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SecondSight research finds that only 23% of people with workplace pensions are aware of access to ESG funds

- Almost a quarter (23%) of those with a workplace pension not aware it offers access to ESG funds
- 42% of investors said they would be happy if they were auto enrolled into an ESG default fund
- 67% of 20-30 year-olds and 73% of 31-40 year olds willing to pay more for ESG as their default fund
- 63% of investors have recently changed their minds about the importance of the environment
- Over two-thirds (68%) of non-ESG investors would be willing to consider investing sustainably

Only a quarter of people are aware of ESG-related options when it comes to their workplace pension despite an increased interest in sustainability, particularly among younger people, a new report from SecondSight has found.

The report - "*Workplace pensions and ESG*" - found that 23% of those with a workplace pension are aware that it offers access to ESG funds. On top of this, six in ten (60%) admitted they do not know what ESG investing is.

However, after being given an explanation of what ESG was, the study found that respondents would be willing to be enrolled and potentially pay more for a sustainable workplace pension, particularly younger people. 42% of those surveyed would be happy to be auto enrolled into an ESG fund, while two-thirds (67%) of 20–30 year-olds and 73% of 31-40 year olds would be willing to pay more to be in an ESG-focussed default fund compared to just over a third (36%) of 51-60 year-olds and 29% of 61+ year-olds.

There are clear indicators that public perception about the environment and how finances can have an impact, has grown significantly over recent years. Almost two-thirds (63%) of people surveyed have changed their minds over the past three years about the importance of the environment. Just over half (51%) felt strongly about the impact that climate change could have on their savings and investments, and nine in ten (89%) were concerned about the impact corporate practices and some large businesses are having on the environment.

While the study found that only 25% of people had made any investments with ESG factors in mind, there is a sizeable proportion interested in sustainable products. Over two-thirds (68%) said they would be willing to consider investing sustainably.

As workplace pension funds make up the single largest group of institutional investors in the UK, with around £2 trillion of investments, they are in a prime position to invest in sustainable assets and contribute to the UK achieving net zero. According to a recent study¹, switching a pension pot of £100,000 to an ESG fund saves as much as 64 tonnes of carbon compared to a non-sustainable investment.

¹ <https://www.pensionsage.com/pa/Make-my-money-campaign-launches-highlighting-power-of-sustainable-pensions.php>

Matthew Mitten, Partner at Second Sight, said: “Despite clear interest from younger people in sustainability issues and how financial decisions are impacting the planet, there is a lack of awareness around ESG investing and the available options. This issue is particularly acute when it comes to workplace pensions.

“Our research highlights that younger people are more interested in sustainability than the older generation and would support investing sustainably and having an ESG fund as their default pension fund option. By starting at a younger age, this could, over time, contribute towards supporting sustainability causes through their investments.

“Making sure that employees have all the information they need to make decisions about their pension is vital. There is a clear disconnect between people’s opinions on sustainability and their awareness of what financial decisions are available to them that can put that into practice. Employers can help raise awareness of ESG in pensions in several ways, such as engaging with their pension provider to find out what actions they are taking around ESG and speaking with employees directly about their thoughts on sustainable investing.”

An online survey was conducted by Atomik Research on behalf of Foster Denovo among 1,001 UK respondents who had investments. The research fieldwork took place between 24th March – 28th March 2022.

To access the full white paper please click [here](#).

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Press Contact

Neil Kennedy - Consultant

E: neil.kennedy@mrm-london.com

M: 075 0364 5608

About Second Sight

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