**Chapter 2 — Discussion Questions**

**Talking to Investors About ESG / Sustainability**

**A. Core Discussion Questions (Conceptual & Applied)**

**Q1**

How do investors use ESG information differently at various stages of the investment process (screening, valuation, engagement, monitoring)?

**Q2**

Why are environmental risks often the first entry point for ESG integration in Asian markets, compared with social or governance issues?

**Q3**

How can ESG information influence capital allocation decisions even when it does not directly affect short-term financial performance?

**Q4**

Through what mechanisms can social issues (such as labour practices, product safety, or data protection) translate into financial risk for investors?

**Q5**

How does the quality of corporate governance affect the credibility and usefulness of ESG disclosures?

**Q6**

Why does expanding ESG disclosure not necessarily lead to better corporate behaviour or sustainability outcomes?

**Q7**

How do investors decide when and how to engage with companies on ESG issues rather than relying on exclusion or divestment?

**Q8**

What trade-offs do investors face when integrating ESG considerations into investment decisions across different Asian markets?

**B. Perspective-Based / Role-Specific Discussion Prompts**

**For Asian corporates**

How can companies demonstrate that their ESG disclosures and commitments are decision-useful to investors rather than symbolic?

**For global investors**

How should engagement strategies differ between markets with strong governance systems and those with weaker enforcement?

**For U.S. or international executives**

How can global ESG policies be operationalised consistently across subsidiaries facing very different regulatory environments?

**For regulators and policymakers**

How can disclosure regimes be designed to support investor decision-making without creating excessive compliance burdens?

**Chapter 2: Quiz Questions**

**Part A: Multiple-Choice Questions**

**Q1**

At which stage of the investment process is ESG information most commonly applied by investors in Asia?

A. Only at the initial screening stage  
B. Only after investment decisions are made  
C. Across screening, valuation, engagement, and monitoring  
D. Only when required by regulation

**Q2**

Why are environmental issues often prioritised when investors begin integrating ESG in Asia?

A. Because regulators prohibit discussion of social issues  
B. Because environmental risks are easier to measure and financially material  
C. Because investors lack data on governance  
D. Because climate policy is uniform across Asia

**Q3**

Which factor most influences whether ESG information affects investment decisions?

A. Public opinion  
B. Media attention  
C. Internal incentives and decision-making processes  
D. Corporate philanthropy

**Q4**

Why does increased ESG disclosure not automatically improve sustainability outcomes?

A. Companies intentionally misreport data  
B. Disclosure requirements are too expensive  
C. Enforcement, incentives, and follow-through may be weak  
D. Investors do not read disclosures

**Q5**

Which governance factor most affects whether ESG commitments are implemented in practice?

A. Board size  
B. Presence of ESG committees  
C. Incentive alignment and accountability  
D. Corporate branding strategy

**Q6**

Which statement best describes how investors typically apply ESG in Asian markets?

A. As a replacement for financial analysis  
B. Mainly as an exclusion tool  
C. As a complement to financial analysis and engagement  
D. As a regulatory reporting exercise

**Part B: Short-Answer Questions**

**Q7**

Why do investors often prefer engagement over divestment when addressing ESG concerns in Asian markets?

**Q8**

Identify two ways in which social or governance risks can affect a company’s financial performance.