

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

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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 (e.g., Fancy, 2021)? Or is it a way to partially compensate for inefficiently lax regulation, not crowding-out, and possibly crowding-in, traditional political efforts (e.g., Edmans, 2021)? Understanding whether sustainable finance substitutes or complements sustainability-related political engagement is of first-order importance to understanding its impact on society.

This paper provides causal evidence leveraging a popular vote on a climate law in Switzer-

land held on June 18, 2023.¹ 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 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

¹The 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.

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, 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.

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.² 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 traditional views of CSR also influence the current debate on the “political economy” consequences of sustainable finance. Whether or not sustainable finance crowds out formal regulation is indeed a crucial point for its social welfare effect, but it remains an empirical question. Our paper provides experimental

²Along similar lines, according to Maxwell et al. (2000), CSR can be strategic self-regulation of firms to preempt more stringent political action. 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.

evidence.³

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

³While 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 ones, suggesting a complementary effect between responsible investments and charitable donations, while An et al. (2023) provides evidence consistent with a substitution effect.

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.⁴

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

⁴The pre-registration is available at https://aspredicted.org/blind.php?x=VW5_B33.

other political issues. Conversely, the Swiss electorate regularly expresses their preferences on specific matters, including climate policy, through single-issue public referenda.⁵

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 its Paris Agreement climate targets.⁶ 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 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.⁷ 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,

⁵For a brief overview of the peculiarities of Switzerland’s direct democracy, see <https://www.swissinfo.ch/eng/politics/direct-democracy/47697554>.

⁶See, e.g., SWI SwissInfo.ch, “Swiss CO2 law defeated at the ballot box”, June 13, 2021.

⁷For 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.

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 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. 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.⁸

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,

⁸Details 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>.

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 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 A2 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.⁹ 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.¹⁰ 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

⁹We randomize whether participants first see the arguments of the pro- or the anti-campaign.

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

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 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).¹¹ 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

¹¹Specifically, 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.*”

complete responses.¹²

– Table 1 –

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

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.

¹²In 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.

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.¹³ Our objective is to understand individuals’ expectations 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

¹³Recent 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.

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.¹⁴ 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 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.

¹⁴The detailed holding level impact expectations are shown in Figure A3 in the Appendix.

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).

– Figure 4 –

– Table 2 –

The conservative conclusion from these results is that sustainable investing does not significantly influence 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, more

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 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 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.



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.

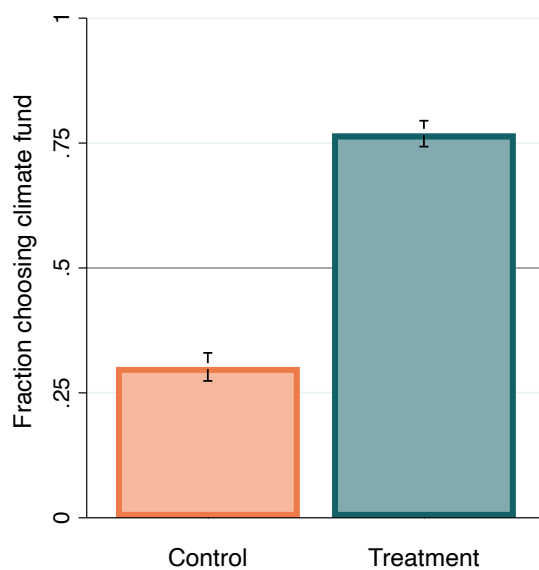


Figure 3: Perceived climate impact of the climate fund vs. individual holdings

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.

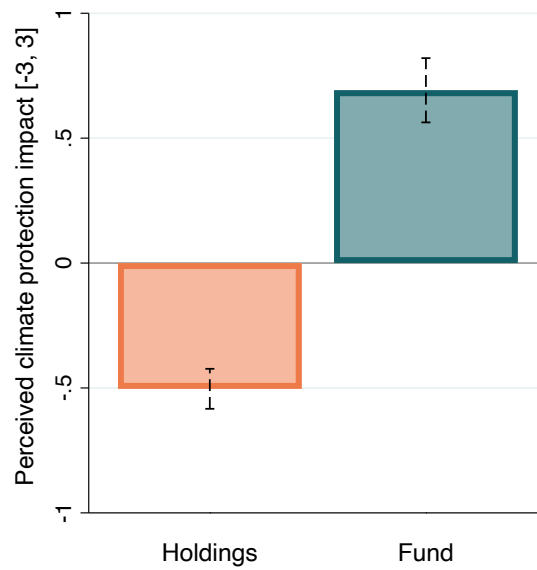
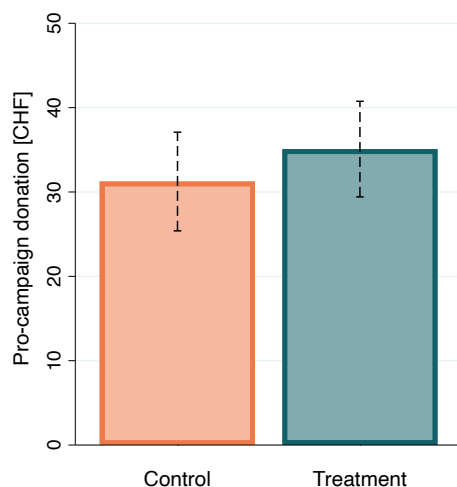
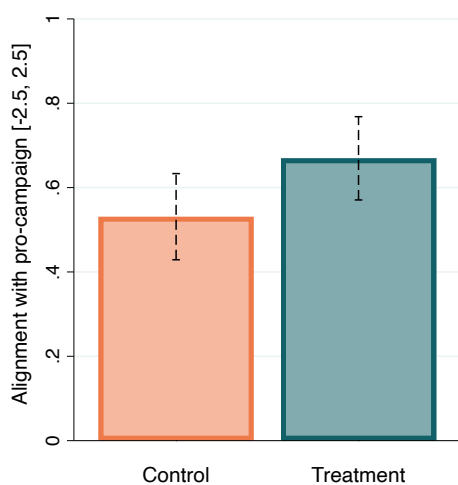


Figure 4: Political engagement in the treatment and control groups

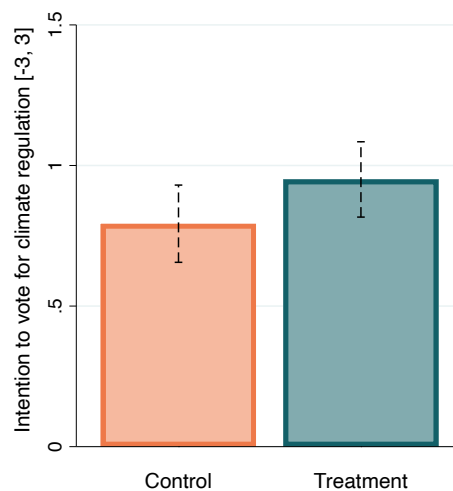
These figures show the effect of our sustainable finance treatment on individual political engagement. Panel (a) shows the average pro-campaign net donation (treating donations to the anti-campaign as negative) in CHF in the control and treatment groups. Panel (b) shows the pro-campaign alignment on 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) Pro-regulation 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 ($n = 1030$)	TREATMENT ($n = 1021$)	(CONTROL = 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, 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 political engagement for climate regulation, 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, 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.

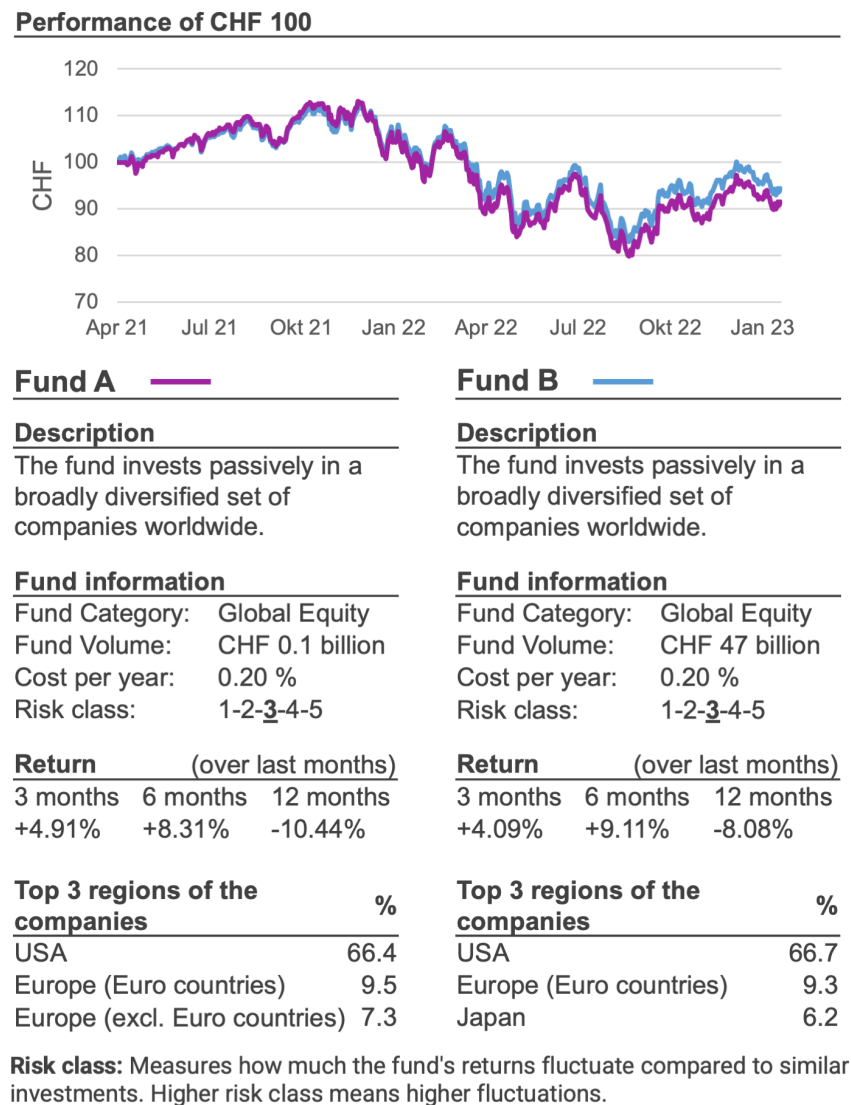
	Mean Values		Mann–Whitney U Test
	CONTROL ($n = 1030$)	TREATMENT ($n = 1021$)	(CONTROL = TREATMENT)
Main results			
Pro-campaign donation [CHF]	31.2	35.1	$p = 0.285$
Pro-campaign alignment [-2.5, 2.5]	0.531	0.669	$p = 0.079$
Voting intention [-3, 3]	0.793	0.950	$p = 0.142$
Investment decision			
Climate 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	$p < 0.001$

Appendix

A Additional figures

Figure A1: Investment Stage: Control group

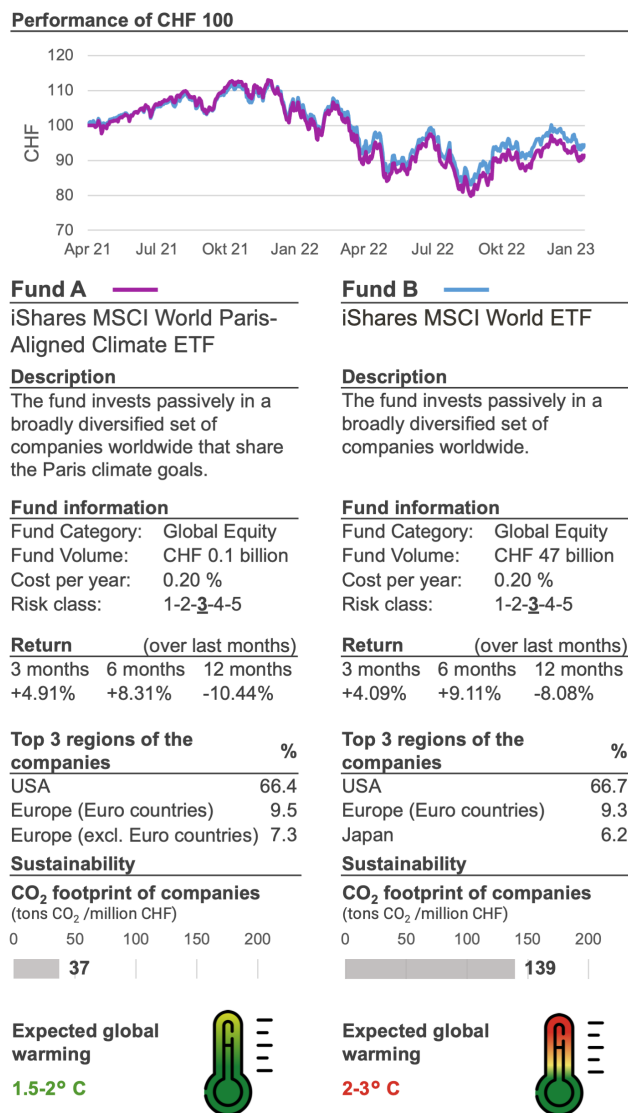
This figure shows the information the respondents in the control group see when they are asked to invest CHF 1,000 (USD 1,100).



Data sources: Morningstar, Fund Manager

Figure A2: 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.

CO₂ footprint: Measures the greenhouse gas emissions of the companies in the fund relative to their sales. High values indicate high CO₂ 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 A3: 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.

