



GLOBAL CONFERENCE 2025

ENTERPRISE RISK MANAGEMENT:
RISING FROM THE ASHES

NAVIGATING ESG CHALLENGES &
TRENDS: BALANCING RISKS,
REWARDS, AND STAKEHOLDER
INTERESTS

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Today's presenter



Muchtazar

- Received a Bachelor of Engineering degree from Bandung Institute of Technology (ITB) and a Master of Environmental Science from the University of Indonesia
- 10+ years of experience, including as Head of Sustainability at Nickel Industries Limited, Environment and Sustainability Executive at Unilever Indonesia, as well as Environmental Engineer at Kideco Jaya Agung and Siam Cement Group (SCG)
- Recipient of the Sustainable Development Goal Pioneer Award from the United Nations Global Compact in 2019
- Representative of Indonesia at multiple international forums, including the UNGA Leaders Week, the United Nations Climate Change Conference, One Young World, and ASEAN-Australia Special Summit

ESG factors are risks, but also opportunities

- ESG remains one of the biggest risks and opportunities in the short and long-term periods
- Adherence to the ESG principles will ensure that organisations have stronger resilience, economic viability, and positive reputation

Global Risks Report 2025

Global risks ranked by severity



Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period.

Short term (2 years)

| | |
|------------------|---|
| 1 st | Misinformation and disinformation |
| 2 nd | Extreme weather events |
| 3 rd | State-based armed conflict |
| 4 th | Societal polarization |
| 5 th | Cyber espionage and warfare |
| 6 th | Pollution |
| 7 th | Inequality |
| 8 th | Involuntary migration or displacement |
| 9 th | Geoeconomic confrontation |
| 10 th | Erosion of human rights and/or civil freedoms |

Long term (10 years)

| | |
|------------------|--|
| 1 st | Extreme weather events |
| 2 nd | Biodiversity loss and ecosystem collapse |
| 3 rd | Critical change to Earth systems |
| 4 th | Natural resource shortages |
| 5 th | Misinformation and disinformation |
| 6 th | Adverse outcomes of AI technologies |
| 7 th | Inequality |
| 8 th | Societal polarization |
| 9 th | Cyber espionage and warfare |
| 10 th | Pollution |

Risk categories: Economic (Blue), Environmental (Green), Geopolitical (Orange), Societal (Red), Technological (Purple)

Source: World Economic Forum, Global Risks Perception Survey 2024-2025

Stakeholders' interests are evolving

- ESG now is no longer a nice-to-have—it's a strategic imperative
- Investors demand disclosure
- Regulators enforce compliance
- Employees expect purpose-driven culture
- Customers inquire ethical brands

ESG IS PART OF STAKEHOLDERS' EXPECTATIONS



Non-financial disclosure becomes a new norm

- ESG reporting is transitioning from voluntary to standardised and regulated in many parts of the world
- A growing number of jurisdictions are aligning with the ISSB's climate and sustainability-related standards
- ESG transparency is increasingly expected by investors, regulators, and the public

A growing number of jurisdictions are adopting the ISSB's climate and sustainability-related standards

Status of implementation

● Adopted ● In consultation ● In process of adopting ● Related disclosure standards



As of 2 January 2025
Sources: IFRS and Deloitte's IAS Plus

Top ESG challenges today

Complex and dynamic regulations

- Companies must monitor and respond to region-specific requirements while maintaining consistency in their global ESG strategies.
- Regulatory uncertainty increases compliance risk and operational strain.

Data fragmentation and lack of comparability

- ESG data comes from diverse sources—internal systems, suppliers, partners—and lacks standardisation.
- Inconsistent ESG metrics make it hard to benchmark, verify, or make investment decisions.
- This limits investor confidence and hampers rating agency assessments.

Greenwashing risk

- Companies are under pressure to show ESG progress, but overstating achievements or using vague claims can lead to accusations of greenwashing.
- Stakeholders are becoming more sceptical and expect credible, verified disclosures.
- Greenwashing can cause significant reputational damage and regulatory penalties.

Competing stakeholder demands

- Investors may demand *short-term profitability*, especially in volatile markets, while regulators push for *costly ESG compliance*, such as emissions reduction or biodiversity conservation.
- Customers in developed markets may prefer low-carbon, certified products, while customers in price-sensitive markets still prioritise affordability over ESG credentials.

Pros and cons of ESG compliance

Risks



Regulatory penalties



Climate transition costs



Reputational damage

Rewards



Capital access

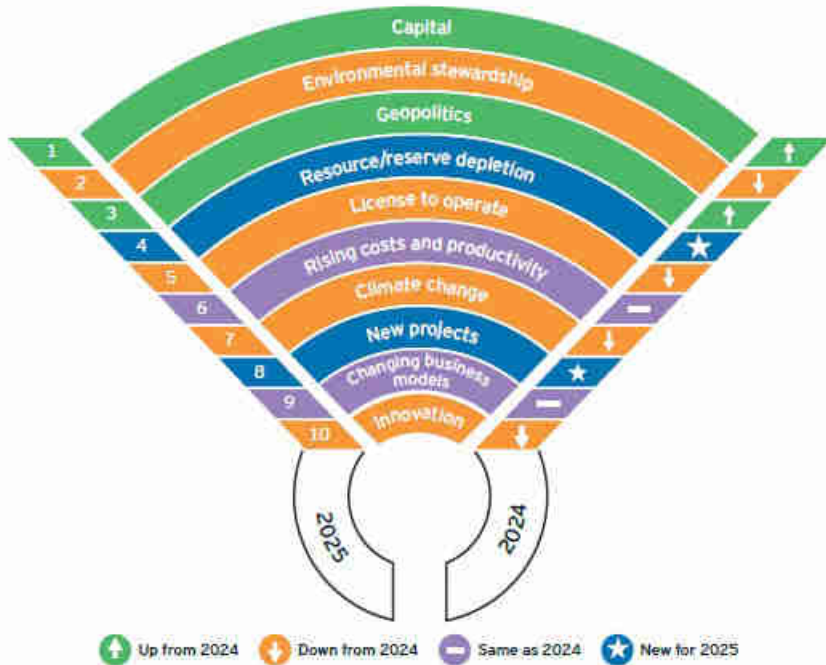


Brand loyalty

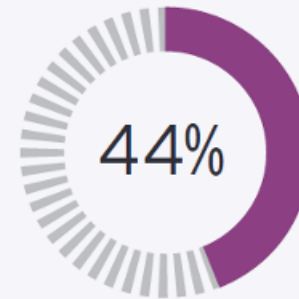


Innovation edge

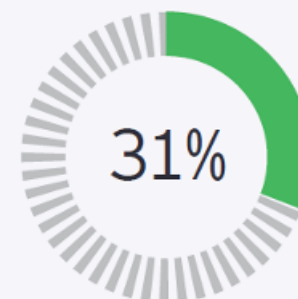
Case study: Mining and metals industry



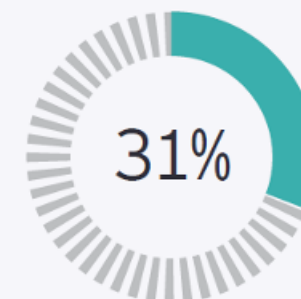
Which areas of ESG will face the most scrutiny from investors in the mining and metals sector over the next 12 months?



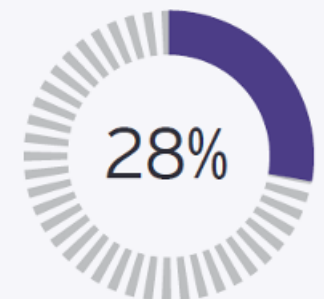
Waste management



Climate change



Water stewardship



Nature/biodiversity

Note: Respondents could choose more than one option.
Source: EY Business Risks and Opportunities Study 2025.

- In the mining and metals sector, especially for the transition/green materials, the customers are more environmentally and socially conscious.
- ESG topped the risks for the period of 2022- 2024. In 2025, it was slightly dropped to the second spot.

LME explores producing price premia for sustainable metal

Reuters | April 23, 2025 | 7:01 am [Battery Metals](#) [Markets](#) [Europe](#) [Aluminum](#) [Copper](#) [Nickel](#)



Green premium for sustainable metals

The London Metal Exchange (LME) is exploring the possibility of establishing price premiums for sustainable metals, including nickel. This would involve setting price differences for nickel based on sustainability criteria, such as low carbon footprints.

The LME is working with a digital platform to develop a price discovery mechanism for low-carbon nickel.



Closing thoughts

- ESG is a lever for strategy—not just compliance.
- Those who act boldly today will lead resilient, respected businesses tomorrow.



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THANK YOU

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