

Get Real! Your Pension Fund Participants Want to Invest More Sustainably.

– EXECUTIVE SUMMARY –

Summary

Are people willing to put their pension savings on the table to promote sustainability when their choice has real consequences? We ran a large field study with Pensioenfond Detailhandel which granted its members a real vote on whether to expand its sustainable investment activities. We employ state of the art techniques to scientifically validate our findings which show that **66.7% prefer to invest their pension savings more sustainably**. They are not driven by return expectations, nor are they confused or lack information. Importantly, **the sample is representative of the Dutch voting population** which guarantees that people who prefer more sustainable investing are equally represented as people who prefer less.

Key Findings

1. **66.7% want to invest more sustainably**, only 10.3% are against it.
2. **75.6% want to engage** with companies.
3. **More than 70% want to exclude** companies due to various reasons like bribery or a bad environmental influence. **Less than 50% want to exclude** companies engaged in tobacco or alcohol production.

Sample

We invited 49,552 participants of Pensioenfond Detailhandel via email in June 2018 to take an online survey. 10.2% started and 5.1% finished the survey. The sample has 61.5% women and an average age of 46.4. 29.4% have a university or university of applied sciences degree. The average monthly net household income is 2,868 Euro. The sample is **representative of the population of Pensioenfond Detailhandel**.

Scientific validation

We can show scientifically that pension members have a true preference for sustainable investing **regardless of return expectations, gender, age, income, or education**. Especially can we show that it is **not just cheap talk but their true desire**. How? Next to the real vote, some were asked

the same question in a hypothetical way. While a hypothetical question normally invites respondents to overstate their interest to invest sustainably, **we find no difference between real and hypothetical choices**. This is **clear evidence of a strong desire** for sustainable investing.

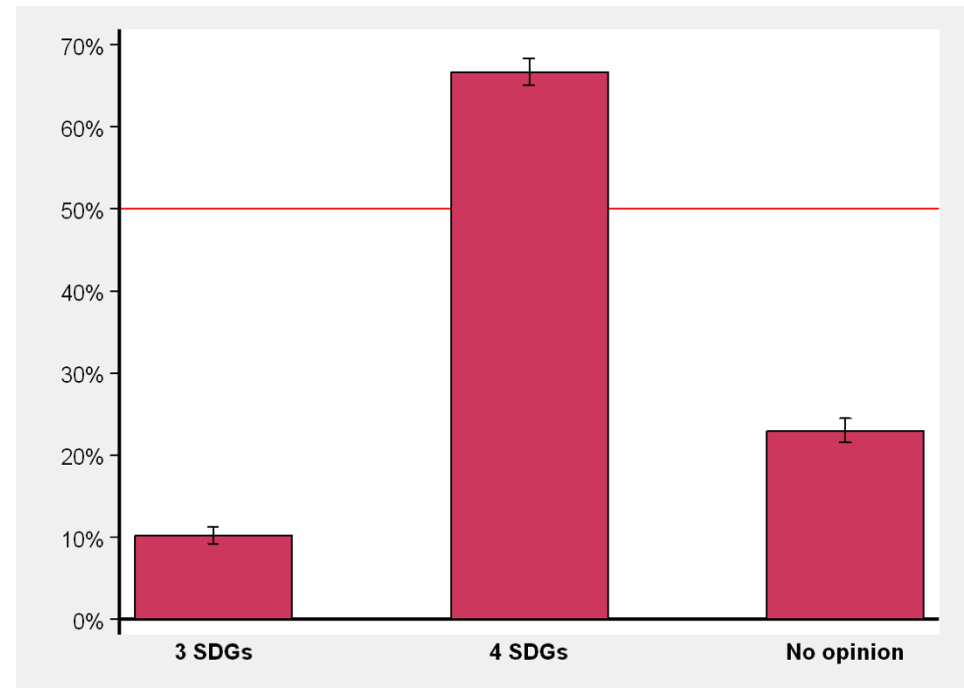


Figure 1. The graph presents the distribution of choices regarding the following question: “Do you want Pensioenfond Detailhandel to add the fourth sustainable development goal ‘Responsible consumption and production?’”. Answer options were “Yes, add”, “No, do not add”, and “No opinion”. Error bars present 95% confidence intervals. Non-overlapping error bars indicate a statistically significant difference at the 5% level between the treatments real and hypothetical within each answer category.

Policy implications

1. **Add the fourth SDG** and actively communicate it to your members.
2. **Approach members on important subjects**. There is a strong desire to engage and significant interest on the side of the members.

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Support for different policies

Exclusion or Engagement

Only exclusion	9.0%
Only engagement	26.4%
Both	49.0%
Neither	1.4%
I do not know	14.2%

The pension members widely support engaging with companies. **75.4% agree with engagement** (adding up ‘only engagement’ and ‘both’), and **58% agree with excluding companies**.

Exclusion

Alcohol	17.4%
Tobacco	44.2%
Non-controversial weapons	70.4%
Bad influence on environment	72.8%
Controversial weapons	79.4%
Forced labor	83.0%
Human rights violation	85.3%
Child labor	85.8%
Corruption	86.9%
No exclusion	5.7%

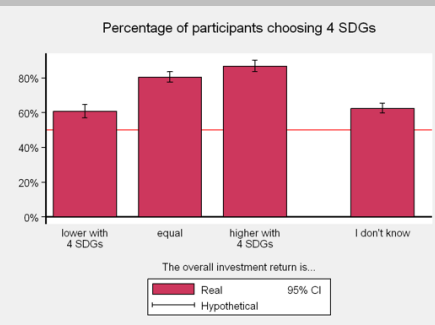
When looking at specific topics, the willingness to exclude even increases. Your members chose to **exclude companies on seven of nine items with more than 50%**. **Importantly**, respondents did not simply state that they want more sustainable investments but did make a distinction. Companies that produce alcohol and tobacco should only be excluded according to a minority.

Best-in-class

Yes	74.4%
No	9.3%
I do not know	16.3%

74.4% support to overweigh companies that score high on ESG factors and underweigh those that score low.

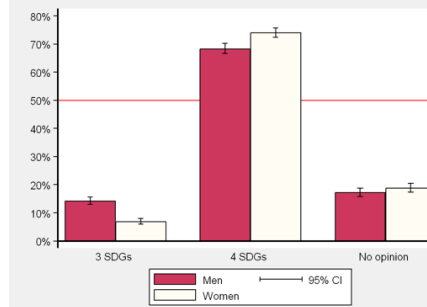
Return expectations



We asked the participants whether they expected a higher, an equal or a lower financial return if Pensioenfonds Detailhandel added a fourth SDG. Across all belief categories, the majority of respondents chose four SDGs. **Even among those who expect four SDGs to yield lower returns, 60.8% chose four SDGs and only 25.0% chose three SDGs.**

Figure 2. Percentage of participants choosing four SDGs given their return expectation.

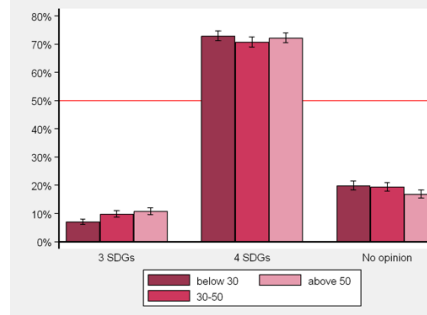
Gender



Women (61.6%) are more likely to choose four SDGs and also have stronger social preferences. These results are in line with previous findings. **But even among men, the majority opts for more sustainable investments.**

Figure 3. The graph presents the distribution of choices per gender. Question is the same as in Figure 1.

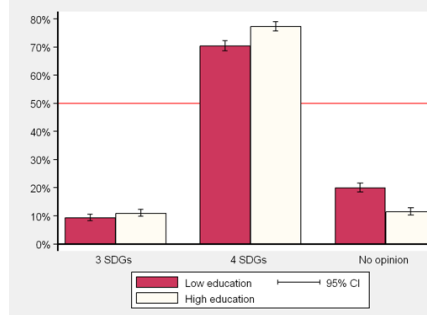
Age



We split the respondents into those below 30 (18.7%), between 30 and 50 (30.7%) and above 50 (50.6%). **Age has no impact on the respondents' choice.** Regardless of how old they are, the clear majority chose four SDGs.

Figure 4. The graph presents the distribution of choices per age category. Question is the same as in Figure 1.

Education



We split the respondents into those with a university or university of applied sciences degree (29.7%) and those with a lower educational level (70.3%). **Education has no significant impact**, as the majority in either group chose four SDGs. Interestingly, the share of highly educated members who chose four SDGs is slightly higher.

Figure 5. The graph presents the distribution of choices for high and low education. Question as in Figure 1.