

Olivier Le Peuch
Chief Executive Officer
SLB
3600 Briarpark Drive
Houston, Texas, 77042
United States

April 27, 2023

Dear Mr. Le Peuch,

We write to follow up on our previous correspondence with Schlumberger dated November 1, 2022, and the corresponding follow-up dated November 16, 2022, regarding potential inconsistencies between Schlumberger's obligations, as articulated in the UNGPs, and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms. We have not received a response to our letter.

According to the latest available information, SLB continues to profit from its Russian operations. In our first letter, we noted that SLB pays approximately \$4.5 billion in taxes to the Russian government and the company's considerable workforce of 11,500 employees in the country. We also warned that the continued business with Schlumberger's Russian customers, which include sanctioned entities, such as Gazprom, Gazpromneft, Rosneft, TNK-BP, and Lukoil, may lead to potential sanctions violations while providing significant revenue to the Russian state, contributing to Russia's war efforts in Ukraine.

A recent report by Global Witness confirmed that not only is SLB hiring for hundreds of positions in Russia (almost identical to the rate of hiring to pre-invasion levels), has no intention to leave the market, but is also expanding in the country, acquiring new contracts its competitors that have left the market can no longer access.¹ As per the company's annual filing with the Securities and Exchange Commission, SLB's revenue from Russia accounted for around 6% of its total revenue - higher than the figure reported in the company's first-quarter report for 2022, which had estimated Russia's contribution to be 5% of its global revenues at that time. This implies that SLB's revenue from Russia increased after the country's invasion of Ukraine, indicating the heightened value of the Russian market to the company during this period.²

According to the report, SLB is 'entrenched' in Russia, boasting strategic agreements with universities and regional administrations, a training centre in Siberia, and facilitating increased drilling in Russia through the use of its highly specialised equipment.³

¹ Global Witness, "SLB Isn't Going Anywhere," April 10, 2023, <https://www.globalwitness.org/en/campaigns/stop-russian-oil/slb-isnt-going-anywhere/> (accessed April 11, 2023). Liz Hampton, "SLB wins Russia business as oilfield rivals exit after Ukraine invasion," *Reuters*, January 19, 2023, <https://www.reuters.com/markets/commodities/slb-wins-russia-business-oilfield-rivals-exit-after-ukraine-invasion-2023-01-19/> (accessed April 11, 2023).

² Global Witness (n 1).

³ *Ibid.*

SLB said in a statement that “while it was not divesting its holdings in Russia, the company has committed to discontinue new investments and technology deployments in the country. Still, it said, it continues to provide “certain products, spare and replacement parts, and other consumable goods” as part of its oil field services business there.”⁴

Customs data appears to show that SLB has continued to import vital equipment to Russia since February 2022, apparently in contravention of U.S. government sanctions which have: “Denied exports to, reexports to, and transfer within Russia and Belarus of items needed for oil refining. Also imposed additional license requirements to further limit the Russian oil sector by restricting the export, reexport and transfer of additional items needed for oil refining.”⁵

We are writing now to confirm whether SLB has continued to export these goods to Russia both from the US, the UK, Canada, as well as via third country importers.

We were also concerned to see that SLB has been placed on the Ukrainian National Agency for Prevention of Corruption (NACP) list of international sponsors of the war.⁶ The NACP notes the following reasons why they consider SLB to be a sponsor of war:

Despite Schlumberger’s announcement of a suspension of new investments in Russia in March 2022, the company is still fulfilling contracts and supplying technologies to companies engaged in developing Russian oil and gas fields. Some of Schlumberger's clients in Russia include Gazprom, Rosneft, and Lukoil, all of which are among the world's largest oil and gas companies and are under international sanctions. Schlumberger has provided equipment for developing continental and shelf deposits for its Russian customers over the years. Despite the suspension of new investments, the Russian market accounted for 6% of Schlumberger's total turnover, equivalent to \$1.21 billion, in the first half of 2022. During the full-scale invasion, Schlumberger's Russian revenues grew relative to the company’s global revenues, with a larger share of revenues compared to pre-war figures when Russia's share was only 5%. Schlumberger's Russian offices remain open, and the company is helping the Russian authorities with mobilization efforts for the ongoing war with Ukraine, including facilitating conscription notices.⁷

Some sources indicate that Schlumberger's recent collaboration with authorities to provide military call-ups and their decision to restrict Russian staff from working abroad has resulted in a backlash. These actions are perceived by some as a form of implicit support for the war in Ukraine by Schlumberger.⁸

Likewise, Olivier Le Peuch, the Chief Executive officer of SLB, Eric Maurice Liron, Chief officer of Schlumberger Logelco Inc., and Mark G. Papa, the non-executive chairman of SLB, are now personally

⁴ Amanda Drane, “As oilfield service companies left Russia after Ukraine invasion, Houston's SLB stayed - and profited,” Houston Chronicle, April 8, 2023, <https://www.houstonchronicle.com/business/energy/article/slb-russia-oil-sanctions-pullout-schlumberger-17852566.php> (accessed April 27, 2023).

⁵ U.S. State Department, “The Impact of Sanctions and Export Controls on the Russian Federation”, <https://www.state.gov/the-impact-of-sanctions-and-export-controls-on-the-russian-federation/> (accessed April 11 2023).

⁶ NACP, “SLB – International Sponsor of War,” <https://sanctions.nazk.gov.ua/en/boycott/24/> (accessed April 11, 2023).

⁷ Ibid.

⁸ Liz Hampton, “EXCLUSIVE Schlumberger faces employee backlash in Russia over draft cooperation,” Reuters, October 14, 2022, <https://www.reuters.com/business/energy/exclusive-schlumberger-faces-employee-backlash-russia-over-cooperation-draft-2022-10-14/> (accessed April 11, 2023).

listed as individual sponsors of war.⁹

We note the SLB recently published its 2022 Sustainability report in which it emphasised respect for human rights:

“SLB conducts business in a manner that preserves and respects human dignity, as stated in our Code of Conduct, which applies to all employees of the company, contractors, suppliers, agents and business partners. Respecting human rights is a key expectation of SLB and we are committed to supporting the United Nations Guiding Principles on Business and Human Rights and embedding the UN Global Compact and its principles into our day-to-day business activities.”¹⁰

However, SLB’s continued operations in Russia seem to be in direct contradiction to the policies and emphasis placed on human rights in this report and are potentially leading to significant legal, financial, and reputational risks for the company.

We are reaching out to SLB again, to formally notify the company of the potential legal accountability it may face in the future, due to its continued actions in Russia. Companies remaining in Russia are open to significant legal risks, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.¹¹ By remaining in Russia, companies may not only be exposed to these risks but may also become directly complicit in war crimes.¹²

⁹ NACP, “International Sponsors of War – Individuals” <https://sanctions.nazk.gov.ua/en/boycott/> (accessed April 11, 2023).

¹⁰ SLB, “2022 Sustainability Report,” <https://www.slb.com/-/media/files/sustainability/2022/sustainability-report-2022.ashx> (accessed April 27, 2023).

¹¹ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) [Victoria Riello](#) and [Larissa Furtwengler](#), “Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward,” *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, “Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate,” July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); *Rfi*, “French technology firm charged over Libya cyber-spying,” July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, “Canadian Supreme Court Allows Corporate Liability for International Law Violations,” *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, “Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies,” June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed January 2, 2023).

¹² Nataliya Popovych and Bennett Freeman, “Russia’s Putin is forcing foreign-owned companies to participate in his conscription campaign. It’s time to get out,” *Fortune*, October 13, 2022, <https://fortune.com/2022/10/13/russia-putin-foreign-owned-companies-conscription-campaign-sanctions-ukraine-war-international-europe-popovych-freeman/> (accessed November 14, 2022).

In consideration of the above points and B4Ukraine's [Declaration](#), we request an urgent dialogue with SLB's relevant senior management and staff to discuss the company's ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact B4Ukraine at contact@b4ukraine.org to schedule a call by 5:00pm CET, May 11th, 2023.

Sincerely,

The B4Ukraine Coalition