

Media Release For Immediate Release

## Schlumberger is World's Most Sustainable Oil/Gas Service Company 2009

*Despite crisis, oil/gas service companies continue to invest in sustainability*

**Madrid/Sao Paulo, 16 June 2009:** Schlumberger, the French-U.S. oil/gas services group, is the world's most sustainable oil/ gas services corporation for the third year running, according to a benchmark study comparing twenty companies in the sector against 355 criteria of sustainability, corporate governance, social responsibility, transparency and ethics. The annual study is carried out by the sustainability rating company Management & Excellence, SA (M&E), located in Madrid and Sao Paulo and specialized in the oil/gas field.

M&E Sustainability Ranking 2009	Score
1. Schlumberger	74,8%
2. Baker Hughes	72,7%
3. Halliburton	71,5%
4. Saipem	67,8%
5. GE Energy	64,1%
6. URS	60,3%
7. Tenaris	58,1%
8. Caterpillar	57,4%
9. Oil States	56,1%
10. Superior	55,2%
11. Applied Industrial Technologies	54,5%
12. Smith	50,8%
13. Oilwell	50,3%
14. AP Moller Maersk	48,9%
15. Mc Junkin	46,2%
16. Complete Production Services	44,5%
17. Cameron	42,8%
18. Brenntag	41,3%
19. BJ Services	39,4%
20. Weatherford	38,9%
Average	54,8%

Schlumberger (revenues \$27.24 bn.) managed to hang on to the top spot in the M&E ranking because of its strong leadership in social responsibility, which considers areas such as employee and community relations, where it beat second placed Halliburton (revenues \$18.15 bn.) by nearly 8 points. Yet Schlumberger's slim leadership in the ranking is deteriorating rapidly. While it beat Halliburton in the 2008 M&E study by 6.7 points, in 2009 its lead over 2<sup>nd</sup> placed Baker-Hughes is only 2.3 points and 3.5 points ahead of 3<sup>rd</sup> ranked Halliburton. Schlumberger did not rank first in any other of the five areas, unlike Saipem, which ranked first in both the ethics and transparency areas. Baker-Hughes ranked first in sustainability, which is the most heavily weighted area and covers such areas as management quality, environmental performance,

health and safety and financial management.

The biggest movers in 2009 are Baker-Hughes, jumping from a score of 47.07% in 2008 to 72.7% in 2009, and fourth-placed Saipem (Eni Group, Italy) which joined the ranking for the first time in 2009.

Sustainability is an increasingly important topic in the oil/gas services industry, which has developed in the wake of its oil/gas clients, such as ExxonMobil, Shell and BP, each of which spend billions annually on sustainability related investments, which includes human resources and certain technical modernizations. Investing in human resources is a key competitive factor among engineering companies. Hence Schlumberger's and Halliburton's leadership in International Labor Organization standards, health and safety standards, and employee benefits. Italy's Saipem leads in training programs and benefits from ENI's own corporate university, which took over the 50 year old Scuola Mattei in 2001. Halliburton runs 12 training centers in places such as Egypt, Malaysia and Russia and offers its employees 3,750 online courses.

As a result, the oil/gas services industry is known for its efficiency, exemplified in average return on assets of 8.36% (S&P: 6.96%) and with revenues per employee of \$1,2 million (S&P: \$829,000). Net income per employee is almost twice that of the S&P average at \$122,000. In terms of returns, the M&E study shows a significant correlation of 0.34 between the total M&E results covering 355 points of sustainability performance with Return on Assets (ROA) among the companies in the study. Interestingly, sustainability performance did not support high enterprise value or strong Ebitda margins, according to the study.

In the M&E study, Schlumberger ran the most complete employee satisfaction survey, scoring 88% in this area (average 46%), yet only GE Energy cited complying with some (33%) international human rights standards such as the *U.N. Universal Declaration of Human Rights*.

Five of the twenty companies covered in the study (Caterpillar, GE Energy, Halliburton, Schlumberger and Smith) cited having 43 or more points on the Dow Jones Sustainability Index scale, a widely accepted index for large companies' compliance with sustainability norms. Estimates are that over \$3 trillion are currently invested according to social responsible criteria. Schlumberger and Halliburton are the companies most often included in mutual funds with a sustainability or SRI bias.

After the financial crisis revealed that even SOX-compliant companies surprisingly defaulted and had not really said what investors needed to know, transparency gained new importance. With engineering companies, this goes beyond financials and covers such areas as health, safety and environment (HSE). Surprisingly, Schlumberger neither publishes a separate HSE nor sustainability report, unlike Baker Hughes and Halliburton, for example. Smith was the only company to provide all of the 5 types of H&S data covered in the study, such as total recordable incident rates.

URS and Saipem led with the most sophisticated environmental policies (88% each). Halliburton (64%) and Schlumberger (55%) were the only companies claiming to have a significant positive environmental impact on their clients. In environmental transparency, URS (93%), Saipem (93%) and Brenntag (80%)

were among the leaders. When Brenntag switched ownership from Stinnes to Bain Capital, it conducted an environmental audit covering 350 areas with URS as an external expert. The German company also put an environmental risk assessment system in place worked out by DNV, the risk consultancy. Overall, ten of the 20 companies covered in the ranking had 75% or more of its facilities certified by ISO.

Companies with strong environmental and public impacts typically run highly visible community programs to both to further their images and to prevent opposition by local or regional communities to environmentally controversial projects. Baker Hughes, Halliburton and Saipem all score 100% for comprehensive community programs while Cameron, McJunkin and Weatherford score 0 points. The huge differences in performance in this social area can be explained by the industry just beginning to see community relations--a part of CSR—Corporate Social Responsibility-- as a part of its strategy. This also might explain why very few companies belong to accepted sustainability groups such as Millennium Goals or Carbon Disclosure Project: Caterpillar, AP Moller and Schlumberger do best yet only achieve 40% each in this area. Baker Hughes' Community Impact Team program seeks out initiatives it thinks will strengthen its community ties and involve its employees in strategic volunteer initiatives, such as the March of Dimes or the National Multiple Sclerosis Society.

M&E CSR Ranking 2009 (extract top 5)	Score
Schlumberger	76,8%
Halliburton	68,4%
Baker Hughes	67,4%
Saipem	64,2%
GE Energy	64,2%

M&E Corporate Governance Ranking 2009 (extract top 5)	Score
Halliburton	80,0%
Schlumberger	73,3%
Baker Hughes	70,0%
Oilwell	63,3%
Oil States	60,0%

Corporate governance is another key area belonging to the M&E sustainability study which covers everything ranging from board control committees to shareholder rights. Baker Hughes and Schlumberger maintain the most board control committees besides audit committees, maintaining 67% of typical committees, with Brenntag doing worst with 17%. Baker Hughes runs compensation, governance and ethics committees, and is the only company with an ethics committee—a surprising fact in an industry criticized for poor ethics in its Middle Eastern operations. Equally surprising is that only Halliburton and Oilwell include a board member representing minority shareholders.

Management & Excellence is a sustainability research, auditing and rating company located in Madrid and Sao Paulo, specializing in the oil/gas and banking industries. M&E is known as a pioneer of sustainability ratings and its unique Return on Sustainability – ROS® method for quantifying returns on sustainability investments.

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