

# Green, Brown, or Gray: Which Colours Do Investors Favour for Investments in the energy sector?



## MOTIVATION

Few studies examine the preferences of professional investors, which are particularly heterogeneous when it comes to green versus brown investments.

➔ A **cognitive dissonance** persists in the financial community: despite recognizing climate risks, it continues to invest in fossil fuels, heightening the risk of carbon lock-in.

## RESEARCH QUESTIONS

- What are the financial and non-financial drivers of investment in energy companies?
- In which types of energy companies do investors prefer to invest?
- Among non-financial factors, which are most closely considered by investors?
- Are investors with a higher resistance to change more inclined to invest in fossil fuels?

## METHODOLOGY

A survey including:

- A **choice experiment**: Investors select from a set of three energy sector companies to determine their investment preferences.
- A **psychometric scale** measuring resistance to change bias.

## DATA

- The survey was sent to fund managers, financial, and ESG analysts in Europe.
- Data collection is still in process.
- 132 individuals** responded (77% are men).
- 48% of respondents have less than 10 years of experience, while 36% have over 20 years.

## PRELIMINARY RESULTS

- Green energy firms are chosen more often in discrete choices due to **higher baseline utility**.
- However, investment **amounts are greater** for Oil & Gas firms, and even more for utilities.
- On average, in the sample, the **measure of resistance to change is 2.6** on a scale of 6.

## REFERENCES

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