**Chapter 3 — Discussion Questions**

**Educating Investors and Addressing ESG Misconceptions**

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

**Q1**

Why do ESG misconceptions persist even among sophisticated investors, despite growing data availability and regulatory guidance?

**Q2**

How does the politicisation of ESG affect the quality of investor decision-making and corporate engagement in Asia?

**Q3**

What is the difference between **ESG literacy**, **ESG integration**, and **ESG advocacy**? Why does conflating these concepts create problems in practice?

**Q4**

How can poor ESG communication lead to superficial compliance rather than meaningful behavioural change?

**Q5**

What role do intermediaries (such as asset managers, consultants, exchanges, and industry bodies) play in shaping investor understanding of ESG?

**Q6**

Why is improving ESG capability often more effective than tightening rules or expanding disclosure requirements?

**Q7**

How should ESG concepts be communicated differently to sceptical investors versus supportive but less sophisticated investors?

**Q8**

What practical steps can investors or companies take to move ESG discussions from ideology toward decision-useful analysis?

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

**For asset owners / institutional investors**

How should long-term investors design ESG education programs to improve internal decision quality rather than signal virtue?

**For corporates / IR teams**

How can companies respond constructively to ESG questions that are poorly framed or based on misconceptions?

**For global executives**

How should ESG messaging be adapted across regions with different political sensitivities and levels of ESG maturity?

**For regulators and market operators**

How can guidance and training improve ESG understanding without prescribing investment outcomes?

**Chapter 3 — Quiz Questions**

**Part A: Multiple-Choice Questions**

**Q1**

Which factor most commonly contributes to persistent ESG misunderstandings among investors?

A. Lack of ESG data  
B. Excessive regulation  
C. Inconsistent definitions and framing  
D. Absence of investor interest

**Q2**

Why can politicised ESG narratives be harmful to effective investment decision-making?

A. They reduce media coverage  
B. They discourage disclosure  
C. They shift focus away from material risk analysis  
D. They eliminate investor engagement

**Q3**

Which statement best distinguishes ESG literacy from ESG advocacy?

A. ESG literacy focuses on values; advocacy focuses on data  
B. ESG literacy improves analytical capability; advocacy promotes specific outcomes  
C. ESG literacy replaces regulation; advocacy replaces engagement  
D. ESG literacy applies only to retail investors

**Q4**

Why does poor ESG communication often result in “box-ticking” behaviour?

A. Because companies lack technical expertise  
B. Because investors ignore ESG issues  
C. Because incentives are aligned with form rather than substance  
D. Because ESG standards are voluntary

**Q5**

Which group plays a particularly important role in shaping ESG understanding across markets?

A. Credit rating agencies only  
B. Retail investors  
C. Intermediaries such as asset managers and exchanges  
D. Activist organisations exclusively

**Q6**

Which approach is most effective for improving ESG outcomes over time?

A. Expanding disclosure requirements alone  
B. Imposing uniform global standards  
C. Building investor and corporate capability  
D. Reducing regulatory oversight

**Part B: Short-Answer Questions**

**Q7**

Why is ESG education best understood as a continuous capability-building process rather than a one-off training exercise?

**Q8**

Identify two practical ways investors or companies can improve the clarity and usefulness of ESG communication.