

Ministry of Employment and the Economy (in Finland)  
P.O. Box 32  
FI-00023 GOVERNMENT  
Finland

**Date February 15, 2013**

Page 1 (3)

Cc: jorma.immonen@tem.fi

## **STATEMENTS OF THE FINNISH MINISTRY OF THE ENVIRONMENT CONCERNING PÖYRY'S ROLE IN XAYABURI HYDROPOWER PROJECT IN LAO PDR**

### **1 INTRODUCTION**

The Finnish Ministry of the Environment ("MoE") has pursuant to a request of the Finnish Ministry Employment and the Economy on 10 January 2013 issued a statement concerning Pöyry Energy AG's ("Pöyry") role in the Xayaburi hydropower project in Lao PDR ("Statement"). Pöyry PLC has been requested by the Finnish Ministry of Employment and the Economy to give its view on the content of the Statement. Pöyry PLC's remarks concerning the Statement are given in the following.

### **2 PÖYRY'S POSSIBILITIES TO INFLUENCE THE CONTENT OF THE PROJECT AND ITS TIME SCHEDULE**

MoE states in its Statement that in its opinion Pöyry has both had a possibility to influence the content of the project and the construction time schedule.

We want to emphasize that Pöyry is and has not been in a position where it would be able to make decisions regarding the project. The understanding of MoE of a technical consultant's role in general and in this case is wrong. Pöyry has simply reviewed the design prepared by ÅF Colenco as an independent technical expert.

Pöyry has in its report made numerous recommendations on how the design should be improved and, as Pöyry has explained in its reply to the complaint, its recommendations have also resulted in several concrete improvements having been adopted to the design. The GOL has - as a result of recommendations included in the compliance review - increased the budget of the project with USD 100 million. The extra funds will be used to mitigate the impact of the project on fish migration, sediment flows etc. in accordance with the recommendations of Pöyry, which have later been confirmed by another independent reviewer, Compagnie Nationale du Rhone. The services provided by Pöyry will thus result in a significant mitigation of the environmental and social impacts of the project.

As far as the time schedule is concerned, Pöyry has in its report made an objective assessment on how more information of the river can be acquired to further

complement the assessment of the impacts of the project even though the auxiliary construction works outside the river are started. Even though there may be a scientific disagreement on whether studies on certain impacts of the project can be carried out while the construction work is ongoing, the mere fact that there is a scientific disagreement, does not mean that Pöyry would not have been compliant with the recommendations of the Guidelines.

### 3 OBLIGATION TO CONSULT STAKEHOLDERS

It once again needs to be highlighted that Pöyry is neither the designer of the facility nor a decision-maker in the project.

Paragraph A.14 General Policies chapter recommends that:

*“A. Enterprises should:*

*...*

*14. Engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities.”*

Pöyry’s role in the Project has been misunderstood by MoE. The obligation to inform and consult stakeholders of the project, including MRC, rests solely with the project owner and the GOL and those parties they possibly appoint to assist in this task. Pöyry has not been assigned this task or any part of it, with the exception of presenting the results of its compliance review in certain seminars. Pöyry’s task has simply been to perform an independent review of technical documentation prepared by a third party. As stated above, Pöyry has not been involved in the decision-making concerning the project.

The Guidelines are very clear about the fact that they are not intended to shift responsibility from the entity potentially causing an adverse impact to an enterprise that it has a business relationship with. Pöyry was, therefore, under no obligation to engage stakeholders of the project on its client’s or third parties’ behalf.

Pöyry would also be unable to communicate or interact with third parties, except where specifically requested by GOL to do so, due to the fact that it is bound to the scope of its task and confidentiality obligations under its agreement with the GOL.

The right of an enterprise to respect confidentiality obligations that it is bound by is clearly acknowledged by the Guidelines. Pöyry has, however, as a service provider of the GOL assisted GOL in its stakeholder engagement by presenting the results of the compliance review to stakeholders, for example, in a seminar in Luang Prabang on 16 July 2012 where GOL had, among others, invited representatives of Cambodia, Thailand and Vietnam, the Mekong River Commission, World Wildlife Fund (WWF), BBC and local media representatives in order to introduce the project to them. The next event took place on the 18. January 2013 after the MRC council meeting and representatives of all riparian countries and of the donors countries (except representatives of Finland) participated.

Furthermore, Pöyry has advised the GOL to involve the MRC Secretariat, which is the relevant forum for intergovernmental cooperation and information sharing, in the development the project and to share information with it. This has been launched by the GOL as advised by Pöyry.

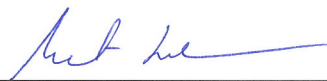
As a summary, the statement of the MoE is based on an obvious misunderstanding of a consulting-engineering company's role and specifically Pöyry's role in the Xayaburi hydropower project and does not give any reason to change what we have earlier stated in this process; Both Pöyry Energy AG and Pöyry PLC have been operating and operate in full compliance with the guidelines.

On behalf of Pöyry PLC



---

Jukka Pahta, CFO



---

Harriet Lindholm, Corporate controller