

Book Review

ESG Investing for Dummies

Geeta Maladkar

Research Scholar, School of Business and Management, Christ University, Bengaluru – 560029, Karnataka;
geeta.maladkar@res.christuniversity.in

1. Introduction to Author: Brendan Bradley

With over three decades of experience in financial markets, Brendan Bradley, primarily in the Capital Markets sector, spent the first two-thirds of his career successfully building business/product development teams. This afforded him a comprehensive understanding of the value chain, from pre-trade through execution to post-trade requirements.

The motivation behind writing “ESG Investing for Dummies” stemmed from Brendan’s observation that many of his peers were unclear about the key aspects companies needed to embrace to achieve ESG credibility. He recognized a need for clarity on how companies’ relative ESG ratings could inform their investability in the future. Through the book, Brendan aims to provide a straightforward and accessible guide to understanding and navigating the world of ESG investing.

2. The Audience for the Book

“ESG Investing for Dummies” is aimed at people interested in an approachable introduction to Environmental, Social, and Governance (ESG) investing but without prior experience. This book could appeal to the following types of readers.

Individual Investors: Those without prior experience in finance or sustainable investing who would like to match their investments with ESG principles.

Students and Teachers: Those pursuing a foundational grasp of ESG investing principles are those enrolled in finance, business, or related programs.

Small Business Owners: People who own small businesses or are entrepreneurs would like to learn more about including environmental factors in their investing and business decisions.

Readers in General: Regardless of financial literacy, everyone is interested in sustainable and ethical investing.

Financial Advisors and Consultants: Experts in the financial sector who wish to learn more about ESG investing to assist better clients who desire sustainable investment approaches.

Professionals in Corporate Social Responsibility (CSR): Those working in sustainability and CSR positions who are interested in learning about the viewpoint of investors on ESG matters.

Those seeking a helpful manual for navigating the realm of environmentally conscious investing without requiring a deep background in the subject matter may find the book appealing.

The entire book is divided into ten chapters for the reader’s convenience, and each chapter is summarised below:

Chapter 1: Entering the World of ESG Investing - This chapter introduces ESG investing, including an overview of the current ESG landscape, what ESG is, and its importance. It also discusses the differences between ESG and traditional investing and how ESG investing can help investors align their values with their investment decisions.

Chapter 2: Back to the Future: Understanding the Evolution and Growth of ESG Investing - This chapter explores the historical evolution and growth of ESG investing, highlighting the role of institutional investors and the rise of sustainable investing. It also discusses the various approaches to ESG investing, including negative screening, positive screening, and ESG integration.

Chapter 3: Give Me an ‘E’ - This chapter focuses on the environmental aspect of ESG investing, covering topics such as climate change, renewable energy investment, and resource efficiency. It also discusses the risks and opportunities associated with environmental investing and how investors can incorporate environmental considerations into their investment decisions.

Chapter 4: Give Me an ‘S’ - This chapter investigates the social aspects of ESG investing, including labor

practices, human rights, and community relations. It provides insights into the social impact of investments and how investors can evaluate the social performance of companies.

Chapter 5: Give Me a ‘G’- This chapter explores the governance aspect of ESG investing, including board diversity, executive compensation, and shareholder rights. It emphasizes the importance of good governance in investment decisions and how investors can evaluate companies’ governance practices.

Chapter 6: The Benefits of ESG Investing - This chapter discusses the potential benefits of ESG investing, such as improved risk management, better long-term performance, and positive impact on society and the environment. It highlights the advantages of incorporating ESG into investment strategies and how investors can achieve financial and non-financial returns.

Chapter 7: The Challenges of ESG Investing - This chapter examines the challenges of ESG investing, including lack of standardization, data quality issues, and potential trade-offs between financial returns and social/environmental impact. It provides a balanced view of the potential obstacles in ESG investing and how investors can navigate them.

Chapter 8: Getting Started with ESG Investing - This chapter provides practical advice on how to get started with ESG investing, including identifying values and goals, selecting ESG investments, and monitoring portfolios. It offers actionable steps for beginners in ESG investing and how to build a diversified ESG portfolio.

Chapter 9: Incorporating ESG into Your Investment Strategy - This chapter discusses how to incorporate ESG considerations into investment strategies, including asset allocation, portfolio construction, and risk management. It guides the integration of ESG factors into investment decision-making and how to evaluate companies’ ESG performance.

Chapter 10: Investing in “Traditional” ESG - This chapter focuses on traditional ESG investments, such as renewable energy, green bonds, and socially responsible mutual funds. It offers insights into specific investment opportunities within the ESG space and how investors can evaluate these investments’ financial and non-financial returns. Overall, “ESG Investing for Dummies”

provides a comprehensive overview of ESG investing, covering a wide range of topics from the basics of ESG to specific investment opportunities and challenges. It offers practical advice and guidance for investors looking to incorporate ESG considerations into their investment strategies and align their values with their investment decisions.

3. Reviewers’ Thought

After reading “ESG Investing for Dummies”, I’m amazed by how well-written and succinctly the book explains ESG concepts. Brendan Bradley adeptly maneuvers across the intricate terrain of ESG, rendering it comprehensible for people with diverse degrees of acquaintance with the topic. Notably, he strongly emphasizes ethical investing and the advantages that come with both financial gains and societal effects.

All things considered, “ESG Investing for Dummies” is an excellent reference for anyone starting in ESG investment. The book offers a well-rounded perspective for anyone wishing to link their investments with environmental, social, and governance factors, so it’s worth reading whether you have any prior expertise.

4. Recommendations

For investors who want to include environmental, social, and governance considerations in their investing decisions, “ESG Investing for Dummies” is an invaluable reference for new and seasoned investors. The book thoroughly introduces ESG concepts and emphasizes the significance of ethical investment in today’s rapidly changing market. To inform readers about the potential benefits and hazards of investing in Environmental, Social, and Governance (ESG) factors, the author highlights the importance of transparency and thoroughness when assessing ESG data and techniques. Through providing helpful advice and insights on creating and managing an ESG portfolio, this book gives readers the information and resources they need to make wise and significant investment decisions. Overall, “ESG Investing for Dummies” is a timely and informative guide for individuals seeking to align their financial goals with their values.