༄༅། །འབྲུག་གློག་མེ་ལས་འཛིན།།

Bhutan Power Corporation Limited

(An ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018 Certified Company)

Registered Office, Thimphu

Office of the Chief Executive Officer

Thimphu : Bhutan

18/BPC/MISC/CEO/2026/51 September 7, 2026

International Finance Corporation
2121 Pennsylvania Avenue NW
Washington, D.C. 20433

Attention: Mr. Nuru Lama

Summary of Investment Information (SII) for Bhutan Power Corporation Limited
Project ID 51639

We hereby confirm that we reviewed the SII document, dated on September 07, 2026 in relation to the above project. Please take this letter to confirm that:

- We approve the text of the SII and confirm that the text is consistent with our project plans;
- We have no objection to the release of the SII to IFC's Board of Directors;
- We have no objection to the SII being made available to interested parties (including the general public) through appropriate World Bank Group country offices and via the IFC website. We understand that if the SII needs to be updated, the revised text will be issued to us for prior approval

Signed on behalf of: Bhutan Power Corporation Limited

By: Sonam Tobjey

Chief Executive Officer
Bhutan Power Corporation Limited
Thimphu : Bhutan

Ph +975 2 325095 (Extn.111); + 975 2 333582(Direct); P.O. Box 580; E-mail: stobjey@bpc.bt;
web: www.bpc.bt

Description of the Project (Summary Of Investments)

IFC is considering providing an Indian Rupee (INR)-denominated A Loan of up to INR 1.9 billion (approximately US$20 million) from its own account and mobilizing parallel loans of up to INR 3.8 billion (approximately US$40 million) from parallel lenders to Bhutan Power Corporation Limited ("BPC" or the "Borrower"). The financing will support three components of BPC's capital investment program: (i) upgrading the Thimphu transmission system; (ii) strengthening the Thimphu distribution network; and (iii) integrating upcoming solar power generation capacity around Tenchekha ("the Project").

Associated Advisory Services Engagement

IFC has ongoing upstream engagements with BPC covering environmental, social and governance ("ESG"), FIDIC contract management, cybersecurity risk management, climate change risk management and corporate insurance framework development. IFC delivered foundational ESG and FIDIC contract-management training in 2024, followed by climate-risk and cybersecurity workshops in May 2026. An insurance advisory workshop, advanced environmental, social and governance and FIDIC training are also planned.

Project Sponsor and Shareholders of Project Company

BPC is Bhutan's state-owned transmission and distribution utility, responsible for developing, operating and maintaining the national grid, supplying electricity to domestic consumers and facilitating cross-border electricity trade. BPC is wholly owned by Druk Holding and Investments, the commercial arm of the Royal Government of Bhutan. As of December 2025, BPC had total assets of Nu. 57.6 billion (approximately US$606 million).

Total Project Cost and Amount and Nature of IFC's Investment

The total Project cost is estimated at approximately Bhutanese Ngultrum ("Nu.") 5.97 billion (approx. US$63 million). IFC proposes to provide a senior A Loan of up to INR 1.9 billion (approx. US$20 million) from its own account and mobilize parallel loans of up to INR 3.8 billion (approx. US$40 million). The remaining (approx. US$3 million) is expected to be funded through BPC's internal cash accruals. The proposed loans will have a tenor of 15 years and are expected to be structured as a sustainability-linked loan with pricing linked to agreed sustainability performance targets.

IFC A Loan will be utilized for: (a) upgradation of Thimphu transmission system, including upgradation of 220/66kV Semtokha Air Insulated Substation to Gas Insulated Substation, and (b) integration of upcoming solar power generation capacity including construction of 220/33kV Tenchekha Pooling Substation.

Project Location

The Company and the Project are located in Bhutan. The transmission and distribution investments will be implemented in and around Thimphu, while the solar integration component will be developed in Tenchekha, near the Paro and Thimphu Districts' Boundary.

Anticipated Impact Measurement & Monitoring (AIMM) Assessment

IFC's financing will support the expansion and modernization of Bhutan's transmission and distribution network. The Project will upgrade the Semtokha substation and associated transmission infrastructure, while strengthening the distribution network in Thimphu to improve reliability, reduce outages and enhance public safety. In addition, the proposed sustainability-linked structure is expected to incentivize improvements in service reliability through reductions in System Average Interruption Frequency Index (SAIFI) and System Average Interruption Duration Index (SAIDI) in target regions, as well as reductions in global and transmission losses. The Project also supports the integration of 342.5MWp solar generation through the Tenchekha pooling substation and its associated transmission infrastructure.

IFC's Role & Additionality

IFC is expected to provide BPC's first INR-denominated commercial loan with a 15-year tenor, offering a financing solution that is currently unavailable in Bhutan's domestic financial market. As the Bhutanese Ngultrum is pegged to INR, the INR-denominated structure is intended to mitigate foreign exchange risk. IFC also expects to mobilize up to US$40 million from parallel lenders and introduce Bhutan's first sustainability-linked financing. IFC's financing is complemented by its ongoing advisory engagement with BPC on environmental, social and governance, contract management, climate risk, cybersecurity and insurance.

Development Results

Indicator	Units	Comments
Electricity delivered at Semtokha Substation	GWh/year	
Global Loss (Including Wheeling)	%	
SAIFI	#	SAIFI in Dagana, Haa, Pemagatshel, Samdrup, Jongkhar, Samtse, Sarpang and Zhemgang
SAIDI	#	SAIDI in Dagana, Haa, Pemagatshel, Samdrup, Jongkhar, Samtse, Sarpang and Zhemgang
Solar electricity enabled in Tenchekha Substation	GWh/year	

Environmental and Social Categorization Rationale - Environment Category (B - Limited)

This is a Category B project as per IFC's Policy on Environmental and Social Sustainability (2012) as the use of proceeds is limited to investments in assets that do not involve significant E&S risks. The key E&S issues include: a) existing E&S management system (ESMS) implementation for site selection, managing construction and operation impacts and adequacy of E&S risk assessment undertaken for identified projects, with appropriate consideration of the concurrent decommissioning

Ph +975 2 325095 (Extn.111); + 975 2 333582(Direct); P.O. Box 580; E-mail: stobjey@bpc.bt;
web: www.bpc.bt

of the existing transformer and the construction and installation of GIS at the Semtokha substation: b) assurance of fair, safe and healthy working conditions, contractor oversight and management, and gender based violence and harassment (GBVH) risks as per labor laws and IFC PS2; c) waste management (including hazardous wastes and e-wastes), management of transformers and equipment containing polychlorinated biphenyls (PCBs) and sulfur hexafluoride (SF6) management, in line with IFC EHS guidelines/GIIP; d) community health and safety (H&S) risks including traffic and transport safety, potential electromagnetic field (EMF) exposure, life and fire safety (L&FS) systems, emergency response and preparedness, stakeholder engagement and grievance mechanisms; and e) supply chain risks for procurement for equipment for infrastructure upgradation.

Description of Main Environmental & Social Risks and Impacts of the Project

Please refer to the Environmental and Social Review Summary (ESRS) linked to this project SII in the IFC's project disclosure website.

Environmental and Social Action Plan

Please refer to the Environmental and Social Review Summary (ESRS) linked to this project SII in the IFC's project disclosure website.