



## **Press Release**

**July 2024**

### **Seven in ten people willing to pay more for ‘green’ products**

- **Generation Z most likely to pay a premium for environmentally friendly goods and services**
- **One in three don’t trust financial services organisations to deliver on their ESG promises**

Almost seven in ten (68pc) people in Ireland are now willing to pay more for environmentally friendly products. However, how much more they are willing to pay varies considerably - ranging from an additional 5pc to ‘whatever it takes’.

This is according to new research from Royal London Ireland, which also revealed that, on average, people are willing to pay almost one-fifth more (19.9pc) for environmentally friendly and sustainable products, with the nation’s Generation Z more likely than any other generational group surveyed to be prepared to pay a premium for such products.

Royal London Ireland, one of Ireland’s leading life insurance and pensions companies, is describing the findings as “highly illuminating”, suggesting a shift in consumer behaviour that may drive market changes and encourage companies to adopt more sustainable practices.

The research forms the third instalment of Royal London Ireland’s ESG Index, a benchmark which examines the evolving public opinions and outlook on environmental, social and governance (ESG) issues, as well as the public’s confidence in financial services organisations fulfilling their ESG promises and targets. (See Table 1 below)

<b>Table 1: Royal London Ireland ESG Sentiment Index</b>			
	Mar 2023	Sept 2023	May 2024
Whether financial service companies should act in a responsible manner	78.5	76.5	73
Trust in financial service companies promises	54.5	50.5	48
Optimism that financial service companies will deliver on their social responsibilities	50	46	50.5

Movements in the index itself indicate there has been a fall in the number of people who believe that financial services companies are making ‘real progress’ towards being more socially responsible. Despite this, the public was slightly more optimistic about the likelihood of financial services companies delivering on their social responsibilities.

Highlights from the third Royal London Ireland ESG Index research include:

### **Importance:**

- More women (64pc) than men (57pc) think it’s important that financial service companies act in a responsible manner when it comes to ESG issues. Baby Boomers are the group that feel most strongly that this is extremely important – with 34pc feeling this way, compared to 23pc of Millennials. By contrast, Generation Z are the least likely to care about whether or not financial services companies act in a responsible manner when it comes to ESG issues.
- When it comes to those who would be considered positively inclined to believe it is important that financial services companies act responsibly, the research found: 62pc of Baby Boomers feel this way, followed by 54pc in the Generation X category, 45pc of ‘Millennials’, and 41pc Generation Z.

### **Trust:**

- One in three (32pc) people don’t trust that Irish financial services companies will deliver on their ESG promises. Generation Z’s have the least amount of trust, with 46pc having ‘little to no’ trust in financial institutions to live up to their promises here. Millennials and Baby Boomers are apathetic, with more than two-fifths (42pc) voicing no real opinion on this matter either way. Women are also more likely to be disenfranchised on the issue.
- The research found that those positively inclined to trust financial services companies and their actions around ESG include one-fifth of Baby Boomers, followed by 18pc of Gen X, 15pc of Millennials and 15pc of those in the youngest category - Gen Z.

**Optimism:**

- Almost one in three (32pc) adults are optimistic that the financial services sector will make real progress towards being more socially responsible, with men more likely than women to share this optimism. Women appear to be more indifferent, with 44pc being neither optimistic nor pessimistic. Millennials are the most pessimistic group, with 35pc doubting progress in this area. Baby Boomers are the most optimistic, with 35pc believing that financial services companies will make real progress on being socially responsible, while 40pc of Gen X are indifferent on this point.
- The research found that those inclined to be optimistic include 21pc of Boomers, followed by 19pc of Gen Z, 18pc of those in the Gen X category, and 15pc of Millennials.

Joe Charles Proposition Director at Royal London Ireland commented on the findings: *“People’s readiness to pay more for environmentally friendly and sustainable products is encouraging and underscores a heightened awareness among younger consumers about environmental issues and ethical consumption. The results of the Royal London Ireland ESG Index research suggests that on average, people would also be willing to pay 19.9pc more for environmentally friendly and sustainable products.”*

Speaking on the movements of the Index, Mr Charles said:

*“Looking at the results of the three ESG Indices in the last 18 months, it would appear that the public’s trust in financial services companies is being eroded. We have to look at why this is. There are still legacy issues to deal with in the sense that the public often equates ‘financial services’ with ‘the banks’ and the historical issues associated with them.*

*“There is significant progress being made in the financial services industry regarding the fulfilment of its ESG responsibilities. However, it is worrying that almost one in three Irish people do not believe that financial services organisations will deliver on their ESG promises. More effort is therefore needed to communicate these activities to the public. and we believe that building trust is a crucial aspect of a developed and fully functioning financial services market.*

*“All that said, it is worth noting that the ESG Index markers of trust, optimism and the perceived importance of financial services, tend to increase with age. The oldest age groups consistently show more positive attitudes in these areas. This trend may be attributed to greater experience and engagement with financial services, such as pension funds, investments and insurance. As individuals age, they likely develop a better understanding and awareness of the role and actions of financial services companies, particularly in relation to ESG factors.”*

## **The Data Breakdown**

### **Would you pay more?**

- Almost one in five (18pc) people surveyed would be willing to pay 10pc more for a product that was more sustainable and environmentally friendly than the same product with less sustainable credentials.
- 17pc of respondents would pay up to 5pc more for something and 9pc of respondents would pay up to 20pc more.
- Almost one in three respondents (32pc) would not pay more for an environmentally friendly or sustainable product than one with less sustainable credentials.
- Nearly one in ten (9pc) would pay ‘whatever it takes’ to ensure the product they are buying is environmentally friendly or sustainable.
- When it comes to how much more people are prepared to pay for more sustainable or environmentally friendly products, somewhere between 5pc and 10pc is probably the ‘sweet spot’.
- Overall, 68pc would pay more to varying degrees – with this rising to 78pc for Generation Zs and dropping to 65pc for Baby Boomers.
- Almost five times as many people in Dublin as Connacht/Ulster said they would pay ‘whatever it takes’ for a more sustainable or environmentally friendly product (14pc vs 3pc respectively).
- 6pc of respondents said they would pay 50pc more.
- More than one in ten would pay over 75pc more.

### **Importance**

- 62pc of adults think it’s important that financial service companies act in a responsible manner when it comes to ESG issues – to varying degrees.
- Men are more likely than women to say it’s not important (22pc vs 11pc).
- Baby Boomers are the group that feels most strongly, with 34pc indicating that it is extremely important (compared to 23pc of Millennials).
- Generation Z are the least likely to care: 24pc say it’s not important, compared to 12pc of Generation X.

### **Trust**

- Almost three in ten (28pc) adults have trust in Irish financial services companies to deliver on their ESG promises, while almost one in twenty (4pc) have a lot of trust in financial services companies.
- However, one in three (32pc) don’t trust that Irish financial services companies will deliver on their ESG promises.
- A significant percentage of people appear apathetic or undecided: 38pc don’t feel strongly one way or another, rising to 42pc for women.

- Millennials are the most likely group not to have a strong opinion on this, with 42pc taking this stance compared to one in three (33pc) Generation Zs.
- At almost one in three (32pc), the greatest levels of trust can be seen among Generation X and Baby Boomers whereas, just 22pc of Generation Z have trust in financial services organisations to deliver on ESG.
- Almost one in two (46pc) Generation Zs have little or no trust in the ability of financial services organisations to deliver on their ESG promises, while one in three (33pc) Millennials feel this way.

## **Optimism**

- Almost one in three (32pc) adults are optimistic that the financial services sector will make real progress towards being more socially responsible.
- 3pc of adults are 'extremely optimistic' while 31pc are pessimistic.
- Almost four in ten (38pc) of the entire population don't hold any particularly strong view either way.

**- ENDS -**

## **Sources**

<sup>1</sup> Environmental, Social and Governance (ESG – see appendix).

<sup>2</sup> Scoring 8, 9, or 10

<sup>3</sup> The average was calculated by averaging the responses of each person who chose a percentage.

For the 75pc+ response, the value of this was estimated as 87.5% as it's halfway between 75 and 100. The % chosen by each respondent was listed out and then averaged to get the estimated amount. Note that this excludes people who chose either of the last 2 options, as these are not % amounts.

## Notes to editors

### About Royal London Ireland:

Royal London Ireland has a history of protecting its policyholders and their families, and it is committed to continue to do so for a long time to come. Our businesses heritage in Ireland is almost 200 years starting when the Caledonian Insurance Company's first office opened on Dame Street, Dublin 2 in 1824. Today, Royal London Ireland is owned by The Royal London Mutual Insurance Society Limited – the UK's largest mutual life insurance, pensions and investment company, and in the top 30 mutuals globally, with assets under management of €187 billion, 8.5 million policies in force, and over 4,200 employees. Figures quoted are as at 31 December 2023.

Royal London Ireland's office is based at 47-49 St Stephen's Green, Dublin 2.

### Royal London ESG Index

The Royal London ESG Index, first launched in early 2023, sets out to examine the changing opinions and outlook of the general public around environmental, social and governance issues, as well the movement in confidence levels in financial services organisations delivering on ESG promises and targets.

<b>Generations</b>	<b>Born</b>	<b>Current Ages</b>
Gen Z	1997 – 2012	12 – 27
Millennials	1981 – 1996	28 – 43
Gen X	1965 – 1980	44 – 59
Baby Boomers II (a/k/a Generation Jones)*	1955 – 1964	60 – 69

\*Only adults over 18 were included for the purposes of this survey

### **ESG Explained:**

ESG stands for Environmental, Social and Governance, which are three key factors that help investors measure the ethical and sustainability impact of a business or sector.

When looking at the first factor, “E”, for example, an investor would examine what damage a company is doing to the environment. Is it causing pollution? If it's a chemical company, does it have a history of leaks or spills? And does it clean up after itself? If it's an oil or gas company, is it extracting as cleanly as possible? And what are its carbon capture plans or energy transition plans? How is it planning to change in future years?

The social element, “S”, involves finding out if a company is looking after people and not exploiting anyone. Does the company care for its employees, its suppliers, customers and the communities that it is involved with? For companies with employees and suppliers in developing countries, where employment law can be less formal, this is particularly important.

Governance, “G”, is about how well companies are run. Do they follow all the legal and accounting requirements? Are they carrying out thorough audits, and do they have all the necessary checks and balances in place? What’s their attitude to company pay and executive bonuses? Do they always put their shareholders’ interests first? Are they as open with shareholders as possible?

An investor who is ESG aware will want to know that these credentials are strong before investing.

Royal London Ireland is committed to acting and investing responsibly. We choose the asset managers that look after our customers’ investments in a responsible way and ask them to consider environmental, social and governance issues in their decision-making. We also aim to act on our customers behalf to influence and challenge the companies they own shares in, on issues such as CO2 emissions, modern slavery policies, and executive pay.

## Appendix:

**Table 2: Paying More for Products**

	What gender are you?			Generations				Region				SES	
	Total	Male	Female	Gen Z	Millennials	Gen X	Boomers II	Dublin	Rest of Leinster	Munster	Connacht + Ulster	ABC1	C2DE
Sample Size	1000	489	511	191	313	251	245	334	241	260	165	465	372
5pc	17%	19%	16%	15%	16%	18%	19%	11%	17%	21%	23%	18%	20%
10pc	18%	16%	19%	18%	19%	19%	14%	15%	19%	20%	18%	20%	15%
20pc	9%	9%	9%	9%	9%	9%	8%	11%	6%	10%	7%	8%	8%
30pc	4%	3%	5%	7%	3%	4%	3%	4%	4%	5%	4%	3%	3%
40pc	2%	1%	3%	5%	2%	0%	1%	3%	2%	1%	2%	1%	1%
50pc	6%	7%	6%	9%	6%	4%	7%	8%	6%	4%	6%	5%	7%
75pc+	3%	4%	3%	4%	5%	1%	3%	2%	5%	2%	4%	4%	3%
I would not pay more	32%	33%	31%	22%	33%	35%	35%	31%	35%	30%	34%	34%	36%
I would pay whatever it takes	9%	9%	8%	12%	5%	11%	9%	14%	7%	8%	3%	8%	7%

**Table 3: Financial Services Organisations and ESG issues**

	What gender are you?			Generations				Region				SES	
	Total	Male	Female	Gen Z	Millennials	Gen X	Boomers II	Dublin	Rest of Leinster	Munster	Connacht + Ulster	ABC1	C2DE
Sample Size	1000	489	511	191	313	251	245	334	241	260	165	465	372
1	5%	6%	3%	1%	5%	6%	6%	6%	4%	5%	4%	4%	6%
2	3%	5%	2%	7%	4%	2%	1%	4%	3%	2%	5%	3%	3%
3	4%	5%	3%	8%	5%	2%	1%	4%	4%	2%	7%	4%	3%
4	4%	6%	3%	8%	4%	2%	4%	5%	5%	4%	3%	3%	4%
5	18%	17%	19%	20%	21%	16%	15%	15%	17%	22%	19%	19%	17%
6	5%	5%	5%	5%	4%	6%	4%	7%	4%	2%	5%	6%	4%
7	10%	10%	10%	10%	13%	11%	6%	9%	12%	10%	9%	11%	8%
8	15%	14%	15%	9%	12%	19%	17%	16%	13%	17%	9%	16%	15%
9	10%	9%	10%	7%	10%	10%	11%	9%	11%	8%	11%	13%	9%
10	27%	24%	29%	25%	23%	25%	34%	25%	27%	27%	29%	21%	31%

**Table 4: Trust in Financial Services Organisations and ESG**

On a scale of 1– 10, 1 having no trust at all and 10 having a lot of trust, how much trust do you have in Irish financial services companies to deliver on their ESG promises?													
	What gender are you?			Generations				Region				SES	
	Total	Male	Female	Gen Z	Millennials	Gen X	Boomers II	Dublin	Rest of Leinster	Munster	Connacht + Ulster	ABC1	C2DE
Sample Size	1000	489	511	191	313	251	245	334	241	260	165	465	372
1	10%	11%	10%	10%	11%	12%	9%	12%	9%	10%	9%	9%	12%
2	5%	7%	4%	13%	3%	5%	3%	6%	4%	3%	9%	4%	4%
3	9%	9%	10%	11%	10%	7%	9%	7%	11%	10%	11%	10%	8%
4	8%	9%	8%	12%	9%	8%	6%	12%	7%	6%	8%	9%	8%
5	29%	27%	32%	25%	33%	27%	31%	26%	30%	36%	25%	28%	32%
6	9%	9%	10%	8%	9%	9%	11%	8%	9%	10%	11%	9%	10%
7	11%	12%	11%	7%	12%	14%	12%	11%	12%	11%	11%	13%	10%
8	9%	8%	9%	4%	7%	12%	12%	10%	8%	9%	7%	11%	8%
9	4%	5%	3%	3%	5%	3%	4%	5%	4%	0%	7%	5%	3%
10	4%	5%	4%	8%	3%	3%	4%	3%	5%	5%	3%	3%	5%

**Table 5: Financial Services Organisations Being More Socially Responsible**

On a scale of 1– 10, 1 being not optimistic at all and 10 being extremely hopeful/ optimistic, how optimistic are you that financial services sector will make real progress towards being more socially responsible?													
	What gender are you?			Generations				Region				SES	
	Total	Male	Female	Gen Z	Millennials	Gen X	Boomers II	Dublin	Rest of Leinster	Munster	Connacht + Ulster	ABC1	C2DE
Sample Size	1000	489	511	191	313	251	245	334	241	260	165	465	372
1	8%	10%	7%	10%	8%	8%	7%	9%	7%	8%	9%	7%	9%
2	5%	5%	4%	2%	5%	5%	6%	5%	4%	3%	7%	4%	7%
3	9%	10%	7%	11%	10%	7%	7%	6%	11%	8%	11%	9%	9%
4	9%	9%	9%	6%	12%	7%	9%	9%	5%	10%	12%	9%	9%
5	28%	23%	33%	33%	28%	29%	24%	25%	29%	34%	26%	26%	27%
6	10%	9%	11%	6%	10%	11%	12%	12%	9%	10%	7%	12%	9%
7	14%	15%	13%	14%	13%	15%	14%	16%	19%	10%	10%	14%	13%
8	10%	10%	10%	6%	7%	12%	14%	9%	7%	11%	13%	11%	10%
9	5%	6%	3%	6%	5%	4%	4%	6%	4%	4%	4%	5%	4%
10	3%	3%	3%	7%	3%	2%	3%	3%	6%	3%	1%	3%	4%

## Index – Workings & Methodology

A “Dynamic Factor” or “Diffusion Index” is calculated for each survey variable. The index is the sum of the percentage of ‘higher’ responses and half the percentage of ‘unchanged’ responses. The indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous period, and below 50 an overall decrease.

[Dynamic factor – Wikipedia](#)

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