



Theun-Hinboun Power Company Limited

24 May 2010

Sonja Willems
Campaign Officer
BankTrack
Vismarkt 15
6511VJ Nijmegen
The Netherlands

Subject: THPC Expansion Project

Dear Sonja Willems:

We refer to your letter, dated 11 March 2010, regarding the THPC Expansion Project as signed by BankTrack, International Rivers, Uniting Church in Australia, Les Amis de la Terre, and Netwerk Vlaanderen.

We have reviewed your letter and the attached document as well as reviewing the actual situation within the Project area, and accordingly, please find below our response to your letter.

1. It appears that your letter fails to consider the main overall principle/approach regarding the affected peoples of the THPC Expansion Project. In particular, you do not consider the fact that THPC has a formal obligation to achieve certain livelihood income targets for all affected peoples, and thus, THPC must continue to provide support for livelihood developments until such income targets are fulfilled by the affected peoples. This approach is internationally recognized as the best approach as it provides formal tangible outcomes for the affected peoples while allowing for flexibility in undertaking different livelihood activities in direct consultation and agreement with the affected peoples. In addition to the above obligation regarding livelihood, THPC also has formal obligations regarding assets whether replacing or compensating for such assets, and THPC has complied with such formal obligations for the affected peoples.
2. THPC Expansion Project is in compliance with Lao laws and regulations as well as its obligations under the Project documents between THPC and the Government of Lao PDR ("GOL") as well as THPC's Lenders. In addition, the relevant GOL agencies have not raised any non-compliance complaints with THPC. Moreover, it appears that you have incorrectly cited a single Lao decree without conducting a full legal review of all relevant Lao laws and regulations regarding the various activities being undertaken by the THPC Expansion Project.
3. In your letter you raise the allegation that THPC has failed to address the issue of Indigenous Peoples pursuant IFC Performance Standards. It appears that you have incorrectly determined the facts of the affected people of the THPC Expansion Project. There are no "Indigenous Peoples" within the affected people of the Expansion Project, however, there are vulnerable Ethnic Minorities (Vietic Groups), and accordingly, THPC has undertaken the additional safeguards for such vulnerable Ethnic Minorities as required for "Indigenous Peoples" under Lao laws and regulations, Equator Principles and the Project documents. In particular, THPC has full-time Lao experienced staff members who are solely responsible for such vulnerable Ethnic Minorities to regular address their special requirements due to the resettlement. THPC has also retained the services of an international expert to conduct regular reviews of such vulnerable Ethnic Minorities.



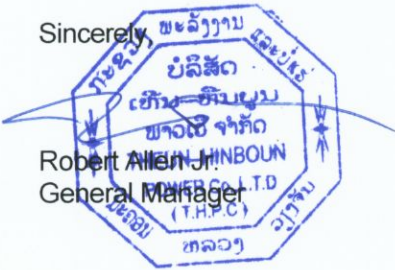
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- 4. With regard to the other issues raised in your letter, we have determined that THPC has already addressed such issues in our previous communication. In any case, please be advised that we are undertaking steps to improve communication via the THPC website and that regular updates and information will be provided on our website. We believe that this is the correct forum for communication as it provides the information for all audiences that have an interest in THPC and the Expansion Project.

Please be assured that we have seriously considered the issues raised in your letter regarding the THPC Expansion Project, however, we did not find any evidence to support the issues has presented in your letter.

We firmly believe that the THPC Expansion Project is undertaking international best practice in terms of environmental and social sustainability. Moreover, the THPC management is determined to ensure that all obligations to the affected peoples are fulfilled by THPC.

Sincerely,



Robert Allen J.
General Manager