



Paul Hanrahan
President and Chief Executive Officer
AES Corporation
4300 Wilson Blvd., 11th Flr.
Arlington, VA 22203

April 21, 2009

Dear Mr. Hanrahan:

I sent you and AES Corporation shareholders a letter on August 23, 2007 asking AES to live up to its “commitment to be environmentally responsible” and to terminate its involvement with the Changuinola dams in Panama. Although you never responded to my letter, I am hopeful that you are still interested in following AES’s code of business conduct and ethics and willing to fully consider the true impacts the dams will have on the environment and on the human rights of two indigenous tribes. I am writing this letter to update you on what has happened since August 2007, and to renew my request that AES cease destructive practices in Panama.

- In March 2009, the Ombudsman Office of Panama issued a special report about human rights violations in the construction of the dam. Additionally, Ngobe leaders petitioned the World Bank Inspection Panel regarding the implementation of the Land Administration Program.
- On October 27, 2008, the Inter-American Commission on Human Rights held a public hearing to review the legality of the displacement of the Ngobe tribe and the fact that AES did not obtain their prior, informed consent. The IACHR has consistently held that governments must recognize indigenous land claims, and in fact the Panamanian constitution requires it. A favorable decision by the commission may result in the project being stopped until there has been meaningful consultation and environmental analysis. The decision should come shortly.
- In August 2008, UN Special Rapporteur on Indigenous Peoples James Anaya issued a declaration expressing concern about the Ngobe affected by the dam. In January 2009, Mr. Anaya visited Panama City and the Chan 75 construction area to examine human rights allegations against the government of Panama with regard to the construction of the dam. His report has not yet been released to the public.
- In response to a 2007 petition to the World Heritage Committee to place La Amistad National Park on the “in Danger” list, an investigation was launched which led to a joint UNESCO World Heritage Centre/IUCN mission to the region

in February 2008. As a result of the mission, the Committee noted with concern “the absence of any planned measures to mitigate the impact of the hydroelectric dams...and...absence of an effective participatory management process involving civil society and government authorities.” It requested that Panama develop and implement measures to monitor mitigation, ensure the needs of the community are met, and carry out cumulative effects analysis of the dam construction on the park.

- In December 2007, and again in May 2008, lawsuits were filed in the Panama Supreme Court regarding the violations of indigenous land rights. Both lawsuits remain under consideration of the Panama Supreme Court.
- In August 2007, a coalition of individuals and organizations working to protect the human rights of these indigenous groups submitted extensive comments to Carbon Management Service, TUV-SUD Group, the organization responsible for certifying carbon credits. AES had sought these carbon credits, as well as status as a “green company,” despite abundant science showing a link between dam-produced reservoirs and considerable methane gas emissions – a potent greenhouse gas, and the fact that construction of the dams will cause the extirpation of at least seven species.

You cannot ignore these realities. The dams will forever ruin Panama’s national jewel and completely wipe out the heritage and traditional lands of the Ngobe. We ask you again to please terminate your involvement with the Changuinola dams.

Sincerely,

Peter Galvin
Conservation Director