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Mr Zhu Yongpeng (朱永芾)
Chief Executive Officer and President
China Guodian Corporation

Risks related to China Guodian Corporation's Investment in the Cheay Areng Hydropower Project in Cambodia

Dear President,

International Rivers is an international civil society organization that has been working since 1985 to protect rivers and to promote better solutions for meeting water, energy, and flood management needs around the world.

I am writing to you regarding the reputational and operational risks associated with Guodian's Cheay Areng Hydropower Project in Southwestern Cambodia, due to the project's expected environmental and social impacts.

The proposed 108 MW Cheay Areng Dam is located in Thmar Bang District in Koh Kong Province of Cambodia. The proposed project is located in the upper Areng Valley of the Cardamom Mountains. The area is an Indo-Burma biodiversity hotspot, which in 2002 was declared by the Cambodian Government as a protection area for the Central Cardamoms Protected Forest. Based on the information disclosed when China Southern Power Grid was considering the project between 2006 and 2008, the project's inundation level is expected to lead to the loss of habitat and threaten at least 31 critically endangered animal species of exceptionally high conservation value, including 30% of the global hatching sites of the Siamese Crocodile.

The project's Environmental Impact Assessment (EIA), as commissioned by Guodian, was approved in 2011 despite failing to ensure adequate public consultation throughout its process. We believe this was to the detriment of Guodian's ability to determine the reputational and operational risks associated with the project. To date, the project's 2011 EIA report and the research carried out by Research and Development Enterprise SBK on the dam's impacts and mitigation options have yet to be released to the public in accordance with international best practice.

In 2008, when the then developer, China Southern Power Grid conducted an inter-ministerial meeting to review the project's EIA, a number of invited NGOs brought to CSPG's attention the enormous risks associated with the project, prompting the Minister of Environment to request that the company work with conservation organizations to mitigate the dam's impacts. This has

yet to occur. CSPG later reportedly withdrew its interest from the project reportedly due to concerns regarding public protests over the dams' environmental impacts and because it saw itself as a responsible company.

Within Cambodia and internationally, there is significant opposition to the Chaey Areng Hydropower Project because of the previous plans to resettle approximately 900 people to Veal 73, which is in the midst of an important migration path for Asian elephants. Many of the affected people are indigenous Khmer Daeum, who have lived in the area for more than 600 years. The Khmer Daeum people are dependent on the area's rich natural resources and engage in rice production, fishing, forest gardening, and the collection of non-timber forest products

We appreciate that China Guodian Corporation wants to help Cambodia increase its energy production to meet the country's development needs. We also acknowledge the significant work that Guodian has undertaken to strengthen its environmental protection work and in China, is a leading state-owned enterprise in the Chinese energy industry. As Guodian seeks to develop its international business, Guodian should also be a leading international company. To achieve this, it must be a responsible actor and a leader in its industry. We believe that Guodian's failure so far to engage and communicate with civil society organizations on these key issues will make Guodian the focus of significant efforts to oppose the project and to seek the cancellation of the dam. Such opposition will harm Guodian's reputation internationally and affect future business opportunities, as its first overseas hydropower project will be mired in controversy. If the project does proceed as originally planned, there is a high risk that Guodian will directly cause human/elephant conflict and be responsible for the potential loss of life, as well as causing irreversible biodiversity losses.

On this basis, we respectfully ask you to share with concerned civil society groups, such as International Rivers, whether Guodian is aware of the significant environmental impacts of the projects, is prepared to work with local conservation groups, and has allocated sufficient funds to the project's mitigation budget to address the dam's ecological impacts. We also request that your company publicly release a copy of the project's approved EIA report and resettlement plans, and whether the initial resettlement plans to relocate affected communities to an Asian elephant migration route has been altered in light of the significant risk of human/animal conflict.

We hope that this letter may lead to Guodian reviewing and reconsidering its involvement in the Stung Chaey Areng project, clarification of Guodian's efforts to address the serious social and environmental impacts of the project and a decision to realign its overseas investment with more sustainable energy options, such as solar, thermal or wind power, in Cambodia.

We would be happy to discuss with you or your company representatives any of the issues raised in this letter. Alternatively, we would be happy to assist your company to arrange a dialogue session with Cambodia NGOs and community members to give these issues fuller attention.

Thank you for your consideration of these matters. We look forward to your prompt response.

Sincerely,

A handwritten signature in blue ink, consisting of a stylized 'A' followed by a long, sweeping curve that extends to the right.

Ame Trandem
Southeast Asia Program Director
24 June 2013