SCOTTISH WIDOWS

Responsible Investing in the UK

Research insights from retail customers

Introduction

Responsible investing has become a well-established part of the UK investing conversation. We believe that managing environmental, social and governance risks can allow for more resilient portfolios, geared to delivering better financial outcomes that are more sustainable.

Our ongoing customer research and engagement activities help us to better understand and track the diverse range of views held by our customers. While attitudes vary across different demographic groups, for example, our research demonstrates a clear demand for responsibly invested products.

In 2025, we published the **Responsibly Invested Pensions Report**, which set out findings from our research into the ESG considerations shaping workplace pension customers' investment decisions. We surveyed more than 6,000 employees, employers, and advisers to better understand their perceptions and priorities when it comes to responsible investment in the workplace. A key finding was that 72% of employees expect their employer to provide responsibly invested pensions.

In Q4 2025, we launched a new research initiative to capture the views of the direct-to-consumer (D2C) market – the retail investor. The data from this research shows that responsible investing is an important consideration, particularly among younger investors. While many retail investors see embedded integration of certain ESG factors as a baseline, they also value having choice in how their investments align with their preferences.

We found that clear and transparent communication helps build trust, giving investors the reassurance and confidence needed to bridge the 'say-do' gap. This report presents the key findings and recommendations of our research combining qualitative and quantitative methods to explore the responsible investing attitudes and priorities of over 2,000 UK investors and first-time investment considerers.

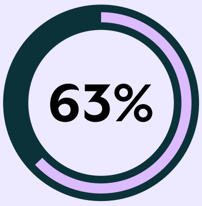
Key findings

The generational gap

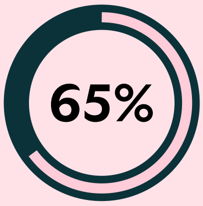
Our research was split into age categories: 18-34, 35-54, and 55+. We found clear differences in attitudes to, understanding of and preferences for responsible investing between the younger and older demographics.

Younger investors (particularly those under 35):

- are more likely to support responsible investment,
- they claim to have more knowledge about responsible investment,
- they state that they consider it when making investment decisions,
- they show a higher preference for more information when it comes to responsible investment credentials of the funds or companies they invest in.



63% of 18-34-year-old investors already take ESG factors into account, with 36% doing so actively.

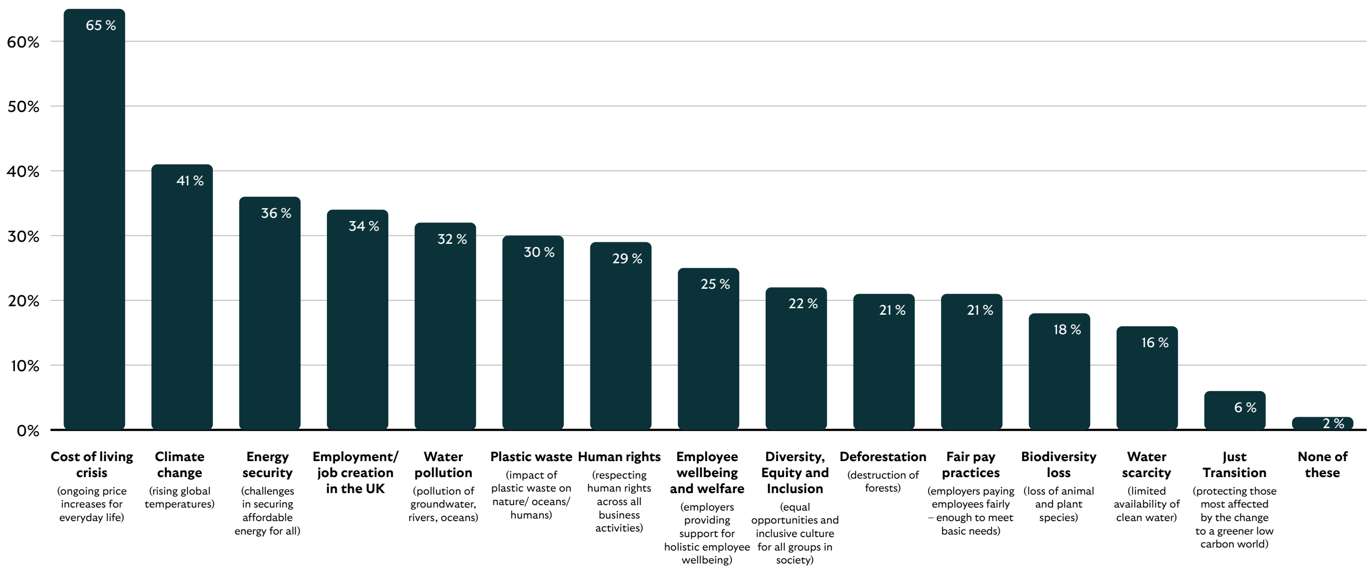


65% of under 35s prefer receiving responsible investing information via an app, compared with 30% of over 55s.

75% of investors under 35 want responsible investing embedded as standard, compared with 39% of those aged 55+.

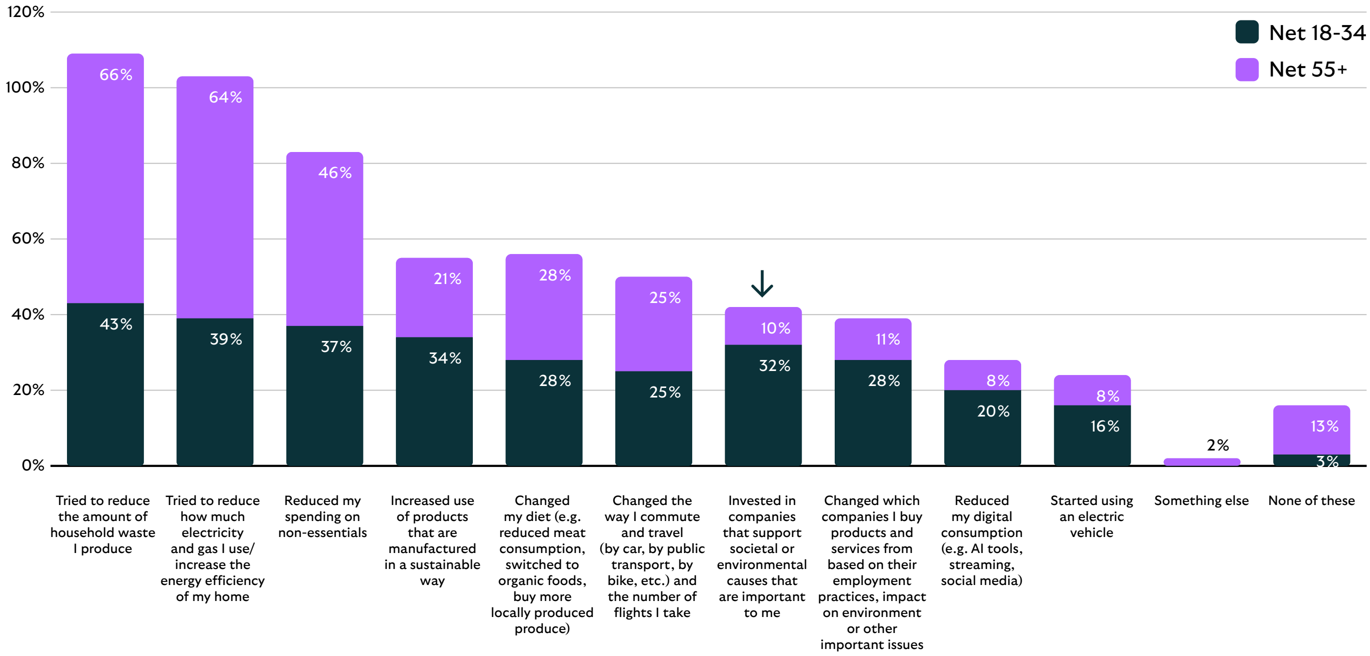
What issues do retail investors care about most?

Consistent with the findings of our workplace pensions research, the cost-of-living crisis ranked as the top issue retail customers are concerned about. This is closely followed by climate change as well as concerns around energy security, employment creation and water pollution. Notably, these reflect our stewardship priorities, which include climate, the just transition, water and human rights.



What actions are customers taking to tackle environmental and societal issues?

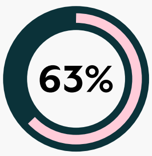
Older investors are more likely to consider making changes within their homes in support of societal and environmental issues. Younger investors are more likely to consider wider lifestyle changes, including the companies they purchase products and services from and where they invest.



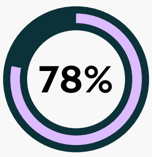
As we can see from the chart above, 22% more 18–34-year-olds than 55+ year-olds say that they are investing in companies that support social and environmental causes that are important to them.

Investment priorities and expectations

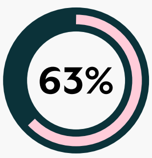
Retail customers set out clear expectations of investment providers when it comes to integrating responsible investment.



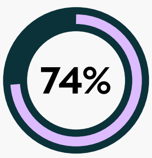
Overall, 63% of retail investors say they consider ESG factors when choosing their investments. This proportion increases among younger investors where 67% of 35–54-year-olds and 83% of 18–34-year-olds say ESG factors influence their decision to invest.



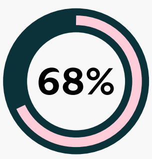
78% of investors say they would prioritise responsible investments if performance were comparable.



63% of investors say that it's the investment provider's responsibility to ensure that responsible investment is upheld.

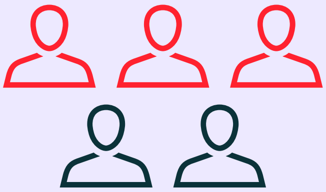


74% of investors agree that responsible investing helps build stable long-term returns.



68% of investors assume that some degree of responsible investment is built into funds made available to them.

Preferences and empowering customer choice



3-in-5 say they would like RI to be standard across all investments.

We found strong endorsement of responsible investment as a concept. Retail investors also value flexible investment options that influence how they access and integrate environmental, social and governance risk.

- 70% of investors say they'd prefer their investment provider to offer some default or ready-made funds based on responsible investment principles. Investors under 35 years are nearly twice as keen for RI to be 'fitted as standard' (75% vs. 39% for over 55s).
- 65% of investors would prefer their investment provider to place greater emphasis on companies with stronger ESG credentials.
- 69% of investors would be more inclined to invest responsibly if investments were clearly labelled.
- 62% of investors say they'd like the option to choose specific environmental or social themes themselves.

Irrespective of any product consideration or investment, our research shows that customers appreciate investment providers that engage with companies to promote more responsible social and environmental behaviour and provide ESG-related information on their funds.

- 76% of respondents said that they value an investment provider engaging with companies to improve how they behave and manage risks.
- 85% of respondents would find both ESG performance of a fund and showing individual company performance useful.

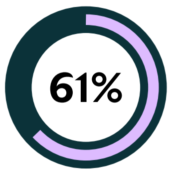
Clear, simple and targeted communication

While there's an expectation that responsible investment is being taken care of, our research shows that investors expect to be informed in order to make empowered decisions, not for providers to assume a 'moral authority'. Investors want concise, easily digestible facts about responsible investment, with clear labelling and summaries. Overly complex or jargon-heavy information switches investors off.

- 76% of investors would like to see more information about responsible investing credentials of the companies or funds they invest in (or would consider investing in).
- App (55%) and email (61%) received the most support as preferred channels of RI information.
- Over 40% of investors say they lack sufficient information to properly evaluate responsibly invested funds.
- 43% of investors want clear, simplified explanations.

A new opportunity for advisors to engage

A clear opportunity is emerging for advisers to engage more proactively with customers on responsible investing (RI).



61% of respondents who currently make their own financial decisions say they would consider using an independent financial adviser (IFA) in the future.

This signals a strong appetite for advice, particularly as investors look to better understand how their portfolios can align with their values. Advisers are therefore well positioned to support clients in navigating RI options, helping to translate interest into action through tailored advice, clearer articulation of impacts, and informed choice.

Recommendations

Our research found that responsible investing is a growing expectation, particularly among younger demographics. Investors (and potential investors) have consistently shown support for investment providers to offer options that integrate responsible investing principles while expressing a desire to be more informed in order to empower choice.

To meet evolving expectations, providers will need to:

- integrate responsible investing into core investment narratives around growth and risk
- balance embedded approaches with customer choice and control
- demonstrate credibility through clear evidence and transparency
- design communications that prioritise clarity while allowing for deeper engagement.

Based on the findings of our research, our recommendations are:

Understand

Understanding what matters to investors is vital. It can shape their motivations when it comes to investing but can also shape their attitudes to engaging with different organisations.

Understanding also allows organisations to speak to what investors care about. Younger generations show a preference for human rights and diversity, equity and inclusion; older generations surveyed show interest in water pollution, plastic waste and energy security.

Growth and risk are key issues for retail investors, so framing responsible investment as a core part of risk management and mitigation will be crucial.

Engage

Perceived complexity and uncertainty can switch investors off when it comes to responsible investment. Investors are wary of inconsistent standards and broad claims that are difficult to substantiate.

Visual, intuitive digital design appears especially effective in helping investors build confidence without feeling overwhelmed.

Inform

There's a clear appetite for information but preferences on the level of detail and channel of communications differ and it's important not to assume a one-size-fits-all approach. Tailoring communications delivery by generation could be useful, with those under 55 showing a preference for email, app and web dashboards, displaying concise, clear, and visually engaging information. Older investors preferred simple summaries and labels.

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