

Olivier Le Peuch
Chief Executive Officer
Schlumberger Ltd.
3600 Briarpark Drive
Houston, Texas, 77042
United States

01/11/2022

RE: Schlumberger business operations in Russia

Dear Mr. Le Peuch,

We write to you as a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between Schlumberger Limited's (Schlumberger) commitments on Russian aggression and human rights more broadly and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

Schlumberger's governance framework, which includes a Code of Conduct, Human Rights Position Statement, supply chain Human Rights Due Diligence, and a Modern Slavery Statement, formalises the company's commitment to "respecting the principles in the International Bill of Human Rights and conducting business in a manner that preserves and respects human dignity".¹ We also note that this framework applies to all of Schlumberger's operations, business relationships, and supply chain.

It has been eight months since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including by committing war crimes, crimes against humanity, and attacks on civilians and civilian infrastructure (e.g., mass executions, sexual violence, torture, and forcible transfer of civilians). More than 15,000 Ukrainians have been killed and injured and millions more have been forced to flee their homes, creating one of the largest humanitarian disasters and refugee crises of modern times.

On September 21, President Vladimir Putin further escalated the war by announcing a "partial mobilisation" of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the 1,610 international companies that are currently

¹ Schlumberger, "The SLB Code of Conduct," <https://www.slb.com/-/media/files/about-us/the-blue-print-in-action-code-of-conduct.ashx> (accessed October 30, 2022).

operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of its employees is eligible for military service.² They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

This legislation entails new and significant legal risks for companies remaining in Russia, 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.³ Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁴

In response to this unprovoked and unjustified war⁵ many companies have left Russia. According to the respected Kyiv School of Economics Institute's #LeaveRussia [company tracker](#), Schlumberger announced in March that it would "immediately suspend new investment and technology deployment to our Russia operation".⁶ However, Schlumberger also stated that it would continue to meet its existing contractual obligations, which means that the company will continue its extensive operations in the country, likely including the delivery of goods or services to sanctioned Russian entities.⁷

² Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed October 30, 2022).

³ 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 October 30, 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-on-iconic-food-beverage-conglomerate/> (accessed October 30, 2022); "French technology firm charged over Libya cyber-spying," Rfi, July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying>; 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 September 26, 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 October 30, 2022).

⁴ Venable LLP, "Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus," *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed October 30, 2022).

⁵ The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow "unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders."

⁶ Schlumberger, "Update on Russia Operations," March 18, 2022, <https://www.slb.com/about/newsroom/press-release/2022/pr-2022-0318-update-on-russia> (accessed October 30, 2022).

⁷ Amanda Battersby, "Leading international contractors turn their back on Russia," *Upstream*, March 20, 2022,

As of 2022, the Russian market represented 5 percent of Schlumberger's total revenue, Schlumberger contributed more than \$4.5 billion in taxes to the Russian government, and the company employed 11,500 workers in the country.⁸ Schlumberger's Russian customers include sanctioned entities, such as Gazprom, Gazpromneft, Rosneft, TNK-BP, and Lukoil. In 2021, Schlumberger's subsidiary Cameron International Corp. was subject to a \$1.4 million penalty for violating sanctions against Gazprom-Neft Shelf. After Schlumberger's commitment to suspend technology deployment, Russian oil services company TNG-Group, stated it was using Schlumberger equipment in a Gazprom-licensed and controlled field.⁹ These activities potentially expose the company to sanctions violations while providing significant revenue to the Russian state.

Finally, in light of the size of the company's workforce and infrastructure, the "partial mobilisation" order may entail severe risks to Schlumberger as it facilitates the conscription of Russian staff and may be required to provide additional resources (e.g., building, transport, products/services) to support the invasion of Ukraine. As of October 14, 2022, Schlumberger has already experienced significant employee backlash as its workers have received military draft notices through the company and Schlumberger has not allowed employees to work remotely in order to escape the draft.¹⁰

These activities alone risk enabling and financing Russia's violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating Schlumberger's human rights commitments. Furthermore, remaining in the Russian market risks incurring heightened legal, regulatory, operational, and financial risks associated with companies being required to provide direct support to the internationally sanctioned Russian military.

We seek to understand how Schlumberger has conducted and continues to conduct heightened human rights due diligence, per its stated policy and the UNGPs concerning due diligence in conflict-affected areas, and how the findings of such a process have resulted in Schlumberger's continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

With the above points in mind and in consideration of B4Ukraine's [Declaration](#), we request an urgent dialogue with relevant Schlumberger 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 Eleanor Nichol at

<https://www.upstreamonline.com/finance/leading-international-contractors-turn-their-back-on-russia/2-1-1188073> (accessed October 30, 2022).

⁸ Schlumberger, "Schlumberger in Russia and Central Asia,"

https://www.slb.ru/about/schlumberger_russia_and_central_asia/ (accessed October 30, 2022).

⁹ M. Mikheev, "TNG-Group is conducting research with a high-tech complex of Schlumberger equipment," *Neftegaz.ru*, October 30, 2022,

<https://neftegaz.ru/news/vtrende/748423-tng-grupp-vedyet-issledovaniya-vysokotekhnologichnym-komplekso-m-oborudovaniya-shlyumberzhe/> (accessed October 30, 2022).

¹⁰ 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 October 30, 2022).

enichol@businessforukraine.info to schedule a call. We kindly ask for your response by 5:00pm CET, 14th November 2022.

Please do not hesitate to get in touch if you require any further information.

Sincerely,

Eleanor Nichol
Executive Director
The B4Ukraine coalition