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# Is Sustainable Finance a Dangerous Placebo?\*

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## Abstract

A first-order concern regarding sustainable finance is that it may crowd out individual support for more effective, policy-driven approaches to address societal challenges. We test the validity of this concern in a pre-registered experiment in the context of a real referendum on a climate law with a representative sample of the Swiss population (N=2,051). We find that the opportunity to invest in a climate-conscious fund does not erode individuals' support for climate regulation. While sustainable finance resembles a placebo in the sense that participants seem to overestimate its impact, it is not a dangerous placebo that crowds out political engagement.

**JEL Classification:** D14, H42, G18, P16

**Keywords:** Behavioral Finance, Climate Change, ESG, Externalities, Sustainable Finance, Political Economy, Voting Behavior

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# 1 Introduction

In recent years, policymakers and citizens have increased their pressure on the financial industry to actively contribute to addressing critical societal challenges, such as climate change. Nowadays, many investors expect their money to be managed in a way that promotes positive environmental and social change (e.g., Haber et al., 2022; Giglio et al., 2023).

Given these expectations, there is a growing interest in understanding the *real* impact of the “sustainable finance” phenomenon. The recent literature has focused on whether people like sustainable investment products (e.g., Hartzmark and Sussman, 2019; Heeb et al., 2023), when sustainable finance can be welfare enhancing (e.g., Hart and Zingales, 2017), or whether it can effectively influence firm behavior (e.g., Berk and van Binsbergen, 2021; Broccardo et al., 2022; Edmans et al., 2022; Heath et al., 2023).

A so-far overlooked aspect is the spillover effect of sustainable finance on the likelihood of advancing formal sustainability-related regulation: Is sustainable finance a “dangerous placebo”, i.e., a red herring drawing off energy and attention from more effective solutions, as some of its critics argue? Or is it a way to partially compensate for inefficiently lax regulation, not crowding-out, and possibly crowding-in, traditional political efforts? Understanding whether sustainable finance substitutes or complements sustainability-related political engagement is of first-order importance to understanding its impact on society.<sup>1</sup>

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<sup>1</sup>In recent years, the interpretation of sustainable finance as a dangerous placebo has been brought to the spotlight of the public attention by Tariq Fancy – a former chief sustainable investing officer at BlackRock (e.g., Fancy, 2021). Edmans (2021) provides some early critical assessment of this claim.

Prior research in behavioral economics makes no clear prediction on the spill-over effects of sustainable investing. On the one hand, we may encounter moral licensing, meaning that the prosocial act of investing sustainably liberates investors from behaving less pro-social later. For example, List and Momeni (2021) shows that employees cheat more when their employer engages in CSR. On the other hand, there may be moral consistency. Gneezy et al. (2012) shows that individuals behave more pro-socially after making a charitable donation. Hence, which type of behavior emerges in the sequence of sustainable investment and political decisions is an empirical question.

This paper provides causal evidence leveraging a popular vote on a climate law in Switzerland held on June 18, 2023.<sup>2</sup> In a pre-registered experiment with a representative sample of the Swiss population, we explore how the option to invest in a climate-conscious fund affects participants' support for governmental regulation on climate change. The Swiss democratic system is ideal for our experimental strategy. Whereas in most countries, voters can only indirectly decide on specific regulations, the Swiss electorate can directly vote on single-issue public referenda. We measure political engagement on sustainability issues in terms of donations to the campaigns for or against the approval of the climate law.

We recruited a sample of 2,051 respondents representative of the Swiss population. The survey was conducted in May 2023, during the main campaigning phase, and finished before

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<sup>2</sup>The legislation at stake in the 2023 Swiss climate referendum aimed to accelerate the country's transition to renewable energies and achieve climate neutrality by 2050. See, e.g., SWI SwissInfo.ch, "Swiss voters to decide on country's energy transition", April 13, 2023. The final result saw the approval of the climate law with 59.1% votes in favor and a 42% turnout, e.g., SWI SwissInfo.ch, "Swiss approve net-zero climate law", June 18, 2023.

the onset of voting by mail.

In the first step (“Investment stage”), we randomly assign participants to a control and a treatment group. In the treatment group, participants are given the opportunity to express their climate preferences in a private investment decision. We ask participants to allocate 1,000 CHF (1,100 USD) to either of two real investment funds. In the control group, we provide participants only with information on the standard financial characteristics of the two investment options. In the treatment group, we reveal that one of the two funds is a “Climate fund” and provide information about both funds’ climate-related performance. We make this decision consequential: we randomly extract 10 participants, invest 1,000 CHF in their selected fund, and pay them the resulting capital after one year.

In the second step (“Political stage”), we provide participants with an overview of the upcoming climate referendum and a neutral summary of the main arguments of the pro- and anti-climate-law campaigns. We then offer participants the opportunity to donate part of their payout to either of the two campaigns. Our dependent variable of political engagement is the net donation supporting the climate law – with the donation to the pro-climate-law campaign scaled positively and the donation to the anti-climate-law campaign scaled negatively. In addition, we use the voting intention and the stated level of alignment with the two campaigns as alternative outcome variables.

In the third step (“Survey stage”), we assess respondents’ perception of the climate impact of the funds, their emotional response to their investment decision, and their financial

expectations regarding the investment options. In addition, we collect various preferences and demographic characteristics.

The results of the experiment are as follows. First, indicating the salience of our treatment, we confirm individuals' preferences for sustainable investment products (e.g., Hartzmark and Sussman, 2019; Ceccarelli et al., 2023): Respondents are almost three times more likely to choose the climate fund when it is explicitly labeled as such in the treatment group (75% vs. 26%). This preference seems not to be driven by better risk or return expectations for the climate fund and is associated with significantly more positive emotions, in line with the extant literature (e.g., Riedl and Smeets, 2017; Heeb et al., 2023).

Second, our findings indicate that investors, on average, *overestimate* the societal impact of sustainable investing. We randomly assign participants in the treatment group to two subgroups. For the first group, we assess the perceived climate protection impact of investing in the climate fund; for the second group, we assess the perceived impact of investing in the climate fund's largest holding firms. The idea is that, under an unbiased view, investors should perceive a fund's societal impact to be similar to the value-weighted impact of its holdings. This is not what we observe: Respondents perceive investments in the climate fund to be significantly more impactful than investments in its ten largest holdings.

Third, we study the effect of the sustainable finance treatment on political support for climate regulation - finding evidence that speaks against the hypothesis that sustainable finance crowds out political support. We find that the average net donation in favor of the

pro-campaign is greater in the treatment group than in the control group (35.1 CHF vs. 31.2 CHF). This difference is not statistically significant. We observe a similar positive but non-statistically significant treatment effect on the intention to vote for the climate law. We find a marginally significant positive treatment effect on respondents' stated alignment with the pro-campaign. These results indicate that the option to invest climate-consciously does not erode political support for climate regulation.

Finally, we explore the cross-sectional heterogeneity of the results. We find no evidence of a differential effect of sustainable finance on individual political engagement along the political spectrum of the climate fund. These analyses provide further support to the interpretation that sustainable finance is unlikely to crowd out political engagement.

In summary, we find that sustainable investing may be a placebo in the sense that investors believe a climate fund has a greater impact than its main ingredients. However, it does not seem to be a dangerous placebo that crowds out political engagement. Rather than activating moral licensing behavior, the option to invest in a climate fund seems to have a neutral effect on political choice.

Our paper contributes to three streams of research. First, it links to the conceptual and theoretical literature on the interaction of formal regulation and private socially responsible actions, like corporate social responsibility (CSR). In a highly influential article, Friedman (1970) argues that “the social responsibility of business is to increase its profit.” According to Friedman, CSR is an inefficient way to deal with negative externalities, harmful both to

corporate profits and society at large: Elected politicians are better positioned and more democratically legitimate than corporate managers to deal with political issues.<sup>3</sup> Other scholars argue that when governments fall short in the provision of public goods and control of negative externalities, CSR can emerge endogenously as a welfare-improving strategy to overcome political failures (Besley and Ghatak, 2007; Bénabou and Tirole, 2010; Egorov and Harstad, 2017; Hart and Zingales, 2017). These two opposing views of CSR also influence the current debate on the “political economy” consequences of sustainable finance. Some recent studies have started exploring the strategic interactions between sustainable finance and government regulation in theoretical frameworks (Allen et al., 2023; Biais and Landier, 2022). However, whether or not sustainable finance crowds out regulation remains an empirical question. Our paper provides experimental evidence.<sup>4</sup>

Second, the paper contributes to the literature on investor behavior on sustainability issues. Several contributions show investors’ strong appetite for socially responsible investment products (e.g., Anderson and Robinson, 2022; Barber et al., 2021; Bauer et al., 2021; Bollen,

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<sup>3</sup>Along similar lines, according to Maxwell et al. (2000), CSR can be strategic self-regulation of firms to preempt more stringent political action, a view also empirically supported by Malhotra et al. (2019). Bertrand et al. (2020) find evidence consistent with the role of charitable giving, a form of CSR, as a means of corporate political influence. Bebchuk and Tallarita (2020) conceptually argue that stakeholder governance raises illusionary hopes around the positive effects for stakeholders, weakening pressures for stakeholder-oriented policy reforms. Chater and Loewenstein (2022) and Hagmann et al. (2023) argue that policy interventions targeting individual behavior lower support for systemic policy changes like taxes or mandates.

<sup>4</sup>While we are the first to study the effect of sustainable investing on political engagement, a few contributions in the extant literature analyze the impact of sustainable investing on charitable giving. Graff Zivin and Small (2005) develops a theoretical model in which investments in responsible firms crowd out investors’ philanthropic donations. Riedl and Smeets (2017) show that responsible investors donate more to charities than conventional investors, suggesting a complementary effect between responsible investments and charitable donations, while An et al. (2023) provides evidence consistent with a substitution effect.



2007; Geczy et al., 2021; Hartzmark and Sussman, 2019), often driven by personal values and pro-social preferences (e.g., Hong and Kostovetsky, 2012; Riedl and Smeets, 2017). Recently, some contributions have started addressing the question of whether sustainable investors are consequentialists, who want to have a real impact, or affect-driven warm-glow optimizers, who are content with feeling good about their investment decisions (Bonnenfon et al., 2022; Brodback et al., 2021; Heeb et al., 2023). Our project advances this literature by studying for the first time the spillover effect of sustainable investing on individuals’ willingness to engage politically on environmental issues.

Finally, the paper links to the political economy literature on the drivers of individual support for climate policies (see Drews and Van den Bergh, 2016, for a review of the earlier literature). Besley and Persson (2023) theoretically study the interactions between political and market failures in influencing the energy transition. Using a large-scale international survey, Dechezleprêtre et al. (2022) show that citizens’ support for different climate policy tools depends on effectiveness, inequality, and self-interest considerations. Our project investigates whether individual support for climate policy also depends on the availability of investment products “privately” addressing climate change.

## 2 Experimental Design

We address our research question in an incentivized experimental survey with a representative sample of the Swiss electorate. We use a between-subject design in which respondents

first make an incentivized investment decision (“Investment Stage”) and then make a political decision related to the upcoming climate referendum (“Political Stage”). Finally, we assess participants’ perception of the impact of investment options (“Survey Stage”). The experiment is framed in the context of a real climate-related political campaign. This section describes the political context and our experimental and sampling procedures. The experiment was pre-registered.<sup>5</sup>

## 2.1 Political context

The Swiss political context is crucial for our experimental strategy. In most countries, political votes are only *indirectly* related to climate change. For example, climate policy was particularly salient in the 2016 and 2020 US elections (as also studied, for instance, through the lens of financial markets in Ramelli et al., 2021), but these events also related to other political issues. Conversely, the Swiss electorate regularly expresses their preferences on specific matters, including climate policy, through single-issue public referenda.<sup>6</sup>

In June 2021, despite favorable polls, a public referendum narrowly rejected adopting an important climate law, which would have been Switzerland’s main policy instrument to reach

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<sup>5</sup>The pre-registration is available at [https://aspredicted.org/blind.php?x=VW5\\_B33](https://aspredicted.org/blind.php?x=VW5_B33).

<sup>6</sup>For a brief overview of the peculiarities of Switzerland’s direct democracy, see <https://www.swissinfo.ch/eng/politics/direct-democracy/47697554>. Of course, other examples of climate-related referendums exist, although on a more localized level. For instance, in a referendum in 2010, 62% of California’s citizens voted in favour of the state’s main climate change legislation (Global Warming Solutions Act) passed in 2006. Washington State had two carbon tax referendums in 2016 and 2018, known as Initiative 732 and Initiative 1631, respectively.

its Paris Agreement climate targets.<sup>7</sup> On June 18, 2023, the Swiss electorate voted again on a climate-related referendum, the “Federal Act on Climate Protection Targets, Innovation, and Strengthening Energy Security” (Climate and Innovation Act), asking citizens whether or not to approve a revised climate legislation, aiming to accelerate the country’s transition to renewable energies and achieve climate neutrality by 2050.

Before the 2023 referendum, two political committees were established and launched extensive campaigns for and against climate legislation. In Spring 2023, both campaigns maintained a strong public presence, with the upcoming vote intensely debated in Swiss media.<sup>8</sup> Figure 1 displays snapshots of the two campaigns’ websites, advertising the law’s pros and cons and raising funds to support the campaigns. Advertisements with these themes were prominent on Swiss billboards and social media feeds during our survey period.

– Figure 1 –

On June 18, 2023, 59.1% of Swiss voters approved the climate law, with a 42% turnout, but this final outcome was ex-ante far from certain. Official survey polls on behalf of the Swiss Broadcasting Corporation registered 72% of voters in favor of the climate law in mid-May 2023, down to 63% in early June 2023 (SGF.Bern, 2023a,b). While these polls indicated a lead for the supporters, significant uncertainty remained: on average, poll respondents expected the law to be approved with just 52% of votes in favor. Moreover, in 2021, the

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<sup>7</sup>See, e.g., SWI SwissInfo.ch, “Swiss CO2 law defeated at the ballot box”, June 13, 2021.

<sup>8</sup>For instance, according to Dow Jones Factiva data, in May 2023, around 1,400 articles covered the topic of climate change in Swiss newspapers, twice the monthly average of around 700 articles over the previous 12 months.

previous climate law was rejected in a national referendum with 51.59% against it, despite official survey polls suggesting that 60% of voters were in favor of the proposal.

## 2.2 Procedures

In the Investment Stage, we administer the treatment. Treated participants have the opportunity to express their preferences regarding climate change via an investment decision. To this end, we ask participants to allocate 1,000 CHF (1,100 USD) to either one of two investment funds. We offer the same funds, Fund A and Fund B, to the treatment and control groups, randomizing their positioning on the screen to avoid ordering effects, along with the color in which the price chart is presented. We use two real investment funds to source the information that is displayed: the iShares MSCI World ETF and its climate-conscious version, the iShares MSCI World Paris-Aligned Climate ETF.<sup>9</sup>

Both in the control and treatment groups, we provide participants with standard information on the financial characteristics of the two funds, namely the category, volume, fees, risk class, and past return, similar to the information commonly reported in fund descriptions. While the financial characteristics of the funds are very similar, the past performance of the climate fund is lower (-10.44% rather than -8.08% over 12 months, based on actual past performance). The funds were chosen in such a way that the climate fund appears less

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<sup>9</sup>Details about the two funds are available at <https://www.ishares.com/ch/individual/en/products/251882/?switchLocale=Y> and <https://www.ishares.com/ch/professionals/en/products/318383/ishares-msci-world-paris-aligned-climate-ucits-etf>.

financially attractive. The real names of the funds and any other climate-related characteristics remain hidden in the control group. Figure A1 in the Appendix shows the funds' fact sheets for the control group.

In the treatment group, we reveal the fund names and provide respondents with additional information on the funds' climate-related performance. Participants see that one of the two funds is a climate-conscious fund ("Climate fund") aligned with the Paris Agreement's goal of limiting global warming to below 1.5 degrees Celsius. We base the climate-related information on the actual funds' sustainability characteristics disclosed by MSCI on the basis of its carbon footprint and "Implied Temperature Rise" methodology. Figure A3 in the Appendix shows the funds' fact sheets for the treatment group).

Hence, our treatment creates an experimental setting where sustainable investing is available and contrasts it with a setting in which it is not. This allows us to test whether political engagement differs across these two settings. Importantly, we make the investment decision consequential: We informed participants that, for ten randomly selected participants, we implement their decision and pay them the resulting capital after one year. Thus, to the extent that participants believe investing in a climate fund has consequences, there is a chance that we realize these consequences.

In the Political Stage, participants can engage politically in the context of the upcoming vote on the climate law. First, we introduce the legislative proposal based on neutral language provided to voters by the Swiss government. We then outline the main arguments of

the pro- and anti-campaigns based on language provided by the websites of the two campaigns.<sup>10</sup> We then ask the respondents to indicate which of the campaign aligns most with their views. Depending on the answer, we give participants the opportunity to donate up to 250 CHF (275 USD) to the selected campaign.<sup>11</sup> For the ten randomly selected participants, we implement the chosen donation immediately and deduct the amount donated from their potential payout. Since the survey is timed just before voters can vote, participants can reasonably expect that their donation at this point will influence the outcome of the vote. The net donation to the pro-campaign is our main outcome variable, where we scale donations to the pro-campaign positively and donations to the anti-campaign negatively (*Pro-campaign donation*). In addition, we also elicit participants' stated alignment with either of the campaigns on a 6-point Likert scale (*Pro-campaign alignment*) and voting intentions at the referendum on a 7-point Likert scale (*Voting intention*), which we use as secondary outcome variables.

In the Survey Stage, we assess participants' perceptions of the impact of the climate fund. To do so, we randomly assign participants in the treatment group to one of two subgroups. We ask participants in the first subgroup whether they think an investment in the climate fund is making a relevant contribution to climate protection (*Expected impact climate fund*, based on a 7-point Likert scale). For participants in the second subgroup, we

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<sup>10</sup>We randomize whether participants first see the arguments of the pro- or the anti-campaign.

<sup>11</sup>This range is well above what is commonly donated. The campaign homepages themselves suggest donations of 10, 50, and 100 CHF.

list the companies that comprise the top ten positions of the climate fund without revealing that these are holdings of the fund. For each of these companies, we ask the participants whether they think an investment in the company is making a relevant contribution to climate protection (*Expected impact holdings*, based on a 7-point Likert scale).<sup>12</sup> In addition, for all respondents, we assess their emotional response to the investment decision and their financial expectations regarding the investment options. We also collect data on demographics and political preferences.

## 2.3 Sample

We recruited a representative sample of the Swiss electorate with the support of an independent Swiss survey agency (Intervista). The data collection took place between May 5, and May 18, 2023, in the middle of the political campaign on the upcoming climate-related referendum and around one week before voters received their ballots. We administered the survey in the three major Swiss languages (German, French, and Italian). We collected 2,051 complete responses.<sup>13</sup>

– Table 1 –

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<sup>12</sup>Specifically, the survey question regarding the perceived impact of the climate fund reads: “*How strongly do you agree with the following statement? Investing in Fund A [iShares MSCI World Paris Aligned Climate ETF fund] makes a relevant contribution to climate protection.*” The questions regarding the perceived impact of individual firms read: “*How strongly do you agree with the statement below? An investment in this company makes a relevant contribution to climate protection.*”

<sup>13</sup>In the preregistration, we stated that we would collect 2,000 responses. The survey agency collected 51 responses in addition to ensuring a representative sample; we consider all responses in our analysis. Our results also hold if we restrict the sample to the first 2,000 responses.

Table 1 shows the sample’s demographic characteristics. The control and treatment groups are well-balanced in terms of demographics and political preferences.

To qualitatively validate our survey, Figure A2 in the Appendix shows the correlation between our survey-based measures of climate political engagement and the official percentage of Yes votes to the climate law registered in the referendum held on June 18, 2023, in the respondents’ Swiss canton of residency. The official percentage of Yes votes at the Cantonal level positively correlates with the survey-based stated support for the pro-campaign (0.43,  $p < 0.05$ ) and intention to vote for the climate law (0.46,  $p < 0.05$ ), indicating that our sample is indeed representative. The average canton-level pro-campaign donations also correlate positively with the official results but not statistically significantly (.16,  $p > 0.1$ ). This result indicates that, as expected, *Pro-campaign donation* captures a more active level of climate political engagement beyond mere political affiliation and intentions to vote.

### 3 Results

This section presents the main results of the experiment. First, we provide evidence that the treatment was salient and triggered substantial demand for sustainable finance. Second, we present findings on participants’ perceived societal impact of the climate fund. Finally, we present results for the effect of the treatment on our main outcome of interest, political engagement.



### 3.1 Demand for sustainable finance

Figure 2 shows the fraction of investment in the climate fund in the treatment and the control group. The climate-related information treatment strongly shifted investor demand from the conventional to the climate fund. In the treatment group, 75% of the respondents opted for the climate fund. In the control group, where participants did not receive any climate-related information, only 26% chose this fund.

– Figure 2 –

The treatment increased demand for the climate fund almost by a factor of three, confirming that information about funds’ sustainability characteristics strongly affects investment allocations. This strong change in investment behavior demonstrates that our treatment was effective.

### 3.2 Impact perception

We here focus on respondents in the treatment group to understand how they perceived the potential impact of the climate fund in addressing climate change.

Of course, measuring the *real* impact of sustainable investing is extremely difficult and is out of the scope of this study.<sup>14</sup> Our objective is to understand individuals’ expecta-

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<sup>14</sup>Recent contributions exploring this question through the lens of firm value and/or environmental and social outcomes include Akey and Appel (2020), Bolton and Kacperczyk (2021), Berg et al. (2022), Berk and van Binsbergen (2021), Edmans et al. (2022), Heath et al. (2023), and De Angelis et al. (2022), among others.

tions about the societal impact of responsible investing and whether these expectations are unbiased.

For this purpose, we randomly divide the treatment group into two subgroups. We compare respondents' perception of the societal impact of the climate fund (*Expected impact climate fund*), assessed in the first subgroup, with the perception of the impact of investing in the fund's largest investee firms (*Expected impact holdings*), which we assess in the second subgroup. The rationale of this test is that, under an unbiased view, investors should perceive a fund's societal impact to be somewhat similar to the value-weighted impact of investing in its holdings.

Figure 3 shows the results. Respondents in the treatment group perceive investments in the climate fund to be significantly more impactful in addressing climate change than investments in its ten largest holdings (Mann-Whitney U Test,  $p < 0.001$ ). On average, respondents assigned a "climate protection" impact score (over a scale ranging from -3 to 3) equal to -0.503 for the investment in individual companies and +.691 for the investment in the climate fund.<sup>15</sup> We obtain similar results when weighting the perceived impact of individual companies by their actual weighting in the climate fund.

– Figure 3 –

The result of this simple test is consistent with the idea that many responsible investors, based on their own self-assessments, tend to overstate the expected impact of sustainable

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<sup>15</sup>The detailed holding level impact expectations are shown in Figure A4 in the Appendix.

funds. Hence, sustainable finance is likely to represent a placebo for many individuals. How this finance-driven placebo interacts with individual decisions in the political realm is the object of our main analyses, presented in the next section.

### 3.3 Treatment effect on political engagement

Figure 4 and Table 2 show the main result on the causal effect of sustainable finance on political engagement.

In line with the pre-registration, our main outcome variable is the net donation to the pro-climate-regulation campaign (*Pro-campaign donation*). On average, participants in the treatment group donated 35.1 CHF (38.5 USD), while participants in the control group donated 31.2 CHF (34.3 USD). While treated participants donated more, the positive difference is not statistically significant (Mann-Whitney U test, p-value = 0.285).

We obtain similar inferences when employing two alternative measures of political engagement (see Panels (b) and (c) in Figure 4). For participants' stated alignment with the pro campaign (*Pro-campaign alignment*), we observe a positive treatment effect statistically significant at the 10% level (Mann-Whitney U Test, p=0.079). When looking at participants' voting intentions (*Voting intention*), individuals in the treatment group are more likely to state an intention to vote for the climate law; however the difference to the control group is not significant (Mann-Whitney U Test, p=0.0142).

– Table 2 –

Table 2 provides further detail how the treatment affects risk and return expectations, as well as positive emotions. In the control group, the climate fund (without the climate information being visible) is perceived as generating higher risk, lower return, and less positive emotions compared to the conventional fund. In the treatment group, the climate fund is seen as significantly less risky than in the control group, but still slightly more risky than the conventional fund. Return expectations for the climate fund are unaffected by the treatment and remain negative compared to the conventional fund. This implies, that, in the treatment group, the average participant saw investing in the climate fund as the financially less attractive choice. This rules out that participants donate more as a consequence of feeling richer in the treatment group. However, the reported positive emotions associated with the climate fund are considerable and significantly greater in the treatment group. This indicates that participants in the treatment group experience a warm glow from investing sustainably. In theory, the combination of perceived economic cost and emotional reward would be ideal to initiate moral licensing behavior in a subsequent decision. This is not, however, what we find.

Table A2 in the Online Appendix reports the results of OLS regressions of our climate political engagement measures on the treatment indicator also controlling for various demographic characteristics: age, gender, education, income, net worth, urban residency, and linguistic region. Unsurprisingly given the successful randomization, the results of the OLS

regressions confirm those of the non-parametric tests.

The conclusion from these results is that our experimental evidence does not support the idea that sustainable investing significantly influences political engagement. Given that political engagement in favor of climate regulation in the treatment group is greater than in the control group, the results clearly reject the crowding-out hypothesis. If anything, the evidence is more consistent with a crowding-in effect of sustainable finance on sustainability-related political engagement, in line with voters' morally consistent than moral licensing behavior (Mullen and Monin, 2016; Gneezy et al., 2012).

Overall, based on a representative sample of the Swiss population shortly before an important real referendum on climate policy, our experiment indicates that the opportunity to invest climate-consciously does not erode individuals' political support for climate regulation.

## 4 Cross-sectional heterogeneity

This section explores potential sources of cross-sectional heterogeneity of the treatment effect.

First, we investigate the cross-sectional heterogeneity of the treatment effect along political preferences in Table 3. In all specifications, support for the climate law is positively related to a left-wing political affiliation and negatively related to a right-wing political affiliation. We elicit political leanings using a 7-point likert scale, and combine the lower three options to generate the dummy variable *Politics: right*, and the upper three options for *Politics: left*. The middle option represents swing voters, which serve as the baseline in

the regression.

One may be concerned that while sustainable finance does not crowd out political engagement for the average voter, it could still lead to such a crowding out among “swing voters” that do not have strong political views regarding climate policy. Such a sub-group effect could still have decisive consequences on political outcomes when the vote is closely contested and swing voters are pivotal. To test this possibility, in column 2, we interact our treatment indicator with the *Politics: left* and *Politics: right* indicators. The estimate on *Treatment* then indicates the treatment effect on swing voters. There is no statistically significant subgroup effect for swing voters, and also not for right and left political leaning. The same result emerges for the two alternative outcome variables *Pro-campaign alignment* and *Voting intention*. In sum, the treatment effect does not seem to be stronger or different for voters in the middle of the political spectrum.

– Table 3 –

Second, focusing only on the treatment group, we investigate the decision to invest in the climate-conscious fund using Logit regressions, shown in Table 4. In column (1), we observe that respondents are more likely to invest in the climate fund when they perceive it as more profitable and less risky, and associate choosing the climate fund with positive emotions. In column (2), we see that those who perceive the climate fund as more beneficial for climate protection tend to invest in it, while their perception of the impact of the climate fund’s individual holdings is unrelated to their investment decision (column 3). Finally, in

column 4, we confirm the strong role of political preferences in driving sustainable investment decisions, in line with basic intuition and the extant literature.

– Table 4 –

Finally, we explore the drivers of political engagement within the sub-sample of green investors, that is those participants in the treatment group who chose the climate fund. We know that the decision to invest in the climate fund and climate political engagement are positively correlated, presumably because people in this sub-sample have strong preferences for climate action in general (see Table A3 in the Appendix). The results in Table 5 provide additional insights into differences within the group. In column 1, we observe no clear relationship between pro-campaign donations and the risk and return expectations of the climate fund. This provides further evidence that even green investors’ donations are unlikely to be influenced by a wealth effect triggered by their investment decision.<sup>16</sup>

– Table 5 –

Moreover, if people were really to perceive investments in the climate fund to be a substitute for political engagement, we should expect such an effect to be stronger (i.e., more negative) the more positively green investors perceived the climate fund. We test this prediction in column 2. Believing that the climate fund brings larger climate protection benefits

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<sup>16</sup>The relationship between the return expectations associated with the climate fund and the two alternative measures of climate political engagement (*Pro-campaign alignment* and *Voting intention*) is negative and statistically significant. We interpret this result as confirming that those green investors who see the green fund as more costly tend to be more supportive of climate regulation.

is not associated with a lower level of political engagement, as the positive, non-statistically significant coefficient on *Expected impact climate fund* indicates. In addition, the more positive the emotions green investors associate with their investment, the more they donate to the pro-campaign, which is the opposite of what a moral licensing behavior would predict. An additional channel may be green investors' "skin in the game" in the sense of rational return-seeking behaviour: People who did invest in the climate fund may have the incentive to get the law passed. While this is potentially another channel, it is very unlikely to drive our results. First, the investment is in a global portfolio, while the law is limited to Switzerland. Second, the costs and benefits of the law for a Swiss citizen in terms of taxes, wages, and prices are much larger than any potential financial benefits through the climate fund, and were a very salient point in the campaign. Thus, if an individual votes according to private financial incentives, these direct effects will trump any potential investment effect.

Overall, the above results are consistent with the absence of a crowding-out effect of sustainable finance on political engagement, in the whole sample as well as among those individuals who should be most subjected to it if such an effect were at play.

## 5 Conclusion

Some observers argue that sustainable finance is a dangerous placebo that crowds out individual support for policy-driven solutions to societal challenges and that, as such, it is counterproductive from a welfare point of view. Others see sustainable finance as a second-best



solution to compensate for policy failures (e.g., the difficulty of adopting a global carbon tax) that does not reduce—and potentially even increases—people’s engagement to solve such failures through the course of political processes. In this paper, we explore which of these competing views of sustainable finance better describes individual behavior with a pre-registered experiment exploiting a real-world climate policy referendum in Switzerland.

We find that the opportunity to invest in a climate-conscious fund does not crowd out individual political engagement and costly efforts to advance formal climate policy. If anything, we observe moderate, not statistically significant, evidence for a crowding-in effect of sustainable investing on political engagement.

Our results have important practical implications. One of the most powerful criticisms against the sustainable investing movement is that it not only has little direct environmental and social impact, but it distracts us from adopting harder-to-implement but more efficient political solutions to societal problems. Our experiment suggests that this appealing narrative fails to describe actual individual behavior. Although sustainable investing is a placebo if it fails to drive positive societal change, it does not appear to be a dangerous one in the sense of distracting people from also engaging on the political front.

Of course, the likelihood of advancing climate regulation also depends on how sustainable finance is perceived by policymakers and regulators: as either a call for action or an outsourcing of their responsibilities. Our experiment informs them that, on average, voters do not consider sustainable finance a substitute for political action.

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## Figures

### Figure 1: Switzerland's pro- and anti-climate-law 2023 referendum campaigns

The panel on the left is the slogan of the pro-climate-law campaign, which translates to “Protect what is important to us. Vote Yes.”. The panel on the right is the slogan of the anti-climate-law campaign, which translates to “Exacerbate the energy crisis? No to the electricity-eater-law”. Both campaign web pages prominently feature a “donate” button.



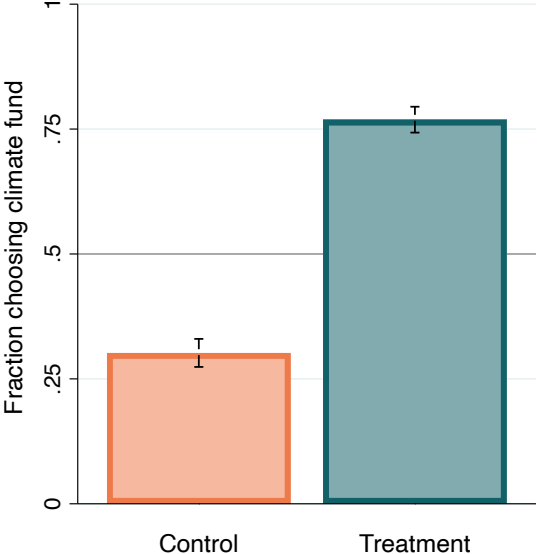
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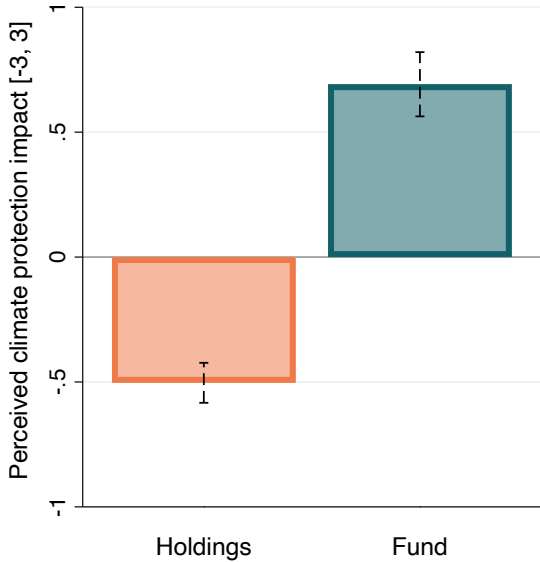
**Figure 2: Salience of the treatment**

This graph shows the fraction of respondents choosing the climate fund in the control and treatment groups. Participants received climate-related information about the two funds only in the treatment group. The bars indicate 95% confidence intervals.



**Figure 3: Perceived climate impact of the climate fund vs. individual holdings**

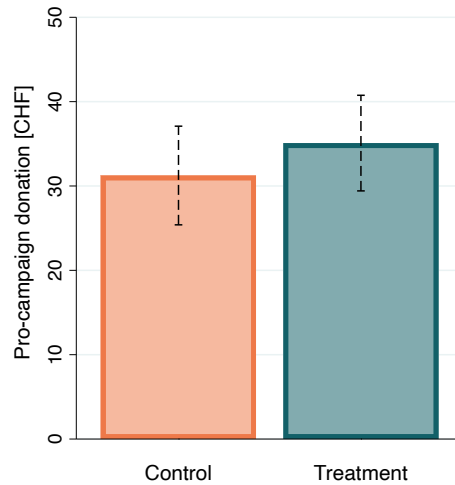
This figure shows the average perceived climate protection impact of investing in the climate fund compared to the average perceived impact of investing in its ten largest holding companies. Impact perceptions are assessed for the treatment group; fund and holdings level perceptions are measured separately in two randomly assigned subgroups. The perceived impact is measured on a 7-point Likert scale; positive values indicate agreement with an investment making a meaningful contribution to climate protection; negative values indicate disagreement. The bars indicate 95% confidence intervals.



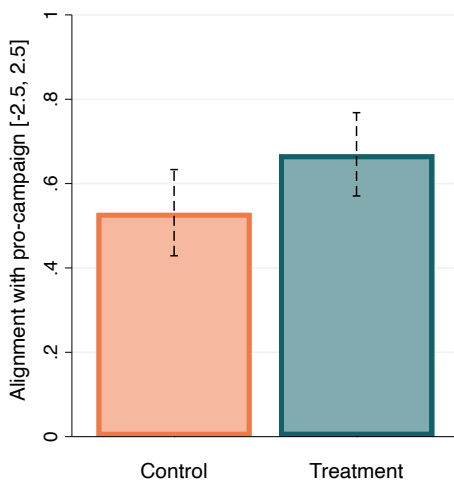


### Figure 4: Political engagement in the treatment and control groups

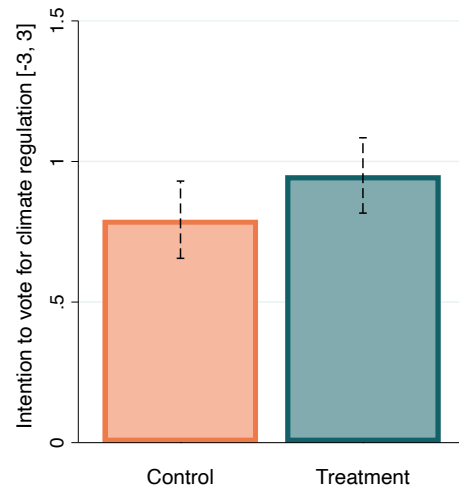
These figures show the effect of our sustainable finance treatment on individual political engagement. Panel (a) shows the average pro-campaign net donation (treating donations to the anti-campaign as negative) in CHF in the control and treatment groups. Panel (b) shows the pro-campaign alignment on a 6-point Likert Scale. Panel (c) shows the average intention to vote at the referendum in favor of the climate law on a 7-point Likert Scale. The bars indicate 95% confidence intervals.



(a) Pro-campaign donation



(b) Pro-campaign alignment



(c) Voting intention

## Tables

**Table 1: Demographics and political preferences by treatment group**

This table presents the mean values of the demographic variables for our representative sample of the Swiss electorate in the treatment and control groups. The first two columns report the mean of the variables in the two groups; the third column reports  $p$ -values of a Mann–Whitney  $U$  test on the difference between the two.

|                                              | Mean Values               |                             | Mann–Whitney $U$ Test    |
|----------------------------------------------|---------------------------|-----------------------------|--------------------------|
|                                              | CONTROL<br>( $n = 1030$ ) | TREATMENT<br>( $n = 1021$ ) | (CONTROL =<br>TREATMENT) |
| Age [years]                                  | 47.8                      | 47.9                        | $p = .917$               |
| Gender [%]:                                  |                           |                             |                          |
| Female                                       | 49.7                      | 50.0                        | $p = .913$               |
| Male                                         | 49.9                      | 49.9                        | $p = .982$               |
| Other                                        | 0.4                       | 0.2                         | $p = .420$               |
| Highest education                            | Secondary                 | Secondary                   | $p = .297$               |
| Income [CHF]                                 | 8,001–12,000              | 8,001–12,000                | $p = .407$               |
| Net worth [CHF]                              | 250,000–1M                | 250,000–1M                  | $p = .781$               |
| Municipality [%]:                            |                           |                             |                          |
| Rural                                        | 33.7                      | 34.9                        | $p = .574$               |
| Urban                                        | 66.3                      | 65.1                        | $p = .574$               |
| Language region [%]:                         |                           |                             |                          |
| German                                       | 70.6                      | 70.7                        | $p = .948$               |
| French                                       | 24.4                      | 24.6                        | $p = .910$               |
| Italian                                      | 5.0                       | 4.7                         | $p = .715$               |
| Political preference [left: -3,<br>right: 3] | -0.212                    | -0.252                      | $p = .526$               |

**Table 2: Sustainable investing and climate policy support**

This table reports the effects of the treatment on our measures of climate political engagement, as well as respondents' investment decision and their expectations regarding the two investment options. For the campaign donations, donations to the pro-campaign are treated as positive, and donations to the anti-campaign as negative. For the campaign alignment, positive values indicate alignment with the pro-campaign, and negative ones with the anti-campaign. For the voting intention, positive values indicate an intention to vote for the climate law, and negative values an intention to vote against it. For risk expectations, return expectations, and positive emotions, positive values indicate that respondents have a more favorable view of the climate fund; negative ones indicate that they have a more favorable view of the conventional fund. The first two columns report mean values of the variables, by group; the third column reports  $p$ -values of a Mann–Whitney  $U$  test, testing for differences between the two treatments.

|                                    | Mean Values               |                             | Mann–Whitney $U$ Test    |
|------------------------------------|---------------------------|-----------------------------|--------------------------|
|                                    | CONTROL<br>( $n = 1030$ ) | TREATMENT<br>( $n = 1021$ ) | (CONTROL =<br>TREATMENT) |
| <b>Main results</b>                |                           |                             |                          |
| Pro-campaign donation [CHF]        | 31.2                      | 35.1                        | $p = 0.285$              |
| Pro-campaign alignment [-2.5, 2.5] | 0.531                     | 0.669                       | $p = 0.079$              |
| Voting intention [-3, 3]           | 0.793                     | 0.950                       | $p = 0.142$              |
| <b>Investment decision</b>         |                           |                             |                          |
| Climate fund selected [%]          | 26                        | 75                          | $p < 0.001$              |
| Climate fund:                      |                           |                             |                          |
| Risk expectations [-3, 3]          | -0.460                    | -.092                       | $p < 0.001$              |
| Return expectations [-3, 3]        | -.408                     | -.393                       | $p = 0.780$              |
| Positive emotions [-3, 3]          | -0.440                    | 1.17                        | $p < 0.001$              |

**Table 3: Treatment effect heterogeneity along political preferences**

This table shows the results of OLS regressions testing the cross-sectional heterogeneity of the treatment effect on political engagement based on respondents' political affiliation.  $t$  statistics based on robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* indicate that the parameter estimate is significantly different from zero at the 1%, 5%, and 10% level, respectively.

|                                       | Pro-campaign donation |                      | Pro-campaign alignment |                      | Voting intention     |                      |
|---------------------------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|----------------------|
|                                       | (1)                   | (2)                  | (3)                    | (4)                  | (5)                  | (6)                  |
| Treatment                             | 2.523<br>(0.61)       | -0.982<br>(-0.13)    | 0.103<br>(1.57)        | 0.126<br>(0.84)      | 0.116<br>(1.34)      | 0.0864<br>(0.42)     |
| Politics: left                        | 48.21***<br>(9.60)    | 45.77***<br>(6.21)   | 1.180***<br>(13.84)    | 1.223***<br>(9.86)   | 1.520***<br>(13.14)  | 1.508***<br>(9.03)   |
| Politics: right                       | -21.31***<br>(-4.25)  | -23.35***<br>(-3.12) | -0.616***<br>(-6.25)   | -0.639***<br>(-4.52) | -0.684***<br>(-5.02) | -0.711***<br>(-3.63) |
| Treatment $\times$<br>Politics: left  |                       | 4.853<br>(0.48)      |                        | -0.0853<br>(-0.50)   |                      | 0.0234<br>(0.10)     |
| Treatment $\times$<br>Politics: right |                       | 4.058<br>(0.40)      |                        | 0.0466<br>(0.24)     |                      | 0.0563<br>(0.21)     |
| Constant                              | 19.25***<br>(4.47)    | 21.02***<br>(3.80)   | 0.265***<br>(3.22)     | 0.254**<br>(2.34)    | 0.381***<br>(3.36)   | 0.395***<br>(2.64)   |
| Observations                          | 1,909                 | 1,909                | 1,909                  | 1,909                | 1,659                | 1,659                |
| $R^2$                                 | 0.107                 | 0.107                | 0.238                  | 0.239                | 0.244                | 0.244                |

**Table 4: Decision to invest in the climate fund**

This table reports the results of Logit regressions of the decision to invest in the climate fund in the treatment group on respondents' financial expectations about the climate fund, its perceived climate protection benefits, and respondents' political affiliation. All regressions also control for respondents' demographic characteristics (age, gender, education, income, net worth, rural/urban area, and language region). *t* statistics based on robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* indicate that the parameter estimate is significantly different from zero at the 1%, 5%, and 10% level, respectively.

|                              | Investment in climate fund |                    |                    |                    |
|------------------------------|----------------------------|--------------------|--------------------|--------------------|
|                              | (1)                        | (2)                | (3)                | (4)                |
| Risk expectations            | 0.367***<br>(3.40)         |                    |                    |                    |
| Return expectations          | 0.683***<br>(5.53)         |                    |                    |                    |
| Positive emotions            | 1.115***<br>(11.06)        |                    |                    |                    |
| Expected impact climate fund |                            | 0.599***<br>(7.19) |                    |                    |
| Expected impact holdings     |                            |                    | -0.0324<br>(-0.26) |                    |
| Politics: left               |                            |                    |                    | 1.049***<br>(4.78) |
| Politics: right              |                            |                    |                    | -0.231<br>(-1.18)  |
| Constant                     | 0.454<br>(1.08)            | 0.403<br>(1.24)    | 0.454<br>(1.02)    | 0.783**<br>(2.01)  |
| Observations                 | 830                        | 951                | 519                | 502                |
| Pseudo-R-squared             | 0.401                      | 0.0625             | 0.156              | 0.0224             |
| Demographics                 | Yes                        | Yes                | Yes                | Yes                |

**Table 5: Political engagement of climate-conscious investors**

This table shows OLS regressions for the subsample of participants in the treatment group who chose to invest in the climate fund. We regress political engagement on expected profitability, positive emotions, and perceived climate protection impact associated with the climate fund. All regressions also control for respondents' demographic characteristics (age, gender, education, income, net worth, rural/urban area, and language region). *t* statistics based on robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* indicate that the parameter estimate is significantly different from zero at the 1%, 5%, and 10% level, respectively.

|                               | Pro-campaign donation |                   | Pro-campaign alignment |                     | Voting intention    |                    |
|-------------------------------|-----------------------|-------------------|------------------------|---------------------|---------------------|--------------------|
|                               | (1)                   | (2)               | (3)                    | (4)                 | (5)                 | (6)                |
| Risk expectations             | -1.056<br>(-0.32)     | -5.446<br>(-1.34) | 0.0472<br>(0.98)       | 0.0188<br>(0.29)    | 0.00905<br>(0.16)   | 0.0420<br>(0.54)   |
| Return expectations           | 0.483<br>(0.15)       | 2.179<br>(0.50)   | -0.116**<br>(-2.42)    | -0.143**<br>(-2.10) | -0.149**<br>(-2.37) | -0.147*<br>(-1.77) |
| Positive emotions             |                       | 14.66**<br>(2.59) |                        | 0.275***<br>(3.51)  |                     | 0.569***<br>(4.90) |
| Perceived impact climate fund |                       | 5.716<br>(1.21)   |                        | 0.139**<br>(2.18)   |                     | 0.152**<br>(2.07)  |
| Constant                      | 9.387<br>(0.70)       | -31.23<br>(-1.49) | 0.468**<br>(2.27)      | 0.212<br>(0.68)     | 0.464*<br>(1.75)    | -0.228<br>(-0.52)  |
| Observations                  | 639                   | 324               | 639                    | 324                 | 560                 | 283                |
| R-squared                     | 0.0539                | 0.102             | 0.0929                 | 0.165               | 0.102               | 0.226              |
| Demographics                  | Yes                   | Yes               | Yes                    | Yes                 | Yes                 | Yes                |

# Appendix

**Table A1: Variable definitions**

| Variable                                             | Description                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Political engagement</b>                          |                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Pro-campaign donation</i>                         | CHF amount donated to the pro-climate-law campaign (pro-campaign) given that the respondent’s values align with it. Donations to the anti-climate-law campaign (anti-campaign) are coded as negative.                                                                                                                                                                                                                      |
| <i>Pro-campaign alignment</i>                        | Answer to the question “Which of the committees (rather) represents your personal opinion?” on a 6-point Likert scale. Values are scaled from -2.5 (values align with the anti-campaign) to 2.5 (values align with the pro-campaign).                                                                                                                                                                                      |
| <i>Voting intention</i>                              | Answer to the question “Do you already know how you will vote on the referendum on the Federal Act on Climate Protection Targets, Innovation, and Strengthening Energy Security?” on a 7-point Likert scale (with the possibility of not disclosing the intention). Values are scaled from -3 (strong intention to vote against the climate law) to 3 (strong intention to vote for the climate law).                      |
| <b>Financial expectations and impact perceptions</b> |                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <i>Treatment</i>                                     | Indicator equal to 1 for respondents in the treatment group.                                                                                                                                                                                                                                                                                                                                                               |
| <i>Risk expectations</i>                             | Answer to the question “How do you assess the risk of Fund A and Fund B in comparison?” on a 7-point Likert scale. Values are scaled from -3 (the climate fund is perceived as significantly more risky) to 3 (the climate fund is perceived as significantly less risky), reflecting the actual randomized position of the climate fund as Fund A or B.                                                                   |
| <i>Return expectations</i>                           | Answer to the question “What do you expect from Fund A and Fund B in terms of return?” on a 7-point Likert scale. Values are scaled from -3 (the climate fund is expected to deliver a strongly lower return than the conventional fund) to 3 (the climate fund is expected to deliver a strongly higher return than the conventional fund), reflecting the actual randomized position of the climate fund as Fund A or B. |
| <i>Positive emotions</i>                             | Answer to the question “How does it feel to invest in Fund A or Fund B in comparison?” on a 7-point Likert scale. Values are scaled from -3 (it feels much better to invest in the conventional fund) to 3 (it feels much better to invest in the climate fund), reflecting the actual randomized position of the climate fund as Fund A or B.                                                                             |
| <i>Investment in climate fund</i>                    | Indicator equal 1 for respondents who invested in the climate fund in the Investment Stage, and 0 for those who invested in the conventional fund.                                                                                                                                                                                                                                                                         |
| <i>Expected impact climate fund</i>                  | [For treatment group only] Agreement with the statement “An investment in the iShares MSCI World Paris Aligned Climate ETF fund [Climate fund] makes a relevant contribution to climate protection.” on a 7-point Likert scale. Values are scaled from -3 (strongly disagree) to 3 (strongly agree).                                                                                                                       |

*Expected impact holdings* [For treatment group only] Average level of agreement with the statement “An investment in this company makes a relevant contribution to climate protection.”, on a 7-point Likert scale, across the top ten holdings of the climate fund. Values are scaled from -3 (strongly disagree) to 3 (strongly agree).

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**Political preferences**

*Political preference* Answer to the question “Where do you place yourself on the political spectrum from left to right?” on a 7-point Likert scale. Values are scaled from -3 (right) to 3 (left).

*Politics: right* Indicator equal to 1 if the respondent chooses *-3, -2, or -1* on the Likert scale of political preferences, and 0 otherwise.

*Politics: left* Indicator equal to 1 if the respondent chooses *1, 2, or 3* on the Likert scale of the political preference, and 0 otherwise.

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**Demographics**

*Age* Self-reported age in full years.

*Gender* Self-reported gender.

*Male* Indicator equal 1 for male respondents, and 0 otherwise.

*Highest education* Self-reported level of education.

*Higher education* Indicator equal to 1 if the respondent reported a tertiary education, and 0 otherwise.

*Income* Self-reported personal monthly gross income, with options ranging from “*up to CHF 2,000*” to “*Over CHF 20,000*” in steps of CHF 3,000.

*Net worth* Self-reported total liquid assets, with options being “*Less than CHF 50,000*”, “*Between CHF 50,000 and 75,000*”, “*Between CHF 75,000 and 200,000*”, “*Between CHF 200,000 and 250,000*”, “*Between CHF 250,000 and 1 million*”, and “*Over CHF 1 million*”.

*High income* Indicator equal to 1 if the respondent reported an above median income, and 0 otherwise.

*Untold income* Indicator equal to 1 if the respondent decided not to self-report the monthly income, and 0 otherwise.

*High net worth* Indicator equal to 1 if the respondent declared an above median net worth, and 0 otherwise.

*Untold net worth* Indicator equal to 1 if the respondent chooses “*No indication*” from the options for the self-reported net worth, and 0 if any other category is chosen.

*Municipality* The urban or rural status of the municipality of the respondent’s principal residence by population density, derived from the postal code indicated by the respondent.

*Language region* The primary language in the respondent’s principal residence (German, French, or Italian); derived from the postal code indicated by the respondent.

*French speaking region* Indicator equal to 1 if the primary language in the respondent’s municipality of residency is French, and 0 otherwise.

*Italian speaking region* Indicator equal to 1 if the primary language in the respondent’s municipality of residency is Italian, and 0 otherwise.

---



## Figure A1: Investment Stage: Control group

This figure shows the information the respondents in the control group see when they are asked to invest CHF 1,000 (USD 1,100).

### Performance of CHF 100



#### Fund A

##### Description

The fund invests passively in a broadly diversified set of companies worldwide.

##### Fund information

Fund Category: Global Equity  
 Fund Volume: CHF 0.1 billion  
 Cost per year: 0.20 %  
 Risk class: 1-2-3-4-5

##### Return (over last months)

| 3 months | 6 months | 12 months |
|----------|----------|-----------|
| +4.91%   | +8.31%   | -10.44%   |

##### Top 3 regions of the companies

| Region                        | %    |
|-------------------------------|------|
| USA                           | 66.4 |
| Europe (Euro countries)       | 9.5  |
| Europe (excl. Euro countries) | 7.3  |

#### Fund B

##### Description

The fund invests passively in a broadly diversified set of companies worldwide.

##### Fund information

Fund Category: Global Equity  
 Fund Volume: CHF 47 billion  
 Cost per year: 0.20 %  
 Risk class: 1-2-3-4-5

##### Return (over last months)

| 3 months | 6 months | 12 months |
|----------|----------|-----------|
| +4.09%   | +9.11%   | -8.08%    |

##### Top 3 regions of the companies

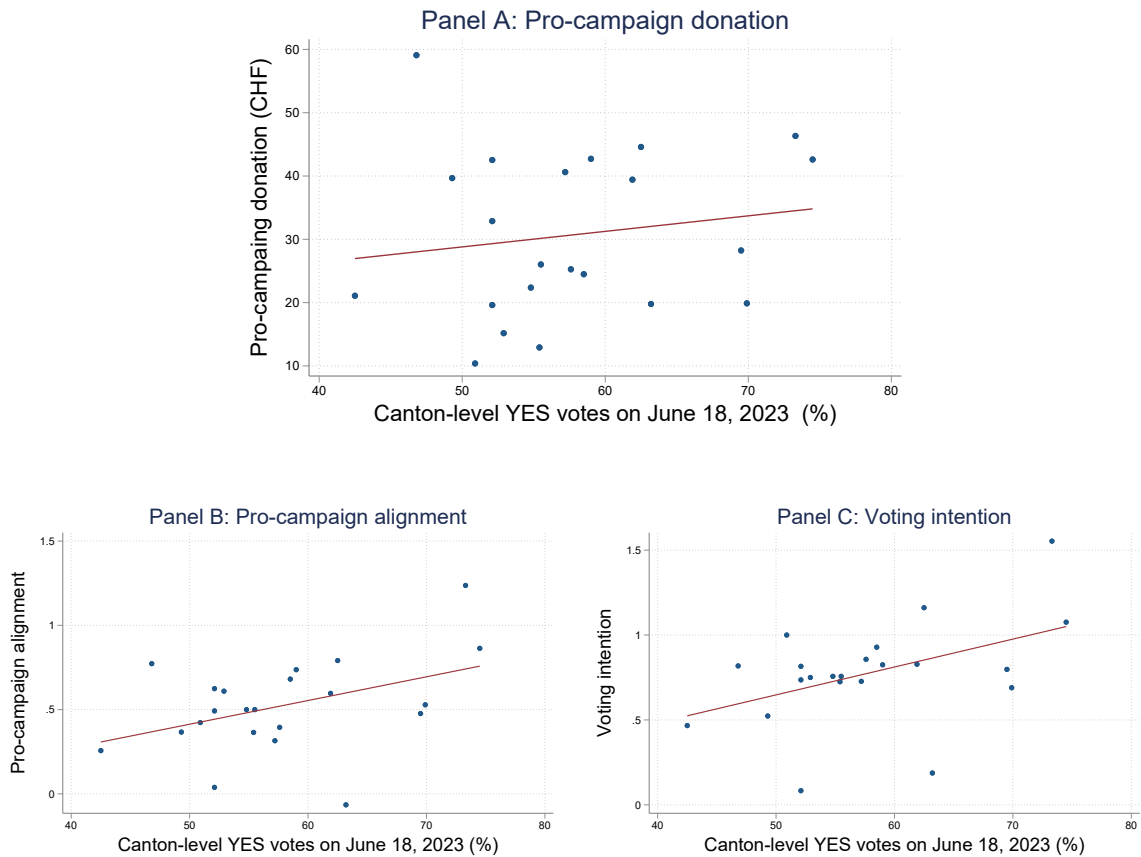
| Region                  | %    |
|-------------------------|------|
| USA                     | 66.7 |
| Europe (Euro countries) | 9.3  |
| Japan                   | 6.2  |

**Risk class:** Measures how much the fund's returns fluctuate compared to similar investments. Higher risk class means higher fluctuations.

Data sources: Morningstar, Fund Manager

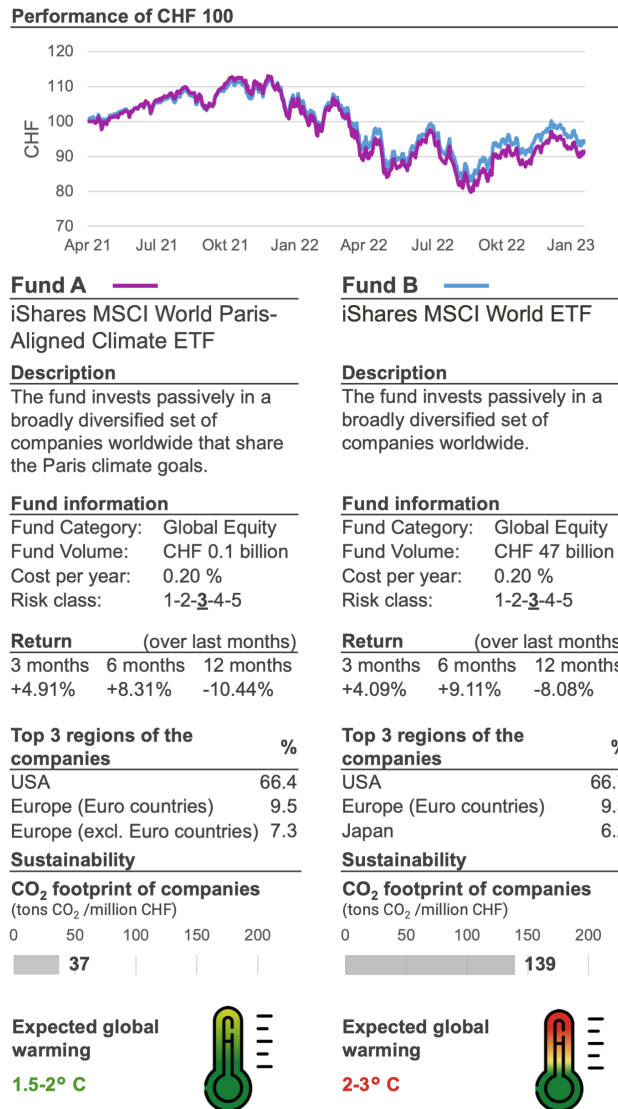
**Figure A2: Validation checks: Correlation with official votes at cantonal level**

These figures show scatter plots of our measures of climate political engagement (*Pro-campaign donation* in Panel A, *Pro-campaign alignment* in Panel B, and *Vote intention* in Panel C) against the official percentage of Yes votes registered in the climate referendum on June 18, 2023, in the respondents' Canton of residency. Out of the 26 Swiss Cantons, the graphs exclude four with less than ten respondents to our survey (Appenzell Innerrhoden, Glarus, Obwalden, and Uri).



### Figure A3: Investment Stage: Treatment group

This figure shows the information shown to the respondents in the treatment group when they are asked to invest CHF 1,000 (USD 1,100). In addition to the information shown in the control group, we reveal the climate focus of Fund A and add explicit climate impact metrics for both funds.

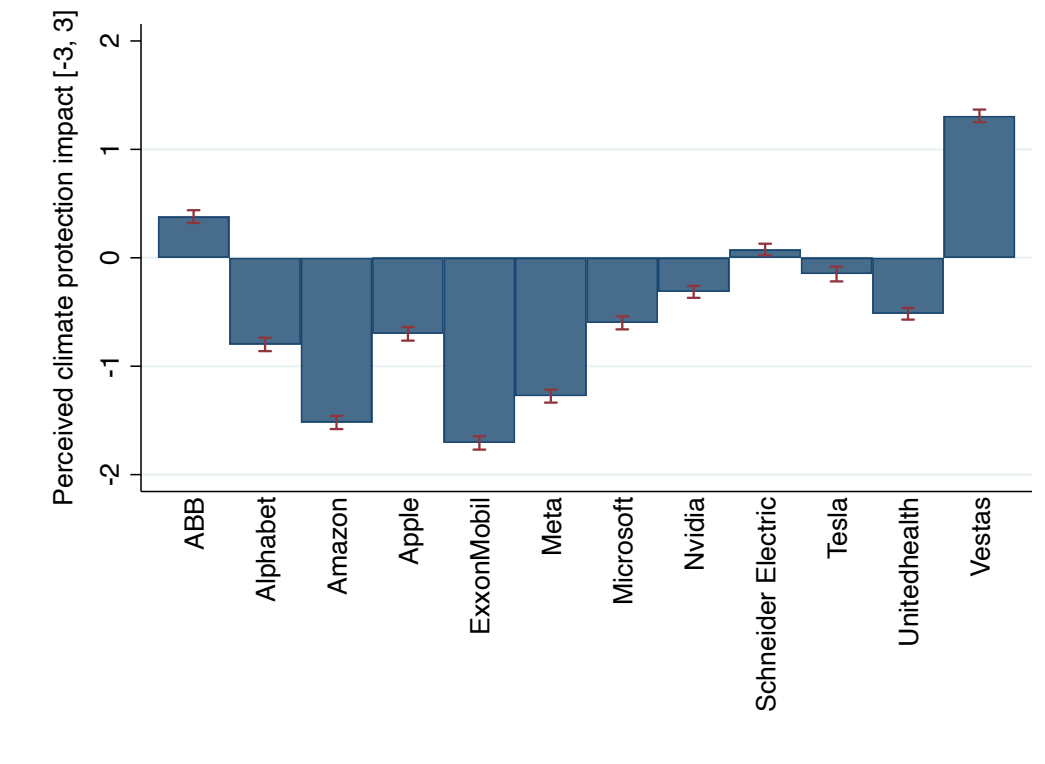


**Risk class:** Measures how much the fund's returns fluctuate compared to similar investments. Higher risk class means higher fluctuations.  
**CO<sub>2</sub> footprint:** Measures the greenhouse gas emissions of the companies in the fund relative to their sales. High values indicate high CO<sub>2</sub> emissions.  
**Expected global warming:** Measures the alignment of the companies in the fund with the Paris Agreement. This envisages limiting global warming to 2°C. Values above 2°C indicate that companies do not support this target.

Data sources: Morningstar, Fund Manager

### Figure A4: Holdings level climate impact perception

This figure shows participants' perception of the climate protection impact of an investment in each of the top ten holdings of the climate fund. In addition, we also ask participants for their impact perception for the oil major ExxonMobile and wind turbine manufacturer Vestas, to check whether perceptions differ for companies commonly seen as particularly detrimental or beneficial for climate change mitigation. The perceived impact is measured on a 7-point Likert scale; positive values indicate agreement with an investment making a meaningful contribution to climate protection; negative values indicate disagreement. The bars indicate 95% confidence intervals.



**Table A2: Treatment effect on political engagement controlling for demographic characteristics**

This table shows the results of OLS regressions of individual climate political engagement on the treatment indicator. Columns 1-2 regress our main measure of political engagement, the donations to the pro-climate-law campaign; columns 2-3 employ the stated alignment with the pro-climate-law campaign; while columns 5 and 6 regress the intention to vote to the pro-campaign. Columns 2, 4, and 5 also control for various demographic characteristics.  $t$  statistics based on robust standard errors are shown in parentheses. \*\*\*, \*\*, and \* indicate that the parameter estimate is significantly different from zero at the 1%, 5%, and 10% level, respectively.

|                         | Pro-campaign donation |                     | Pro-campaign alignment |                      | Voting intention    |                      |
|-------------------------|-----------------------|---------------------|------------------------|----------------------|---------------------|----------------------|
|                         | (1)                   | (2)                 | (3)                    | (4)                  | (5)                 | (6)                  |
| Treatment               | 3.843<br>(0.93)       | 4.811<br>(1.19)     | 0.138*<br>(1.91)       | 0.163**<br>(2.33)    | 0.157<br>(1.61)     | 0.181*<br>(1.92)     |
| Age                     |                       | 0.0846<br>(0.68)    |                        | 0.00287<br>(1.24)    |                     | 0.00392<br>(1.26)    |
| Male                    |                       | -4.330<br>(-1.04)   |                        | -0.260***<br>(-3.59) |                     | -0.306***<br>(-3.15) |
| Higher education        |                       | 30.58***<br>(6.85)  |                        | 0.686***<br>(9.35)   |                     | 0.769***<br>(7.79)   |
| High income             |                       | -1.670<br>(-0.34)   |                        | -0.263***<br>(-3.01) |                     | -0.343***<br>(-2.96) |
| Untold income           |                       | -3.263<br>(-0.39)   |                        | -0.245<br>(-1.60)    |                     | -0.458**<br>(-2.04)  |
| High net worth          |                       | 8.485*<br>(1.65)    |                        | 0.207**<br>(2.40)    |                     | 0.286**<br>(2.45)    |
| Untold net worth        |                       | -8.952<br>(-1.12)   |                        | -0.168<br>(-1.11)    |                     | -0.219<br>(-0.99)    |
| Urban region            |                       | 19.33***<br>(4.51)  |                        | 0.370***<br>(4.79)   |                     | 0.486***<br>(4.63)   |
| French speaking region  |                       | -6.960<br>(-1.51)   |                        | -0.116<br>(-1.42)    |                     | -0.0492<br>(-0.44)   |
| Italian speaking region |                       | -16.83**<br>(-2.01) |                        | -0.200<br>(-1.19)    |                     | -0.172<br>(-0.82)    |
| Constant                | 31.24***<br>(10.48)   | 3.948<br>(0.56)     | 0.531***<br>(10.20)    | 0.112<br>(0.84)      | 0.793***<br>(11.33) | 0.248<br>(1.41)      |
| Observations            | 2,051                 | 2,051               | 2,051                  | 2,051                | 1,726               | 1,726                |
| $R^2$                   | 0.000                 | 0.047               | 0.002                  | 0.074                | 0.002               | 0.072                |

**Table A3: Political engagement and investment decisions**

This table shows the results of OLS regressions of individual climate political engagement in the treatment group on an indicator equal to one for respondents who invested in the climate fund.  $t$  statistics based on robust standard errors are reported in parentheses. \*\*\*, \*\*, and \* indicate that the parameter estimate is significantly different from zero at the 1%, 5%, and 10% level, respectively.

|                            | Pro-campaign<br>donation<br>(1) | Pro-campaign<br>alignment<br>(2) | Voting intention<br>(3) |
|----------------------------|---------------------------------|----------------------------------|-------------------------|
| Investment in climate fund | 50.26***<br>(8.94)              | 1.285***<br>(10.80)              | 1.545***<br>(8.89)      |
| Constant                   | -31.34***<br>(-3.01)            | -0.798***<br>(-4.29)             | -0.973***<br>(-3.88)    |
| Observations               | 1021                            | 1021                             | 847                     |
| R-squared                  | 0.0919                          | 0.186                            | 0.179                   |
| Demographics               | Yes                             | Yes                              | Yes                     |

## A Survey questionnaire

In what follows, we report the English version of the questionnaire used for our experiment.

The survey was run in the three official Swiss languages: German, French, and Italian.

## 1 Reception

This survey is part of a research project on investment decisions and preferences. It is being conducted jointly by the University of St. Gallen, the University of Zurich, and MIT Sloan.

Your answers will be treated anonymously and confidentially and cannot be linked to you personally. Your participation is voluntary, and you can leave the survey at any time. By clicking "Continue", you confirm that you are of legal age, that you are voluntarily participating in this survey, and that you agree to consent to your answers being used for scientific purposes. During the course of the study, you will have the opportunity to invest real money, which will be made available to you, in an investment option. You do not need any experience in investments to do this. The money invested, including any returns, can - with a bit of luck - be paid out personally (Drawing of the winners).

Please read all the instructions carefully and take enough time to answer as you would in "real life".

It takes about 15 minutes to complete the survey.

## 2 Screening

### Q1 Age - All

How old are you?

\_\_\_\_\_

### Q2 Postcode - All

What is the postcode of your principal residence?

\_\_\_\_\_

### Q3 Gender - All

Please indicate your gender:

1. Male
2. Female
3. Other



### 3 Investment Stage

#### Q4 Fund - All

Do you currently have money invested in investment funds?

*Infobox*

*Investment funds are a category of investment transactions. Payments made by many individual investors are invested according to a defined strategy. Depending on the strategy, the fund assets are invested by investment experts on the international securities markets in shares, bonds, and other investments (e.g., real estate, precious metals).*

1. yes
2. no
99. no indication

#### Group Randomisation into 4 groups (1A 1B 2A 2B)

*Structurally identical samples*

### 4 Performance 1 - All

#### Text

Below we will provide information on two investment funds (Fund A and Fund B).

Subsequently, you can **invest** an amount of CHF 1,000 in **Fund A or Fund B**. This amount will be placed at your disposal.

After the completion of this study, we will draw 10 participants at random. **If you are one of the winners**, the sponsor of this study will **make a real investment of CHF 1,000 in the fund** you have chosen. After one year, the investment will be sold at the current market value, and the proceeds will be paid out to you.

**So note that your decisions - should you be one of these drawn winners - will trigger real investments and have a direct impact on your payout amount.**

*Factsheets and questions Q5-Q8 on the same page.*

#### Text

Please read the information on Fund A and Fund B carefully.

*Here TREATMENT or CONTROL*

*Text*

To ensure that you have read and correctly understood the descriptions, please answer the following questions.

#### Q5 Fund A - All

What is the return over the last 6 months for **Fund A**?

1. +4.09%
2. +4.91%
3. +8.31%
4. +9.11%
99. don't know

**Q6 Fund B - All**

What is the return over the last 6 months for **Fund B**?

1. +4.09%
2. +4.91%
3. +8.31%
4. +9.11%
99. don't know

*If Sample = TREATMENT / resp. hide if Sample CONTROL*

**Q7 Fund A - if Group 2A [Group = 2A] or if Group 2B [Group = 2B]**

What is the expected temperature increase for Fund A?

1. 1.5-2°C
2. 1.5-2.5 °C
3. 2-3°C
4. 3-4°C
99. don't know

**Q8 Fund B - if Group 2A [Group = 2A] or if Group 2B [Group = 2B]**

What is the expected temperature increase for Fund B?

1. 1.5-2°C
2. 1.5-2.5 °C
3. 2-3°C
4. 3-4°C
99. don't know

**5 Performance 2 - if not correct answer**

*Text*

Unfortunately, some of your answers were incorrect or you selected the option "Don't know". Please read the information again carefully and answer the questions again.

*[Questions Q8-Q12 on same page]*

**Q5 Fund A - All**

What is the return over the last 6 months for Fund A?

- 1. +4.09%
- 2. +4.91%
- 3. +8.31%
- 4. +9.11%
- 99. don't know *[grey out]*

**Q6 Fund B - All**

What is the return over the last 6 months for Fund B?

- 1. +4.09%
- 2. +4.91%
- 3. +8.31%
- 4. +9.11%
- 99. don't know *[grey out]*

*If Sample = TREATMENT*

**Q7 Fund A**

What is the expected temperature increase for Fund A?

- 1. 1.5-2°C
- 2. 1.5-2.5 °C
- 3. 2-3°C
- 4. 3-4°C
- 99. don't know

**Q8 Fund B**

What is the expected temperature increase for Fund B?

- 1. 1.5-2°C
- 2. 1.5-2.5 °C
- 3. 2-3°C
- 4. 3-4°C
- 99. don't know

## 6 Investment Stage

### Q9 Investment Decision - All

You can now invest CHF 1,000. In which fund would you like to invest this amount?

#### *Infobox*

After the completion of this study, we will draw 10 participants at random. **For the winners, a real investment of CHF 1,000 will be made** by the client of this study in the **fund** you have chosen. After one year, the investment will be sold at the current market value and the proceeds will be paid out to them.

**So note that your decisions - should you belong to these drawn winners - trigger real investments and directly affect their payout amount.**

1. Fund A
2. Fund B

## 7 Political Stage

### Text - All

In the next part of the survey, we are interested in your opinion about an upcoming political event.

On 18 June 2023, the Swiss electorate will vote on a new law: The "**Federal Act on Climate Protection Goals, Innovation and Strengthening Energy Security**".

This Act aims to achieve the following objectives:

- The reduction of greenhouse gas emissions and application of negative emission technologies
- Adaptation to and protection from the impacts of climate change
- Targeting financial flows toward low-emission and climate change-resilient development
- Replacing fossil-fuelled heating systems and electric heating systems with heat generation from renewable energies and energy efficiency measures

These targets are in line with the international climate targets set in Paris. Overall, the Confederation shall ensure that the impact of man-made greenhouse gas emissions in Switzerland is zero by 2050 (net zero target).

### Text box

In the run-up to the vote, **two committees hold opposing views** on this law. Below we show you the main arguments of the Yes and the No committees. Please read them carefully.

### Text No Committee - All



The committee "Electricity-eater-law NO" is campaigning for the **rejection** of the law.

Arguments of the committee "Electricity-eater-law NO":

- **Exploding electricity prices:** With this law, electricity and energy become a luxury for the rich. Industry has to limit its production or relocate abroad. Homeowners will have to invest massively, and flat rents will rise.
- **Phase-out without a plan:** This extreme law leads to a de facto ban on fossil fuels such as heating oil, petrol, diesel and gas. This without a plan on how to produce enough affordable electricity for electric cars, heat pumps, etc.
- **Security of supply at risk:** The haphazard phase-out endangers our security of supply! We will become even more dependent on the weather and resources from abroad.

Text Yes Committee - All



The committee "Climate Protection Law YES" is campaigning for the law to be **adopted**.

Arguments of the committee "Climate Protection Law YES":

- **Doing nothing exacerbates climate damage - the consequential costs are rising:** The longer we wait, the worse the damage from climate change will become. If we invest in climate protection today, we will save a lot of money in the future.
- **With the climate targets, Switzerland is taking responsibility:** Switzerland is setting itself climate targets and freeing itself from dependence on oil and gas from abroad. In this way, we are taking responsibility for future generations.
- **Tackling climate protection, seizing opportunities:** The Climate Protection Act promotes innovative technology for climate protection. This generates added value at home and markets for the export industry.

Q10 Support - All

Which of the committees (rather) represents your personal opinion?

|                                                    |   |   |   |   |                                            |
|----------------------------------------------------|---|---|---|---|--------------------------------------------|
| The Committee "Electricity-eater-law NO" Committee |   |   |   |   | The "Climate Protection Law YES" Committee |
| 1                                                  | 2 | 3 | 4 | 5 | 6                                          |

*If Q10 <= 3.*

Q11.B Support - [If Q10 = 1, 2 or 3]

You now have the opportunity to support the committee "Electricity-eater-law NO" with a donation of up to CHF 250.

A donation enables the No Committee to take various measures to convince voters of their arguments before the vote. The committee uses your donation, for example, to distribute flyers, place advertisements or put up posters.

**Note:** If you are one of the ten winners for whom we invest CHF 1,000, we will donate the selected amount immediately. We will later deduct the donation amount from the payout to you.

How much CHF would you like to donate to the "Stromfresser-Gesetz NEIN" committee?

Type in the desired CHF amount.

*If Q10 >= 4.*

**Q11.A Support - [If Q10 = 4, 5 or 6]**

You now have the opportunity to support the committee "Climate Protection Law YES" with a donation of up to CHF 250.

A donation enables the Yes Committee to take various measures to convince voters of their arguments before the vote. The committee uses your donation, for example, to distribute flyers, place advertisements, or put up posters.

Note: If you are one of the ten winners for whom we invest CHF 1,000, we will donate the selected amount immediately. We will later deduct the donation amount from the payout to you.

How much CHF would you like to donate to the "Climate Protection Law YES" committee?

Type in the desired CHF amount.

**Q12 Voting - All**

Do you already know how you will vote on the referendum on the "Federal Act on Climate Protection Targets, Innovation, and Strengthening Energy Security"?

| I will vote <b>for the law</b> |   |   |   |   |   | I will vote <b>against the law</b> |
|--------------------------------|---|---|---|---|---|------------------------------------|
| 1                              | 2 | 3 | 4 | 5 | 6 | 7                                  |

97. I will not vote.

98. I am not entitled to vote.

99. not specified

**Q13 Reconciliation Forecast All**

How do you think the Swiss electorate will decide in the vote on the "Federal Act on Climate Protection Targets, Innovation and Strengthening Energy Security"?

Likert Scale:

1. the law will certainly be adopted.

(2 -6)

7. the law will certainly be rejected.

## 8 Survey Stage

If Sample = TREATMENT

### Q14 Impact Expectations Fund

Text

Below you can see the two funds again:

Question

How strongly do you agree with the following statement?

"An investment in the iShares MSCI World Paris Aligned Climate ETF (Fund A/B) fund makes a relevant contribution to climate protection."

Likert Scale:

1. do not agree at all

(2. - 6.)

7. fully agree

### Q15 Impact Expectations Companies - All

The following question refers to investments in individual companies. For each of the companies mentioned, how strongly do you agree with the statement below?

"An investment in this company makes a relevant contribution to climate protection."

|      | Company                | Description                                    | Do not agree at all   |                       |                       |                       | Agree wholeheartedly  |                       |                       |
|------|------------------------|------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|      |                        |                                                | 1                     | 2                     | 3                     | 4                     | 5                     | 6                     | 7                     |
| [1]  | ABB Ltd                | Energy and automation technology group         | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [2]  | Alphabet Inc           | Technology company formerly known as Google    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [3]  | Amazon Com Inc         | Online mail order company                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [4]  | Apple Inc              | Software developers and technology companies   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [5]  | ExxonMobil Corp        | Oil company                                    | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [6]  | Meta Platforms         | Technology company formerly known as Facebook  | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [7]  | Microsoft Corp         | Hardware and software developer                | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [8]  | Nvidia Corp            | Technology company                             | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [9]  | Schneider Electric     | Electrical engineering group                   | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [10] | Tesla Inc              | Car manufacturer                               | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [11] | Unitedhealth Group Inc | Insurance group with focus on health insurance | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| [12] | Vestas Wind Systems AS | Wind turbine manufacturer                      | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |



New page

**Q16 Expectations Risk - All**

How do you assess the risk of Fund A and Fund B in comparison?

|                                                 |   |   |   |   |   |                                          |             |
|-------------------------------------------------|---|---|---|---|---|------------------------------------------|-------------|
| An investment in <b>Fund A</b> is much riskier. |   |   |   |   |   | An investment in Fund B is much riskier. | Can't judge |
| 1                                               | 2 | 3 | 4 | 5 | 6 | 7                                        | 99          |

**Q17 Expectations Return - All**

What do you expect from Fund A and Fund B in terms of return?

|                                                  |   |   |   |   |   |                                                  |             |
|--------------------------------------------------|---|---|---|---|---|--------------------------------------------------|-------------|
| <b>Fund A</b> will achieve a much higher return. |   |   |   |   |   | <b>Fund B</b> will achieve a much higher return. | Can't judge |
| 1                                                | 2 | 3 | 4 | 5 | 6 | 7                                                | 99          |

**Q18 Feeling - All**

How does it feel to invest in fund A or fund B in comparison?

|                                                   |   |   |   |   |   |                                                   |             |
|---------------------------------------------------|---|---|---|---|---|---------------------------------------------------|-------------|
| It feels much better to invest in <b>fund A</b> . |   |   |   |   |   | It feels much better to invest in <b>fund B</b> . | Can't judge |
| 1                                                 | 2 | 3 | 4 | 5 | 6 | 7                                                 | 99          |

**9 Survey Stage (Political Orientation)**

**Q19 Vote - All**

Where do you place yourself on the political spectrum from left to right?

Likert Scale:

1. Left

(2-6)

7. Right

99. not specified

#### Q20 Party - All

Which party or parties did you vote for in the last National Council elections (2019)?

1. Swiss People's Party (SVP)
- 2nd Social Democratic Party (SP)
3. FDP. Die Liberalen.
- 4th Green Party of Switzerland (GPS)
5. Christian Democratic People's Party (CVP)
6. green liberal party (GLP)
- 7th Evangelical People's Party (EPP)
8. civic democratic party (BDP)
9. federal democratic union (EDU)
- 10 Lega dei Ticinesi
- 11 Ensemble à Gauche
- 12th Party of Labour Switzerland (PDA)
98. others: *[text box]*
99. I have not voted.
100. i am not eligible to vote.
- 101 I can't remember.
102. no indication

#### Q21 Votes - All

How have you voted on environmental issues in past votes?

1. Vote on the revised CO2 Act (13 June 2021)
2. Popular Initiative for Responsible Business - to Protect People and the Environment (Corporate Responsibility Initiative) (29 November 2020)
3. Popular Initiative for Clean Drinking Water and Healthy Food (Drinking Water Initiative) (13 June 2021)

*[in columns]*

1. In favour [Yes]
2. Against [No]
3. Included / not voted
97. I am not entitled to vote.
98. I can't remember.
99. no indication

#### 10 Survey Stage (Statistics)

##### Text - All

Finally, we would have some statistical questions.

#### Q22 Sustainable investment products - All

Are you currently investing in sustainable investment products?

1. yes, I invest **all my assets** exclusively in sustainable investment products
2. yes, I invest a **substantial part of my assets** in sustainable investment products
3. yes, I invest a **small part of my assets** in sustainable investment products
4. no, I do **not** invest in **sustainable** investment products
98. don't know
99. No information.

### Q23 Assets - All

In which asset class do your personal liquid assets fall?

*Infobox*

*Liquid assets are amounts that you have invested in accounts or securities and that are in your name. They do not include real estate, tied pension assets and insurance policies that are only available in the long term.*

*Single Choice*

1. less than CHF 50,000
2. between CHF 50,000 and 75,000
3. between CHF 75,000 and 200,000
4. between CHF 200,000 and 250,000
5. between CHF 250,000 and 1 million
6. over CHF 1 million
99. no indication

### Q24 Gross income - All

In which income class does your **personal monthly gross income** fall?

*Info:*

Pension benefits are also considered income.

*Single Choice*

1. up to CHF 2'000
2. CHF 2'001 - CHF 5'000
3. CHF 5'001 - CHF 8'000
4. CHF 8'001 - CHF 12'000
5. CHF 12'001 - CHF 16'000
6. CHF 16'001 - CHF 20'000
7. over CHF 20,000
98. don't know
- 99 No specification

#### **Q25 Interest in investment topics**

How interested are you in the topic of investing or investment transactions?

*Single Choice*

1. I am not interested at all  
(2-6)
7. I am very interested

#### **Q26 Education - All**

What is the highest education you have completed with a certificate or diploma?

1. compulsory school (primary, secondary, Real- district school, Pro-, Untergymnasium)
2. vocational apprenticeship or full-time vocational school (for example, commercial school, school for nursing, school for medical assistants, school for nurses, training workshop)
3. baccalaureate school, primary teacher training
4. higher technical or vocational training (e.g., master craftsman's diploma, higher technical examination, federal certificate)
5. university of applied sciences (formerly, for example, HTL/HWV/HKG)
6. university, ETH
7. other training
8. no school education or vocational training

#### **11 Closing**

You have now reached the end of the questionnaire. Thank you very much for your participation.

If you are drawn, and you are one of the winners, we will contact you in June 2023.

Factsheet 1A

**Performance of CHF 100**



**Fund A**

**Description**

The fund invests passively in a broadly diversified set of companies worldwide.

**Fund information**

Fund Category: Global Equity  
 Fund Volume: CHF 0.1 billion  
 Cost per year: 0.20 %  
 Risk class: 1-2-~~3~~-4-5

**Return** (over last months)

3 months 6 months 12 months  
 +4.91% +8.31% -10.44%

**Top 3 regions of the companies**

| Region                        | %    |
|-------------------------------|------|
| USA                           | 66.4 |
| Europe (Euro countries)       | 9.5  |
| Europe (excl. Euro countries) | 7.3  |

**Fund B**

**Description**

The fund invests passively in a broadly diversified set of companies worldwide.

**Fund information**

Fund Category: Global Equity  
 Fund Volume: CHF 47 billion  
 Cost per year: 0.20 %  
 Risk class: 1-2-~~3~~-4-5

**Return** (over last months)

3 months 6 months 12 months  
 +4.09% +9.11% -8.08%

**Top 3 regions of the companies**

| Region                  | %    |
|-------------------------|------|
| USA                     | 66.7 |
| Europe (Euro countries) | 9.3  |
| Japan                   | 6.2  |

**Risk class:** Measures how much the fund's returns fluctuate compared to similar investments. Higher risk class means higher fluctuations.

Data sources: Morningstar, Fund Manager

Factsheet 1B:

**Performance of CHF 100**



**Fund A**

**Description**

The fund invests passively in a broadly diversified set of companies worldwide.

**Fund information**

Fund Category: Global Shares  
 Fund Volume: CHF 47 billion  
 Cost per year: 0.20 %  
 Risk class: 1-2-~~3~~-4-5

**Return** (over last months)

| 3 months | 6 months | 12 months |
|----------|----------|-----------|
| +4.09%   | +9.11%   | -8.08%    |

**Top 3 regions of the companies**

| Region                  | %    |
|-------------------------|------|
| USA                     | 66.7 |
| Europe (Euro countries) | 9.3  |
| Japan                   | 6.2  |

**Fund B**

**Description**

The fund invests passively in a broadly diversified set of companies worldwide.

**Fund information**

Fund Category: Global Shares  
 Fund Volume: 0.1 billion CHF  
 Cost per year: 0.20 %  
 Risk class: 1-2-~~3~~-4-5

**Return** (over last months)

| 3 months | 6 months | 12 months |
|----------|----------|-----------|
| +4.91%   | +8.31%   | -10.44%   |

**Top 3 regions of the companies**

| Region                        | %    |
|-------------------------------|------|
| USA                           | 66.4 |
| Europe (Euro countries)       | 9.5  |
| Europe (excl. Euro countries) | 7.3  |

**Risk class:** Measures how much the fund's returns fluctuate compared to similar investments. Higher risk class means higher fluctuations.

Data sources: Morningstar, Fund Manager

Factsheet 2A:

**Performance of CHF 100**



**Fund A**  
iShares MSCI World Paris-Aligned Climate ETF

**Description**  
The fund invests passively in a broadly diversified set of companies worldwide that share the Paris climate goals.

**Fund information**  
Fund Category: Global Equity  
Fund Volume: CHF 0.1 billion  
Cost per year: 0.20 %  
Risk class: 1-2-~~3~~-4-5

**Return** (over last months)  
3 months 6 months 12 months  
+4.91% +8.31% -10.44%

**Top 3 regions of the companies** %  
USA 66.4  
Europe (Euro countries) 9.5  
Europe (excl. Euro countries) 7.3

**Sustainability**  
**CO<sub>2</sub> footprint of companies**  
(tons CO<sub>2</sub> /million CHF)  
0 50 100 150 200  
37

**Expected global warming**  
1.5-2° C

**Fund B**  
iShares MSCI World ETF

**Description**  
The fund invests passively in a broadly diversified set of companies worldwide.

**Fund information**  
Fund Category: Global Equity  
Fund Volume: CHF 47 billion  
Cost per year: 0.20 %  
Risk class: 1-2-~~3~~-4-5

**Return** (over last months)  
3 months 6 months 12 months  
+4.09% +9.11% -8.08%

**Top 3 regions of the companies** %  
USA 66.7  
Europe (Euro countries) 9.3  
Japan 6.2

**Sustainability**  
**CO<sub>2</sub> footprint of companies**  
(tons CO<sub>2</sub> /million CHF)  
0 50 100 150 200  
139

**Expected global warming**  
2-3° C

**Risk class:** Measures how much the fund's returns fluctuate compared to similar investments. Higher risk class means higher fluctuations.

**CO<sub>2</sub> footprint:** Measures the greenhouse gas emissions of the companies in the fund relative to their sales. High values indicate high CO<sub>2</sub> emissions.

**Expected global warming:** Measures the alignment of the companies in the fund with the Paris Agreement. This envisages limiting global warming to 2°C. Values above 2°C indicate that companies do not support this target.

Data sources: Morningstar, Fund Manager

Factsheet 2B:

Performance of CHF 100



**Fund A** — iShares MSCI World ETF

**Description**

The fund invests passively in a broadly diversified set of companies worldwide.

**Fund information**

Fund Category: Global Equity  
Fund Volume: CHF 47 billion  
Cost per year: 0.20 %  
Risk class: 1-2-**3**-4-5

**Return** (over last months)

3 months 6 months 12 months  
+4.09% +9.11% -8.08%

**Top 3 regions of the companies** %

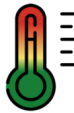
USA 66.7  
Europe (Euro countries) 9.3  
Japan 6.2

**Sustainability**

**CO<sub>2</sub> footprint of companies**

(tons CO<sub>2</sub> /million CHF)  
0 50 100 150 200  
139

**Expected global warming**  
**2-3° C**



**Fund B** — iShares MSCI World Paris-Aligned Climate ETF

**Description**

The fund invests passively in a broadly diversified set of companies worldwide that share the Paris climate goals.

**Fund information**

Fund Category: Global Equity  
Fund Volume: CHF 0.1 billion  
Cost per year: 0.20 %  
Risk class: 1-2-**3**-4-5

**Return** (over last months)

3 months 6 months 12 months  
+4.91% +8.31% -10.44%

**Top 3 regions of the companies** %

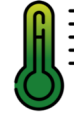
USA 66.4  
Europe (Euro countries) 9.5  
Europe (excl. Euro countries) 7.3

**Sustainability**

**CO<sub>2</sub> footprint of companies**

(tons CO<sub>2</sub> /million CHF)  
0 50 100 150 200  
37

**Expected global warming**  
**1.5-2° C**



**Risk class:** Measures how much the fund's returns fluctuate compared to similar investments. Higher risk class means higher fluctuations.

**CO<sub>2</sub> footprint:** Measures the greenhouse gas emissions of the companies in the fund, relative to their sales. High values indicate high CO<sub>2</sub> emissions.

**Expected global warming:** Measures the alignment of the companies in the fund with the Paris Agreement. This envisages limiting global warming to 2°C. Values above 2°C indicate that companies do not support this target.

Data sources: Morningstar, Fund Manager



## Swiss Finance Institute

Swiss Finance Institute (SFI) is the national center for fundamental research, doctoral training, knowledge exchange, and continuing education in the fields of banking and finance. SFI's mission is to grow knowledge capital for the Swiss financial marketplace. Created in 2006 as a public-private partnership, SFI is a common initiative of the Swiss finance industry, leading Swiss universities, and the Swiss Confederation.