

Vivo Energy's response to Public Eye's report "Swiss Commodity Traders Flood Africa with Toxic Fuel"

Support for cleaner fuels:

As the African fuel market continues to grow and develop, and as customers demand higher quality products, Vivo Energy fully supports continued improvement in quality of fuels, lubricants and LPG – in line with changing government regulation and consumer demand - and is at the forefront of meeting these needs.

Context and the role of governments & regulators:

In most African countries the importing of petroleum products is controlled and regulated by the government or national oil company. They issue public tenders for a product at a given specification for their local market. They then select the most competitive offer, acquire the product and place it in co-mingled storage where the product from various suppliers is amalgamated.

The retailers in each market, including Vivo Energy, then purchase their product - that meets the local specifications - from the amalgamated and co-mingled supplies of the government, national oil company, or importer, depending on the local regulation.

Governments and regulators determine specifications for their markets based on a combination of consumer affordability, available infrastructure, and the environment.

It is worth noting that a number of African governments are also transitioning away from providing fuel subsidies. Reduction of fuel subsidies, along with higher specification fuel, will increase the price at the pump for consumers. There is a balance between quality and consumer affordability.

Differentiated fuels:

We have a direct responsibility for the impact that Vivo Energy makes as a business and we work hard, in partnership with Shell, to develop energy resources, products and services that reduce our impact on the environment. These include development and sale of more efficient fuels and lubricants, and - in addition to fuel products that meet the local specifications - Vivo Energy offers a number of higher quality differentiated petrol and diesel products.

Through our close relationship with Shell we can access the latest technological innovations in fuels and lubricants so that Shell's high quality products are available to our customers in Africa. For us this is a key differentiator in markets where product quality and continuity of supply can present challenges and where the dependability of our products provide lasting peace of mind. As part of our licensing agreement with Shell they are entitled to ad hoc product quality tests, something that they regularly carry out.

Shell's differentiated fuels (including Shell Extra, Shell FuelSave and Shell V-Power) offer benefits that include enhanced engine performance and reduced fuel consumption through improved efficiency.

Our lubricants portfolio is designed to provide improved engine performance, extra responsiveness, reduced engine noise and lower maintenance costs. An example of this is Shell Helix Ultra with PurePlus Technology, which we launched in Africa last year. The base oil is created from a revolutionary process that converts natural gas into crystal-clear base oil with virtually none of the impurities found in crude oil. As a result it helps extend engine life, reduce maintenance costs, reduce oil consumption, enhance fuel economy and enable better engine cleanliness.

Quality:

We are proud to report that consumer feedback shows that Vivo Energy is seen as providing some of the highest and most reliable fuel quality of all the oil marketing companies (OMCs) in the markets where we operate. We operate our own laboratories at our depots to check the quality and specifications of fuel as it arrives at our depots and leaves on trucks for Shell service stations. Additionally we operate our own mobile testing laboratories that make unannounced visits to our service stations to test fuel samples and ensure product quality is as it should be.

All across our retail network we aim to provide an exceptional experience for our customers, providing them with convenience, quality and choice to meet their needs. We are investing heavily in our network to achieve this.

Improving product specifications:

Discussions on product specifications frequently take place at various industry gatherings. For example the African Refiners Association - of whom Vivo Energy is an associate member - has a work group on product specifications. Committees such as these review local specifications and aim to balance additional environmental benefits with economic benefits for customers; and in January 2015 the East African Community amended the maximum sulphur content of its imported diesel from 500 ppm to 50 ppm. It also reduced the maximum sulphur content of its gasoline to 150 ppm. Through the open tender system Vivo Energy Kenya was proud to win the first cargo, and be the first oil marketer to import low sulphur fuel diesel into Kenya, with 50 ppm sulphur.

Over time we expect more African governments / authorities to adopt this approach. As the African fuel market continues to grow and develop, and the demand for higher quality products increases - along with the changing car fleet - Vivo Energy is at the forefront of meeting these needs.