



# NATIONAL



# OGSE SUSTAINABILITY PLANS







## ABOUT MPRC

Malaysia Petroleum Resources Corporation (MPRC) is an agency under the Economic Planning Unit (EPU) in the Prime Minister's Department.

Established in April 2011, MPRC provides recommendations and implements initiatives to advance Malaysia's Oil and Gas Services and Equipment (OGSE) industry and drive the sector's development towards cleaner and sustainable energy.

MPRC supports EPU in advocating energy transition with gas as an important transition fuel and positioning Malaysia's appeal as a gas market hub for the ASEAN region. MPRC also supports EPU in promoting the sustainability agenda in the OGSE industry and beyond.

MPRC partners with various government ministries, agencies, industry associations and more to implement industry development initiatives towards developing a robust, resilient, and globally competitive OGSE sector that contributes to sustainable national development in Malaysia.

For more information, please visit [www.mprc.gov.my](http://www.mprc.gov.my)

**In Consultation with Project Committee consisting of various Ministries, Agencies and Industry Representatives**

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## NATIONAL OGSE SUSTAINABILITY PLANS

Message from the President / Chief Executive Officer

### Bismillahirrahmanirrahim

The energy transition has placed emphasis on companies across the oil, gas and energy landscape, including supporting industries such as the Oil & Gas, Services and Equipment (OGSE) sector, to recalibrate its strategies and adopt more sustainable businesses and practices to ensure long-term survivability. Sustainability now occupies far greater prominence within any business strategy.

With more than 4,000 companies operating in Malaysia's OGSE sector providing thousands of jobs and generating billions of ringgit in revenue, it is critical for the sector to rapidly adapt to the evolving market environment.

The National OGSE Industry Blueprint 2021-2030 (OGSE Blueprint) has identified Sustainability as a strategic thrust to be championed among Malaysia's OGSE companies.

To this end, the National OGSE Sustainability Plans (NOSP) 2022 marks the commencement of MPRC's effort to elucidate the OGSE Blueprint's Sustainability strategic thrust. As a preliminary document, the NOSP 2022 sets the stage for our development of a National OGSE Sustainability Roadmap in 2023 and eventually, the National OGSE Sustainability Framework 2024 that will guide OGSE companies in implementing sustainability best practices within their operations.

In this context, I would like to thank all OGSE ecosystem stakeholders namely Ministries, Government agencies, PETRONAS, United Nations Global Compact (UNGC), OGSE players, industry associations as well as other representatives from the public and private sectors that have contributed to the various discussions, surveys and workshops organised by MPRC this year as we sought to capture an accurate picture of the OGSE sector's current state of play as well as views and trends about sustainability.

We have collected a robust set of data which enabled us to propose 11 recommendations to develop the pathways for OGSE companies to adopt the sustainability agenda. It is our hope that our efforts to champion sustainability among OGSE companies will not only guide the sector in meeting industry standards on sustainability and its reporting, but also help to put in place the environmental, social and corporate governance factors that are intended to ensure companies achieve long-term value creation.

We at MPRC remain more committed than ever to deliver on the OGSE Blueprint's Sustainability strategic thrust. This is also in line with Malaysia's aspirations to

become carbon neutral by 2050. We look forward to the continued support of all our stakeholders as we move ahead to develop a robust, resilient and globally competitive OGSE sector that contributes to sustainable national development.

I would like to take this opportunity to thank the Economic Planning Unit (EPU) and EPU's Energy Division, Prime Minister's Department, for their guidance and support throughout the study duration, particularly in chairing the project committee meetings. Their support has been instrumental in realising the value of the study, as well as the OGSE Blueprint and MPRC's activities.



**Mohd Yazid Ja'afar**  
President/CEO  
Malaysia Petroleum Resources Corporation

# 01 Background

The Malaysian OGSE sector is mainly made up of organisations that support hydrocarbon exploration and production in Malaysia and the region. Comprising of main contractors, subcontractors, specialists, consultants, vendors and agents, the sector had more than 4,000 companies with a revenue of RM56.2 billion in FY2020, of which about small and medium-sized enterprises (SMEs) account for around 95%.

The OGSE industry, however, faces various challenges, namely constraints on value creation, management of energy transition and a move towards a sustainable model that is focused on renewables and cleaner fossil fuels. In April 2021, MPRC rolled out the National OGSE Industry Blueprint (OGSE Blueprint) 2021-2030 to address these challenges through four strategic thrusts:

-  **Competitiveness**
-  **Resilience**
-  **Development**
-  **Sustainability**

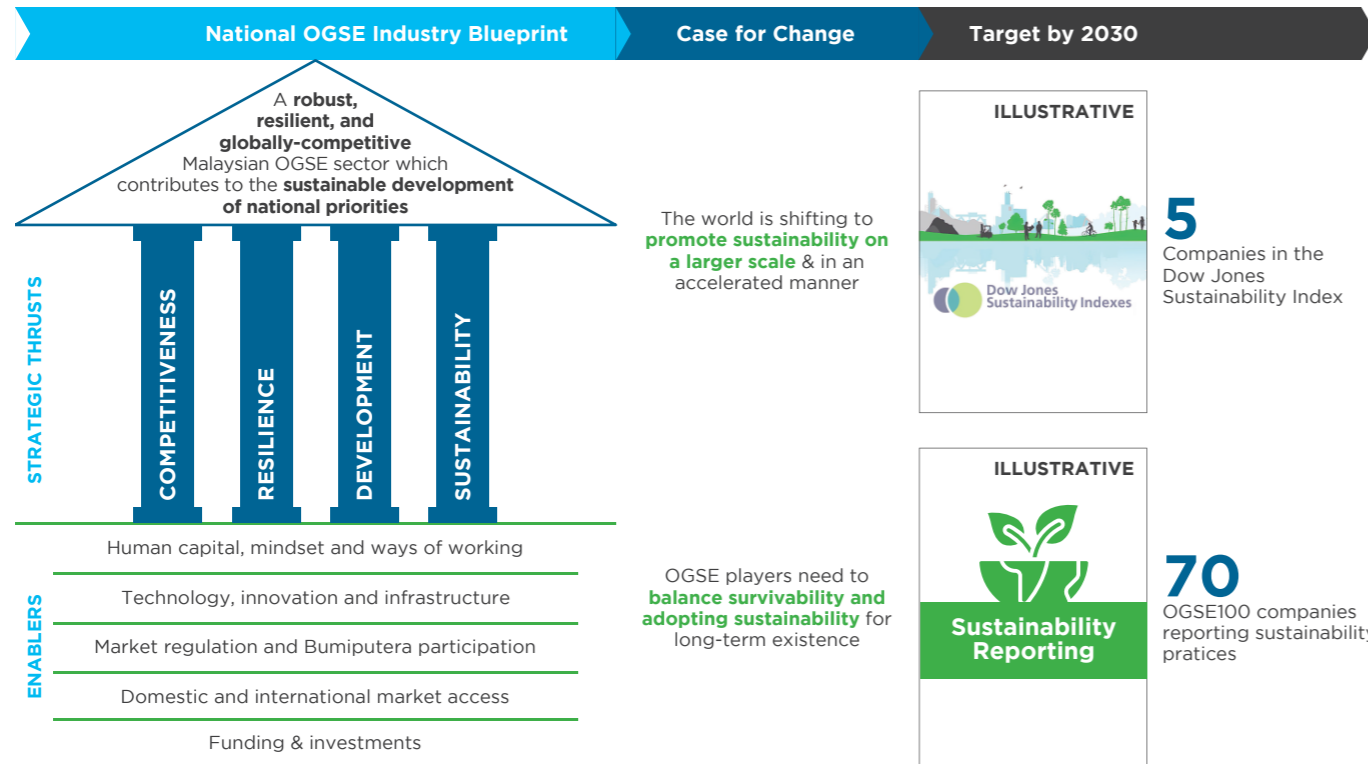
Under the Sustainability strategic thrust, the OGSE Blueprint targets for the inclusion of five OGSE companies in the Dow Jones Sustainability Index by 2030. It also earmarked 70 of the top OGSE100 companies in Malaysia—MPRC’s flagship publication that ranks OGSE companies by revenue—to report on their sustainability practices.

The United Nations defined sustainability as meeting the needs of the present without compromising the ability of future generations to meet their own needs.<sup>1</sup> To this end, MPRC has embarked on guiding OGSE companies towards embracing sustainability practices and maintaining the sector’s social “licence to operate”. This will involve establishing global standard-compliant frameworks, funding and procurement practices and adopting strategies to achieve the sustainability targets. These frameworks will entrench business operations with sustainability practices that are aligned with evolving environmental standards, as well as advocating good corporate governance and social responsibility frameworks specific to the OGSE sector.

Thus, the National OGSE Sustainability Roadmap will be rolled out by 2023, followed by the National OGSE Sustainability Framework 2024, to help realise the vision and goals of the OGSE Blueprint. The National OGSE Sustainability Plans 2022, which aim to promote sustainability practices within the industry, serve as a preamble to the National OGSE Sustainability Roadmap and Framework.

1. As defined by the United Nations in 1987; Rystad Energy research and analysis; MPRC RFP

Figure 1: Sustainability as a strategic thrust of the National OGSE Industry Blueprint 2021 - 2030



To date, we have achieved 64% of the target where 45 out of 70 companies have adopted sustainability

practices. OGSE companies are showing progress in meeting the sustainability requirements.

Two national OGSE Industry Blueprint targets on Sustainability are 64% and 20% in progress

National OGSE Industry Blueprint on Sustainability 2030 targets



Note 1: As defined by the United Nation in 1987  
Source: Rystad Energy research and analysis; MPRC RFP

# 02 OGSE Sustainability Trends

## 2.1 Energy Landscape and Risks

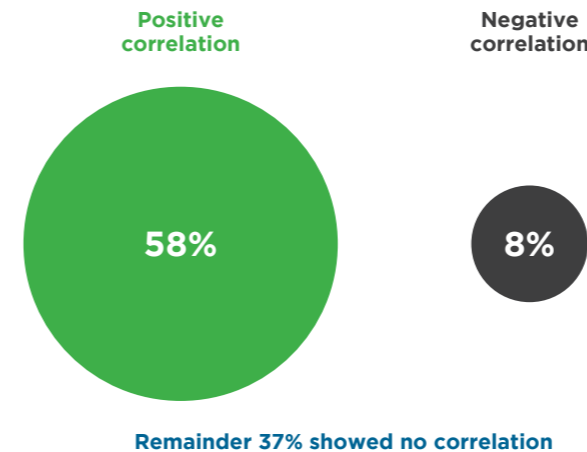
The energy landscape will continue to evolve as competition within the primary energy space intensifies, with greater resources being channelled by governments to renewable resources such as solar and wind in line with global efforts to decarbonise. Countries including

Malaysia, have set net zero targets by 2050 or 2060. The largest oil and gas operators have already put in place net zero targets with many providing interim emissions reduction goals, where it has been proven that good environmental, social and governance (ESG) performance is associated with better financial performance.

Figure 2: ESG adoption has been associated with better financial performance

Largely positive relationship between ESG and financial performance

Results from > 1000 studies from 2015-2020 on relationship between ESG and financial performance<sup>1</sup>



Note: 1. Operational metrics e.g., ROE, ROA, stock price  
2. FTSE Bursa Malaysia KLCI comprises the largest 30 companies listed on the Main Board by full market capitalisation

In line with this landscape, global efforts aimed at decarbonising the energy system to limit the rise in global temperatures to no more than 2°C have also intensified. Figure 3 illustrates how global energy mix may change under a 1.6°C scenario. Fossil fuels will need to decline to meet climate targets, while

Malaysian PLCs with stronger ESG performed better

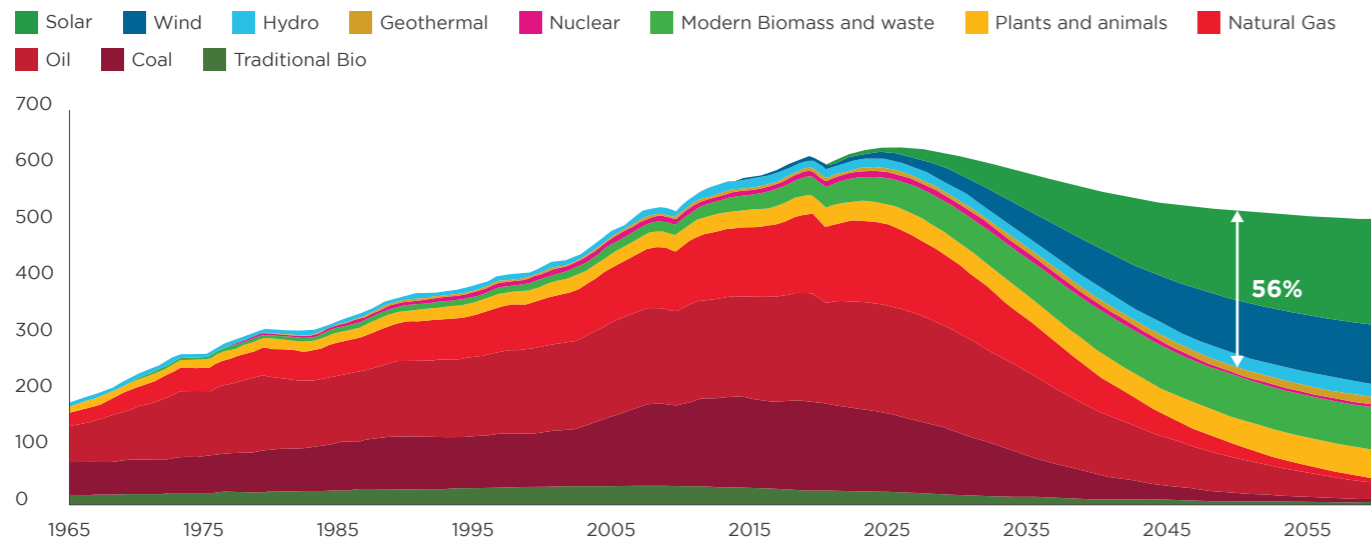
Date ending 30 June 2022	Total Returns Performance				
	3M (%)	6M (%)	YTD (%)	3YR (%)	5YR (%)
FTSE4Good Bursa Malaysia	-7.4	-3.8	-3.8	-0.8	1.9
FTSE Bursa Malaysia KLCI	-8.7	-6.0	-6.0	-3.5	-2.4

“The FTSE4Good Bursa Malaysia Index has generally outperformed the FTSE Bursa Malaysia KLCI<sup>2</sup> since launch (in 2014)”





**Figure 3: Global Energy Mix by Primary Energy between 1965 and 2060 (Exajoules) under 1.6°C Scenario**



The OGSE industry will need to embrace sustainability to mitigate five risks:

**Figure 4: Potential Risks of Poor Sustainability Practices**

Risk Factor	Details
<b>Limited financing opportunities</b>	<ul style="list-style-type: none"> <li>Banks and insurers are requiring companies to fulfill ESG criteria in order to qualify for financing</li> <li>Banks are also increasingly dedicating capital on sustainable finance</li> <li>Lenders reward ESG performance with lower cost of debt</li> </ul>
<b>Loss of top-line growth</b>	<ul style="list-style-type: none"> <li>A failure to practice sustainability might result in being shut out of certain markets, losing customers and facing restrictions from other governments and regulators</li> </ul>
<b>Loss in company value</b>	<ul style="list-style-type: none"> <li>The problem is further exacerbated given investors' unwillingness to invest once such a failure arises</li> <li>Failures on the ESG front could result in heavy fines or legal fees</li> </ul>
<b>Failing to attract and retain talent</b>	<ul style="list-style-type: none"> <li>Companies that are not practicing sustainability risk losing employees and failing to attract new talent</li> <li>Even more important in industries looking to grow, expand and be competitive in long run</li> </ul>
<b>Negative public image</b>	<ul style="list-style-type: none"> <li>A lack of sustainability practices might cause company to lose its "social licence" to operate</li> <li>Companies with poor ESG performance or disclosure often suffer reputational risks</li> </ul>

Source: Rystad Energy

The central bank, Bank Negara Malaysia (BNM), has also taken steps to ensure that financial institutions are actively involved in managing their sustainability risks. With the Climate Change and Principle-based Taxonomy (CCPT) issued in 2021, there is now a common framework for the classification of climate and risk-related exposures as well as the assessment of economic activities to be funded. Four Malaysian banks - Maybank, CIMB Bank, Bank Islam and Hong Leong Bank - have since aligned themselves with the CCPT.

Further to this, BNM has made Taskforce on Climate-related Financial Disclosures (TCFD) mandatory for financial institutions from 2024. As financial institutions must comply with this requirement, this will impact the ability of companies that do not embrace sustainability

measures to obtain finance. Businesses that fall under the watchlist category (those that are operating in activities which could harm the environment and have not taken any sustainability measures) may face stringent lending terms, such as shorter borrowing tenors, lower loan limits or potentially loan decline.

### 2.2 Global, Regional and Local Trends

Mandatory sustainability reporting has been gaining traction in the ASEAN region and pressure on smaller companies to make climate disclosures is expected to increase after 2025.

Sustainability reporting will be mandatory for SMEs by 2028 in Europe and by 2025 in the United States. The

EU Commission has also proposed that all public and non-public large companies should comply with the Corporate Sustainability Reporting Directive (CSRD), which seeks to improve sustainability reporting. Meanwhile, the US Securities and Exchange Commission (SEC) has proposed a new climate-related disclosure, which will require all public companies to disclose in detail material climate impacts, greenhouse gas emissions and energy transition commitments.

In the ASEAN region, sustainability disclosures vary across different exchanges. Most ASEAN exchanges have yet to make it mandatory for listed companies to align their sustainability reporting with a single globally recognised standard or framework. In 2022, however, both Singapore Exchange Limited (SGX) and Bursa Malaysia have announced listed companies are to include climate change-related disclosures that are aligned with the Task Force on Climate-related Financial Disclosures (TCFD).

Meanwhile, following the establishment of an ESG working group (WG) among the seven ASEAN Exchanges, (Malaysia, Vietnam [two exchanges], Indonesia, the Philippines, Thailand and Singapore) in

2021 to improve sustainability disclosures within the region, in early 2022 the ESG WG agreed on a set of foundational environmental metrics. Going forward, it will align social and governance metrics to move towards producing a voluntary common set of ASEAN ESG metrics, with the overarching aim of serving as a reference point for, and to improve, ESG disclosure practices by Public Listed Companies (PLCs) across ASEAN.

In Malaysia, various measures are being developed by the Government to accelerate the achievement of the country's net zero target by 2050. Among these are the Long-Term Low Emission Development Strategy (LT-LEDS), a domestic emissions trading scheme (DETS) and a voluntary carbon market.

With survivability being the main priority for OGSE SMEs, they are unable to rapidly adopt more sustainable practices due to insufficient knowledge as well as inadequate resources in terms of available guidance and advice. The measures undertaken by the Government, supported by the efforts of the MPRC in realising the OGSE Blueprints sustainability thrust will help address the issues and challenges that OGSE SMEs are facing.

## 03 OGSE Sustainability Best Practices

OGSE sustainability best practices are derived from internationally recognised sustainability frameworks, industry expert interviews and extensive research

on successful sustainability practices. The following infographic illustrates the four key elements of good sustainability practices.

**Figure 5: Sustainability Best Practices**

No	Elements	Best Practices
01	<b>Sustainability Governance</b>	<ol style="list-style-type: none"> <li>Set up oversight structures and processes to manage risks i.e., dedicated sustainability governance committee and steering team</li> <li>Develop sustainability strategy across business verticals</li> <li>Manage goal-setting and reporting process</li> <li>Link key performance indicators (KPI) to ESG targets</li> </ol>
02	<b>Materiality Assessment</b>	<ol style="list-style-type: none"> <li>Identify and prioritise important ("material") sustainability issues</li> <li>Define materiality and outline process clearly in sustainability disclosure</li> <li>Engage stakeholders actively to gather inputs and prioritise issues</li> <li>Review materiality assessment regularly and integrate re-prioritisation</li> </ol>
03	<b>Sustainability Disclosure</b>	<ol style="list-style-type: none"> <li>Align disclosure with internationally-recognised frameworks and standards e.g. UN SDG, GRI, TCFD, SASB</li> <li>Develop good understanding on the differences between frameworks and standards</li> <li>Improve quality of disclosure by reporting governance structure, sustainability scope, materiality assessment process and indicators/commitments</li> </ol>
04	<b>Sustainability Targets</b>	<ol style="list-style-type: none"> <li>Set targets that are specific, time-bound, measured and science-based</li> <li>Commit, develop, validate and communicate science-based targets</li> <li>Track and disclose progress against target annually</li> </ol>



### 3.1 Sustainability Governance

Sustainability governance is vital for the effective integration and management of sustainability in an organisation. Most of the PLCs on the list of top 100 OGSE companies (OGSE100) in Malaysia have started incorporating new governance structures and corporate policies related to sustainability since 2020. Robust sustainability governance is typically led by a Board of

Directors, which exercises oversight over sustainability. The Board is supported by a sustainability steering team consisting of senior management that is responsible for executing sustainability matters, including setting goals, monitoring progress, and coordinating sustainability reporting. The Board may also incorporate key performance indicators linked to the achievement of specific ESG targets in annual performance reviews.

#### Example: Sustainability Governance Structure



Source: Rystad Energy

### 3.2 Materiality Assessment

Materiality assessment is integral to a company's sustainability strategic planning processes, as it helps to identify and prioritise ESG topics that are most significant ("material") to the company and its stakeholders. A comprehensive materiality assessment defines materiality, engages with stakeholders, and reviews the assessment on a regular basis to incorporate any changes in stakeholder priorities. Some companies adopt double materiality by assessing their financial materiality (materiality that affects an organisation's economic value creation) and impact materiality (materiality that relates to a company's impact on the economy, environment, and people).

While the process of materiality assessment varies across organisations, it starts with the identification of material topics and is followed by assessment, disclosure, and review of the material topics. Inputs from key stakeholders such as employees, customers, shareholders, suppliers, the government, trade associations and community organisations are also important in a materiality assessment.

### 3.3 Sustainability Disclosure

Good sustainability disclosure practices allow an organisation to demonstrate its accountability and

transparency to its external stakeholders. A company can align its sustainability disclosures to more than one sustainability disclosure guideline. These guidelines can be categorised into standards, frameworks, and ratings to make its disclosures more comprehensive. The four sustainability disclosure frameworks and standards that are most used by OGSE companies are the United Nations Sustainable Development Goals (UN SDGs), Global Reporting Initiative (GRI), Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB). In addition, the International Sustainability Setting Board (ISSB) released two draft sustainability reporting standards in early 2022 and is expected to release the final standards by the end of 2022.

### 3.4 Sustainability Targets

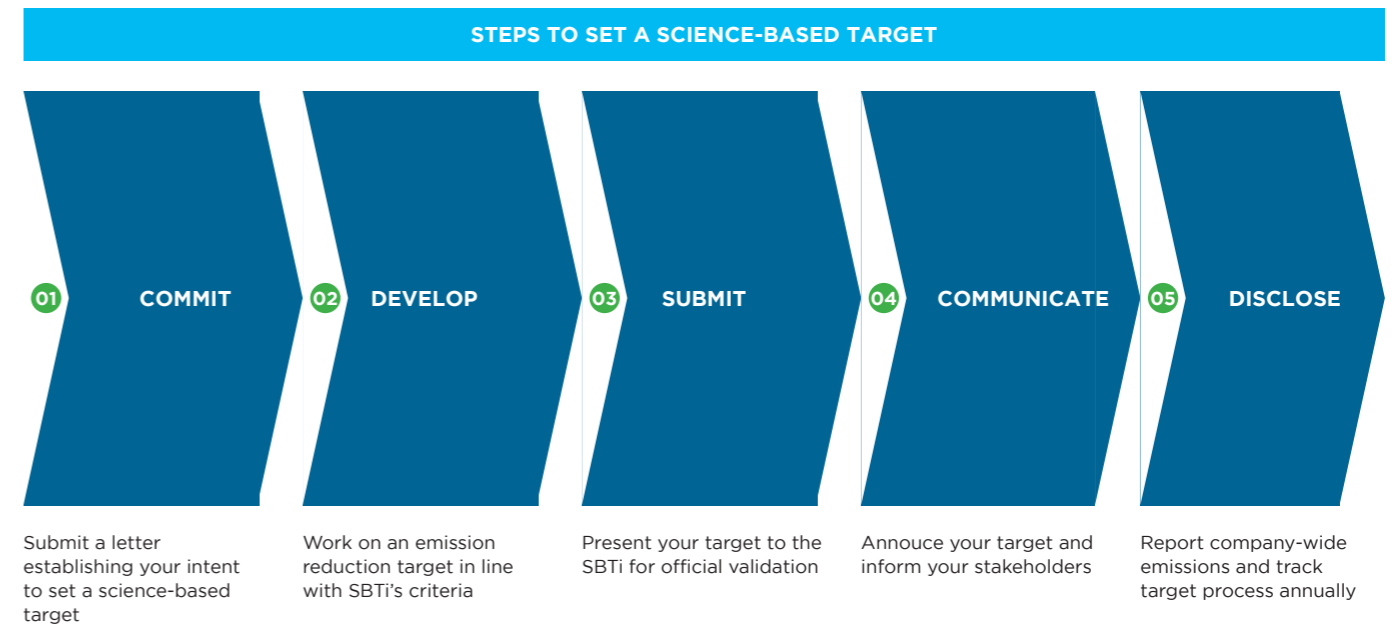
Setting sustainability targets helps companies to identify their priorities and improve their sustainability performance. Good sustainability targets are specific, time-bound, measurable, and science-based.

"Science-based" targets are in line with the Paris Agreement's goal of limiting global warming to 1.5°C above pre-industrial levels. Thus, the UN Global Compact, World Resources Institute, Worldwide Fund for Nature (WWF) and Carbon Disclosure Project have collaborated and established the Science-based

Target initiative (SBTi) to guide organisations in setting science-based reduction targets. The SBTi has identified five steps for setting science-based targets; however,

the science-based target-setting method for oil and gas companies is yet to be finalised.

Figure 6: Science-based Target-Setting Process



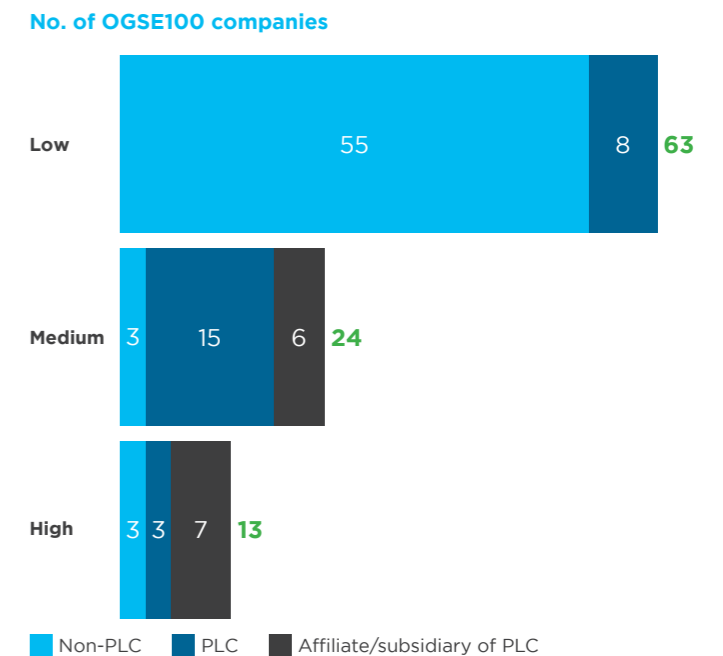
Source: SBTi, Rystad Energy

## 04 Malaysian OGSE Sustainability Assessment

To better understand how Malaysian OGSE companies fare in terms of sustainability practices, MPRC conducted an OGSE Sustainability Assessment on OGSE100 companies (top 100 Oil & Gas, Services and Equipment companies in Malaysia by revenue) from MPRC's OGSE100 FY2020 publication. The assessment, which looked at sustainability best practices and global reporting standards alignment, was developed based on international guidelines, standards, and best practices of global OGSE leaders, as well as on local requirements. Guidelines and standards set by regulators, industry bodies and exchanges as well as current and potential local requirements by relevant stakeholders, were also considered. The findings from the assessment allowed for an analysis and understanding of sustainability in the OGSE sector and served as context for further stakeholder engagement.

The two areas of assessment – sustainability best practices and global reporting standards alignment – consisted of a distinct set of queries to allow quantitative evaluation of each company and a comparison of the OGSE100 companies at a local, regional, and global level. According to a top-line scoring system, the OGSE100 companies had an average score of 2.1, while the regional group scored an average of 4.5 and a typical global OGSE leader scored 7.0 to 8.0.

Figure 7: Sustainability Practices Assessment by Company Type



Note: PLC, Publicly listed company, "Low" category score 0-2 on assessment, "Medium" score 3-5, and "High" score 6-8

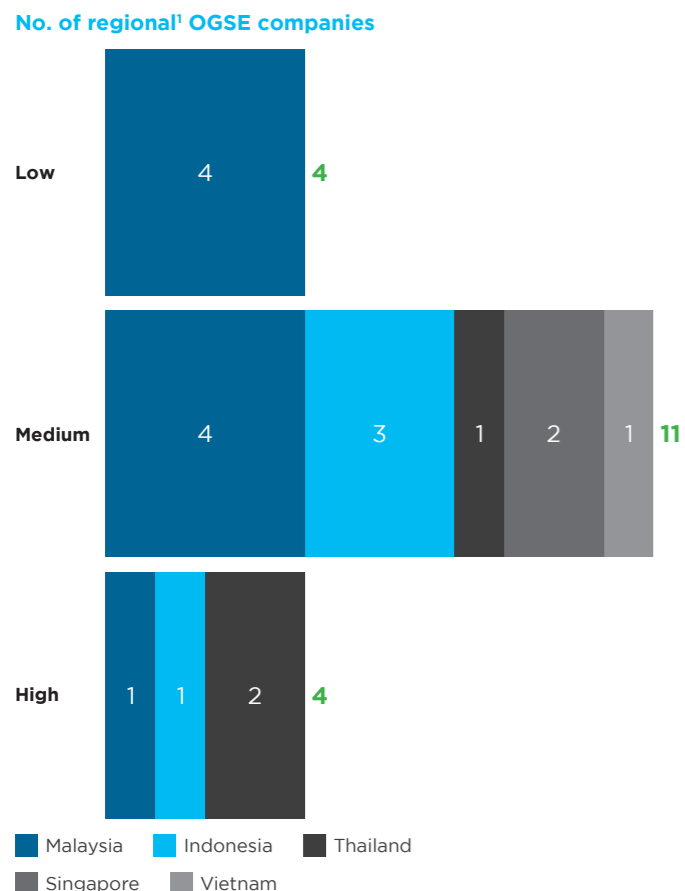


Based on the assessment, it was found that more than half of the OGSE100 companies, the majority of which were not publicly listed as at the end of FY2020, ranked “Low” on sustainability practices. This was due to smaller companies’ lack of financial and manpower resources in terms of sustainability, as well as a lack of awareness of sustainability-related risks or opportunities.

The results also showed that less than 50% of OGSE100 companies had defined sustainability reporting, and only 16% adopted clear, quantified sustainability targets. This reflected a need for improvement, as most of the companies assessed had only met the minimum standards of good sustainability practices, while only a very small number of companies adopted clear quantified sustainability targets that reflected a clear commitment to sustainability.

As for international reporting standards, more than 60% of OGSE100 companies did not adopt any international reporting standards while others aligned their reports with more established systems such as the UN SDGs and GRI. Only 10% of the companies aligned with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations while a mere 6% were guided by Sustainability Accounting Standards Board (SASB) Standards.

**Figure 8: OGSE Sustainability Practices Assessment by Region**



Note: 1. Regional OGSE companies cover the top 19 OGSE companies in Southeast Asia based on the OGSE100 FY2020 publication by MPRC

As for assessment by region, Malaysian companies were the only ones that scored “Low” in terms of adopting sustainability practices.<sup>2</sup> This was partly due to the regional peer group having larger companies with structured sustainability practices that were driven by a better understanding of sustainability-related risks and pressure from global financiers and customers. In best practices, the percentage of companies with clear, quantified sustainability targets was also a mere 16%. However, 95% of the regional peer group had a defined sustainability reporting process, 63% conducted a sustainability materiality assessment and 74% adopted a reporting process that outlined clear themes, topics, and indicators.

In terms of international reporting standards adopted, the regional peer group performed better than the OGSE100 companies, with 74% mapping their material topics against the UN SDGs, 16% adopting the GRI Standards, another 16% aligning with TCFD recommendations and a small 6% using SASB Standards.

2. To develop this assessment, OGSE companies with the highest revenues in Malaysia and in the region were identified and selected. The top companies in Malaysia that were identified in the OGSE100 were then benchmarked against the top companies in the region. Based on this formulation, it was found that Malaysian companies scored “Low” in terms of adopting sustainability practices.

## 05 NOSP Recommendations

### 5.1 Stakeholder Engagement

In developing the NOSP, MPRC undertook several initiatives in 2022 to better understand the Malaysian OGSE sustainability landscape and trends, bringing together relevant Ministries and Government agencies, OGSE companies and their customers as well as

industry associations to participate in Insights Sharing Discussions. A survey on sustainability was conducted with 34 responses received from 28 OGSE companies, giving MPRC useful data points and insights on sustainability awareness, best practices, challenges, and potential initiatives.

**Figure 9: Outcomes from discussions with industry and stakeholders**

Issues and challenges	Potential recommendations
SMEs are generally still at the awareness stage	Each reporting standard has specific perceived issues
SMEs look to regulators and customers for direction	There is a lack of business incentives to deploy sustainability initiatives
Survivability is a priority for OGSE SMEs	SMEs lack an ESG focal point / person responsible for sustainability
International standards are too complex for SMEs	Data quality and availability is a challenge
There are too many international standards to choose from	A simplified report framework is favourable for SMEs

The survey, meanwhile, revealed that OGSE companies were highly aware of the importance of sustainability and implementing its best practices. However, about half of the respondents indicated that sustainability reporting was not straightforward and that there needed to be more simplified reporting standards for SMEs. They also opined that there were other more important priorities, such as ensuring the business’s survival.

Following the findings from the discussions and the survey, a Final Workshop was conducted to align the entire OGSE sector, both in terms of the sustainability challenges faced and the recommendations to address these issues. A total of 54 participants and 27 organisations participated in the workshop, comprising private companies, public-listed companies and non-OGSE participants, including industry bodies, government agencies and OGSE customers.

OGSE companies were polled regarding the readiness of their companies to disclose the information required by the eight industry-specific indicators of the Sustainability Accounting Standards Board (SASB). Non-OGSE participants, meanwhile, were asked to rank the importance of the eight SASB indicators.

In essence, a vast majority of participants understood that sustainability was important to the OGSE sector

and companies need to strive towards sustainability best practices. The same participants also felt that companies should commence their respective sustainability journey immediately and that the proposed recommendations would be helpful to the sector.

### 5.2 Recommendations

Following the stakeholder engagements held during the year, MPRC developed 11 recommendations to guide OGSE companies towards adopting sustainability practices. These recommendations will form the basis for the development of National OGSE Sustainability Roadmap 2023 and the National OGSE Sustainability Framework 2024.

The 11 recommendations also focus on ensuring that the Sustainability targets in the OGSE Blueprint while also contributing to national sustainability ambitions.

#### 01. Climate-Related Risk and Potential Pathway Identification

This recommendation focuses on climate-related risks and potential pathways for the OGSE sector. Its overarching aim is to raise awareness and provide



guidance on climate-related risks and potential pathways for the OGSE sector and promote adoption of sustainability practices.

substantiated understanding of the sector's current ESG performance. The baseline ESG assessment could then serve as a starting point for target-setting and progress monitoring.

**02. OGSE-Focused Sustainability Knowledge and Training Hub**

This recommendation aims to build an OGSE-focused sustainability knowledge and training hub and support the establishment of an ESG focal point to build a measurable impact for OGSE players. The development of this sustainability hub will unlock massive potential for OGSE players to improve their sustainability performance, enhance supply chain resilience and strengthen sustainability governance.

**03. Subsidies for SME Training**

Due to their size and limited resources, coupled with the fluctuating nature of the business they operate in, OGSE SMEs often prioritise survivability in the short-term versus long-term sustainability. Thus, it is recommended that OGSE SMEs are provided with subsidies to encourage their participation in training for capability-building, support the development of decarbonisation initiatives as well as alleviate financial and resource constraints over decarbonisation. One approach could be to seek partnership with sponsors to subsidise sustainability training for SMEs.

**04. Grants/Soft Loans for Decarbonisation Initiatives**

The introduction of grants and soft loans for decarbonisation to OGSE companies or potentially linking OGSE companies to existing funds is expected to incentivise good sustainability practices. This recommendation targets to support development of decarbonisation initiatives and alleviate financial and resource constraints over decarbonisation.

**05. Framework on Material Sustainability Topics**

The OGSE sector requires guidance on material sustainability topics. Hence, the development of an industry-aligned guide on material sustainability topics for the OGSE sector will serve as an industry-specific reference point and at the same time, ensure critical stakeholder engagement in the identification of material ESG topics.

**06. Baseline ESG Assessment**

A baseline ESG assessment on OGSE companies' sustainability performance will assist in forming a

**07. OGSE Sector Sustainability Targets**

This recommendation seeks to set sustainability targets for the OGSE sector and at the same time ensure that those sustainability targets are aligned with National climate ambitions. This, in turn, will provide industry-wide guidance on setting effective sustainability goals.

**08. Simplified ESG Reporting Standards for OGSE SMEs**

Developing simplified sustainability reporting standards tailored for OGSE SMEs will improve disclosure, reduce the complexity of sustainability reporting for resource-constrained companies and improve comparability and consistency of ESG reporting standards across all OGSE SMEs.

**09. OGSE Tiered Sustainability Certification and Award**

This recommendation aims to introduce a tiered sustainability certification and award programme that is recognised by the Government. Its objective is to provide formal recognition to OGSEs with good sustainability practices while increasing visibility of OGSE companies through an accredited certification programme.

**10. Digital ESG Tool for OGSE Companies**

This recommendation aims to establish a centralised digital tool to track the sustainability performance of the OGSE companies. This digital tool will also enable ESG performance benchmarking.

**11. Stakeholder Engagement and Communication**

Stakeholder engagement and communication is key in any industry. Therefore, it is recommended that OGSE ecosystem stakeholders remain engaged on the OGSE sustainability agenda, particularly towards the next phase of establishing the National OGSE Sustainability Roadmap 2023, with a tailored communications programme developed for the sector to secure the support of key stakeholders and instil a sense of urgency on the sustainability agenda amongst stakeholders. This should also include establishing a channel for feedback and gathering input for roadmap design.

**06 Next Steps**

Following the completion of NOSP 2022, in the following year MPRC will commence the development of the National OGSE Sustainability Roadmap 2023, as we work towards the eventual launch of the National OGSE Framework 2024.

Figure 10: Plan of Work for the Six Recommendations in 2023 and Beyond



With the OGSE Sustainability Roadmap in place, the OGSE Sustainability Framework will provide guidance for OGSE companies to implement recommendations from the roadmap. It is envisioned that the framework will help more OGSE companies disclose the Sustainability plans, targets and progress, thereby increasing the number of OGSE companies adopting sustainability practices.

As an advisor and advocate for the OGSE sector, MPRC will remain the main facilitator for the National OGSE Sustainability Roadmap 2023 and will consult and collaborate with regulators, participants, Ministries, Government agencies and other stakeholders as and when necessary to ensure the development of a holistic and relevant sustainability roadmap for the OGSE sector.

## Appendix 1

### Top 100 OGSE Companies in Malaysia (OGSE100) for FY2020

1. MISC BHD.
2. SAPURA ENERGY BHD.
3. YINSON HOLDINGS BHD.
4. BUMI ARMADA BHD.
5. DIALOG GROUP BHD.
6. TECHNIP GEOPRODUCTION (M) SDN. BHD.
7. WAH SEONG CORPORATION BHD.
8. KNM GROUP BHD.
9. MUHIBBAH ENGINEERING (M) BHD.
10. HALLIBURTON ENERGY SERVICES (MALAYSIA) SDN. BHD.
11. DAYANG ENTERPRISE HOLDINGS BHD.
12. TUMPUAN MEGAH DEVELOPMENT SDN. BHD.
13. PANTECH GROUP HOLDINGS BHD.
14. DELEUM BHD.
15. UZMA BHD.
16. VELESTO ENERGY BHD.
17. PETRA ENERGY BHD.
18. INTEGRATED PETROLEUM SERVICES SDN. BHD.
19. FMC WELLHEAD EQUIPMENT SDN. BHD.
20. CARIMIN PETROLEUM BHD.
21. SHOREFIELD SDN. BHD.
22. ADVANCE GAS TURBINE SOLUTIONS SDN. BHD.
23. SCOMI ENERGY SERVICES BHD.
24. ASIAFLEX PRODUCTS SDN. BHD.
25. EASTERN PACIFIC INDUSTRIAL CORPORATION BHD.
26. YOKOGAWA KONTROL (MALAYSIA) SDN. BHD.
27. E&P O&M SERVICES SDN. BHD.
28. TRANSWATER API SDN. BHD.
29. SANKYU (MALAYSIA) SDN. BHD.
30. SOLAR ALERT SDN. BHD.
31. EXECUTIVE OFFSHORE SERVICES SDN. BHD.
32. MKN ODYSSEY VENTURES SDN. BHD.
33. ALAM MARITIM RESOURCES BHD.
34. EMERSON PROCESS MANAGEMENT (MALAYSIA) SDN. BHD.
35. ASIAN SUPPLY BASE SDN. BHD.
36. BARAKAH OFFSHORE PETROLEUM BHD.
37. DAYA MATERIALS BHD.
38. MARINE & GENERAL BHD.
39. AKER SOLUTIONS APAC SDN. BHD.
40. ICON OFFSHORE BHD.
41. KUALITI ALAM SDN. BHD.
42. PUNJ LLOYD SDN. BHD.
43. DESTINI BHD.
44. T7 GLOBAL BHD.
45. OCEANMIGHT SDN. BHD.
46. VSD AUTOMATION SDN. BHD.
47. SETEGAP VENTURES PETROLEUM SDN. BHD.
48. ALMITRA ENERGY SERVICES SDN. BHD.
49. BOUSTEAD HEAVY INDUSTRIES CORPORATION BHD.
50. PETRONNIC SDN. BHD.
51. DYNAC SDN. BHD.
52. EWT TRANSFORMER SDN. BHD.
53. EP ENGINEERING SDN. BHD.
54. LUBRICLEUM SDN. BHD.
55. ESSTAR VISION SDN. BHD.
56. HEMAT MARINE SDN. BHD.
57. BELATI OILFIELD SDN. BHD.
58. SYNERGY MARINE (M) SDN. BHD.
59. AKER ENGINEERING MALAYSIA SDN. BHD.
60. ORKIM MARINE SDN. BHD.
61. TRACTORS PETROLEUM SERVICES SDN. BHD.
62. ALKAHFI LESTARI OIL & GAS SDN. BHD.
63. ENRA KIMIA SDN. BHD.
64. BWS ENGINEERING SDN. BHD.
65. SUMISAUJANA SDN. BHD.
66. VELOSI (M) SDN. BHD.
67. OCEANCARE CORPORATION SDN. BHD.
68. SIME DARBY ENERGY SOLUTIONS SDN. BHD.
69. CEKAP TECHNICAL SERVICES SDN. BHD.
70. BUREAU VERITAS (M) SDN. BHD.
71. TMM ENGINEERING SERVICES SDN. BHD.
72. BINTANG SAMUDERA SDN. BHD.
73. MTC ENGINEERING SDN. BHD.
74. SBN INDUSTRIES SDN. BHD.
75. ARMADA BAIDURI SDN. BHD.
76. ICE PETROLEUM ENGINEERING SDN. BHD.
77. RESERVOIR LINK SDN. BHD.
78. PIONEER ENGINEERING SDN. BHD.
79. UMW INDUSTRIAL POWER SERVICES SDN. BHD.
80. U B F MAINTENANCE SDN. BHD.
81. INDKOM ENGINEERING SDN. BHD.
82. WZS MISI SETIA SDN. BHD.
83. ENPROSERVE (M) SDN. BHD.
84. MAN ENERGY SOLUTIONS MALAYSIA ES SDN. BHD.
85. REDTECH OFFSHORE SDN. BHD.
86. KEYFIELD OFFSHORE SDN. BHD.
87. PERISAI PETROLEUM TEKNOLOGI BHD.
88. TRISYSTEMS ENGINEERING SDN. BHD.
89. MICROSITE ENTERPRISE SDN. BHD.
90. OCEAN VANTAGE HOLDINGS BHD.
91. DIMENSION BID (M) SDN. BHD.
92. AWORLDTEC ENGINEERING SDN. BHD.
93. BINTANG SUBSEA VENTURES (M) SDN. BHD.
94. PENAGA DRESSER SDN. BHD.
95. AIR ENERGY CONSULTING (MALAYSIA) SDN. BHD.
96. SWIS RESOURCES SDN. BHD.
97. MIR VALVE SDN. BHD.
98. HYPERWAVE SYSTEMS ENGINEERING SDN. BHD.
99. MATCO (MALAYSIA) SDN. BHD.
100. DNV GL MALAYSIA SDN. BHD.

## Appendix 2

### Project Committee

1. Energy Division, Economic Planning Unit (EPU), Prime Minister's Department
2. Environmental and Natural Resources Division, Economic Planning Unit (EPU), Prime Minister's Department
3. State Economic Planning Unit Sabah (UPEN Sabah)
4. Economic Planning Unit Sarawak (UPEN Sarawak)
5. Department of Statistics Malaysia (DOSM)
6. Malaysia Green Technology and Climate Change Corporation (MGTC)
7. Sustainable Energy Development Authority (SEDA)
8. Petrolia Nasional Berhad (PETRONAS)
9. UN Global Compact Network Malaysia & Brunei (UNGCMYB)
10. Shell Malaysia Berhad (SHELL)
11. PTT Exploration and Production Public Co. Ltd. (PTTEP Malaysia)
12. The Malaysian Oil, Gas & Energy Services Council (MOGSC)
13. Malaysian Offshore Contractors Association (MOCA)
14. Malaysian Oil & Gas Engineering Council (MOGEC)
15. Malaysia OSV Owners' Association (MOSVA)
16. Malaysian Institute of Corporate Governance (MICG)

## Appendix 3

### Abbreviations

1. ASEAN  
Association of Southeast Asian Nations
2. BNM  
Bank Negara Malaysia
3. CCPT  
Climate Change and Principle-based Taxonomy
4. CSRD  
Corporate Sustainability Reporting Directive
5. DETS  
Domestic Emissions Trading Scheme
6. EPU  
Economic Planning Unit
7. ESG  
Environmental, Social and Governance
8. EU Commission  
The European Commission
9. FTSE  
Financial Times Stock Exchange
10. FY2020  
Financial Year 2020
11. GRI  
Global Reporting Initiative
12. ISSB  
International Sustainability Setting Board
13. KLCI  
Kuala Lumpur Composite Index
14. KPI  
Key Performance Indicators
15. LT-LEDS  
Long-Term Low Emission Development Strategy
16. MPRC  
Malaysia Petroleum Resources Corporation
17. NOSP  
National OGSE Sustainability Plans
18. OGSE  
Oil and Gas Services and Equipment
19. OGSE Blueprint  
National OGSE Industry Blueprint 2021-2030
20. OGSE100  
List of top 100 OGSE Companies in Malaysia
21. PLCs  
Public Listed Companies
22. SASB  
Sustainability Accounting Standards Board
23. SBTi  
Science-based Target initiative
24. SEC  
US Securities and Exchange Commission
25. SGX  
Singapore Exchange Limited
26. SME  
Small and Medium-sized Enterprises
27. TCFD  
Task Force on Climate-related Financial Disclosures
28. UNGC  
United Nations Global Compact
29. UN SDG  
United Nations Sustainable Development Goals
30. WG  
Working Group
31. WWF  
Worldwide Fund for Nature







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