Gefördert durch:

Bundesministerium
für Forschung, Technologie
und Raumfahrt

LEIBNIZ INSTITUTE SAFE
Sustainable Architecture
for Finance in Europe

Sara Fadavi
Jakob Famulok
Christine Laudenbach
Vincent Lindner

Beyond Environmental Factors: What Retail Investors Want from ESG Investing

SAFE Policy Letter No. 111 | December 2025

Leibniz Institute for Financial Research SAFE
Sustainable Architecture for Finance in Europe
policy_center@safe-frankfurt.de | www.safe-frankfurt.de

Beyond Environmental Factors: What Retail Investors Want from ESG Investing*

Sara Fadavi, SAFE
Jakob Famulok, SAFE
Christine Laudenbach, SAFE
Vincent Lindner, SAFE

December 2025

Abstract

The reform of the EU's sustainable finance framework, in particular the Sustainable Finance Disclosure Regulation (SFDR), reopens a debate about ESG labels and their alignment with investor preferences and policy objectives. This paper provides novel evidence on the role of ESG exclusion criteria in retail investment decisions. Using survey and experimental data from 1,174 German retail investors, we show that exclusion-based preferences are central to how investors interpret and use ESG labels. Investors place significantly greater weight on social and governance exclusions than on environmental ones (S > G > E), with human rights, animal welfare, and corruption emerging as dominant concerns. Experimental evidence further demonstrates that only investors with strong altruistic values adjust their portfolios when provided with granular ESG information. Consequently, reforms to the sustainable framework should acknowledge the importance of social and governance exclusions and move towards granular labels, while being aware of the limits of sustainability labelling on the green transition.

I. Introduction

The regulatory and political landscape of sustainable finance is undergoing notable change. Once hailed as financial markets' contribution to combating climate change, sustainable investment practices are now often associated with regulatory burdens and seen as investment obstacles that may prevent economic

* SAFE policy papers represent the authors' personal opinions and do not necessarily reflect the views of the Leibniz Institute for Financial Research SAFE or its staff.

growth. The European Commission's proposed Omnibus Directive introduces deregulatory adjustments that narrow the scope of sustainability reporting of the EU Green Deal, relaxes due diligence requirements, and eases disclosure burdens for financial institutions. Additionally, the Commission is reviewing its framework for the sustainability assessment of financial products, the Sustainable Finance Disclosure Regulation (SFDR), with a legislative proposal published in November 2025 (European Commission, 2025). Beforehand, various stakeholders have voiced their respective opinions on the reform of the EU's sustainable fund framework. A common critique is that the SFDR often falls short of its main objective to channel investments into the green or transition economy. The research community, meanwhile, has become increasingly skeptical about the real-world impact of green taxonomies on climate outcomes, both theoretically and empirically (Kölbel et al., 2020; Inderst & Opp, 2025).

To make effective use of climate labels requires an understanding of investors' perceptions and preferences first. Against this background, this policy report offers novel insight on investors' preferences on ESG labels from an experimental study funded by the German Ministry for Research, Technology and Space as part of the project Transition labels in climate finance. The paper calls on policymakers to use the forthcoming SFDR reform to better align sustainability disclosures with investor preferences and to increase transparency within ESG labelling. The analysis shows that retail investors prioritize social and governance criteria over environmental ones, suggesting that an investor-centric rather than a climate-first approach could strengthen both the legitimacy and the effectiveness of EU sustainable finance regulation.

II. Literature on the Limits of Sustainable Investing

Empirical and theoretical research finds partial evidence at best that green labels support the reallocation of capital and that capital allocation into green assets produces measurable real economy impact. Literature in sustainable finance on investor choices for sustainability labels distinguishes investment screening from impact investing. Screening, whether through exclusions or best-in-class selection, satisfies alignment or risk-management motives but has limited power to alter real-world outcomes. In contrast, impact investing sets an explicit, ex-ante goal of generating additional, measurable social or environmental benefits. This calls for providing new capital, engaging with firms to change behavior, or financing projects that would otherwise remain unfunded (Heeb et al., 2023).

There is robust empirical evidence that investment funds and retail investors use screening to build their portfolios, not only in the context of ESG but also to improve future performance (Müller and Weber,

2014): Hartzmark and Sussman (2019) document that mutual-fund flows respond sharply to sustainability rankings even when those rankings entail no verified real economic change. In the same strand, Barber et al. (2021) find that willingness-to-pay for "impact" investments is driven by investors' affect rather than by calculative assessments of outcomes. Investors are willing to accept lower returns in exchange for a sustainability-related label, yet additional or better-measured impacts do not elicit a larger willingness-to-pay. The authors interpret this pattern as evidence that investors derive non-pecuniary utility from the mere act of "doing good", a finding consistent with Andreoni's (1989) warm-glow model: utility flows from the feeling of contributing, not from a cost-benefit calculus of marginal impact per dollar. Accordingly, many donors report giving because "it feels good." The indication of this pattern has been confirmed in many studies on investor sustainability preference. While retail investors prefer funds marketed as sustainable, their allocations do not systematically favor products that deliver larger external benefits (Bauer et al., 2021) and most investors are insensitive to ten-fold differences in carbon abatement when choosing sustainable funds. While following a moral accounting approach, retail investors might also use their investments as a substitute for other climate-friendly behavior (Famulok et al., 2024). Thus, "calculative assessments of outcomes'' is largely absent when investors use labels to choose an investment product. The reinforcing mechanism is precisely the lack of calculation: From this perspective, sustainable investments function partly as a form of moral accounting, allowing investors to express values without necessarily changing firms' behavior.

The implications for policy are relevant. While young and finance-constrained companies may benefit from sustainable investments, the effects are largely muted for older companies and for companies that operate in mature financial markets (Kölbel et al., 2020). Inderst and Opp (2025) complement this finding from empirical literature with a theoretical argument. They document that in equilibrium, ESG funds sold to retail investors tend to greenwash, reallocating ownership claims without cutting firms' emissions. Green taxonomies are only desirable, if financial frictions prevail or if environmental policy which directly addresses externalities fails. Finally, the reliability of ESG metrics themselves is in question. Studies highlight substantial heterogeneity and lack of convergence among rating providers (Berg et al., 2022; Billio et al., 2021). High correlations between E, S, and G categories (Billio et al., 2024) and evidence that additional disclosure amplifies rather than reduces ambiguity (Christensen et al., 2022) suggest that the ESG information environment may increase rather than resolve uncertainty.

III. EU Regulatory State on Sustainable Investing

Since the announcement of the EU Green Deal in 2020, the European sustainable finance architecture has evolved into a tiered labelling hierarchy that reaches from the activity level to portfolio benchmarks. The SFDR mandates disclosure and standardized reporting by asset managers on sustainable investment practices, by promoting transparency, reducing information asymmetry and aims to provide information on sustainability risks to market participants. The main objective is to use financial markets to reach the Paris climate goals.[1] In doing so, the SFDR distinguishes between three types of financial products:

- **Article 6** products ("conventional") which do not incorporate any ESG considerations;
- **Article 8 ("light green")** funds, which merely promote environmental or social characteristics;
- **Article 9 ("dark green")** funds, which pursue explicit sustainable investment objectives and must report on explicit key-performance indicators.

Under the SFDR, all financial products must disclose how they integrate ESG risks, but only the greener categories must quantify taxonomy alignment and Principal Adverse Impacts (PAI). A PAI is any negative effect that an investment decision or advice has on ESG factors.

The uptake of the SFDR classification has been mixed since its entry into force. Slightly more than 50% of all assets in the European market are held in light green funds, whereas less than 5% of net assets are in dark green funds. After a change in regulation[2] specified content and reporting methodology, nearly 350 funds transitioned from the strict Article 9 to the relaxed Article 8 label. Allocation effects can also be observed: While Article 8 funds did not change their portfolio allocation, Article 9 funds have become even greener, primarily by tilting their portfolios towards low-carbon assets (Badenhoop et al., 2023; Abouarab et al., 2025).

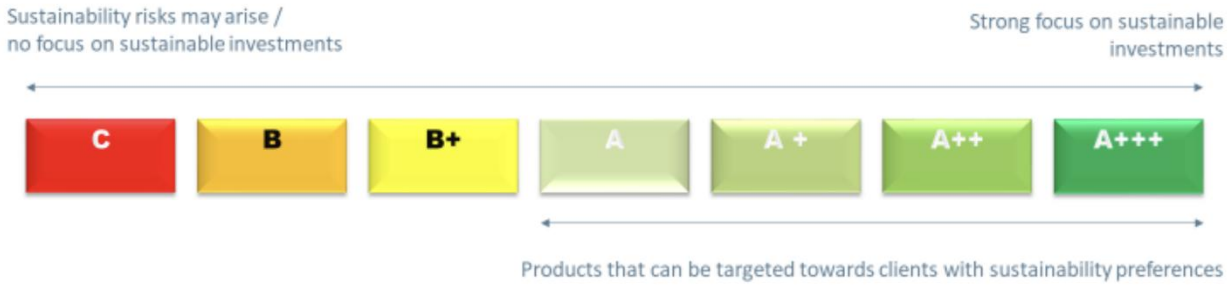
However, the SFDR has come under criticism, as indicated by responses to a Commission consultation in early 2025[3]. Besides universal calls for simplification and better alignment of the SFDR with other elements of EU law on sustainability metrics such as the Corporate Social Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), many industry representatives criticized that the current categorizations were unsuitable to offer financial products to retail investors that aligned with their sustainability preferences. The current labelling regime could not link investment intent to specific

[1] https://eur-lex.europa.eu/eli/reg/2019/2088/oj/eng.
[2] Commission Delegated Regulation (EU) 2022/1288).
[3] For the call for evidence and all consultation inputs see: Revision of EU rules on sustainable finance disclosure.

outcomes, as Article 8 and 9 classifications leave little room for distinguishable sustainable investment, let alone transition, strategies. Furthermore, it has created only a very small percentage of truly environmental funds and a large residual light green category whose sustainability impact can be questioned, both in terms of the underlying assumptions about impact and when it comes to the methodology of measurement. The EU has already started to address criticism, aiming for greater transparency with the ESG Rating Regulation[4] to enter into force in June 2026. It states that ESG rating providers should provide separate E, S, and G ratings and disclose the information behind every category individually.

Several complementary proposals aim to enhance the accessibility of ESG information for retail investors. The German Sustainable Finance Advisory Committee has suggested a color-coded "sustainability traffic light" integrated into PRIIPs and MiFID II disclosures to replace the lengthy SFDR templates (Sustainable Finance Beirat, 2022). Figure 1 depicts the traffic-light style color scale indicating the sustainability quality of financial products, ranging from low (red) to high (green) ESG performance. Likewise, the EU Platform on Sustainable Finance has proposed to revise SFDR categories into four clear labels, sustainable, transitioning, ESG collection, and unclassified, to align product intent with impact (EU Platform on Sustainable Finance, 2024).

Figure 1: Color-based ESG scale



Source: Sustainable Finance Beirat (2022).

Recently, the commission published a proposal to amend the SFDR and categorize products based on their claims into "sustainable", "transition" and "ESG basics" funds.

Against this policy background, understanding retail investor preferences is crucial. Evidence from the *"Transition Labels in Climate Finance: Perception and Use by Private Investors Project*" (ClimLabels)

[4] (Regulation (EU) 2024/3005).

provides new insight into how investors rank environmental, social, and governance factors, offering a data-driven basis for reforming the EU's sustainable finance framework.

IV. Investor preferences – Key Findings from the ClimLabels

The survey of 1174 German retail investors showed three distinct results with relevance for the reform of the SFDR. First, investors find exclusion of social criteria most important, followed by governance criteria and, finally, environmental criteria (S > G> E) (see Figure 2). Second, the use of subcategories allows a more nuanced picture and shows that investors are particularly concerned about *human rights abuses* (see Figure 4). Third, the importance of ESG is partially driven by levels of altruism, i.e., the willingness to contribute to a cause without expectation of return (see Figure 5). This result is further validated by an experimental study with participants, observing real changes in trading behavior (see Table 2).

4.1. Survey design and investor characteristics

The results presented in this section are based on a field experiment with 1174 German retail investors. The study's focus is the assessment of ESG preferences by retail investors. Often, investors' ESG preferences and the relevance of ESG criteria for the exclusion of specific investment decisions are estimated jointly, yet this study separated investors' demands into the three main categories (E + S + G) and then further 18 subcategories. In addition to surveying questions focusing on ESG and transition finance, the study had access to the real portfolios of investors and provided certain treatments to assess how investors change their holdings when confronted with new information. Table 1 provides an overview of the key characteristics of the survey population which indicates a predominantly middle-class investor segment. With an average age of 39 years, the sample is slightly younger than the German average. The high share of males in our sample (85%) however is expected in a sample of investors, as men participate in the stock market significantly more often than women. Similarly, our sample also shows high educational standards (57.24% hold a university degree).

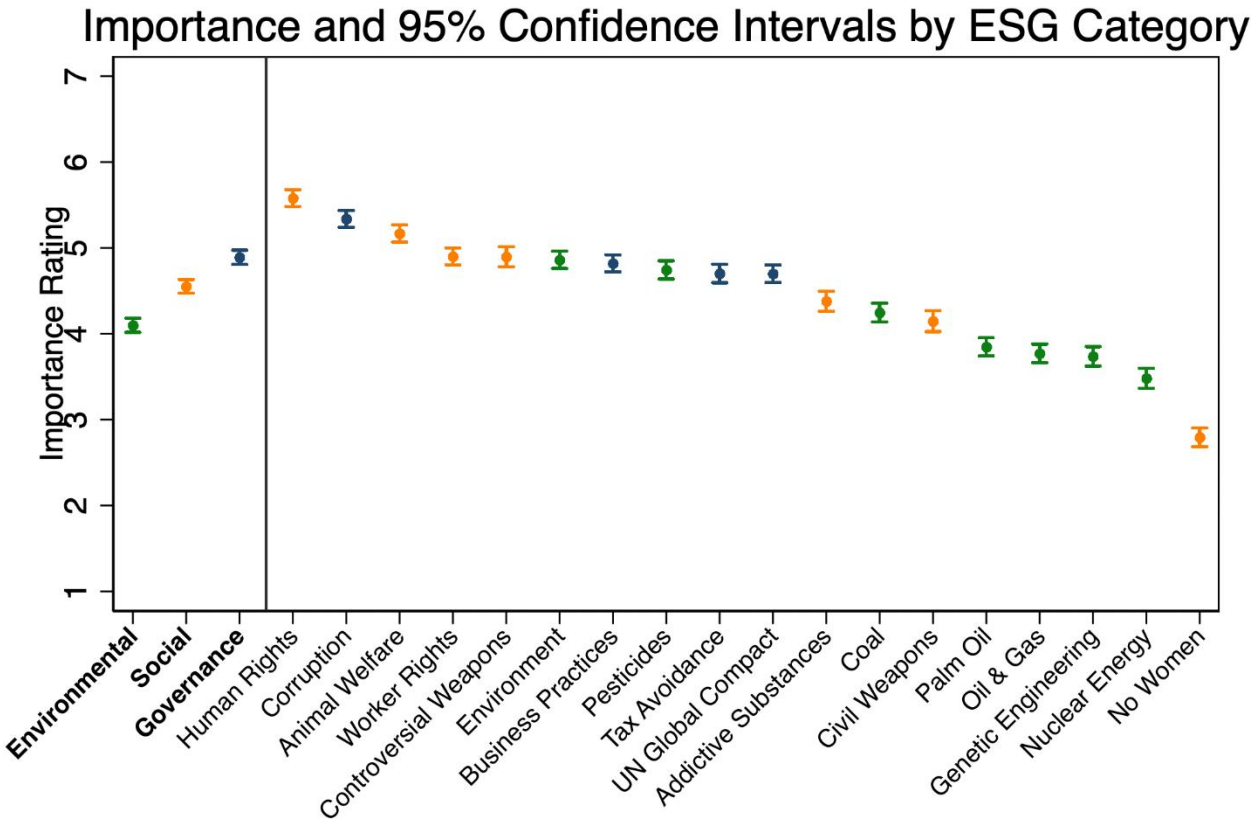
Table 1: Summary Statistics

	Mean	Std. Dev.
Age	39.43	11.84
Female	15.76	36.45
University Degree	57.24	49.49
Married	42.84	49.51
Children	41.48	49.29
Income > €11,000	3.32	17.93
Income €7,000–€11,000	8.43	27.80
Income €3,000–€7,000	48.89	50.01
Income < €3,000	25.81	43.78
Trading Experience	3.99	1.54
Financial Literacy	2.18	0.63
Importance of Sustainablity	3.26	1.70
Political Orientation	5.52	1.99
Altruism	5.84	2.71
Transition WTP	9.32	14.31

Notes: This table presents summary statistics for 1174 retail investors from a German online brokerage platform. High income refers to monthly household net income of 9,000€ or more. Experienced trader indicates trading experience of 5 years or more. Financial literacy is the number of correct answers (0-3) to standard financial literacy questions. Sustainability importance ranges from 1 (not important) to 7 (very important). Political orientation ranges from 1 (left) to 11 (right). WTP refers to willingness to pay measured as percentage of returns investors would sacrifice.

Nearly half of our sample are married or in a partnership (42.84%) and a similar number have children. Politically, the sample is oriented towards the center. Looking at the income distribution, we can see that a plurality of households earn between 3000 and 7000 euros, while about 12% have a net household income of above 7000 euros. Finally, participants demonstrate moderate investment sophistication. About one third can be classified as experienced traders with more than 5 years of trading experience, while the whole sample shows strong financial literacy scores averaging 2.18 out of three correct answers on the standard financial literacy survey by Lusardi and Mitchell (2009). Risk tolerance is moderate at 5.34 on a 0-10 scale, while self-assessed financial knowledge averages 3.43 on a 1-5 scale, suggesting reasonably knowledgeable investors capable of evaluating complex investment products.

Figure 2: Importance of exclusion by ESG categories and subcategories, ranging from 1 (not important at all) to 7 (very important) with 95% confidence intervals.



4.2. ESG Priorities of Retail Investors

Overall, ESG interest in the sample is moderate (mean score of 3.26 on a scale from 1-7). While investors report a higher-than-average importance of exclusion for all three categories, notable differences between categories emerge between E, S, and G scores (Figure 2). The mean exclusion scores are 4.1 for environment, 4.5 for social, and 4.9 for governance, with all differences statistically significant at the 1% level.

The analysis of subcategories supports this assessment. Subcategories representing the social dimension rate the highest for investors, as four of the top five most important subcategories (avoidance of investments that violate *human rights*, *animal welfare*, *workers' rights*, and *controversial weapons*) fall into this category. This is contrasted by the low score given to female board representation. By contrast, environmental subcategories such as the avoidance of nuclear energy, carbon energy or genetic engineering are clustered at the bottom end of the exclusion ranking.

Additionally, the visualization of response distributions shows a strong consensus among investors for social and governance subcategories, in an emerging L-shaped pattern (Figure 3). Survey participants assign high importance to the exclusion of these subcategories. Environmental categories seem to generate the most heterogeneous answers, some of which take on a U-form with the most chosen responses on the extremes of the scale. This indicates considerable disagreement or confusion among investors about environmental categories. This heterogeneity may result from the measurability and policy framing of issues: carbon intensity can be priced and regulated, while social harms such as *human-rights violations* are primarily moral concerns. Environmental categories thus trigger contestation, while S and G concerns elicit agreement. *Nuclear energy* and *genetic engineering* may even prove beneficial for society and the environment, which could explain the U-shaped pattern. Meanwhile, the experience of investors cannot explain the differences between E, S, and G preferences. Investors with years of experience in the stock market find exclusion significantly less important across (sub-)categories (at 5% confidence intervals) but the ordering of categories is maintained.

Figure 3: Distribution of the importance of exclusion for ESG subcategories. Histogram of the importance of exclusion for every subcategory, showing the percentage of respondents who answered that it was not at all important to very important to exclude investments for each subcategory.

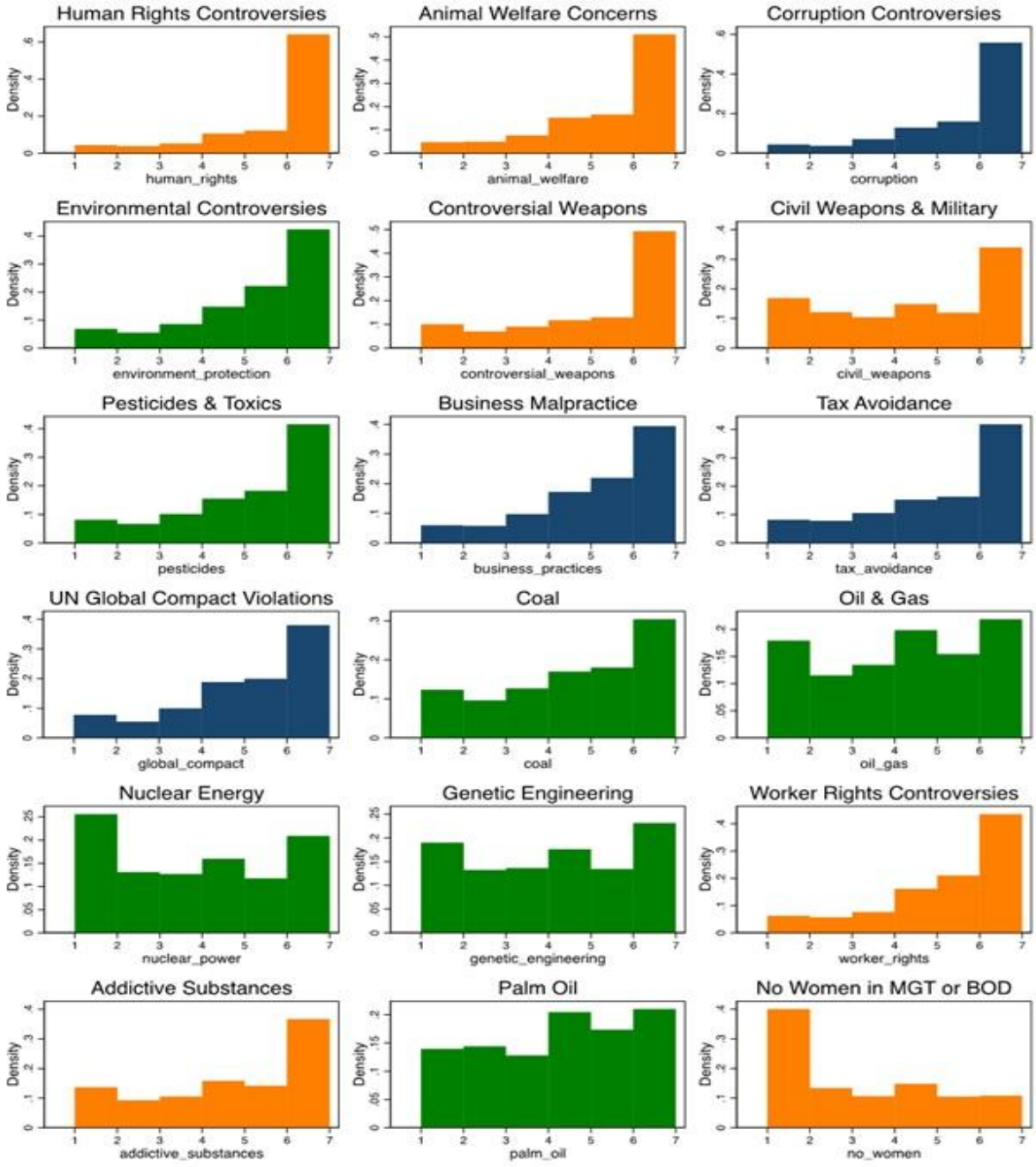
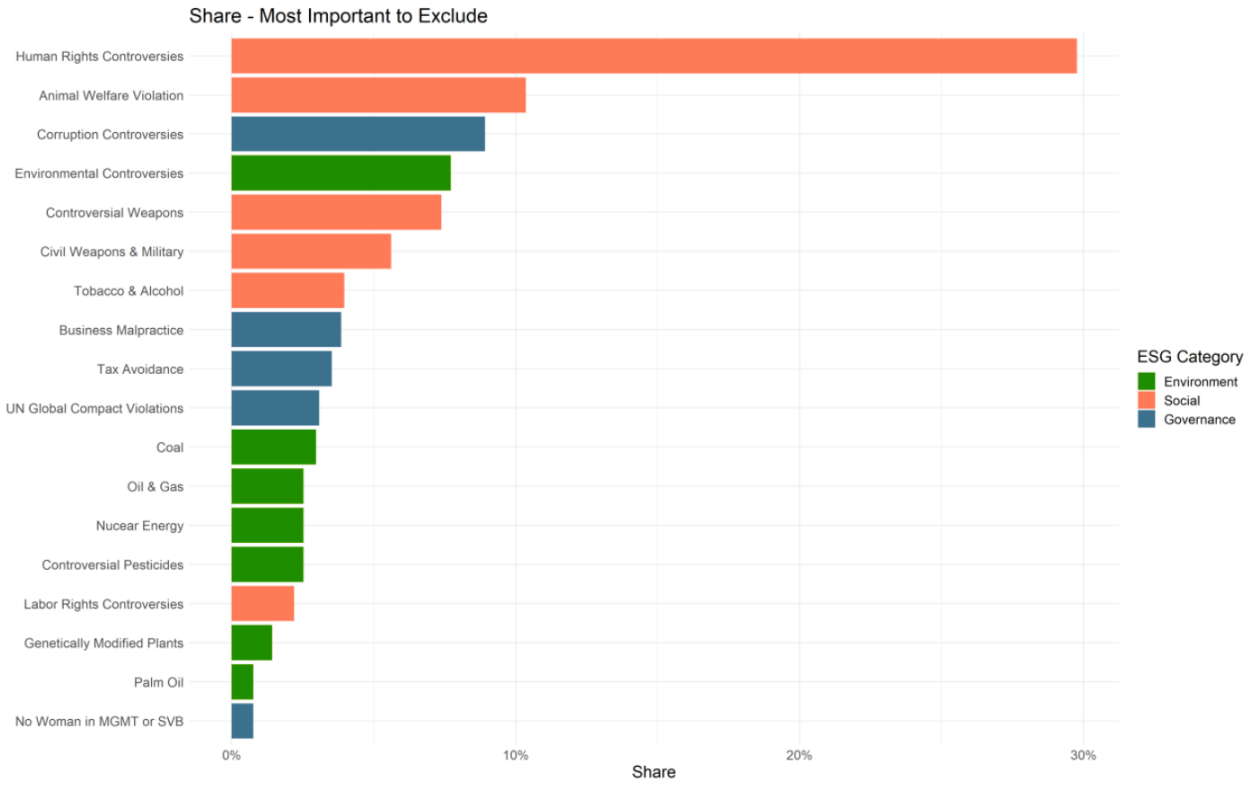


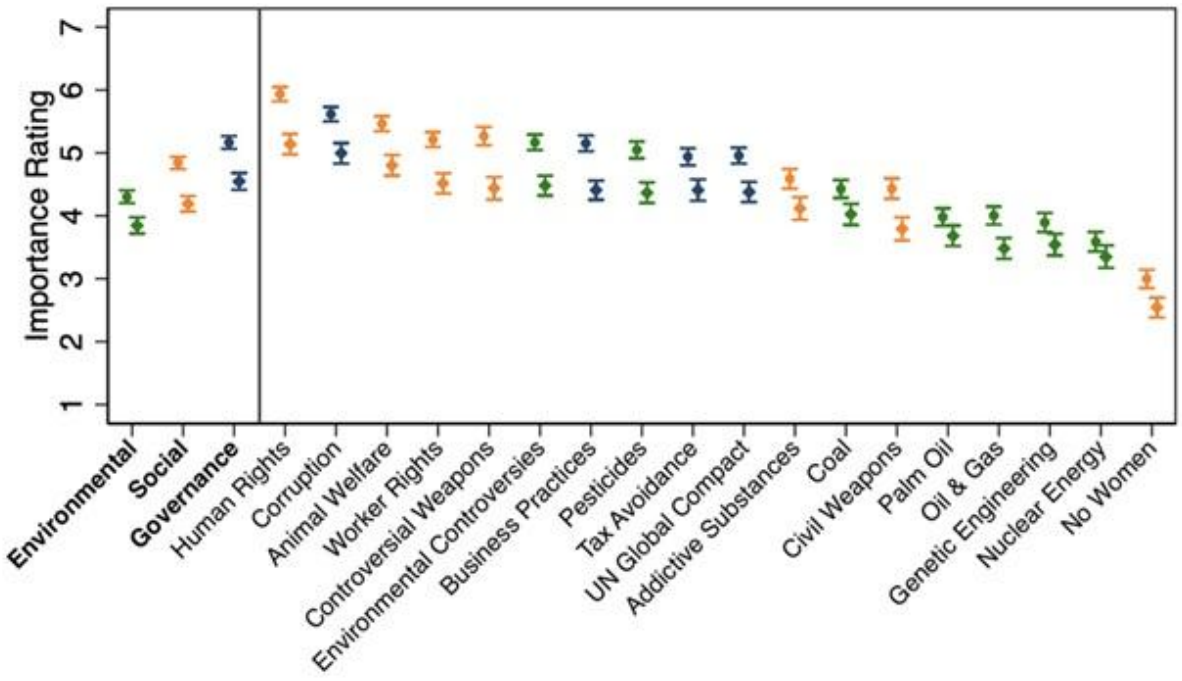
Figure 4: Most important subcategory to exclude. Share of respondents naming each ESG subcategory as the single most important to exclude from their portfolio.



Finally, Figure 4 further confirms the exclusion hierarchy S>G>E. Asked to name the single most important subcategory, they would want to be excluded from their portfolio, 50% named *human rights controversies*, *animal welfare*, and *corruption controversies*. Overall, the results paint a picture that differs from the popular perception of ESG criteria. While most of the discussion on the sustainable labelling regime and sustainable investing focuses on environmental protection and carbon dioxide emissions, investors show greater interest in the exclusion of social and governance criteria. While aggregate preferences provide valuable insights into overall investor sentiment toward ESG factors, substantial heterogeneity exists within the retail investor based on individual characteristics and values. Understanding this variation is crucial for policymakers and financial institutions seeking to design targeted ESG investment products and effective market interventions. To examine individual-level drivers of ESG preferences, the survey measured investors' altruism using the established Preference Survey Module (Falk et al., 2018). Participants were asked to rate their willingness to give to a good cause without any return expectations. The experiment elicits behavioral measures like altruism, positive reciprocity, and discounting behavior. Overall, 662 participants showed high levels of altruism, compared to 512 with low altruism at an average

value across all participants of 5.84 on a 1-10 scale. However, there is considerable variation (standard deviation of 2.71) which makes this characteristic a meaningful lens for the examination of preference heterogeneity. Altruism correlates positively with high education levels and a focus on sustainability. On average, women in the sample are more altruistic than men. The correlation between pro-social values and household income has only weak positive statistical significance for incomes above 11,000 euros per month – and none at all for lower income households. Investors with an altruism score of 6 or higher rate nearly all (sub-)categories significantly higher than less altruistic investors (Figure 5). The order of categories, meanwhile, remains similar independent of altruism. In general, more and less altruistic investors have the same ranking of categories, yet altruistic investors appear to be more willing to act on information provided by ESG labels.

Figure 5: Importance of exclusion by ESG categories and subcategories for low- and high-altruism investors. Importance of exclusion for E, S, and G categories and subcategories, ranging from 1 (not important at all) to 7 (very important), with 95% confidence intervals for participants with low (checkered) and high (dots) altruism.



V. Experimental Design and Evidence

This important distinction between more and less altruistic investors is further confirmed by an experimental study design which was undertaken in addition to the survey. The experiment had two core results:

- Investors with high altruism react significantly to the information treatment and change their portfolio allocation, whereas investors with low altruism show no reaction (Table 2, column 2 and 3). Looking at all investors combined, the treatment did not lead to a significant change in portfolio allocation (Table 2, column 1).
- Trades from altruistic investors after the information treatment resulted in significant portfolio reallocation effects for the two most important social exclusion categories, *human rights,* and *animal welfare*. (Table 3, column 2 and 4).

Table 2: Dependent Variable: Standardised Rating of Portfolio

Control & Treatment Group 2	(1)	(2)	(3)
Treatment	0.198	0.633**	0.646**
	(0.171)	(0.288)	(0.308)
Low Altruism		0.292	0.312
		(0.223)	(0.207)
Treatment x Low Altruism		−0.796**	−0.845**
		(0.337)	(0.351)
Constant	−0.157	−0.292	0.023
	(0.118)	(0.206)	(0.317)
Total Effect for Low Altruism		−0.163	−0.199
		(0.174)	(0.177)
Observations	202	202	202
Controls	*No*	*No*	*Yes*

Notes: OLS regressions with standardized portfolio ratings as dependent variable. Treatment = received sustainability information. Low Altruism = altruistic giving score <6 (0-10 scale). Total Effect for Low Altruism = Treatment + (Treatment × Low Altruism). Controls in column (3): age, gender, income. Robust standard errors in parentheses.
* p < 0.10, ** p < 0.05, *** p < 0.01.

Participants were randomly assigned to different experimental treatment groups. The primary treatment group received access to a granular fund rating scheme that allowed participants to examine fund ratings based on specific preference dimensions. Unlike conventional ESG ratings, this rating system displayed assessments across distinct categories such as *human rights* and *animal welfare*, aligned with the preference dimensions explored in the survey instrument. Actual investment of decisions of both treated

and untreated investors before and after the treatment was tracked. The experiment allows the analysis of stock holdings of participants following their exposure to the experimental treatment, focusing specifically on sustainability ratings in the areas each participant previously identified as most important to them through our survey.

The first four trades following the treatment show a similar pattern for the three most frequently cited ESG exclusion priorities among participants. Individuals with high altruistic scores show a strong and statistically significant reduction in fund holdings which allocate to firms violating social criteria in the areas of *human rights* and *animal welfare* (Table 3, columns 2 and 4). While the average treatment effect is negative across all categories, none of these effects achieve statistical significance for the entire population. For the *corruption* category, individuals do not significantly alter their investment behavior.

These findings strongly suggest that ESG ratings contain decision-relevant information for investors with strong altruistic preferences, who actively use this information to realign their portfolio allocations. For other investors, however, these ratings appear to have no measurable effect on investment behavior.

Table 3: Probit Regressions Indicating if Trades had Missmatch Against Own Priority Categories

	Human Rights		Animal Welfare		Corruption	
	(1)	(2)	(3)	(4)	(5)	(6)
Treatment	-0.171	-0.966**	-0.714*	-4.120***	-0.291	-0.220
	(0.195)	(0.418)	(0.382)	(0.312)	(0.311)	(0.479)
Low Altruism		-0.904**		-4.095***		0.434
		(0.434)		(0.377)		(0.403)
Treatment x Low Altruism		1.319***		3.389***		-0.103
		(0.504)		(0.539)		(0.633)
Constant	1.511***	2.166***	1.633***	5.455***	0.691***	0.431
	(0.157)	(0.394)	(0.337)	(0.052)	(0.197)	(0.308)
Total Effect Low Altruism		0.353		-0.731*		-0.323
		(0.281)		(0.439)		(0.415)
Observations	386	386	106	106	78	78

Notes: Probit regressions; dependent variable = 1 if traded stocks contradicting stated ESG priority for the respective category. Treatment = received sustainability information. Low Altruism = altruistic giving score <6. Samples include only participants stating each category as a priority. Coefficients reported (not marginal effects). Robust standard errors in parentheses.
* p < 0.10, ** p < 0.05, *** p < 0.01.

VI. Conclusion and Policy Implications

In the past, the framework for sustainable funds in the EU focused on environmental issues. Problems arose because the link between investor behavior, their asset allocation, and environmental impact was scrutinized from the viewpoint of financial economics. Additionally, the labelling into non-green (Article 6), light green (Article 8) and dark green (Article 9) funds proved unsuitable to investors' needs, as they neither differentiate between screening and impact investing nor include a label for transitioning companies. The literature in financial economics consistently shows that retail investors derive utility from exclusion-based moral preferences rather than from measurable climate outcomes. The results of the ClimLabels research project show an additional shortcoming: At the current situation, the SFDR does not yet account for the differences investors may give to social, governance, and environmental ratings, when in fact there is a clear hierarchy S>G>E. Additionally, exclusion preferences are strongly correlated with pro-social attitudes, such as altruism. More altruistic individuals consistently assign higher importance to ESG exclusion criteria across all categories, with the general ordering of importance unchanged. Finally, experimental evidence confirms that altruistic investors change their portfolio composition when confronted with granular information about social subcategories.

These results have important implications for a coherent reform of the SFDR and the EU sustainable finance framework overall. First, it should acknowledge that social and governance exclusions form the actual consensus baseline for retail investors. Three of the five most important subcategories – corruption, animal welfare, and workers' rights – are not yet covered by the SFDR. Second, it should move away from a one-size-fits-all environmental model toward a modular disclosure system that accommodates heterogeneous environmental preferences. Third, it should improve transparency and granularity in ESG reporting so that the small group of investors who respond to such information can act on it, while avoiding excessive complexity for everyone else. Finally, policymakers must be aware of the limitations of sustainable finance labels to contribute to the EU's climate goals. Not only is the impact of sustainability labels on the real economy doubtful, but investors who are not motivated to act in an altruistic and pro-social manner in the first place were not affected by ratings at all.

References

Abouarab, Rabab, Tapas Mishra, and Simon Wolfe. Does the EU sustainable finance disclosure regulation mitigate greenwashing?. *The European Journal of Finance* 31.8 (2025): 957-989.

Andreoni, J. (1989). Giving with impure altruism: Applications to charity and Ricardian equivalence. Journal of Political Economy, 97(6), 1447–1458.

Badenhoop, N., Hackmann, A., Mücke, C., & Pelizzon, L. (2023). Quo vadis sustainable funds? Sustainability and taxonomy-aligned disclosure in Germany under the SFDR (SAFE White Paper No. 94). Leibniz Institute for Financial Research SAFE.

Barber, B. M., Morse, A., & Yasuda, A. (2021). Impact investing. Journal of Financial Economics, 139(1), 162–185.

Bauer, R., Ruof, T., & Smeets, P. (2021). Get real! Individuals prefer more sustainable investments. The Review of Financial Studies, 34(8), 3976–4043.

Berg, F., Kölbel, J. F., & Rigobon, R. (2022). Aggregate confusion: The divergence of ESG ratings. Review of Finance, 26(6), 1315–1344.

Billio, M., Costola, M., Hristova, I., Latino, C., & Pelizzon, L. (2021). Inside the ESG ratings: (Dis)agreement and performance. Corporate Social Responsibility and Environmental Management, 28(5), 1426–1445. https://doi.org/10.1002/csr.2177

Billio, M., Fitzpatrick, A. C., Latino, C., & Pelizzon, L. (2024). Unpacking the ESG ratings: Does one size fit all? (SAFE Working Paper No. 415). Leibniz Institute for Financial Research SAFE.

Christensen, D. M., Serafeim, G., & Sikochi, A. (2022). Why is corporate virtue in the eye of the beholder? The case of ESG ratings. The Accounting Review, 97(1), 147–175. https://doi.org/10.2308/TAR-2019-0506

Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 with regard to regulatory technical standards for sustainability-related disclosures. (2022). Official Journal of the European Union, L 196, 1–101.

EU Platform on Sustainable Finance. (2024). Categorisation of products under the SFDR: Proposal of the Platform on Sustainable Finance. Platform on Sustainable Finance.

European Commission. (2025). Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR), Regulation (EU) No 1286/2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and repealing Commission Delegated Regulation (EU) 2022/1288. COM/2025/841 final.

Falk, A., Becker, A., Dohmen, T., Enke, B., Huffman, D., & Sunde, U. (2018). Global evidence on economic preferences. The Quarterly Journal of Economics, 133(4), 1645–1692.

Famulok, J., Kormanyos, E., & Worring, D. (2024). Do investors use sustainable assets as carbon offsets? (SAFE Working Paper No. 431). Leibniz Institute for Financial Research SAFE.

Hartzmark, S. M., & Sussman, A. B. (2019). Do investors value sustainability? A natural experiment examining ranking and fund flows. The Journal of Finance, 74(6), 2789–2837.

Heeb, F., Kölbel, J. F., Paetzold, F., & Zeisberger, S. (2023). Do investors care about impact? The Review of Financial Studies, 36(5), 1737–1787.

Inderst, R., & Opp, M. M. (2025). Sustainable finance versus environmental policy: Does greenwashing justify a taxonomy for sustainable investments? Journal of Financial Economics, 163, 103954.

Kölbel, J. F., Heeb, F., Paetzold, F., & Busch, T. (2020). Can sustainable investing save the world? Reviewing the mechanisms of investor impact. Organization & Environment, 33(4), 554–574. https://doi.org/10.1177/1086026620919202

Kotchen, M. J. (2006). Green markets and private provision of public goods. Journal of Political Economy, 114(4), 816–834.

Lusardi, A., & Mitchell, O. S. (2009). How ordinary consumers make complex economic decisions: Financial literacy and retirement readiness (NBER Working Paper No. 15350). National Bureau of Economic Research.

Müller, S. & Weber, M. (2014). Evaluating the Rating of Stiftung Warentest. How Good Are Mutual Fund Ratings and Can They Be Improved? European Financial Management, 20(2), 207-235. https://doi.org/10.1111/j.1468-036X.2011.00632.x.

Regulation (EU) 2024/3005 of the European Parliament and of the Council of 13 October 2024 on the transparency and integrity of environmental, social and governance rating activities. (2024). Official Journal of the European Union.

Sustainable Finance Beirat. (2022). Opinion and proposals on a sustainability traffic light for financial products in PRIIPs and MiFID II disclosures. German Sustainable Finance Advisory Committee.