

Sustainable Finance Research Initiative (SFRI): Founding Principles (2012)

*Lerong Lu**

Introduction

In 2012, the Sustainable Finance Research Initiative (SFRI) was established as a pioneering interdisciplinary collaboration between law, business, finance, and environmental researchers in the UK and internationally. Recognising the transformative force of finance in addressing global sustainability challenges, the SFRI seeks to bring together expertise from these fields to explore the integration of environmental, social, and governance (ESG) considerations into financial systems.¹ The initiative was founded on the understanding that sustainable finance is not merely a financial challenge but a multidimensional issue requiring insights from law, economics, environmental science, and the social sciences. By fostering interdisciplinary research and collaboration, the SFRI sought to lay the groundwork for a more sustainable, equitable, and resilient financial future. SFRI mainly offers guidance for postgraduate and PhD students, university academics, and other researchers.

Background of Founding SFRI

The establishment of the SFRI reflected the growing awareness of the limitations of traditional financial models and their regulatory approaches. The financial crisis of 2007-08 exposed systemic vulnerabilities and underscored the need for frameworks that prioritise long-term stability and responsibility. Simultaneously, the escalating impacts of climate change and social inequality highlighted the urgency of aligning financial systems with broader societal and environmental goals. Against this background, the SFRI was founded to provide a structured approach to this emerging field of academic research in sustainable finance. By leveraging the expertise of legal researchers, business academics, and environmental scholars, the initiative sought to generate knowledge that would inform policy-making and practice in sustainable finance.

Guiding Principles for SFRI

From its inception, the SFRI was guided by a set of principles designed to ensure its work would be rigorous, inclusive, and impactful:

1. A central principle was interdisciplinary collaboration, reflecting the initiative's founding vision. Sustainable finance, by its nature, intersects with a broad spectrum of disciplines. The initiative actively sought to integrate diverse perspectives, enabling it to address complex challenges with innovative and holistic solutions.
2. The SFRI embraced an international perspective, recognising the global dimensions of sustainable finance. The initiative's research agenda aligned with international frameworks

* Lerong Lu, LLM Candidate, School of Law, University of Leeds, UK. The document was drafted in November 2012.

¹ Gillan, S., Hartzell, J. C., Koch, A., & Starks, L. T. (2010). Firms' environmental, social and governance (ESG) choices, performance and managerial motivation.

such as the United Nations Principles for Responsible Investment (UNPRI), the emerging Sustainable Development Goals (SDGs), and the global discourse on climate resilience.² Its work engaged with both developed and developing economies, reflecting the shared yet differentiated responsibilities of nations in advancing sustainability at different stages of economic development.

3. Neutrality and independence play a vital role in the initiative's mission. The SFRI committed itself to producing research free from external influence, adhering to the highest standards of academic integrity and transparency. This ensured the credibility and impact of its findings in a field often shaped by competing interests.
4. Moreover, a key pillar of the SFRI's approach was public-private collaboration.³ Recognising that no single sector could achieve the transition to sustainable finance alone, the initiative actively engaged with both public institutions, such as governments and international organisations, and private entities, including banks, financial institutions, and corporations. This collaborative approach enabled the SFRI to bridge the gap between policy and practice, mobilising capital towards sustainable goals.
5. The initiative maintained a focus on practical application. While advancing theoretical understanding was central to its mission, the SFRI prioritised research with tangible benefits for policymakers, industry leaders, and practitioners. This was evident in its work on integrating ESG considerations into financial systems, developing sustainable investment strategies, and managing climate-related risks.
6. Innovation in sustainable finance was a cornerstone of the SFRI's agenda. The initiative sought to explore emerging trends and instruments, including green bonds, climate risk integration, and new regulatory frameworks in countries across Asia, Africa, Europe, and the Americas. Its work aimed to anticipate and respond to the evolving landscape of sustainable finance, ensuring its relevance and contribution to the field.
7. Finally, the SFRI prioritised equity and inclusion. Sustainable finance must address not only environmental objectives but also social imperatives, such as poverty alleviation, economic fairness, and community resilience. The initiative's research placed particular emphasis on the needs of marginalised and underserved communities, ensuring that the benefits of sustainable finance extended to all.

Conclusion

The Sustainable Finance Research Initiative represented a bold step towards addressing the complexities of sustainable finance. Guided by principles of interdisciplinary collaboration, international engagement, and practical application, the SFRI sought to create a foundation of knowledge that would shape the future of finance in the 21st century. This document, written at the time of its founding, serves as a testament to the vision and tasks of the SFRI. As sustainable

² UNPRI, "What are the Principles for Responsible Investment?", <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>, accessed 24 November 2012.

³ Donahue, J. D., & Zeckhauser, R. J. (2008). Public-Private Collaboration.

finance continues to evolve, the initiative's mission remains a vital contribution to building a financial system that supports sustainable development, equitable growth, and climate resilience.