the EU needs to be further addressed as the dynamics in the European economy, interacting and interconnected with the world economy. We elaborate on these conclusions in section 6.

6 | DISCUSSION: POLICY TENDENCIES AND REFORM PROPOSALS

Analysing the findings of the workshop together with key findings from the SMART project, allow us to elaborate on certain factors that together seem to affect progress in the EU's transition to sustainability. In this section, we analyse these findings together in order to present proposals for how to reform EU finance and investment policies, corporate governance policies, and circular economy policies.

We maintain that the EU's policy priorities have been inherently skewed towards facilitating further financialisation of the EU economy, in which the reductionist approach to corporate purpose of maximisation of returns for shareholders constitutes a main barrier to corporate law reform. There has been some change under the leadership of the European Commission 2019–2024, with its aim of implementing a European Green Deal; seeking to refocus the coordination of economic policies across the EU to integrate the SDGs (European Commission, 2020e). Yet, under the COVID-19 crisis, the EU's Roadmap for Recovery (European Commission, 2020f) seem to indicate that priorities have changed. While the Roadmap repeats the references to the 'green transition' and 'digital transformation' as well as circular economy, the EU recovery packages have been criticised for being unambitious and a missed opportunity (EEB, 2021; Sjåfjell, Häyhä, & Cornell, 2020). The European Green Deal and Shaping Europe's Digital Future underline the need to keep the high ambition level in European investments and budgets, for example, through the recent broadening the EU taxonomy and making it a common framework for all EEA use of funds. The danger is, though, as with many sustainability policy initiatives, that the global as well as the European response to the COVID-19 crisis resort to business-as-usual approaches.

The conspicuous dominance of the phenomenon of financialisation and the shareholder primacy norm informs not only corporate mission and purpose (see Sjåfjell & Taylor, 2019), but appears to limit EU's ability to create truly sustainability-oriented legislation (Bruner, 2013; Bruner & Sjåfjell, 2019). These norms represent underlying mechanisms behind the structured silos between EU investment policy and sustainable finance policy, which function to create further divergence between European affairs and the EU as a global market actor. Generally, EU laws and policies still tend to reflect compartmentalisation and silo-thinking, rather than an evidence-based approach to policy coherence (Sjåfjell & Mähönen, 2022).

If we are to achieve overarching sustainability goals, policy coherence for sustainability should be the guideline for further EU intervention (Sjåfjell & Mähönen, 2022). Analysing the impacts of the current prioritisation of financialisation, maximisation of returns for shareholders and privileging of economic growth, requires an integrated social and ecological perspective. We present how a SES approach can be used to design reform to achieve this goal in section 6.1.

6.1 | A SES approach to reform EU policy

The workshop findings reinforced previous findings from the SMART project: legislative reform is necessary. The direction of the reforms proposed by the interdisciplinary group of scholars in the areas of finance, business and circular economy was also confirmed (Cullen et al., 2020; Maitre-Ekern et al., 2020; Sjåfjell, Mähönen, et al., 2020). The holistic SES approach enabled us to understand the implications of the financialised and reductionist system of EU business and finance. We suggest that policies concerning corporate governance and GVCs, should be designed to function within a sustainable circular economy (Sjåfjell, Häyhä, & Cornell, 2020). Accordingly, within this new structure, a sustainable circular economy is enabled, where business with clear governance structures contributes to sustainability. Together this should form the framework for structuring the financial sector. Finally, we envisage the function of finance contributing to, rather than undermining, sustainable business as elements of a sustainable circular economy. This should thereby inform choices regarding how to structure investments in vulnerable countries, without jeopardising the achievement of social justice and the protection of the environment, on which we all depend. The importance of aligning these policies with sustainability goals cannot be overstated (Sjåfjell, 2011; Sjåfjell & Taylor, 2019).

Transforming production and consumption is a significant aspect of enabling a sustainable economy, which means that both supply and demand require policy intervention for products sold in EU. Supply of 'sustainable' products requires finding the right mix of policies and regulation that ensures that production processes integrate fully the overarching aim of securing social foundations for humanity while working to mitigate pressures on planetary boundaries. This should also be integrated into public consumers' decision-making and influence private consumption (Sjåfjell et al., 2019). The SMART project reform proposals aim to broaden and strengthen the EU's circular economy initiative. Among a range of proposals, the SMART project reform agenda proposed a new framework directive for products that integrates the existing rules to ensure the sustainability of all products produced within, and brought to market in, the EU (while ensuring compliance with the Word Trade Organization rules; Maitre-Ekern et al., 2020). To develop the concept of a 'sustainable' circular economy, Maitre-Ekern and Dalhammar (2019), suggest the creation of a hierarchy of resource use. This would extend eco-design and labelling requirements to include 'durability, reparability, reusability and recoverability, and also to cover more product types (e.g., textiles[7]); monitoring and constraining product-service systems to ensure their sustainability' (Maitre-Ekern et al., 2020, p. 19). Rather than concentrating only on extended producer responsibility, Maitre-Ekern (2021) suggests to include a pre-market producer responsibility, limiting market access to durable, reparable and reusable products.

Further, reforming EU business law is urgent and crucial. Corporate governance is a key area in which to intervene to ensure sustainability-oriented governance of GVCs. A SES thinking approach enables a deeper look at the role of GVCs for policy coherence. In the context of the recently adopted proposal for a Corporate Sustainability Due Diligence Directive (European Commission, 2022c), core elements of board duties are included and proposed rules for both public and private enforcement show that the Commission is responding to the call, which increasingly is coming also from business as well as from academia, for mandatory rules (Sjåfjell & Mähönen, 2022). This is also in line with what the IGLP Law and Global Production Working Group argue; 'under the conditions of contemporary capitalism, [such an approach] should take us some distance towards a richer theoretical and empirical understanding of the global economy *tout court*' (IGLP Law and Global Production Working Group, 2016). Thus, the creation, recognition and distribution of value in GVCs together with the mechanisms that coordinate and control GVCs, are subjects for legislators across jurisdictions. '(S)implifying law out of the GVC story leaves many of the core explanatory aspirations of the traditional GVC analytic unmet' (IGLP Law and Global Production Working Group, 2016, p. 78). While the role of GVCs does not necessarily need to be analysed using an SES approach, integrating SES thinking into analysis of the role of GVCs for policy coherence has great explanatory potential. A GVC approach may enable for mitigating problems with fragmentation across corporate groups, network and global value chains, and to allocate responsibility to parent or lead companies (Sjåfjell et al., 2019).

In the area of company law and corporate governance, we proposed to redefine the purpose of the company (or more broadly: the undertaking) to be that of *creating sustainable value within planetary boundaries* (Sjåfjell, 2020b). We would now reformulate it to say 'creating sustainable value while mitigating pressures on planetary boundaries'. This reflects how we define sustainability in Section 1. To ensure that this is followed up properly, we also propose that the duties of the board as core decision-makers are redefined. We propose aligning these requirements with accounting reforms that can facilitate relevant and reliable reporting. Boards should be required to ensure that a stringent and regular sustainability assessment is undertaken, including sustainability due diligence across GVCs, and with open and participatory processes. This would give a basis for a better identification of sustainability impacts that require mitigation, and form the basis for an ambitious continued improvement process. In the SMART project reform report on business, it is proposed that this regular assessment should be assured by external experts, with reporting on the continuous improvement process made annually and subject to full audit (Sjåfjell, Mähönen, et al., 2020). The need for this reform is especially clear considering the board's core role in corporate governance, including its role in managing risks of unsustainability (Crona et al., 2021; Keys et al., 2019; Sjåfjell, 2020c). This reform proposal can facilitate the transition of business towards sustainable business models and although it is more ambitious, it resonates with Action 10 of the Sustainable Finance Initiative, and the proposal for the Corporate Sustainability Due Diligence Directive (European Commission, 2022c; see also Sjåfjell & Mähönen, 2022).

In the workshop, we discussed the absence of international investment consideration in financial market regulation (see European Commission, 2018a) and the failure to recognise the interconnections between different aspect of the EU's external relations, as key weaknesses in the Sustainable Finance Initiative (European Commission, 2018a). However, there are other EU initiatives that may contribute to enabling sustainable international investment. Some examples are the developments with the European Investment Bank's new climate strategy and Energy Lending Policy (European Investment Bank, 2019) and the lending rules of European Bank of Reconstruction and Development (see Tysiachniouk & Henry, 2019). Nevertheless, less silo thinking and more 'joined-up' thinking is needed. In terms of the lack of systemic integration of sustainability factors, at the time of the workshop we noted the need to elaborate the 'taxonomy' to fully integrate more than the limited focus on climate and the selected environmental issues (see European Commission, 2018a, 2021a). In the workshop, we discussed the importance of incorporating 'minimal social safeguards' as screening criteria. This means incorporating the ILO's eight fundamental Conventions as well as decent work objectives as set out in SDG 8, health and safety requirements in SDG 3 and social dialogue from SDG 16 (Sjåfjell et al., 2019). While the result still remains to be seen, on 28 February 2022 the Platform on Sustainable Finance released a Final Report on the EU Social Taxonomy (Platform on Sustainable Finance, 2022).[8]

6.2 | Feasibility of proposals

A question, to which the answer can ultimately only be found in the future, is the feasibility of our reform proposals. Based on our analysis, we do find grounds to say that there is support for reforms. The interactive discussion at the workshop gives some hope that a shift in thinking is starting to take place. Indeed, one of the takeaways from the workshop is surprisingly strong support for reform proposals that are enforceable. This support seems to be growing. In a recent Commission report, it was underlined the need for mandatory due diligence requirements and over 70% of surveyed businesses were in favour (European Commission, 2020g). In spite of an initial strong resistance to the inception of the Sustainable Corporate Governance Initiative, the public consultation showed relatively strong support for change (EY, 2021). The resulting 2022 proposal for the Corporate Sustainability Due Diligence Directive and the 2021 proposal for the Corporate Sustainability Reporting Directive, indicate that the Commission is moving in a more sustainability oriented direction.

On the other hand, we realise that there are challenges to the attainment of our proposals. Firstly, engaging policy-makers and market actors in sustainability-related discussions can be difficult. While the workshop left us with a positive impression, we have found that it is typically the sustainability-oriented policymakers who participate in dialogues with sustainability oriented researchers. Secondly, there is undoubtedly a mobilisation of resistance from politicians and market actors with vested interests, who still may tend to prefer 'business as usual', as we saw in the initial response when the Commission launched its Sustainable Corporate Governance Initiative (European Commission, 2020d).

A further challenge may lie in the tendency of policy sequencing. We see this expressed in the Sustainable Finance Initiative, wishing to start with, notably, climate change, and then expand to other sustainability aspects. Similarly, under pressure from those concerned primarily with human rights, it may be perceived as sensible to put into place mandatory human rights due diligence first, and then expand thereafter. Albeit this is a pragmatic approach, there is, from our perspective, no time to proceed in this manner. The reform proposals accordingly integrate a systemic, comprehensive approach to sustainability. We believe that this is necessary and that it is in the long run better and easier for market actors to implement such reforms, rather than to be subject to a continued piece-meal approach to legislating for sustainability. As an example, we can consider our key reform proposals for business; integrating sustainability properly into the duties of the board, and requiring a stringent sustainability assessment and sustainability due diligence. This will give businesses a comprehensive overview of their sustainability risks, a better basis for implementing this throughout their business structures, including in their risk management systems, and a relevant and reliable basis for their sustainability reporting (Sjåfjell, Mähönen, et al., 2020). This diverges from what businesses have been subject to so far—increasing and haphazard requirements and expectations for sustainability reporting, without any clear link to the core duties of the board, and without a level playing field among businesses or legal certainty for corporate decision-makers. The proposed directives on Corporate Sustainability Due Diligence and Corporate Sustainability Reporting need to be improved and strengthened and fully engage with a research-based concept of sustainability. Although a major step forward compared to status quo, there is more work to be done to ensure that the result will be fully integrated into the governance of business—including, of course, their GVCs. Anything else will just be adding to the rather chaotic patchwork of legislation, which also may undermine business' willingness to support new legislation.

7 | CONCLUSIONS

We have in this article stepped out of the comfort zone within which academics are accustomed to staying, thereby shedding light on some of the dilemmas and tensions that can arise when researchers engage with policy in transdisciplinary research contexts.

If the EU is to achieve policy coherence for the transition to sustainability, this requires not only a broad set of legislative and policy reforms, but also a radically different way of thinking. SES thinking can facilitate breaking down silos between EU policies, services and affiliated agencies. We suggest to apply GVC thinking across policy areas, including those on circular economy, in order to facilitate the emergence of strong sustainability-oriented lead companies, with capacity to impact whole sectors. The 'Euro-centric' approach of distinguishing between finance and investment policy has had implications for priorities and the EU needs to further address these dynamics. The European economy both interacts with and is interconnected with the world economy.

Based on the findings set out in this article and those of the broader SMART project, we anticipate resistance to change, while we also see grounds for hope. Our interactive discussion in the context of the workshop indicates that a sustainability-oriented shift in thinking is already emerging. Indeed, one of the takeaways from the workshop is surprisingly strong support for enforceable reforms. Policy-makers and business actors alike are beginning to realise that comprehensive reform is necessary to achieve a level playing field for European business in the transition to sustainability. The reforms that are proposed are about harmonising and standardising the expectations business increasingly are meeting, providing a level playing field and legal certainty for all involved.

ACKNOWLEDGMENTS

The authors are grateful to the SMART team for inspiring discussions, and especially to Clair Gammage and Jukka Mähönen for insightful comments to an early draft of this article. The authors thank Tonia Noviz, Clair Gammage, Mark Taylor, Eléonore Maitre-Ekern, Jaakko Salminen and Svein Erik Stave for presenting their research and participating in the discussions at the workshop 'EU policy coherence for sustainable business and finance' in September 2019, Brussels. The authors would also like to thank the other participants who devoted their time to this study and provided valuable information during the same workshop. The authors are grateful to Sarah Cornell and our research assistants Tonje Platou and Håvard Kristiansen for invaluable help. The work with this article was supported by European Union's Horizon 2020 Research and Innovation Programme [Grant Agreement No. 693642], which funded the project SMART (Sustainable Market Actors for Responsible Trade). The input by Hanna Ahlström was made possible by funding from the Erling-Persson Family Foundation through Global Economic Dynamics and the Biosphere at the Royal Swedish Academy of Sciences.

CONFLICT OF INTEREST

The authors whose names are listed immediately above certify that they have NO affiliations with or involvement in any organisation or entity with any financial interest (such as honoraria; educational grants; participation in speakers' bureaus; membership, employment, consultancies, stock ownership, or other equity interest; and expert testimony or patent- licencing arrangements), or non-financial interest (such as personal or professional relationships, affiliations, knowledge or beliefs) in the subject matter or materials discussed in this manuscript.

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ENDNOTES

[1] This means that recent developments in relevant policy areas are mentioned and referenced, but not extensively analysed. For example, at the time of the data collection, there had been policy developments in corporate governance and due diligence (see European Commission, 2019a), but the proposed directive was only launched in 2022 (European Commission, 2022b, 2022c).

[2] The four-year SMART Project was concluded in early 2020. For more information about the project, see www.smart.uio.no.

[3] From an EU perspective, there is a conceptual distinction between PCD and PCSD with normative and practical inference.

[4] See section 6.1, below on the Sustainable Finance Platform's report on a social taxonomy.

[5] Follow the hyperlink from ‘sustainable development’ under the heading Objectives of the EU investment policy (European Commission, 2019b).

[6] See the work by Maitre-Ekern (2019) on sufficiency versus efficiency.

[7] The EU has proposed a new EcoDesign Regulation as part of its Sustainable Product Policy that also includes textiles: https://environment.ec.europa.eu/publications/textiles-strategy_en

[8] See Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088.

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SUPPORTING INFORMATION

Additional supporting information can be found online in the Supporting Information section at the end of this article.

How to cite this article: Ahlström, H., & Sjåfjell, B. (2022). Why policy coherence in the European Union matters for global sustainability. *Environmental Policy and Governance*, 1–16. https://doi.org/10.1002/eet.2029