



Vitol SA

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Geneva,
August 21, 2015

Report on Vitol and coal trading

Dear Mr. Dietschy,
Dear Mr. Maillard Ardenti,

Many thanks for sending us a copy of the report entitled "Vitol and coal trading: Challenges of human rights due diligence in the supply chain" which we understand you intend to publish on Monday, 24th August, we greatly appreciate the courtesy.

Unfortunately the report is full of false information and incorrect assumptions, and the conclusions which are drawn are consequently wrong. In fact the entire premise upon which the report is based - that Vitol has "leverage" over Coal of Africa (CoAL), as defined by the UN Guiding Principles, is mistaken.

In the interests of simplicity, we have sought to address first the issues pertaining to Vitol's relationship with CoAL and secondly those relating to Vitol.

Vitol and CoAL

Vitol has no influence or "leverage" over CoAL or CoAL's actions and it is unreasonable to suggest otherwise. This is because:

- a) The shareholding, which was 2.3%, is now 1.4% - this can be verified on Bloomberg. This is a very small shareholding, particularly when compared with the shareholding of other parties, some of which are also industry participants with an interest in influencing CoAL's strategy and actions. These include Hoaohua Energy International, which owns 26.52%, M&G Investment Management with 19.85%, TMM Holdings with 12.33%, Investec with 8% and ArcelorMittal with 7.23%.

As a result, Vitol has no seat at the Board and no influence from a governance perspective.

- b) The terms of the contract between Vitol and CoAL are such as to allow third parties to export as well, hence Vitol does not have the leverage which a truly exclusive marketing agreement might give. As the press release issued on 7 January 2013 states:



"The coal available under this MOU excludes all coal subject to current agreements that are in place as well as any coal off-take that may be agreed with the Company's strategic equity partners."

This paragraph makes it clear that CoAL will also be selling coal to other parties for export, in accordance with other agreements and with "strategic equity partners". These include the shareholders named above. Therefore it is entirely inaccurate to claim that the MOU announced on the 7th January, makes Vitol the sole exporter of CoAL's product.

Human Rights and the Environment

Vitol conducts its business in accordance with the UN Global Compact's ten principles, which include support and protection of human rights, and expects all its employees to behave accordingly. The Company has behaved in this manner for many years and this was recently formalised in its Code of Conduct. It is therefore incorrect, misleading and unfair to state that Vitol has "a nearly inexistent" approach to human rights.

As you will be aware, in addition to human rights the UN Global Compact principles relate to Labour, the Environment and Anti-Corruption and Vitol conducts its business in a way which is consistent with these principles.

This is evidenced in both the company's behaviour and the behaviours of the assets in which Vitol is a significant investor. For example:

Vitol E&P - Vitol has a small exploration and production division which is preparing to drill off the coast of Cote d'Ivoire later in 2015. In addition to the extensive technical preparations and liaison with the local authorities, Vitol has undertaken an extensive programme of community liaison including an education package informing the local fishing communities about the forthcoming activities and how to keep themselves safe when fishing in the vicinity of our activities which has been presented to every fishing community, totalling c28,000 people.

The relationships are being managed through the local village chiefs to accommodate local sensitivities.

Furthermore, in order to keep the local fishermen safe when in the vicinity of an exploration and production facility in Ghana in 2007 we developed, had manufactured locally and distributed 3,000 metal radar reflectors, thereby ensuring all fishing boats were visible to radar. For our current project in Cote d'Ivoire, we commissioned Trevor Baylis, inventor of the wind up radio, to develop a solar powered flashing light that fishermen could attach to their boats to ensure they are visible to other, larger vessels at night. To date, 1,640 canoes have been fitted with these Vitolumes, protecting 8,700 individual fishermen. The Vitol team has met many of these fishermen personally and we will be employing 8-10 of them to act as liaison between Vitol and the community throughout the project. Radar reflectors are also currently being manufactured locally and will be distributed.



We would be happy to put BFA in contact with local community representatives in Cote d'Ivoire, if this is of interest.

Vivo Energy - which operates in 16 countries across Africa distributing energy products and in which Vitol is a 40% shareholder.

HSE - Vivo's HSE record compares favourably with that of many international oil companies. Across all standard industry measures, Vivo's safety record is better than those of major oil companies such as BP, Total and Chevron operating in Africa. Supporting data can be provided.

There is a relentless focus on safety within Vivo and constant communication with staff to ensure that this is the case. Vivo also regularly undertakes community road safety initiatives in all the countries in which it operates. More information on these initiatives can be provided.

Employees - in an anonymous employee survey undertaken by IPSOS Mori in November 2013, 88% of respondents had a favourable opinion of Vivo Energy. The survey also showed that employees believed Vivo Energy to be an ethical and respected company.

Similar information is available for all the assets in which Vitol is a significant investor and over which Vitol has "leverage".

Vitol Foundation

Your report makes a brief reference to the Foundation. Vitol has not historically publicised its philanthropic activities as it believes they should be undertaken because they are the right thing to do, not because they will enhance the company's image.

However, given the assertions that BFA is making, we thought it worthwhile highlighting some of the Foundation's activities, which demonstrate Vitol's commitment to human rights.

The Foundation focuses on four areas, water and sanitation, health, education and livelihoods and seeks to improve the lives of children globally. Since inception, 1,700 projects in 119 countries have been funded. Its partners include organisations such as the World Bank, USAID, DFID and the Bill and Melinda Gates Foundation.

To quote Dave Hillyard, Head of Partnerships, WaterAid: *"The Vitol Foundation has been a long-standing partner of WaterAid. Based on trust and mutual respect, their responsive approach has helped to reach some of the most marginalised communities with access to water, sanitation and hygiene across four of WaterAid's country programmes."*

In Africa alone, since 2004, over 600 projects have been funded, including the Millennium Water Alliance, of which Helvetas is a member and with which, through Alliance Sud, we believe you are associated.

We would be happy to provide you with further information on any of these African projects, or any other projects we are funding elsewhere in the world.



Transparency

We concede that we do not publicise the high standards to which we hold ourselves. However, with all relevant stakeholders we have an open and transparent relationship. These include governments and relevant authorities in the jurisdictions in which we operate, as well as our business partners and counterparties.

As a private company with no external equity or bond holders Vitol does not publish financial information. This is common practice for private companies globally.

Stakeholder initiatives

There is a common misconception that to behave in accordance with EITI standards you have to be a member of the EITI, this is simply untrue. In all countries in which it operates and which are signatories to EITI, Vitol is fully compliant with the relevant EITI disclosure regime. There is no difference between the disclosures made by Vitol and those made by companies which are EITI members.

Regarding the International Council on Mining and Minerals - we can find no such organisation, however, given Vitol's limited involvement in the mining sector, we do not believe our membership of such an organisation would make a difference.

Coal

Coal is a small proportion of Vitol's business and Vitol is a very small participant in the global coal industry. Vitol trades 0.5% of all the coal consumed globally each year and it is incorrect to suggest that Vitol is "a key player in the value chain of coal".

Please note, Vitol's primary coal customers are the European utilities, which supply electricity to people across Europe, including Switzerland.

Controversies

Please note that Vitol has always been fully compliant with international sanctions relating to Iran. It has not 'bypassed' any EU sanctions and it is incorrect to suggest otherwise.

With regard to any fraud relating to Nigerian imports. Vitol has never received any state subsidy from Nigeria, therefore it cannot be implicated in the fraud to which your report refers. Furthermore, Vitol has always cooperated as much as possible with the Nigerian and international authorities. For example, Vitol was the only international oil trader to voluntarily accept an invitation from the Nigerian Senate Committee which was investigating this fraud. At no point has any government or regulatory authority accused Vitol of any wrongdoing.

This also highlights Vitol's willingness to be transparent with the relevant authorities.



Vitol SA

I trust this letter makes it clear that the allegations contained within your report are misleading and without foundation. I therefore hope you will reconsider your decision to publish the report. I greatly regret that we have reached this point and I propose that, henceforth, we have a more open dialogue. Should you have any further queries, please feel free to contact me or my colleague, Andrea Schlaepfer (acs@vitol.com).

As I am sure you appreciate, should you nonetheless decide to publish the report, we will have no alternative but to take the actions we deem necessary in order to protect our reputation and we reserve all of our rights in relation thereto.

Yours faithfully,

Vitol SA

The signature is written in blue ink over a circular blue stamp. The stamp contains the text "Boulevard du Pont d'Arve 28 P.O. Box 384 VITOL SA 1211 Geneva 4 Switzerland".

David Fransen
Managing Director