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The Valuation of Corporate Social Responsibility

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The Valuation of Corporate Social Responsibility: A Willingness to Pay Experiment*

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Abstract

We present an experimental study of investors' willingness to pay for socially responsible assets. We design an initial public offering experiment in which various assets may be issued with a constant financial risk and return profile but with different intensity and timing of social responsibility: the expected social benefit of assets may be high or low, and the social benefit may occur when the financial payoff is good or bad. The social benefit is represented in the experiment by a donation to a charity that is realized only if the asset is issued. We find that individuals attribute a positive value to social responsibility at an increasing rate, and that assets generating an extra-financial benefit when financial performance is bad suffer from a price discount. We offer implications for the design of corporate social responsibility policies, for asset pricing of responsible assets and for the design of responsible investment funds.

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1 Introduction

Corporate social responsibility (CSR) refers to corporate actions that go beyond legal obligations in the pursuit of social interest (Bénabou and Tirole (2010)). Do investors value CSR? This question is of particular relevance given the significant development of Socially Responsible Investing (SRI) in today's financial markets. SRI enables investors to incorporate non-financial values in their investment decisions. In 2020, SRI represents roughly $17.1 trillion or more than one third of US assets under management, up by 42% since 2018 (US SIF (2020)). Whether investors choose SRI for non-financial considerations related to CSR or because they expect to improve their portfolios' risk-return tradeoff is however not clear. On the one hand, Riedl and Smeets (2017) and Bauer et al. (2021) show that social preferences are a primary determinant of the decisions to invest in responsible mutual funds and have more sustainable pension savings. Similarly, Barber et al. (2021) provide evidence that institutional investors invest in impact funds despite the fact that these funds earn lower returns than traditional venture capital funds. On the other hand, Døskeland and Pedersen (2016) find that individual investors are primarily motivated by financial considerations to invest in responsible funds. In addition, it seems that individual and institutional investors expect to earn higher returns and reduce portfolio risk by incorporating climate risk and investing more responsibly (Hartzmark and Sussman (2019), Krüger et al. (2020)). Corroborating this evidence, the signatories of the United Nations Principles of Responsible Investment, who are institutional investors representing $103.4tn of global assets under management, commit to incorporating environmental, social and governance (ESG) issues in their investment process because they "believe that ESG issues can affect the performance of investment portfolios" (UNPRI (2021b,a)).

This paper proposes a willingness to pay experiment to study whether investors value CSR in a setting in which it does not affect expected financial performance. Our experiment features initial public offerings of several assets which have identical financial payoffs. The assets' payoffs are presented as lotteries with two states, one good state, with a high financial payoff, and one bad state, with a low financial payoff. Both states are equally likely. Responsible assets additionally distribute a pro-social benefit. We model this benefit as a delegated donation to a charity (Baron (2007); Bénabou and Tirole (2010)). Bénabou and Tirole (2010, p. 10) define delegated philanthropy as means of using "the firm as a channel for the expression of citizen values". We select three well-known charities, Greenpeace, the Red Cross and Transparency International to cover environmental, social and governance issues, respectively. In the basic setup of our experiment, the donation of the responsible asset is similar in the good and bad state. To test whether economic conditions have an influence on preferences for social responsibility, we compare subjects' willingness to pay if the donation only takes place in the bad state or in the good state, while keeping the expected donation constant.

To measure whether subjects display increasing marginal utility from doing good, we introduce a highly responsible asset that displays an expected donation that is twice as large as the baseline donation. That way, we can test how individuals evaluate large compared to small levels of responsibility.

To infer the subjects' willingness to pay for the asset's responsibility characteristic, assets are auctioned off using a Becker et al. (1964) mechanism that guarantees truth-telling under some conditions. Because our experimental design ensures identical risk-return expectations for all assets, pecuniary motives cannot explain potential differences in asset prices. By construction, subjects' choices matter for their compensation. Stating an inflated or deflated willingness to pay for an asset results in a lower expected compensation. Subjects learn in the experimental instructions that if, and only if, a transaction takes place, the donation is actually handed over to the respective charity. Thus, subjects know their decisions have an impact.

After the experiment, we present the subjects with a questionnaire on their personality traits to gain a better understanding of the psychological drivers that motivate people to invest responsibly. Specifically, we test how altruism (Brodback et al. (2019); Schwartz (1992)), long-term orientation (Bearden et al. (2006); Flammer and Bansal (2017); Slawinski et al. (2017)), religious values (Kumar et al. (2011); Peifer (2010)), political engagement (Bolsen et al. (2014); Dawes et al. (2011); Fowler (2006)), and the perceived effectiveness of doing good (Brodback et al. (2019); Nilsson (2008, 2009)) relate to individuals' willingness to pay for social responsibility.

Using the experimental methodology allows us to circumvent two major difficulties faced by empirical studies on CSR and SRI. First, it allows us to control expectations on assets' financial payoffs and thereby isolate the willingness to pay for their responsibility characteristics. Second, it enables us to exogenously vary the level, type and timing of the corporate social responsibility benefits.

Our results show that there is generally a higher willingness to pay for socially responsible assets than for conventional assets, which increases steeply in an asset's social benefit. For an asset with a donation of €20 in each state, which represents 40% of the expected financial payoff of €50, the premium compared to the conventional asset is only three cents and not statistically significantly different from zero. For an asset with a donation of €40 in each state, which represents 80% of the expected financial payoff, the premium increases to a statistically significant €5.50. For a twice as large social benefit, the increase in individuals' average willingness to pay is more than 18-fold, suggesting that individuals' marginal utility from doing good increases at an increasing rate. Overall, however, although individuals are willing to pay more for the responsible asset than the conventional one, the magnitude of the premium is substantially smaller than the amount of the donation.

In addition, we find that individuals' willingness to pay strongly depends on the state

of the economy that the donation is associated with. Individuals are willing to pay significantly more for assets which donate only in the good state than for assets that donate only in the bad state. For assets that have an expected donation of €20, the asset that donates only in the good state has a significantly positive premium of €2.90 compared to the conventional asset. In contrast, the asset that donates only in the bad state has significantly negative premium of €-4.06. Thus, although both assets have the same expected donation of €20, their price difference is nearly €7. The lower price we document for the asset, which donates only in the bad state, suggests that our subjects do not perceive a donation as a hedge against their own bad outcome. It seems that individuals display reluctance for social responsibility that occurs in bad financial times, even if it does not affect their own payoff. This finding is in line with ex-post inequity aversion as modelled by Fehr and Schmidt (1999) and Bolton and Ockenfels (2000). Individuals' preference for an asset which only donates in a good state corresponds to correlation seeking behavior, as defined by Richard (1975), Epstein and Tanny (1980) and Eeckhoudt et al. (2007).

Our results at an individual level show that premia for social responsibility increase in an individual's level of altruism. It further seems that individuals perceive social issues to be the most important, as they are willing to pay the highest premia for assets which donate to a social cause. The positive premia of responsible over conventional assets are lower for environmental and least for governance issues. However, these results might stem from the different brand images or perceived trustworthiness of the various charities we selected for our experiment.

Our work is related to experimental and survey studies on socially responsible investing that analyze, for example, who invests responsibly (Brodback et al. (2019); Dorfleitner and Utz (2014); Gutsche and Ziegler (2019); Nilsson (2009)), why people invest responsibly (Brodback et al. (2019); Glac (2009); Gutsche and Ziegler (2019); Riedl and Smeets (2017)), how differential information affects responsible investing (Barreda-Tarrazona et al. (2011); Døskeland and Pedersen (2016); Lewis and Mackenzie (2000); Pasewark and Riley (2010); Webley et al. (2001); Martin and Moser (2016); Crifo et al. (2015)) and willingness-to-pay for social responsibility (Gutsche and Ziegler (2019)). It is also related to experimental studies on IPOs and different auction mechanisms (Goswami et al. (1996); Zhang (2009); Bonini and Voloshyna (2013); Füllbrunn et al. (2020); Almeida and Leal (2015)), as well as literature experimentally investigating giving under risk (Brock et al. (2013); Cappelen et al. (2013); Cettolin et al. (2017)). We contribute to this literature in two ways. First, we present a novel and incentivized experimental design that elicits an individual's willingness to pay for responsible assets. By assuring that conventional and responsible assets have identical risk-return trade-offs, we learn how much an individual is willing to pay for social responsibility. With otherwise identical assets, we therefore circumvent any effects pecuniary motives would have on the valuation of assets (Brodback

et al. (2019); Døskeland and Pedersen (2016); Glac (2009)). Our paper thus allows to advance our understanding of whether non-financial values induce price premia in investment decisions. Second, by varying the timing of occurrence of an asset's social responsibility we learn about whether the state of the economy has an impact on how much an individual is willing to pay for a responsible asset. At the same time, it allows us to elicit individual's multivariate risk attitudes for wealth and "doing good". To the best of our knowledge, our paper is the first study to investigate the relationship between correlation risk preferences and donations.

In concurrent and complementary work, Bonnefon et al. (2019) propose an experiment to study how subjects bid for risk-free assets that generate positive or negative externalities. They find that subjects' bids reflect a sizeable portion of the externalities generated by the assets, both for the positive and the negative cases, even when subjects' choices have no consequences. A related study is Heeb et al. (2021), which analyzes whether investors are willing to pay more for more impact. In their paper, impact is modelled as a reduction in CO_2 emissions. They find that investors are willing to pay for impact, but the amount they are willing to pay does not increase in line with CO_2 savings. We complement the work of Bonnefon et al. (2019) and Heeb et al. (2021) by explicitly modelling risky assets and investigating whether the correlation between cash flows and externalities affects asset valuation. In contrast to Heeb et al. (2021), we model a larger impact by a larger donation, i.e., we measure impact in monetary terms, which might be one reason for the difference in findings. Another related study is Humphrey et al. (2020), which designs an experiment to understand how externalities influence individuals' capital allocation between a risky asset and cash. This study features two treatments in which a sum which equals the payoff earned by the subject on the risky asset is donated to, or deducted from, an amount of money offered to a non-profit organization. Results show that negative externalities matter for capital allocations but not positive externalities. We complement this work by focusing on asset valuation and by studying whether the size and the timing of the externality affects valuation.

Our results have implications for the design of corporate social responsibility (CSR) policies, for asset pricing of responsible assets, and for the design of responsible investment funds. Our first main finding that individuals are willing to pay a higher price for responsible assets, but the premium is smaller than the magnitude of the donation has implications for the types of CSR policies managers can implement. It is only feasible for managers to implement CSR policies that have other substantial financial benefits, for example, improvements in resource efficiency, reputation with customers, or employee loyalty and productivity (Edmans (2012); Hart (1995); Hart and Ahuja (1996); Russo and Fouts (1997)). CSR policies, which do not have substantial operational benefits, might lead to a decrease in firm value. Our second main finding that a responsible asset generating an extra-financial benefit in bad times suffers from a valuation discount has

two implications. First, it suggests that it would be beneficial for socially responsible projects to generate extra-financial benefits that have a positive beta with respect to the market portfolio. Second, it suggests that to study the link between asset prices and corporate social responsibility, it is important to control for the beta of the extra-financial benefits produced by firms. Our third main finding that the willingness to pay for responsible asset increases at an increasing rate has implications for the design of SRI funds. It suggests that, everything else being equal, funds will attract more interest from individual investors if they include one champion of corporate social responsibility rather than several companies with moderately good levels of responsibility.

This paper proceeds as follows. We present the experimental setup in Section 2. Section 3 presents the theoretical predictions and main hypotheses. Section 4 explains the experimental assets and study implementation. We report descriptive statistics and results in Section 5. Section 6 assesses the robustness of our findings. Lastly, we discuss practical implications and conclude in Section 7.

2 Experimental Setup

In our experiment, individuals are presented with five different assets A_k where $k \in 1, .., 5$. We model the assets as lotteries (Gneezy and Potters (1997); Plott and Sunder (1982)). The economy can be in a good state h, in which the payoff is high, or a bad state l with a low payoff. In Figure 1, we show the conventional asset A_1, which contains no responsibility component. In the good state of the economy h, A_1 pays out 100 experimental currency units. In the bad state of the economy l, the payoff is zero. Both states occur with equal probabilities of 0.5. This simple structure of our setup ensures that participants can easily form expectations. It is straightforward to compute that the expected financial payoff amounts to 50.

[Figure 1 about here.]

To model responsibility in our experimental setting, we closely follow Bénabou and Tirole (2010). In their definition of CSR, the firm acts in the interest of its stakeholders and society on a voluntary basis and beyond its legal obligations. As one of the fastest-growing types of CSR, Bénabou and Tirole (2010) describe the delegated philanthropy setting. In this setting the firm serves as "a channel for the expression of citizen values" (Bénabou and Tirole (2010, p. 10)). The firm engages on behalf of customers or investors to do good. In our experiment, we model the firm's responsibility as a donation to charity. The donation reflects Bénabou and Tirole (2010)'s idea that CSR is voluntary and beyond legal compliance. If participants purchase the asset, the donation is made on their behalf in line with Bénabou and Tirole (2010)'s idea that philanthropy is delegated.

For the donation we select well-known charities that reflect the environmental, social, and governance (ESG) dimensions that are common in responsible investing (UNPRI (2018)).

We present the participants with four different responsible assets A_k, where $k \in 2, ..., 5$. The financial payoffs in all states are identical to the conventional asset A_1 and the same for all responsible assets $A_2, ..., A_5$. That way, we ensure that financial considerations should not affect differences in participants' willingness to pay for the conventional and responsible assets. The responsible assets can have a donation in the good state and/or the bad state. We define the donation or doing good component of the asset A_k in the good state h as g_{h,A_k}. The donation in the bad state l is g_{l,A_k}. For asset A_2, we have $g_{h,A_2} = g_{l,A_2} = 20$. For asset A_3, we have $g_{h,A_3} = 0$ and $g_{l,A_3} = 40$. For asset A_4, we have $g_{h,A_4} = 40$ and $g_{l,A_4} = 0$. And for asset A_5, we have $g_{h,A_5} = g_{l,A_5} = 40$. We chose these particular values for the donations because, as shown in the next section, it allows us to draw inferences about subjects' preferences for donations. Remark that the expected level of donation is the same for assets A_2, A_3, and A_4, and that it is twice as large for asset A_5. Figure 2 shows the structure of the responsible assets' financial and social benefit payoffs.

[Figure 2 about here.]

We require that participants state their willingness to pay for each of the experimental assets. Camerer and Hogarth (1999) and Levitt and List (2007) argue that with hypothetical payment scenarios the subject – experimenter relationship induces demand effects. Individuals might behave more pro-socially because this behavior is perceived as socially desirable. To mitigate this issue, we incentivize participants' decisions. For every purchase decision, participants have an endowment of 100 experimental currency units out of which they state their willingness to pay for each asset. To have participants reveal the maximum amount they are willing to pay, we use the Becker, DeGroot, and Marschak mechanism (Becker et al. (1964)). A random draw from the interval between the two financial payoffs in the good and bad state of a randomly selected asset is used as benchmark price p_{A_k} for the respective asset A_k. The benchmark price p_{A_k} is thus uniformly distributed between 0 and 100. Only if a participant's stated willingness to pay for an asset A_k, which we refer to as her bid b_{A_k}, is larger than or equal to the benchmark price, a transaction occurs at the benchmark price p_{A_k}. Individual choice thus matters and a donation is only made if the participant is willing to pay a sufficiently high price.

3 Theoretical Predictions

To interpret our experimental data in terms of preferences, we set up a theoretical model based on expected utility theory. We consider a framework in which the utility from wealth and from doing good are potentially non-separable. We denote an individual's

utility function by $U(w, g)$, with w her level of wealth and g the level of social benefit. We assume that an agent's utility increases with wealth, i.e., $\frac{\partial U}{\partial w} > 0$. A participant maximizes her expected utility with respect to her bid b_{A_k}. The maximization problem is given by

$$\max_{b_{A_k}} \mathbb{E}\left[U\left(w, g\right)\right] = \int_0^{100} \frac{1}{100}\Bigg(\mathbb{1}_{b_{A_k} \geq p_{A_k}} \left[\frac{1}{2} U\left(200 - p_{A_k}, g_{h,A_k}\right) + \frac{1}{2} U\left(100 - p_{A_k}, g_{l,A_k}\right)\right] + \mathbb{1}_{b_{A_k} < p_{A_k}} U\left(100, 0\right)\Bigg) \mathrm{d}p_{A_k}. \tag{1}$$

If the bid b_{A_k} exceeds the randomly determined price p_{A_k} of an experimental asset A_k, that is $b_{A_k} \geq p_{A_k}$, a transaction occurs. With probability $\frac{1}{2}$ the economy is either in the good or the bad state. In the good state h the subject's utility depends on the initial endowment (100) plus the financial payoff of the lottery (100) minus the randomly determined price p_{A_k} of the asset $(200 - p_{A_k})$, and the donation in the good state (g_{h,A_k}). In the bad state l, the financial payoff of the lottery is zero, hence the price p_{A_k} of the asset is subtracted from the initial endowment $(100 - p_{A_k})$, and the subject's utility further depends on the donation in the bad state (g_{l,A_k}). If the participant's bid b_{A_k} is lower than the randomly determined price p_{A_k} of the asset, that is $b_{A_k} < p_{A_k}$, there is no transaction. In this case, the participant's utility depends solely on her initial endowment of 100. Indeed, when there is no transaction, the asset is not issued and, thus, there is neither a financial payoff nor a social benefit.

Rearranging Equation (1) leads to

$$\max_{b_{A_k}} \mathbb{E}\left[U\left(w, g\right)\right] = \int_0^{b_{A_k}} \frac{1}{100} \left[\frac{1}{2} U\left(200 - p_{A_k}, g_{h,A_k}\right) + \frac{1}{2} U\left(100 - p_{A_k}, g_{l,A_k}\right)\right] \mathrm{d}p_{A_k} + \int_{b_{A_k}}^{100} \frac{1}{100}\, U\left(100, 0\right) \mathrm{d}p_{A_k}. \tag{2}$$

The first-order condition for a participant maximizing her utility with respect to her bid b_{A_k} is

$$\frac{1}{100} \left[\frac{1}{2} U\left(200 - b_{A_k}, g_{h,A_k}\right) + \frac{1}{2} U\left(100 - b_{A_k}, g_{l,A_k}\right)\right] - \frac{1}{100} U\left(100, 0\right) = 0. \tag{3}$$

The second-order condition follows from taking the derivative of Equation (3) and reads as:

$$\frac{1}{100} \left[-\frac{1}{2} U'\left(200 - b_{A_k}, g_{h,A_k}\right) - \frac{1}{2} U'\left(100 - b_{A_k}, g_{l,A_k}\right)\right] < 0, \tag{4}$$

which confirms that we observe a maximum.

3.1 Hypothesis 1

In the first hypothesis, we propose that individuals are willing to pay more for an asset with which they do good, i.e., $b^*_{A_k} > b^*_{A_1}$, where $k \in 2, ..., 5$. Indeed, several strands of literature suggest that people gain utility from other-regarding behavior. A large body of work shows that people – depending on their personality characteristics – donate time and money to improve the lives of others (Andreoni and Vesterlund (2001); Andreoni et al. (2003, 2017); Ariely et al. (2009); Carpenter and Myers (2010); DellaVigna et al. (2012); Eckel and Grossman (1996, 1998, 2003); DellaVigna et al. (2013); Smeets et al. (2015)). Similarly, the marketing literature suggests that consumers are willing to pay price premia for products that are associated with a pro-social component. These products can be more environmentally friendly, such as organic products, or related to better labor working conditions, such as fair trade products (Casadesus-Masanell et al. (2009); Elfenbein and McManus (2010); Gneezy et al. (2010); Loureiro and Lotade (2005); Tully and Winer (2014)). Therefore, we hypothesize that:

H1: Individuals are willing to pay more for an asset with which they do good than for a conventional asset.

To make the link between this hypothesis and preferences in our expected utility framework, we study the optimal willingness to pay for the conventional asset A_1 and for the responsible asset A_2. The first-order condition shown in Equation (3) indicates that the willingness to pay for asset A_1 is such that:

$$U(100, 0) = \frac{1}{2}U(200 - b^*_{A_1}, 0) + \frac{1}{2}U(100 - b^*_{A_1}, 0), \tag{5}$$

Likewise, for asset A_2, we have:

$$U(100, 0) = \frac{1}{2}U(200 - b^*_{A_2}, 20) + \frac{1}{2}U(100 - b^*_{A_2}, 20). \tag{6}$$

Under the assumption that $\frac{\partial U}{\partial w} > 0$, our hypothesis $H1$, that is $b^*_{A_2} > b^*_{A_1}$, is thus equivalent to:

$$U(200 - b, 20) + U(100 - b, 20) > U(200 - b, 0) + U(100 - b, 0), \tag{7}$$

which we rearrange as

$$U(200 - b, 20) - U(200 - b, 0) > U(100 - b, 0) - U(100 - b, 20), \tag{8}$$

and then rewrite using integrals to yield

$$\int_0^{20} \left[\frac{\partial U}{\partial g} (200 - b, g) + \frac{\partial U}{\partial g} (100 - b, g) \right] \mathrm{d}g > 0. \tag{9}$$

We thus have that: $b^*_{A_2} > b^*_{A_1} \iff \mathbb{E}(\frac{\partial U}{\partial g}) > 0$. Hypothesis $H1$ is thus equivalent to saying that utility increases with donations, on average. In Appendix A, we derive the same result using the other responsible assets A_k, with $k \in 3, 4, 5$.

3.2 Hypothesis 2

Despite having important asset pricing consequences, research on investors' preferences for corporations that do good in different economic times is scarce.[1] To formulate hypothesis 2, we rely on research in management and social psychology. A recent article by Morewedge et al. (2016) investigates "emotional hedging", the fact of betting against a desirable outcome. Sports fans and supporters of US presidential candidates were offered a payment should their favoured team or candidate lose. If a financial payment could be a substitute for the desirable outcome, a participant should hedge against the bad outcome. In contrast to this prediction, Morewedge et al. (2016) find that participants were reluctant to hedge as they felt it was disloyal to bet against their team or candidate.

Another stream of research suggests that individuals generosity increases with their well-being (Cunningham (1979)). A related phenomenon is the "warm-glow of success" according to which people who have succeeded at a task are more generous (see Isen (1970), Isen et al. (1973), Isen and Levin (1972), Harada (1983)). Studies that investigate longitudinal panel data confirm this effect and suggest that happy individuals are more inclined to volunteer (Thoits and Hewitt (2001)) or donate to a charity (Boenigk and Mayr (2016); Wang et al. (2008)). One caveat is that the warm-glow of success refers to ex-post donations, i.e., donations after the state of happiness is realized. Our experimental setting requires participants to assess outcomes ex-ante, however.

In line with the above reasoning, we propose the following hypothesis:

H2: Individuals are willing to pay more for a responsible asset where the responsibility occurs in the good state than for a responsible asset where the responsibility occurs in the bad state.

Hypothesis $H2$ is equivalent to $b^*_{A_4} > b^*_{A_3}$. It speaks to multivariate risk preferences, a concept originally introduced by Richard (1975). Hypothesis $H2$ would hold if individuals

[1] The literature that deals with socially responsible investing and corporate social responsibility during crisis focuses on the relation between corporate social responsibility and financial performance (see Lins et al. (2017); Muller and Kräussl (2011); Nofsinger and Varma (2014), for the great financial crisis, and Albuquerque et al. (2020) for the Covid-19 crisis).

display correlation seeking preferences. To the best of our knowledge, no other work in the experimental literature studies correlation risk preferences within the domain of charity, donations or responsible investing.[2]

To make the link between this hypothesis and preferences in our expected utility framework, we study the optimal willingness to pay for the responsible assets A_3 and A_4. The first-order condition shown in Equation (3) indicates that the willingness to pay for asset A_3 is such that:

$$U(100,0) = \frac{1}{2}U(200 - b^*_{A_3}, 0) + \frac{1}{2}U(100 - b^*_{A_3}, 40). \tag{10}$$

For A_4, we have:

$$U(100,0) = \frac{1}{2}U(200 - b^*_{A_4}, 40) + \frac{1}{2}U(100 - b^*_{A_4}, 0). \tag{11}$$

Under the assumption that $\frac{\partial U}{\partial w} > 0$, our hypothesis $H2$, that is $b^*_{A_3} < b^*_{A_4}$, is thus equivalent to:

$$U(200 - b, 0) + U(100 - b, 40) < U(200 - b, 40) + U(100 - b, 0). \tag{12}$$

Rearranging and building the integral leads to the following equivalent form:

$$\begin{aligned} &U(200 - b, 0) - U(200 - b, 40) < U(100 - b, 0) - U(100 - b, 40) \\ &\Leftrightarrow \int_{40}^{0} \left[\frac{\partial U}{\partial g}(200 - b, g) - \frac{\partial U}{\partial g}(100 - b, g) \right] \mathrm{d}g < 0. \end{aligned} \tag{13}$$

Integrating on the financial payoffs w yields:

$$\begin{aligned} &\int_{40}^{0} \int_{100-b}^{200-b} \frac{\partial^2 U}{\partial w \partial g}(w, g)\, \mathrm{d}w \mathrm{d}g < 0 \\ \Leftrightarrow &- \int_{0}^{40} \int_{100-b}^{200-b} \frac{\partial^2 U}{\partial w \partial g}(w, g)\, \mathrm{d}w \mathrm{d}g < 0. \end{aligned} \tag{14}$$

We thus have that: $b^*_{A_3} < b^*_{A_4} \iff \mathbb{E}(\frac{\partial^2 U}{\partial w \partial g}) > 0$. This result is a reminiscence of the insights offered by Richard (1975),Epstein and Tanny (1980) and Eeckhoudt et al. (2007). Hypothesis $H2$ is thus equivalent to saying that the cross-derivative of utility is on average positive. Remark that we could reject $H2$ if subjects were correlation neutral (as when utility is separable in wealth and donations) or correlation averse.

[2] The theoretical literature deals with higher order risk preferences within the domain of health and wealth (Lee (2005); Kakolyris (2017); Crainich et al. (2017)), intertemporal consumption and savings decisions (Leland (1978); Bommier (2005)), inequality (Atkinson and Bourguignon (1982)), labor (Eaton and Rosen (1980); Tressler and Menezes (1980)), even energy policy (Keeney (1977)) and international relations (O'Neill (2001)), along with empirical works (Rey and Rochet (2004); Attema et al. (2019); Andersen et al. (2018)).

3.3 Hypothesis 3

The literature suggests a positive correlation over time between donations: people who give more to one good cause tend to give more to another cause (see, e.g., Benz and Meier (2008); de Oliveira et al. (2011); Vesterlund (2006)). This suggests an underlying motivation to give that can manifest in an incremental way – people who already gave are willing to give even more. Other research has documented increasing marginal utility, as in the case of collectables (Simões et al. (2014)) or small increases (up to 1 year) in life-expectancy (Kvamme et al. (2010)). We therefore formulate the following hypothesis:

H3: Individuals are willing to pay increasingly more for more responsible assets.

Hypothesis $H3$ is equivalent to $(b^*_{A_5} - b^*_{A_2}) > (b^*_{A_2} - b^*_{A_1})$. To make the link between this hypothesis and preferences for donations, we construct the first-order condition for asset A_5 following Equation (3):

$$U(100, 0) = \frac{1}{2}U(200 - b^*_{A_5}, 40) + \frac{1}{2}U(100 - b^*_{A_5}, 40). \tag{15}$$

Under the assumption that $\frac{\partial U}{\partial w} > 0$, our hypothesis $H3$ is equivalent to:

$$\begin{aligned} &U(200 - b, 40) + U(100 - b, 40) - (U(200 - b, 20) + U(100 - b, 20)) > \\ &U(200 - b, 20) + U(100 - b, 20) - (U(200 - b, 0) + U(100 - b, 0)), \end{aligned} \tag{16}$$

which we can rewrite as

$$\begin{aligned} &U(200 - b, 40) - U(200 - b, 20) + U(100 - b, 40) - U(100 - b, 20) > \\ &U(200 - b, 20) - U(200 - b, 0) + U(100 - b, 20) - U(100 - b, 0). \end{aligned} \tag{17}$$

This is equivalent to:

$$\begin{aligned} &\int_0^{20} \frac{\partial U}{\partial g}(200 - b, g + 20)\,\mathrm{d}g \; + \int_0^{20} \frac{\partial U}{\partial g}(100 - b, g + 20)\,\mathrm{d}g > \\ &\int_0^{20} \frac{\partial U}{\partial g}(200 - b, g)\,\mathrm{d}g \; + \int_0^{20} \frac{\partial U}{\partial g}(100 - b, g)\,\mathrm{d}g. \end{aligned} \tag{18}$$

Rearranging, we get:

$$\begin{aligned} &\int_0^{20} \left[\frac{\partial U}{\partial g}(200 - b, g + 20) - \frac{\partial U}{\partial g}(200 - b, g) + \frac{\partial U}{\partial g}(100 - b, g + 20) - \frac{\partial U}{\partial g}(100 - b, g)\right] \mathrm{d}g > 0 \\ \Leftrightarrow &\int_0^{20} \left[\int_0^{20} \frac{\partial^2 U}{\partial g^2}(200 - b, g)\,\mathrm{d}g + \int_0^{20} \frac{\partial^2 U}{\partial g^2}(100 - b, g)\,\mathrm{d}g\right] \mathrm{d}g > 0. \end{aligned} \tag{19}$$

This reasoning shows that: $(b^*_{A_5} - b^*_{A_2}) > (b^*_{A_2} - b^*_{A_1}) \iff \mathbb{E}(\frac{\partial^2 U}{\partial g^2}) > 0$. Hypothesis $H3$ is thus equivalent to saying that the second-derivative of utility with respect to donations is on average positive.

4 Experimental Design

4.1 Implementation

Our experiment is computer-based. We present the experimental assets in such a way that every participant faces every asset in random order. To represent the ESG dimensions of SRI, we select Greenpeace, the Red Cross, and Transparency International as charities that receive the donations. When they face the responsible assets, participants read a brief mission statement taken from each of the charities' websites. Further, a logo of the respective charity signals to which cause an asset donates. We do so to ensure that individuals understand the good cause that is associated with an asset. We only expect a positive premium for the responsible asset if participants understand the good cause and, in addition, care about it (Ariely et al. (2009); Bennett (2003)). Because we randomly vary the charities, every participant faces four responsible experimental assets three times, where only the cause differs. In order to filter out noise, we moreover repeat every choice and average the bids. In total, every participant faces 26 decisions ($3 \times 4 \times 2$ for the responsible assets $A_{2,\ldots,5}$ + $2\times$ for the conventional asset A_1).

In Figures 3 to 5, we depict exemplary screenshots from the experiment implementation for the responsible asset A_2. Intuitively, one can see that the graphical presentation is very similar to Figures 1 and 2. Thus, participants conveniently learn about the payoff profiles and donations of each asset. Subsequently, participants are asked for the price they would be willing to pay for the asset, i.e., their bid.

[Figure 3 about here.]

[Figure 4 about here.]

[Figure 5 about here.]

We recruited participants through our university's experimental subject pool that allows students of all disciplines to sign up. Compared to typical finance lab experiments, we therefore have a relatively diverse sample structure with only 51% of business and economics students. The experiment lasted on average 35 minutes per session. Instructions were read aloud by the experimenter before the start of the experiment. Each participant had a written copy of the instructions available. After 7 sessions, we obtained an initial data set of 143 participants. Unexpectedly, we observed a very high average WTP across all assets. For example, 13.99% of the 143 participants reported an average

WTP of 100 for the conventional asset. These irrationally high bids suggest that some participants did not fully understand the instructions. As a consequence, the instructions were slightly revised and we moreover included a pen and paper quiz to be taken by every participant before the start of the experiment. Participants received immediate feedback on their quizzes by the experimenters. In particular, the new instructions emphasize more clearly how the compensation relates to the participant's willingness to pay for an asset. To do so, we present two exemplary persons and discuss their variable payment in three scenarios, in which the randomly determined price varies. With the pen and paper quiz, we assure that participants comprehend how their bids and the randomly determined prices of assets determine their potential compensation. We conducted 7 additional sessions with 159 subjects who faced the new instructions. The new instructions had a substantial impact – the fraction of subjects with average WTP of 100 for the conventional asset reduced to 3.78%. Below, we discuss results of our analyses for the full set of 302 participants. Naturally, we control for the new instructions in all analyses. Please find both versions of instructions, as well as the pen and paper quiz in Appendices C.1 to C.3.

4.2 Incentive Compatibility

All participants receive a fixed payment of €10 as a participation reward, which is a typical hourly wage for a student job in Germany. The incentive compatible variable payment relies on the Becker, DeGroot, and Marschak mechanism (Becker et al. (1964)) which we introduce in section 2. We argue that in order to elicit effective willingness to pay, we need higher stakes than a typical student lab experiment. Therefore, we pay out only 10% of participants with a variable payment on top of the fixed payment.[3] We randomly select these 10% of participants to be paid out according to one randomly determined investment decision. For their payout, we exchange 1 experimental currency unit for 1€. That is, every participant receives a fixed payment for participation in addition to a $\frac{1}{10}$ chance to receive the attractive variable payment that is substantially higher. The monthly available net income (after payment of fixed costs) of a typical German student amounts to €215 (Statista (2017)). With an overall (i.e., fixed + variable) payment that can accumulate to be more than €200, we argue that our incentive compensation represents a substantial amount for student subjects. These higher stakes induce participants to state a realistic willingness to pay for all assets while keeping the expected payout at a comparable level to typical lab experiments.

Winning participants rolled dice to determine which asset, potential donation, and state of the economy matters for their payment. The benchmark prices p_{A_k} of the respective assets are determined randomly in order to compare it to the winning participants' bids. Winning participants earned an average variable compensation of

[3] See Charness et al. (2016); Dohmen et al. (2011); Laury (2005); Vrecko and Langer (2013) for recent evidence on the feasibility of this procedure.

€119.62. The overall (i.e., fixed + variable) average payout per participant amounts to €19.51. Note that by design, the payout can be zero at the least and not result in a loss.

4.3 Measurement of Variables

The dependent variables for our analyses are derived from the participants' bids $b_{A,1}$ to $b_{A,5}$. These bids are obtained by asking participants to state their willingness to pay for the respective assets. We then compare the stated willingness to pay for a responsible asset and a conventional asset. If this difference or premium is positive, we learn that individuals are indeed willing to pay more for an asset with which they do good. Participants further report a self-assessed portrayal of psychological and demographic characteristics in a questionnaire following the experiment. Please find the questionnaire attached to this paper in Appendix D.

Previous research based on surveys and holding data[4] has suggested that social preferences are an important determinant of the decision to invest responsibly.We follow Brodback et al. (2019) and utilize items from the Schwartz (1992) value inventory to measure participants' altruistic values. By additionally measuring egoistic values, we can assess extrinsic motivations for responsible investments. These items are very commonly used in value research (Lindeman and Verkasalo (2005); Parks-Leduc et al. (2015)). As recommended by Schwartz (1992, p. 17), participants rate on an 8-point Likert scale ranging from "Not important at all" to "Of supreme importance" to what extent the respective items represent "a guiding principle in their life". We select 9 of the overall 56 items in the Schwartz (1992) value inventory (Appendix D, items 1.1 – 1.9) to capture an individual's level of altruism and egoism (Brodback et al. (2019)).

With items 2.1 – 2.5 we elicit investment knowledge as well as risk and return expectations of SRI.[5] We ask our participants to assess their investment knowledge on a 5-point scale ranging from "Very poor" to "Very good". Participants next report how long they have been investing with options ranging from "Not at all" to "More than 10 years". Participants then indicate whether they have heard about SRI before this experiment.[6] Items 2.4 and 2.5 ask for an assessment of the risk and performance of SRI in comparison to conventional investments. Participants indicate on a 5-point Likert scale ranging from "A lot less risky" to "A lot more risky" how they perceive the risk of SRI, and on a 5-point

[4] See Brodback et al. (2019); Gutsche et al. (2016); Nilsson (2009); Wiesel et al. (2016); Riedl and Smeets (2017).There is no clear consensus in the literature how to assess social preferences and the aforementioned articles have, e.g., relied on self-reported donations or reciprocal behavior in experimental games to proxy social preferences.

[5] See van Rooij et al. (2011); Riedl and Smeets (2017); Dorfleitner and Utz (2014); Nilsson (2008).

[6] To understand the intuition behind responsible investments, a brief definition is provided at the beginning of the second part of the questionnaire. The definition is obtained from the 2017 annual report of Forum Nachhaltige Geldanlagen, "an association promoting sustainable investment in Germany, Austria and Switzerland", similar to the US SIF. The report is available online at `https://www.forum-ng.org/images/stories/Publikationen/fng_marktbericht_2017_online.pdf`.

Likert scale ranging from "Much higher" to "Much lower" their return perceptions of SRI compared to conventional investments.

Next, participants have to assess the effectiveness of doing good.[7] In Appendix D, items 2.6 – 2.9, we utilize a scale for perceived effectiveness of doing good based on Nilsson (2008, 2009)'s perceived consumer effectiveness. To adapt the scale to our context, we additionally word items to fit charitable contributions instead of investments in SRI. Our scales are thus similar to the perceived social impact scale in Riedl and Smeets (2017), yet cover a broader impact of doing good. Participants rate on a 7-point Likert scale their agreement to statements such as "By contributing to a charity (investing in SRI) every individual can have a positive effect on the environment.", "Every person has the power to influence social problems by contributing to a charity (investing in SRI).", "It does not matter if I donate to a good cause (invest in SRI) since one person acting alone cannot make a difference.", and "It is useless for the individual to contribute to charities doing anything about pollution (to the reduction of pollution with investments in SRI).".

Previous research finds that long-term orientation is generally linked to a higher ability to account for negative consequences in later times (D'Alessio et al. (2003); Keough et al. (1999)) and has been linked to better stakeholder relations and increased shareholder value (Flammer and Bansal (2017); Wang and Bansal (2012)). In order to elicit an individual's long-term orientation, we utilize the Bearden et al. (2006) scale. This scale has been shown to be reliable across different cultures. Participants rate their agreement on 7-point Likert scales to eight items such as "I plan for the long term.", "I value a strong link to my past.", or "Traditional values are important to me." (Appendix D, items 3.1 – 3.8). We consider this scale more adequate than the one in the seminal article by Wang and Bansal (2012) as the latter scale explicitly targets executive managers.

Further, we gather standard demographic items as control variables.[8] The first control variable is gender (item 4.1). In item 4.2, participants report their age in years. Next, participants self-report their marital status among "single, married, divorced, and widowed" and further report whether they have children and if so, how many (items 4.3 – 4.4). Item 4.5 asks for the participants' education. With items 4.6 – 4.8 we inquire about income and differentiate between participants' self-reported monthly net income and their family's monthly net income. Additionally, we ask participants whether they are recipients of BAföG.[9]

As is widely known, SRI arose from religiousness (Statman (2005); Williams

[7] This assessment follows the rationale that an individual is more likely to engage in pro-social behavior if she thinks this is effective and will ultimately make a difference (Brodback et al. (2019); Nilsson (2008); Stern et al. (1999)).

[8] See Dorfleitner and Utz (2014); Junkus and Berry (2010); Schueth (2003); McLachlan and Gardner (2004); Nilsson (2008); Williams (2007).

[9] BAföG is a German government-funded student loan with eligibility dependent on parent income.

(2007)).[10]It is thus important to control for religiousness, which we assess by asking for a self-rated (1-7) assessment of religiousness and the frequency of church-attendance in a typical year (items 4.11 and 4.13). From its roots in religiousness, SRI has evolved into a multifaceted class of investments - nowadays, also labor standards or political orientation are relevant for investors.[11]It is thus necessary to control for political engagement, which we assess via self-reported items. Participants indicate whether they are members of a political party, participated in the last vote, and assess their political interest on a 1-7 scale (Appendix D, items 4.12, 4.14 and 4.15).

We further ask subjects for a self-assessment of their risk-aversion on a 7-point Likert scale[12], which is presented in Appendix D, item 4.16.

4.4 Participant Characteristics

[Table 1 about here.]

Table 1 shows descriptive statistics of the 302 participants' characteristics (the interested reader is referred to Appendix E, where we show the full set of participant characteristics). In our sample, 46% of participants are female and 54% are male. Unsurprisingly, the average age is relatively low with 23.22 years. The majority of participants are between 21 and 23 years old (43.7%).[13] Regarding educational achievements, 61.9% obtained the "Abitur" (the German matriculation examination) and 30.5% report to have a Bachelor's degree. These educational achievements reflect that we recruit participants from a student subject pool. An assessment of self-reported monthly net income reveals that the majority of participants (participants' parents) have more than 500€ (3500€) available. This is also reflected in the low rate of subjects who receive the German government-funded student grant Bafög with 15.9%.

5 Results

5.1 Univariate Results

[Table 2 about here.]

[10] Religion affects socially responsible investments (Kumar et al. (2011); Peifer (2010)) as well as charitable contributions (Bekkers and Wiepking (2011); Brooks and Lewis (2001); Eckel and Grossman (2003); Low et al. (2007)).

[11] See Edmans (2011); Edmans et al. (2018); Hong and Kostovetsky (2012)). Previous literature further shows that political engagement relates to overall pro-social behavior (Bolsen et al. (2014); Dawes et al. (2011); Fowler (2006)).

[12] See Charness et al. (2013),Dohmen et al. (2011), Lönnqvist et al. (2015), Vrecko and Langer (2013)

[13] As there is evidence that young individuals have a higher WTP for environmental issues than older individuals (Achtnicht (2012); Jones et al. (2009)), we might find a higher WTP for the asset that donates to Greenpeace than one would find in a sample of older subjects.

We depict the participants' average willingness to pay for all of our experimental assets in Table 2. To filter out noise, we average the stated WTP across turns and charities, respectively. While we only observe a marginal difference in WTP between the conventional asset A_1 and asset A_2, the remaining assets suggest an interesting pattern. The average willingness to pay for asset A_3 is *lower* than that of all other assets. For the responsible assets A_4 and A_5, our participants have a higher average WTP.

[Figure 6 about here.]

Consider Figure 6, in which we investigate the average WTP further. In the top panel, we show the average WTP for asset A_1 to A_5. In the bottom panel of Figure 6, we plot the average percentage premia of the responsible assets over the conventional asset A_1 which we compute as: $\frac{b_{A_k}-b_{A_1}}{b_{A_1}}$, where $k = 2, .., 5$. We are able to identify percentage premia in the range of 5% to more than 17% for assets A_2, A_4, and A_5. For the responsible asset A_3 however, we find a slightly negative percentage premium of almost 2% in line with its previously established lower WTP.

For the remainder of the paper, we thus focus on average premia of responsible assets over the conventional asset. As a first unconditional test, we assess the average absolute Euro premia with t-tests. Because each participant has to state a bid for the responsible and conventional assets, we can use participants as their own control.

[Table 3 about here.]

First in Table 3, we assess the premia for assets $A_{2,...,5}$ over A_1. If we find a significantly higher willingness to pay for the responsible asset, we interpret the findings in support of Hypothesis $H1$. The majority of premia are positive. For asset A_2 we find a small positive premium of €0.0331 over A_1. Unsurprisingly, this premium is not statistically significant. For asset A_3, we find a highly significant negative premium of €-4.0607. This premium suggests a strong dislike for an asset which only donates in the bad state of the world.[14] When the donation only occurs in the good state, however, we find a significantly higher premium at €2.9018 for asset A_4 over the conventional asset. The "high-responsibility" asset A_5 yields a highly significant premium of roughly €5.50. We also assess the average premium for all responsible assets, which we refer to as "$PremiumA_{2,...,5}$". This premium is once again positive, amounts to €1.0938, but is insignificant. We conjecture that the highly negative premium for asset A_3 counteracts the positive premia for assets A_2, A_4, and A_5. Therefore, we consider the average premium for assets A_2, A_4, and A_5, which we refer to as "$Premium\ A_{2,4,5}$" in the next step. As expected, we find a positive and statistically significant premium of €2.8120. We proceed analogously with t-tests for Hypotheses $H2$ and $H3$ by comparing the stated willingness to pay for the respective assets. "$PremiumA_4 - A_3$" is calculated as the difference in WTP between A_4 and A_3

[14] This result is in line with the theories of Fehr and Schmidt (1999) and Bolton and Ockenfels (2000).

and allows an assessment of Hypothesis $H2$. If the mean is significant and negative, we interpret this evidence against Hypothesis $H2$, which proposes that doing good serves as a hedge in bad times. If the mean premium is positive, the evidence is supportive of Hypothesis $H2$. The unconditional test of "$PremiumA_4 - A_3$" in Table 3 reveals a highly significant positive premium of €6.9625. This suggests that our subjects are willing to pay significantly more for an asset which donates only in the good state of the world compared to an asset with a donation only in the bad state of the world. This is also indicative of individuals exhibiting correlation seeking preferences for wealth and donation.[15] Lastly, we investigate "$PremiumH3$", which is calculated as the difference between $(b_{A_5} - b_{A_2})$ and $(b_{A_2} - b_{A_1})$, see section 3.3. The positive premium of €5.4349 shows that individuals' willingness to pay increases at an increasing rate in the amount an asset donates to a good cause, which is supportive of Hypothesis $H3$.

5.2 Multivariate Results

In addition to the unconditional t-tests of the respective average premia, we use regression analyses that allow us to control for personality traits when explaining potential differences in willingness to pay between responsible assets and the conventional asset. For the four responsible assets A_2 to A_5, the dependent variable $Premium\ A_k$ (where $k \in 2, ..., 5$) is the difference in willingness to pay between a responsible asset A_k and the conventional asset A_1, i.e., a participant's premium in Euro for a responsible asset A_k over the conventional asset A_1. We estimate in an ordinary least-squares setup:

$$Premium\ A_k = \alpha + \beta_1 Altruism + \beta_2 LTO + \beta_3 Religion + \beta_4 Politics + \beta_5 PEG + \lambda X + \epsilon \quad (20)$$

where *Altruism* is the participant's score on the altruism scale. *LTO* indicates how long-term oriented a participant is. *Religion* and *Politics* represent a participant's religiousness and political engagement, respectively. *PEG* is the perceived effectiveness of doing good, i.e., how much a participant believes her pro-social behavior (in the form of socially responsible investments or donations) will make a difference. The vector X consists of further controls such as demographic variables, risk and return perceptions of SRI relative to conventional investments, risk aversion, and a dummy variable to control whether the participant faced the new instructions.

[Table 4 about here.]

Estimation results for various specifications of Equation 20 are presented in Table 4. Note that we standardize all independent variables. That way, we can assess the respective

[15] Behavior which is in line with works of Frederick et al. (2002), Brunette et al. (2017) and Jokung and Mitra (2019).

responsible assets' premia through the constant of the estimations and test Hypothesis $H1$. The premia we report for assets A_2 to A_5 are robust to controlling for personality traits and demographics. In column (1), we find a marginally positive premium for asset A_2 over the responsible asset that is insignificant. Consistent with our univariate results, we find a negative premium for asset A_3, significant at the 1% level in column (2). It seems that individuals do not perceive the donation in the bad state as a hedge. Rather, their reluctance for a bad economic outcome manifests in a significantly *lower* willingness to pay. This finding once again is in line with theories of inequity aversion[16], and correlation-seeking.[17] In column (3), we report results for a regression in which the dependent variable is the premium of asset A_4 over A_1. We find a positive and significant (5% level) premium. Lastly in column (4), our results suggest a highly significant premium for the responsible asset A_5 over the conventional asset. With the exception of asset A_3, the premia of A_2, A_4, and A_5 are positive compared to the conventional asset. We thus conclude that the evidence is generally in favor of Hypothesis $H1$.

[Table 5 about here.]

We report corroborative evidence in Table 5, in which we assess the average premium for all responsible assets "Premium $A_{2,\ldots,5}$" in column (1), and the average premium for assets A_2, A_4, and A_5 in column (2). The coefficient of the Euro premium for all responsible assets is positive, yet insignificant. We again conjecture the negative premium of A_3 to be responsible for this and test this in column (2), in which we investigate the average premium for assets A_2, A_4, and A_5. We find a positive premium that is significant at the 5% level.

To test Hypothesis $H2$, we compare the bids for the responsible assets A_3 and A_4 in column (3). With a premium of almost €7, significant at the 1% level, we present strong evidence for the fact that the willingness to pay for an asset which includes a donation only in the good state of the world significantly exceeds the willingness to pay for an asset which only donates in the bad state of the world, which is in favor of Hypothesis $H2$.

In order to test Hypothesis $H3$, we calculate "Premium $H3$", as outlined in Section 3.3. Results are reported in column (4) of Table 5. The premium is positive and significant at the 1% level. This result suggests that our participants' WTP increases in the amount of donations, i.e., they display increasing marginal utility for doing good, which is generally in favor of Hypothesis $H3$. In column (5), we further show that our subjects have a premium of almost €2.60 for the highly responsible asset A_5 over asset A_4. Since asset A_5 only has a higher donation, while having identical expected financial payoff, we interpret this as additional evidence for the incremental effect social responsibility has on our subjects' willingness to pay. We argue that this premium is comparatively low, however.

[16] See Fehr and Schmidt (1999) and Bolton and Ockenfels (2000).
[17] See Frederick et al. (2002), Brunette et al. (2017) and Jokung and Mitra (2019).

In order to realize an additional expected social benefit of €20, the price differential our subjects are willing to pay merely amounts to €2.60.

Previous literature has suggested that altruistic values are positively linked to SRI.[18]We have therefore included the level of altruism (Schwartz (1992)) as control variable in the estimations reported in Table 4 and 5. We find that altruism is positively related to the premium for asset A_2, significant at the 1% level. This suggests that even though the average premium for asset A_2 is not significant, more altruistic individuals are willing to pay a higher price for A_2. We moreover find a positive influence of altruism on the generally negative premium for asset A_3 over the conventional asset A_1. It seems that altruistic individuals do value A_3's social benefit and reflect this circumstance in their WTP. The coefficients for altruism are both positive and significant at the 10% and 1% level, respectively, for assets A_4 and A_5. Our results further show that altruism has a significant and positive relation to almost all premia. Altruism is negatively (5% level) related to "Premium $H3$", which is the difference in bids between the highly responsible asset A_5 and the responsible asset A_2 and the difference in bids for A_2 over A_1. This finding can likely be explained by the fact that altruistic people have a higher premium for assets A_2 and A_5, see columns (1) and (4) of Table 4.

An additional noteworthy result in Tables 4 and 5 is given by the mostly negative coefficients for SRI return perception. The coefficients are significant for the premia of assets A_4, A_5, and the average premium of $A_{2,4,5}$ over A_1 at the 10%, 5%, and 10% level, respectively. This finding suggests that individuals are willing to pay *lower* premia for responsible assets when they expect that they outperform conventional assets. A perception of outperformance might thus counteract an underlying altruistic motive. In turn, extrinsic or pecuniary motivations might crowd out intrinsic motivations to do good.[19]

Regarding participant's religiousness, our results are generally inconclusive. Coefficients for the self-reported level of religiousness are positive, yet insignificant, for all specifications of responsible assets compared to the conventional asset. In turn, the coefficient for the dummy variable church attendance is negative and insignificant. When we look at the absolute numbers of church visits per year instead, a different pattern emerges. The coefficients are consistently negatively related to the premia of responsible assets over A_1. For assets A_2 and A_5, as evident from columns (1) and (4) of Table 4, the coefficient is significant at the 5% and 10% level, respectively. These at first counterintuitive results allow for two cautious interpretations. First, religiousness is generally found to be positively related to donations[20], which speaks in favor of a positive relation. If individuals frequently attend church, however, a second interpretation

[18] See Brodback et al. (2019); Riedl and Smeets (2017); Nilsson (2009).
[19] As shown in Brodback et al. (2019); Døskeland and Pedersen (2016).
[20] See Bekkers and Wiepking (2011); Eckel and Grossman (2003).

might come into play, which ultimately counteracts the positive effect of religiousness. We propose that frequent church attendance raises the possibility that the majority of charitable contributions do not go towards conventional "secular" charities. Individuals who frequently attend church might rather give to causes promoted by their church, e.g., via collection boxes. Due to the special nature, magnitude, and consistency of religious donations even in times of economic distress (List (2011)), it might be that religious donations saturate churchgoers' overall contributions. In turn, we interpret the negative coefficients of church attendance as plausible. For the remaining control variables, the coefficients are mostly insignificant.

6 Robustness

6.1 Robustness Tests

We conduct number of tests to check whether our main findings still hold when certain experimental conditions are modified/alternated. While the detailed description of each procedure and results are presented in Appendix B.1 - B.5, here we just provide a brief overview of the robustness analysis.

As discussed above, we have revised the instructions of the experiment for approximately half of the subjects. To account for the fact that our findings might be driven by the fraction of participants who faced the old instructions, we investigate whether they hold for the subset of participants, who faced the new instructions (see Appendix B.1). The results suggest that the Euro premia are of similar magnitude and statistical significance compared to the full sample. We thus confirm that our conditional results hold regardless of facing the old or new instructions. When repeating our main analyses with percentage premia as dependent variable (see Appendix B.2) for both, full sample and the subsample of participants, we similarly conclude that our evidence is generally in favor of Hypotheses $H1$, $H2$, and $H3$.

As we outline above, we selected well-known charities, each reflecting one of the environmental, social, and governance dimensions of SRI. So far, we were interested in whether individuals generally value social responsibility in their investment decisions. In Appendix B.3 we investigate how preferences for particular causes impact socially responsible behavior. Our results suggest that individuals have a preference for the social dimension, which is in line with evidence from consumer decisions ((Tully and Winer, 2014)).

We next test whether the order of experimental assets affected participants' willingness to pay (see Appendix B.4). In the experiment, we randomize whether participants first see the conventional asset (51%), or a responsible asset (49%). We find no significant differences in WTP or premia depending on whether a participant first faces a conventional

or a responsible asset, i.e., the premia for social responsibility are statistically significant and meaningful regardless of the order of experimental assets.

Finally, in Appendix B.5 we investigate whether the repeated nature of facing every asset twice results in learning effects that could ultimately influence individual's willingness to pay. The obtained results allow us to conclude that our design choice to present every asset-charity combination twice to subjects does not significantly affect their WTP.Consistent with this finding, there are no significant differences across turns also for the subset of participants facing the revised instructions.

6.2 Alternative Treatments

To assess if a dislike for the zero payout in the bad state or inequality relative to the charity drive our results, we introduce two additional types of experimental assets with the same expected payoffs and donations, but different payoffs in the good and bad states.

We first repeat our original experimental assets A_1 to A_5 with donations to the Red Cross, as depicted in Figure 7.

[Figure 7 about here.]

To account for the fact that people might dislike the zero payout in the bad state, we introduce a new type of assets that pay out 90 and 10 in the good state and bad state, respectively, as shown in Figure 8. The procedures are then identical to the baseline setting, except that we now use the "new" A_1, which is denoted as A_{11}, as reference for calculating the premium for the responsible assets.

[Figure 8 about here.]

The second new type of experimental assets is depicted in Figure 9. It enables us to study whether our negative premium for A_3 stems from the fact that subjects dislike the inequitable outcome between themselves and the charity in the bad state. While keeping the expected payoffs and donation constant, the payoff in the good and bad state now amounts to 60 and 40, respectively. As this choice obviously affects the outcome distribution of the new A_3, which is called A_{23}, we calculate the premium relative to the new conventional asset A_{21} with 60/40 payout in the good/bad state. All else equal, if the negative premium for A_3 is the product of subjects' aversion to inequitable payoffs for themselves and the charity, we should now find a positive premium for A_{23} when subjects value CSR.

[Figure 9 about here.]

All in all, we obtain 30 rounds of assets (for each of the 3 types, there are 5 assets and 2 turns). We limit this experiment to the Red Cross, because we are concerned that

participants might loose attention, if we present them with more than 30 rounds of assets. We run these new experiments with a new sample of 151 participants.

[Table 6 about here.]

[Table 7 about here.]

[Table 8 about here.]

[Table 9 about here.]

The average willingness to pay and premia for all the 15 assets are shown in Table 6 and Table 7. The willingness to pay for assets with 60/40 payoff in good/bad state (bottom panel) are larger than the ones for assets with 90/10 payoff (middle panel) which are larger than the ones for assets with 0/100 payoff in good/bad state (upper panel). This pattern suggests that the decrease in payoff volatility is associated with an increase in the willingness to pay. The premium on asset A_{13} is still significantly negative. Thus, it seems unlikely that our findings are due to a type of "zero payout aversion". The premium on asset A_{23} is still negative, but it is not statistically significant and the magnitude is smaller compared to our earlier results. Thus, maybe, our findings on asset A_3 could be related to or partially explained by inequity aversion. To explore whether people are not only inequity averse towards other human beings, but also towards institutions like charities and in the context of corporate social responsibility, could be a very interesting avenue for further research.

In Table 8, we include the premia on corresponding assets (for example, the assets A_1, A_{11} and A_{21}) in one regression. The table shows that, taken together, our main results hold in our additional experiments (except that the assets A_2, A_{12}, and A_{22} do not show a positive premium relative to the assets A_1, A_{11} and A_{21} in column 1). Indeed, assets with a high level of responsibility (i.e., assets A_5, A_{15} and A_{25}) are valued more by subjects than assets A_1, A_{11} and A_{21} (see column (4) of Table 8). Moreover, the premium for assets A_4, A_{14} and A_{24} appears to be significantly larger than the premium for A_3, A_{13} and A_{23} (see column (3) of Table 9). Finally, the difference in premium between assets A_5, A_{15} and A_{25}, and A_2, A_{12} and A_{22} is larger than the difference in premium between A_2, A_{12} and A_{22} and A_1, A_{11} and A_{21} (see column (4) of Table 9). This is in line with the idea that the sensitivity of subjects to the level of responsibility of the assets is convex (at least in the region of parameters we consider).

7 Conclusion

In general, we find that individuals are willing to pay more for responsible assets. However, it seems that individuals do not care about assets being a little bit responsible. Instead,

individuals are only willing to pay a premium for an asset that is a lot more responsible, and given that, individuals are willing to pay a sizable premium.

This finding adds to the literature on socially responsible investing, which often mentions return expectations as an important motive for ESG investing (Derwall et al. (2011), Dyck et al. (2019), Hartzmark and Sussman (2019), Krüger et al. (2020)). Our findings suggest that investors are willing to pay a higher price for more responsible companies, even if they cannot expect a higher return. This result is re-assuring because, as the trend for more ESG continues, companies with better CSR standards will likely trade at higher prices. In addition, over time, investors should learn that they cannot simply earn higher returns by investing in companies with higher CSR standards. Then, it is only feasible to promote better CSR standards at companies, if investors are willing to pay more for more responsible companies. While this finding is encouraging for managers to invest in CSR, they should also use caution: the highly responsible asset makes a donation of forty experimental currency units, but the premium individuals are willing to pay is less than six experimental currency units. Thus, the premium does not nearly outweigh the cost. It is thus only financially feasible to invest in CSR policies, which also have substantial operational benefits such as enhanced resource efficiency, employee productivity, or customer loyalty (Huselid (1995), Russo and Fouts (1997), Edmans (2012)). If managers decide to invest in CSR, they should aim at making the company a top performer, as our findings suggest that individuals are only willing to pay more for companies with very high CSR standards.

We also find that individuals' willingness to pay for responsibility depends strongly on their own payoff (even though their own payoff is not affected by the donation). Individuals are willing to pay a sizable positive premium for the asset that donates in the good state. The premium on the asset that donates in the bad state is in some of our specifications even negative. These results suggest that individuals are not only inequity averse in experiments Fehr and Schmidt (2006), but inequity aversion potentially extends to a setting of corporate responsibility. From a managerial perspective, these results imply that managers should invest in better CSR standards in good economic times. Firms can then benefit from these better standards in bad times (Lins et al. (2017)). However, investing in better CSR standards during bad economic times might not be appreciated by investors.

Additionally, we find that individuals' preference for an asset that donates in the good state is in line with correlation-seeking behavior, as defined by Richard (1975), and Epstein and Tanny (1980). Since correlation-seeking preferences are seldom studied in the literature, compared to that of correlation aversion, our work contributes to the existing body of research on this subject. Moreover, to the best of our knowledge, our paper is the first study to investigate the correlation risk preferences within domain of donations and CSR.

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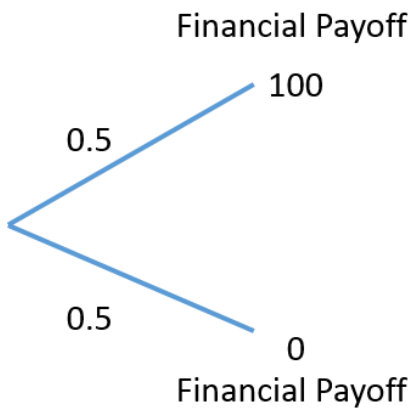
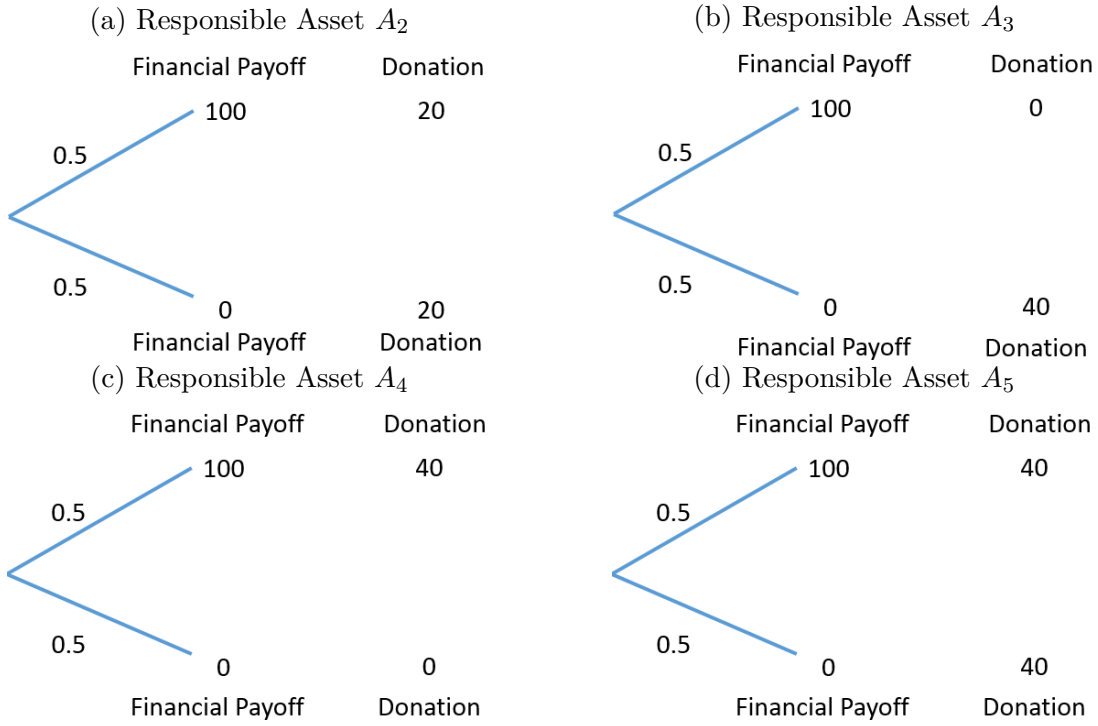
Figure 1: Payoff Profile of Conventional Asset A_1



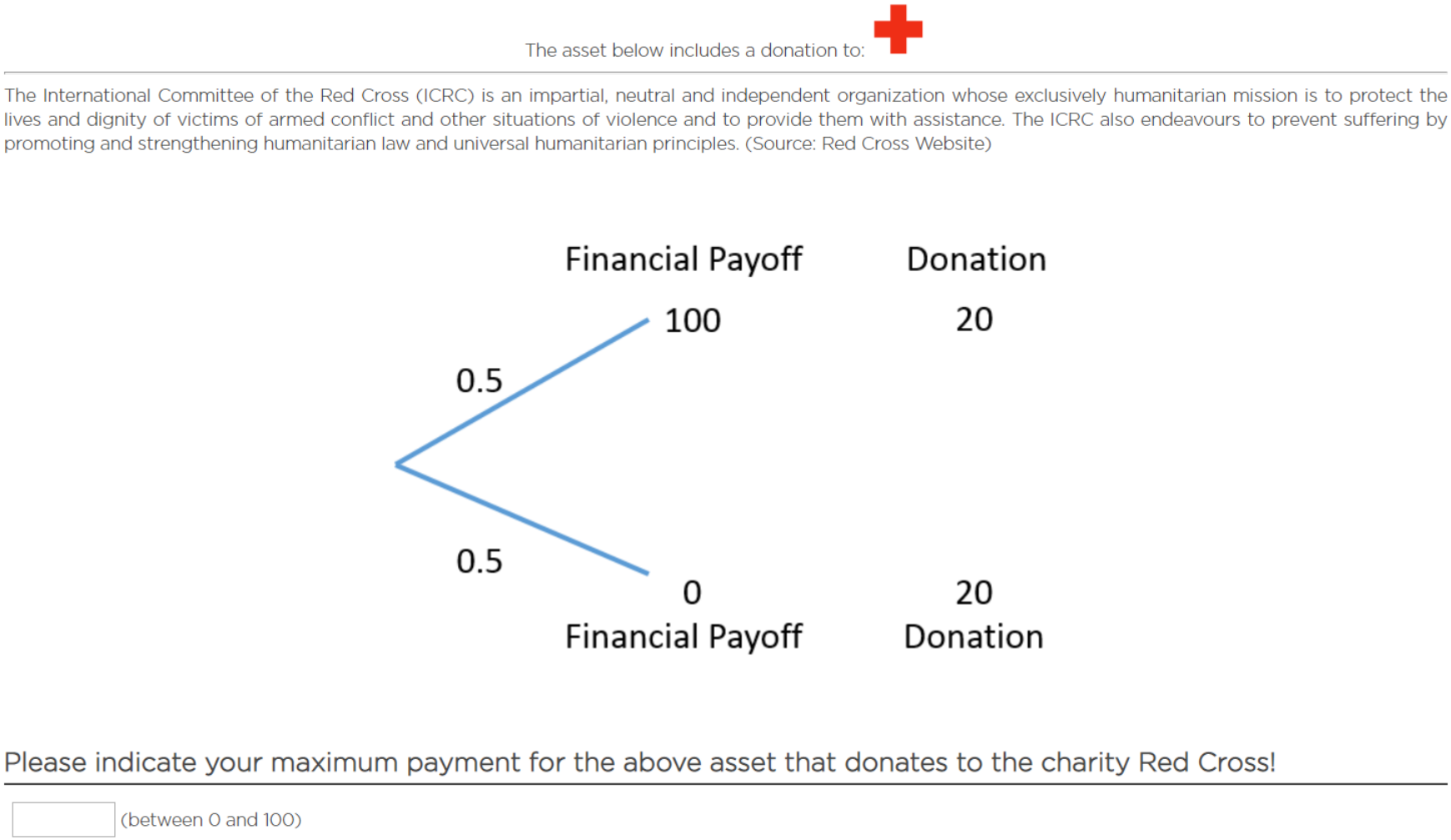
Note: This figure shows the payoff profile of the conventional asset A_1. There are two states that can occur with equal probabilities 0.5, respectively. The financial payoff in the good state is 100 experimental currency units and the financial payoff in the bad state is zero experimental currency units.

Figure 2: Payoff Profiles and Donations of Responsible Assets $A_{2,..,5}$



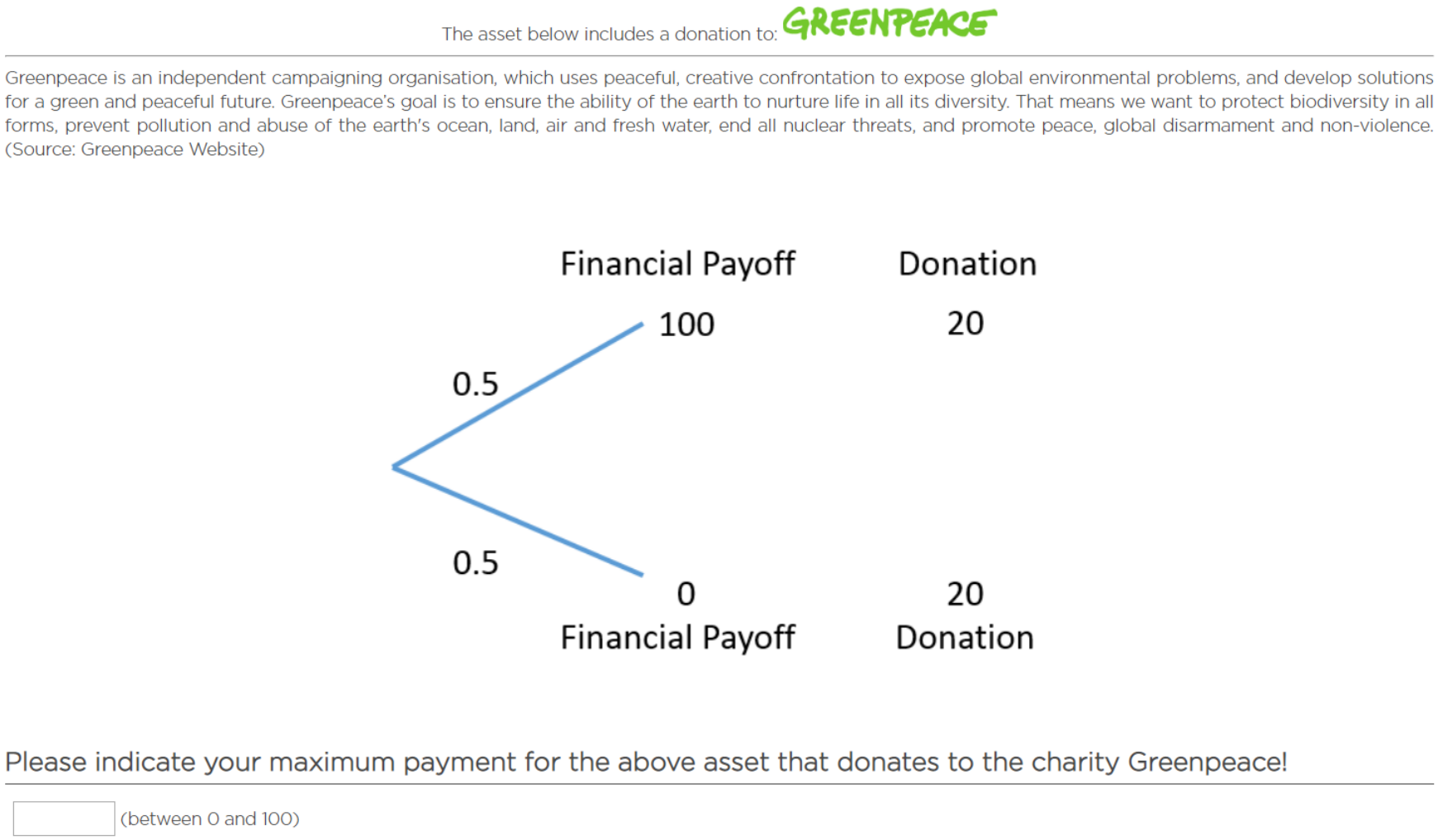
Note: This figure shows the payoff profiles and donations of the responsible assets $A_{2,...,5}$. There are two states that can occur with equal probabilities 0.5, respectively. The financial payoff in the good state is 100 experimental currency units and the financial payoff in the bad state is zero experimental currency units. To model social responsibility, a donation of g_{h,A_k} in the good state and g_{l,A_k} in the bad state is made to a charity.

Figure 3: Screenshot of Experimental Asset Implementation



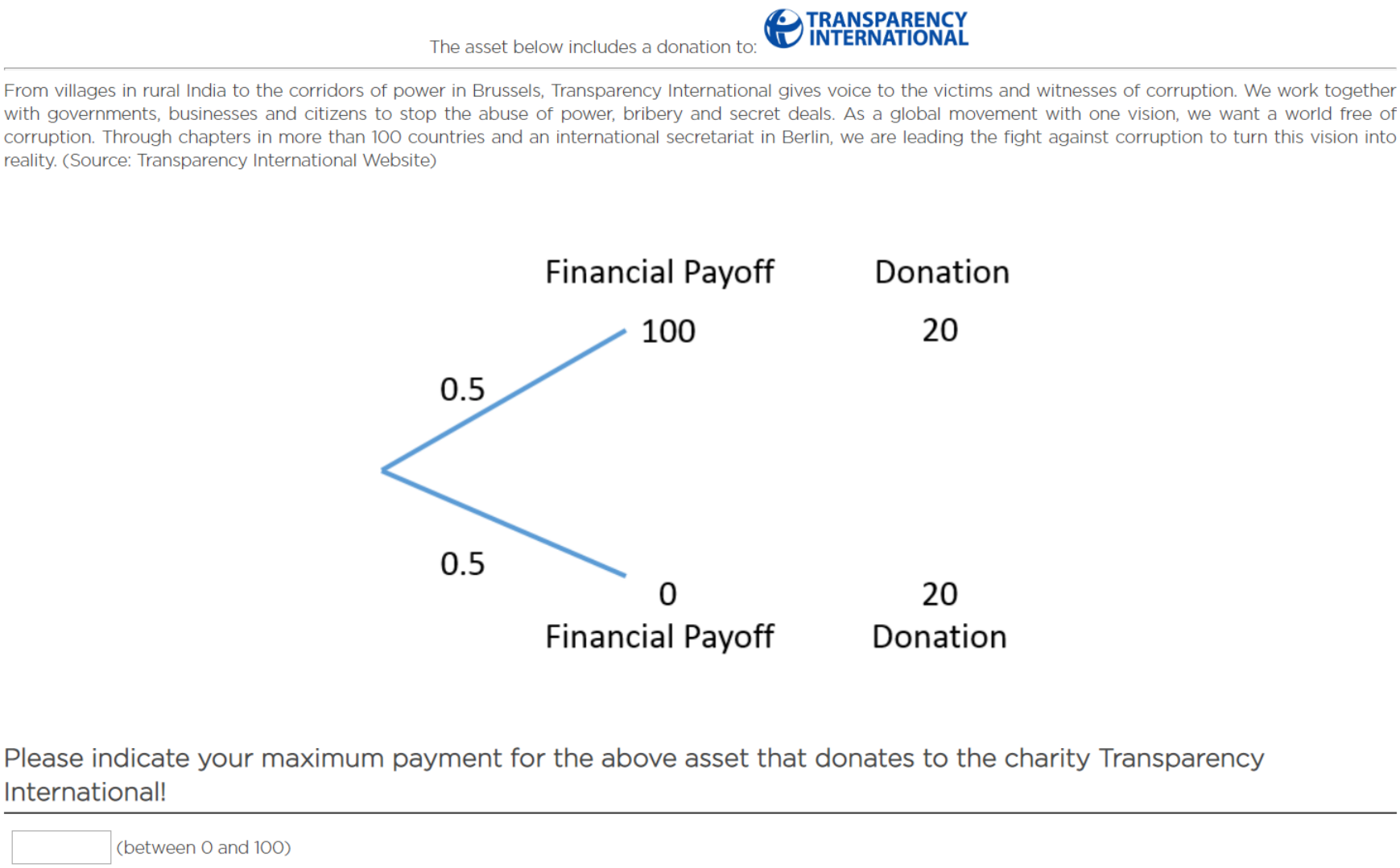
Note: This figure exemplarily shows the responsible asset A_2 which offers a donation of 20 in both states of the economy to the Red Cross in our experimental environment.

Figure 4: Screenshot of Experimental Asset Implementation



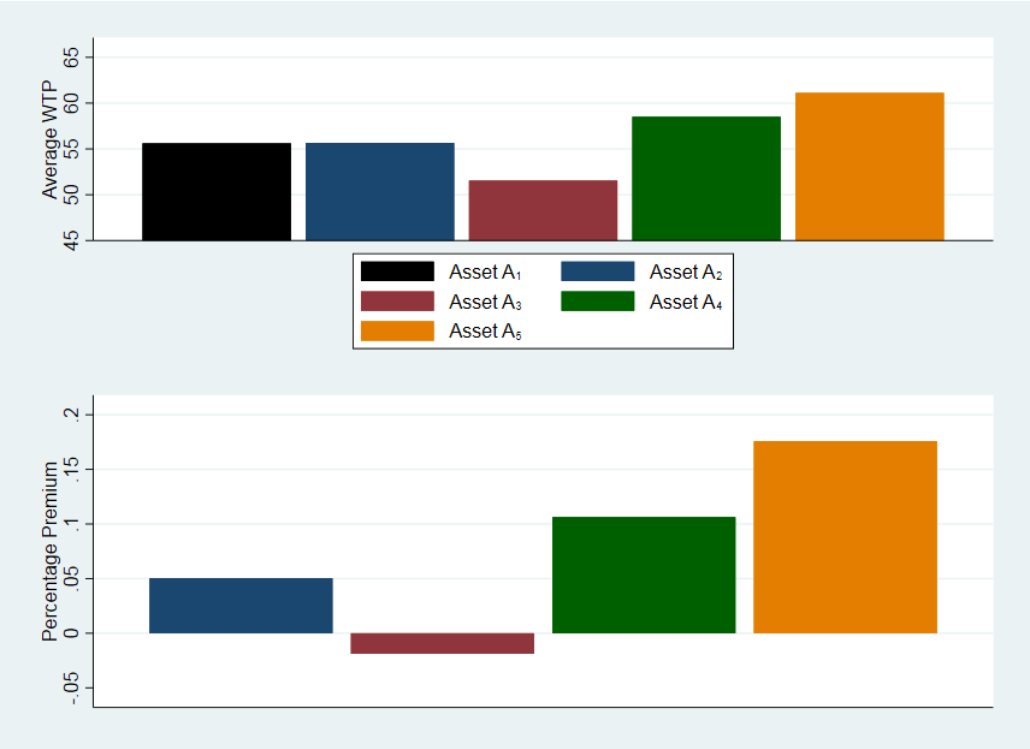
Note: This figure exemplarily shows the responsible asset A_2 which offers a donation of 20 in both states of the economy to Greenpeace in our experimental environment.

Figure 5: Screenshot of Experimental Asset Implementation



Note: This figure exemplarily shows the responsible asset A_2 which offers a donation of 20 in both states of the economy to Transparency International in our experimental environment.

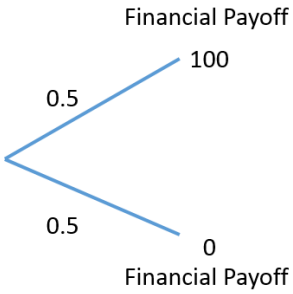
Figure 6: Average WTP and Percentage Premia per Asset



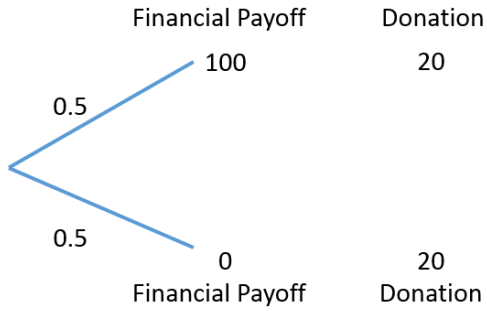
Note: Average willingness to pay in Euro for assets A_1 to A_5 (upper panel) and percentage premia of responsible assets A_2 to A_5 over the conventional asset A_1 (lower panel).

Figure 7: Standard Experimental Assets; Donation: Red Cross

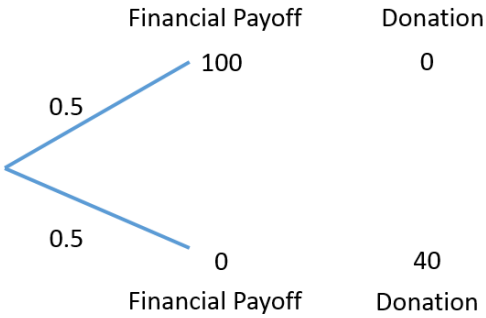
(a) Conventional Asset A_1



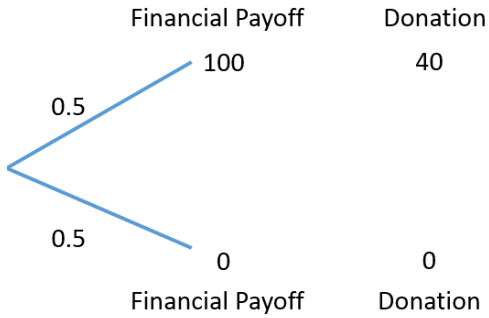
(b) Responsible Asset A_2



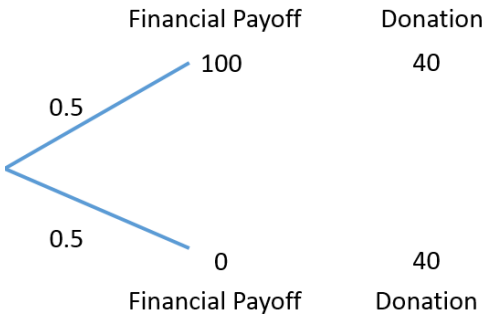
(c) Responsible Asset A_3



(d) Responsible Asset A_4



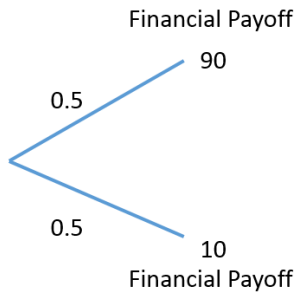
(e) Responsible Asset A_5



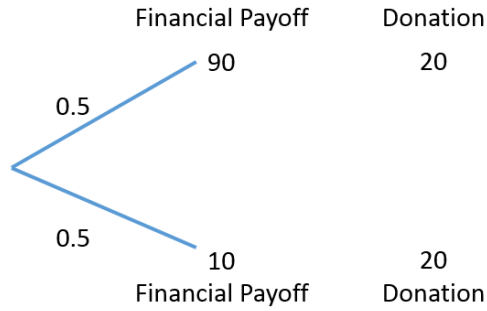
Note: Payoffs of assets A_1 to A_5 under the initial treatment.

Figure 8: Robustness Test: Aversion to Zero; Donation: Red Cross

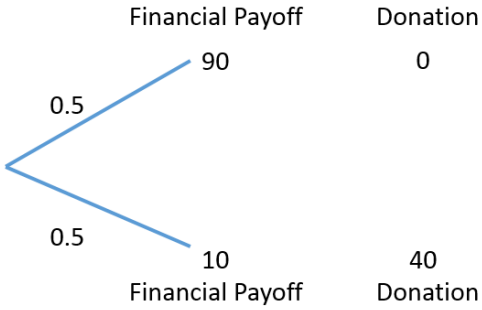
(a) Conventional Asset A_{11}



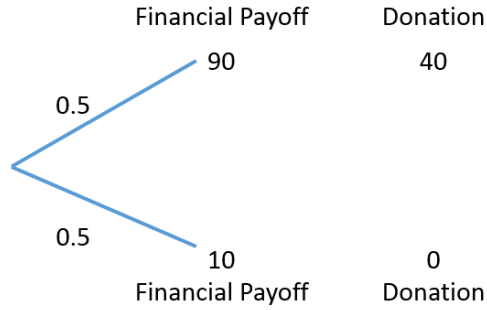
(b) Responsible Asset A_{12}



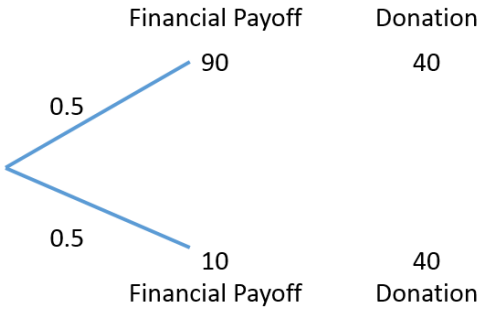
(c) Responsible Asset A_{13}



(d) Responsible Asset A_{14}



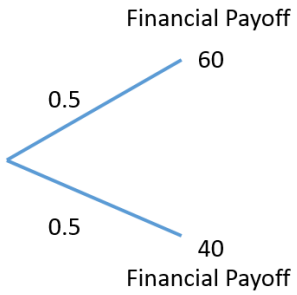
(e) Responsible Asset A_{15}



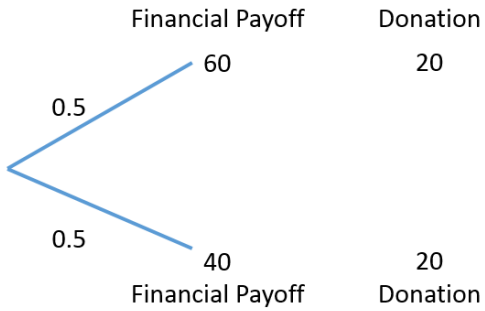
Note: Payoffs of assets A_{11} to A_{15} under the first alternative treatment.

Figure 9: Robustness Test: Inequity / Inequality Aversion; Donation: Red Cross

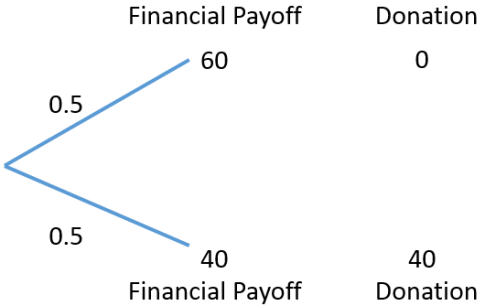
(a) Conventional Asset A_{21}



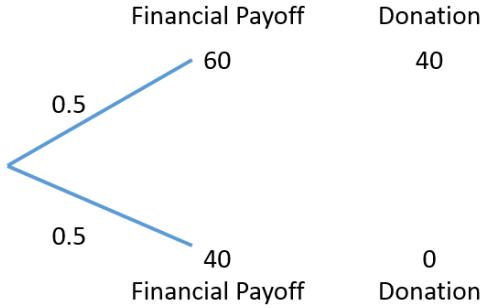
(b) Responsible Asset A_{22}



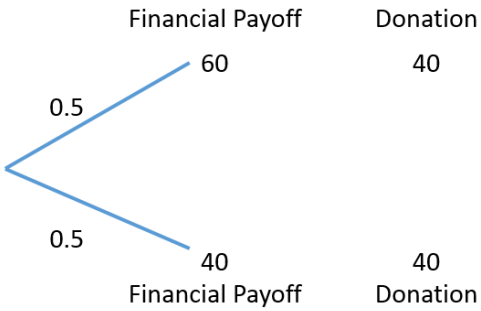
(c) Responsible Asset A_{23}



(d) Responsible Asset A_{24}



(e) Responsible Asset A_{25}



Note: Payoffs of assets A_{21} to A_{25} under the second alternative treatment.

Table 1: Participant Characteristics

Measure	Value	#	%
Gender	Female	139	46.0
	Male	163	54.0
Age	<21	53	17.5
	21-23	132	43.7
	24-26	79	26.2
	>26	38	12.6
Education	Apprenticeship	8	2.6
	Abitur	187	61.9
	Bachelor	92	30.5
	Master	8	2.6
	Other	7	2.3
Income	<349	73	24.2
	350-499	60	19.9
	500-649	66	21.9
	>650	103	34.1
Family Income	<1499	23	7.6
	1500-3499	79	26.2
	3500-6000	141	46.7
	>6000	59	19.5
Bafög	Yes	48	15.9
	No	254	84.1

Note: This table shows demographic characteristics of the 302 participants. # refers to the absolute number of participants in a category. % is the amount of participants in this category relative to the total sample.
"Abitur" is the German matriculation examination required to enroll at a university. "Bafög" is a German government-funded student loan with eligibility dependent on parent income.

Table 2: Summary Statistics for Assets A_1 to A_5

	mean	sd	min	max
Average WTP A_1	55.6142	21.1138	0.00	100.00
Average WTP A_2	55.6474	20.0129	0.00	100.00
Average WTP A_3	51.5535	20.9535	0.00	100.00
Average WTP A_4	58.5160	20.1350	0.00	100.00
Average WTP A_5	61.1153	20.8779	0.00	100.00

Note: This table shows summary statistics for the willingness to pay (WTP) of asset A_1 to A_5, averaged across turns and charities, respectively.

Table 3: Mean Asset Premia to assess Hypotheses 1-3

	mean	t-statistic
Premium A_2	0.0331	0.0274
Premium A_3	-4.0607	-3.1939
Premium A_4	2.9018	2.4993
Premium A_5	5.5011	4.1359
Premium $A_{2,\ldots,5}$	1.0938	0.9830
Premium $A_{2,4,5}$	2.8120	2.4735
Premium $A_4 - A_3$	6.9625	5.8764
Premium $H3$	5.4349	3.7331

Note: This table shows premia of responsible assets in absolute terms in column (1). "Premium A_2" to "Premium A_5" are the average Euro premia of responsible assets A_2 to A_5 over the conventional asset A_1, respectively. "Premium $A_{2,\ldots,5}$" is the average premium of all responsible assets over the conventional asset. "Premium $A_{2,4,5}$" is the average premium of assets A_2, A_4, and A_5 over the conventional asset A_1. "Premium $A_4 - A_3$" is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. "Premium $H3$" is defined as $(b_{A_5} - b_{A_2}) - (b_{A_2} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

Table 4: Willingness to Pay for Social Responsibility and Personality Traits

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	0.0331	-4.061***	2.902**	5.501***
	(1.183)	(1.271)	(1.139)	(1.269)
Altruism	4.510***	3.246**	2.535*	4.741***
	(1.373)	(1.399)	(1.343)	(1.343)
Egoism	-1.367	0.105	-1.981	-2.055
	(1.695)	(1.651)	(1.588)	(1.765)
LTO	0.0552	-0.582	1.154	0.997
	(1.385)	(1.365)	(1.239)	(1.392)
Religiousness	1.433	1.777	2.195	1.523
	(1.620)	(1.761)	(1.586)	(1.679)
Church Attendance	-0.123	-1.115	-0.209	-0.671
	(1.479)	(1.582)	(1.454)	(1.637)
Church visits (p.a.)	-2.297**	-1.362	-1.136	-1.820*
	(1.058)	(0.866)	(1.399)	(1.093)
Interest Politics	0.663	-0.371	1.257	1.240
	(1.354)	(1.308)	(1.376)	(1.422)
Election Participation	0.180	0.143	-0.218	0.280
	(0.309)	(0.266)	(0.324)	(0.320)
Political Party	2.048	6.133	-2.001	1.741
	(5.329)	(4.397)	(5.052)	(5.229)
PE Donations	0.009	1.269	0.826	1.104
	(1.700)	(1.866)	(1.679)	(1.949)
PSE	-1.853	-1.129	-1.370	-0.657
	(1.578)	(1.756)	(1.763)	(1.770)
Gender	-2.706*	-2.780*	-0.951	-1.154
	(1.441)	(1.616)	(1.372)	(1.555)
Age	0.247	0.256	-0.471	-1.287
	(1.181)	(1.256)	(1.135)	(1.294)
Marital Status	-1.346	-1.643	-2.003*	-2.844**
	(1.278)	(1.305)	(1.211)	(1.346)
Income	0.335	1.663	-0.618	-0.167
	(1.355)	(1.433)	(1.362)	(1.539)
Family Income	1.448	1.125	0.611	2.337
	(1.454)	(1.494)	(1.527)	(1.687)
Bafoeg	1.140	0.870	0.976	1.903
	(1.321)	(1.464)	(1.376)	(1.590)
Risk Aversion	-2.042	-1.869	-3.387***	-2.540*
	(1.287)	(1.408)	(1.163)	(1.438)
SRI Return Perception	-1.537	-1.065	-2.046*	-2.777**
	(1.282)	(1.270)	(1.238)	(1.343)
SRI Risk Perception	0.981	0.616	0.486	0.678
	(1.427)	(1.432)	(1.436)	(1.494)
SRI Awareness	1.042	1.221	1.917	1.916
	(1.205)	(1.357)	(1.168)	(1.287)
Inv Time	-2.627	-1.691	-0.643	-2.842*
	(1.674)	(1.738)	(1.428)	(1.578)
InvKH	1.886	0.424	-0.0271	1.093
	(1.529)	(1.604)	(1.381)	(1.462)
New Instructions	-0.254	-1.330	-0.0706	0.547
	(1.342)	(1.383)	(1.256)	(1.434)
Adjusted R^2	0.042	0.001	0.038	0.089
Observations	302	302	302	302

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table 5: Willingness to Pay for Social Responsibility and Personality Traits II

	(1) Premium $A_{2,\ldots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	1.094	2.812**	6.962***	5.435***	2.599***
	(1.085)	(1.099)	(1.186)	(1.445)	(0.942)
Altruism	3.758***	3.929***	-0.711	-4.279**	2.207*
	(1.155)	(1.181)	(1.577)	(1.806)	(1.289)
Egoism	-1.324	-1.801	-2.086	0.678	-0.0741
	(1.556)	(1.591)	(1.317)	(1.934)	(1.065)
LTO	0.406	0.735	1.736	0.886	-0.158
	(1.209)	(1.232)	(1.216)	(1.745)	(1.049)
Religiousness	1.732	1.717	0.418	-1.342	-0.672
	(1.507)	(1.524)	(1.512)	(1.981)	(1.115)
Church Attendance	-0.529	-0.334	0.906	-0.425	-0.463
	(1.379)	(1.412)	(1.454)	(1.789)	(1.138)
Church visits (p.a.)	-1.654	-1.751	0.226	2.774**	-0.685
	(1.004)	(1.135)	(1.236)	(1.202)	(0.684)
Interest Politics	0.697	1.054	1.628	-0.0864	-0.0162
	(1.228)	(1.295)	(1.285)	(1.610)	(0.944)
Election Participation	0.0963	0.0806	-0.361	-0.0805	0.497
	(0.251)	(0.283)	(0.383)	(0.411)	(0.302)
Political Party	1.980	0.596	-8.133**	-2.356	3.742
	(4.683)	(4.982)	(3.561)	(6.196)	(2.662)
PE Donations	0.802	0.646	-0.442	1.085	0.278
	(1.617)	(1.614)	(1.618)	(1.980)	(1.501)
PSE	-1.252	-1.293	-0.241	3.048	0.713
	(1.471)	(1.486)	(1.969)	(1.888)	(1.696)
Gender	-1.898	-1.604	1.829	4.258**	-0.204
	(1.332)	(1.343)	(1.508)	(1.743)	(1.129)
Age	-0.314	-0.504	-0.727	-1.782	-0.815
	(1.063)	(1.116)	(1.236)	(1.424)	(0.826)
Marital Status	-1.959*	-2.064*	-0.360	-0.152	-0.842
	(1.146)	(1.176)	(1.235)	(1.615)	(0.974)
Income	0.303	-0.150	-2.280*	-0.838	0.450
	(1.266)	(1.306)	(1.380)	(1.650)	(1.092)
Family Income	1.380	1.465	-0.514	-0.558	1.726
	(1.398)	(1.460)	(1.394)	(1.646)	(1.061)
Bafoeg	1.222	1.340	0.106	-0.377	0.928
	(1.269)	(1.305)	(1.440)	(1.583)	(1.186)
Risk Aversion	-2.459**	-2.656**	-1.519	1.543	0.848
	(1.205)	(1.202)	(1.145)	(1.476)	(0.975)
SRI Return Perception	-1.856	-2.120*	-0.981	0.297	-0.731
	(1.139)	(1.185)	(1.236)	(1.605)	(0.993)
SRI Risk Perception	0.690	0.715	-0.130	-1.284	0.192
	(1.297)	(1.336)	(1.419)	(1.696)	(1.122)
SRI Awareness	1.524	1.625	0.697	-0.168	-0.001
	(1.087)	(1.094)	(1.391)	(1.550)	(1.065)
Inv Time	-1.951	-2.038	1.048	2.412	-2.199**
	(1.448)	(1.426)	(1.464)	(2.367)	(1.025)
InvKH	0.844	0.984	-0.451	-2.679	1.120
	(1.343)	(1.340)	(1.401)	(1.996)	(1.118)
New Instructions	-0.277	0.0739	1.260	1.056	0.617
	(1.230)	(1.248)	(1.216)	(1.566)	(1.007)
Adjusted R^2	0.049	0.065	-0.002	0.015	-0.003
Observations	302	302	302	302	302

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table 6: Summary Statistics for Assets A_1 to A_{25}

	mean	sd	min	max
Average WTP A_1	49.1060	23.3066	0.00	100.00
Average WTP A_2	46.9139	23.4766	0.00	100.00
Average WTP A_3	45.4205	22.9336	0.00	100.00
Average WTP A_4	47.5099	24.6749	0.00	100.00
Average WTP A_5	50.7053	25.4148	0.00	100.00
Average WTP A_{11}	50.9636	21.1715	0.00	100.00
Average WTP A_{12}	49.7384	21.5577	10.00	100.00
Average WTP A_{13}	47.4570	19.9883	0.00	100.00
Average WTP A_{14}	50.2914	23.4022	0.00	100.00
Average WTP A_{15}	53.6589	23.5341	0.00	100.00
Average WTP A_{21}	52.3079	13.5708	20.00	100.00
Average WTP A_{22}	53.5629	18.2714	0.00	100.00
Average WTP A_{23}	50.4338	19.0200	0.00	100.00
Average WTP A_{24}	51.6821	18.1021	5.00	100.00
Average WTP A_{25}	56.5497	22.8628	0.00	100.00

Note: This table shows summary statistics for the willingness to pay (WTP) of asset A_1 to A_{25}, averaged across turns, respectively. Assets A_1 to A_5 have a payoff of 100 in the good state and of 0 in the bad state. Assets A_{11} to A_{15} have a payoff of 90 in the good state and of 10 in the bad state. Assets A_{21} to A_{25} have a payoff of 60 in the good state and of 40 in the bad state.

Table 7: Mean Asset Premia

	mean	t-statistic
Premium A_2	-2.1921	-1.3106
Premium A_3	-3.6854	-2.0762
Premium A_4	-1.5960	-0.9598
Premium A_5	1.5993	0.8101
Premium $A_{2,\ldots,5}$	-1.4685	-0.9303
Premium $A_{2,4,5}$	-0.7296	-0.4526
Premium $A_4 - A_3$	2.0894	1.4096
Premium $H3_{100/0}$	5.9834	2.7350
Premium A_{12}	-1.2252	-0.8464
Premium A_{13}	-3.5066	-2.1227
Premium A_{14}	-0.6722	-0.4820
Premium A_{15}	2.6954	1.4981
Premium $A_{12,\ldots,15}$	-0.6772	-0.4936
Premium $A_{12,14,15}$	0.2660	0.1909
Premium $A_{14} - A_{13}$	2.8344	1.8112
Premium $H3_{90/10}$	5.1457	2.7331
Premium A_{22}	1.2549	1.0256
Premium A_{23}	-1.8742	-1.3242
Premium A_{24}	-0.6258	-0.5017
Premium A_{25}	4.2417	2.5282
Premium $A_{22,\ldots,25}$	0.7492	0.5946
Premium $A_{22,24,25}$	1.6236	1.2836
Premium $A_{24} - A_{23}$	1.2483	1.1725
Premium $H3_{60/40}$	1.7318	1.1870

Note: This table shows premia of responsible assets in absolute terms in column (1). In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

Table 8: Willingness to Pay for Social Responsibility and Personality Traits

	(1) Premium A_2, A_{12}, A_{22}	(2) Premium A_3, A_{13}, A_{23}	(3) Premium A_4, A_{14}, A_{24}	(4) Premium A_5, A_{15}, A_{25}
Constant	-0.721	-3.022***	-0.965	3.342***
	(0.809)	(0.919)	(0.803)	(1.088)
Altruism	0.719	0.126	1.172	-1.654
	(1.244)	(1.414)	(1.236)	(1.674)
Egoism	1.393	1.262	2.502**	3.912***
	(1.122)	(1.275)	(1.114)	(1.508)
LTO	-2.180**	-0.704	-1.780*	-0.404
	(1.081)	(1.228)	(1.074)	(1.453)
Religiousness	-2.172*	-3.541***	-2.181*	-5.577***
	(1.173)	(1.333)	(1.166)	(1.578)
Church Attendance	1.766*	-0.160	1.124	0.457
	(1.053)	(1.197)	(1.046)	(1.416)
Church Visits (p.a.)	0.836	1.331	1.183	2.812**
	(1.033)	(1.174)	(1.026)	(1.389)
Interest Politics	0.659	1.026	-0.308	3.053**
	(0.996)	(1.131)	(0.989)	(1.339)
Election Participation	0.043	0.114	0.003	-0.311
	(0.259)	(0.295)	(0.258)	(0.349)
Political Party	0.594	1.506	3.250	-0.895
	(3.914)	(4.447)	(3.888)	(5.264)
PE Donations	1.610	1.623	-1.029	2.368
	(1.148)	(1.305)	(1.140)	(1.544)
PSE	-0.049	-0.750	1.630	-0.627
	(1.166)	(1.325)	(1.159)	(1.569)
Inequity Aversion	2.996**	2.628*	3.278***	7.067***
	(1.271)	(1.445)	(1.263)	(1.710)
Gender	-1.152	-2.497**	-1.805	-2.760*
	(1.105)	(1.256)	(1.098)	(1.486)
Age	1.027	-1.295	-0.044	-1.500
	(0.973)	(1.105)	(0.966)	(1.308)
Marital Status	-2.413**	-1.825*	-1.815*	-1.870
	(0.944)	(1.073)	(0.938)	(1.269)
Income	-1.354	-1.205	-1.392	-3.025***
	(0.867)	(0.985)	(0.862)	(1.166)
Family Income	-0.217	-0.419	-0.776	-2.296
	(1.038)	(1.179)	(1.031)	(1.395)
Bafoeg	-5.023*	-4.470	-4.958*	-5.430
	(2.945)	(3.346)	(2.925)	(3.960)
Risk Aversion	0.663	0.137	0.426	0.398
	(0.896)	(1.018)	(0.890)	(1.205)
SRI Return Perception	-0.322	-0.669	-0.238	-0.338
	(0.915)	(1.040)	(0.909)	(1.231)
SRI Risk Perception	-0.567	-0.753	-0.942	-2.144*
	(0.898)	(1.021)	(0.892)	(1.208)
SRI Awareness	-1.464	-0.795	-1.790*	-2.350*
	(0.950)	(1.079)	(0.944)	(1.278)
Inv Time	2.283**	2.846**	3.584***	4.851***
	(1.054)	(1.198)	(1.047)	(1.418)
InvKH	0.750	1.260	-0.301	0.865
	(1.144)	(1.300)	(1.137)	(1.539)
Treatment 90/10	0.645	0.119	0.616	0.731
	(1.321)	(1.501)	(1.312)	(1.776)
Treatment 60/40	2.298*	1.208	0.647	2.755
	(1.321)	(1.501)	(1.312)	(1.776)
Adjusted R^2	0.081	0.033	0.069	0.120
Observations	453	453	453	453

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The dependent variable is the premium of the respective responsible asset over the conventional asset A_1, A_{11}, or A_{21}. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Inequity Aversion measures how averse an individual is to inequitable income. Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. Treatment 90/10 is a dummy equaling one if the payoff in good state is 90 and in bad state is 10. Treatment 60/40 is a dummy equaling one if the payoff in good state is 60 and in bad state is 40. All independent variables are standardized to allow for a conditional assessment of the premium via the constant.

Table 9: Willingness to Pay for Social Responsibility and Personality Traits II

	(1) Premium $A_{2,\ldots,5}$, $A_{12,\ldots,15}, A_{22,\ldots,25}$	(2) Premium $A_{2,4,5}$, $A_{12,14,15}, A_{22,24,25}$	(3) Premium $A_4 - A_3$, $A_{14} - A_{13}, A_{24} - A_{23}$	(4) Premium $H3_{100/0}$, $H3_{90/10}, H3_{60/40}$	(5) Premium $A_5 - A_4$, $A_{15} - A_{14}, A_{25} - A_{24}$
Constant	-0.341	0.552	2.057**	4.784***	4.307***
	(0.782)	(0.794)	(0.800)	(1.160)	(0.897)
Altruism	0.091	0.079	1.047	-3.092*	-2.827**
	(1.204)	(1.222)	(1.230)	(1.785)	(1.381)
Egoism	2.267**	2.602**	1.240	1.126	1.410
	(1.085)	(1.101)	(1.109)	(1.609)	(1.244)
LTO	-1.267	-1.455	-1.076	3.956**	1.376
	(1.045)	(1.061)	(1.069)	(1.550)	(1.199)
Religiousness	-3.368***	-3.310***	1.360	-1.234	-3.396***
	(1.135)	(1.152)	(1.160)	(1.683)	(1.302)
Church Attendance	0.797	1.116	1.284	-3.075**	-0.668
	(1.019)	(1.034)	(1.041)	(1.510)	(1.168)
Church Visits (p.a.)	1.541	1.611	-0.148	1.140	1.629
	(0.999)	(1.014)	(1.021)	(1.482)	(1.146)
Interest Politics	1.107	1.135	-1.334	1.735	3.360***
	(0.963)	(0.978)	(0.985)	(1.428)	(1.105)
Election Participation	-0.038	-0.089	-0.111	-0.397	-0.314
	(0.251)	(0.255)	(0.256)	(0.372)	(0.288)
Political Party	1.114	0.983	1.744	-2.084	-4.145
	(3.786)	(3.843)	(3.870)	(5.614)	(4.342)
PE Donations	1.143	0.983	-2.652**	-0.852	3.397***
	(1.110)	(1.127)	(1.135)	(1.647)	(1.274)
PSE	0.051	0.318	2.379**	-0.529	-2.257*
	(1.128)	(1.145)	(1.153)	(1.673)	(1.294)
Inequity Aversion	3.993***	4.447***	0.650	1.075	3.789***
	(1.230)	(1.248)	(1.257)	(1.823)	(1.410)
Gender	-2.053*	-1.906*	0.692	-0.457	-0.955
	(1.069)	(1.085)	(1.093)	(1.585)	(1.226)
Age	-0.453	-0.172	1.251	-3.554**	-1.456
	(0.941)	(0.955)	(0.962)	(1.395)	(1.079)
Marital Status	-1.981**	-2.033**	0.010	2.956**	-0.055
	(0.913)	(0.927)	(0.933)	(1.354)	(1.047)
Income	-1.744**	-1.923**	-0.187	-0.318	-1.634*
	(0.839)	(0.852)	(0.858)	(1.244)	(0.962)
Family Income	-0.927	-1.096	-0.356	-1.862	-1.520
	(1.004)	(1.019)	(1.026)	(1.488)	(1.151)
Bafoeg	-4.970*	-5.137*	-0.488	4.616	-0.471
	(2.848)	(2.892)	(2.912)	(4.223)	(3.267)
Risk Aversion	0.406	0.496	0.289	-0.928	-0.027
	(0.867)	(0.880)	(0.886)	(1.285)	(0.994)
SRI Return Perception	-0.392	-0.299	0.432	0.306	-0.100
	(0.885)	(0.899)	(0.905)	(1.313)	(1.015)
SRI Risk Perception	-1.102	-1.218	-0.189	-1.011	-1.201
	(0.869)	(0.882)	(0.888)	(1.288)	(0.997)
SRI Awareness	-1.600*	-1.868**	-0.996	0.578	-0.560
	(0.919)	(0.933)	(0.939)	(1.362)	(1.054)
Inv Time	3.391***	3.573***	0.738	0.285	1.267
	(1.020)	(1.035)	(1.043)	(1.512)	(1.170)
InvKH	0.644	0.438	-1.561	-0.635	1.166
	(1.107)	(1.124)	(1.131)	(1.641)	(1.269)
Treatment 90/10	0.528	0.664	0.497	-0.558	0.115
	(1.277)	(1.297)	(1.306)	(1.894)	(1.465)
Treatment 60/40	1.727	1.900	-0.561	-1.841	2.108
	(1.277)	(1.297)	(1.306)	(1.894)	(1.465)
Adjusted R^2	0.096	0.110	0.001	0.040	0.056
Observations	453	453	453	453	453

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Inequity Aversion measures how averse an individual is to inequitable income. Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. Treatment 90/10 is a dummy equaling one if the payoff in good state is 90 and in bad state is 10. Treatment 60/40 is a dummy equaling one if the payoff in good state is 60 and in bad state is 40. All independent variables are standardized to allow for a conditional assessment of the premium via the constant.

Appendix

A Additional Tests for Hypothesis 1

Consider our experimental setup in which a participant submits a continuous bid b_{A_k} for asset A_k, and $\frac{\partial U}{\partial w} > 0$.
A participant's expected utility function is given by: $\max_{b_{A_k}} \mathbb{E}[U(w,g)]$, where w is the financial payoff and g reflects the donation. Further assume that g_{h,A_k} is the donation in the good state and g_{l,A_k} is the donation in the bad state.

$$\begin{aligned}
\max_{b_{A_k}} \mathbb{E}\left[U\left(w,g\right)\right] = & \int_0^{100} \frac{1}{100}\Big(\mathbb{1}_{b_{A_k} \geq p_{A_k}} \left[\frac{1}{2}U\left(200 - p_{A_k}, g_{h,A_k}\right) + \frac{1}{2}U\left(100 - p_{A_k}, g_{l,A_k}\right)\right] \\
& + \mathbb{1}_{b_{A_k} < p_{A_k}} U\left(100, 0\right)\Big) \mathrm{d}p_{A_k} \\
= & \int_0^{b_{A_k}} \frac{1}{100}\left[\frac{1}{2}U\left(200 - p_{A_k}, g_{h,A_k}\right) + \frac{1}{2}U\left(100 - p_{A_k}, g_{l,A_k}\right)\right] \mathrm{d}p_{A_k} \\
& + \int_{b_{A_k}}^{100} \frac{1}{100}\, U\left(100, 0\right) \mathrm{d}p_{A_k}
\end{aligned}$$

First-order condition:

$$\frac{1}{100}\left[\frac{1}{2}U\left(200 - b_{A_k}, g_{h,A_k}\right) + \frac{1}{2}U\left(100 - b_{A_k}, g_{l,A_k}\right)\right] - \frac{1}{100}U\left(100, 0\right) = 0$$

Second-order condition:

$$\frac{1}{100}\left[-\frac{1}{2}U'\left(200 - b_{A_k}, g_{h,A_k}\right) - \frac{1}{2}U'\left(100 - b_{A_k}, g_{l,A_k}\right)\right] < 0$$

Now consider the different assets we model:

- Asset $A1$: no donation, $g_{h,A_1} = g_{l,A_1} = 0$
- Asset $A2$: $g_{h,A_2} = g_{l,A_2} = 20$
- Asset $A3$: $g_{h,A_3} = 0$ $g_{l,A_3} = 40$
- Asset $A4$: $g_{h,A_4} = 40$ $g_{l,A_4} = 0$
- Asset $A5$: $g_{h,A_5} = g_{l,A_5} = 40$

The optimal bids $b^*_{A_k}$ are:

- $b^*_{A_1}$ is such that: $U(100,0) = \frac{1}{2}U(200 - b^*_{A_1}, 0) + \frac{1}{2}U(100 - b^*_{A_1}, 0)$
- $b^*_{A_2}$ is such that: $U(100,0) = \frac{1}{2}U(200 - b^*_{A_2}, 20) + \frac{1}{2}U(100 - b^*_{A_2}, 20)$
- $b^*_{A_3}$ is such that: $U(100,0) = \frac{1}{2}U(200 - b^*_{A_3}, 0) + \frac{1}{2}U(100 - b^*_{A_3}, 40)$

- $b^*_{A_4}$ is such that: $U(100,0) = \frac{1}{2}U(200 - b^*_{A_4}, 40) + \frac{1}{2}U(100 - b^*_{A_4}, 0)$
- $b^*_{A_5}$ is such that: $U(100,0) = \frac{1}{2}U(200 - b^*_{A_5}, 40) + \frac{1}{2}U(100 - b^*_{A_5}, 40)$

In Section 3.1, we use a comparison of participants' bids for A_2 and A_1 to test whether they derive utility from doing good. Following the same logic, we can use any of the responsible assets to show that, for any $k > 1$, $\mathbb{E}(\frac{\partial U}{\partial g}) > 0$ if and only if $b^*_{A_k} > b^*_{A_1}$.

B Appendix to Section 6

B.1 Analysis of Subsamples

To account for the fact that our findings might be driven by the fraction of participants who faced the old instructions, we investigate whether they hold for the subset of participants, who faced the new instructions. Summary statistics of the average WTP

Table B1: Summary Statistics for Assets A_1 to A_5 – New Instructions Subsample

	mean	sd	min	max
Average WTP A_1	50.7484	20.0075	0.00	100.00
Average WTP A_2	50.7621	17.9408	0.00	100.00
Average WTP A_3	45.4727	20.1567	0.00	100.00
Average WTP A_4	54.3805	19.1447	0.00	100.00
Average WTP A_5	57.1971	19.6526	0.00	100.00

Note: This table shows summary statistics for the willingness to pay of assets A_1 to A_5 for the subsample of participants, who faced the revised instructions. The WTP is averaged across turns and charities, respectively.

for assets A_1 to A_5 are reported in Table B1. In comparison to the average WTP for the full sample in Table 2, it becomes evident that the revised instructions had a substantial influence on lowering the overall WTP. Just as for the full sample, the absolute Euro premium of A_2 over A_1 seems negligible upon visual inspection, while the average WTP for asset A_3 is substantially lower compared to WTP for the other assets. We proceed analogously and conduct unconditional tests on the means of the premia of assets A_2 to A_5 over the conventional asset A_1 in Table B2. The results suggest that our results are qualitatively similar, yet the magnitude of the absolute premia is even more substantial in all significant cases.

As shown in Table B3, the Euro premia are of similar magnitude and statistical significance compared to the full sample. We thus confirm that our conditional results hold regardless of facing the old or new instructions. The results reported in Table B4 further confirm that Hypotheses $H2$ and $H3$ also hold for this smaller subsample. For

Table B2: Mean Asset Premia to assess Hypotheses 1-3 – New Instructions Subsample

	mean	t-statistic
Premium A_2	0.0136	0.0074
Premium A_3	-5.2757	-2.7016
Premium A_4	3.6321	2.0644
Premium A_5	6.4486	3.2620
Premium $A_{2,...,5}$	1.2047	0.7094
Premium $A_{2,4,5}$	3.3658	1.9573
Premium $A_4 - A_3$	8.9078	4.9301
Premium $H3$	6.4214	3.0999

Note: This table shows premia of responsible assets in absolute terms for a subset of participants, who faced the new instructions in column (1). "Premium A_2" to "Premium A_5" are the average Euro premia of responsible assets A_2 to A_5 over the conventional asset A_1, respectively. "Premium $A_{2,...,5}$" is the average premium of all responsible assets over the conventional asset. "Premium $A_{2,4,5}$" is the average premium of assets A_2, A_4, and A_5 over the conventional asset A_1. "Premium $A_4 - A_3$" is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. "Premium $H3$" is defined as $(b_{A_5} - b_{A_2}) - (b_{A_2} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

the Euro premium of asset A_4 over the conventional asset, the coefficient for the control variable altruism loses significance. The economic magnitude of the coefficient is however similar as in the full sample. Corroborative evidence is presented in columns (1) and (2) of Table B4. The results of the average premia for all responsible assets or the average of the responsible assets A_2, A_4, and A_5 confirm that the premia generally increase in altruism.

B.2 Percentage Premia

We repeat our main analyses with percentage premia as dependent variable. That is, for every Euro premium investigated in Tables 4 and 5, we calculate the respective percentages relative to the participant's bid for the conventional asset b_{A_1} as $\frac{Premium\ A_k}{b_{A_1}}$, where $k = 2, ..., 5$. Note that the number of observations slightly reduces to 295, because 7 participants stated a WTP of zero for the conventional asset. There are two possible explanations why these 7 participants could show this behavior. Either, they are infinitely risk-averse, or they did not understand the experimental setup. We argue that the latter explanation is more likely, because the 7 participants' self-reported risk-aversion is not particularly high. One way to address the issue that these participants did not understand the setup is to replace their zero WTP with a low value such as 0.01 or 1 experimental currency units. This choice would result in extremely high positive percentage premia which would work in our favor. In order not to inflate our results, we hence decided to eliminate these 7 participants with zero WTP for the conventional asset A_1. Therefore,

Table B3: Willingness to Pay for Social Responsibility and Personality Traits – Subsample Analysis

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	0.014	-5.276***	3.632**	6.449***
	(1.799)	(1.978)	(1.765)	(1.895)
Altruism	8.191***	6.254**	3.574	7.999***
	(2.186)	(2.454)	(2.657)	(2.288)
Egoism	1.549	3.433	-0.211	0.550
	(2.868)	(2.883)	(2.925)	(2.981)
LTO	-2.569	-2.557	-0.208	0.386
	(2.083)	(2.113)	(2.313)	(2.317)
Religiousness	0.389	1.865	1.227	-0.742
	(2.580)	(3.066)	(2.681)	(2.615)
Church Attendance	2.212	-0.110	2.588	2.317
	(2.374)	(2.642)	(2.240)	(2.459)
Church visits (p.a.)	-0.911	-0.125	-0.727	-0.843
	(1.623)	(1.587)	(2.038)	(1.859)
Interest Politics	1.611	-1.069	2.922	2.528
	(2.139)	(2.171)	(2.323)	(2.340)
Election Participation	0.540	0.629	-0.074	0.769
	(0.384)	(0.400)	(0.441)	(0.477)
Political Party	-0.416	4.553	-8.100	-0.632
	(8.088)	(7.089)	(7.924)	(7.945)
PE Donations	-4.296	-2.639	-1.141	-3.764
	(3.034)	(3.283)	(3.197)	(3.316)
PSE	-1.492	-0.705	-1.487	-0.170
	(2.908)	(3.268)	(3.586)	(3.182)
Gender	-2.489	-2.943	-1.621	-1.374
	(2.010)	(2.502)	(2.113)	(2.271)
Age	0.993	0.109	1.064	0.197
	(1.801)	(2.032)	(1.659)	(1.836)
Marital Status	-4.299**	-4.095*	-3.819*	-5.524**
	(2.126)	(2.203)	(1.976)	(2.195)
Income	1.286	3.621	-1.569	0.701
	(2.194)	(2.422)	(2.318)	(2.315)
Family Income	1.439	1.723	1.673	3.048
	(2.223)	(2.357)	(2.317)	(2.483)
Bafoeg	1.642	1.004	2.324	2.924
	(2.176)	(2.601)	(2.216)	(2.506)
Risk Aversion	-2.064	-2.157	-3.657*	-2.023
	(2.058)	(2.321)	(1.882)	(2.264)
SRI Return Perception	-2.086	-1.081	-3.195*	-3.908*
	(1.935)	(1.981)	(1.926)	(2.047)
SRI Risk Perception	1.103	0.115	1.521	1.215
	(2.318)	(2.428)	(2.445)	(2.369)
SRI Awareness	0.171	0.153	2.010	0.972
	(1.675)	(2.003)	(1.687)	(1.768)
Inv Time	-2.352	-0.981	-1.759	-4.951**
	(2.306)	(2.797)	(2.359)	(2.429)
InvKH	0.152	-2.040	0.021	0.394
	(2.486)	(2.879)	(2.511)	(2.437)
Adjusted R^2	0.034	-0.026	-0.007	0.082
Observations	159	159	159	159

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of subjects, who received the new instructions. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 3, suggesting no multicollinearity to be present.

Table B4: Willingness to Pay for Social Responsibility and Personality Traits – Subsample Analysis II

	(1) Premium $A_{2,\ldots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	1.205	3.365**	8.908***	6.421***	2.817**
	(1.677)	(1.683)	(1.827)	(2.065)	(1.422)
Altruism	6.505***	6.588***	-2.680	-8.384***	4.425*
	(2.046)	(2.089)	(3.027)	(2.542)	(2.409)
Egoism	1.330	0.629	-3.644	-2.548	0.761
	(2.749)	(2.803)	(2.212)	(3.046)	(1.709)
LTO	-1.237	-0.797	2.349	5.525**	0.595
	(1.959)	(2.066)	(2.223)	(2.442)	(1.877)
Religiousness	0.685	0.291	-0.638	-1.519	-1.969
	(2.427)	(2.411)	(3.070)	(3.037)	(2.204)
Church Attendance	1.752	2.372	2.698	-2.107	-0.271
	(2.239)	(2.225)	(2.112)	(2.752)	(1.560)
Church visits (p.a.)	-0.652	-0.827	-0.603	0.980	-0.115
	(1.643)	(1.753)	(1.683)	(1.675)	(1.148)
Interest Politics	1.498	2.354	3.990**	-0.694	-0.393
	(2.075)	(2.166)	(1.937)	(2.380)	(1.260)
Election Participation	0.466	0.412	-0.703	-0.310	0.843*
	(0.342)	(0.384)	(0.588)	(0.423)	(0.446)
Political Party	-1.149	-3.049	-12.653**	0.199	7.468*
	(7.306)	(7.651)	(5.806)	(8.970)	(4.457)
PE Donations	-2.960	-3.067	1.498	4.829	-2.623
	(2.881)	(2.902)	(3.085)	(3.430)	(2.611)
PSE	-0.963	-1.050	-0.783	2.814	1.317
	(2.737)	(2.768)	(4.098)	(3.241)	(3.457)
Gender	-2.107	-1.828	1.322	3.605	0.247
	(1.990)	(1.954)	(2.341)	(2.291)	(1.762)
Age	0.591	0.751	0.955	-1.790	-0.867
	(1.650)	(1.658)	(1.718)	(2.054)	(1.195)
Marital Status	-4.434**	-4.547**	0.276	3.074	-1.706
	(1.894)	(1.918)	(2.190)	(2.482)	(1.758)
Income	1.010	0.139	-5.190**	-1.871	2.270
	(2.080)	(2.088)	(2.226)	(2.518)	(1.871)
Family Income	1.971	2.053	-0.050	0.169	1.375
	(2.180)	(2.223)	(1.960)	(2.281)	(1.585)
Bafoeg	1.973	2.297	1.320	-0.359	0.601
	(2.144)	(2.105)	(2.298)	(2.425)	(2.001)
Risk Aversion	-2.475	-2.581	-1.499	2.104	1.634
	(1.961)	(1.935)	(1.882)	(2.230)	(1.524)
SRI Return Perception	-2.567	-3.063	-2.114	0.264	-0.713
	(1.798)	(1.852)	(1.837)	(2.216)	(1.442)
SRI Risk Perception	0.989	1.280	1.406	-0.991	-0.306
	(2.154)	(2.181)	(2.498)	(2.545)	(1.922)
SRI Awareness	0.826	1.051	1.857	0.630	-1.038
	(1.542)	(1.529)	(2.143)	(1.983)	(1.615)
Inv Time	-2.510	-3.020	-0.778	-0.248	-3.192**
	(2.291)	(2.237)	(2.222)	(2.648)	(1.594)
InvKH	-0.368	0.189	2.061	0.089	0.373
	(2.339)	(2.311)	(2.586)	(2.932)	(1.905)
Adjusted R^2	0.024	0.042	-0.023	0.006	0.022
Observations	159	159	159	159	159

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of subjects, who received the new instructions with varying premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 3, suggesting no multicollinearity to be present.

the percentage premia have to be interpreted cautiously and represent a conservative estimate.[21]

Table B5: Mean Percentage Premia to assess Hypotheses 1-3

	mean	t-statistic
Premium A_2	0.0503	2.1591
Premium A_3	-0.0188	-0.7123
Premium A_4	0.1064	4.5545
Premium A_5	0.1758	5.7417
Premium $A_{2,\ldots,5}$	0.0784	3.3766
Premium $A_{2,4,5}$	0.1108	4.6818
Premium $A_4 - A_3$	0.1252	4.9320
Premium $H3$	0.0752	2.8173

Note: This table shows percentage premia of responsible assets over the conventional asset A_1 in column (1). "Premium A_2" to "Premium A_5" are the average percentage premia of responsible assets A_2 to A_5 over the conventional asset A_1, respectively. "Premium $A_{2,\ldots,5}$" is the average percentage premium of all responsible assets over the conventional asset. "Premium $A_{2,4,5}$" is the average percentage premium of assets A_2, A_4, and A_5 over the conventional asset A_1. "Premium $A_4 - A_3$" is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. "Premium $H3$" is defined as $(b_{A_5} - b_{A_2}) - (b_{A_2} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

In Table B5, we report means of the average percentage premia. As before, we first use t-tests to assess the unconditional significance of each percentage premium. The findings are qualitatively very similar to the Euro premia discussed earlier. With the exception of the premium of asset A_3 over asset A_1, all of the premia are positive and moreover statistically significant. While the percentage premium of asset A_3 over A_1 is still negative and meaningful with a discount of almost 2%, this premium loses statistical significance. The average premium for responsible assets is 7.8%, as indicated by the mean value of "Premium $A_{2,\ldots,5}$". Focusing only on the assets A_2, A_4, and A_5, the average premium is 11%. With the exception of asset A_3, the results of these unconditional tests support Hypothesis $H1$. The premium of asset A_4 over asset A_3 is again positive and highly statistically significant, suggesting that we can confirm Hypothesis $H2$. Lastly, also Hypothesis $H3$ is confirmed in the unconditional tests of the percentage premium.

Results from regression analyses are shown in Table B6. Independent variables are again standardized, allowing to assess the conditional significance of the percentage premia via the regression constants. The results reported in Table B6 confirm the univariate

[21] We confirm our findings for the absolute (Euro) premia also for the 295 participants who did not state a zero WTP for asset A_1. These findings are not reported here for the sake of brevity and are available from the authors upon request. We further investigate the percentage premia in Appendix F, in which we show that high percentage premia are very unlikely. Additionally, we confirm all of our findings when we winsorize or truncate the most extreme bids of the distribution in unreported results.

Table B6: Percentage Premia and Personality Traits

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	0.050**	-0.019	0.106***	0.176***
	(0.023)	(0.026)	(0.023)	(0.030)
Altruism	0.064**	0.047*	0.025	0.079**
	(0.029)	(0.026)	(0.031)	(0.031)
Egoism	-0.044	-0.021	-0.051*	-0.055*
	(0.029)	(0.027)	(0.031)	(0.033)
LTO	-0.010	-0.017	0.023	0.010
	(0.026)	(0.024)	(0.026)	(0.029)
Religiousness	0.007	0.022	0.028	0.011
	(0.034)	(0.036)	(0.034)	(0.038)
Church Attendance	0.005	-0.018	-0.003	-0.010
	(0.034)	(0.036)	(0.033)	(0.039)
Church visits (p.a.)	-0.037**	-0.027*	-0.024	-0.033*
	(0.015)	(0.014)	(0.020)	(0.017)
Interest Politics	0.016	0.005	0.017	0.036
	(0.027)	(0.031)	(0.029)	(0.035)
Election Participation	0.005	0.005	-0.002	0.008
	(0.006)	(0.005)	(0.006)	(0.006)
Political Party	0.030	0.080	0.009	0.029
	(0.093)	(0.076)	(0.085)	(0.098)
PE Donations	0.026	0.052	0.033	0.054
	(0.030)	(0.033)	(0.030)	(0.039)
PSE	-0.041	-0.008	-0.030	-0.012
	(0.035)	(0.033)	(0.037)	(0.039)
Gender	-0.043	-0.053	0.002	-0.026
	(0.032)	(0.036)	(0.031)	(0.039)
Age	0.002	-0.012	-0.007	-0.037
	(0.023)	(0.021)	(0.027)	(0.027)
Marital Status	-0.020	-0.012	-0.021	-0.045
	(0.022)	(0.024)	(0.023)	(0.028)
Income	-0.016	0.015	-0.039	-0.030
	(0.027)	(0.029)	(0.029)	(0.035)
Family Income	0.020	0.012	0.016	0.044
	(0.026)	(0.027)	(0.028)	(0.034)
Bafoeg	0.019	0.027	0.021	0.048
	(0.027)	(0.038)	(0.026)	(0.044)
Risk Aversion	-0.028	-0.035	-0.058***	-0.050
	(0.025)	(0.034)	(0.022)	(0.037)
SRI Return Perception	-0.013	-0.024	-0.030	-0.050*
	(0.027)	(0.024)	(0.025)	(0.029)
SRI Risk Perception	0.005	0.011	0.001	0.020
	(0.028)	(0.033)	(0.028)	(0.037)
SRI Awareness	0.019	0.027	0.044*	0.047
	(0.024)	(0.028)	(0.024)	(0.030)
Inv Time	-0.047*	-0.036	-0.020	-0.059*
	(0.025)	(0.028)	(0.025)	(0.030)
InvKH	0.027	0.007	0.002	0.023
	(0.030)	(0.030)	(0.029)	(0.033)
New Instructions	-0.009	-0.037	-0.004	0.008
	(0.025)	(0.028)	(0.025)	(0.032)
Adjusted R^2	0.017	0.005	0.020	0.067
Observations	295	295	295	295

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1, relative to the willingness-to-pay for A_1. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

tests: Our subjects are willing to pay more for a socially responsible asset than for a conventional asset. This finding is stable and confirms Hypothesis $H1$, unless the social responsibility of the asset is associated with bad economic conditions. For two alternative specifications of percentage premia, we confirm that our subjects are indeed willing to pay more for a socially responsible asset than for a conventional asset. In columns (1) and (2) of Table B7, we test whether there is a significant percentage premium for the average of all responsible assets, and only assets A_2, A_4, and A_5, respectively. Compared to the Euro premia discussed above, the average percentage premium of all responsible assets "Premium $A_{2,\ldots,5}$" is now positive and significant at the 1% level. This result likely stems from the fact that the coefficient for asset A_3 is no longer significantly negative and moreover the coefficient of the percentage premium for asset A_2 over the conventional asset is now statistically significant.

In order to test Hypothesis $H2$, consider column (3) of Table B7. We find corroborative evidence that individuals are willing to pay more for social responsibility when it occurs in good times than in bad times. The premium amounts to an economically meaningful 12.5% and is significant at the 1% level. In column (4), we test and confirm Hypothesis $H3$ also when the premium is computed in relative rather than absolute terms.

The aforementioned results moreover show that the percentage premia increase in an individual's level of altruism. While the altruism coefficient for the percentage premium for A_4 (column (3) of Table B6) loses statistical significance, this effect is confirmed for the responsible assets A_2, A_3, A_5 individually, and also for the averages of percentage premia (Premium $A_{2,\ldots,5}$, and Premium $A_{2,4,5}$). The coefficient for egoism is negative and marginally significant for the relative premia of assets A_4, A_5, and for Premium $A_{2,4,5}$. This finding is not surprising because our responsible assets have identical financial benefits to the conventional asset. We hence expect that egoistic individuals should not care about the social benefit.

As for the remaining control variables, only the annual number of church visits as proxy for religiousness shows some evidence of a negative impact on percentage premia for the individual assets A_2, A_3, and A_5, as well as the average of all responsible assets (Premium $A_{2,\ldots,5}$), and Premium $A_{2,4,5}$, respectively.

Further results investigating percentage premia for the subsample of participants, who received new instructions are reported in Tables B8, B9, and B10.[22] The conditional tests of the percentage premia with regression analysis, reported in Tables B9 and B10, again

[22] Again, the number of observations reduces slightly from 159 to 153 because some participants stated a zero WTP for the conventional asset A_1. Therefore, the same cautious interpretation of results as before applies. Our results again represent a conservative estimate because we do not intend to inflate them and consequently remove participants with zero WTP for A_1. We repeat all analyses with this reduced sample also for the absolute (Euro) premia and find qualitatively similar, yet slightly less significant results. The results are once again generally in favor of Hypothesis $H1$ and supportive of Hypotheses $H2$ and $H3$. These findings are not reported here for the sake of brevity and are available from the authors upon request.

Table B7: Percentage Premia and Personality Traits II

	(1) Premium $A_{2,\ldots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	0.078***	0.111***	0.125***	0.075***	0.069***
	(0.023)	(0.023)	(0.025)	(0.027)	(0.022)
Altruism	0.054**	0.056**	-0.021	-0.049	0.053**
	(0.025)	(0.027)	(0.034)	(0.036)	(0.026)
Egoism	-0.043	-0.050*	-0.031	0.032	-0.004
	(0.027)	(0.029)	(0.029)	(0.032)	(0.021)
LTO	0.002	0.008	0.040	0.029	-0.014
	(0.023)	(0.025)	(0.026)	(0.031)	(0.021)
Religiousness	0.017	0.015	0.006	-0.003	-0.017
	(0.033)	(0.033)	(0.031)	(0.040)	(0.024)
Church Attendance	-0.006	-0.003	0.015	-0.021	-0.007
	(0.033)	(0.034)	(0.029)	(0.038)	(0.024)
Church visits (p.a.)	-0.030**	-0.031*	0.003	0.041**	-0.009
	(0.014)	(0.016)	(0.022)	(0.019)	(0.014)
Interest Politics	0.018	0.023	0.012	0.003	0.019
	(0.028)	(0.028)	(0.030)	(0.031)	(0.025)
Election Participation	0.004	0.004	-0.006	-0.001	0.010
	(0.004)	(0.005)	(0.008)	(0.008)	(0.006)
Political Party	0.037	0.023	-0.071	-0.032	0.021
	(0.081)	(0.087)	(0.070)	(0.119)	(0.058)
PE Donations	0.041	0.037	-0.019	0.001	0.021
	(0.029)	(0.030)	(0.032)	(0.035)	(0.031)
PSE	-0.023	-0.028	-0.022	0.069*	0.018
	(0.031)	(0.033)	(0.041)	(0.041)	(0.034)
Gender	-0.030	-0.022	0.055*	0.060*	-0.028
	(0.031)	(0.032)	(0.032)	(0.035)	(0.027)
Age	-0.014	-0.014	0.005	-0.041	-0.030
	(0.021)	(0.024)	(0.026)	(0.027)	(0.018)
Marital Status	-0.024	-0.029	-0.010	-0.006	-0.024
	(0.021)	(0.022)	(0.025)	(0.027)	(0.021)
Income	-0.018	-0.029	-0.054*	0.002	0.009
	(0.027)	(0.028)	(0.031)	(0.031)	(0.025)
Family Income	0.023	0.027	0.004	0.003	0.027
	(0.026)	(0.028)	(0.026)	(0.028)	(0.021)
Bafoeg	0.029	0.029	-0.007	0.010	0.027
	(0.030)	(0.029)	(0.036)	(0.029)	(0.035)
Risk Aversion	-0.043	-0.045*	-0.023	0.005	0.008
	(0.027)	(0.025)	(0.029)	(0.026)	(0.029)
SRI Return Perception	-0.029	-0.031	-0.006	-0.024	-0.020
	(0.024)	(0.025)	(0.024)	(0.034)	(0.020)
SRI Risk Perception	0.009	0.008	-0.011	0.011	0.019
	(0.028)	(0.028)	(0.033)	(0.031)	(0.029)
SRI Awareness	0.034	0.037	0.018	0.008	0.003
	(0.023)	(0.024)	(0.029)	(0.028)	(0.024)
Inv Time	-0.040*	-0.042*	0.016	0.035	-0.039*
	(0.024)	(0.024)	(0.027)	(0.034)	(0.021)
InvKH	0.015	0.017	-0.005	-0.032	0.021
	(0.028)	(0.029)	(0.028)	(0.037)	(0.023)
New Instructions	-0.011	-0.002	0.033	0.026	0.013
	(0.025)	(0.025)	(0.027)	(0.029)	(0.024)
Adjusted R^2	0.034	0.043	-0.008	-0.008	0.008
Observations	295	295	295	295	295

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying percentage premia as dependent variables. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table B8: Mean Percentage Premia to assess Hypotheses 1-3 – New Instructions Subsample

	mean	t-statistic
Premium A_2	0.0399	1.2146
Premium A_3	-0.0623	-1.7722
Premium A_4	0.1156	3.5472
Premium A_5	0.1846	4.7254
Premium $A_{2,\ldots,5}$	0.0695	2.2529
Premium $A_{2,4,5}$	0.1134	3.5568
Premium $A_4 - A_3$	0.1779	4.8387
Premium $H3$	0.1049	2.7784

Note: This table shows percentage premia of responsible assets over the conventional asset A_1 for a subset of participants, who faced the new instructions in column (1). "Premium A_2" to "Premium A_5" are the average percentage premia of responsible assets A_2 to A_5 over the conventional asset A_1, respectively. "Premium $A_{2,\ldots,5}$" is the average percentage premium of all responsible assets over the conventional asset. "Premium $A_{2,4,5}$" is the average percentage premium of assets A_2, A_4, and A_5 over the conventional asset A_1. "Premium $A_4 - A_3$" is the difference in WTP between A_4 and A_3 that is required to assess Hypothesis $H2$. "Premium $H3$" is defined as $(b_{A_5} - b_{A_2}) - (b_{A_2} - b_{A_1})$ and allows to assess Hypothesis $H3$, as outlined in section 3.3. In column (2), we report t-statistics of two-sided one-sample t-tests that test whether the mean of the respective premium is equal to zero.

confirm our earlier results. We thus conclude that our evidence is generally in favor of Hypotheses $H1$, $H2$, and $H3$ also for the smaller subsample. For those participants that faced new instructions, we find some evidence that a long-term orientation is associated with lower percentage premia, while participating in the election is associated with higher premia. As this evidence is not consistent across Euro and percentage premia, we cautiously interpret the relation between long-term orientation, political engagement, and WTP as inconclusive.

B.3 Preferences for Environmental, Social, or Governance Causes

We now investigate how preferences for particular causes impact socially responsible behavior. By disentangling whether the premium differs depending on the cause of the donation, we learn about the financial consequences (in terms of willingness to pay) of delegated philanthropy (Ariely et al. (2009); Bénabou and Tirole (2010); Bennett (2003)). Figure B1 shows the average willingness to pay per asset in the upper panel. Visual inspection of the average willingness to pay for assets A_2 to A_5 suggests that subjects generally seem to prefer social causes followed by donations to environmental and governance causes. The lower panel of Figure B1 contains percentage premia for the responsible assets A_2 to A_5, which confirm this pattern. We use t-tests to examine if there are differences in the percentage premia for the respective responsible assets A_2 to

Table B9: Percentage Premia and Personality Traits – New Instructions Subsample

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	0.040	-0.062*	0.116***	0.185***
	(0.032)	(0.035)	(0.033)	(0.038)
Altruism	0.126***	0.095**	0.030	0.126***
	(0.046)	(0.044)	(0.057)	(0.048)
Egoism	0.013	0.049	-0.023	-0.005
	(0.046)	(0.044)	(0.052)	(0.055)
LTO	-0.094***	-0.075**	-0.032	-0.038
	(0.036)	(0.037)	(0.041)	(0.045)
Religiousness	0.012	0.022	0.031	-0.008
	(0.043)	(0.054)	(0.046)	(0.048)
Church Attendance	0.051	0.007	0.048	0.054
	(0.043)	(0.052)	(0.041)	(0.051)
Church visits (p.a.)	-0.006	0.005	-0.020	-0.005
	(0.024)	(0.025)	(0.031)	(0.028)
Interest Politics	0.018	-0.033	0.043	0.032
	(0.035)	(0.038)	(0.040)	(0.042)
Election Participation	0.014**	0.015*	0.003	0.021**
	(0.007)	(0.008)	(0.009)	(0.009)
Political Party	0.013	0.093	-0.060	0.045
	(0.121)	(0.109)	(0.124)	(0.137)
PE Donations	-0.058	-0.036	-0.013	-0.048
	(0.051)	(0.053)	(0.058)	(0.060)
PSE	-0.042	0.007	-0.031	-0.009
	(0.054)	(0.055)	(0.071)	(0.063)
Gender	-0.044	-0.051	-0.014	-0.029
	(0.041)	(0.047)	(0.042)	(0.050)
Age	0.008	-0.027	0.012	-0.026
	(0.034)	(0.033)	(0.042)	(0.039)
Marital Status	-0.086**	-0.057	-0.055	-0.110***
	(0.035)	(0.038)	(0.038)	(0.041)
Income	0.010	0.078*	-0.052	0.014
	(0.039)	(0.040)	(0.048)	(0.048)
Family Income	0.006	0.013	0.027	0.041
	(0.041)	(0.043)	(0.045)	(0.055)
Bafoeg	0.012	0.000	0.036	0.031
	(0.042)	(0.049)	(0.046)	(0.055)
Risk Aversion	-0.004	-0.009	-0.048	-0.009
	(0.039)	(0.047)	(0.038)	(0.048)
SRI Return Perception	-0.000	-0.005	-0.033	-0.040
	(0.039)	(0.033)	(0.038)	(0.040)
SRI Risk Perception	-0.018	-0.029	-0.004	-0.017
	(0.038)	(0.041)	(0.042)	(0.043)
SRI Awareness	-0.007	-0.011	0.039	0.013
	(0.033)	(0.040)	(0.033)	(0.037)
Inv Time	-0.048	-0.022	-0.053	-0.104**
	(0.036)	(0.044)	(0.038)	(0.043)
InvKH	-0.037	-0.074	-0.015	-0.019
	(0.042)	(0.046)	(0.044)	(0.046)
Adjusted R^2	0.061	-0.012	-0.034	0.061
Observations	153	153	153	153

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of participants, who faced the new instructions. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1, relative to the willingness to pay for A_1. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Table B10: Percentage Premia and Personality Traits – New Instructions Subsample II

	(1) Premium $A_{2,\ldots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	0.069**	0.113***	0.178***	0.105***	0.069**
	(0.030)	(0.031)	(0.037)	(0.037)	(0.028)
Altruism	0.094**	0.094**	-0.064	-0.126**	0.096**
	(0.040)	(0.044)	(0.066)	(0.056)	(0.047)
Egoism	0.008	-0.005	-0.072	-0.031	0.018
	(0.045)	(0.048)	(0.046)	(0.046)	(0.033)
LTO	-0.060*	-0.055	0.043	0.150***	-0.006
	(0.034)	(0.037)	(0.044)	(0.041)	(0.037)
Religiousness	0.014	0.012	0.010	-0.032	-0.039
	(0.040)	(0.040)	(0.062)	(0.053)	(0.045)
Church Attendance	0.040	0.051	0.041	-0.048	0.006
	(0.042)	(0.042)	(0.045)	(0.048)	(0.034)
Church visits (p.a.)	-0.007	-0.011	-0.026	0.007	0.015
	(0.023)	(0.025)	(0.035)	(0.027)	(0.023)
Interest Politics	0.015	0.031	0.076*	-0.004	-0.011
	(0.034)	(0.036)	(0.040)	(0.041)	(0.026)
Election Participation	0.013**	0.013*	-0.012	-0.007	0.019**
	(0.006)	(0.007)	(0.013)	(0.008)	(0.009)
Political Party	0.023	-0.001	-0.153	0.019	0.105
	(0.110)	(0.119)	(0.116)	(0.150)	(0.094)
PE Donations	-0.039	-0.040	0.023	0.068	-0.036
	(0.048)	(0.051)	(0.061)	(0.061)	(0.048)
PSE	-0.019	-0.027	-0.038	0.076	0.022
	(0.050)	(0.054)	(0.085)	(0.063)	(0.066)
Gender	-0.034	-0.029	0.037	0.059	-0.014
	(0.040)	(0.041)	(0.045)	(0.046)	(0.034)
Age	-0.008	-0.002	0.039	-0.042	-0.037
	(0.033)	(0.037)	(0.040)	(0.037)	(0.026)
Marital Status	-0.077**	-0.084**	0.002	0.062	-0.054
	(0.033)	(0.034)	(0.046)	(0.042)	(0.036)
Income	0.013	-0.009	-0.130**	-0.006	0.066*
	(0.038)	(0.041)	(0.050)	(0.042)	(0.037)
Family Income	0.022	0.025	0.014	0.030	0.015
	(0.043)	(0.045)	(0.039)	(0.039)	(0.032)
Bafoeg	0.020	0.026	0.036	0.008	-0.005
	(0.043)	(0.044)	(0.048)	(0.043)	(0.038)
Risk Aversion	-0.017	-0.020	-0.040	-0.000	0.040
	(0.040)	(0.039)	(0.039)	(0.040)	(0.031)
SRI Return Perception	-0.020	-0.024	-0.028	-0.040	-0.007
	(0.034)	(0.036)	(0.037)	(0.046)	(0.028)
SRI Risk Perception	-0.017	-0.013	0.025	0.018	-0.013
	(0.035)	(0.036)	(0.051)	(0.043)	(0.040)
SRI Awareness	0.008	0.015	0.049	0.028	-0.026
	(0.031)	(0.031)	(0.044)	(0.038)	(0.033)
Inv Time	-0.057	-0.069*	-0.031	-0.007	-0.052
	(0.036)	(0.036)	(0.042)	(0.046)	(0.032)
InvKH	-0.036	-0.024	0.058	0.055	-0.004
	(0.039)	(0.041)	(0.049)	(0.051)	(0.035)
Adjusted R^2	0.023	0.032	-0.017	0.057	0.036
Observations	153	153	153	153	153

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying percentage premia as dependent variables for a subset of participants, who faced the new instructions. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Figure B1: Willingness to Pay and Percentage Premia per Charity

Note: Average willingness to pay in Euro (upper panel) and percentage premium (lower panel) for responsible assets A_2 to A_5 per charity.

A_5, depending on whether the recipient of the donation is an environmental, social, or governance charity. First, we consider the complete sample. We find convincing evidence for the fact that social causes elicit higher percentage premia than governance causes. The difference is 0.0311 for asset A_2 (t-stat. 2.1379, p-value 0.0334), 0.0284 for asset A_3 (t-stat. 2.2027, p-value 0.0284), 0.0320 for asset A_4 (t-stat. 1.9557, p-value 0.0514), and amounts to 0.0362 for asset A_5 (t-stat. 2.0843, p-value 0.0380). Further, for asset A_2, our subjects pay a 0.0299 percentage points higher premium for social over environmental causes (t-stat. 2.0235, p-value 0.0439). Disentangling the preferences for the environmental, social, and governance dimensions in socially responsible investment products suggests that social causes are most material.

For the 52% of participants who faced the new instructions, we only find significant differences between both social and environmental causes relative to governance causes for the responsible asset A_5. These differences in percentage premia amount to 0.0504 for social versus governance (t-stat. 2.2021, p-value 0.0292), and 0.0371 for environmental versus governance (t-stat. 1.7429, p-value 0.0834). Furthermore, a comparison of absolute premia for the full sample and subsample of participants who faced the new instructions confirms these patterns, yet the differences are less significant. We therefore advise to cautiously interpret these results. Our result that individuals have a preference for the social dimension is in line with evidence from consumer decisions. In an extensive meta-

analysis, Tully and Winer (2014) find that the WTP for socially responsible products is highest for the social dimension.

B.4 Pro-Social Framing

First facing a responsible asset in the WTP elicitation could potentially have an impact on the stated willingness to pay and overall premia, respectively. In the upper panel of

Table B11: Does the Order of Assets Impact the Willingness to Pay?

	A_1 first	$A_{2,\ldots,5}$ first	Difference	t-statistic
Average WTP A_1	54.1526	57.1351	2.9825	1.2282
Average WTP A_2	55.7067	55.5856	-0.1211	-0.0525
Average WTP A_3	50.2284	52.9324	2.7040	1.1216
Average WTP A_4	58.5758	58.4538	-0.1220	-0.0525
Average WTP A_5	61.3279	60.8941	-0.4338	-0.1802
Premium A_2	-1.5496	1.5541	-3.1037	-1.2854
Premium A_3	-3.9242	-4.2027	-0.2785	-0.1093
Premium A_4	4.4232	1.3187	-3.1045	-1.3384
Premium A_5	7.1753	3.7590	-3.4163	-1.2854

Note: This table shows WTP for assets A_1 to A_5 in the upper panel. We differentiate whether a subject faces the conventional asset A_1 (A_1 first, column (2)) or a responsible asset first ($A_{2,\ldots,5}$ first, (column (3)), respectively. Moreover, we show absolute (Euro) premia of responsible assets in the lower panel. We report t-statistics to assess whether the order of the assets have an impact on WTP and premia, respectively.

Table B11, we report participants' WTP for assets A_1 to A_5 while differentiating whether a subject first saw the conventional asset (column (2)), or a responsible asset (column (3)) in the experiment. The lower panel reports participants' absolute premia for assets A_2 to A_5 over the conventional asset A_1, again for participants who face a conventional or responsible asset first, individually. We find no significant differences in WTP or premia depending on whether a participant first faces a conventional or a responsible asset. This unconditional evidence suggests that the order of experimental assets has no influence for participants' evaluations.

We proceed by repeating our main analyses for two additional subsamples. First, we report in Tables B12 and B13 regression results of the responsible asset's Euro premia only for those subjects, who first saw the conventional asset. The results show that the Euro premia are of similar magnitude and significance compared to the full sample. We consequently confirm Hypotheses $H1$, $H2$, and $H3$ also for those participants, who first saw the conventional asset. While similar in economic magnitude, the coefficient for altruism loses significance for the premium of asset A_3 over the conventional asset. From columns (1) and (2) of Table B13 we conclude that average premia for all responsible

Table B12: Willingness to Pay for Social Responsibility and Personality Traits – Conventional Asset First

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	1.554	-3.924**	4.423***	7.175***
	(1.682)	(1.850)	(1.495)	(1.822)
Altruism	3.115*	2.476	3.768**	3.799*
	(1.816)	(1.987)	(1.826)	(2.031)
Egoism	-2.085	-0.519	-2.126	-2.035
	(2.303)	(2.376)	(1.855)	(2.541)
LTO	-0.666	0.582	-0.308	1.564
	(1.928)	(1.942)	(1.650)	(1.989)
Religiousness	2.703	1.115	3.537	3.024
	(2.304)	(2.835)	(2.217)	(2.620)
Church Attendance	0.401	0.371	-0.384	-0.637
	(2.050)	(2.260)	(1.751)	(2.329)
Church visits (p.a.)	0.169	2.499	-0.423	-0.522
	(1.612)	(1.798)	(1.421)	(1.589)
Interest Politics	-1.003	-1.525	-0.889	-1.026
	(1.952)	(2.200)	(1.599)	(2.073)
Election Participation	0.235	-0.176	-0.125	0.498
	(0.408)	(0.469)	(0.440)	(0.472)
Political Party	9.010	8.119	-0.356	9.207
	(11.190)	(9.558)	(8.731)	(10.905)
PE Donations	-0.521	-0.107	1.741	0.257
	(2.653)	(2.683)	(2.276)	(3.062)
PSE	-2.189	0.157	-3.798	0.460
	(2.610)	(2.870)	(2.315)	(3.096)
Gender	-0.619	-1.265	-0.134	0.276
	(1.976)	(2.537)	(1.924)	(2.238)
Age	3.856	4.209*	3.492*	3.266
	(2.626)	(2.159)	(1.985)	(2.524)
Marital Status	-2.251	-3.571	-2.962*	-4.284**
	(2.053)	(2.163)	(1.716)	(2.118)
Income	-0.384	-0.226	-0.861	-3.403
	(2.236)	(2.427)	(1.765)	(2.368)
Family Income	4.799**	4.542**	5.598***	7.285***
	(2.126)	(2.084)	(1.891)	(2.322)
Bafoeg	3.282	3.708	3.878**	4.955**
	(2.097)	(2.330)	(1.783)	(2.218)
Risk Aversion	-1.118	-0.713	-3.442**	-1.220
	(1.751)	(2.066)	(1.503)	(1.974)
SRI Return Perception	-0.874	1.621	-1.739	-2.221
	(1.764)	(1.775)	(1.462)	(1.803)
SRI Risk Perception	-0.527	-0.556	1.124	0.648
	(2.417)	(2.470)	(2.154)	(2.433)
SRI Awareness	0.447	-0.019	1.160	1.220
	(1.752)	(2.134)	(1.579)	(1.926)
Inv Time	-2.621	-0.247	-2.981	-3.788*
	(1.850)	(2.538)	(2.072)	(2.267)
InvKH	0.036	-0.227	-0.017	-0.347
	(2.087)	(2.571)	(1.938)	(2.262)
New Instructions	-1.795	-3.385*	0.806	-0.486
	(2.001)	(1.964)	(1.633)	(2.087)
Adjusted R^2	-0.002	-0.030	0.085	0.058
Observations	154	154	154	154

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of participants, who first faced a conventional asset. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Table B13: Willingness to Pay for Social Responsibility and Personality Traits – Conventional Asset First II

	(1) Premium $A_{2,\ldots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	2.307	4.384***	8.347***	4.067**	2.752**
	(1.549)	(1.548)	(1.603)	(1.984)	(1.234)
Altruism	3.289*	3.561**	1.293	-2.431	0.030
	(1.680)	(1.707)	(1.890)	(2.350)	(1.609)
Egoism	-1.691	-2.082	-1.607	2.134	0.092
	(2.108)	(2.119)	(1.796)	(2.618)	(1.530)
LTO	0.293	0.196	-0.890	2.895	1.872
	(1.747)	(1.748)	(1.384)	(2.253)	(1.255)
Religiousness	2.595	3.088	2.423	-2.381	-0.513
	(2.277)	(2.244)	(2.324)	(2.541)	(1.635)
Church Attendance	-0.062	-0.207	-0.755	-1.440	-0.253
	(1.886)	(1.888)	(1.973)	(2.360)	(1.565)
Church visits (p.a.)	0.431	-0.259	-2.923**	-0.861	-0.099
	(1.489)	(1.464)	(1.332)	(1.957)	(0.918)
Interest Politics	-1.111	-0.973	0.636	0.981	-0.137
	(1.794)	(1.748)	(1.675)	(2.305)	(1.359)
Election Participation	0.108	0.203	0.051	0.029	0.624*
	(0.364)	(0.397)	(0.590)	(0.493)	(0.338)
Political Party	6.495	5.954	-8.475	-8.813	9.563
	(9.506)	(9.720)	(5.742)	(12.883)	(6.222)
PE Donations	0.343	0.492	1.848	1.298	-1.484
	(2.519)	(2.551)	(1.812)	(2.840)	(1.602)
PSE	-1.343	-1.842	-3.955*	4.838*	4.258**
	(2.541)	(2.534)	(2.132)	(2.815)	(1.818)
Gender	-0.436	-0.159	1.131	1.515	0.410
	(1.902)	(1.887)	(2.444)	(2.435)	(1.582)
Age	3.706*	3.538	-0.717	-4.445	-0.226
	(2.168)	(2.247)	(1.570)	(3.095)	(1.460)
Marital Status	-3.267*	-3.166*	0.609	0.219	-1.322
	(1.829)	(1.825)	(1.733)	(2.430)	(1.426)
Income	-1.219	-1.550	-0.636	-2.634	-2.542
	(1.996)	(1.954)	(1.990)	(2.665)	(1.761)
Family Income	5.556***	5.894***	1.055	-2.313	1.687
	(1.917)	(1.976)	(1.923)	(2.391)	(1.568)
Bafoeg	3.956**	4.038**	0.171	-1.608	1.077
	(1.875)	(1.860)	(2.254)	(2.500)	(1.803)
Risk Aversion	-1.623	-1.927	-2.729	1.017	2.221
	(1.635)	(1.592)	(1.851)	(2.039)	(1.551)
SRI Return Perception	-0.803	-1.611	-3.360**	-0.474	-0.482
	(1.520)	(1.535)	(1.606)	(2.231)	(1.350)
SRI Risk Perception	0.172	0.415	1.680	1.702	-0.476
	(2.176)	(2.186)	(2.094)	(2.764)	(1.669)
SRI Awareness	0.702	0.942	1.179	0.327	0.059
	(1.665)	(1.621)	(1.823)	(2.117)	(1.317)
Inv Time	-2.409	-3.130	-2.734	1.454	-0.807
	(2.003)	(1.956)	(2.070)	(2.035)	(1.332)
InvKH	-0.139	-0.109	0.211	-0.420	-0.330
	(2.008)	(1.965)	(2.184)	(2.503)	(1.441)
New Instructions	-1.215	-0.492	4.190***	3.104	-1.292
	(1.787)	(1.802)	(1.523)	(2.274)	(1.290)
Adjusted R^2	0.020	0.048	0.022	0.027	-0.031
Observations	154	154	154	154	154

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying premia as dependent variables for a subset of participants, who first faced a conventional asset. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

Table B14: Willingness to Pay for Social Responsibility and Personality Traits – Responsible Asset First

	(1) Premium A_2	(2) Premium A_3	(3) Premium A_4	(4) Premium A_5
Constant	-1.550	-4.203**	1.319	3.759**
	(1.651)	(1.711)	(1.723)	(1.772)
Altruism	6.982***	4.427**	3.081	6.487***
	(2.088)	(2.110)	(2.047)	(1.952)
Egoism	-0.151	0.726	-1.820	-2.451
	(2.051)	(1.880)	(2.476)	(2.114)
LTO	0.577	-1.717	3.279*	0.598
	(1.826)	(1.948)	(1.935)	(1.802)
Religiousness	0.774	1.600	1.288	0.822
	(2.736)	(2.575)	(2.651)	(2.601)
Church Attendance	-2.789	-3.525	-0.422	-2.714
	(2.480)	(2.534)	(2.499)	(2.605)
Church visits (p.a.)	-2.301	-2.673**	-1.466	-1.592
	(1.439)	(1.152)	(2.025)	(1.416)
Interest Politics	0.926	-0.589	2.064	1.669
	(1.824)	(1.753)	(2.056)	(1.813)
Election Participation	0.207	0.341	-0.283	0.102
	(0.481)	(0.324)	(0.507)	(0.465)
Political Party	-2.130	3.732	-1.931	-1.711
	(4.948)	(3.933)	(5.595)	(5.163)
PE Donations	0.267	2.358	-0.010	2.198
	(2.030)	(2.457)	(2.268)	(2.309)
PSE	-0.456	-0.397	0.800	-0.326
	(2.077)	(2.236)	(2.389)	(2.172)
Gender	-5.284**	-5.812**	-1.646	-3.377
	(2.360)	(2.472)	(2.352)	(2.491)
Age	-2.490*	-2.683*	-2.511*	-4.272**
	(1.479)	(1.386)	(1.503)	(1.803)
Marital Status	0.904	1.804	-0.646	0.128
	(1.900)	(1.758)	(1.946)	(1.969)
Income	0.374	2.484	0.042	2.223
	(1.761)	(1.716)	(1.918)	(1.851)
Family Income	-1.164	-1.244	-4.177*	-1.383
	(2.089)	(2.270)	(2.252)	(2.309)
Bafoeg	0.187	0.096	-1.746	0.119
	(1.776)	(2.137)	(2.103)	(2.156)
Risk Aversion	-2.974*	-3.337*	-2.576	-2.811
	(1.730)	(1.901)	(1.713)	(1.962)
SRI Return Perception	-1.408	-2.742	-2.605	-2.410
	(1.882)	(1.779)	(1.993)	(2.058)
SRI Risk Perception	0.984	0.910	-0.423	-0.878
	(1.974)	(1.929)	(2.003)	(2.004)
SRI Awareness	0.476	1.077	1.090	1.148
	(1.826)	(2.013)	(1.867)	(2.097)
Inv Time	-3.073	-3.603*	1.534	-2.139
	(2.587)	(2.082)	(1.936)	(2.054)
InvKH	3.462	0.851	-0.396	2.291
	(2.330)	(2.255)	(2.202)	(2.256)
New Instructions	1.308	0.680	-1.089	1.639
	(2.044)	(2.115)	(2.082)	(2.111)
Adjusted R^2	0.095	0.072	-0.005	0.112
Observations	148	148	148	148

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 for a subset of participants, who first faced a responsible asset. The dependent variable is the premium of the respective responsible asset over the conventional asset A_1. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.2, suggesting no multicollinearity to be present.

Table B15: Willingness to Pay for Social Responsibility and Personality Traits – Responsible Asset First II

	(1) Premium $A_{2,\ldots,5}$	(2) Premium $A_{2,4,5}$	(3) Premium $A_4 - A_3$	(4) Premium $H3$	(5) Premium $A_5 - A_4$
Constant	-0.169	1.176	5.521***	6.858***	2.440*
	(1.518)	(1.564)	(1.686)	(2.062)	(1.440)
Altruism	5.244***	5.517***	-1.346	-7.478***	3.405*
	(1.746)	(1.780)	(2.193)	(2.727)	(2.013)
Egoism	-0.924	-1.474	-2.547	-2.149	-0.631
	(1.912)	(2.069)	(2.203)	(2.442)	(1.610)
LTO	0.684	1.485	4.996***	-0.556	-2.681
	(1.637)	(1.662)	(1.784)	(2.494)	(1.737)
Religiousness	1.121	0.961	-0.312	-0.727	-0.466
	(2.419)	(2.489)	(2.145)	(3.404)	(1.869)
Church Attendance	-2.362	-1.975	3.103	2.864	-2.292
	(2.268)	(2.347)	(2.357)	(3.098)	(1.859)
Church visits (p.a.)	-2.008	-1.786	1.207	3.009*	-0.126
	(1.337)	(1.510)	(1.783)	(1.766)	(1.389)
Interest Politics	1.017	1.553	2.653	-0.184	-0.395
	(1.648)	(1.774)	(1.906)	(2.334)	(1.357)
Election Participatio	0.092	0.008	-0.625	-0.311	0.385
	(0.379)	(0.431)	(0.517)	(0.629)	(0.503)
Political Party	-0.510	-1.924	-5.663	2.550	0.219
	(4.339)	(4.947)	(5.449)	(5.888)	(3.419)
PE Donations	1.203	0.818	-2.368	1.664	2.208
	(1.910)	(1.880)	(2.486)	(2.651)	(2.404)
PSE	-0.095	0.006	1.197	0.586	-1.126
	(1.784)	(1.804)	(2.835)	(2.669)	(2.719)
Gender	-4.029*	-3.435	4.166**	7.190***	-1.731
	(2.209)	(2.246)	(2.056)	(2.707)	(1.824)
Age	-2.989**	-3.091**	0.171	0.709	-1.760
	(1.312)	(1.468)	(1.719)	(1.713)	(1.255)
Marital Status	0.547	0.129	-2.450	-1.681	0.774
	(1.690)	(1.787)	(1.722)	(2.570)	(1.384)
Income	1.281	0.880	-2.442	1.474	2.181
	(1.583)	(1.691)	(1.883)	(2.356)	(1.374)
Family Income	-1.992	-2.241	-2.932	0.946	2.794
	(1.988)	(2.048)	(2.128)	(2.481)	(1.783)
Bafoeg	-0.336	-0.480	-1.842	-0.256	1.865
	(1.781)	(1.819)	(2.093)	(2.149)	(1.736)
Risk Aversion	-2.924*	-2.787	0.761	3.136	-0.236
	(1.659)	(1.684)	(1.427)	(2.045)	(1.327)
SRI Return Perception	-2.291	-2.141	0.137	0.406	0.195
	(1.686)	(1.822)	(1.990)	(2.284)	(1.553)
SRI Risk Perception	0.148	-0.106	-1.333	-2.845	-0.455
	(1.793)	(1.856)	(1.774)	(2.505)	(1.401)
SRI Awareness	0.948	0.905	0.013	0.197	0.059
	(1.662)	(1.704)	(2.077)	(2.208)	(1.905)
Inv Time	-1.820	-1.226	5.137**	4.006	-3.673*
	(1.819)	(1.884)	(2.369)	(4.202)	(1.886)
InvKH	1.552	1.786	-1.247	-4.632	2.687
	(2.017)	(2.051)	(2.017)	(3.197)	(1.878)
New Instructions	0.634	0.619	-1.768	-0.976	2.728
	(1.888)	(1.913)	(1.773)	(2.529)	(1.727)
Adjusted R^2	0.078	0.073	0.049	0.045	0.014
Observations	148	148	148	148	148

Robust standard errors in parentheses
* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: This table contains estimation results of OLS regression specifications according to Equation 20 with varying premia as dependent variables for a subset of participants, who first faced a responsible asset. Altruism and Egoism assess an individual's values. LTO measures an individual's long-term orientation. Religiousness, Church Attendance and Church visits (p.a.) are the individual's self-reported level of Religiousness, whether one attends church (dummy variable), and how often (absolute value) in a typical year. Interest Politics, Election Participation and Political Party are the self-reported interest in politics, whether the individual took part in the most recent election, and is a member of a political party, respectively. PE Donations (PSE) measures the individual's perception of the effectiveness of donations (SRI). Gender is a dummy variable equal to one when the individual is female. Age is measured in years. Marital Status, Income, and Family Income are measured via self-reported scales. Bafoeg is a dummy variable taking a value of one if the individual is a recipient of this German government-funded student loan. Risk Aversion is assessed via a self-reported scale. SRI Return (Risk) Perception is the individual's return (risk) perception of SRI relative to conventional investments. SRI Awareness is a dummy variable equal to one if an individual has heard of SRI before. Inv Time and InvKH assess are the individual's self-reported investment time and investment know-how. New Instructions is a dummy equal to one if the individual faced the revised set of instructions. All independent variables are standardized to allow for a conditional assessment of the premium via the constant. Variance inflation factors (unreported) for all covariates are below 2.6, suggesting no multicollinearity to be present.

assets (Premium $A_{2,\ldots,5}$) or for the average of A_2, A_4, and A_5 (Premium $A_{2,4,5}$) relate positively and significantly to altruism.

Second, we report in Tables B14 and B15 regression results of a subset of participants who first saw a responsible asset. Again, the average Euro premia are of similar magnitude and significance as in the full sample. The premium for A_2 is now negative, yet this result is insignificant. The results allows us to generally confirm Hypotheses $H1$, $H2$, and $H3$. Further, the premia are consistently positively related to altruism. The coefficient for altruism loses significance for the premium of A_4, yet is similar in economic magnitude as in the full sample. For assets A_2, A_5, the average of all responsible assets, and the average of A_2, A_4, and A_5, the coefficient is significant at the 1% level, and at the 5% level for A_3. Our findings suggest that – regardless of whether participants first saw the conventional or a responsible asset in the experiment – the premia for social responsibility are statistically significant and meaningful.

B.5 Learning

Table B16: Do Repeated Evaluations of Assets Impact the Willingness to Pay?

	Turn 1	Turn 2	Difference	t-statistic
Average WTP A_1	55.3344	55.8940	-0.5596	-0.5462
Average WTP A_2	55.4382	55.8565	-0.4183	-0.6143
Average WTP A_3	51.6214	51.4857	0.1357	0.1626
Average WTP A_4	58.3212	58.7108	-0.3896	-0.5400
Average WTP A_5	60.9636	61.2671	-0.3035	-0.4058
Premium A_2	0.1038	-0.0375	0.1413	0.1284
Premium A_3	-3.7130	-4.4084	0.6954	0.5524
Premium A_4	2.9868	2.8168	0.1700	0.1336
Premium A_5	5.6291	5.3731	0.2560	0.2093

Note: This table shows WTP for assets A_1 to A_5 in the first and second turn, respectively, in the upper panel. Moreover, we show absolute (Euro) premia of responsible assets in the lower panel. We report t-statistics to assess whether the repeated evaluations of the assets have an impact on WTP and premia, respectively.

We investigate whether the repeated nature of facing every asset twice results in learning effects that could ultimately influence individual's willingness to pay. In the upper panel of Table B16, we report our subjects' WTP for assets A_1 to A_5 for each turn individually for the full sample. Additionally, the lower panel shows Euro premia of the responsible assets A_2 to A_5 relative to the conventional asset A_1, again for turn 1 and 2 individually. Results of paired sample t-tests reveal no significant differences in WTP across turns. We therefore conclude that our design choice to present every asset-charity combination twice to subjects does not significantly affect their WTP. Consistent with this

finding, there are no significant differences across turns also for the subset of participants facing the revised instructions.

C Instructions

C.1 Initial Instructions

Dear Student,

Welcome to our experiment. We would like to thank you in advance for your participation.

Our experiment is fully computer-based and divided into **three sections**. In **section 1**, you will receive an introduction and explanations of our experimental environment. It is strictly required that you carefully read and comprehend all instructions. We will provide examples in section 1 to help you understand the setup of our experiment. Please raise your hand if you have any questions or if you encounter any problems during the experiment – the experimenter will immediately come and assist you.
In **section 2**, you will take part in the actual experiment, wherein you are presented with investment decisions over 26 rounds. In each of the 26 rounds, you will have to state your willingness-to-pay (WTP) for several investment products. An investment is risky and will yield one out of two possible outcomes with equal probability (50% probability of occurrence of either the good or the bad state). Of course you do not know in advance which outcome will be realized. You will receive an endowment of 100 units out of which you can state your WTP for the respective assets in each round. Decisions that you have made in previous rounds will not affect later rounds. That is, in every investment decision of section 2, you will have 100 units available. It is crucial that you pay attention to the WTP because it has a direct influence on your potential variable compensation.
Section 3 is a concluding questionnaire. Please answer all questions carefully. Your answers will be treated anonymously and they will be used for research-purposes only. No third party will obtain access to your answers at any time whatsoever!

You will receive a fixed payment of 10 € for participating in the experiment. In addition to that, every participant has a 10% chance of being compensated depending on the choices they make in the experiment in section 2.

Specifically, this variable payment will be based on your stated willingness-to-pay for **one randomly selected** decision in the experiment. Therefore, it is in your best interest to think thoroughly about all answers that you give in this experiment and carefully state your willingness-to-pay for each asset. We will randomly determine which of your answers counts for the variable payment. A more detailed explanation of the exact payment rules will be given shortly.

Please note that you are not allowed to talk to fellow students during the experiment or to look at other peoples' screens. A violation of these rules will cause an immediate exclusion **without pay** from the experiment. During the experiment, the use of the internet or personal devices (cellphones, pocket calculators, etc.) is not allowed.

Please raise your hand if you have any questions during the experiment. The experimenter will immediately come and assist you. Do you have any questions at this time?

Experimental setup and variable payment

In addition to the 10 € show-up fee, each participant has a 10% chance to receive a variable payment upon completing this experiment. The variable payment is based on one of your answers (randomly determined) in the experiment. In 26 rounds, we will present different assets that might be similar. When you start the experiment, you will find an example to familiarize yourself with the setup. The assets have the following outcome profile. With equal probability (i.e., 50%), an asset will either be in the good state or the bad state of the world. The asset payoff in the good state of the world will always be 100 units and 0 units in the bad state.
There are assets that include a donation to a good cause. For these assets, a donation will be made to a charity. Further details on the amount of the donation and its recipient will be available to you. **For you as an investor**, **all assets have identical financial payoffs and only differ with respect to the donation.** The assets and charities are randomized across participants, yet every participant faces all of the assets. You are asked to enter the maximum amount you are willing to pay for each asset. We will then randomly determine a price for each asset. A transaction (i.e., an investment) will only take place at the randomly determined price if the willingness-to-pay you stated is equal to or larger than the randomly determined price.
We will determine randomly whether you are among the 10% that will receive the variable payment and which of your choices counts for the variable payment. In this case, you will receive the payoff of the selected decision in units with a 1:1 conversion in Euro. It is therefore in your best interest to state your **maximum willingness-to-pay (WTP) for each asset** because otherwise, there might be no transaction and you cannot benefit from the outcomes.

The following table gives an overview of the investment situation for various examples:

Determined Price	Your stated WTP	You pay
10	**45**	10
20	**45**	20
30	**45**	30
40	**45**	40
50	**45**	No transaction
60	**45**	No transaction
70	**45**	No transaction
80	**45**	No transaction
90	**45**	No transaction
100	**45**	No transaction
62	10	No transaction
62	20	No transaction
62	30	No transaction
62	40	No transaction
62	50	No transaction
62	60	No transaction
62	70	62
62	80	62
62	90	62
62	100	62

If the transaction takes place at the respective determined price (i.e. your stated WTP is equal to or larger than the determined price), this will be directly reflected in your payoff. The determined price will be deducted from your endowment to reflect the investment in the asset. With equal probability, we either observe the good or bad state of the world. Then, we determine your payoff accordingly, taking into account your WTP and the outcome of the asset. **We will actually donate the specified amount to the charity when the asset includes a donation and publish contribution receipts in our showcase.**

C.2 Revised Instructions

Dear Students,

Welcome to our experiment. We would like to thank you in advance for your participation.

Our experiment is divided into **three sections**. In **section 1**, you will receive an introduction into the experimental environment and get acquainted with the setup. Please raise your hand if you have any questions or if you encounter any problems during the experiment. In **section 2**, you will take part in the actual experiment, wherein you indicate your willingness-to-pay for several assets. **Section 3** is a concluding questionnaire. Please answer all questions carefully. Your answers will be treated anonymously and they will be used for research-purposes only. No third party will obtain access to your answers at any time whatsoever!

You will receive a fixed payment of 10 € for participating in the experiment. Please note that you are not allowed to talk to fellow students during the experiment or to look at other peoples' screens. A violation of these rules will cause an immediate exclusion without pay from the experiment. During the experiment, the use of the internet or personal devices (cellphones, pocket calculators, etc.) is not allowed.

Experimental setup and variable payment

When you start the experiment, you will find an exemplary asset to familiarize yourself with the setup. Over 26 rounds, we will then present different assets that might be similar.

In each round, you have 100 units available, your financial "endowment". Decisions that you have made in previous rounds will not affect your endowment for later rounds. That is, for every decision, you will have an endowment of 100 units available.

The assets have a 50% chance of paying out 100 units and a 50% chance of paying out 0 units. That is, the payout of an asset is with equal probability, just like in a coin-toss, either 100 or 0. The expected payout of all assets therefore amounts to 50 units. Some assets include a donation to a charity next to their regular payout. Further details on the amount of the donation and its recipient will be available to you. For you as participant, all assets have identical financial payouts and only differ with respect to the donation. The assets and charities are randomized across participants, yet every participant faces all of the assets. You are required to enter the maximum amount you are willing to pay for each asset, your "maximum payment".

For 10% of the participants, we pay an additional variable payment with a 1:1 conversion in Euro for one randomly determined asset. For this asset, a price between 0 and 100 will be randomly determined. If your maximum payment is greater than or equal to this "randomly determined price", you buy the asset. If your maximum payment is less than the randomly determined price, you do not buy the asset.

Should the randomly selected asset for your variable payment include a donation, we will actually donate the amount to the charity if your maximum payment is greater than or equal to the randomly determined price, and publish contribution receipts in our showcase.

In a nutshell, there are two possibilities for your variable payment:

1. Your maximum payment is **greater than or equal to** the randomly determined price: You buy the asset

   Your variable payment = Endowment – randomly determined price + asset payout

2. Your maximum payment is **less than** the randomly determined price: You do not buy the asset

   Your variable payment = Endowment

The following table gives an overview of the variable payment in two examples:

	Endowment	**Your maximum Payment**	**Randomly determined Price**	**Buy?**	**Variable Payment**	
Person 1	100	30	30	Yes	70	+ 50% chance of 100
			55	No	100	-
			70	No	100	-
Person 2	100	60	30	Yes	70	+ 50% chance of 100
			55	Yes	45	+ 50% chance of 100
			70	No	100	-

This table depicts variable payments for two exemplary persons that each have an endowment of 100 units.

- Person 1 always has a maximum payment of 30 units for the asset. If the randomly determined price of the asset is 30, Person 1 buys the asset. As variable payment, Person 1 therefore receives 70 units (100 Endowment – 30 randomly determined price) and has a 50% chance to receive the asset payout of 100 units. A randomly determined price of 55 is greater than the maximum payment of Person 1. As a consequence, Person 1 does not buy the asset and only receives the endowment of 100 as variable payment. For a randomly determined price of 70, Person 1 will also not buy the asset and the variable payment is again 100.
- Person 2 always has a maximum payment of 60 units for the asset. If the randomly determined price of the asset is 30, Person 2 buys the asset. As variable payment, Person 2 therefore receives 70 units (100 Endowment – 30 randomly determined price) and has a 50% chance to receive the asset payout of 100 units. If the randomly determined price is 55, Person 2 therefore receives 45 units (100 endowment – 55 randomly determined price) and has a 50% chance to receive the asset payout of 100 units. A randomly determined price of 70 is greater than the maximum payment of Person 2. As a consequence, Person 2 does not buy the asset and only receives the endowment of 100 as variable payment.

C.3 Quiz

Note: Answers (marked in gray) not visible to subjects

Quiz

Below, you find three scenarios that put you in a similar situation as in the experiment. For each scenario, you have to indicate what variable payment you would receive as participant.

Just as in the experiment, you have an endowment of 100 units for each decision. You only buy an asset if your maximum payment is greater than or equal to the randomly determined price of the asset.

If your maximum payment is greater than or equal to the randomly determined price of the asset, you buy the asset and receive

- Variable Payment = Endowment – Randomly determined Price + Asset Payout

If your maximum payment is less than the randomly determined price of the asset, you do not buy the asset and receive

- Variable Payment = Endowment

Scenario 1

Imagine an asset has a randomly determined price of 60 and a payout of 100. Your endowment is 100.

How much do you receive as variable payment if your maximum payment for this asset is:

a) 30? _____ (100 Endowment = 100, No buy)
b) 50? _____ (100 Endowment = 100, No buy)
c) 70? _____ (100 Endowment – 60 Price + 100 Payout = 140)
d) 100? _____ (100 Endowment – 60 Price + 100 Payout = 140)

Scenario 2

Imagine your maximum payment for an asset is 60 and you have an endowment of 100. How much do you receive as variable payment if the asset has a payout of 0 and a randomly determined price of:

a) 30? _____ (100 Endowment – 30 Price + 0 Payout = 70)
b) 50? _____ (100 Endowment – 50 Price + 0 Payout = 50)
c) 70? _____ (100 Endowment = 100, No buy)
d) 100? _____ (100 Endowment = 100, No buy)

Scenario 3

Imagine an asset has a randomly determined price of 100 and a payout of 0. Your endowment is 100. What is your variable payment if your maximum payment is:

a) 30? _____ (100 Endowment = 100, No buy)
b) 50? _____ (100 Endowment = 100, No buy)
c) 70? _____ (100 Endowment = 100, No buy)
d) 100? _____ (100 Endowment – 100 Price + 0 Payout = 0)

We will now go over the results together to assure you have understood the variable payment.

D Survey

1. Values

How important are the following values to you as a **guiding principle in life**?

1	*Authority (the right to lead or command)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
2	*Social power (control over others, dominance)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
3	*Wealth (material possessions, money)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
4	*Ambition (hard working, aspiring)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
5	*Success (achieving goals)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
6	*Equality (equal opportunity for all)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
7	*Social justice (correcting injustice, care for the weak)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
8	*Protecting the environment (preserving nature)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance
9	*Unity with nature (fitting into nature)*									
	Not important at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	❒ 8	Of supreme importance

2. Investment knowledge and beliefs about socially responsible investments (SRI)

"Socially responsible investment is the general term for sustainable, responsible, ethical, social, and environmental investment and all other investment processes, that take the influence of ESG (Environment, Social and Governance) criteria into account in their financial analysis." (Forum Nachhaltige Geldanlagen)

1 *How would you rate your investment knowledge ?*

Very poor	Poor	Average	Good	Very good
❒	❒	❒	❒	❒

2 *How long have you been investing?*

❒ not at all	❒ 1 to 3 years	❒ 5 to 10 years
❒ up to 1 year	❒ 3 to 5 years	❒ more than 10 years

3 *Have you heard of socially responsible investments (e.g, socially responsible mutual funds) before this experiment?*

No	Yes
❒	❒

4 *How do you assess the **risk** of socially responsible investments in comparison to conventional ones?*

A lot less risky	Less risky	About the same	More risky	A lot more risky
❒	❒	❒	❒	❒

5 *How do you assess the **performance** of socially responsible investments in comparison to conventional ones?*

Much lower	Lower	About the same	Higher	Much higher
❒	❒	❒	❒	❒

Please indicate below your level of agreement with the following statements.

6 *By contributing to a charity (investing in SRI) every individual can have a positive effect on the environment.*

Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree

7 *Every person has the power to influence social problems by contributing to a charity (investing in SRI).*

Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree

8 *It does not matter if I donate to a good cause (invest in SRI) since one person acting alone cannot make a difference.*

Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree

9 *It is useless for the individual to contribute to charities doing anything about pollution (to the reduction of pollution with investments in SRI).*

Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree

3. Time Perspective

Read each item and, as honestly as you can, answer the question: 'How characteristic or true is this of me?' Check the appropriate answer according to the scale below.

1	*Respect for tradition is important to me.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
2	*I plan for the long term.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
3	*Family heritage is important to me.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
4	*I value a strong link to my past.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
5	*I work hard for success in the future.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
6	*I don't mind giving up today's fun for success in the future*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
7	*Traditional values are important to me.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree
8	*Persistence is important to me.*								
	Strongly disagree	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	Strongly agree

4. Demographics

1 *Gender*

❒ male ❒ female

2 *Age*

_____ years old

3 *Marital Status*

❒ single ❒ divorced
❒ married ❒ widowed

4 *Do you have children (if yes, how many)?*

❒ no
❒ yes _____ children (please enter number)

5 *What is your highest degree of education?*

❒ CSE (Hauptschulabschluss) ❒ University-entrance diploma (Abitur)
❒ GCSE (Mittlere Reife / Realschulabschluss) ❒ Graduate Degree
❒ Vocational Diploma (Fachabitur) ❒ Other: _____
❒ Apprenticeship

6 *What is your monthly net income?*

❒ up to 349€ ❒ 500€ to 649€
❒ 350€ to 499€ ❒ more than 650€

7 *What is your family's monthly net income?*

❒ up to 1.499€ ❒ 3.500€ to 6.000€
❒ 1.500€ to 3.499€ ❒ more than 6.000€

8 *Do you receive BAföG?*

❒ no
❒ yes

9 *At which faculty are you enrolled?*

_____

10 *Do you belong to a church or religious community? If yes, please specify.*

❒ Yes, catholic ❒ Yes, orthodox
❒ Yes, protestant ❒ Yes, other:_____
❒ Yes, muslim ❒ No, undenominational

Please indicate below your level of agreement with the following statements.

11 *I am a religious person.*

Not at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	To a great extent

12 *I am interested in politics.*

Not at all	❒ 1	❒ 2	❒ 3	❒ 4	❒ 5	❒ 6	❒ 7	To a great extent

13	*Do you attend church? (If yes, how often in a typical year?)*
	❒ no ❒ yes _____ times per year
14	*Did you participate in the most recent election?*
	❒ no ❒ yes
15	*Are you member of a political party?*
	❒ no ❒ yes
16	*To what degree would you consider yourself risk averse?*
	Not risk averse at all ❒ 1 ❒ 2 ❒ 3 ❒ 4 ❒ 5 ❒ 6 ❒ 7 Very risk averse

E Supplementary Tables

Table D1: Participant Characteristics

Measure	Value	#	%
Gender	Female	139	46.0
	Male	163	54.0
Age	<21	53	17.5
	21-23	132	43.7
	24-26	79	26.2
	>26	38	12.6
Education	Apprenticeship	8	2.6
	Abitur	187	61.9
	Bachelor	92	30.5
	Master	8	2.6
	Other	7	2.3
Income	<349	73	24.2
	350-499	60	19.9
	500-649	66	21.9
	>650	103	34.1
Family Income	<1499	23	7.6
	1500-3499	79	26.2
	3500-6000	141	46.7
	>6000	59	19.5
Bafög	No	254	84.1
	Yes	48	15.9
Marital Status	Single	134	44.4
	In a relationship	162	53.6
	Married	6	2.0
Investment know-how	Very Poor	41	13.6
	Poor	94	31.1
	Average	113	37.4
	Good	50	16.6
	Very Good	4	1.3

Table D1 – continued from previous page

Measure	Value	#	%
Investment Time	None	226	74.8
	<1 year	26	8.6
	1-3 years	18	6.0
	3-5 years	18	6.0
	5-10 years	11	3.6
	>10 years	3	1.0
SRI Awareness	No	151	50.0
	Yes	151	50.0
SRI Risk Perception	A lot less	7	2.3
	Less	114	37.7
	About the same	105	34.8
	More	76	25.2
	A lot more	0	0.0
SRI Return Perception	A lot less	18	6.0
	Less	182	60.3
	About the same	59	19.5
	More	43	14.2
	A lot more	0	0.0
Church Visits (p.a.)	0	149	49.3
	1-5	108	35.8
	6-10	25	8.3
	>10	20	6.6
Election Participation	No	21	7.0
	Yes	281	93.0
Political Party	No	275	91.1
	Yes	27	8.9

Note: This table shows individual characteristics of the 302 participants. # refers to the absolute number of participants in a category. % is the amount of participants in this category relative to the total sample. "Abitur" is the German matriculation examination required to enroll at a university. "Bafög" is a German government-funded student loan with eligibility dependent on parent income.

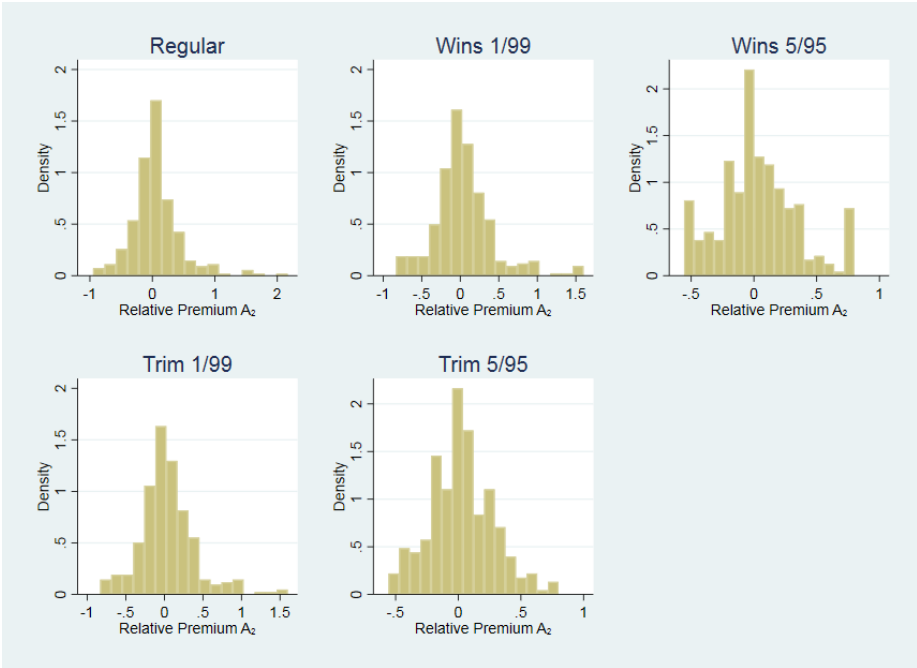
Table D2: Summary Statistics

	mean	25th	median	75th	std. dev.	min	max
Altruism	6.18	5.50	6.25	7.25	1.34	1.00	8.00
Egoism	4.99	4.20	5.00	5.80	1.16	1.40	8.00
PE Donations	5.30	4.75	5.50	6.25	1.11	1.00	7.00
PSE	5.39	4.75	5.50	6.00	1.04	1.00	7.00
LTO	4.13	3.38	4.13	4.88	1.09	1.25	6.63
Religiousness	2.90	1.00	2.00	4.00	1.82	1.00	7.00
Political Interest	5.32	5.00	6.00	6.00	1.37	1.00	7.00
Risk Aversion	4.02	3.00	4.00	5.00	1.30	1.00	7.00

Note: This table complements Table D1 and reports summary statistics for several control variables. Altruism and Egoism assess an individual's values on Likert scales ranging from 1 to 8. PE Donations (PSE) is the perceived effectiveness of donations (SRI) and measures whether an individual believes her engagement in donations (SRI) to be feasible, on a Likert scale ranging from 1 to 7. LTO measures an individual's long-term orientation on a scale (1-7). Religiousness and Political Interest are the individual's self-reported levels of Religiousness and Political Interest, respectively, on scales ranging from 1-7. Risk Aversion is the individual's self-assessment on a scale ranging from "Not risk averse at all" (1) to "Very risk averse" (7).

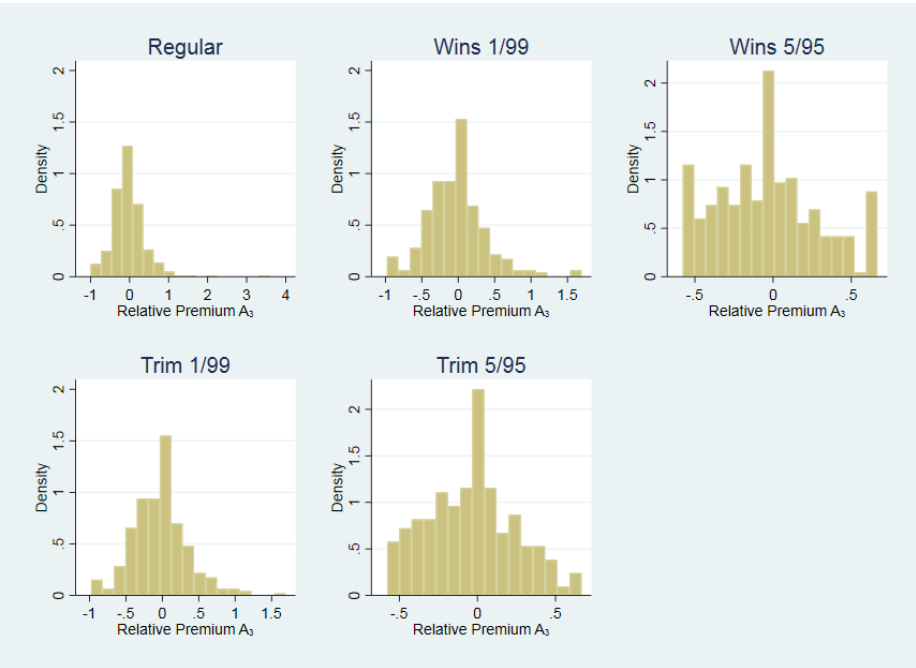
F Supplementary Figures

Figure E1: Distribution of Percentage Premia for A_2



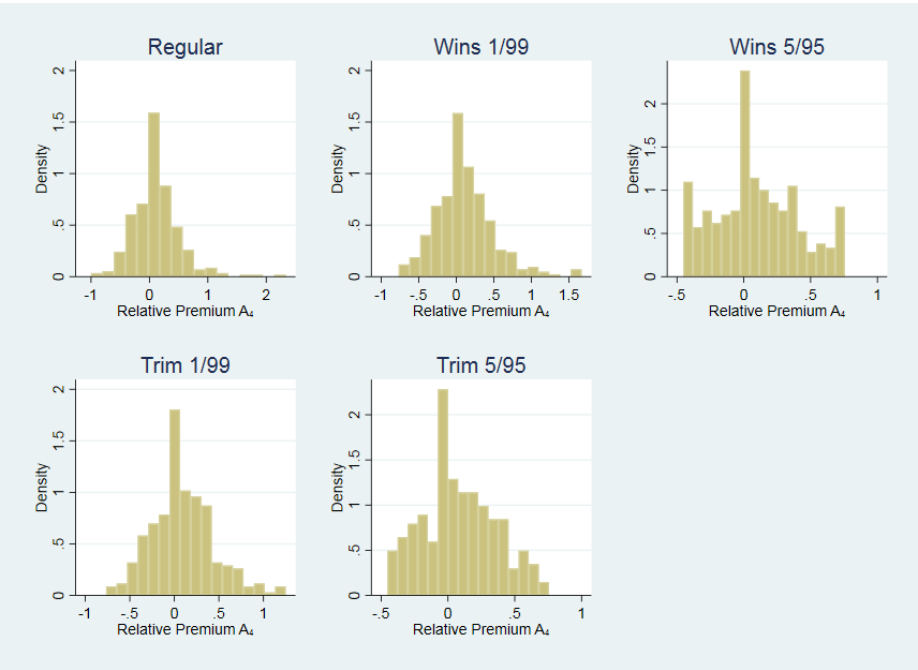
Note: This figure shows the distribution of percentage premia for A_2 (premia *relative* to the bid for the conventional asset A_1). The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E2: Distribution of Percentage Premia for A_3



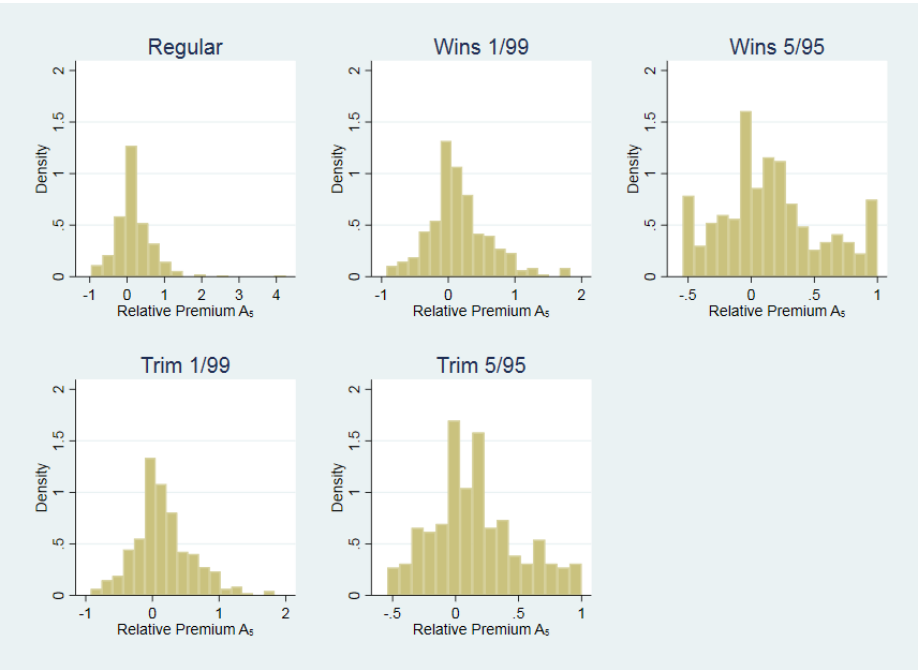
Note: This figure shows the distribution of percentage premia for A_3 (premia *relative* to the bid for the conventional asset A_1). The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E3: Distribution of Percentage Premia for A_4



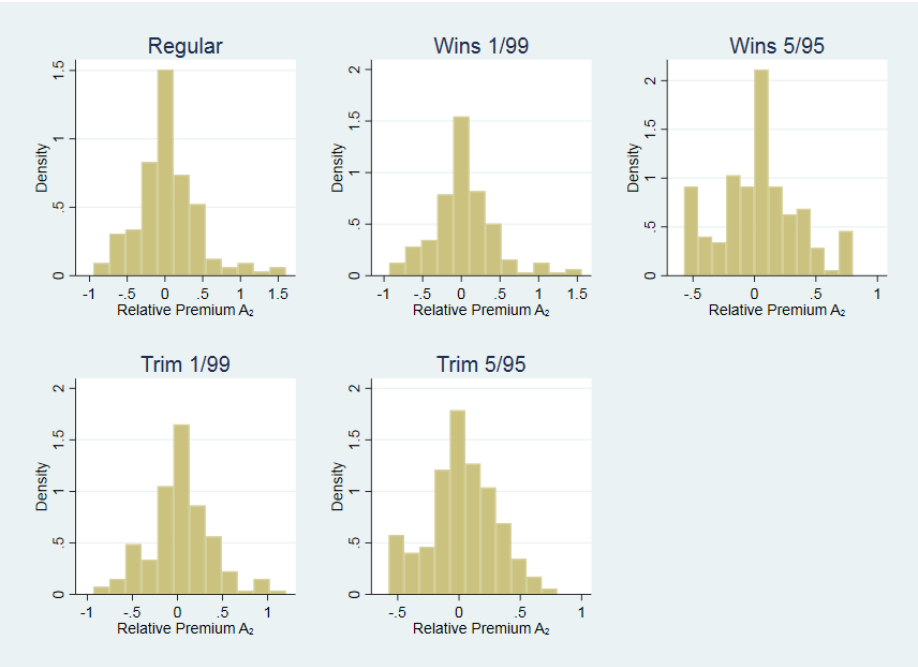
Note: This figure shows the distribution of percentage premia for A_4 (premia *relative* to the bid for the conventional asset A_1). The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E4: Distribution of Percentage Premia for A_5



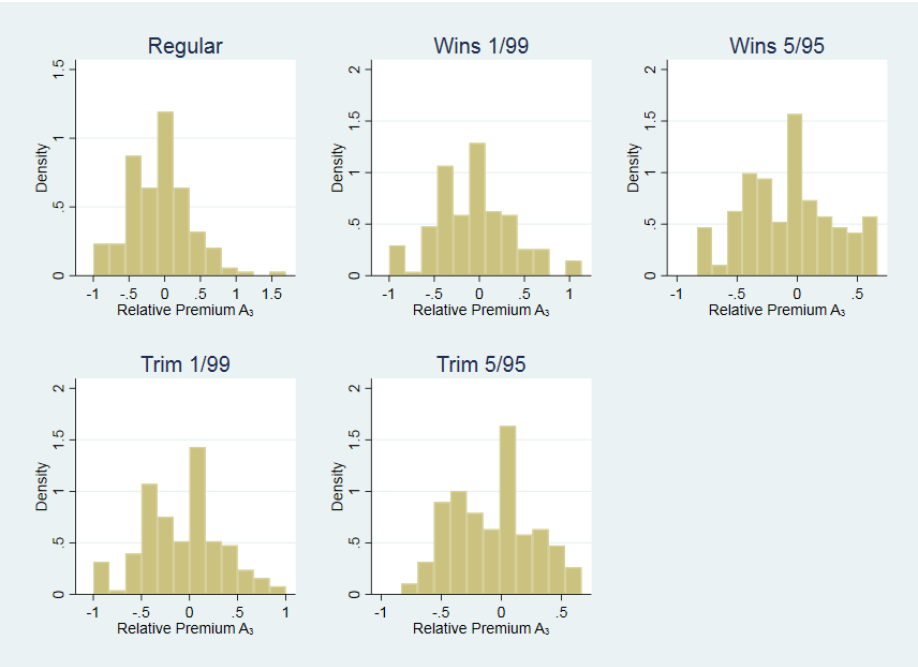
Note: This figure shows the distribution of percentage premia for A_5 (premia *relative* to the bid for the conventional asset A_1). The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E5: Distribution of Percentage Premia for A_2 - New Instructions Subsample



Note: This figure shows the distribution of percentage premia for A_2 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E6: Distribution of Percentage Premia for A_3 - New Instructions Subsample

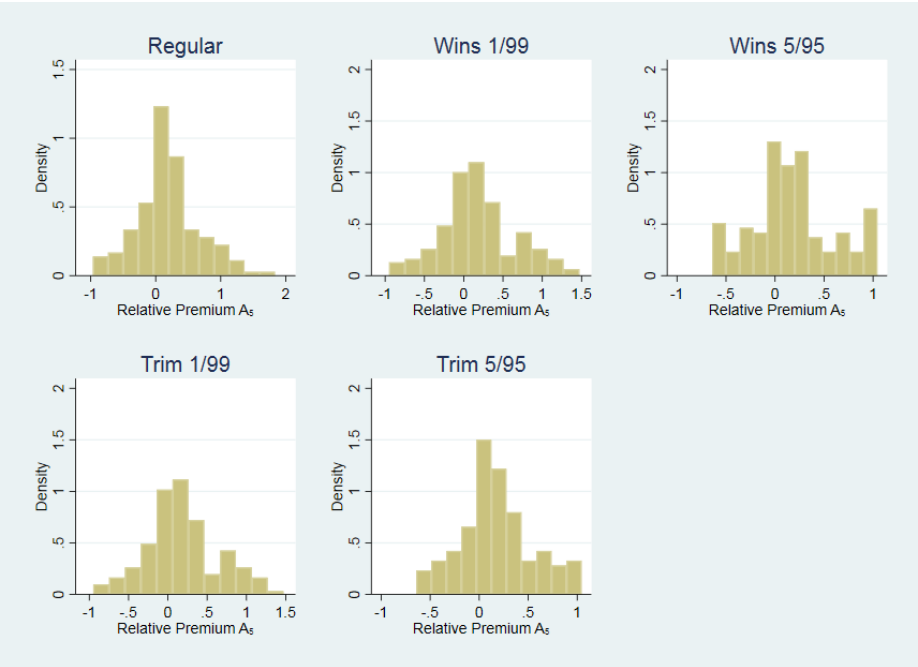


Note: This figure shows the distribution of percentage premia for A_3 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E7: Distribution of Percentage Premia for A_4 - New Instructions Subsample

Note: This figure shows the distribution of percentage premia for A_4 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.

Figure E8: Distribution of Percentage Premia for A_5 - New Instructions Subsample



Note: This figure shows the distribution of percentage premia for A_5 (premia *relative* to the bid for the conventional asset A_1) in the subsample of participants, who faced the new instructions. The panel "Regular" shows the distribution of percentage premia in the full data. The panels "Wins 1/99 (5/95)" indicate the distribution when the percentage premia are winsorized at the 1/99 (5/95) percentile, respectively. The panels "Trim 1/99 (5/95)" indicate the distribution when the percentage premia are trimmed at the 1/99 (5/95) percentile, respectively. Overall, extreme percentage premia occur very seldomly.