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Exploring environmental, social and governance (ESG) in the halal industry in Brunei

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Abstract

This article aims to explore the extent, approaches and challenges of Environmental, Social and Governance (ESG) principles' incorporation into the halal industry with Brunei Darussalam as the case study. This is based on multiple factors, especially economic diversification. A qualitative approach with a case study analysis was employed, utilising solely library data on ESG and observational insights on Brunei. As a result, this study finds that it is possible to incorporate ESG within Brunei's halal industry. It comes with challenges such as low purchasing power due to the small population, unemployment issues, and perceptions of ESG centred around developed countries. Coupled with limited data, the solutions to the challenges are unknown. Thus, collaborative efforts from all stakeholders are required. Addressing these challenges could enable Brunei to align its halal industry with ESG principles for realising Wawasan Brunei 2035.

1. Introduction

The current halal scene has been evolving in literature, focusing on 'sustainability'. Notably, environmental sustainability follows the urgency to fulfil the United Nation's seventeen sustainable development goals (17 SDGs). These goals aim to address global challenges such as poverty, hunger, equality and fostering partnership, with an achievement target by 2030. However, as SDGs are aimed at countries as a whole, Environmental, Social and Governance (ESG) have become prominent in the discussion. It becomes a significant element for companies as it provides a mechanism based on a criterion (Hashim *et al.*, 2023) for environmental sustainability while also fulfilling the societal and governance impacts (De Hoyos & Dib, 2022). Similarly to SDGs, ESG was also popularised based on global concerns (Li *et al.*, 2021), such as global climate change, which led to prioritising sustainable efforts. However, ESG was seen prominently within finance in responsible investment (Li *et al.*, 2021). Mainly due to the rising awareness that sole financial profit would be useless long-term in the face of social inequalities (De Hoyos Guevara & Dib, 2022) and depleted natural resources.

As ESG evolves, it has encountered an expansion outside of its norms. It is recognised as a vital component of the potential of the halal industry (Hashim *et al.*, 2023). With the industry's growing demands from rising Muslim populations (Sulaiman *et al.*, 2023) with a trillion-level revenue estimate, aligning it with the current worldwide goals is logical. This includes parallel alignment with the Net Zero by 2050 agenda (Ramli *et al.*, 2022) and achieving the SDGs that ESG can offer. It also

offers prospective benefits like company image and reputation betterment (Prabawati & Rahmawati, 2022; Li *et al.*, 2021).

Coupled with this, ESG principles also align with Islamic values. This can be an added benefit for the halal industry as its emergence stems from the demands of Islam as stated in surah al-Baqarah, verse 168:

"O humanity! Eat from what is lawful and good on the earth, and do not follow Satan's footsteps. He is truly your sworn enemy."

Based on the verse above, the emphasis in the original Arabic text on consuming the 'lawful' and 'good on earth' utilises 'halalan tayyib' and has shaped the halal industry.

Meanwhile, for clarity on ESG and its Islamic value alignment, Hashim *et al.* (2023) have provided examples that are the core of ESG—for example, conserving the environment, promoting justice and respecting one another. At the same time, these values hold the same virtues taught by the Prophet Peace be Upon Him (PBUH). Thus, it signifies its importance to be ingrained in the halal industry for its embodiment of religious values. These values also extend to humans and non-humans, i.e., animals, the planet, and nature. Especially for Brunei Darussalam, incorporating ESG within the halal industry holds significant potential. To showcase this rationale, a few examples can be put forth:

Firstly, regarding the mandatory halal application under the Halal Certificate and Halal Label (Amendment) Order, 2017,

for food establishments in Brunei. This demonstrates the entrenched role of halal principles within the country and the strength of its foundation.

Brunei's official religion is Islam (Ministry of Foreign Affairs Brunei, 2018). Thus, it is logical to embed Islamic-based ESG principles to strengthen halal integrity further and uphold religious values within the country's halal industry.

Lastly, answering the urgent call for economic diversification needs within Brunei. The country's economy is stagnant and weak post-COVID-19 recovery (Koh, 2024). Koh (2024) also states how Brunei needs to step up to recognise and tap into 'green growth opportunities' by utilising the natural advantages they are equipped with. Therefore, incorporating ESG principles into the halal industry can assist Brunei in addressing environmental, social and governance concerns. Then, in return, advancing both economic and sustainability goals. Simultaneously, it can help Brunei launch the industry towards the global halal hub vision for Wawasan Brunei 2035 realisation (Sulaiman *et al.*, 2022).

Based on this rationale, this study aims to investigate ESG in general and evaluate its adoption in Brunei, particularly within the halal industry. For this, the discussion of this paper will be divided into five (5) parts:

- 1) An exploration of current ESG practices, principles and frameworks.
- 2) A review of the adoption of ESG principles in Brunei Darussalam.
- 3) Examining how ESG principles are incorporated into the halal industry.
- 4) An analysis of the application of ESG within the halal industry in Brunei.
- 5) Identifying the challenges associated with implementing ESG principles in the industry.

This approach will comprehensively understand ESG's role in enhancing Brunei's halal industry and its broader economic and sustainability objectives.

2. Materials and methods

This study has adopted a qualitative research method with Brunei as its case study in exploring ESG for the halal industry. Given ESG's initial stages of awareness and breakout from its norms of association, this study believes that library-based research is appropriate for the study's nature. Furthermore, obtaining primary data through interviews and surveys would be difficult following minimal established practices in the country. Considering this would provide resource and time constraints.

Additionally, this study employs a case study analysis to provide a comprehensive view of the country's situation and the necessary background on ESG and halal in Brunei. This approach aligns with the study's objective as solely foundational and general research on the matter. Hence, this study primarily utilises these three (3) types of articles:

- 1) ESG-based data that do not conform to the halal industry,
- 2) Current laws, directives, trends, and reports on Brunei Darussalam related to ESG,
- 3) The environment of the halal industry in Brunei Darussalam.

This paper also incorporates the authors' observations following the considerations of ESG through analysing social media posts and relevant mediums. Although they do not explicitly mention ESG, its principles are implicitly indicated through keywords and messages. With the case study analysis and the multiple data sources, the study can provide an in-depth contextual view of ESG and Brunei's halal industry.

3. Result and discussion

3.1 The present ESG practices, its principles and framework

ESG practices have been part of conversations for many years. Due to the attractive offers and benefits for companies, numerous businesses have adopted ESG frameworks. Brunei is no exception, which will be explored further in this paper. Unlike solely 'going green' or sustainability, ESG offers a tri-dimensional approach that integrates environmental, social and governance aspects. Tarmuji *et al.* (2016) explain the connection of three aspects: environmental actions within the company will impact the social aspect. Thus, upholding environmental and societal responsibility will require sound governance principles.

Moreover, various scholars within academia have defined the principles of ESG differently. However, it is agreed that it is a set of guidelines (Shapsugova, 2023; Prabawati & Rahmawati, 2022) that provides a directive towards sustainable efforts and ethical impacts for an organisation. To better comprehend the ESG principles, Table 1 by Li *et al.* (2021) provides a clear framework on the matter.

Currently, ESG performance is monitored through a reporting system called an 'ESG score'. These scores are tracked within the company using targets and benchmarks provided (Krantz & Jonker, 2024). However, ESG is much more evident in countries like the United States or Europe, where their markets have reached billions or trillions of dollars (UNDP, 2024). Meanwhile, ESG still lags in Asia despite the market value of 3 trillion USD. For scale, the United Nations Development Programme (UNDP) states that Asia only takes up 3% of the previously mentioned value (2024). As for ASEAN-specific countries, Malaysia is said to be a leading country with disclosed sustainability rates of 64.5%, according to Loh *et al.* (2016), as cited by Mohamad *et al.* (2021). Singapore, Thailand, the Philippines and Indonesia follow Malaysia in ESG implementation. Although Brunei Darussalam is also an ASEAN country member, Prabawati and Rahmawati (2022) mention that ESG awareness is still in the initial stages. Thus, this leads to a lack of information on ESG within the country. Despite this, there have been advancements in ensuring the environment in Brunei is heading towards ESG principles.

3.2 Adoption of ESG principles in Brunei Darussalam

Sustainability has become a rising topic in Brunei Darussalam, especially in fulfilling the SDGs. Under its Second National Voluntary National Review (VNR), Brunei Darussalam reported its progress in sustainable development during the 2023 High-Level Political Forum on Sustainable Development. This report shows Brunei Darussalam's continued commitment to the 2030 agenda regarding this area.

Table 1: ESG framework (international frameworks)

Dimension	Factors	Definition
Environmental (E)	• GHG emissions • Energy consumption and efficiency • Air pollutants • Water usage and recycling • waste production and management (water, solid, hazardous) • impact and dependence on biodiversity • impact and dependence on ecosystems • innovation in environmentally friendly products and services	Environmental matters that may positively or negatively impact the financial performance or solvency of an entity, sovereign, or individual.
Social (S)	• workforce freedom of association • child labour • forced and compulsory labour • workplace health and safety • customer health and safety • discrimination, diversity and equal opportunity • poverty and community impact • supply chain management • training and education • customer privacy • community impacts	Social matters that may positively or negatively impact the financial performance or solvency of an entity, sovereign or individual.
Governance (G)	• codes of conduct and business principles • accountability • transparency and disclosure • executive pay • board diversity and structure • bribery and corruption • stakeholder engagement • shareholder rights	Governance matters that may positively or negatively impact the financial performance or solvency of an entity, sovereign or individual.

Source: Li *et al.*, (2021). ESG: Research progress and future prospects.

Thus, Brunei Darussalam is fulfilling its responsibility to end poverty, protect the planet, and ensure global communities enjoy peace and prosperity by 2030.

This effort can be observed by aligning all seventeen SDGs with Brunei's agenda: Wawasan Brunei 2035 (See Figure 1). It has been noted that creating a firm path towards sustainable development requires cooperation from all sides. Therefore, efforts must be made holistically to ensure impact while meeting the population's needs, including the future generation.

Although ESG has not been mentioned explicitly, its existence is vital in achieving the second goal in Wawasan Brunei 2035: 'High Quality of Life' (See Table 2).

Based on Table 2, there is evidence that all aspects of ESG are mentioned within the goals. It has included dimensions such as the importance of having good governance, social harmony, and environmental sustainability. However, ESG is more common within the finance sector for its actual adoption in Brunei. For example, Bank Islam Brunei Darussalam's (BIBD) Arabesque Q3.17 SICAV - Global ESG Momentum Flexible.

Allocation Fund (BIBD, 2023). This fund was launched in 2022, and its ESG practices received recognition from Global Outlook Magazine. Other examples include Baiduri Bank and its ESG initiatives (Baiduri Bank, 2024), which include waste reduction strategies.



Figure 1: The alignment of Wawasan Brunei 2035 and the sustainable development goals (SDG).

Source: Prime Minister's Office, (2023). Brunei Darussalam Voluntary National Review Report 2023.

Meanwhile, other sectors, such as oil and gas, like the Brunei Shell Petroleum (BSP), have also proudly advocated for environmental conservation while showing commitment to social and governance aspects, such as BSP's Social Investment and Shell Livewire. Total Energies Brunei has also organised the 'Sustainable ESG Start Program' as a four-day programme with the United Nations Global Compact Network Malaysia and Brunei (UNGCMYB). This programme targeted small and medium enterprises (SMEs) to help them create a sustainable action plan. As for the micro-enterprises, the following

Table 2: Wawasan Brunei 2035 'High Quality of Life' National Outcomes and Key Areas

Wawasan Brunei (2035).	National Outcomes	Key Areas
High Quality of Life	High standard of living	• healthy nation • access to high-quality public utilities and infrastructure • high home ownership • high social mobility • excellence in service delivery
	Upholding sovereignty	• one of the safest countries in the world
	Sustainable environment	• a clean and green environment
	A resilient and cohesive society	• inclusive and sustainable social security • population with core values • social harmony through community
	World-class health and safety	• compliance with occupational health and safety legislation

Source: Wawasan 2035, (2019). High quality of life.

workshop was created months after the initial ESG workshop with SMEs by the Prime Minister's Office (PMO) (Special National Coordinating Committee on Sustainable Development Goals, 2024) to provide them with basic ESG knowledge. Specifically, the Special *et al.* Committee on Sustainable Development Goals (SDGs), with Total Energies and UNGCMYB.

Regarding other government efforts, although it is not explicitly mentioned as ESG and is related more to the 'E' aspect, it includes the 'Protokol Hijau' and a directive that calls for mandatory reporting of greenhouse gases (GHG). 'Protokol Hijau' is a guideline launched on 30th January 2021 by the Brunei Darussalam National Council on Climate Change (BDNCCC) to be utilised within public service premises. Meanwhile, the GHG reporting directive was said to be effective by 19th April 2023, which requires all facilities that emit or remove GHG to submit their GHG report (Brunei *et al.*, 2023). However, a grace period was mentioned for the first two (2) years (2023 and 2024) that allows submission past the formal quarterly deadlines. This directive also contributes to the 'G' aspect, as it is also an initiative by the government to provide enhanced transparency and accountability (Prime Minister's Office, 2023).

As for NGOs, Brunei consists of passionate youths who have helped create awareness and avenues for other youths to join in helping the community. These include Green Brunei, Young Professionals Network (YPN) Brunei and Brunei Youth Council (BYC). These NGOs have consistently advocated for the 'E' and 'S' aspects in Brunei, primarily through tree planting initiatives and charity drives, including advocating for SDGs through youth dialogues and relevant avenues.

Furthermore, statistics on Brunei's governance show it ranks in the high percentile. Particularly for political stability, government effectiveness, regulatory quality and its control of corruption are within the 80-90 percentile rank in 2022 (The World Bank, 2024). Brunei is also ranked the highest, along with Singapore, in terms of ASEAN in controlling corruption (Rosli & Kamaluddin, 2021). This shows Brunei's strength and its advantages in ESG adoption.

3.3 The extent of ESG in Brunei's halal industry

Other countries acknowledge the halal industry in Brunei to be 'stringent' (Haji Ibrahim, 2020) based on its standards and laws. Unlike others, it is also mandatory, as mentioned in this paper. Due to this law, the Muslims in Brunei and tourists alike are reaping the benefits as most restaurants within the country are halal-certified and entirely safe for Muslim consumption. However, the industry is only centred around halal, safety and cleanliness. As for other aspects, such as ESG and sustainability, there is yet to be an emphasis on them aside from within academic literature. Albeit so, there has been a slight movement in the industry towards the direction of sustainability, as seen during the *Seminar Antarabangsa Produk dan Perkhidmatan Halalan Thayyiban ke-6 (SAPPHAT) 2023* (Mohamad, 2023). Here, BIBD has extended its support as the primary sponsor in its commitment to creating a sustainable halal industry. However, other than this event, the industry still lags on the ESG or sustainable bandwagon despite its significance and the multiple calls within the academia for its implementation.

Regardless, based on the authors' observations, some companies practice ESG principles, particularly in the halal food industry. Hence, a breakdown of each element of ESG is provided below about the halal industry based on the observations mentioned:

1) The halal industry and the 'environmental' element.

The environmental element refers to the approach businesses implement to ensure responsible and sustainable practices for environmental preservation. In Brunei, several companies have adopted these practices. For instance, in Radisson Hotel Brunei Darussalam's food establishments, 'Tasek Brasserie' and 'Riwayat Restaurant', this hotel uses the slogan "Take all you can eat, eat all you can take" to remind consumers not to waste food. This practice is an example of environmental responsibility by supporting Brunei's efforts to reduce waste sent to landfills.

On that note, imposing additional fees to customers for leftover food is another approach a few small businesses have taken in the country. This initiative discourages food waste and is primarily prevalent in buffet-style restaurants. This method encourages customers to consume their food responsibly to

avoid additional fees.

Furthermore, Dil's Café has announced a partnership with GROW (generate reusable organic waste), an initiative led by several officers under the Executive Development Program Middle Management Officers, 35th Cohort (EDPMMO-35). This initiative focuses on food waste management with guidelines for food service providers through monitoring and auditing of food waste. These actions are highly commendable and highlight their commitment to environmental sustainability.

2) The halal industry and the 'social' element.

The social element refers to the impact of businesses on society, the community and their employees, as seen in Table 1 previously. For this element, a few examples can be seen in the country:

Within Radisson Hotel, employees are recognised for their contributions to the company. This recognition is vital to promoting growth and mutual respect among employees and maintaining a positive work environment. Little Audrey's Café also acknowledges the essential role of its staff in creating an outstanding experience through great hospitality and customer service. This focus is a key aspect of the social element of ESG to enhance employee satisfaction and retention.

Other notable companies include The Coffee Bean & Tea Leaf Brunei for their 'The Caring Cup' program with the "Coffee for a Cause" campaign. As part of their community engagement responsibility, the campaign raises funds and awareness for the Welfare of Persons with Different Ability (MKOKU).

3) The halal industry and the 'governance' element.

The governance aspect refers to transparency and accountability within the company. For the halal industry to ensure its integrity, transparency is at its core and warranted by all halal-certified establishments before a certification can be issued. However, good governance also requires transparency between employees to ensure fair rights. The Coffee Bean & Tea Leaf reports their usage of corporate social responsibility (CSR); however, not many details have been uncovered.

3.4 Applying ESG in the halal industry in Brunei Darussalam

Brunei's business landscape is mainly taken over by micro, small and medium enterprises (MSMEs) by 97% in 2022 (Department of Economic Planning and Statistics Brunei, 2023). Hence, the APEC Business Advisory Council (ABAC) introduced the MSME ESG and Sustainability Framework, which provides MSMEs with initiatives to implement ESG within their companies. This initiative involves following through an eight-step approach:

- 1) Performing an ESG scan,
- 2) Identifying and implementing key achievable ESG initiatives,
- 3) Setting goals and implementing a process to track progress,
- 4) Implementing an automated, simple reporting approach,
- 5) Implementing a review mechanism and making improvements,

- 6) Ensuring the value chain is part of the ESG approach and MSME's ecosystem is measured,
- 7) Adopt a cost-effective approach,
- 8) Seeking local support (Curry & Abdul Haadi, 2023)

Although its implementation is challenging, there are avenues to help companies transition to an ESG principle-based company. The United Nations Global Compact Malaysia and Brunei (UNGCMYB) offers resources and tools to ease the transition in Brunei. This also includes an 'ESG START Programme' (UNGCMYB, 2023). Through this programme, companies can act on the ABAC approach, benefiting from the guidance of experts and peers through online sessions provided by the UNGC Academy. This makes it easier for companies to gain the necessary knowledge for the implementation.

Furthermore, this approach is not specific to any industry but is open to all MSMEs. Therefore, the halal players within MSMEs may also apply these approaches within their companies.

However, the government also has an essential role as one of the key stakeholders in the halal industry. Creating a conducive environment for halal companies through engagement and encouragement is vital to facilitate the transition towards ESG incorporation—for instance, workshops, as previously made to provide the necessary knowledge. However, to fully engage companies striving for ESG incorporation, the government should utilise reward-based systems such as monetary gains or waivers upon application. Similar approaches have been made in the country, such as electric vehicles (EVs). A 2-year road tax waiver (Noor, 2022) was offered to popularise them. With incentives like these, the probability of companies incorporating ESG would increase, following economic and financial benefits.

Another approach that can be considered is offering official recognition, with plaques or certifications, to businesses that have successfully implemented ESG or an equivalent. As government recognition and public acknowledgement would add value to their business, this incentive will motivate local companies. Correspondingly, this will assist Brunei in fulfilling SDG 2030 and Wawasan Brunei 2035, thus fostering a culture of sustainability within the country.

3.5 The challenges of implementing ESG in the halal industry in Brunei Darussalam

While incorporating ESG in the halal industry is vital, obstacles in this area must be addressed.

- 1) The market in Brunei in comparison to other ASEAN countries

Although Brunei is relatively larger than Singapore, the two countries have a considerable gap. While the population in Singapore is at millions, Brunei's population has barely reached half a million as of 2023 (Department of Economic Planning and Statistics Brunei, 2023). Due to this, the purchasing power in the country is relatively low as the F&B industry sales have only reached approximately BND100 million (Department of Economic Planning and Statistics Brunei, 2024), in comparison to Singapore's SGD955 million (Department of Statistics Singapore, 2024). It is important to note that this value may also be due to higher tourist numbers in Singapore than in Brunei. Nonetheless, the lower purchasing power is vital to address as ESG will require company

sacrifices. Although the ABAC MSME ESG and Sustainability Framework approach is applied with cost-effective measures, certain costs are inevitable with sustainability. Whether manpower or financial costs, these will ultimately affect the company and the customers. Thus leading to price increments that lessen its affordability for consumers and lower the purchasing demographic. With Brunei's more minor market condition, this can threaten the Bruneian economy if left unsolved.

2) The unemployment issue in Brunei

Environmental sustainability is crucial, but so are the social and governance aspects. Based on the statistics mentioned previously in Brunei, which shows a positive rank, it is possible that the reality for the people is not as optimistic. From 2022 to 2023 alone, the country has encountered a 0.1% increase in the underemployment rate (UER) (Department of Economic and Statistics Brunei, 2023). This could reflect that social and governance aspects are not realistically well-implemented according to expectations. It is crucial to tackle this challenge as it also concerns the halal industry in Brunei, which is also one of the industry's stakeholders.

In an article by The Scoop (2020), Brunei relies on foreign workers, especially in construction and blue-collar industries. Even in the article by Cheong *et al.* (2016) as part of the 'Foresight Study Project' by the Centre of Strategic and Policy Studies (CSPS): 'high unemployment' was ranked second in the 'prioritised trends and emerging issues' category by 107 responses. With this, 'community disintegration' was also

included in the list at seventh rank with 32 responses. This refers to the increase in hostile environments, such as the rise in family conflict or difficulties for marginalised youths to integrate with society (Cheong *et al.*, 2016). With the emergence of these issues in Brunei dating back almost a decade ago with a continued drop, the government needs to provide a more proactive and realistic action plan to tackle the root cause of this issue, including considering the public's views. Reducing the unemployment rate, especially youth unemployment, can provide a positive spillover effect on other aspects of the country, such as increased purchasing power. Alongside this, there is also the possibility for an expansion in industries due to the higher demand for goods and services in Brunei Darussalam.

3) ESG is usually more focused on developed countries.

Like the adoption of sustainability concepts, they are prioritised mainly by developed countries. This refers to the advantage of having advanced technologies, adequate populations and a stable economy that allows ESG implementation to be smoother. Meanwhile, currently, Brunei possesses an economic reliance on the oil and gas industry (Sulaiman *et al.*, 2023), which is not ideal for the country long term. Hence, ESG might not be the primary decision businesses will make. While Brunei is considered a high-income country due to its high GDP per capita, it is still considered a developing country. Thus, Brunei may not yet be ready for full ESG implementation due to potential insufficient infrastructure and other issues that can overshadow the need for ESG.

To illustrate understanding, a comparison can be made between the global scenery and Brunei's local businesses. For

COMMITMENT	KEY PERFORMANCE INDICATOR	2021	2022	2023
We aim to reduce our greenhouse gas (GHG) emissions by 20% by 2025 and 50% by 2030 from 2018 levels, on the road to net zero by 2050 at the latest	Net reduction of GHG emissions vs. 2018 baseline ¹ (%)	–	–	13.58%
We aim to achieve and maintain 100% assessed deforestation-free primary supply chains (for meat, palm oil, pulp and paper, soy and sugar) by 2022 and 2025 for cocoa and coffee	Primary supply chains for meat, palm oil, pulp and paper, soy and sugar assessed as deforestation-free (%)	97.2%	99.1%	97.9%
	Primary supply chains for cocoa and coffee + meat, palm oil, pulp and paper, soy and sugar assessed as deforestation-free (%)	–	–	93.4% ²
By 2025, we aim for 20% of our key ingredients to be sourced from farmers adopting regenerative agricultural practices, and 50% by 2030	Key ingredients sourced from farmers adopting regenerative agricultural practices ³ (%)	n/a	6.8%	15.2%
We aim to reduce water use in our factories by 6 million m ³ between 2021 and 2023	Water use reduction in factories (million m ³)	2.30	2.38	3.00
By 2030, we aim for 100% of key ingredient ⁴ volumes to be Responsibly Sourced ⁵	Key ingredients Responsibly Sourced (%)	16.3%	22% ⁶	36.2%
	Number of servings of affordable nutrition with micronutrient fortification (MNF) (billions)	128.4 ⁷	129.2	127.6
By 2025, we aim to design above 95% of our plastic packaging for recycling and continue to work toward 100% being recyclable or reusable	Plastic packaging designed for recycling (%)	74.9%	81.9%	83.5%
By 2025, we aim to reduce virgin plastics by one third, versus our 2018 baseline	Virgin plastic reduction versus 2018 baseline (%)	8.1%	10.5%	14.9%
By 2030, our ambition is to help 10 million young people around the world have access to economic opportunities	Millions of young people around the world with access to economic opportunities since 2017	3.8	5.6	7.7 ⁸
	Management positions held by women (%)	–	–	46.4% ⁹

Figure 2: Nestlé's Sustainability Report 2023 summarised sustainability key performance indicators (KPIs).

Source: Nestlé, (2024). Creating shared value and sustainability report 2023.

example, Nestlé is a globally renowned brand that produces products such as Maggi and Nescafé. Additionally, they have implemented ESG practices, and their Malaysian counterpart (Nestlé Malaysia) is also certified halal by the Department of Islamic Development Malaysia (JAKIM) (Nestlé (Malaysia) Berhad, n.d.). In its Sustainability Report 2023, the brand has outlined its commitments and key performance indicators from 2021 to 2023 (See Figure 2). With 270,000 employees at their perusal (Nestlé, 2024) and billion figure scale, the brand can effectively execute its ESG adoption. Unlike these large corporations, MSMEs possess capability and resource limitations. Thus, although the implementation is possible, it would not be at the same level. Correspondingly, Brunei faces similar barriers to its adoption compared to its advanced neighbouring countries like Singapore and Malaysia.

Therefore, although ESG is vital for its economy and the growth of the halal industry, it requires the cooperation of all stakeholders, including the government, businesses, and consumers. ESG principles can be effectively adopted by seeking a balanced, practical, scalable solution.

However, it is to be noted that the above three challenges are mostly based on the researcher's observation of the environment surrounding ESG and potential hesitancy for its implementation. These challenges have also been reiterated as commonly rising issues for its citizens. Nevertheless, these do not dictate all of the challenges for ESG and halal in Brunei, which would require further in-depth research with multiple stakeholders to fully grasp it in its entirety. Thus, a whole-of-nation and government approaches must be taken to derive an appropriate solution suitable to everyone's needs at best.

4. Conclusion

In conclusion, despite limited data available on ESG in Brunei Darussalam, there are clear approaches that the stakeholders can be taken for its integration. It is also essential to increase efforts and explore different approaches to successfully incorporate ESG initiatives into Brunei Darussalam, particularly the halal industry. As demonstrated in other countries, incorporating ESG principles will positively impact the nation, people, and industries.

With ESG's three pillars, environmental, social and governance, the halal industry in Brunei can reap the benefits of incorporating its initiatives. Even if only one of the three pillars is adopted initially. As a result, this can contribute to Brunei Darussalam's potential to become a leading regional halal hub. However, for its realisation, it is essential that all stakeholders, government or private sectors, contribute, collaborate and encourage halal industry players to incorporate ESG into their business.

Furthermore, incorporating ESG principles is essential in diversifying Brunei's economy and reducing its reliance on oil and gas. Hence, the government should continue to self-assess its ESG strategies and address the challenges identified in this paper: the limited market size, the unemployment concerns, and the perceptions of ESG as a practice for developed countries. Nonetheless, adopting ESG principles is possible within the halal industry through resources from ABAC and UNDP.

It is also essential to recognised that this research has limitations, mainly due to the lack of data on ESG in Brunei's halal industry and the limited awareness of ESG compared to

SDGs. Therefore, to address these gaps, future research should be done on the population's awareness and industry standards. This also includes gathering halal industry players in Brunei to determine their understanding of ESG. Through this, any future short-, medium-, and long-term plans and initiatives can be identified and created as part of a whole-nation approach.

By addressing these gaps and implementing comprehensive strategies, Brunei can foster a sustainable halal industry that meets global ESG standards and contributes to national development goals such as Wawasan Brunei 2035.

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