Socially Green Nudges: Unveiling the Power of Peer Influence on Green Choices

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Abstract

This paper explores the role of social interactions in promoting environmentally-friendly behaviors and green investments. Using a unique dataset collected from two renowned programs associated with Alibaba, the Ant Forest, a popular green initiative, and the Ant Fortune, a comprehensive mutual fund platform, the study demonstrates the positive impact of social interactions on individuals' adoption of low-carbon lifestyles and choices in "green" funds. We find passive social interactions have a stronger effect than proactive interactions. The study mitigates endogeneity concerns by leveraging the shocks resulting from the opening of new high-speed train stations as the instrumental variable for social interactions.

JEL Codes: B55, G11, G50, Q55

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1. Introduction

The combat against climate change and environmental issues necessitates collective efforts from individuals in their daily choices. Social interactions should play a pivotal role in shaping individuals' environmentally friendly behaviors. Surprisingly, this crucial aspect has received limited attention in previous literature, which has predominantly focused on individuals' economic and financial decisions (see Section 2 of the literature view for detailed discussions).

In this paper, we demonstrate a novel mechanism, namely “socially green nudges,” utilizing a unique dataset that encompasses both social behaviors and individual environmentally friendly actions. Moreover, by employing an arguably exogenous shock to individuals' social activities as an instrumental variable, we accurately elucidate the influence of social interactions in nudging individuals towards adopting more sustainable actions in their daily lives and financial investments.

We employ individual user data from Ant Forest, a popular green initiative in China. Ant Forest, as an affiliate of Alibaba, is a mini-program integrated into the Alipay app, China's largest third-party mobile and online payment platform. It is dedicated to advocating for low-carbon and green development and has been recognized with the UN Champions of the Earth award in 2019, the United Nations' esteemed global environmental honor. Ant Forest tracks users' daily eco-friendly activities, such as using public transportation or opting out of single-use cutlery for food deliveries. Users earn "green energy" points for these actions, and upon reaching a certain threshold, the Ant Forest plants a tree on their behalf and provides real-time satellite images of their trees. Moreover, one of the distinctive social mechanisms of Ant Forest involves the concept of “stealing” energy, wherein users can steal the accumulated “green energy” points of

their Alipay friends, while their own “green energy” points can also be stolen by their friends. Since its launch in August 2016, this social mechanism has sparked extensive online discussions and attracted a significant number of users to join Ant Forest, effectively raising awareness and promoting the adoption of low-carbon lifestyles. It is worth noting that “green energy” points within Ant Forest cannot be exchanged for financial rewards, thus solely influencing individuals' non-pecuniary decisions regarding pro-environmental practices.

To examine the influence of individual investors' green social interactions on their daily green actions, we leverage user data from Ant Forest, which includes information on personal-level “green energy” and “green-energy”-related social interactions. “Green energy” is used as a proxy for individuals' green behaviors. This unique dataset enables us to dynamically track changes in individuals' green social interactions and low-carbon lifestyle choices, facilitating the exploration of the influence of green social interactions on green actions.

In addition, we delve into the examination of the influence of individual investors' green social interactions on their green investments by matching investors' Ant Forest accounts with their accounts from the Ant Fortune platform. The Ant Fortune platform provides individual investors with tradable mutual funds that encompass a comprehensive range of public funds in China. We assess the "greenness" of these funds based on their Environmental (E) ratings obtained from the WIND Public Fund ESG Rating Database.

Specifically, we randomly select a total of 200,000 individual investors who are members of both Ant Forest and Ant Fortune. From these investors, we obtain monthly data on stolen “green energy”, “green energy” stolen by others, and “green energy”

acquired through various low-carbon actions. Additionally, we gather monthly information on fund transactions and holdings from the Ant Fortune platform. Basic demographic details such as investors' age, gender, and city of residence are also collected. The study period for this sample spans from January 2019 to September 2021.

Our primary empirical analysis reveals a significant positive relationship between green social interactions and both investors' adoption of low-carbon lifestyles and their green investments. Using both the “green energy” stolen by the user as well as the “green energy” stolen from their friends as a proxy, we find that increased green social interactions prompt users to subsequently accumulate more “green energy” points. On average, a one-standard-deviation increase in green social interactions is associated with a 0.25-standard-deviation increase in daily green actions. This is achieved through the adoption of environmentally friendly behaviors such as increased use of public transportation, reduced plastic usage, energy conservation, recycling, and other similar practices.

Furthermore, we observe that stronger green social interactions also contribute to increased green investment behavior. Specifically, users who have stolen more “green energy” points or experienced losses in “green energy” points due to their friends' stealing are more inclined to invest in funds with higher Environmental (*E*) ratings in the subsequent month. On average, a one-standard-deviation increase in the users’ green social interactions is associated with a 2.46% increase in her net purchase for green funds, conditional on the fund’s environmental performance. Additionally, we find that the net purchase of "green" funds following stronger social interactions does not result in significantly higher returns over various time horizons, including one, three, six, or twelve months. These non-results alleviate concerns that social interactions influence

investment choices solely driven by profit motives. Instead, they emphasize the distinct role of green social interactions in shaping investors' preferences for environmentally conscious investments.

Our findings indicate that both proactive social interactions, represented by the “green energy” points that users steal from their friends, as well as passive social interactions, represented by the “green energy” points stolen from users by their friends, contribute to promoting environmentally friendly behaviors and investment choices. Interestingly, our analysis reveals that passive social interactions have a stronger effect compared to proactive social interactions. Specifically, a one-standard-deviation increase in users’ proactive social interactions and passive social interactions would lead to an increase in daily green actions which is equivalent to 0.14 and 0.33 of its standard deviation, respectively, and a one-standard-deviation increase in proactive (passive) social interactions is associated with a 1.76% (3.28%) increase in net purchase for green funds, conditional on the fund’s environmental performance. When users experience their “green energy” points being stolen by their friends, it suggests the presence of stronger "peer effects." This emphasizes the influence of users' social networks and underscores the role of peers in facilitating green nudges. In other words, the actions of their friends within the social network have a greater impact on users' decisions to adopt low-carbon lifestyles and engage in green investments.

The identification of the role of social interactions in influencing green behaviors raises potential concerns about endogeneity. While endogeneity poses a significant challenge in identifying the effects of social interactions in existing literature (see, for example, Manski (1993)), we implement several empirical strategies aimed at mitigating this issue. Firstly, in our analysis of the effects of social interactions on green lifestyles, we

incorporate both individual and time fixed effects. Individual fixed effects control for homophily, which refers to the tendency for individuals with similar characteristics and preferences to form peer groups. By including individual fixed effects, we account for the possibility that individuals who adopt environmentally friendly lifestyles may also be more inclined to interact with their friends on the Ant Forest platform due to shared traits. Thus, we can examine how the dynamics of social interactions within the same individual influence their green choices when controlling for their time-invariant characteristics associated with homophily. Additionally, we include time fixed effects, which help control for the increasing trend of green awareness and the growing popularity of the Ant Forest platform. These factors can both drive green social interactions and green actions in daily life. By incorporating time fixed effects, we can isolate the impact of social interactions on green behaviors from the overall trends and changes in environmental consciousness during the study period.

Furthermore, in the second part of our baseline tests focusing on green investment, which are conducted at the individual-fund-time level, we extend our analysis by introducing fund-time fixed effects in addition to individual fixed effects. This is particularly relevant as it allows us to address concerns that the potential superior performance of "green" funds might attract investors who are also active in social interactions. By including fund-time fixed effects, we can control for time-varying characteristics of funds, such as returns and risks, thus mitigating potential confounding effects arising from fund performance.

Although the inclusion of these fixed effects alleviates the identification concerns, it is important to acknowledge that there could still be unobservable variables that we have not accounted for. For example, some unobserved shocks, such as environmental

campaign, could both promote green social interactions and green choices of lifestyle and investment. We employ the instrumental variable strategy by exploring the shocks due to the opening of new high-speed train stations. Since mid-2000s, China has been developing high-speed train railway networks across the country. A large number of cities have built up the new station for high-speed train railways, and 76 cities have had new high-speed train stations put into operation during our sample period, from October 2019 to September 2021. High-speed trains facilitate social interactions which provides more possibilities for "stealing" behaviors of "green energy." Nevertheless, travels through high-speed trains are not counted as green actions for users to accumulate "green energy" points on the Ant Forest as the program focuses on the usage of public transportation within a city. We therefore instrument our social interaction measure using the establishment of new high-speed train stations and find the causal impact of social interactions on individuals' green choices.

Subsequently, we conduct heterogeneity and robustness tests to explore potential variations in the impact of social interactions on green choices. First, we examine whether physical or regulatory risks, which represent primary climate risks faced by individuals and investors (Stroebel and Wurgler, 2021; Krueger, Sautner, and Starks, 2020), intensify the social effect on green behaviors. To assess the influence of physical risks, we adopt the method employed by Choi, Gao, and Jiang (2020) and utilize abnormal local temperatures as proxies for physical climate change-related shocks. Our analysis reveals that the effects of green social interactions are more pronounced among individuals residing in cities that experience abnormally high temperatures. This suggests that the impact of social interactions on green choices is heightened in regions where individuals directly face the consequences of climate change through extreme weather events.

We then leverage China's proposition of its "Dual Carbon Targets" (DCT) to capture a time-series shock to climate change awareness of investors related to regulatory risks. We find that individuals who more actively interact with their friends tend to earn more "green energy" points by reducing their carbon footprints and also increase their portfolio exposure to "green" mutual funds following the DCT. This provides further evidence that climate and environmental regulations enhance the association between social interactions and green choices, underscoring the influence of regulatory risks on investor behavior.

Moreover, we find that socially-driven green nudges are significantly more effective for females than males. However, there are no significant differences in effectiveness based on age or risk preference. In contrast, the effects of social interactions on green investments are particularly pronounced among younger investors and those with a more aggressive investment style. Notably, there are no statistically significant differences in these effects between males and females, likely due to lower financial investment activity among females.

To enhance the robustness of our results, we employ alternative measures to identify "green" funds, using a textual-based approach based on the investment philosophy section. We find consistent results regarding the social effects on fund choices. Furthermore, we exclude the sample from cities during Covid-19 lockdown periods, and our results for both green lifestyle and green investment remain largely unchanged.

Taken together, these findings provide a comprehensive understanding of the effects of social interactions on green choices and investments. They highlight the role of physical and regulatory risks, as well as individual characteristics such as age and investment style, in shaping the relationship between social interactions and sustainability-related

behaviors.

Our study makes significant contributions to the existing literature. While previous research has extensively explored the influence of social interactions on individuals' decision-making and behaviors, our paper investigates the social effects on low-carbon behaviors and green investment. This is particularly crucial in the context of addressing climate and environmental challenges, which require collective efforts from society.

One notable aspect of our study is the development of a direct and objective measure for social interactions at the individual level. We are able to link this measure with individuals' low-carbon behaviors and green investment choices. Moreover, we introduce an innovative distinction between proactive and passive social interactions, comparing their statistical and economic significance and providing interpretations of their economic implications. These results highlight the importance of social networks and peer influence in driving sustainable behaviors. They suggest that individuals are more likely to be motivated by observing the green actions of their friends and the potential social pressure to conform to environmentally friendly practices. Therefore, leveraging social networks and peer influence can be an effective strategy for promoting widespread adoption of low-carbon lifestyles and green investment.

Our study also carries important policy implications. We emphasize the role of social interactions in incentivizing individuals to reduce their carbon footprints and engage in green investment. Policy makers can leverage the concept of "green nudges" through social interactions to design effective environmental policies that capture public attention and participation. Additionally, our research sheds light on the significance of digital technology and FinTech in addressing climate change and environmental issues. These innovative technologies have the potential to make a substantial impact in

tackling these urgent global concerns.

The remainder of the paper is structured as follows. Section 2 provides the literature review. Section 3 describes our data sources and measure constructions. Sections 4 presents the main results of our empirical investigation. Section 5 reports the robustness tests and Section 6 concludes.

2. Literature review

Our paper makes valuable contributions to multiple areas of the literature. Firstly, it is situated within the realm of social economics and finance. Jackson et al. (2008) provide a systematic review of the social impact on people's behaviors, encompassing domains such as crime, employment, voting, and product usage. Kuchler and Stroebel (2021) survey studies on social finance and underscore the crucial role of social interactions in shaping individuals' financial decisions.

Although our randomly selected sample does not provide detailed personal or regional network information, as seen in prior studies such as Banerjee et al. (2013), Bailey et al. (2018), and Kuchler et al. (2022), we are able to dynamically track individuals' social interactions and differentiate between proactive and passive social interactions. The observed stronger effect of passive social interactions underscores the significance of peer influence in our findings. Additionally, we contribute to the literature on the identification of social effects by developing a novel instrumental variable, further enhancing the understanding of the causal impact of social interactions.

Furthermore, our research makes contributions to emerging fields in environmental economics and climate finance, as reflected in review papers such as Hong, Karolyi, and Scheinkman (2020), Giglio et al. (2021), and Starks (2023). Our paper is linked to

a companion study that examines the relationship between individuals' non-pecuniary green preferences, as revealed by their low-carbon daily lifestyles, and their green investment decisions (Gao et al. (2023)). In this paper, in addition to leveraging "green energy" data from Ant Forest and fund investment data from Ant Fortune, we also measure individuals' green-related social interactions. This aspect of our study focuses on the social effects on individuals' green actions, which have been understudied in the existing literature.

A notable contribution of our paper is the exploration of the intersection between these two aforementioned fields, investigating the social effects on individuals' green lifestyle and investment choices. This is particularly significant as addressing environmental and climate issues necessitates collective and coordinated efforts from the public society.

Moreover, our study is relevant to the literature on nudges in behavioral economics and psychology, which involves techniques for guiding individuals towards making better decisions (Thaler and Sunstein, 2009; Thaler, 2018). With the growing concerns about climate change and environmental threats, the concept of green nudges, aiming to promote environmentally friendly actions, has garnered increased attention (e.g., Schubert, 2017; Carlsson et al., 2021; He et al., 2023). In our paper, we investigate socially driven green nudges, which exert significant influences on individuals' pro-environmental choices in both daily life and investment contexts.

3. Institutional background, data, and measures

3.1 Institutional background

3.1.1 Ant Forest: green daily actions and social interactions

Ant Forest, which was launched in 2016, has garnered over 500 million users. The

program creates a carbon account for every user, which can be accessed through their Alipay app alongside their financial and credit accounts. The program tracks 40 green daily actions of users across five categories, including “green travel” (such as using public transportation like the subway),[1] “travel reduction” (such as paying utility bills online), “paper & plastic reduction” (such as not requiring plastic packaging), “energy saving” (such as using energy-efficient home appliances), and “recycling” (such as donating used clothes and shoes). Each time a user performs a green action, the Ant Forest program estimates the resulting carbon reduction using an algorithm provided by Beijing Environmental Exchange and Nature Conservancy. Users are then rewarded with “green energy” points in their carbon accounts based on the estimated carbon reduction. For instance, a user can earn 52g of “green energy” points for each subway ride, with a maximum of 260g points per day. Similarly, a user can earn 1.8g of “green energy” points per minute for riding a shared bike, with a maximum of 159g points per day.

The “green energy” points granted to users by the Ant Forest do not benefit them financially but can be used to instruct the Ant to undertake environmental protection activities on their behalf. Among the available activities, tree planting is the most popular option and is usually conducted through partnerships with local NGOs. Even though Ant Forest users do not physically own these trees, they can view their growth in real-time through satellite images. In such a way, the program provides users with non-financial incentives to adopt green behaviors in their daily lives and has gained immense popularity. As of August 2023, seven years after its inception, the program

[1] Note that travels made via high-speed trains across cities are not classified as green actions for users to accumulate "green energy" points on the Ant Forest. This allows us to employ the opening of high-speed train stations as an instrumental variable, facilitating our identification analysis.

has supported the planting of 475 million real trees in China's arid areas, enhancing local ecological environment.

The Ant Forest program not only motivates users to carry out eco-friendly actions daily but also provides a social networking feature to boost user engagement. Users can steal their Alipay friends' "green energy" points. To become friends on Alipay, users must already have established social connections either in real life or virtually. The program randomly determines the number of points that a user can steal from a friend each time, with a set cap of 50% on the number of daily generated points that can be stolen from a user by friends. Users with more Alipay friends who actively participate in the Ant Forest program can potentially steal more points, but they are also at a higher risk of having their points stolen by friends. Figure 1 illustrates how users can steal "green energy" points from their Alipay friends.

[Insert Figure 1 about here]

3.1.2 Ant Fortune platform

Ant Fortune is a popular wealth management platform in China, operated by the Ant Group. It collaborates with various financial institutions to offer users a variety of mutual fund products. Online investing in mutual funds has become increasingly popular in China, as it offers significantly lower subscription rates to users. By investing in mutual funds through online platforms such as Ant Fortune, users can enjoy great discounts on their subscription rates.

Ant Group acquired the Shumi platform with a mutual fund distribution license in April 2015, enabling it to enter the platform business. Today, Ant Group is the largest online investment services platform in China by AUM matched and distributed through its

platform. It has collaborated with around 170 asset managers, including leading insurers, banks, and securities companies in China. As a result, it offers more than 6,000 products covering fixed-income, equity, and balanced mutual funds.

According to publicized data by the Asset Management Association of China, Ant Fortune had a distribution size of RMB 890.1 billion in the first quarter of 2021, securing the top position in the list. During our sample period which ended in September 2021, it was observed that Ant has maintained its leading position in terms of distribution size. It has grown to RMB 1.20 trillion, which is around 40% higher than the second-ranked channel, China Merchants Bank, and over 100% higher than the third-ranked channel, Tiantian Fund Distribution[2].

3.2 Data and measures

Our sample is comprised of 200,000 randomly selected Ant Forest program participants over the period from October 2019 to September 2021. We require sample individuals to have traded non-monetary market products from the online mutual fund distribution platform under the Ant Group, the Ant Fortune, at least once during the sample period to ensure that they are also active investors. Our empirical investigation is remotely conducted in the Ant Open Research Laboratory[3] in an Ant Group Environment. All data was sampled, desensitized, and analyzed in the Ant Open Research Laboratory. The laboratory is a sandbox environment where the authors can only remotely conduct empirical analysis and individual observations are invisible.

For each sample individual, we obtain three sets of information, all of which are at the

[2] https://www.amac.org.cn/researchstatistics/datastatistics/fundsalesindustrydata/
[3] https://www.deor.org.cn/labstore/laboratory

monthly frequency. The first set of information is about the green daily actions of sample individuals revealed by their "green energy" points earned in the Ant Forest program through low-carbon activities. The second set of information pertains to the social interactions between Ant Forest users. In this program, individuals can interact with their friends by stealing "green energy" points from each other. By keeping track of the "green energy" points stolen by and from friends, we can determine the extent of social interactions of sample individuals in the program. The third set of information is about sample individual's mutual fund investment behavior, including the funds being traded and the associated buy and sell volumes[4].

We observe a total of 3,058,617 trades during the sample period, covering 141,875 individuals who are users of both Ant Forest and Ant Fortune, encompassing 4,410 unique mutual funds that have been assigned Environmental (E) ratings by China's largest financial data provider Wind. Among these funds, 3,049 are mixed funds, 817 are index funds, 543 are equity funds and one is a bond fund.[5] Fund monthly return data are also obtained from Wind.

3.2.1 Green daily actions and green social interactions in the Ant Forest program

For each Ant Forest user in each month, we record her total "green energy" points earned through low-carbon activities, denoted as $GreenPoint_{i,t}$. It indicates individual *i*'s activeness in taking green daily actions. Note that $GreenPoint_{i,t}$ only considers those

[4] The number of unique non-money market funds traded by sample individuals in this initial sample is 7,744, which is compatible with the Ant Group's disclosure in its IPO prospectus that its mutual fund distribution platform offers more than 6,000 products to users as of the end of June 2020. According to the Asset Management Association of China, the average number of non-money market funds during our sample period is around 7,217. Collectively, these statistics confirm that the Ant Fortune has covered almost the entire universe of mutual funds in China, and that our sample investors could trade over a wide range of funds that are representative of the whole mutual fund market.

[5] The evaluation of bond funds typically does not include E scores, which limits their number in our sample.

points granted to individual *i* according to her green daily actions and does not factor in points stolen between users.

As explained in section 3.1.1, users have up to 40 ways to earn "green energy" points during our sample period, which can be grouped into five main categories. Therefore, we collect data not only on the total amount of "green energy" points earned monthly by each sample individual, but also on her points earned within each of the five categories.

Ant Forest program users can interact with their Alipay friends by stealing each other's "green energy" points. We use $GreenSI_{it}$ to represent the overall social interactions of individual *i* in Ant Forest in month *t*, which is the sum of the "green energy" points she steals from her friends and her points stolen by friends within the month. A user with a higher $GreenSI_{it}$ is expected to have more extensive green social interactions in Ant Forest. We also decompose $GreenSI_{it}$ into proactive and passive components, or $ProactiveGSI_{it}$ and $PassiveGSI_{it}$. They are captured by the "green energy" points user *i* steals from friends and her points stolen by friends in month *t*, respectively. A higher $ProactiveGSI_{it}$ is indicative of user *i*'s greater tendency to actively interact with her friends. A higher $PassiveGSI_{it}$ is associated with a stronger influence exerted by friends, or peer effects, that could facilitate green nudges.

3.2.2 Mutual fund investments and post-trading performance

We link Ant Forest program users' green social interactions in the program with their mutual fund investment behavior on the Ant Fortune platform. For individual *i* in month *t*, we calculate her net purchase of fund *j*, or $NetBuy_{i,j,t}$, as the difference between her purchase and sales value of the fund scaled by the sum of the two values. A higher $NetBuy_{i,j,t}$ suggests that individual *i* exhibits a greater preference for fund *j* in month *t*.

$$NetBuy_{i,j,t} = (BuyValue_{i,j,t} - SellValue_{i,j,t}) / \quad (BuyValue_{i,j,t} + SellValue_{i,j,t}) \times 100\%. \qquad (1)$$

To assess the trading performance of individual *i* for fund *j* in month *t*, we multiply the net value she invests in the fund in month *t* by fund *j*'s return in the following periods[6]:

$$Profit^{1M}_{i,j,t} = (BuyValue_{i,j,t}, - SellValue_{i,j,t}) \times Ret_{j,t\text{-}t+1}, \qquad (2)$$

where $Profit^{1M}_{i,j,t}$ is the profit individual *i* could obtain one month after she invests fund *j* in month *t*, $BuyValue_{i,j,t}$ and $SellValue_{i,j,t}$ represent the values of purchase and sales of the fund respectively, and $Ret_{j,t\text{-}t+1}$ is fund *j*'s return one month after *t*. By analogy, we calculate $Profit^{3M}_{i,j,t}$, $Profit^{6M}_{i,j,t}$, and $Profit^{12M}_{i,j,t,}$, by replacing $Ret_{j,t\text{-}t+1}$ in Eq. (2) with $Ret_{j,t\text{-}t+3}$, $Ret_{j,t\text{-}t+6}$, and $Ret_{j,t\text{-}t+12}$ respectively, which represent the profits that the individual could obtain 3-, 6-, and 12-months after trading fund *j* in month *t*.

We further assess individuals' trading performance conditional on abnormal returns of the funds traded, which is donated as $AbProfit^{nM}_{i,j,t}$. It is calculated by replacing $Ret_{j,t\text{-}t+n}$ in Eq. (2) with the abnormal return of fund *j*, which is its raw return over the *n*-month period over its benchmark return during the concurrent period.

In investigating individual *i*'s trading performance, we control for her historical trading performance, or $CumProfit_{i,t}$. It is the cumulated profit she has earned by trading mutual funds on the Ant Fortune platform from the beginning of the sample period until the end of month *t*, which could reflect her trading ability.

[6] Due to the availability of only two years of data on individual investors' holdings and transactions, we are unable to comprehensively track the dynamics of portfolio performance by considering the timing of buying and selling over an extended period. Therefore, we focus our analysis on the "buy and hold" performance of investors across various time horizons. While this approach provides valuable insights into the investors' performance within the given timeframe, we acknowledge the limitations imposed by the data availability.

3.2.3 Mutual funds' environmental performance

We obtain each fund's E-scores from Wind, which are released semi-annually, to measure its environmental performance. It is possible that retail investors may not be aware of such sophisticated information, which is usually used by professionals. To address this concern, we propose an additional set of environmental performance measures based on a qualitative analysis of each fund's investment philosophy.

The investment philosophy section of a fund presents its investment targets, principles, and strategies. This section is an essential summary of a fund's important facts taken from its Fundraising report. It is featured prominently on the Ant Fortune app, right below the fund manager's introduction, which ensures easy access by investors. For each fund j, we tally the frequency of occurrences of the word "environment" in its investment philosophy section and scale it by the length of the section. This normalized count is denoted as $E\text{-}Count_j$. Funds that prioritize environmental issues in their investment philosophy are likely to focus more on the environmental performance of their investment targets when constructing portfolios. Therefore, funds with a higher $E\text{-}Count_j$ are arguably greener. We also construct $S\text{-}Count_j$ ($G\text{-}Count_j$) based on the scaled count of the word "society" ("governance") in fund j's investment philosophy section, which are used in placebo tests.

We further measure funds' environmental performance using a stricter criterion. We define $E\text{-}Count_j$ as the normalized frequency of "environment" in fund j's investment philosophy only if "environment" is discussed exclusively without any reference to "social" or "governance". Otherwise, $E\text{-}Count_j$ is set to be zero. By analogy, $S^{\perp}\text{-}Count_j$ and $G^{\perp}\text{-}Count_j$ are constructed for placebo tests.

3.2.4 Physical and regulatory impacts of climate change

Physical and regulatory risks are primary climate risks faced by individuals and investors (Stroebel and Wurgler, 2021; Krueger, Sautner, and Starks, 2020). Accordingly, we construct variables to quantify the effects of these two risks.

We use abnormal local temperatures, or $AbTmp_{i,t}$, to capture physical climate risk. This measure is motivated by Choi, Gao, and Jiang (2020), which shows that individuals divest more from brown stocks after experiencing warmer than usual temperatures, as their beliefs about climate change have been revised upwards. We obtain city-level temperature data from the China Meteorological Administration[7]. The variable $AbTmp_{i,t}$ is the temperature of the city where individual i resides in month t minus the city's average temperature in the same month of the year over the past 10 years. A higher $AbTmp_{i,t}$ is indicative of warmer than usual temperature and is expected to be associated with a greater shock of physical climate risk to local individuals.

Governmental environmental commitment helps to boost climate risk awareness (e.g., Seltzer, Starks and Zhu, 2022, Bolton and Kacperczyk, 2021). We utilize China's proposition of its DCT to capture the effect of regulatory climate risk. DCT refers Chinese government's commitment to achieving carbon peak by 2030 and carbon neutrality by 2060, and was proposed at the 75th UN General Assembly in September 2020. But DCT started to cause extensive attention only since March 2021, when detailed measures and action plans were unveiled in the annual plenary session of the National People's Congress (NPC), the top legislature of China. Figure IA 1 plots the search volume for "carbon neutrality", the ultimate goal outlined in China's DTC proposition, on China's dominating search engine Baidu. It was low in September 2020

[7]More information about the data could be found on https://data.cma.cn

when DCT was initially proposed but surged in March 2021 when the detailed action plans were released. We thus set March 2021 to be the event month. A dummy DCT_t is set to be one for months after the event month to capture the regulatory risk shock.

[Insert Figure IA1 about here]

3.2.5 Instrument based on high-speed railway network development

We propose an instrument variable, $NewHSR_{i,t}$, for the green social interaction variable $GreenSI_{it}$ based on the development of local high-speed railway network. China has built the world's largest dedicated and extensively used high-speed railway network, transforming transportation across this vast and diverse country. Though $GreenSI_{it}$ refers to the green social interactions in the Ant Forest program, it is affected by individuals' social interactions in daily life as "green energy" points could only be stolen between users who are Alipay friends. To become friends on Alipay, users have to establish social connections in the first place. The addition of a high-speed railway station to a city is expected to introduce a positive shock on residents' travel options, and thereby their opportunities for social interaction. Note that traveling via high-speed trains is not considered as "green travel" for users to accumulate "green energy" points in the Ant Forest, as it only counts the usage of public transportation within a city. Therefore, we instrument our social interaction measure by leveraging the establishment of new high-speed train stations and identify the causal impact of social interactions on individuals' green choices accordingly. We set a dummy variable, $NewHSR_{i,t}$, to be one for month t after the introduction of a new high-speed railway station in the city where individual i lives in, and zero otherwise.

4. Empirical results

Table 1 presents summary statistics of the main variables used in our empirical investigation, including sample individuals' demographic information, green actions, green social interactions, and features of mutual funds traded by them. Panel A shows that the average age of our sample individuals is 32.87, and 44.73% of them are female.

[Insert Table 1 about here]

Panel B shows that the monthly average "green energy" points earned by sample Ant Forest users through their eco-friendly behavior, or $GreenPoints_{i,t}$, is 2.4058. Note that $GreenPoints_{i,t}$ reflects only "green energy" points obtained by users through green daily actions. It does not account for points stolen from or stolen by friends. The breakdowns of $GreenPoints_{i,t}$ show that the majority of the "green energy" points are earned through green travel. $GreenTravel_{i,t}$ has a sample mean of 2.1233, which accounts for around 88% of the total "green energy" points earned by Ant Forest users in our sample.

The sample mean of $GreenSI_{it}$ is 1.6648, which is around 69.20% of that of $GreenPoints_{i,t}$, the points users earn through green daily actions. This implies that the level of green social interactions in the Ant Forest is significant. Upon examining $GreenSI_{it}$'s proactive and passive components, their mean values are 0.9748 and 0.7170, respectively. These equate to roughly 40.52% and 29.80% of the sample mean of $GreenPoints_{i,t}$.

Panel C shows that the E-scores of sample funds have an average of 3.0097 and a standard deviation of 0.98, indicating a relatively poor environmental performance of Chinese funds market as the score ranges from 0 to 10. The average of $AbProfi1^{1M}$, $AbProfit^{3M}$ and $AbProfit^{6M}$ is negative, while the average of $AbProfit^{12M}$ turns out to be

positive, showing a superior long-term investment performance.

4.1 Baseline tests: social interactions as green nudges

4.1.1 Socially green nudge and green daily actions

We perform the following test to examine whether Ant Forest users' green social interactions motivate them to take more green actions in their daily lives:

$$GreenPoints_{i,t} = \beta_0 + \beta_1 GreenSI_{i,t-1} + \sum_i Individual_i + \sum_t Time_t + \varepsilon_{i,t}, \quad (3)$$

where $GreenPoints_{i,t}$ is individual i's "green energy" points earned through her green daily actions in month t. $GreenSI_{it-1}$ represents her overall green social interactions in Ant Forest in month $t-1$. Those who are more active in green daily activities may be more enthusiastic about green social interactions. We thus control for individual-fixed effects, in addition to time-fixed effects, in the tests to ensure that β_1 captures the additional effect of green social interactions on individuals' green daily actions. The results are reported in Table 2.

[Insert Table 2 about here]

Column (1) indicates that an individual's green social interactions exhibit a significant effect in nudging her toward being more active in taking green daily actions: β_1 is significantly positive at the 1% level. A one-standard-deviation increase in $GreenSI_{i,t-1}$ (3.00) is associated with an increase in $GreenPoints_{i,t}$ that is equivalent to 0.25 of its standard deviation (2.03). The economic magnitude implies that green social interactions have non-neglectable impacts on promoting green daily actions.

In columns (2) and (3), we separately examine the effects of the proactive and passive components of green social interactions on individuals' green daily actions. The

coefficients on both $ProactiveGSI_{i,t-1}$ and $PassiveGSI_{i,t-1}$ are significantly positive at the 1% level. In terms of the economic magnitude, a one-standard-deviation increase in $ProactiveGSI_{i,t-1}$ (2.8935) and $PassiveGSI_{i,t-1}$ (0.7170) would lead to an increase in $GreenPoints_{i,t}$ which is equivalent to 0.14 and 0.33 of its standard deviation, respectively. When both $ProactiveGSI_{i,t-1}$ and $PassiveGSI_{i,t-1}$ are included in the tests in column (4), the results are similar. Both proactive and passive green social interactions are followed by a significant increase in individuals' green daily actions. However, the economic magnitude of the influence varies between the two types of interactions. A one-standard-deviation increase in passive green social interaction leads to a greater increase in green daily actions, approximately twice the level motivated by a one-standard-deviation increase in proactive green social interaction.

4.1.2 Socially green nudges and green investments

Gao et al. (2023) show that individuals' green preference, revealed through their low-carbon daily lifestyles, is carried over into their investment decisions in financial markets. If green social interactions indeed induce individuals to be more active in taking green actions in daily life, as shown in Section 4.1.1, we also expect it to nudge individuals toward making more green investments in financial markets.

The unique dataset we have obtained, which links individuals' green daily actions recorded in the Ant Forest program with their mutual fund investments on the Ant Fortune platform, allows us to perform the investigation. We run the following individual-fund-time level regression to examine the influence of individuals' green social interactions on their green investment tendency:

$$NetBuy_{i,j,t} = \beta_0 + \beta_1 GreenSI_{i,t-1} \times E_{j,t-1} + \beta_2 GreenSI_{i,t-1} + \sum_i Individual_i + \sum_{j,t} Fund_j \times Time_t + \varepsilon_{i,j,t}, \quad (4)$$

where $NetBuy_{i,j,t}$ is individual i's net purchase of fund j in month t, $GreenSI_{i,t-1}$ is her green social interaction in the Ant Forest program in month t-1, and $E_{j,t-1}$ is the E-score of fund j that captures its environmental performance. We control for individual-fixed effects to isolate the influence of personal characteristics so that we could examine the additional effect induced by green social interactions. In addition, individuals are likely to invest in funds conditional on their past return and risk features. We thus control for fund-year-month fixed effects to isolate the influence of fund characteristics that may vary over time, such as fund returns and risks. If green social interactions induce more active green investments, we expect β_1 to be significantly positive. The results are reported in Table 3.

[Insert Table 3 about here]

Column (1) shows that the coefficient on $GreenSI_{i,t-1} \times E_{j,t-1}$, or β_1 in Eq. (4), is significantly positive at the 1% level. It is consistent with our expectation that more active green social interactions in the Ant Forest program motivate individuals to invest more in mutual funds with better environmental performance in subsequent periods. The coefficient on $GreenSI_{i,t-1}$ itself is significantly negative. It could be driven by the fact that compared to their counterparts, individuals who interact more with their friends in the Ant Forest program are younger and thus have less wealth. As a result, individuals with a higher $GreenSI_{i,t-1}$ are less active in mutual fund investments unconditionally. However, their investment tendency is significantly inflated for funds with better environmental performance.

The effects of proactive and passive green social interactions are examined separately in columns (2) and (3), and jointly in column (4). The results show that both types of green social interactions significantly increase individuals' tendency to invest in green

funds. In terms of economic magnitude, passive green social interactions exhibit a greater influence relative to proactive green social interactions. The estimates shown in column (4) suggest that a one-standard-deviation increase in $ProactiveGSI_{i,t-1}$ ($PassiveGSI_{i,t-1}$) is associated with a 1.76% (3.28%) increase in $Netbuy_{i,j,t}$, given the sample mean of $E_{j,t-1}$ (3.01) and $Netbuy_{i,j,t}$ (40.82%). The evidence is compatible with our findings in Section 4.1.1 that the magnitude of the incremental daily green action induced by passive green social interactions is about twice that induced by proactive green social interactions.

4.2 Performance of green investments induced by socially green nudges

Though previous results have suggested that green social interactions nudge individuals toward investing in green funds, there is a possibility that the effect is driven by individuals' pecuniary motives rather than their greater preference for green investments induced by green social interactions. The inclusion of fund-year-month fixed effects in the tests could at least partially alleviate such concerns as the influence of time-varying fund characteristics, including past risks and returns, has been controlled. To further address the concern, we assess the post-trading performance of sample individuals. This investigation could provide additional evidence on the pecuniary or non-pecuniary nature of individuals' intensified green investments induced by socially green nudges.

For each fund *j* traded by individual *i* in month *t*, we calculate the profit she could earn 1-, 3-, 6-, and 12-month after month *t*, which is denoted as $Profit^{1M}_{i,j,t}$, $Profit^{3M}_{i,j,t}$, $Profit^{6M}_{i,j,t}$, and $Profit^{12M}_{i,j,t}$, respectively. We also calculate the abnormal profit that could be earned 1-, 3-, 6-, and 12-month after individual *i*'s trading of fund *j* in month *t*, which are denoted as $AbProfit^{1M}_{i,j,t}$, $AbProfit^{3M}_{i,j,t}$, $AbProfit^{6M}_{i,j,t}$, and $AbProfit^{12M}_{i,j,t}$,

respectively. The construction details of these variables are described in detail in Section 3.2.2. Based on these measures, we perform the following regression:

$$(Ab)Profit_{i,j,t} = \beta_0 + \beta_1 GreenSI_{i,t} \times E_{j,t-1} + \beta_2 GreenSI_{i,t} + \beta_3 CumProfit_{i,t} + \sum_i Individual_i + \sum_{j,t} Fund_j \times Time_t + \varepsilon_{i,j,t}, \quad (5)$$

where the dependent variable could be one of the eight profit measures mentioned above. The coefficient of interest is β_1, which represents the influence of green social interaction-induced green investments on trading profits. A significantly positive β_1 would suggest that the induced green investments are rewarded by better financial performance, and vice versa. Again, individual and fund-year-month fixed effects are both controlled. We also control for the cumulated profit that individual *i* has earned through trading funds on Ant Fortune since the beginning of the sample period until the end of month *t*, which is denoted by $CumProfit_{i,t}$. It helps to control for individuals' time-varying investment ability. The results are shown in Table 4.

[Insert Table 4 about here]

Panels A and B of Table 4 report the results when post-trading performance is measured using raw and abnormal profit measures, respectively. No matter which post-trading interval is examined or how trading profit is measured, there's no evidence that individuals' green social interaction motivated green investments benefit them financially. The coefficient on $GreenSI_{i,t} \times E_{j,t-1}$ in columns (3) and (4) in both Panel A and Panel B are significantly negative, suggesting that such green investments even adversely affect individuals' trading profits in longer periods.

4.3 Heterogeneity analysis

In this section, we perform heterogeneity analysis conditional on shocks introduced by physical and regulatory climate risks as well as individuals' demographic characteristics, including gender, age, and risk preference.

4.3.1 Physical and regulatory climate risk risks

We examine the influence exerted by shocks introduced by physical and regulatory climate risks in Table 5. Columns (1) and (2) focus on the effect of socially green nudge on individuals' green daily actions while columns (3) and (4) focus on the effect on green investments.

[Insert Table 5 about here]

Columns (1) and (3) show that after warmer-than-usual temperatures, which capture shocks from physical climate risk, green social interactions' positive influence on individuals' green daily actions and investments is significantly strengthened. Regulatory climate risk exhibits a similar effect. Columns (2) and (4) show that the green nudging effect, in terms of both individuals' green daily actions and investments, is significantly reinforced after the action plans of China's DCT were unveiled in March 2021.

4.3.2 Demographic characteristics: age, gender, and risk preference

We further examine the variation in the effect of socially green nudges conditional on demographic characteristics, including age, gender, and risk preference. We classify a sample individual as young if her age is below the sample median (32.87) at the beginning of the sample period, and set a dummy variable $Young_i$ to be one for her.

$RiskAverse_i$ is an indicator for individuals who are classified as extremely risk averse by the Ant Fortune. The results are shown in Table 6. Panels A and B examine the effect on individuals' green daily actions and investments, respectively.

[Insert Table 6 about here]

In Panel A, where individuals' green daily actions are examined, the coefficient on $GreenSI_{it-1}$ is significantly positive at the 1% level. It is consistent with our previous findings that green social interactions promote green daily actions overall. Coefficients on interaction terms between $GreenSI_{it-1}$ and individual' personal characteristics show that the socially green nudge is significantly more effective for females than for males. But there's no significant difference in its effectiveness between young and old, or risk-seeking and risk-averse individuals.

In Panel B, the coefficient on $GreenSI_{i,t-1} \times E_{j,t-1}$ is significantly positive, confirming that socially green nudge induces greater green investments. Moreover, the nudge is significantly more effective for young and risk-seeking individuals, relative to their counterparts. There's no significant difference in the effect, however, between females and males. It is possible that relative to males, females care more about green daily actions, but are less active in financial markets. Thus, socially green nudge is more effective for them in terms of promoting green daily actions but not in the aspect of green investments.

4.4 Local high-speed railways development as instruments

High-speed railway provides convenient and comfortable travel options, and its development enables local residents to expand their social network. We expect such development to provide a positive shock to individuals' green social interactions in the

Ant Forest program. The rationale is that individuals could only interact with their Alipay friends in the Ant Forest program. And to become Alipay friends, individuals need to have established social connections in the first place.

We use $NewHSR_{i,t}$ to indicate the introduction of a new high-speed railway station in month t in the city where investor i lives in, and estimate the following two-stage tests:

$$GreenSI_{i,t} = \beta_0 + \beta NewHSR_{i,t-1} + \sum_i Individual_i + \sum_t Time_t + \varepsilon_{i,t}, \quad (6)$$

$$GreenPoints_{i,t} = \beta_0 + \beta_1 Pre\,(GreenSI_{i,t-1}) + \sum_i Investor_i + \sum_t Time_t + \varepsilon_{i,t}, \quad (7)$$

$$NetBuy_{i,j,t} = \beta_0 + \beta_1 Pre\,(GreenSI_{i,t-1}) \times E_{j,t-1} + \beta_2 Pre\,(GreenSI_{i,t-1}) + \sum_i Investor_i + \sum_{j,t} Fund_j \times Time_t + \varepsilon_{i,j,t}. \quad (8)$$

where $Pre\,(GreenSI_{i,t-1})$ in Eqs (7) and Eq. (8) is the predicted value of individual i's $GreenSI_{i,t-1}$ estimated using Eq. (6) in the first stage. The second-stage tests in Eq. (7) and Eq. (8) examine how the instrumented value of individual i's green social interaction affects their subsequent green daily actions and green investment, respectively. The results are reported in Table 7.

[Insert Table 7 about here]

Panel A reports results of the first-stage test. The instrumental variable $NewHSR_{i,t-1}$ is significantly positively associated with $GreenSI_{i,t}$ at the 1% level, with an F-statistic greater than 10. Results of the second-stage regressions are reported in Table B. In column (1), the coefficient on $Pre(GreenSI_{i,t-1})$ is significantly positive at 5% level. It renders further support to our conjecture that green social interactions induce more green daily actions. In column (2), the coefficient on $Pre(GreenSI_{i,t-1}) \times E_{j,t-1}$ is

significantly positive at 1% level, confirming that the socially green nudge is effective in promoting green investments.

5. Further analysis

5.1 Breakdowns of green daily actions

Results in Section 4.1.1 show that green social interactions in the Ant Forest program significantly increase program participants' total "green energy" points, which are indicative of their intensified green daily actions in general. In this section, we further examine how green social interactions affect the dynamics of Ant Forest program participants' "green energy" points earned through each of the five green daily action categories: "green travel," "travel reduction," "paper & plastic reduction," "energy saving," and "recycling." Such investigation provides insights into the effectiveness of socially green nudge in promoting different types of green actions. The results are shown in Tale IA1.

[Insert Table IA1 about here]

Panel A shows that the coefficient on $GreenSI_{i,t}$ is significantly positive across all five columns, each representing one type of green daily action. In terms of the economic magnitude, the socially green nudge has the greatest effect in motivating green travel, followed by energy saving, paper and plastic reduction, travel reduction, and recycling.

Panels B to D examine the effects of $ProactiveGSI_{i,t}$ and $PassiveGSI_{i,t}$ separately and jointly. Both proactive and passive green social interactions are effective in promoting green travel, paper and plastic reduction, and travel reduction. The coefficients on both variables are significant at the 1% level. Their effects on individuals' energy saving and recycling, when examined alone, are weak or insignificant. Similar to the effect of

$GreenSI_{i,t}$, both proactive and passive green social interactions have the greatest effect over green travel, among all the five types of green daily actions, in terms of the economic magnitude.

5.2 "Green" funds identified using textual analysis

In our main tests, we use a fund's E-score issued by Wind to define its greenness. As discussed in Section 3.2.3, we construct two alternative environmental performance measures for sample funds, $E\text{-}Count_j$ and $E^{\perp}\text{-}Count_j$. A fund with a higher $E\text{-}Count_j$ or $E^{\perp}\text{-}Count_j$ discusses more environment-related issues in its investment philosophy, and is expected to pay more attention to such issues. Relative to their counterparts, such funds are more likely to consider investment targets' environmental performance in constructing their portfolios and thus have better environmental performance as a result. Similarly, we construct variables $S\text{-}Count_j$, $S^{\perp}\text{-}Count_j$, $G\text{-}Count_j$ and $G^{\perp}\text{-}Count_j$, which focus on funds' discussion of social- or governance-related issues in their investment philosophy and are used in placebo tests.

We replace $E_{j,t-1}$ with $E\text{-}Count_j$ and $E^{\perp}\text{-}Count_j$ in Eq. (4) and report the results in column (1) of Panels A and B of Table IA2, respectively. The results remain robust and strong: coefficients on both $GreenSI_{i,t-1} \times E\text{-}Count_j$ and $GreenSI_{i,t-1} \times E^{\perp}\text{-}Count_j$ are significantly positive at the 1% level. In comparison, placebo tests in columns (2) and (3) of both panels show that socially green nudges have insignificant positive impacts on individuals' investments in funds with better social or governance performance.

5.3 Filter out the influence of Covid-19 lockdowns

Our study covers the period from October 2019 to September 2021, during which some

cities underwent city-level lockdown measures. Lockdowns could affect individuals' green daily actions, especially those related to outdoor engagement such as green travel. In addition, individuals' social interactions may also be affected by lockdowns, which altered people's lives in many aspects.

Panel A of Table IA3 presents information on city-level lockdowns that took place during our sample period. During this specific period, city-level lockdowns were concentrated in the Hubei province in early 2020. To filter out the influence of lockdowns, we re-perform our baseline tests in Tables 2 and 3 but exclude observations affected by city-level lockdowns. The results are reported in Panels B and C of Table IA3. Again, the results are qualitative similar to those obtained based on the full sample.

[Insert Table IA3 about here]

6. Conclusions

This paper provides valuable insights into the role of social interactions in driving environmentally-friendly behaviors and green investments. By analyzing a unique dataset from two prominent programs affiliated with Alibaba, namely Ant Forest and Ant Fortune, the study demonstrates the significant positive impact of social interactions on individuals' adoption of low-carbon lifestyles and preferences for "green" funds.

The findings highlight that passive social interactions, such as having "green energy" stolen by others, have a stronger effect on promoting environmentally-friendly choices compared to proactive interactions, such as stealing "green energy" from others. This

suggests that the power of social influence and social norms play a crucial role in shaping individuals' sustainable behaviors and investment decisions.

To address concerns related to endogeneity, the study employs an innovative instrumental variable approach, leveraging the arguably exogenous shocks resulting from the opening of new high-speed train stations. This approach strengthens the causal interpretation of the observed relationships between social interactions and environmentally-friendly behaviors.

The implications of this research are significant for policymakers, organizations, and individuals interested in promoting sustainable practices. By understanding the importance of social interactions, initiatives and interventions can be designed to harness the power of social influence to encourage the adoption of low-carbon lifestyles and investments in green funds. Furthermore, the study provides valuable insights for the design of social platforms and programs that facilitate passive social interactions, enabling individuals to observe and learn from others' sustainable behaviors and investment choices.

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Appendix Table A1: Variable definition

This table provides definitions for variables used in our empirical analysis.

Variables	Definitions
Retail trading	
$NetBuy_{i,j,t}$	The difference between investor i's purchase and sales value of fund j in month t scaled by the sum of the two values. The variable is defined in Eq. (1) and expressed in percentage.
Retail investors' demographic information	
$Young_i$	An indicator that equals one for individuals aged below sample median (32) at the beginning of the sample period, and zero otherwise.
Age_i	Age of individual i at the beginning of the sample period.
$Female_i$	An indicator that equals one for females, and zero for males.
$RiskAverse_i$	An indicator that equals one for individuals classified as extremely conservative by the Ant Fortune, and zero otherwise.
Ant Forest program-related variables	
$ProactiveGSI_{i,t}$	The "green energy" points stolen by individual i from her Alipay friends in month t in the Ant Forest program.
$PassiveGSI_{i,t}$	Individual i's "green energy" points stolen by her Alipay friends in month t in the Ant Forest program.
$GreenSI_{i,t}$	The sum of $ProactiveGSI_{i,t}$ and $GreenSI_{i,t}$.
$GreenPoint_{i,t}$	The total "green energy" points earned by individual i in month t in the Ant Forest program through her green daily actions in the month.
$GreenTravel_{i,t}$	The "green energy" earned by individual i under the "green travel" category in the Ant Forest program, though activities such as travelling by public transportation and walking.
$TravelReduction_{i,t}$	The "green energy" points earned by individual i under the "travel reduction" category in the Ant Forest program, through activities such as using online services.
$P\&PReduction_{i,t}$	The "green energy" points earned by individual i under the "paper & plastic reduction" category in the Ant Forest program, through activities such as requiring no single-use cutlery when using food-delivery services, and requiring electronic receipts instead of printed copies.
$EnergySaving_{i,t}$	The "green energy" points earned by individual i under the "energy saving" category in the Ant Forest program, through activities such as purchasing energy-efficient appliances.
$Recycle_{i,t}$	The "green energy" points earned by individual i under the "recycle" category in the Ant Forest program, through activities such as recycling used clothes/cell phones/ appliances.
Mutual funds' environmental performance based on rating	
$E_{j,t}$	The E-score of fund j issued by Wind, conditional on its environmental performance. The score is updated on a

	semi-annual basis.
Mutual funds' non-financial performance based on textual analysis	
$E\text{-}Count_j$	The number of times that "environment" is mentioned in the investment philosophy section of fund j displayed in the Ant Fortune app, scaled by the length of the section.
$S\text{-}Count_j$ / $G\text{-}Count_j$	The construction is analogous to that of $E\text{-}Count_j$.
$E^{\perp}\text{-}Count_j$	The number of times that "environment" is mentioned in the investment philosophy section of fund j, scaled by the length of the section, conditional on mentioning "environment" exclusively in their investment philosophy section, without the mention of "social" or "governance".
$S^{\perp}/G^{\perp}\text{-}Count_j$	The construction is analogous to that of $E^{\perp}\text{-}Count_j$.
Physical and regulatory shock related variables	
$AbTmp_{i,t}$	The abnormal temperature measured following Choi, Gao, and Jiang (2020), which equals to the temperature of the city where individual i resides in month t minus the city's average temperature in the same month of the year over the past 10 years.
DCT_t	A dummy variable that equals one for months after March 2021, and zero otherwise. In March 2021, China unveiled its measures and action plans to achieve the Dual Carbon Targets in the annual plenary session of the National People's Congress (NPC), the top legislature of China.
Post-trading performance	
$Profit^{1M}_{i,j,t}$/ $Profit^{3M}_{i,j,t}$ /$Profit^{6M}_{i,j,t}$/ $Profit^{12M}_{i,j,t}$	$Profit^{1M}_{i,j,t}$ is the profit that individual i could obtain one month after her trading of fund j in month t. It is calculated by multiplying individual i's net purchase of fund j (unscaled) in month t by fund return 1-month after t, as specified in Eq. (2). By analogy, we also construct performance measures for 3-, 6-, and 12-months after the trading, which are denoted as $Profit^{3M}_{i,j,t}$, $Profit^{6M}_{i,j,t}$, and $Profit^{12M}_{i,j,t}$, respective.
$AbProfit^{1M}_{i,j,t}$/$AbProfit^{3M}_{i,j,t}$ /$AbProfit^{6M}_{i,j,t}$/$AbProfit^{12M}_{i,j,t}$	$AbProfit^{1M}_{i,j,t}$ is the abnormal profit that individual i could obtain one month after her trading of fund j in month t. It is calculated by multiplying individual i's net purchase of fund j (unscaled) in month t by the abnormal return of fund j 1-month after t. The abnormal return of fund j is its return over its benchmark return during the concurrent period. By analogy, we also construct abnormal performance measures for 3-, 6-, and 12-months after the trading, which are denoted as $AbProfit^{3M}_{i,j,t}$, $AbProfit^{6M}_{i,j,t}$, and $AbProfit^{12M}_{i,j,t}$, respective.
$CumProfit_{i,t}$	The cumulated profit that individual i has earned through trading mutual funds on the Ant Fortune platform from the beginning of the sample period until the end of month t.
Instrumental variables	
$NewHSR_{i,t}$	A dummy variable that equals one for months after the introduction of a new high-speed railways station in the city where the individual i live in, and zero otherwise.

Figure 1: Ant Forest program integrated in Alipay.

Participants in Ant Forest can earn “green energy” points through their eco-friendly actions, which can be collected and redeemed to grow virtual trees in the program. Ant Financial will match this by planting real trees. Uncollected points could either be stolen by their Alipay friends or become invalid.

Screenshot of the Ant Forest program

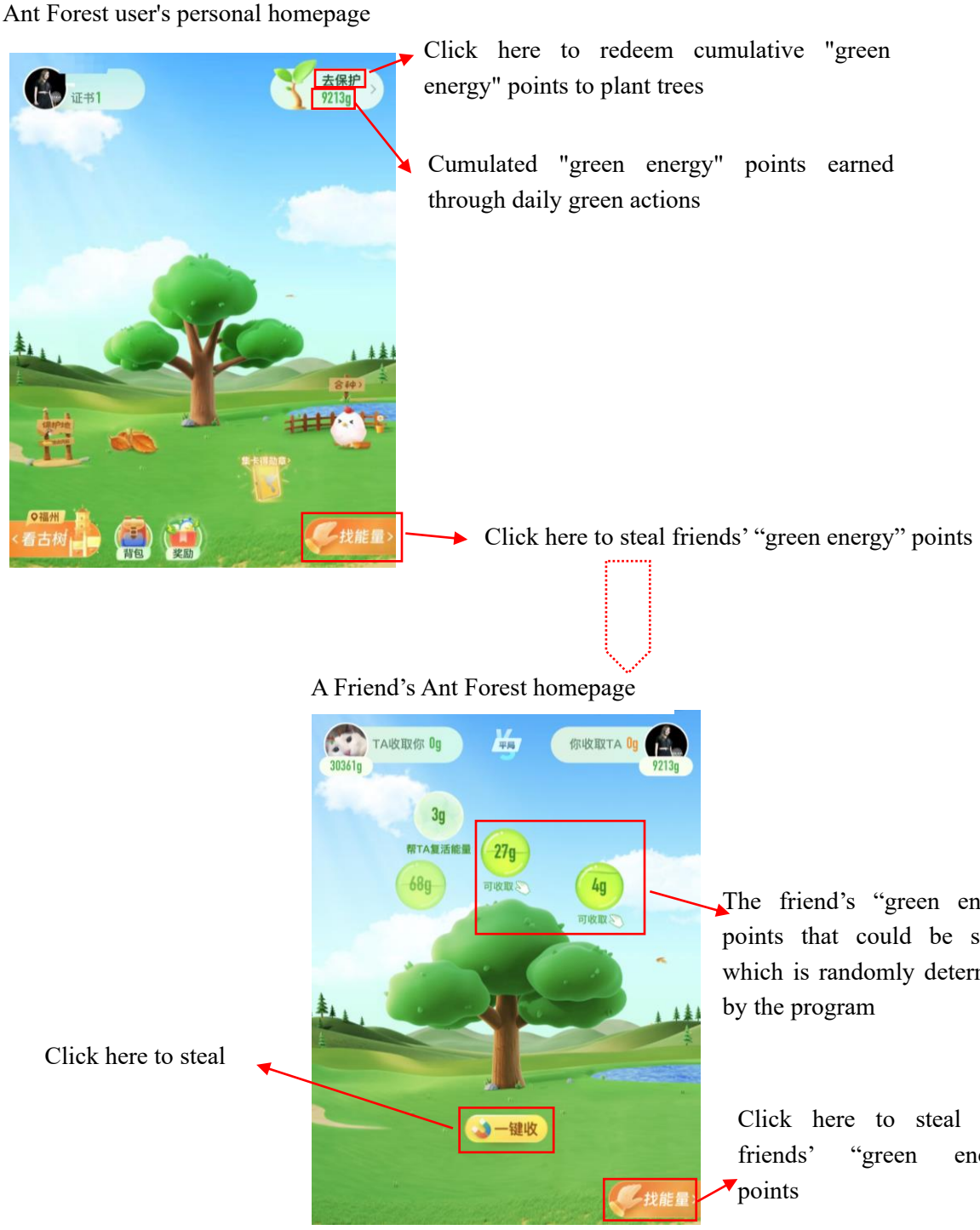


Table 1: Summary statistics

This table reports summary statistics of the main variables used in the empirical tests. All variables are defined in Table A1.

Variables	No. Obs.	Mean	Std	25%	50%	75%
Panel A: Sample individuals' demographic information						
Age	3,072,891	32.8743	9.3083	26.0800	31.0000	37.0000
Female	3,072,891	0.4473	0.4972	0.0000	0.0000	1.0000
Panel B: Green actions and green social interactions in the Ant Forest program						
GreenPoints	3,072,891	2.4058	2.0349	0.8400	2.0970	3.4780
GreenTravel	3,072,891	2.1233	1.8276	0.6490	1.8480	3.1260
TravelReduction	3,072,891	0.1589	0.2765	0.0000	0.0000	0.2620
P&PReduction	3,072,891	0.0998	0.1338	0.0100	0.0550	0.1420
EnergySaving	3,072,891	0.0090	0.2013	0.0000	0.0000	0.0000
Recycle	3,072,891	0.0145	0.5142	0.0000	0.0000	0.0000
GreenSI	3,072,891	1.6648	2.9974	0.1940	0.8790	1.8700
ProactiveGSI	3,072,891	0.9478	2.8935	0.0000	0.0000	0.4580
PassiveGSI	3,072,891	0.7170	0.7063	0.1200	0.5430	1.1100
Panel C: Features of mutual funds traded by sample individuals						
E	3,072,891	3.0097	0.9769	2.4170	2.7833	3.5961
$Profit^{1M}$	3,072,891	-0.0054	1.2108	-0.0210	0.0000	0.0213
$Profit^{3M}$	3,072,891	0.0092	1.8583	-0.0227	0.0008	0.0414
$Profit^{6M}$	3,072,891	0.0266	3.0193	-0.0397	0.0009	0.0624
$Profit^{12M}$	3,072,891	0.0419	4.1294	-0.0697	-0.0002	0.0768
$AbProfit^{1M}$	3,072,891	-0.0046	1.0158	-0.0151	-0.0000	0.0117
$AbProfit^{3M}$	3,072,891	-0.0045	1.4512	-0.0258	-0.0000	0.0218
$AbProfit^{6M}$	3,072,891	-0.0078	2.3278	-0.0439	-0.0000	0.0321
$AbProfit^{12M}$	3,072,891	0.0018	2.9708	-0.0518	-0.0000	0.0386
Panel D: Other variables						
AbTmp	3,072,475	0.5351	1.2610	-0.2391	0.5840	1.2923
NewHSR	3,072,891	0.2550	0.4358	0.0000	0.0000	1.0000

Table 2: Green social interactions and green daily actions.

This table examines the influence of individuals' green social interactions on their green daily actions. The dependent variable $GreenPoints_{i,t}$ refers to the "green energy" points that individual *i* earns in month *t*, which is used to measure the activeness of her green daily cations. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. Columns (1) to (3) examine the effect of overall green social interactions ($GreenSI_{i,t-1}$), its proactive component ($ProactiveGSI_{i,t-1}$), and its passive component ($PassiveGSI_{i,t-1}$), respectively. Column (4) examines the effects of both proactive and passive green social interactions simultaneously. The variables $ProactiveGSI_{i,t-1}$ and $PassiveGSI_{i,t-1}$ are "green energy" points individual *i* steals from and stolen by her friends in month *t*-1, respectively, and $GreenSI_{i,t-1}$ is the sum of the two variables. All variables are defined in Table A1. Individual- and time-fixed effects are both controlled. Standard errors are clustered at the individual level. The *t*-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

	(1) $GreenPoints_{i,t}$	(2) $GreenPoints_{i,t}$	(3) $GreenPoints_{i,t}$	(4) $GreenPoints_{i,t}$
$GreenSI_{i,t-1}$	0.1698***			
	(14.8301)			
$ProactiveGSI_{i,t-1}$		0.0970***		0.1079***
		(13.1844)		(14.0406)
$PassiveGSI_{i,t-1}$			0.9536***	0.9616***
			(83.1539)	(86.4232)
Individual FE	YES	YES	YES	YES
Year-month FE	YES	YES	YES	YES
Adj. R^2	0.7369	0.7296	0.97	0.7576
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891

Table 3: Green social interactions and green investments.

This table examines the influence of individuals' green social interactions on their mutual fund trading behavior. The dependent variable $NetBuy_{i,j,t}$ is individual i's net purchase of fund j in month t as defined in Eq. (1). Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. Columns (1) to (3) examine the effect of overall green social interactions ($GreenSI_{i,t-1}$), its proactive component ($ProactiveGSI_{i,t-1}$), and its passive component ($PassiveGSI_{i,t-1}$), respectively. Column (4) examines the effects of both proactive and passive green social interactions simultaneously. The variables $ProactiveGSI_{i,t-1}$ and $PassiveGSI_{i,t-1}$ are "green energy" points individual i steals from and stolen by her friends in month t-1, respectively, and $GreenSI_{i,t-1}$ is the sum of the two variables. The variable $E_{j,t-1}$ is the most recently available environmental performance score (E-score) of fund j provided by Wind. All variables are defined in Table A1. Individual and fund-by-time fixed effects are both controlled. Standard errors are clustered at the fund level. The t-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

	(1)	(2)	(3)	(4)
	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$
$GreenSI_{i,t-1} \times E_{j,t-1}$	0.1112***			
	(5.5070)			
$ProactiveGSI_{i,t-1} \times E_{j,t-1}$		0.0830***		0.0828***
		(4.9595)		(5.0278)
$PassiveGSI_{i,t-1} \times E_{j,t-1}$			0.6341***	0.6263***
			(4.7995)	(4.7869)
$GreenSI_{i,t-1}$	-0.7542***			
	(-7.7151)			
$ProactiveGSI_{i,t-1}$		-0.3445***		-0.3881***
		(-4.5131)		(-5.1337)
$PassiveGSI_{i,t-1}$			-5.8648***	-5.8630***
			(-11.3276)	(-11.3111)
Individual FE	YES	YES	YES	YES
Fund × Year-month FE	YES	YES	YES	YES
Adj. R2	0.1729	0.1729	0.1729	0.1732
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891

Table 4: Post-trading performance of green investments motivated by social interactions.

This table examines the post-trading performance of individuals' green investments motivated by green social interactions. The dependent variable $Profit^{1M}_{i,j,t}$ in column (1) of Panel A is the profit that investor *i* could obtain one month after her trading of fund *j* in month *t*, as specified in Eq. (2). Similarly, we assess the profits she could obtain 3-, 6-, and 12-months after the trading, which are used as the dependent variables in columns (2) to (4), respectively. In Panel B, the dependent variables are the abnormal profits that investor *i* could obtain 1-, 3-, 6-, and 12-months months after trading fund *j* in month *t*, where the fund's abnormal return is calculated relative to its pre-determined performance benchmark. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. The variable $GreenSI_{i,t-1}$ is the sum of the points individual *i* steals from friends and her points stolen by friends in month *t*-1, and is used to capture her overall green social interactions in the month. The variable $E_{j,t-1}$ is the most recently available environmental performance score (E-score) of fund *j* provided by Wind. $CumProfit_{i,t}$ is the cumulated profit that individual *i* has earned through trading mutual funds on the Ant Fortune platform from the beginning of the sample period until the end of month *t*. All variables are defined in Table A1. Individual and fund-by-time fixed effects are both controlled. Standard errors are clustered at the fund level. The *t*-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

Panel A	(1)	(2)	(3)	(4)
	$Profit^{1M}_{i,j,t}$	$Profit^{3M}_{i,j,t}$	$Profit^{6M}_{i,j,t}$	$Profit^{12M}_{i,j,t}$
$GreenSI_{i,t-1} \times E_{j,t-1}$	0.0002	0.0002	-0.0025**	-0.0030*
	(0.8069)	(0.3443)	(-2.3415)	(-1.7831)
$GreenSI_{i,t-1}$	-0.0021	-0.0022	0.0021	0.0030
	(-1.1575)	(-1.3597)	(0.5961)	(0.5161)
$CumProfit_{I,t-1}$	-0.0026***	-0.0078***	-0.0061*	-0.0060*
	(-2.6547)	(-3.7189)	(-1.9526)	(-1.9382)
Individual FE	YES	YES	YES	YES
Fund × Year-month FE	YES	YES	YES	YES
Adj. R^2	-0.0071	-0.0165	-0.0245	-0.0188
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891
Panel B	(1)	(2)	(3)	(4)
	$AbProfit^{1M}_{i,j,t}$	$AbProfit^{3M}_{i,j,t}$	$AbProfit^{6M}_{i,j,t}$	$AbProfit^{12M}_{i,j,t}$
$GreenSI_{i,t-1} \times E_{j,t-1}$	-0.0000	-0.0004	-0.0018***	-0.0020*
	(-0.0675)	(-1.1304)	(-2.8924)	(-1.8957)
$GreenSI_{i,t-1}$	-0.0011	0.0005	0.0036**	0.0045
	(-0.7824)	(0.3807)	(1.9727)	(1.2749)
$CumProfit_{i,t-1}$	-0.0013*	-0.0016	0.0002	0.0011
	(-1.7281)	(-1.4695)	(0.0981)	(0.4310)
Individual FE	YES	YES	YES	YES
Fund × Year-month FE	YES	YES	YES	YES
Adj. R^2	-0.0100	-0.0244	-0.0302	-0.0285
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891

Table 5: Influence of physical and regulatory climate risk.

This table the influence of physical and regulatory climate risks on the effects of socially green nudges. $AbTemp_{i,t-2}$ is the abnormal temperature measured following Choi, Gao, and Jiang (2020), which is the temperature of the city where investor *i* resides in month *t*-2 minus the city's average temperature in the same month of the year over the past 10 years. It is used to measure shocks introduced by physical climate risk. DCT_t is a dummy variable that equals one for periods after China's unveiling of its detail actions plans for achieving DCT in March 2021, and zero otherwise. It is used to capture shocks introduced by regulatory climate risk. In columns (1) and (2), the dependent variable $GreenPoints_{i,t}$ refers to the "green energy" points that individual *i* earns in month *t*, which is used to measure the activeness of her green daily cations. In columns (3) and (4), the dependent variable $NetBuy_{i,j,t}$ is individual *i*'s net purchase of fund *j* in month *t* as defined in Eq. (1), which is used to capture her investment preference. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. The variable $GreenSI_{i,t-1}$ is the sum of the points individual *i* steals from friends and her points stolen by friends in month *t*-1, and is used to capture her overall green social interactions in the month. The variable $E_{j,t-1}$ is the most recently available environmental performance score (E-score) of fund *j* provided by Wind. All variables are defined in Table A1. The *t*-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

	(1)	(2)	(3)	(4)
	$GreenPoints_{i,t}$	$GreenPoints_{i,t}$	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$
$GreenSI_{i,t-1} \times AbTemp_{i,t-2}$	0.0076**			
	(2.4833)			
$GreenSI_{i,t-1} \times DCT_t$		0.0264***		
		(4.1114)		
$GreenSI_{i,t-1} \times E_{j,t-1} \times AbTemp_{i,t-2}$			0.0276**	
			(2.3988)	
$GreenSI_{i,t-1} \times E_{j,t-1} \times DCT_t$				0.1405***
				(4.5544)
$GreenSI_{i,t} \times E_{j,t-1}$			0.0985***	0.0241
			(4.7874)	(1.2760)
$GreenSI_{i,t}$	0.1668***	0.1623***	-0.7037***	-0.5767***
	(14.3533)	(14.3918)	(-7.2825)	(-6.6047)
$AbTemp_{i,t-2}$	-0.0198***		0.3675*	
	(-3.2983)		(1.7936)	
AbTemp/DCT interacted with $E_{j,t-1}$	N/A	N/A	YES	YES
AbTemp/DCT interacted $GreenSI_{i,t-1}$	As shown	As shown	YES	YES
Individual FE	YES	YES	YES	YES
Fund×Year-month FE	N/A	N/A	YES	YES
Year-month FE	YES	YES	N/A	N/A
Adj. R^2	0.7371	0.7371	0.1729	0.1729
No. of Obs.	3,072,475	3,072,891	3,072,475	3,072,891

Table 6: Influence of demographic characteristics.

This table examines the influence of individuals' demographic characteristics on the effect of socially green nudges. Panel A examines the effect in terms of motivating green daily actions, where the dependent variable $GreenPoints_{i,t}$ refers to the "green energy" points that individual i earns in month t. Panel B examines the effect in terms of motivating green investments, where the dependent variable $NetBuy_{i,j,t}$ is individual i's net purchase of fund j in month t as defined in Eq. (1). $Young_{i,t}$ is an indicator for individuals aged below sample median. $Female_i$ is an indicator for females. $Conservative_i$ is an indicator that equals one for individuals classified as extremely conservative by the Ant Fortune, and zero otherwise. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. The variable $GreenSI_{i,t-1}$ is the sum of the points individual i steals from friends and her points stolen by friends in month t-1, and is used to capture her overall green social interactions in the month. The variable $E_{j,t-1}$ is the most recently available environmental performance score (E-score) of fund j provided by Wind. All variables are defined in Table A1. The t-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

Panel A	(1)	(2)	(3)
	$GreenPoints_{i,t}$	$GreenPoints_{i,t}$	$GreenPoints_{i,t}$
$GreenSI_{i,t-1} \times Young_i$	0.0163		
	(0.7067)		
$GreenSI_{i,t-1} \times Female_i$		0.0649***	
		(4.1520)	
$GreenSI_{i,t-1} \times RiskAverse_i$			0.0471
			(0.3525)
$GreenSI_{i,t}$	0.1608***	0.1524***	0.1698***
	(7.7614)	(11.2651)	(14.8042)
Individual FE	YES	YES	YES
Year-month FE	YES	YES	YES
Adj. R^2	0.7369	0.7372	0.7368
No. of Obs.	3,072,891	3,072,891	3,061,506

Panel B	(1)	(2)	(3)
	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$
$GreenSI_{i,t-1} \times E_{j,t-1} \times Young_i$	0.0615**		
	(2.0020)		
$GreenSI_{i,t-1} \times E_{j,t-1} \times Female_i$		-0.0220	
		(-0.6375)	
$GreenSI_{i,t-1} \times E_{j,t-1} \times RiskAverse_i$			-6.6052***
			(-2.8800)
$GreenSI_{i,t} \times E_{j,t-1}$	0.0856***	0.1176***	0.1111***
	(4.3184)	(5.4374)	(5.5763)
$GreenSI_{i,t}$	-0.5303***	-0.6617***	-0.7534***
	(-5.9847)	(-6.7689)	(-7.8433)
Demographic char. interacted with $E_{j,t-1}$	YES	YES	YES
Demographic char. interacted with $GreenSI_{i,t-1}$	YES	YES	YES
Individual FE	YES	YES	YES
Fund × Year-month FE	YES	YES	YES
Adj. R^2	0.1729	0.1729	0.1729
No. of Obs.	3,072,891	3,072,891	3,061,506

Table 7: Local high-speed railways development as instrumental variables.

This table presents the results of tests using city-level high-speed railway development as an instrumental variable , $NewHSR_{i,t-1}$, for residents' green social interactions. $NewHSR_{i,t-1}$ is a dummy variable that equals one for months after the introduction of a new high-speed railway station in the city where the individual *i* live in, and zero otherwise. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. The variable $GreenSI_{i,t-1}$ is the sum of the points individual *i* steals from friends and her points stolen by friends in month *t*-1, and is used to capture her overall green social interactions in the month. Panel A reports the results of the first-stage tests. Panel B reports the results where the instrumented green social interactions, $Pre(GreenSI_{i,t-1})$, is used to examine the effect of socially green nudges. In column (1), the dependent variable $GreenPoints_{i,t}$ refers to the "green energy" points that individual *i* earns in month *t*, which is used to measure the activeness of her green daily cations. In column (2), the dependent variable $NetBuy_{i,j,t}$ is individual *i*'s net purchase of fund *j* in month *t* as defined in Eq. (1), which is used to capture her investment preference. The variable $E_{j,t-1}$ is the most recently available environmental performance score (E-score) of fund *j* provided by Wind. *Pre* ($SI_{i,t}$) in columns (1) of Panel B and Panel C is the predicted value from columns (1) in Panel A. All variables are defined in Table A1. The *t*-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

Panel A	(1)
	$GreenSI_{i,t}$
$NewHSR_{i,t-1}$	0.1032***
	(18.209)
Individual FE	YES
Year-month FE	YES
F statistic	331.57
Adj. R^2	0.8319
No. of Obs.	3,072,891

Panel B	(1)	(2)
	$GreenPoints_{i,t}$	$NetBuy_{i,j,t}$
$Pre(GreenSI_{i,t-1})$	0.6913**	-1.4120
	(2.5152)	(-0.3506)
$E_{j,t-1}\times Pre(GreenSI_{i,t-1})$		2.6694***
		(2.7724)
Individual FE	YES	YES
Year-month FE	YES	N/A
Fund×Year-month FE	N/A	YES
Adj. R^2	0.7264	0.1729
No. of Obs.	3,072,891	3,072,891

Internet Appendix

Figure IA1: Search volume for "carbon neutrality" on Baidu.

This figure plots the monthly search volume for "carbon neutrality", the ultimate goal outlined in China's proposition of DCT, on Baidu, the leading search engine in China. The search volume surges in March 2021, coinciding with China's announcement of detailed measures and action plans for achieving DCT during the annual plenary session of the National People's Congress (NPC), China's top legislative body.

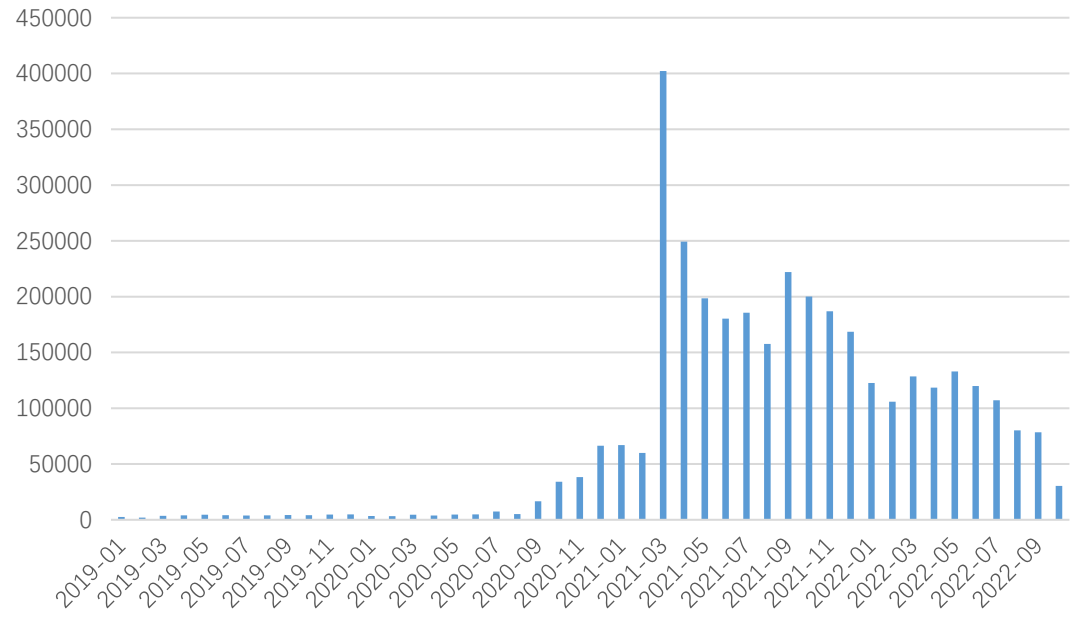


Table IA1: Socially green nudges and the breakdowns of green daily actions.

This table examines the influence of individuals' green social interactions on their green daily actions in different aspects. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. Panels A to C examine the effect of overall green social interactions ($GreenSI_{i,t-1}$), its proactive component ($ProactiveGSI_{i,t-1}$), and its passive component ($PassiveGSI_{i,t-1}$), respectively. Panel D examines the effects of both proactive and passive green social interactions simultaneously. The variables $ProactiveGSI_{i,t-1}$ and $PassiveGSI_{i,t-1}$ are "green energy" points individual i steals from and stolen by her friends in month t-1, respectively, and $GreenSI_{i,t-1}$ is the sum of the two variables. In all four panels, columns (1) to (5) examine individuals' green daily actions in terms of green travel ($Greentravel_{i,t}$), travel reduction ($TravelReduction_{i,t}$), paper and plastic reduction ($P\&PReduction_{i,t}$), energy saving ($EnergySaving_{i,t}$), and recycling ($Recycle_{i,t}$) respectively, which are captured by their "green energy" points earned under each of the five categories defined by the Ant Forest program. Individual- and time-fixed effects are both controlled. Standard errors are clustered at the individual level. The t-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

Panel A	(1)	(2)	(3)	(4)	(5)
	$GreenTravel_{i,t}$	$TravelReduction_{i,t}$	$P\&PReduction_{i,t}$	$EnergySaving_{i,t}$	$Recycle_{i,t}$
$GreenSI_{i,t-1}$	0.1471***	0.0028***	0.0033***	0.0068***	0.0095*
	(12.2949)	(4.3391)	6.5688)	(4.3942)	(1.6840)
Individual FE	YES	YES	YES	YES	YES
Year-month FE	YES	YES	YES	YES	YES
Adj. R^2	0.7695	0.5702	0.7313	0.4335	0.1808
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891	3,072,891
Panel B	(1)	(2)	(3)	(4)	(5)
	$GreenTravel_{i,t}$	$TravelReduction_{i,t}$	$P\&PReduction_{i,t}$	$EnergySaving_{i,t}$	$Recycle_{i,t}$
$ProactiveGSI_{i,t-1}$	0.0747***	0.0023***	0.0028***	0.0074***	0.0097
	(11.7821)	(3.4839)	(5.3672)	(4.3660)	(1.6183)
Individual FE	YES	YES	YES	YES	YES
Year-month FE	YES	YES	YES	YES	YES
Adj. R^2	0.7621	0.5701	0.7310	0.4337	0.1808
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891	3,072,891
Panel C	(1)	(2)	(3)	(4)	(5)
	$GreenTravel_{i,t}$	$TravelReduction_{i,t}$	$P\&PReduction_{i,t}$	$EnergySaving_{i,t}$	$Recycle_{i,t}$
$PassiveGSI_{i,t-1}$	0.9264***	0.0077***	0.0090***	-0.0015	0.0045
	(88.0313)	(5.5577)	(11.2387)	(-1.5436)	(1.1682)
Individual FE	YES	YES	YES	YES	YES
Year-month FE	YES	YES	YES	YES	YES
Adj. R^2	0.7920	0.5701	0.7309	0.4318	0.1803
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891	3,072,891

Panel D	(1)	(2)	(3)	(4)	(5)
	$GreenTravel_{i,t}$	$TravelReduction_{i,t}$	$P\&PReduction_{i,t}$	$EnergySaving_{i,t}$	$Recycle_{i,t}$
$ProactiveGSI_{i,t-1}$	0.0854***	0.0024***	0.0029***	0.0074***	0.0098
	(12.2009)	(3.5969)	(5.4738)	(4.3653)	(1.6283)
$PassiveGSI_{i,t-1}$	0.9374***	0.0080***	0.0094***	-0.0005	0.0058
	(90.6306)	(5.7821)	(11.6354)	(-0.5646)	(1.4732)
Individual FE	YES	YES	YES	YES	YES
Year-month FE	YES	YES	YES	YES	YES
Adj. R^2	0.7950	0.5702	0.7316	0.4337	0.1808
No. of Obs.	3,072,891	3,072,891	3,072,891	3,072,891	3,072,891

Table IA2: "Green" funds identified using textual analysis.

This table examines the influence of individuals' green social interactions on their green investments, where "green" funds are identified based on textual analysis of the fund investment philosophy section. The dependent variable $NetBuy_{i,j,t}$ is individual i's net purchase of fund j in month t as defined in Eq. (1). The variable $GreenSI_{i,t-1}$ is the sum of the points individual i steals from friends and her points stolen by friends in month t-1, and is used to capture her overall green social interactions in the month. In Panel A, $E\text{-}Count_j$, $S\text{-}Count_j$, and $G\text{-}Count_j$ represent the normalized frequency of occurrences of "environment", "social" and "governance" in fund j's investment philosophy section, respectively. In Panel B, $E^{\perp}\text{-}Count_j$ equals the normalized frequency of occurrences of "environment" in the investment philology section of fund j only if "environment" is discussed exclusively without any reference to "social" or "governance", and is set to be zero otherwise. $S^{\perp}\text{-}Count_j$ and $G^{\perp}\text{-}Count_j$ are constructed by analogy. The variables $E\text{-}Count_j$ ($E^{\perp}\text{-}Count_j$), $S\text{-}Count_j$ ($S^{\perp}\text{-}Count_j$), and $G\text{-}Count_j$ ($G^{\perp}\text{-}Count_j$) are used to capture fund j's environmental, social, and governance performance, respectively. All variables are defined in Table A1. Individual and fund-by-time fixed effects are both controlled. Standard errors are clustered at the fund level. The t-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

Panel A	(1)	(2)	(3)
	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$
$GreenSI_{i,t-1}\times E\text{-}Count_j$	13.3922***		
	(3.3191)		
$GreenSI_{i,t-1}\times S\text{-}Count_j$		29.2220	
		(1.5567)	
$GreenSI_{i,t-1}\times G\text{-}Count_j$			2.8017
			(0.0309)
$GreenSI_{i,t-1}$	-0.4259***	-0.4246***	-0.4234***
	(-7.2030)	(-7.1653)	(-7.1409)
Individual FE	YES	YES	YES
Fund × year-month FE	YES	YES	YES
Adj. R^2	0.1729	0.1729	0.1729
No. of Obs.	3,072,891	3,072,891	3,072,891
Panel B	(1)	(2)	(3)
	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$	$NetBuy_{i,j,t}$
$GreenSI_{i,t-1}\times E^{\perp}\text{-}Count_j$	9.4861***		
	(3.7689)		
$GreenSI_{i,t-1}\times S^{\perp}\text{-}Count_j$		-3.1777	
		(-0.2385)	
$GreenSI_{i,t-1}\times G^{\perp}\text{-}Count_j$			-168.6226*
			(-1.7664)
$GreenSI_{i,t-1}$	-0.4251***	-0.4233***	-0.4225***
	(-7.1838)	(-7.1369)	(-7.1211)
Individual FE	YES	YES	YES
Fund × year-month FE	YES	YES	YES
Adj. R^2	0.1729	0.1729	0.1729
No. of Obs.	3,072,891	3,072,891	3,072,891

Table IA3: Filtering out the impact of Covid-19 lockdowns.

Panel A provides details of Chinese cities that underwent city-level lockdowns during the Covid-19 pandemic in our sample period. Panels C and D repeat tests in Tables 2 and 3 respectively, where the effects of social interactions on individuals' green daily actions and investments are examined but observations affected by city-level lockdowns are excluded. In Panel B, the dependent variable $GreenPoints_{i,t}$ refers to the "green energy" points that individual i earns in month t, which is used to measure the activeness of her green daily cations. Individuals could interact with friends in the Ant Forest program through stealing "green energy" points from each other. Columns (1) to (3) examine the effect of overall green social interactions ($GreenSI_{i,t-1}$), its proactive component ($ProactiveGSI_{i,t-1}$), and its passive component ($PassiveGSI_{i,t-1}$), respectively. Column (4) examines the effects of both proactive and passive green social interactions simultaneously. The variables $ProactiveGSI_{i,t-1}$ and $PassiveGSI_{i,t-1}$ are "green energy" points individual i steals from and stolen by her friends in month t-1, respectively, and $GreenSI_{i,t-1}$ is the sum of the two variables. Individual- and time-fixed effects are both controlled. Standard errors are clustered at the individual level. In Panel C, the dependent variable $NetBuy_{i,j,t}$ is individual i's net purchase of fund j in month t as defined in Eq. (1). The variable $E_{j,t-1}$ is the most recently available environmental performance score (E-score) of fund j provided by Wind. Individual and fund-by-time fixed effects are both controlled. Standard errors are clustered at the fund level. All variables are defined in Table A1. The t-statistics are reported in parentheses. *, **, and *** represent significance at 10%, 5%, and 1% level, respectively.

Panel A: Chinese cities that underwent city-level Covid-19 lockdowns during our sample period		
City	Province	Lockdown Period
Wuhan	Hubei	2020,01-2020,04
Xiaogan	Hubei	2020,01-2020,03
Huanggang	Hubei	2020,01-2020,03
Jingzhou	Hubei	2020,01-2020,03
Ezhou	Hubei	2020,01-2020,03
Suizhou	Hubei	2020,01-2020,03
Xiangyang	Hubei	2020,01-2020,03
Huangshi	Hubei	2020,01-2020,03
Yichang	Hubei	2020,01-2020,03
Jingmen	Hubei	2020,01-2020,03
Xianning	Hubei	2020,01-2020,03
Shiyan	Hubei	2020,01-2020,03
Xiantao	Hubei	2020,01-2020,03
Tianmen	Hubei	2020,01-2020,03
Enshi	Hubei	2020,01-2020,03
Qianjiang	Hubei	2020,01-2020,03
Shennongjia	Hubei	2020,01-2020,03
Wenzhou	Zhejiang	2020,02-2020,02
Ürümqi	Xinjiang	2020,07-2020,08
Shijiazhuang	Hebei	2021,01-2021,01

Panel B: Green social interactions and green daily actions

	(1) $GreenPoints_{i,t}$	(2) $GreenPoints_{i,t}$	(3) $GreenPoints_{i,t}$	(4) $GreenPoints_{i,t}$
$GreenSI_{i,t-1}$	0.1694***			
	(14.7554)			
$ProactiveGSI_{i,t-1}$		0.0969***		0.1078***
		(13.1170)		(13.9668)
$PassiveGSI_{i,t-1}$			0.9469***	0.9607***
			(82.3632)	(85.6026)
Individual FE	YES	YES	YES	YES
Year-monh FE	YES	YES	YES	YES
Adj. R^2	0.7379	0.7307	0.7545	0.7585
No. of Obs.	3,058,617	3,058,617	3,058,617	3,058,617

Panel C: Green social interactions and green investments

	(1) $NetBuy_{i,j,t}$	(2) $NetBuy_{i,j,t}$	(3) $NetBuy_{i,j,t}$	(4) $NetBuy_{i,j,t}$
$E_{j,t-1}\times GreenSI_{i,t-1}$	0.1111***			
	(5.4862)			
$E_{j,t-1}\times ProactiveGSI_{i,t-1}$		0.0832***		0.083***
		(4.9630)		(5.0302)
$E_{j,t-1}\times PassiveGSI_{i,t-1}$			0.6292***	0.6214***
			(4.7302)	(4.7174)
$GreenSI_{i,t-1}$	-0.7531***			
	(-7.6349)			
$ProactiveGSI_{i,t-1}$		-0.3432***		-0.3869***
		(-4.4531)		(-5.0680)
$PassiveGSI_{i,t-1}$			-5.8778***	-5.8756***
			(-11.2943)	(-11.2964)
Individual FE	YES	YES	YES	YES
Fund × Year-month FE	YES	YES	YES	YES
Adj. R^2	0.1733	0.1733	0.1736	0.1736
No. of Obs.	3,058,617	3,058,617	3,058,617	3,058,617