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**Date February 15, 2013**

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

### **1 INTRODUCTION**

The Finnish Ministry of Foreign Affairs ("MFA") has pursuant to a request of the Finnish Ministry of Employment and the Economy on 28 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 ROLE IN THE PROJECT**

The MFA has misunderstood the role of Pöyry in the project. Pöyry's assignment was not to assess whether the Government of Lao ("GOL") had fulfilled its obligation to consult the neighboring countries. The scope of Pöyry's assignment was to review technical aspects of the project, i.e. to review the design prepared by the consulting engineering company ÅF Colenco.

More specifically, Pöyry's assignment was in the agreement concluded between the GOL and Pöyry agreed to cover the following services:

- Assessing the compliance of the design of the Xayaburi hydropower plant scheme with the Preliminary Design Guidance for Proposed Mainstream Dams in the Lower Mekong Basin dated 31 August 2009;
- Assessing what comments submitted by the Mekong River Commission (MRC) member countries during the preliminary prior consultation process should be reasonably considered in the redesign of the Project;
- Proposing technical solutions to be used to address the environmental and technical concerns raised during the prior consultation process;
- Assessing possible technical issues and proposing mitigation measures relating the development, construction and implementation of the Project; and
- Assessing whether GOL and the project company have submitted all technical documentation necessary to comply with and satisfy the terms of the Prior Consultation Project Review Report on the Project dated March 24, 2011.

Pöyry's services for the project have not included any additional feasibility study, planning, or environmental and social impact assessments – only a review of designs, calculations and reports prepared by others. It is important to note that Pöyry has been producing the additional information to the client as an independent technical consultant, but Pöyry is not a decision-maker in this project.

### 3 **MEKONG AGREEMENT AND COMPLIANCE WITH PRIOR NOTIFICATION, CONSULTATION AND AGREEMENT PROCEDURES**

The scope of Pöyry's services included the assessment of the technical aspects of the project based on documentation. Pöyry has, therefore, not assessed or been assigned to assess the decision-making process between the riparian countries in its report.

It is important to note that Pöyry has not had any role in the PNPCA process that had already been completed at the time when the GOL appointed Pöyry to perform its technical review.

### 4 **PÖYRY'S ROLE IN RELATION TO ENVIRONMENTAL AND HUMAN RIGHT IMPACTS OF THE PROJECT**

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 MFA. 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.

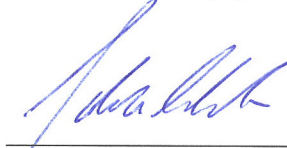
The right of an enterprise to respect confidentiality obligations that it is bound by is clearly acknowledged by the Guidelines. Pöyry has, however, as a service provider of the GOL presented the results of the compliance review to stakeholders, for example, in a seminar in Luang Prabang on 16 July 2012 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 MFA is based on a misunderstanding of Pöyry's role, duties and scope of assignment 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



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Jukka Pahta, CFO



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Harriet Lindholm, Corporate controller