

Managing Climate and Transition Risk—TCFD Alignment

Guided by the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), we discuss in this section our governance, strategy, risk identification, and management and measurement of climate risks and opportunities. For more details on our climate risk management, please see our latest CDP climate change questionnaire.

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Governance

Board Oversight of Climate Risk

Our Board of Directors oversees the long-term health and viability of our business, including the company's long- and short-term strategy, vision, and risk profile. The Board also oversees the company's enterprise risk management process and reviews major risks facing the Company, including acute and chronic climate risks and energy transition risks.

The Board's Nominating and Governance Committee oversees our sustainability programs, initiatives, and activities, including acute and chronic climate risks. This committee also receives quarterly updates from our Vice President of Sustainability on the progress we are making toward a low-carbon future, including our progress toward achieving our carbon emission reduction and net zero emissions goals.

The Board's New Energy and Innovation Committee—newly formed in 2021—evaluates our Schlumberger New Energy and Transition Technology investments and the sustainability impacts of growth opportunities.

Additional information regarding the Board's role in climate risk oversight is included in the "Sustainability Governance" section of this report and in our [2022 Proxy Statement](#).

Management Oversight of Climate Risk

Our senior management team is responsible for the day-to-day management and mitigation of climate and transition risk, including

- identifying, assessing, monitoring, and managing the major risks to the company through our enterprise risk management process (described below in the "Risk Management" section of this report)
- implementing effective risk mitigation measures, response plans, and controls
- integrating risk analysis into business decisions and performance objectives.

Our Chief Strategy & Sustainability Officer (CSSO), who reports to the CEO, oversees our corporate strategy, sustainability, and marketing activities. This position demonstrates how sustainability is at the core of our corporate strategy. The CSSO was involved in the launch of Schlumberger's net zero commitment and short-term, mid-term, and long-term targets spanning Scope 1, 2, and 3 emissions. Scenario analyses, including scenarios associated with climate change and the energy transition, are the responsibility of the CSSO.

The VP of Sustainability, who reports to the CSSO, is directly responsible for social and environmental sustainability in the company and engages with Schlumberger leadership, employees, investors, and customers on sustainability topics, including climate-related issues.

The CEO and Chief Financial Officer (CFO) annually approve the capital investment budget, including investments in technology to reduce emissions in oil and gas and low-carbon businesses in the Schlumberger New Energy portfolio.

Our CSSO and our Chief Legal Officer jointly oversee the company's Enterprise Risk Management (ERM) Program.

Strategy

Our corporate strategy around climate is described in the "Climate Action" section of this report. Our focus areas include achieving net zero emissions by 2050, decarbonizing oil and gas operations for Schlumberger and our customers, and investing in New Energy and transition opportunities. Our strategy to achieve our 2050 net zero ambition involves three key components:

reducing operational emissions, reducing customer emissions that occur while using our technology, and taking carbon-negative actions of sufficient scale to offset any residual operational and technology emissions we may have in 2050. We will reduce emissions from our operations through utility efficiency and use of renewable energy and hybrid vehicles. We will reduce customer emissions with our Transition Technologies portfolio. For emissions that cannot be reduced, rather than relying on traditional offsets, we will rely on our carbon-negative actions that are technology-centric, where we can play a role, such as through our Schlumberger New Energy portfolio described above under "Climate Action"—New Energy & Transition Opportunities.

Climate-Related Risks and Opportunities

A key aspect of our Climate Action strategy is managing physical climate and transition risks and opportunities. We take a data-centric, scenario-based approach, and we use both TCFD and SASB as disclosure frameworks and methodology guides. Because we realize that climate change and energy transition will impact our business, understanding and managing these risks and opportunities provides a competitive advantage that will help us be more resilient to potential risks and stay ahead of the competition.

To deliver on our strategy, we assess, monitor, and manage risks and opportunities based on the following time horizons:

- **Short term:** We assess geopolitical risks and risks related to unpredictable weather patterns—including cyclones, hurricanes, and tropical storms that have the potential to affect our bases in coastal areas—on a one- to three-year timeframe.
- **Medium term:** We consider capital expenditures and operational planning, including development of new technologies that have the potential to reduce our customers' GHG emissions, over a three- to ten-year timeframe.
- **Long term:** The Board and senior management take a longer view in considering strategic planning, including climate-related risks and opportunities that have the potential to negatively or positively affect our business over the medium term (three to ten years) and long term (ten to 20 years). Included in long-term risks are energy transition and climate change.

Managing Climate and Transition Risk—TCFD Alignment continued

Some of the key risk types that we assess, monitor, and manage as part of our climate-related risk assessments are as follows:

- **Current regulatory risks:** We are committed to complying with or exceeding existing regulations in every country in which we work. Schlumberger management has implemented strategies to reduce fuel consumption for our largest sources of emissions, such as pumps, fleet vehicles, and marine vessels. Additionally, we continue to monitor GHG emission reporting requirements in the countries where we operate.
- **Emerging regulatory risks:** Emerging regulation spans all three time horizons discussed above. Various international, federal, and state agencies are currently developing climate-related legislation and regulations intended to reduce GHG emissions and regulations related to emissions disclosure. As an example, the US Environmental Protection Agency has taken steps to regulate GHGs via the Clean Air Act as well as proposing additional reporting rules focused on oil and gas industry operations. The US Securities and Exchange Commission has also proposed detailed climate risk and GHG emissions disclosure rules. We monitor these changes closely through our legal, compliance, corporate governance, and environmental teams. We evaluate the likelihood and severity of changes in regulatory requirements and political trends related to climate change and the energy transition through risk assessments and risk mapping in line with the recommendations of TCFD. As an action related to emerging climate risks, in 2021 we launched our Transition Technology portfolio to reduce emissions across the E&P value chain with lower carbon technology solutions. These technologies can help decarbonize our operations and those of our clients.

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- **Technology risks:** We believe that increasing customer focus on emerging legislation and sustainability priorities could lead to a shift in customer behavior and a decrease in demand for certain products and services and increased demand for others. We engage with customers to anticipate these shifts, which generally occur in the medium- to long-term time horizons. In parallel, we work with our customers to find new opportunities to mitigate potential negative environmental and social impacts of oil and gas operations. For example, Schlumberger offers a portfolio of more than 100 technologies with a reduced environmental impact based on the following attributes: emissions reduction, energy consumption reduction, electrification, surveillance and assessment, hazardous materials reduction, water stewardship, waste reduction, and size reduction. These attributes have been incorporated into new product development evaluation. Specifically, to address customer emissions, we recently launched our Transition Technologies portfolio, which is focused on reducing our customers' emissions.
- **Legal risks:** Legal risks and liability across multiple lenses (including, but not limited to climate-related issues) are considered as part of the financial severity assessment of our enterprise risk management process. This is informed by both current and emerging regulation as well as a scheduled quarterly review, internally and with the Board's Nominating and Governance Committee, of compliance incidents and incident trends.
- **Market risks:** As a business-to-business company providing services to industry operators, potential changes in a portion of our revenue are directly tied to the market outlook of oil and gas operators, and therefore indirectly tied to market demand for fuels and other petroleum products. We routinely monitor oil and gas industry operations and investment activity to determine the market outlook for the oil and gas services industry and how our business will be impacted. For example, a market risk we review regularly is the International Energy Agency's (IEA) research outlining the energy mix and their market predictions between now and 2040.
- **Reputational risks:** In the context of climate, reputational risk exists across all three time horizons discussed in this section. It presents itself in various ways, including but not limited to the following:
 - *Workforce motivation and engagement risk:* Because corporate sustainability efforts, including the management of climate-related issues, increasingly affect workforce engagement, we incorporated into our annual employee engagement survey a question to measure workforce perception of our corporate sustainability efforts. Employee respondents to the survey in 2021 scored our corporate sustainability efforts higher than at other companies, based on similar questions asked in other companies' internal surveys. We also include content related to our climate action strategy in both recruiting and onboarding materials.
 - *Media coverage and public perception risk:* Stakeholder engagement, monitoring and reporting trends, and comprehensive governance are the primary vehicles for managing this risk. Transparency through our nonfinancial disclosures, guided by frameworks like TCFD and SASB, are another way to mitigate this risk.
 - *Well integrity risk:* Extreme weather can potentially introduce well integrity risk, which in turn is a risk to reputation. We have addressed well integrity risk, regardless of the root cause, by developing a Well Integrity Barrier Standard containing ten critical requirements that must be followed by all employees and contractors of Schlumberger. Development of this standard was a company-wide initiative to raise awareness and to impose mandatory rules defining the minimum requirements in training, certification, and knowledge of the barriers we provide.

Managing Climate and Transition Risk—TCFD Alignment continued

Risk Management

Our senior management team has developed a comprehensive strategic planning and enterprise risk management process for identifying, assessing, and managing risk. Through this process, we identify key risks through an annual corporate-level risk mapping exercise, which involves the CEO and other members of senior management, along with a bottom-up operational (field-level) risk assessment by the company's various geographies, businesses, and functions. In 2021, the process also included a third-party assessment by an internationally recognized accounting firm, external risk surveys, and facilitated workshops with Schlumberger executives. The Executive Leadership Team has established an enterprise risk management committee to oversee the annual risk identification and mitigation process and updates the Board on the results of this process annually.

We believe that our comprehensive risk assessment program is reasonably designed to identify and manage climate change related enterprise-wide risks that have the potential to significantly affect our businesses over the short, medium, and longer terms. Our risk assessments cover exposures to both physical and transition climate-related risks and their respective financial impact.

The climate-related risks we routinely monitor as part of our enterprise risk management process include potential loss of containment and well control, country-specific legislation and regulations, environmental compliance, financial risk associated with climate change, perception of industry due to climate change dialogue, and extreme weather. At a corporate level, business risks related to climate change are identified based on input from a variety of internal and external sources, including local risk assessments, country-specific climate assessments aligned with TCFD recommendations, and feedback from customers, investors, the Board, and other stakeholders. Identified enterprise-level risks are then developed into various scenarios, guided by subject matter experts, and these scenarios are modeled to assess potential financial impacts. In the case of acute physical risks, crisis management scenarios are created and tested in desktop exercises at the local and corporate

level by the respective management teams. Enterprise-level risks are also included in our operational risk maps, which help to identify and assess potential threats to the mid- to long-term strategic objectives. A risk owner is assigned from among senior management for each enterprise-level risk to manage the risk management and mitigation plans. Oversight of the management plan for each enterprise level risk is assigned to the Board or Board Committee as appropriate. As an example, certain potential impacts of a cybersecurity event have been determined to be an enterprise-level risk. The Chief Information Officer is the risk owner, and the Audit Committee oversees the Company's comprehensive monitoring, prevention, and response capabilities. In addition, Board Committees with specific oversight responsibilities receive more frequent updates related to those specific risks. These risks are monitored and embedded into the business planning cycle. Risks are scored on likelihood, severity, time horizon, and financial impact. Where applicable, management objectives include management and mitigation of risk.

Climate Risk Assessments

Country-level climate risk assessments provide a practical way to understand climate-related risks and common issues across our organization. For these assessments, we work with a leading sustainability consultant to review the potential impact of climate issues on our direct operations. Climate-related risks (physical and financial, including transition risks) are assessed using scenario-based analysis. While there are country-specific concerns, some commonalities across geographies are:

- acute physical risks associated with extreme weather, such as storm surges, droughts, heat waves, flooding, rain, and snow
- chronic physical risks, such as the potential impact of sea-level rise on our global footprint, water availability, and protected marine life; and
- transition risks, such as policy and legal risks, the impact of a carbon tax on Schlumberger and our customers, the cost of electrifying our operations, and adapting our technology portfolio to changing customer preference.

We have also completed several global climate risk assessment projects, including projects relating to the risks of coastal flooding from sea level rise, physical risks from more severe and frequent storms, and the regulatory risks of carbon taxation.

We review acute physical risks associated with extreme weather in areas susceptible to increased severity and frequency of extreme weather related to water (e.g., hurricane, excessive rain, or flooding) or increased severity and frequency of extreme heat. Those variances may impact our business by causing extreme changes in precipitation patterns that may result in flooding, changes in road or wellsite conditions, or damage to facilities. This may result in increased operating costs or decreases in revenue through disruptions at our facilities, in our supply chain, or at wellsites; equipment damage and repair requirements; and increased insurance premiums.

To manage extreme weather risks, we work with a third-party loss prevention firm to conduct site visits, assess potential risks to our facilities, and propose mitigating actions. We also consider the potential impact of sea-level rise on our global footprint. Additionally, Schlumberger has business continuity and crisis management processes in place to mitigate potential disruptions caused by extreme weather events. Additionally, our insurance policies help mitigate the risk of material loss of assets at our facilities.

Transition Risk Management

Climate-related transition risks include policy and legal risks, such as the potential impact of a carbon tax on Schlumberger and our customers, and technology risks, such as equipment obsolescence driven by our customers' increased focus on emissions reductions and the associated costs to develop new technologies with a reduced environmental impact.

Our Transition Technologies portfolio and Schlumberger New Energy business offer a strategic response to the management of energy transition risks, as discussed in the "Climate Action" section of this report.

In 2021 we continued our efforts to quantify our climate-related risks by launching a global study on the effects of global temperature rise on our facility cooling costs and workforce productivity. All Schlumberger facilities across our 30 geographies are in scope of the study, with a deep dive planned for high-risk sites.

Managing Climate and Transition Risk—TCFD Alignment^{continued}

Climate Resilience

Climate-related scenarios are an integral part of our scenarios-based portfolio strategy. We review different scenarios to evaluate our business resilience and confirm our portfolio's alignment with our energy transition ambitions related to those scenarios. For example, both 2DS and IEA NZE were useful in understanding the role that CCS will play in the path to net zero. Although we have been in the carbon capture business for more than two decades, the scenarios gave us confidence that the potential addressable market in carbon capture warranted continued investment and integration of that business into our Schlumberger New Energy portfolio. IHS and Rystad both had scenarios that informed our view of regional and local distribution of the energy mix and therefore influenced our specific regional technology strategies. Reviewing scenarios with a 2040 time horizon against those with a 2050 time horizon helped inform certain of our long-term portfolio mix decisions.

We will continue to use scenarios to inform our strategy and financial planning, including those that offer a range of time horizons, ambition with respect to transition, and varied perspectives to help us better understand the risks and opportunities that climate change and the energy transition present. We also will continue to review the accuracy of our scenario predictions with the goal of working from best available predictive information regarding the coming decades. All of the scenarios we used in building our strategy allocate some share of the energy mix to oil and gas in the coming decades. Our strategy considers that there is a wide range of possibilities with respect to the future energy mix and the pace of energy transition and, as such, our strategy addresses opportunities across multiple time horizons. Regardless of the contribution of oil and gas to the energy mix, Schlumberger recognizes the need to reduce the carbon footprint of oil and gas operations, and therefore our strategy considers that as well.

Task Force on Climate-Related Disclosures (TCFD) Index

	Activity Metric	Information Location
Governance	a) Describe the board's oversight of climate-related risks and opportunities	Pages 31 and 33–36 Proxy Statement Pages 21–22
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Pages 33–36
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Pages 33–36
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Pages 33–36
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Pages 33–36
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	Pages 35–36
	b) Describe the organization's processes for managing climate-related risks	Pages 35–36
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Pages 35–36
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 6–7
	b) Disclose Scope 1, 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Pages 6–7 and 42–43
	c) Describe targets used by the organization to manage climate-related risks and opportunities and performance against targets	Pages 6–7