

Eliciting Sustainability Preferences

Rob Bauer

Professor of Finance, Maastricht University

Webinar Level EEI,

Friday October 13, 2023

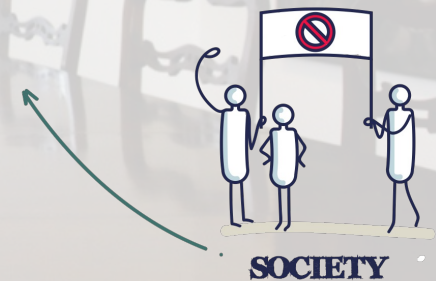
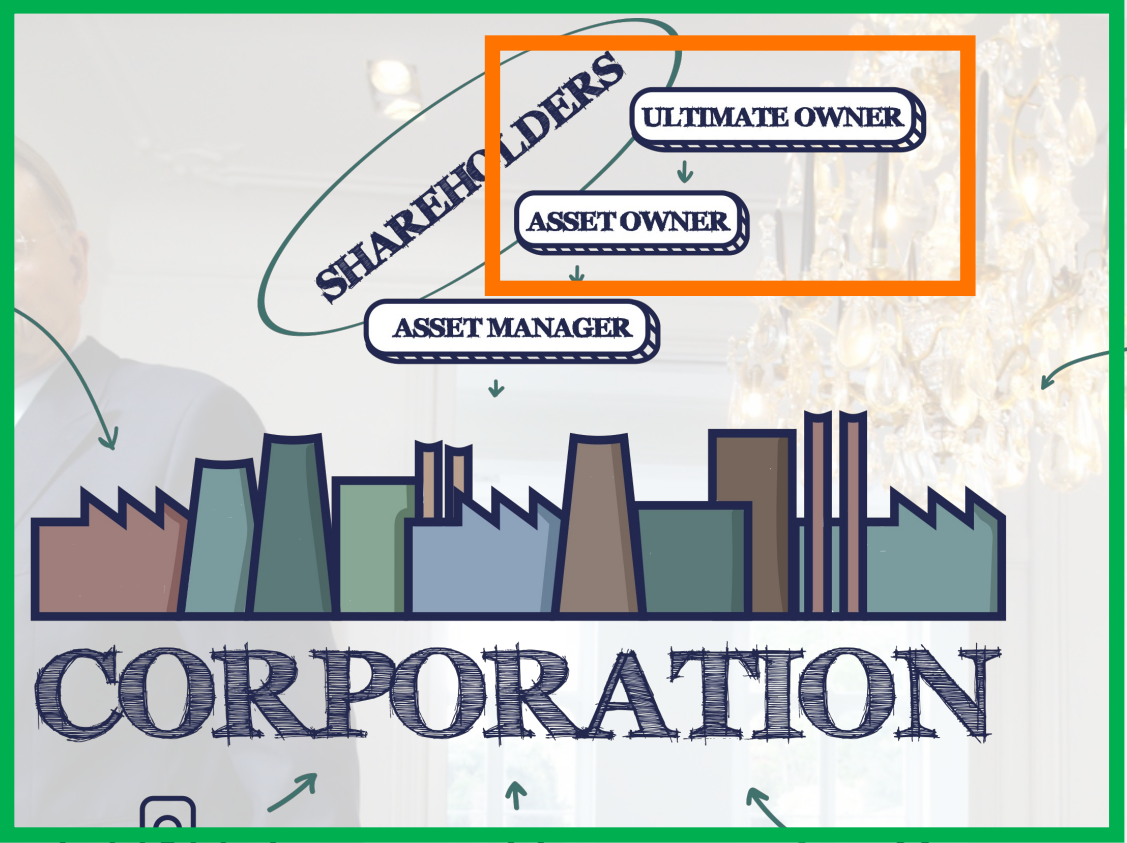


Level the playing field for Energy Efficiency Investment products



This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 894345.

CONTEXT



Sustainable (or responsible) investing

- **There are four basic ways (many subdivisions) to invest in “a responsible way”:**
 - **Exclusion (divestment)** of certain companies (non-financial based)
 - Alternatively, “Inclusion” (**Integration**) or positive/negative selection based on extra-financial information (with the intention to have better risk-adjusted returns)
 - **Stewardship / engagement** with companies (can be both financial and non-financial based, public and non-public): active ownership strategies
 - **Impact investing** (beyond the topic of today): focus on creating real-world impact with investments.

Our observations

- Asset managers and owners (pension funds) are increasingly **integrating sustainability information** into decision making processes.
- Oftentimes these decisions are beliefs-based (managing risks or trying to take advantages of opportunities): a **financial motivation**
- Increasingly, **non-financial motives** (values, ethics) lead to certain decisions in the portfolio management process (divestments yes/no, topic focus in active ownership strategies, lobbying with regulators, participation in collaborative vehicles, etc.).
- If pension beneficiaries do not agree with your course of action, they generally **cannot simply leave** the fund....

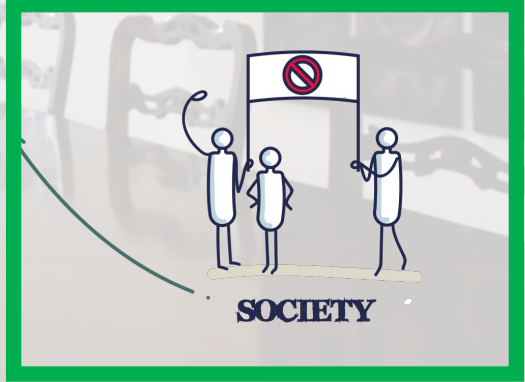
Our motivation

- The surveys I have seen in the retail mutual fund space in practice (students performed some **mystery shopping**) were generally constructed rather poorly which can lead to many potential biases and, hence, measurement errors.
- Addressed to your beloved regulators (e.g., AFM in Dutch context): surveys can also be **mis-used** to steer people into a direction that better serves the asset managers (higher fees, use of in-house products etc.) than it serves clients.
- I am also interested in the interaction between clients'/beneficiaries' **preferences and beliefs** (work in progress).
- I meet the **young generation** every day at work (and at home). They have different views....

CONTEXT



CORPORATION

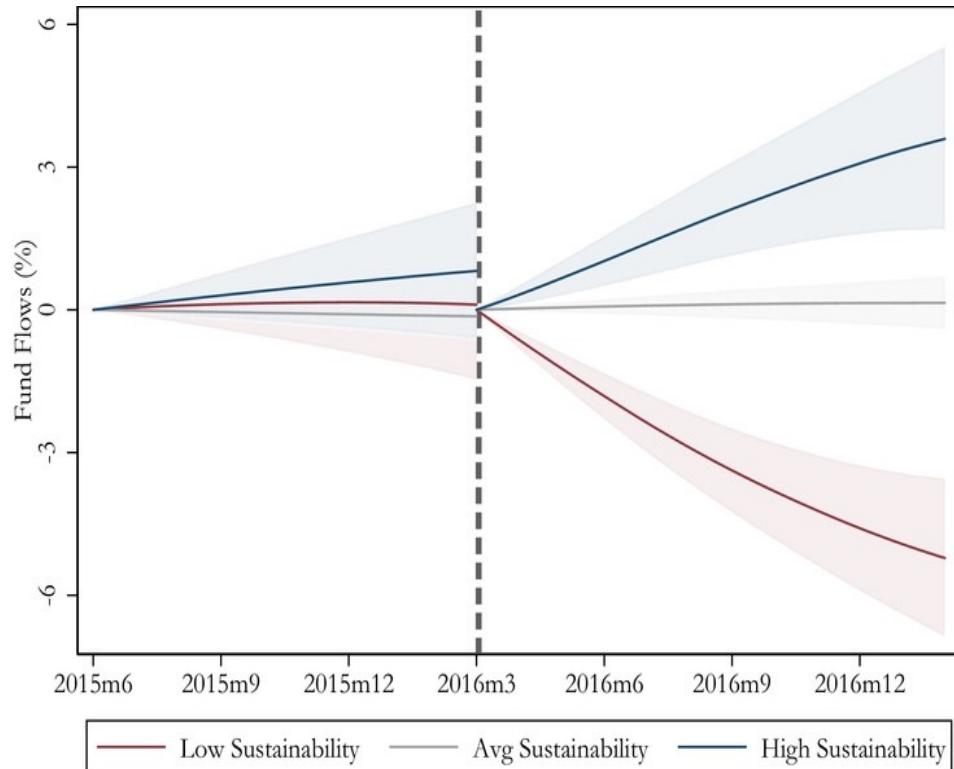






In a free world....

In a mutual fund context (or to some extent in a DC context), clients have choice.



Source: **Hartzmark and Sussman (JF, 2019)**, "Do Investors Value Sustainability? A Natural Experiment Examining Ranking and Fund Flows", Journal of Finance.

"Sizable fund flows in equities away from investors that visibly ignore and towards investors that visibly address sustainability"

Motives to invest sustainably?

The Arbitrageur



The Talker



The Giver



Motives to invest sustainably?

The Journal of FINANCE

The Journal of THE AMERICAN FINANCE ASSOCIATION

THE JOURNAL OF FINANCE • VOL. LXXII, NO. 6 • DECEMBER 2017

Why Do Investors Hold Socially Responsible Mutual Funds?

ARNO RIEDL and PAUL SMEETS*

ABSTRACT

To understand why investors hold socially responsible mutual funds, we link administrative data to survey responses and behavior in incentivized experiments. We find that both social preferences and social signaling explain socially responsible investment (SRI) decisions. Financial motives play less of a role. Socially responsible investors in our sample expect to earn lower returns on SRI funds than on conventional funds and pay higher management fees. This suggests that investors are willing to forgo financial performance in order to invest in accordance with their social preferences.

In the context of retail mutual funds:

- Social preferences (Santa) and signaling (Obama) play a key role.
- Financial incentives play a smaller role.

What about the context of pension funds? What about investors' beliefs?

MIFID: requirements for asset managers

The main amendments introduced to the MIFID II Delegated Regulation and reflected in the guidelines on the topic of sustainability are:

- *Information to clients on the sustainability preferences* – Firms will need to help clients understand the concept of sustainability preferences and explain the difference between products with and without sustainability features in a clear manner and avoiding technical language;
- *Collection of information from clients on sustainability preferences* – Firms will need to collect information from clients on their preferences in relation to the different types of sustainable investment products and to what extent they want to invest in these products;
- *Assessment of sustainability preferences* – Once the firm has identified a range of suitable products for client, in accordance with the criteria of knowledge and experience, financial situation and other investment objectives, the firm shall identify the product(s) that fulfil the client's sustainability preferences; and
- *Organisational requirements* – Firms will need to give staff appropriate training on sustainability topics and keep appropriate records of the sustainability preferences of the client (if any) and of any updates of these preferences.

EU Commission 2021 (on pension funds)



Strasbourg, 6.7.2021
COM(2021) 390 final

COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN
PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS

Strategy for Financing the Transition to a Sustainable Economy

{SWD(2021) 180 final}

Aligning financial flows with the European Green Deal objectives requires further consideration of sustainability impacts in the strategies and investment decision-making processes of investors. On 21 April 2021, the Commission published six amending delegated acts, which require financial firms, such as advisers, asset managers and insurers, to include financially material sustainability risks in their procedures and to consider the sustainability preferences of their clients⁵⁰. This will need to be complemented by further action for the 125 000 pension funds in the EU managing collective schemes on behalf of around 75 million Europeans⁵¹. To enhance their contribution to the Green Deal targets, it is critical that the fiduciary duties of investors and pension funds towards members and beneficiaries also reflect the inside-out ESG risks of investments as part of investment decision-making processes.

- The Commission will ask EIOPA to assess the potential need to broaden the concept of the ‘long-term best interest of members and beneficiaries’ and introduce the obligation to consider sustainability impacts in the pension investment framework. The aim would be to ensure that the framework better reflects members and beneficiaries’ sustainability preferences and broader societal and environmental goals. In collaboration with the European Supervisory Authorities, the Commission will consider and assess further measures to enable all relevant financial market participants and advisers to consider positive and negative sustainability impacts of their investment decisions, and of the products they advise on a systematic basis.

Pension funds: two recent examples

- In the Netherlands, we conducted a project with **Pensioenfond**s **Detailhandel** (pension fund for the retail sector, \$35 billion AUM).
- In the UK, we conducted a project jointly with **USS** (Universities' Superannuation Scheme), the largest UK fund (DC part).
- Both funds decided to **elicit beneficiaries' preferences** regarding sustainable investments.
- More examples can be found in the **practitioner guide**.

CASE #1

READ THE SURVEY

Pensioenfond Detailhandel (PD)

 The Netherlands

Type of financial arrangement:

Collective defined benefit (DB) pension plan

Type of financial institution:

Not-for-profit pension plan

AuM:

30 billion euro

Freedom of choice level participant:

Low: (former) employees in the retail sector have to join PD and mandatorily have to contribute to the plan. They also have no say in the pension and investment policies.

- Key research questions -

To summarise, this project addresses several **key research questions on the elicitation of beneficiaries' sustainability preferences:**

- How do you elicit true sustainability preferences from the beneficiaries of DB pension plans?
- Is there a difference between a hypothetical context (beneficiaries answer hypothetical questions) and a real context (beneficiaries' answers directly affect decision-making)?
- Do beneficiaries prefer sustainability and integrating it into portfolios?
- Are the elicited preferences for sustainability stable through time?
- Is there a relationship between general risk preferences and sustainability preferences?



Elicitation method study 1

Binding referendum (consequential vote) with ex ante commitment of the board to execute the voting outcome. **Members get a vote, but the deciding body is the board.**



Elicitation method study 3

Additional survey focused on measuring (general) risk preferences of Detailhandel beneficiaries, including two questions on sustainability preferences.

2018

2020

2022



Elicitation method study 2

Additional (follow-up) survey in a COVID context investigating whether the social preferences measured in study 1 were stable. Moreover, the plan made a few additional decisions in making the portfolio more sustainable. These were also put forward in this survey (without a vote).

Pensioenfonds Detailhandel (PD)

Pensioenfonds
Detailhandel

- Dutch pension fund for the retail sector (DB).
- Gave their participants a real choice: **binding referendum** on the extension and intensification of their engagement strategy.
- Extension from **three to four SDGs** in the engagement process and **more intense** engagements.
- Participants could vote “**yes**”, “**no**”, and “**no opinion**” to this referendum question and the board committed to the majority outcome (if any).

A real vote



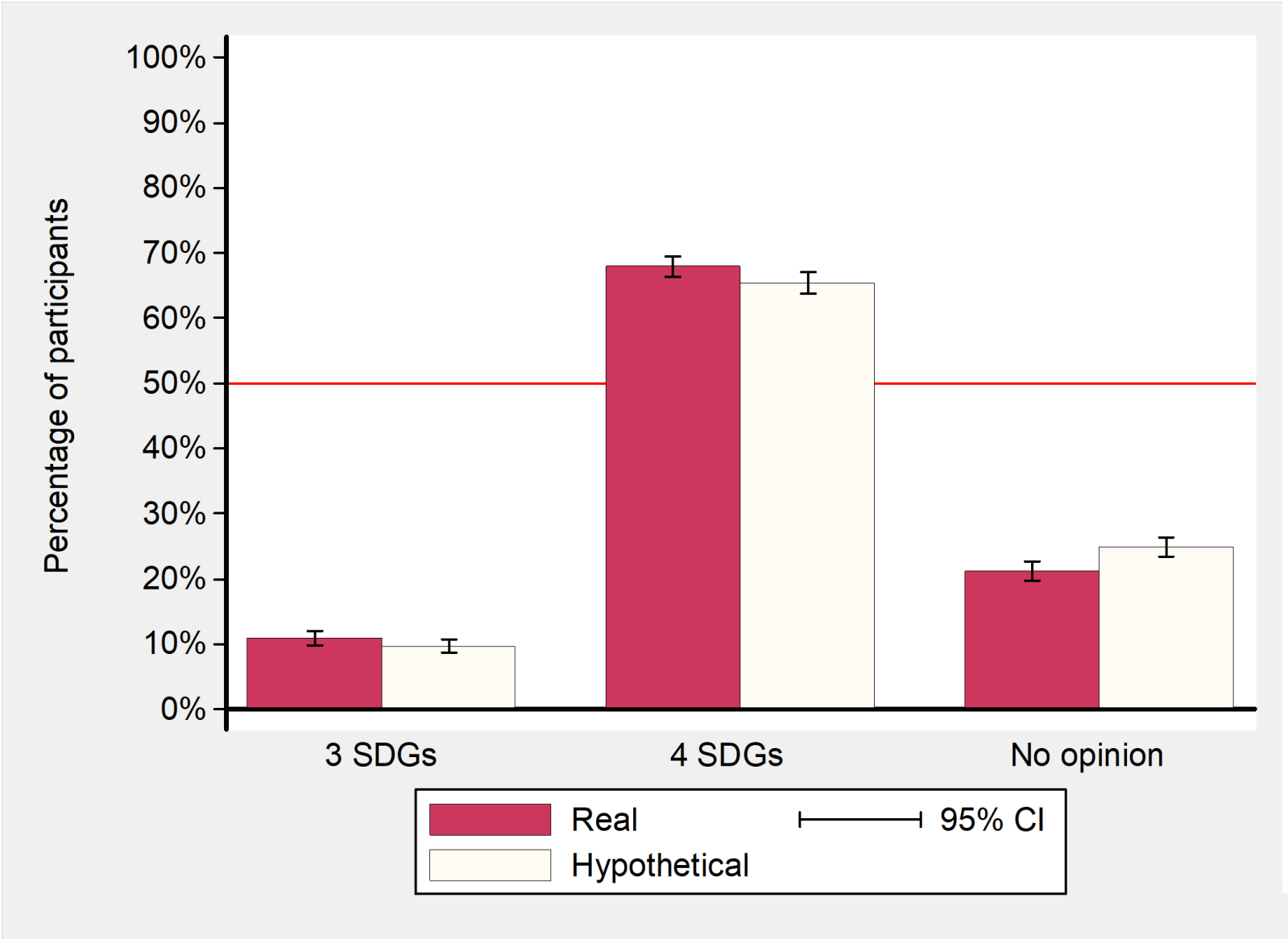
Voting

50% rule

Choice will be implemented

Which percentage chooses 4 SDGs?

Key result study 1(2018)



Get Real!
Individuals Prefer More Sustainable Investments

Rob Bauer
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Tobias Ruof
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The United Nations' Sustainable Development Goals (SDGs) have created societal and political pressure for pension funds to address sustainable investing. We run two field surveys (n = 1,669, n = 3,186) with a pension fund that grants its members a real vote on its sustainable-investment policy. Two-thirds of participants are willing to expand the fund's engagement with companies based on selected SDGs, even when they expect engagement to hurt financial performance. Support remains strong after the fund implements the choice. A key reason is participants' strong social preferences. (*JEL* G02, G11, G20, G23, G28)

Received February 24, 2020; editorial decision February 1, 2021 by Editor Stijn Van Nieuwerburgh.

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The Review of Financial Studies 34 (2021) 3976–4043
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doi:10.1093/rfs/hhab037 Advance Access publication April 19, 2021

Second experiment in 2020

- In 2018, the board **executed the vote** one week after results were presented.
- Study 2's goal was to find out whether participants **still like** the choice they made in 2018.
- Board also integrated the four SDGs in an index portfolio strategy in developed (and emerging) markets (**without a vote**). Additional goal was to find out whether participants also support this decision.
- This survey was conducted in June 2020. Therefore, we also integrated a few questions that can help us answer the question whether **COVID has an impact** on people's preferences.
- Supports remains strong and COVID has a negligible impact.

Launch of an SDG equity index

Case study

Pensioenfonds Detailhandel and FTSE Russell

FTSE
Russell

February 2020 | ftserussell.com

FTSE Custom Developed ex Korea SDG Aligned Index

The FTSE Custom Developed ex Korea SDG Aligned Index ("SDG Aligned Index") is a developed market equity benchmark launched in March 2019 that uses adjustments to constituent weights to create alignment with four of the 17 goals within the UN Sustainable Development Goals (SDGs) framework.

Objectives

The objective of the index design was to create a simple, transparent way to align a broad (developed) market portfolio with specific aspects of the SDGs. The approach adopted was based on a detailed mapping exercise of FTSE Russell's sustainable investment research and the SDG framework.

The SDG Aligned Index was developed in collaboration with a PRI signatory, and one of the Netherlands largest pension funds, Pensioenfonds Detailhandel ("Detailhandel") and now forms the basis of a €5.8bn mandate (as of March 29, 2019).

The index was developed to support the implementation of Detailhandel's sustainable investment (SI) policy, which identifies areas of overlap between its SI objectives and the SDGs. Specifically, Detailhandel identified the following SDGs as relevant to its SI policy:

1. **SDG 8** – Decent work and economic growth
2. **SDG 12** – Responsible consumption and production
3. **SDG 13** – Climate action
4. **SDG 16** – Peace, justice and strong institutions

For Detailhandel in particular, the index is an important first step in helping align their entire investment strategy with their environmental, social and governance

(ESG) objectives and the SDGs while also retaining the characteristics of a passively managed broad market equity portfolio.

The following quote from Detailhandel's March 2019 [press announcement](#) provides the Fund's perspective:

"Detailhandel wanted to minimize risk in its investments while pursuing the highest possible returns in a sustainable manner. We created this unique SDG aligned index as an important first step to help make the entire portfolio sustainable in a way that aligns with the ESG themes and SDGs its members find important. Moreover, the fund trustees involved the members by allowing the choice of a fourth SDG (12) via a survey having already chosen three themselves."

The Index

This index provides institutional investors with a tool to align a passive equity portfolio with aspects of the SDGs.

The chart below provides further information on the four SDGs:

	8 DECENT WORK AND ECONOMIC GROWTH	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Company operations	Supply Chain: Social Labor Standards	Pollution & Resources Supply Chain: Environmental Biodiversity	Climate Change Carbon Emissions	Human Rights & Community Anti-Corruption
Company products/services			Green Revenues Fossil Fuel Reserves	

FTSE Russell's SI research assesses companies based on how they operate and what they produce, captured via our [ESG Ratings](#) and [Green Revenues](#) data models, respectively. The methodologies underlying these data models can be mapped to the 17 SDGs and their underlying targets to identify areas of alignment between FTSE Russell's sustainable investment research and the SDG framework.

- To achieve alignment with the SDGs it is not sufficient to examine companies based only on their products/services or only their operations—a holistic assessment of both is required.
- Adjustments to constituent weights were achieved using "tilts" (over/underweights).
- Based on a combination of constituent-level ESG Theme scores as well as company exposure to the global green economy (using Green Revenues data).

Explaining engagement

1. Engagement based on four instead of three sustainable development goals

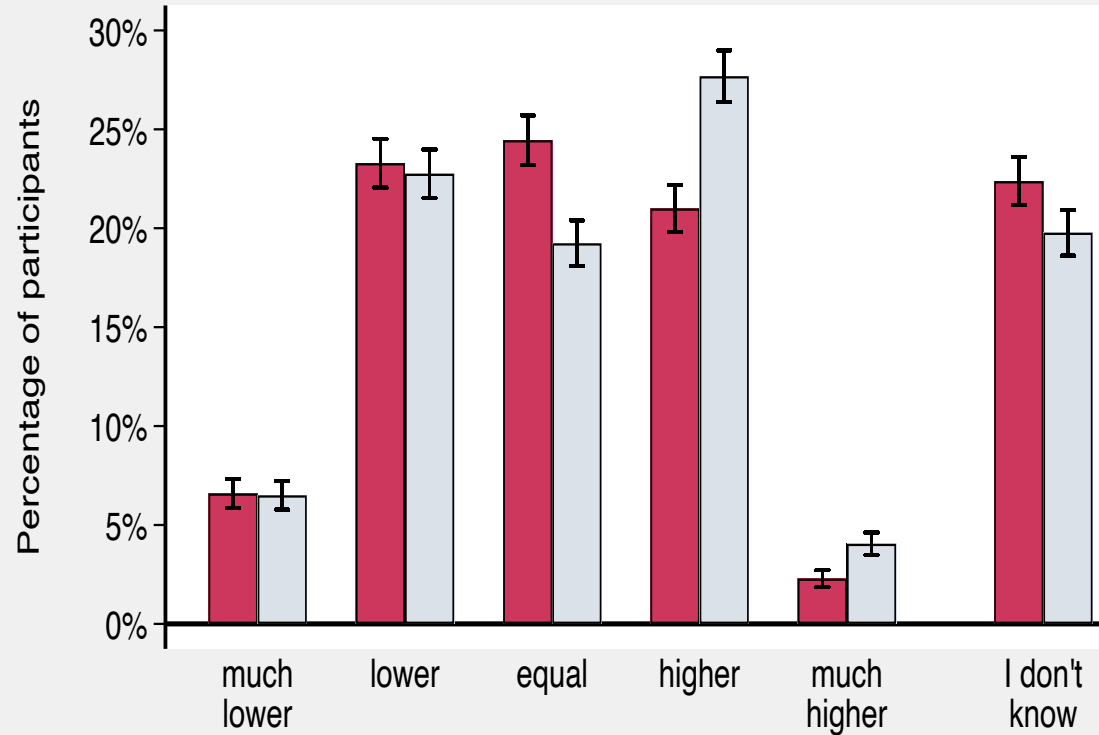
- In practice this means that Pensioenfonds Detailhandel will talk with **more companies**, **speak more intensively** about sustainability and **vote more often** at shareholder meetings about sustainability.
- In 2018 there was a dialogue with 394 companies. In 2019 this number rose to **568 companies (+44 percent)**. [Info button: Dialogue means that your pension fund starts a conversation with companies or votes at shareholder meetings.]
- Pensioenfonds Detailhandel does not do this on its own. To enter into this dialogue more effectively, the fund established the Dutch Engagement Network, which represents two and a half million Dutch people.

Explaining screening (integration)



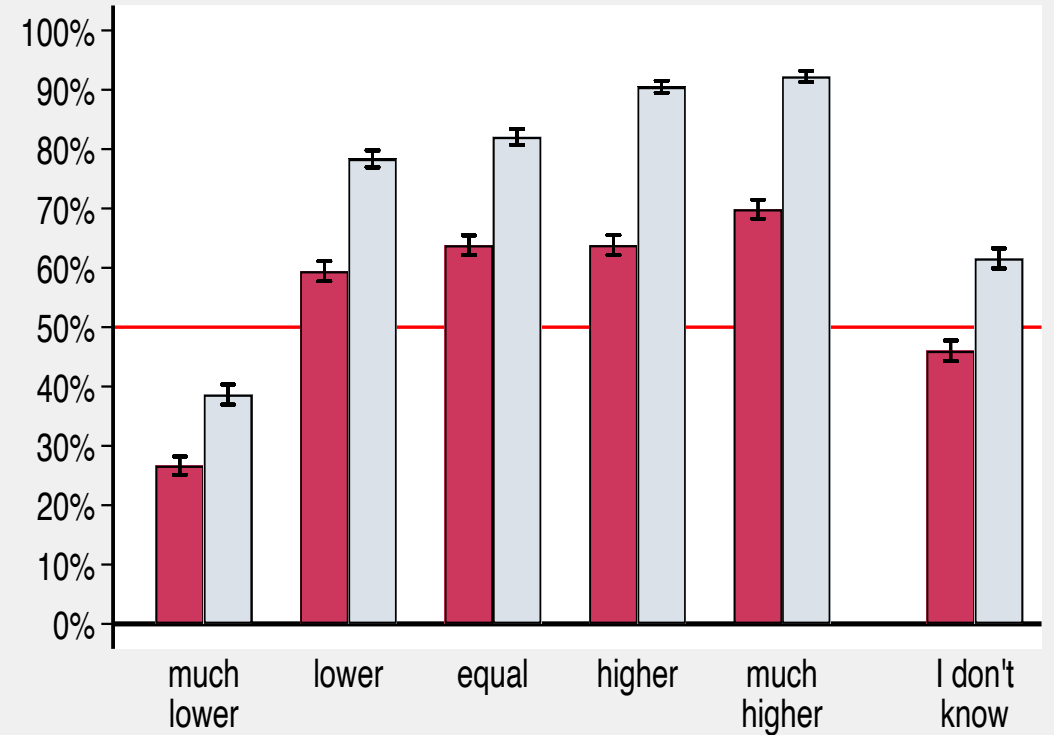
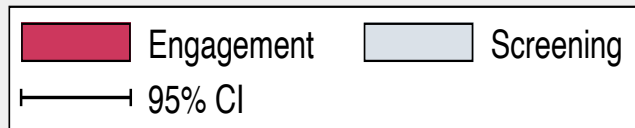
- *Left (Old situation):* the fund invests an equal amount in all companies, not taking into account the sustainability of the company.
- *Right (New situation):* the fund invests more in companies that score higher on the four sustainable development goals (companies C and D) and less in companies that score lower (companies A and B).

Beliefs versus preferences



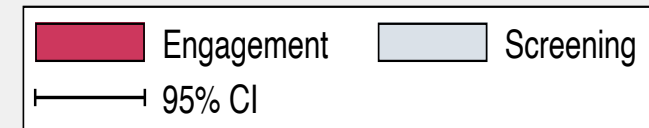
Through sustainable investing, retirement benefits will be...

A. Distribution of financial beliefs



Through sustainable investing, retirement benefits will be...

B. Percentage choosing sustainable investing per belief category



University Superannuation Scheme (USS)

 United Kingdom

Type of financial arrangement:

Collective defined contribution (DC) pension plan (as part of a DB-DC hybrid).

Type of financial institution:

Private pension plan (not-for-profit)

Additional relevant remark:

Investment game includes financial incentives for beneficiaries.

AuM:

100 billion euro

Freedom of choice level participant:

Low to medium: beneficiaries are offered a number of DC plans with varying levels of sustainable investments. The USS board decides on this plan structure and the extent to which sustainability is integrated into the portfolio management process. Pension plan beneficiaries (employees of universities) decide which plans to invest in. Beneficiaries cannot decide on individual investments.

- Key research questions -

To summarise, this project addresses four key research questions on the elicitation of beneficiaries' sustainability preferences:

- How do you elicit true sustainability preferences from the beneficiaries of a DC pension plan?
- How effective is an **incentivised investment game (identified preferences)** in eliciting preferences and overcoming hypothetical bias?
- How do stated and identified preferences relate to each other?
- Do individuals make use of moral **wiggle room** options to act selfishly while maintaining a positive self-image?



The identified preferences

The investment game



Stated preferences

Two additional questions to independently measure sustainability preferences

STEP 1

STEP 2

STEP 3



Moral wiggle room

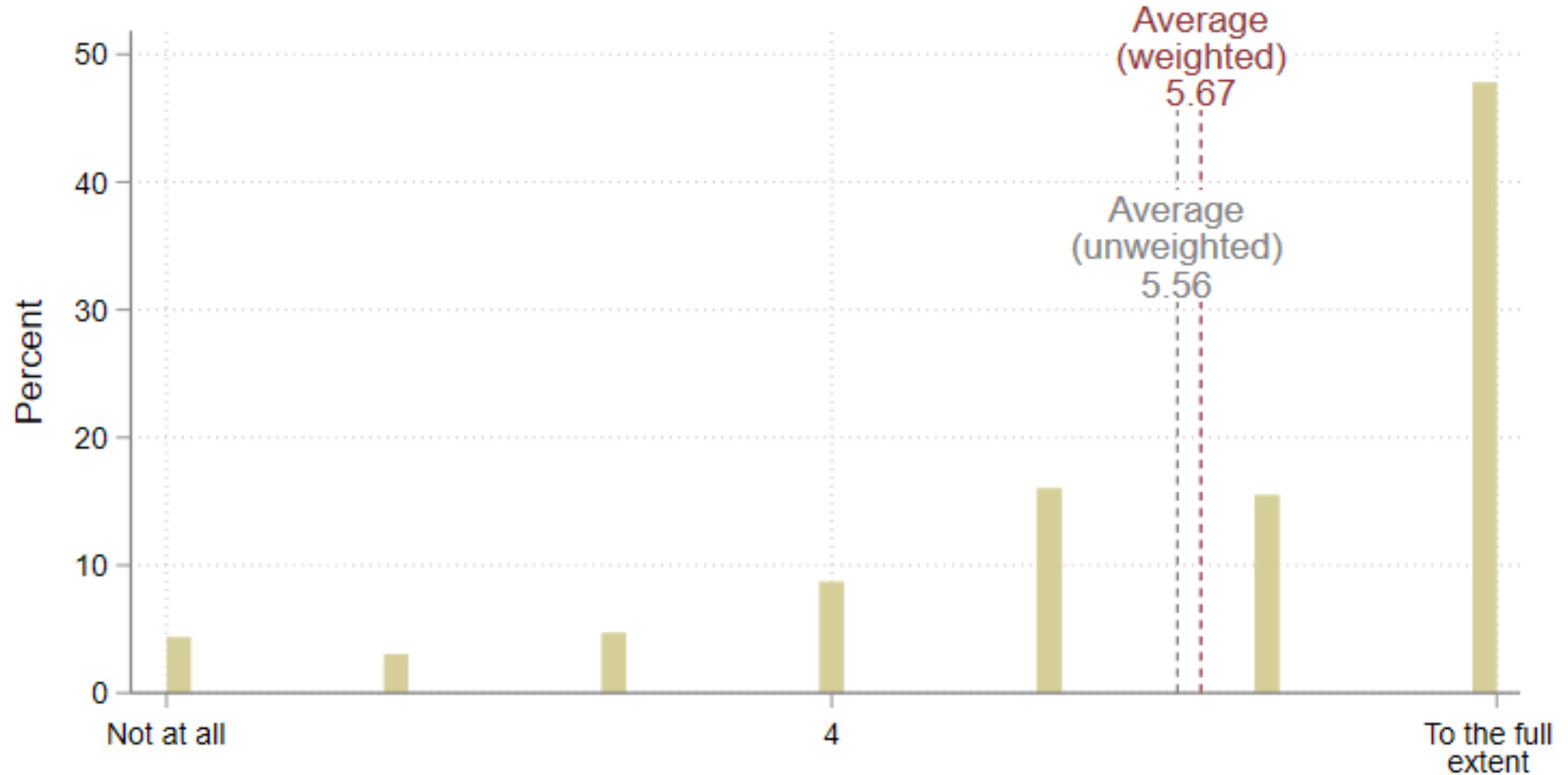
Extra element in investment game

USS: How are preferences measured?

Stated preferences

- Are measured directly by asking members through survey questions.
- Pros: Simple and easy to implement
- Cons: Survey questions are hypothetical, and people often claim to behave in a sustainable manner, but do not back their talk by action (Bauer, Ruof, Smeets (2021)).
- **Crucial to explore real behavior instead of hypothetical choices!**

How much should your pension fund invest in a sustainable way,
even if this potentially lowers the pension you get in retirement?
Weighted



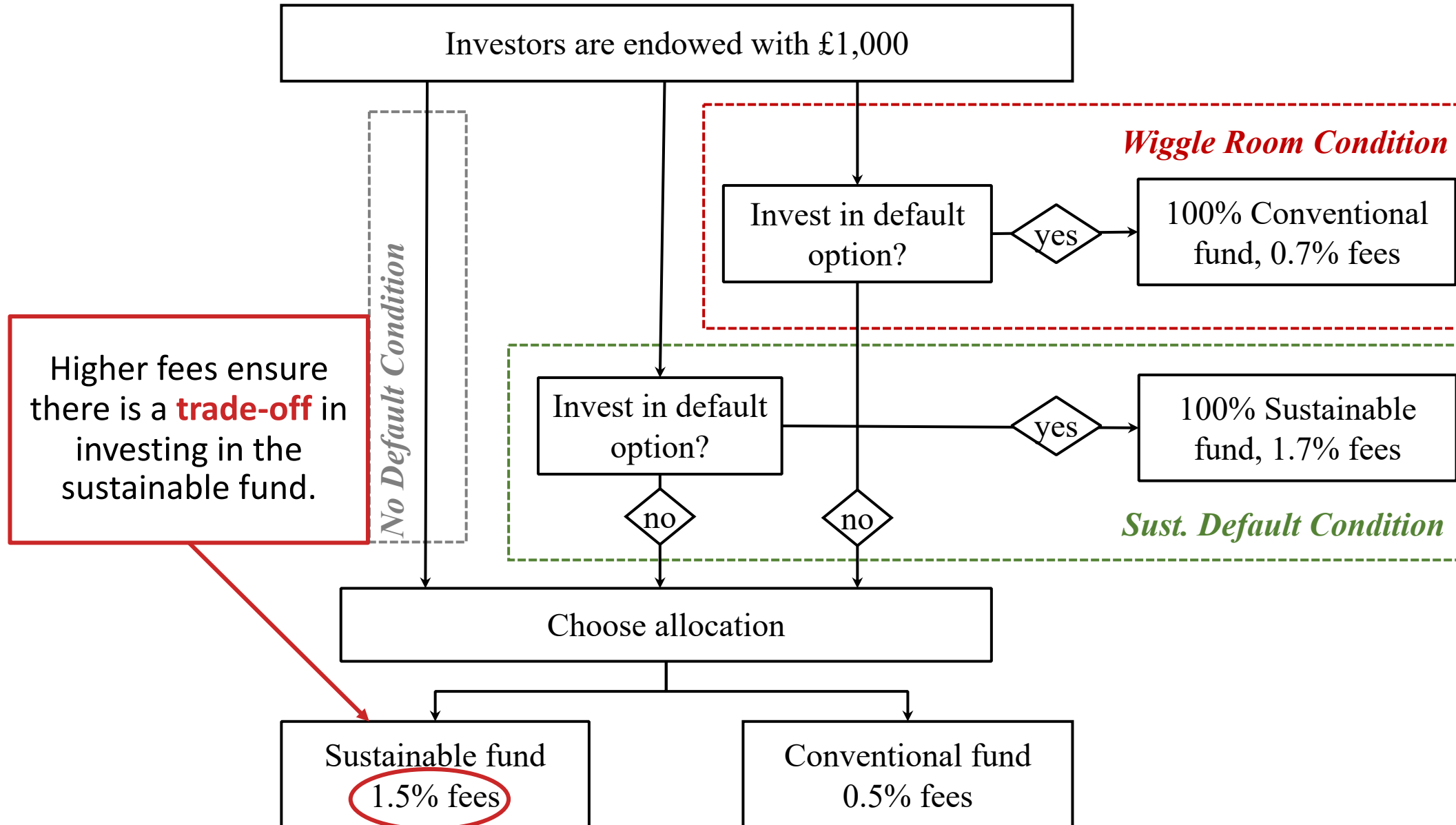
USS members have very strong **stated preferences** for sustainable investing.

USS: How are preferences measured?

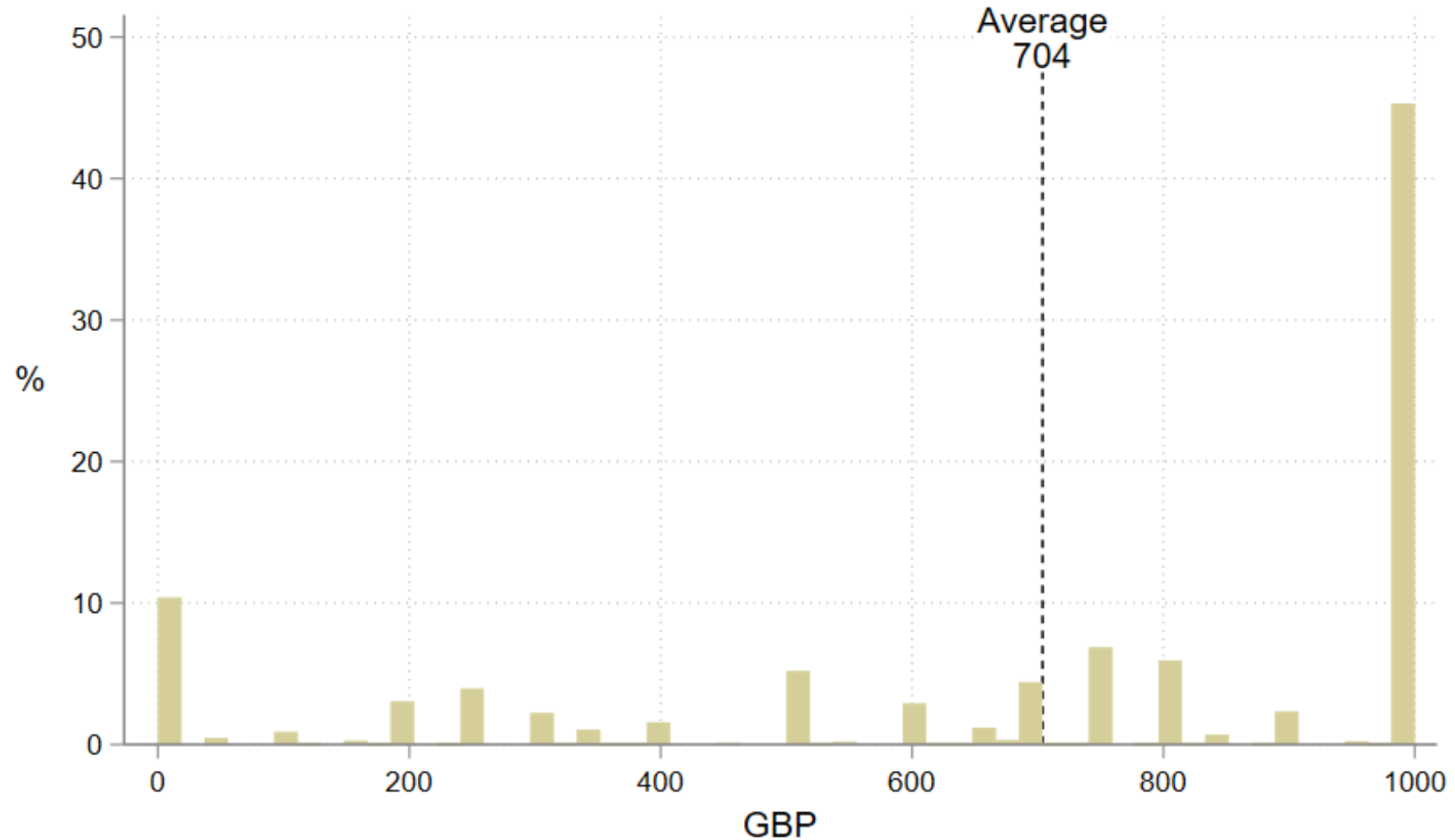
Revealed preferences

- Are measured through an incentivized task in an environment that resembles real-life.
- Pros: Better reflection of real preferences since participants have “skin in the game” (in this case **financial incentives**).
- Cons: More difficult and expensive to elicit.
- **We use the **investment game** to measure members’ revealed preferences for sustainable investing.**

The Investment Game



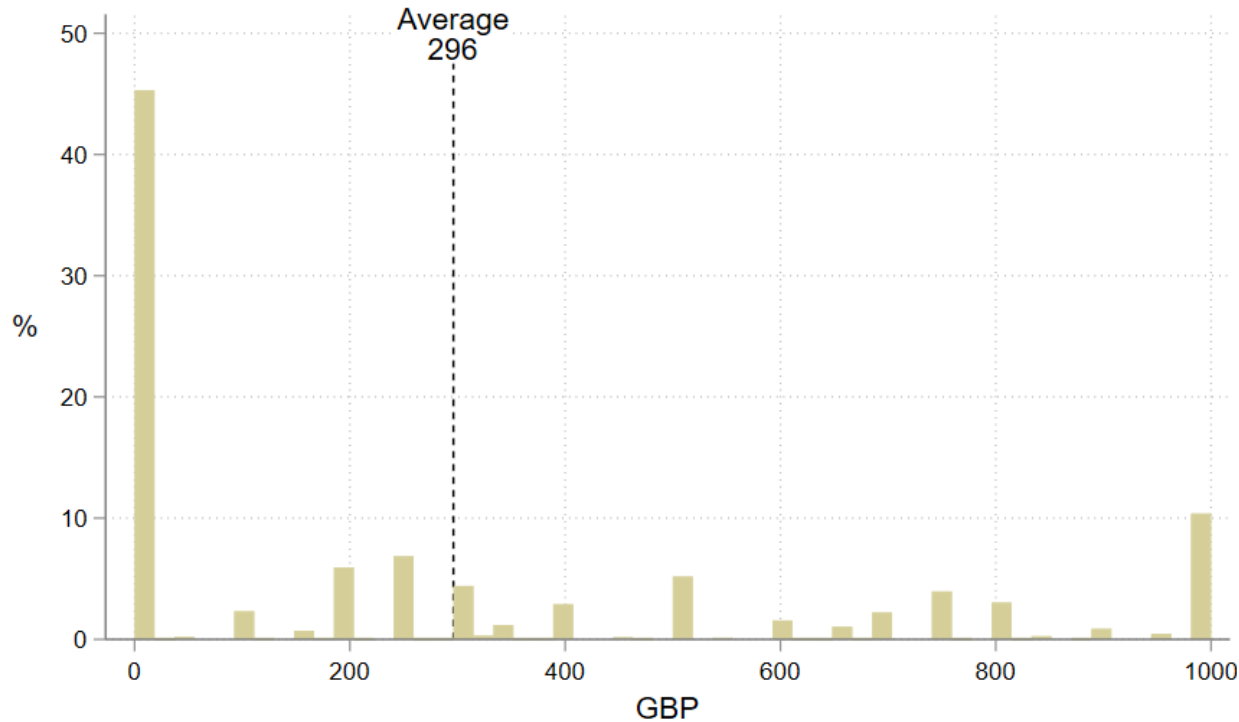
Total assets invested in the sustainable fund



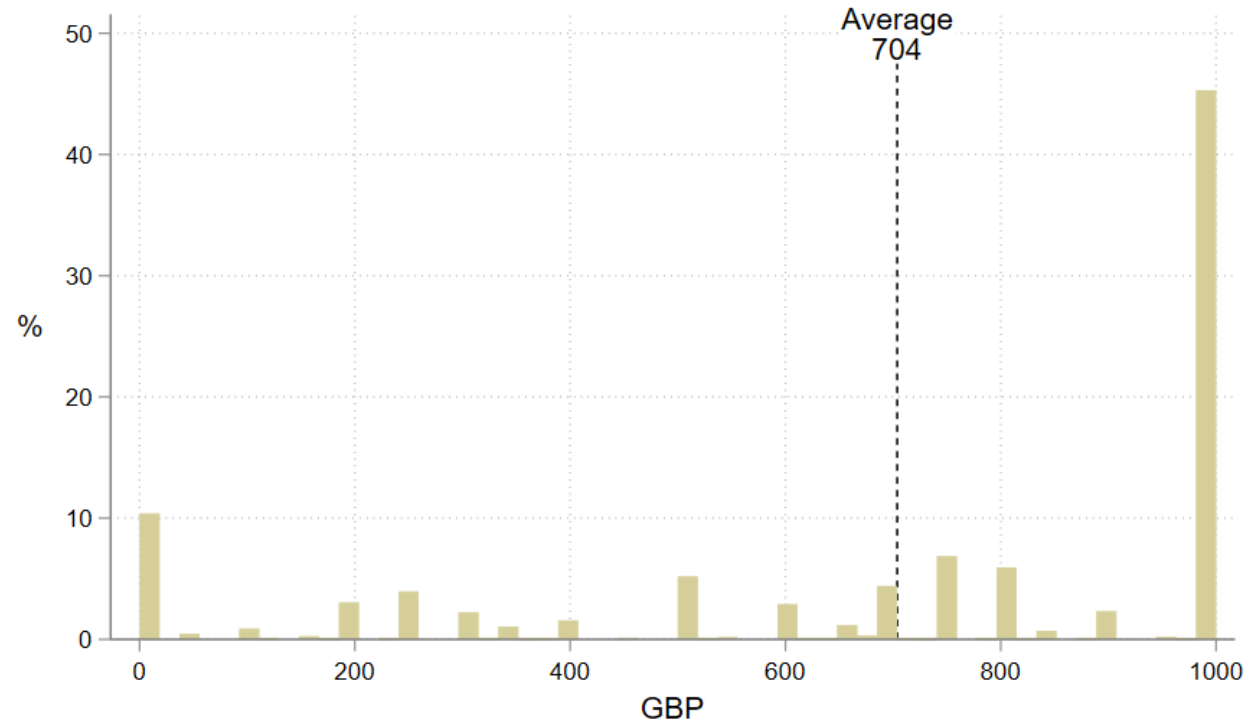
USS members also have very strong **revealed preferences** for sustainable investing.

Investment game results

Total assets invested in the conventional fund



Total assets invested in the sustainable fund



Members have a strong preference for sustainable investing.
The average respondent allocates **70% to the sustainable fund.**

Who holds the sustainable fund?

Women invest on average
£57 **more** in the
sustainable fund compared
to men

Earning £60k or more
correlates with investing
£44 **less** in the sustainable
fund

While **demographics**
seem to matter, they do a
poor job at explaining the
assets in the sustainable
fund

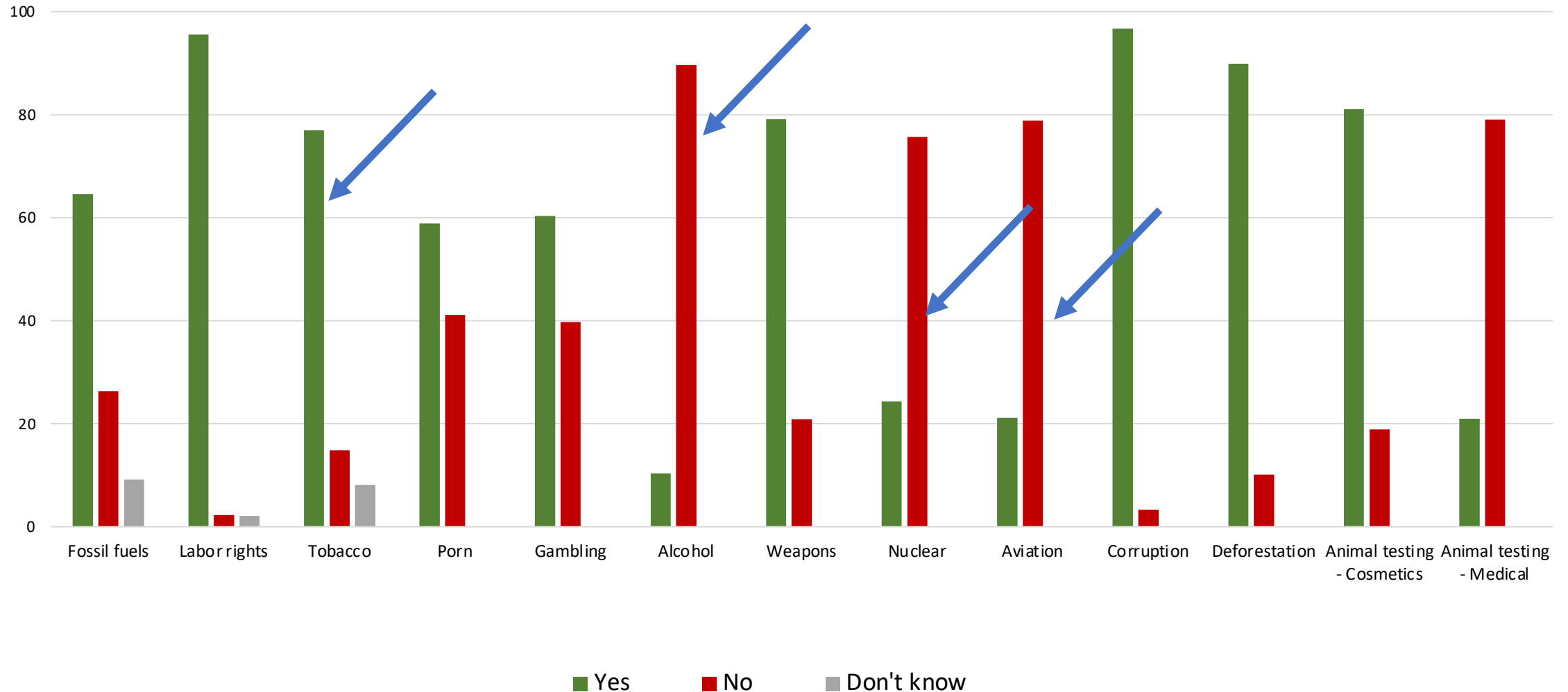
Dep. variable:	Assets in sust. fund Weighted
	(1)
Female	57.18*** (3.41)
Married	9.73 (0.50)
Log #Children in household	-6.06 (-0.38)
Has PhD	47.14* (1.83)
Academic	17.21 (0.69)
Salary 60k+	-43.52** (-2.54)
Hold investment in financial market	-1.34** (-2.41)
Knowledge about pension-related matters	-8.79 (-1.43)
More climate concerned due to COVID	72.28*** (4.02)
Drop in income due to COVID	0.80** (2.07)
Constant	654.21*** (21.84)
Observations	3,074
R-squared	0.03

Also note that:

- We minimized the (potential) bias towards members with strong preferences for sustainable investing.
- USS members have limited awareness and knowledge of sustainable investments:
 - **11% of USS participants hold the “ethical” fund.**
 - **However, 64% of participants state they own such a fund....**
 - Those that claim they own a fund, also invest more in the sustainable fund in the game.
- Again, it shows that it is crucial to explore **real behavior instead of hypothetical choices.**

Some info on divestments

In your opinion: Should all companies involved in the ... industry be excluded from your pension fund's investments? (Weighted sample)



Conclusion USS research

1. USS's members have very strong preferences for sustainable investing

- In an incentivized investment setting, we find that USS members show a strong preference for the sustainable fund.
- Members allocate on average 70% of assets in the sustainable fund.

2. There is a huge difference between people's choices in the investment game and the allocation in their own portfolios

- Over 60% of USS members think they hold the Ethical fund in their DC portfolio.
- Members are unaware of their past investment choices.

This happened few months ago (civil society in action)



About Our Report Get Involved News



USS Divest

06:51

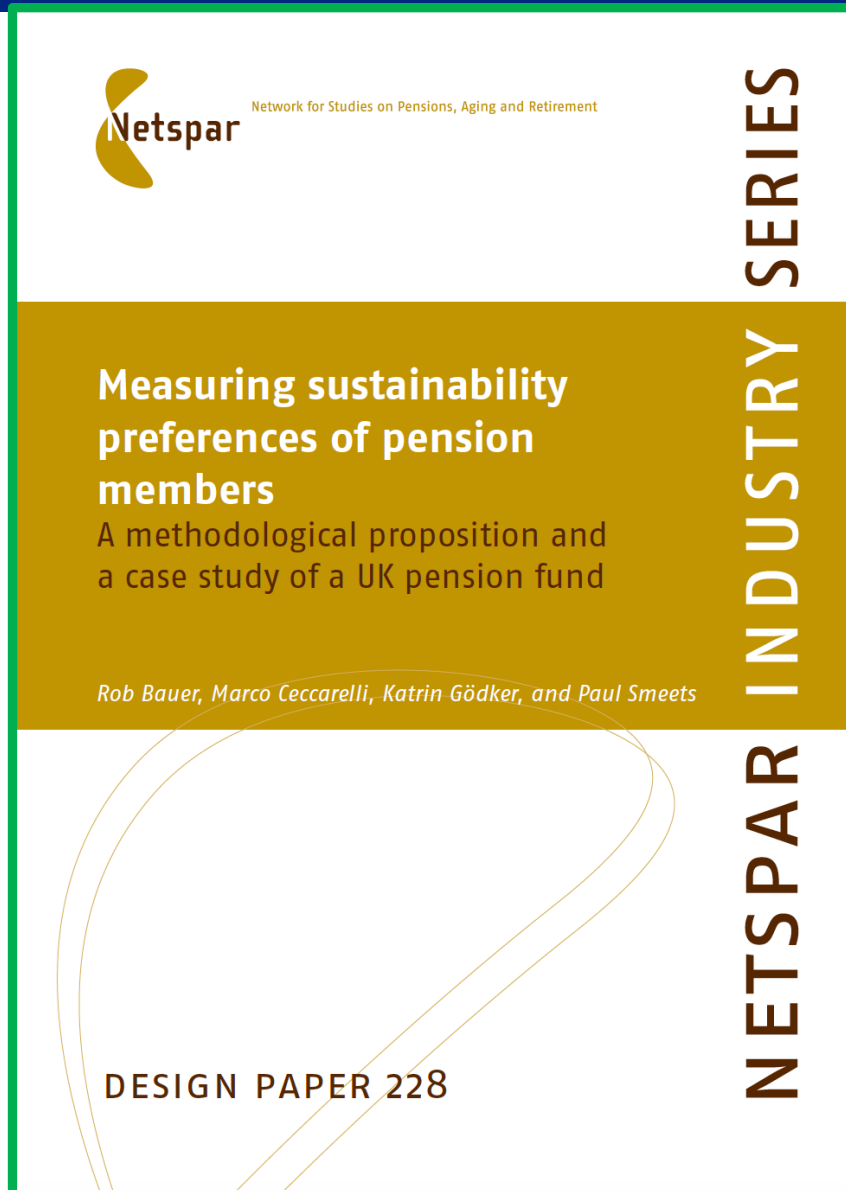
Fwd: Netspar Design Paper 228

To: R Bauer

Rob

Hi - we are a small group who try to put pressure on the USS pension scheme to divest from fossil fuels and invest sustainably. We have been interested in the survey that you and colleagues conducted on USS members and we believe it supports our view that USS should conduct wider surveys of all its members and that it should invest more sustainably. We publish a blog <https://divestuss.org/news/> and wondered if you could give us permission to publish a short section of your report on our blog with the link to the Netspar website for those who want to read the whole paper.

Interested? More can be read here:



The Review of Financial Studies



Get Real! Individuals Prefer More Sustainable Investments

Rob Bauer

School of Business and Economics, Maastricht University and International Centre for Pension Management

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The Review of Financial Studies 34 (2021) 3976–4043

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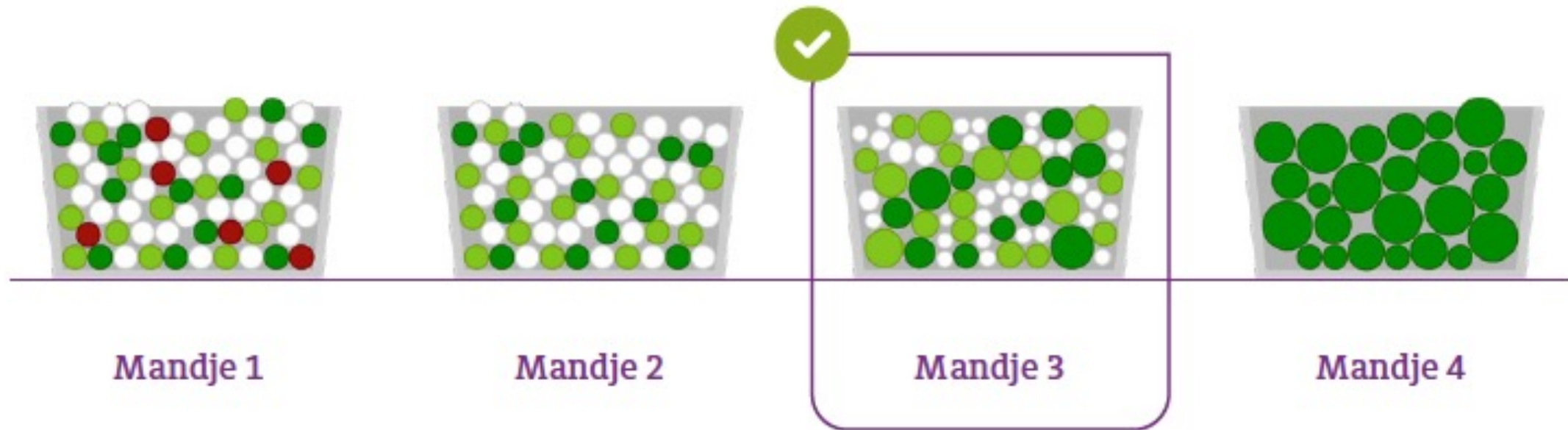
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doi:10.1093/rfs/hhab037

Advance Access publication April 19, 2021

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Intermezzo: Philips Pension Fund



Currently in the making

Nationale Nederlanden and BeFrank

CASE #3

READ THE SURVEY

BeFrank (BF)

The Netherlands

Type of financial arrangement:
Collective defined contribution (DC) pension plan.

Type of financial institution:
Institutional asset management providing pension plans to companies (for profit).

Additional relevant remark:
Survey includes financial incentives for beneficiaries.

AuM: 7 billion euro

Freedom of choice level participant:
Low to medium: beneficiaries are offered a pension solution (balanced plan) by their management with varying levels of sustainable investments. Management decides on the default option, whereas beneficiaries decide whether they take the default option or whether they change the method. Beneficiaries cannot decide on individual investments.

- Key research questions -

To summarise, this project addresses three key research questions on the setting of the default options for pension plans by management (and provided by BF) and how the chosen default options align with beneficiaries' sustainability preferences.

- Does the **default option proposed by the company** align with beneficiaries' preferences?
- How well can management predict what their beneficiaries want (sustainability preferences) and what they will do (switch or not)?
- How can the pension provider and management **help beneficiaries to make the best choice** (potentially by switching default options)?

Management and beneficiaries make decisions (given the offering by BF). Hence, we survey both groups (two separate surveys). In the context of BF, companies are relatively large on average. This size means that the management (CEO, CFO, or HR by expectation) of the company in many cases is involved.



Beneficiaries' survey

In the beneficiaries' survey, we first offer balanced plans with varying characteristics and attributes (sustainability rating according to Morningstar, fee level, active or passive management style, and ask beneficiaries which they prefer and how much). We also add a question on risk preferences (stated preference), questions on financial literacy, and questions on pension knowledge. Finally, we also ask about the beneficiaries' perceived rating of their own company on the topic of sustainability (E, S, and G).

STEP 1



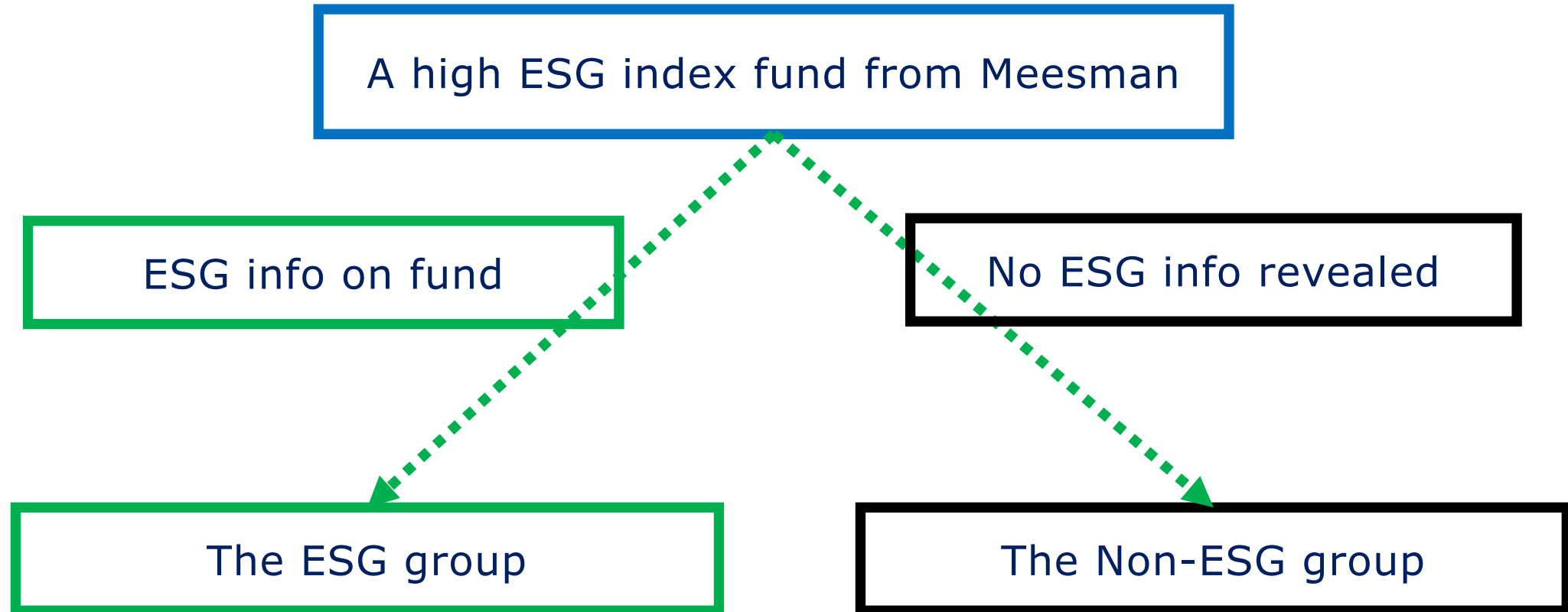
Management's survey

In the next stage, we ask management to predict the responses of their beneficiaries, and subsequently we ask the management for their responses to the same questions. We repeat this procedure for the additional questions mentioned above. Some of the (treated) employers will receive information about the actual answers of their beneficiaries after which we will also test their willingness to switch or not (based on beneficiaries' actual answers).

STEP 2

Currently in the making

Mutual fund: Meesman index investments



Unincentivized Likert Scale

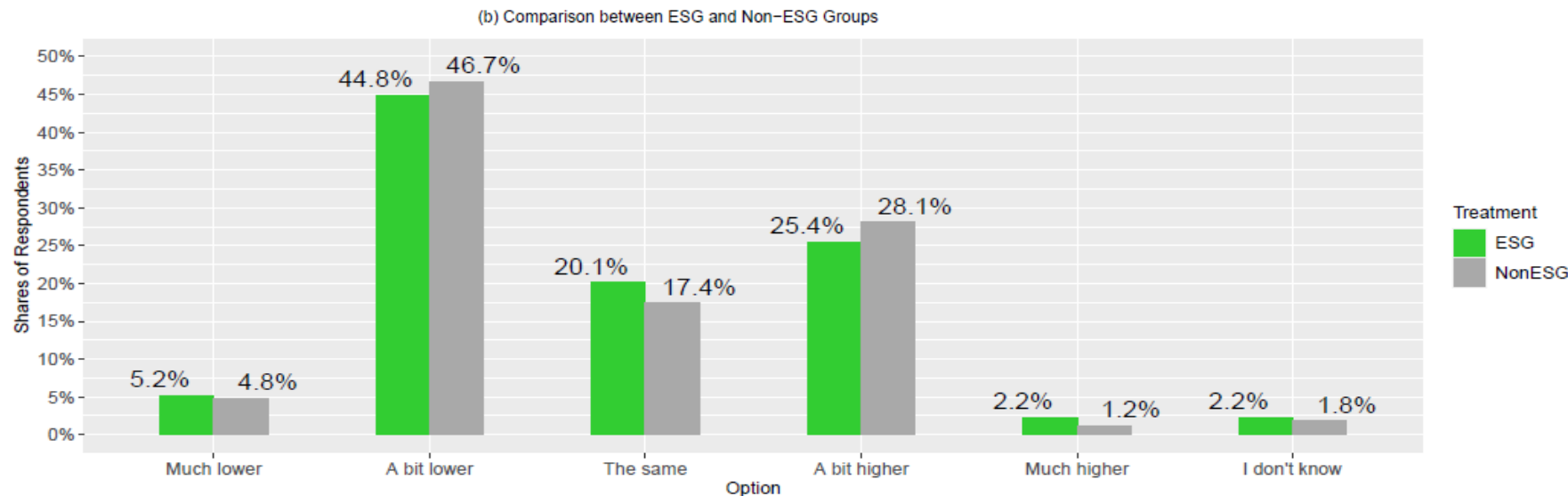
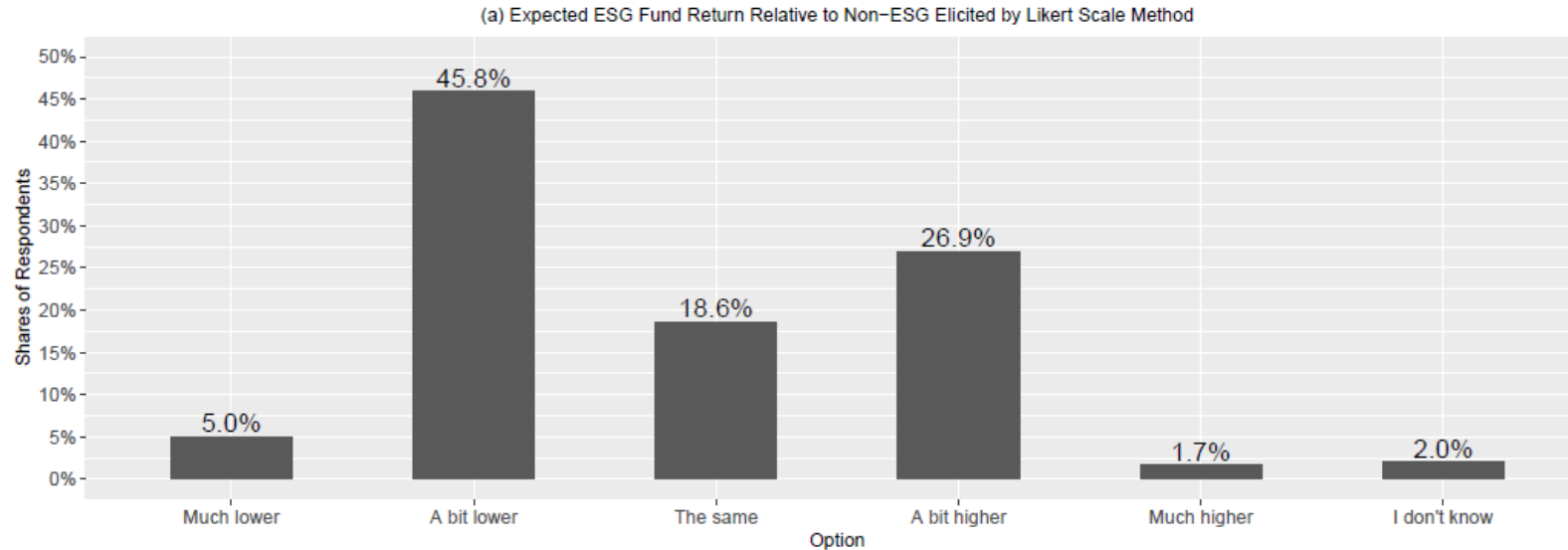
Mutual fund: Meesman index investments

- For both the ESG and the Non-ESG groups, we ask participants' expected returns toward ESG funds relative to non-ESG funds by the below unincentivized Likert scale question.

	Veel lager is	Een beetje lager is	Hetzelfde is	Een beetje hoger is	Veel hoger is	Weet ik niet
Ik verwacht dat het rendement van duurzame beleggingsfondsen vergeleken met minder duurzame beleggingsfondsen:	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Unincentivized Likert Scale

Mutual fund: Meesman index investments



- Most people expect ESG funds' return to be "a bit lower" than non-ESG funds.

- No difference between ESG and non-ESG

Beliefs: Exchangeability Method

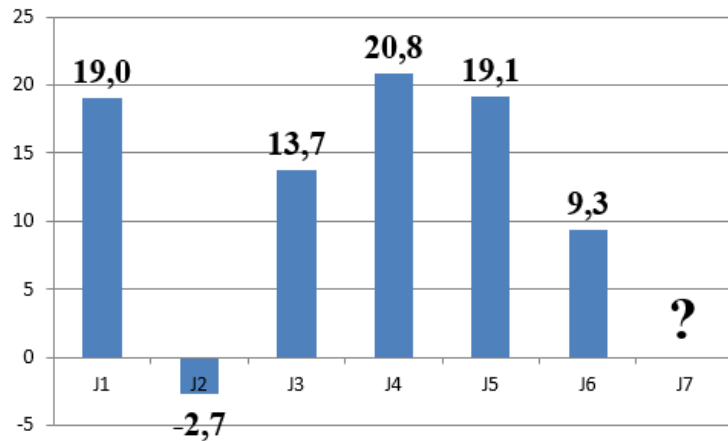
- Basic Setup:
 - We select a high ESG fund from Meesman products.
 - Provide the annual returns of 6 consecutive years.
 - Ask questions related to the 7th-year return, and 8th-year return.
- For the **ESG group**, the fund's high ESG rating is revealed.
- For the Non-ESG group, the fund's ESG info is unknown.
- Everything else is the same.
- Incentive: Randomly select one question to pay.

Median beliefs over 5 questions

De ESG-score van dit beleggingsfonds: **Donkergroen (de hoogste ESG-score categorie)**

Laat de ESG-uitleg nogmaals zien

Jaarlijks Rendement

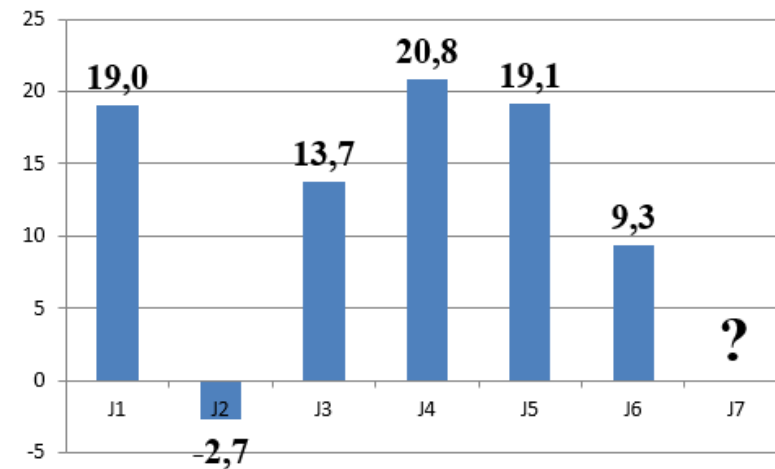


Ik wil €50 winnen...

- ☐ Optie 1: ...als J7 gelijk is aan of hoger is dan 0
- ☐ Optie 2: ...als J7 minder is dan 0

ESG
group

Jaarlijks Rendement

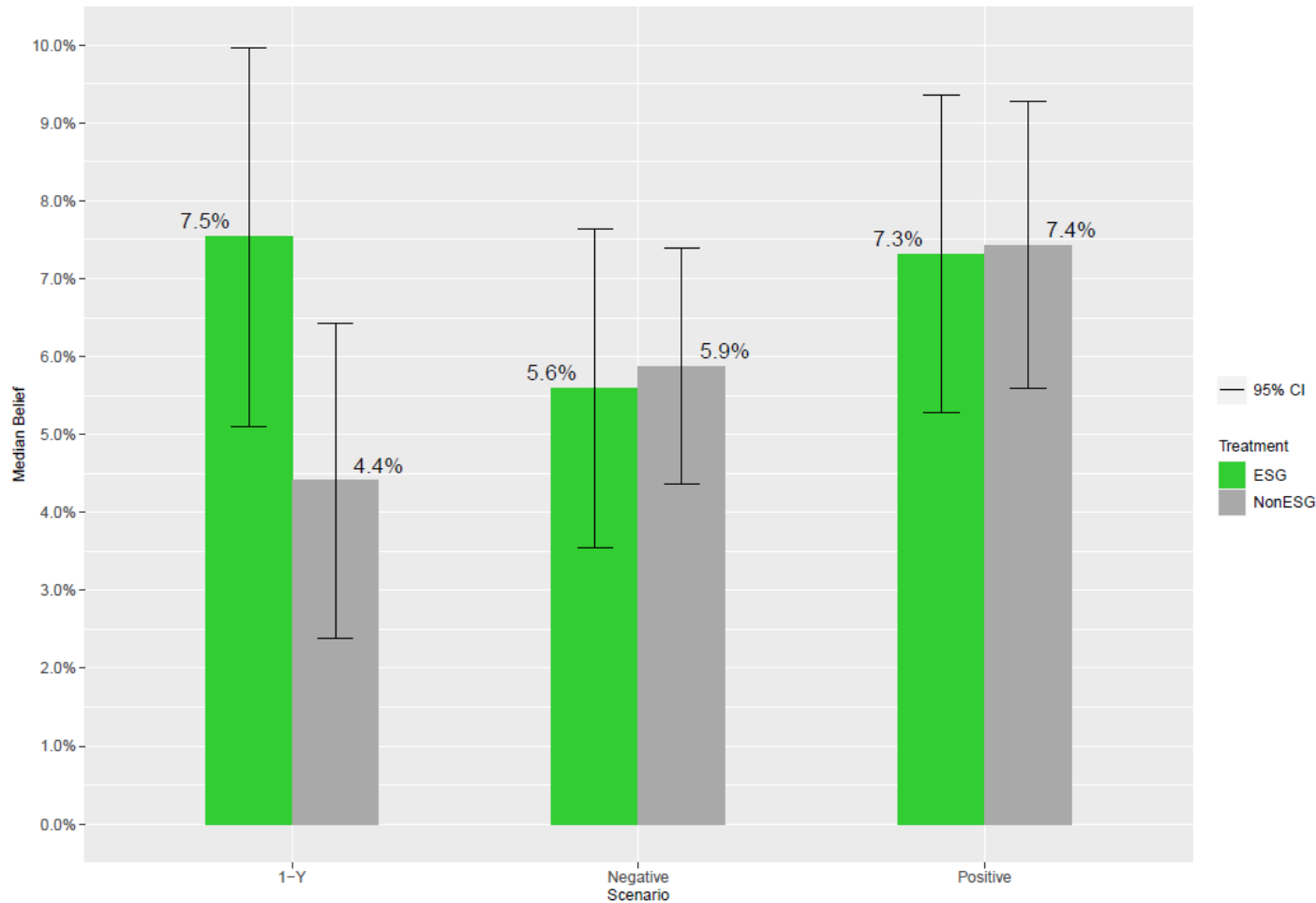


Ik wil €50 winnen...

- ☐ Optie 1: ...als J7 gelijk is aan of hoger is dan 0
- ☐ Optie 2: ...als J7 minder is dan 0

Non-ESG
group

Beliefs: Exchangeability Method

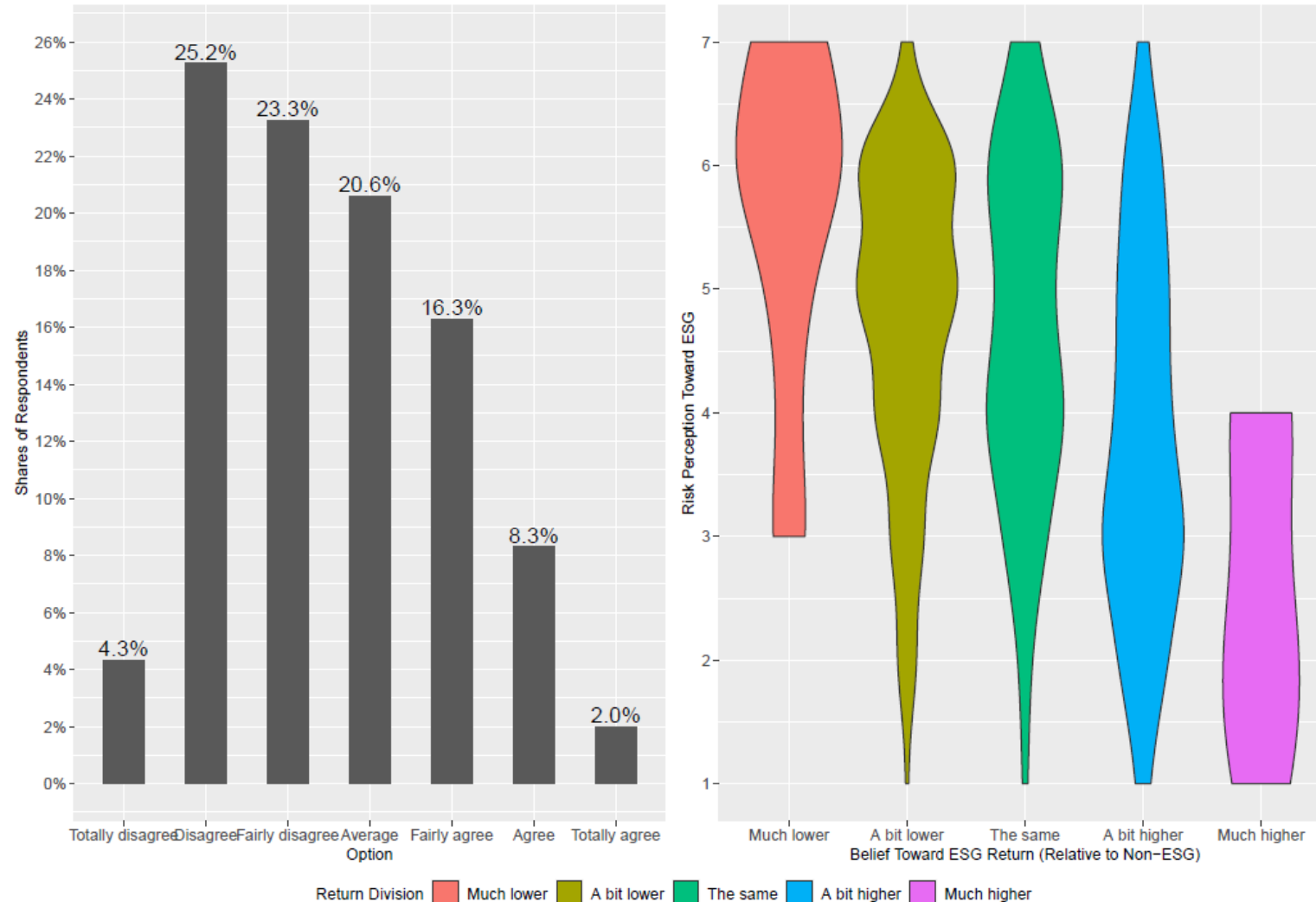


- Participants expect that ESG funds financially outperform Non-ESG funds (1yr median).
- No significant difference in negative or positive scenarios.

Risk-Return trade-off

Suggestive evidence

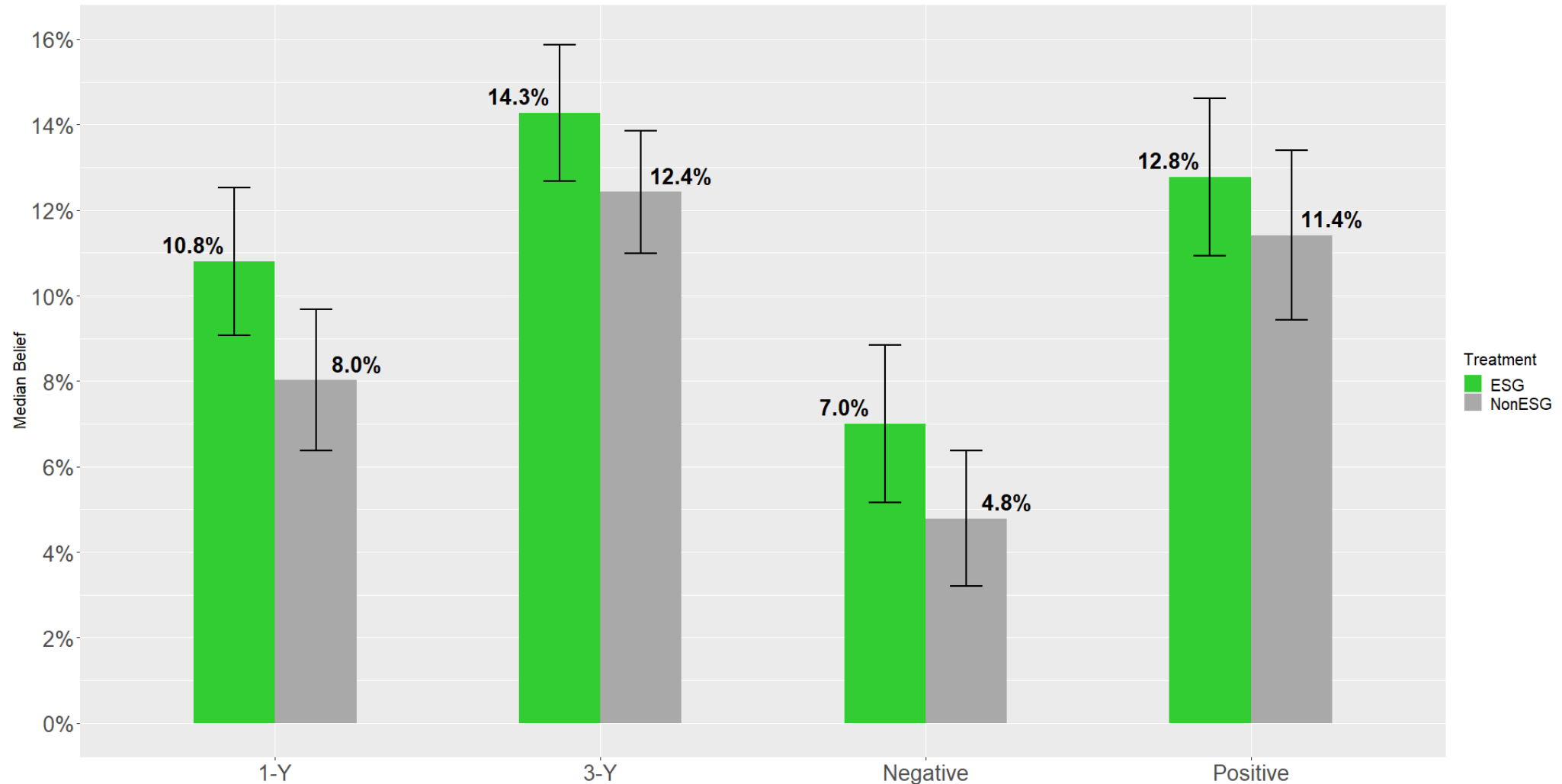
- 73.4% of participants do not think less sustainable funds are associated with more risk.
- They also expect lower ESG risk to be aligned with higher ESG returns.



Currently in the making

Mutual fund: Meesman index investments

It was first tested in the lab context with students



Discrete Choice Experiment

Attribute	Level	Level Num
Sustainability/ESG Focus	Grey	1
	Light Green	2
	Dark Green	3
Management Fee	0.5% per year	1
	1% per year	2
	1.5% per year	3
Sustainability/ESG Selection Strategies	None	1
	Negative screening: The fund or index excludes sectors or companies that are not considered sustainable. Typical businesses that may be excluded from the portfolio are tobacco, alcohol, pornography, controversial weapons and companies that violate international standards	2
	Positive screening: The fund or index actively selects companies that work proactively with sustainability	3
	Active engagement: The fund's managers exercise their right to vote at general meetings and can engage with management to influence the business behavior in a sustainable direction	4
Return-Risk (Annual)	4%; Up to 20% loss from peak to trough (max drawdown)	1
	7%; Up to 20% loss from peak to trough (max drawdown)	2
	10%; Up to 20% loss from peak to trough (max drawdown)	3

Example choice set

Klik hier als u de uitleg over de ESG-score nog eens wilt lezen.

[Uitleg ESG-score tonen](#)

Kies uit de drie onderstaande beleggingsfondsen het beleggingsfonds van uw voorkeur.

Keuze Vraag 1

Attribuut	Beleggingsfonds 2	Beleggingsfonds 3	Beleggingsfonds 1
ESG-score Categorie	Lichtgroen	Donkergroen	Grijs
Beheervergoeding	1.5% per jaar	1.0% per jaar	0.5% per jaar
ESG Selectie Strategieën	Actieve betrokkenheid: De beheerders van het beleggingsfonds maken gebruik van hun stemrecht op algemene vergaderingen en kunnen in gesprek gaan met het management om het bedrijfsgedrag in een duurzame richting te beïnvloeden	Negatieve screening: Het beleggingsfonds of de index sluit sectoren of bedrijven uit die niet als duurzaam worden beschouwd. Typische bedrijven die uit de portefeuille kunnen worden geweerd zijn tabak, alcohol, pornografie, controversiële wapens en bedrijven die internationale normen schenden	Geen
Rendement-Risico (Jaarlijks)	Rendement: 4% verwacht jaarlijks rendement; Risico: Tot 20% verlies van piek tot dal (max drawdown*)	Rendement: 10% verwacht jaarlijks rendement; Risico: Tot 20% verlies van piek tot dal (max drawdown*)	Rendement: 7% verwacht jaarlijks rendement; Risk: Tot 20% verlies van piek tot dal (max drawdown*)
Welk beleggingsfonds heeft uw voorkeur?	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Maximum drawdown is het maximale procentuele verlies van piek tot dal (oftewel, van hoogtepunt tot dieptepunt) van een belegging in een periode van dalende beurskoersen.

Financial Incentives: Allocation to Meesman Index Funds

Onze beleggingsfondsen

Meesman heeft twee soorten beleggingsfondsen. Aandelenbeleggingsfondsen voor de groei van uw vermogen. Aandelen Wereldwijd Totaal is het ultieme aandelen index-beleggingsfonds voor passieve beleggers en Aandelen Duurzame Toekomst is geschikt voor beleggers op zoek naar een index-beleggingsfonds met een meer uitgesproken duurzaam karakter.

	Spreiding		Kosten		Risico & rendement						
Fonds	Landen	Aandelen			Laag ↔ Midden ↔ Hoog						
Aandelen											
Aandelen Wereldwijd Totaal	47	6.153	0,4%	1	2	3	4	5	6	7	
Aandelen Duurzame Toekomst	47	2.388	0,5%	1	2	3	4	5	6	7	

Klik op de linkjes hier beneden om meer te lezen over bovenstaande aandelenbeleggingsfondsen.

[Aandelen Wereldwijd Totaal](#)

[Aandelen Duurzame Toekomst](#)

Geef alstublieft aan hoeveel u zou willen investeren in **Aandelen Wereldwijd Totaal** door uw Meesman Credits te gebruiken. De rest zal automatisch geïnvesteerd worden in **Aandelen Duurzame Toekomst**.

€0

€400

Investor characteristics of classes

	Class 1 n=59 ESG-focused 12.91%		Class 2 n=277 ESG-rational 60.61%		Class 3 n=60 Risk-loving 13.13%		Class 4 n=61 Rational 13.35%	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
Characteristics								
Age	49.576	17.720	41.455	12.682	44.983	15.000	42.984	13.082
Gender (Women–Men)	0.610	0.670	0.805	0.537	0.767	0.698	0.902	0.539
Investing Experience (0-4)	2.288	1.509	2.177	1.260	2.117	1.316	2.311	1.162
ESG Knowledge (0-100)	33.847	23.753	37.899	24.258	37.517	25.301	43.557	24.926
Education (0-8)	6.153	1.064	6.285	1.029	5.717	1.451	6.164	0.898
Income (0-12)	8.915	3.245	9.058	3.839	7.817	4.131	9.738	3.193
Total Investment (1-7)	3.085	2.207	3.534	2.088	3.050	2.095	3.852	1.833
Monthly Investment (0-12)	3.085	2.329	3.884	2.436	3.917	2.458	4.754	2.820
Financial Literacy (0-1)	0.237	0.429	0.495	0.501	0.317	0.469	0.377	0.489
Good Intention (1-7) base = Very Low	3.492	1.357	3.523	1.446	3.600	1.417	3.410	1.309
Reciprocity (1-7) base = Very Low	5.780	0.966	5.682	0.877	5.317	1.432	5.459	1.026
Preferences								
Time Preference	0.885	0.171	0.925	0.125	0.843	0.127	0.905	0.139
Risk Preference	0.381	0.193	0.424	0.150	0.441	0.193	0.398	0.185
Ambiguity Attitude	0.443	0.188	0.453	0.141	0.396	0.205	0.441	0.160
Sustainable Fund Return (1-5) base = Very Low	3.034	1.114	2.718	0.913	2.700	1.030	2.443	0.958
Index Vs. Active Fund Return (1-5) base = Very Low	3.542	1.264	3.870	0.908	3.467	1.171	3.934	1.047
Sustainable Fund Risk (1-7) base = Very Low	4.254	1.625	4.570	1.302	4.450	1.371	5.049	1.244
ESG Impact (1-7) base = Very Low	5.508	1.209	5.365	0.997	5.250	1.385	4.639	1.342
Willingness to Invest in ESG Index Fund (1-7) base = Very Low	5.763	1.356	4.578	1.293	4.900	1.458	3.508	1.456
Willingness to Invest in ESG Active Fund (1-7) base = Very Low	4.593	1.895	3.462	1.591	4.900	1.647	2.115	1.185
Willingness to Invest in Energy Transition Fund (0-100)	63.119	28.071	47.751	29.813	48.000	31.406	29.082	27.191
Importance of Energy Voting Policy (1-7) base = Very Low	5.898	1.170	4.339	1.338	4.683	1.282	3.279	1.781
Donation (0-1000)	196.593	205.845	111.75	152.770	173.85	187.756	70.450	130.058
Allocation on Non-ESG								
Investment Wereldwijd (0-400)	144.848	144.066	238.079	157.049	187.567	154.974	317.131	123.475
Note: The highest values for each variable among the four segments presented in red, and the lowest values for each variable among the four segments presented in blue.								

Key conclusions (1)

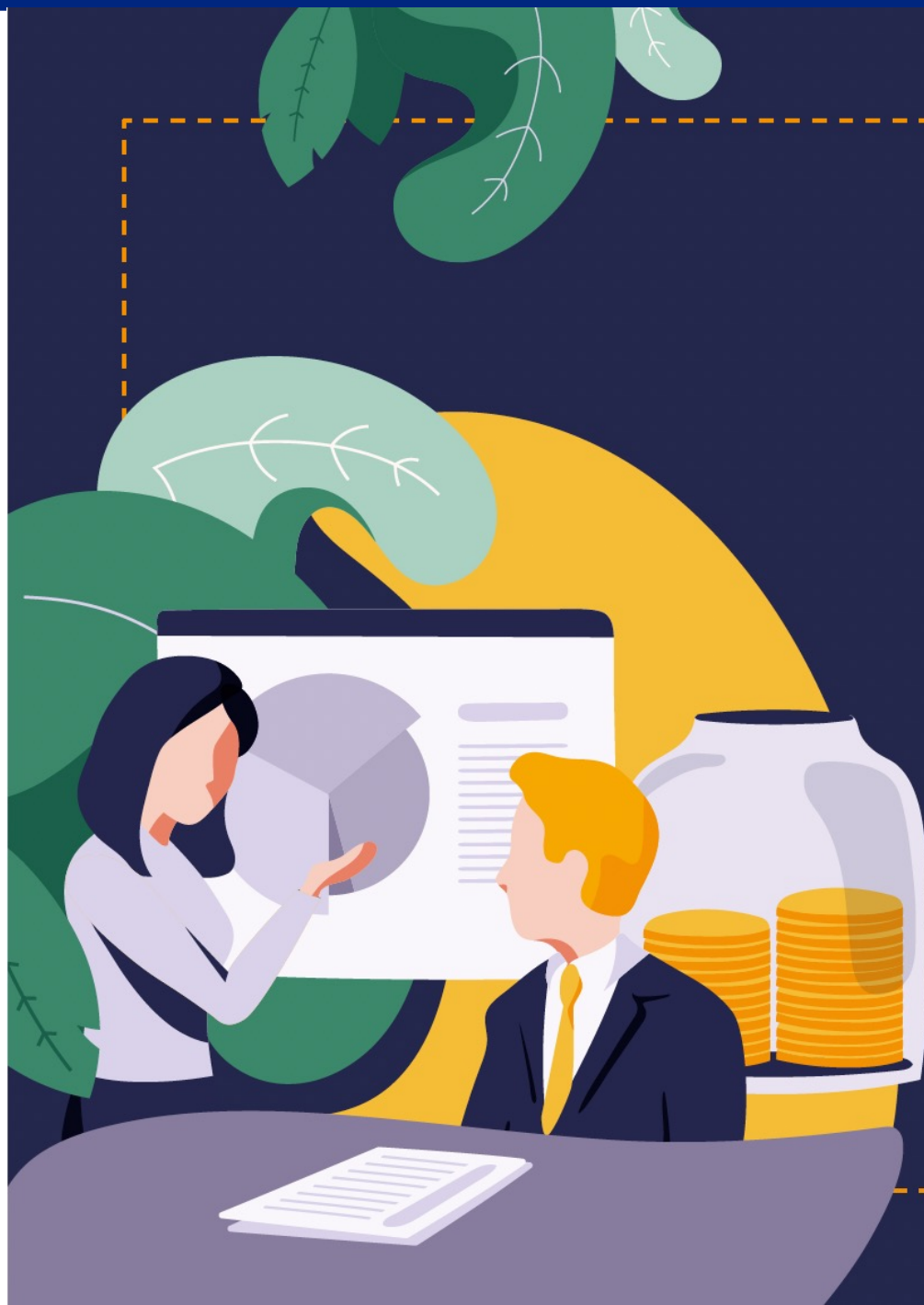
- Gaining insight into your participants' preferences and beliefs will help you to better communicate with them. Creates a **two-directional** channel. Make sure you gain insight on **unheard voices**.
- Many potential biases exist when eliciting preferences using simple, unincentivized surveys, town halls, focus groups, etc. [Stantcheva 2022](#) (Harvard Business School) gives a good overview of the **many pitfalls**.
- **Financial incentives can be very powerful** in generating higher quality survey results. But they are costly. However, regular communication is also very costly..... (and does it actually work..?).
- Examine the **full tool set** that is available (e.g., the practitioner guide I sent).

Key conclusions (2)

- If survey or experiment results have **real consequences** (e.g., board commits to outcome), it is more likely that you can elicit real preferences.
- Deal with financial and sustainability **illiteracy**. Test any tool you use in pilots and provide information to participants at the right level.
- Make sure the survey is **safe** for participants (GDPR proof) and not traceable to individuals. Cooperation with universities or think-tanks may also signal extra **independence** to survey participants.
- **Invest** in new tools and methods to better understand your beneficiaries.

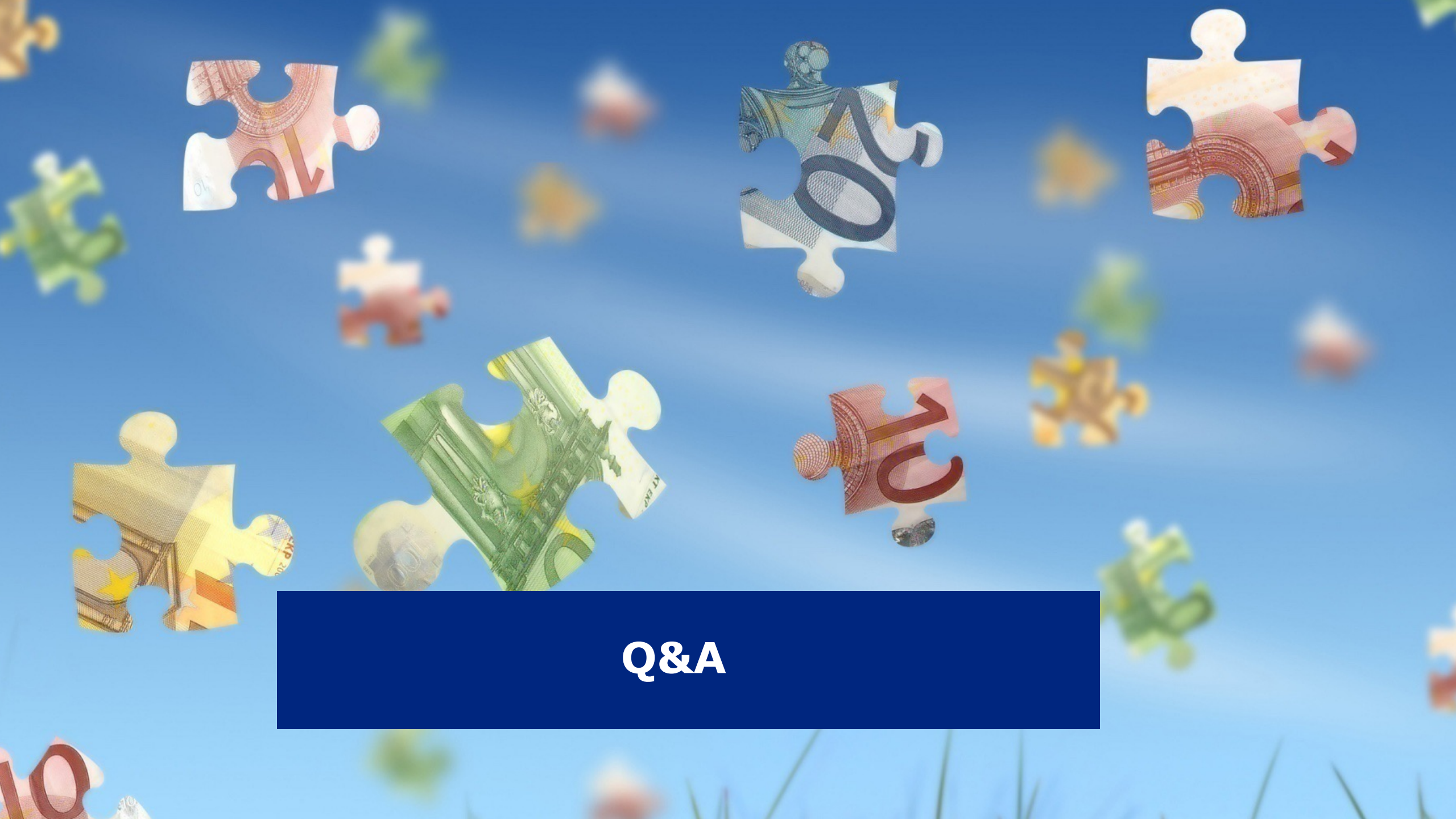
A practitioner guide for *asset managers & asset owners*

To assess clients' and
beneficiaries' sustainability
preferences



Additional thoughts

- What about the relationship between risk preferences and sustainability preferences...?
- In many surveys in the pension domain, we find that people are quite risk averse (even the young), but the sustainability surveys seem to indicate that people have a willingness to pay. They also favor more concentrated portfolios which come with more investment risk (because of lower diversification: a clear trade-off). How to resolve this?
- How stable are the preferences and beliefs which are measured? Preferences and beliefs may also be intertwined and, hence, difficult to fully separate. There is more work to do....
- **And: what about preferences and beliefs in your board....?**



Q&A