

Green Bond / Green Bond Programme Independent External Review Form

Section 1. Basic Information

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|---|----------------------------------|
| Issuer name: | Dream Energy Co., Ltd. |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: | Green Finance Framework |
| Independent External Review provider's name: | Japan Credit Rating Agency, Ltd. |
| Completion date of this form: | July 30, 2020 |
| Publication date of review publication: | July 30, 2020 |

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

Dream Energy Co., Ltd. ("Dream Energy") is a company primarily engages in leasing business centering on environment facilities. It also operates power supply relating business including renewable energy, and telecommunications business under the Telecommunications Business Act. Dream Energy was established in April 2013 with a 100% investment from Japan Eco Life co., Ltd. ("JEL", established in May 1995), which sells, installs, provides maintenance and management services of environment-related products, as well as operates energy solutions, wholesale, and leasing businesses. In addition to its human resources and other management resources, Dream Energy's a variety of policies, including its vision for the environment are identically operated with Japan Eco-Life.

Dream Energy sets out "creating a tough local community" as its common vision with Japan's Eco Life, and recognizes that local production and local consumption of energy is essential to the creation of such a community. Based on the recognition, Dream Energy has cooperated with JEL and carries out the leasing business as its core business to expand renewable energy on a community basis as an initiative toward producing energy locally. In addition, Dream Energy incorporates efforts to consume energy in the region in its business plan going forward, and has drawn up a concrete path to steadily implementing contributes to the community and the environment through its business activities as a guideline to its management.

The subject of this evaluation is the Green Finance Framework (the "Framework") established by Dream Energy to limit the funds procured through Green Bonds or Green Loan (the "Green Finance") to the use of proceeds with environmental improvement effects. JCR will assess whether the Framework complies with the Green Bond Principles , the Green Loan Principles , the Green Bond Guidelines and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines . These Principles and Guidelines are not binding as they are voluntarily published and are not regulations, but JCR evaluates the Framework in reference to these principles and guidelines as currently globally unified standards

The proceeds procured in line with the Framework will be used for new investments in or refinance the funds for personal residential solar and ancillary facilities for lease. Dream Energy has identified negative environmental impacts and planned appropriate avoidance and mitigation measures with respect to the uses of funds under the Framework. Based on the above, JCR has evaluated the use of the fund under this framework targets the projects with significant environmental improvement effects.

With regard to selecting eligible projects, assessment and selection shall be performed in line with the process defined in this framework, and will be determined by the Executive Committee of Dream Energy. In addition, the projects are required to satisfy the eligibility criteria set out in this framework. The funds procured through green finance are fully linked to each pre-determined project, and the system for tracking management and internal control is well established. The appropriation status of funds and the content of reports on the environmental improvement effects are also appropriate. Accordingly, JCR assessed that the operation and management system for the procured fund has established and is transparent to investors for the Framework.

Based on JCR Green Finance Evaluation Methodology, JCR assigned "g1 (F)" for "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "Green1 (F)" for overall "JCR Green Finance Framework Evaluation" to the Framework.

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. The use of funds stipulated in this framework is for new investment in or refinancing for residential solar power generation facilities for individuals for lease and the ancillary facilities, and the environmental improvement effects are significant.
- ii. Projects subject to the use of funds fall under the category of "renewable energy" in the "Green Bond Principles" and the "Green Loan Principles," and among the uses of funds exemplified in the "Green Bond Guidelines" and the "Green Loan Guidelines" and the "Sustainability Link Loan Guidelines," they fall under the category of "projects related to renewable energy" and play an important role as a distributed power source in Japan's new energy policy.

b. Negative impact on Environment

For the installation of residential solar power generation facilities and ancillary facilities, the checklist is used to confirm that construction is conducted properly. In addition, a maintenance contract for repair in the event of a disorder is concluded. In addition, noise and panel light damage caused by construction work are also managed by informing the neighborhood and adjusting the direction and angle of the panel installation. Moreover, all of the solar and ancillary facilities under this framework are insured, and any damage to the facilities caused by disasters are repaired by insurance money. Furthermore, although it is assumed that individual customers who are contractors will continue to use the solar power generation facilities, etc. that are subject to Yume Electric Power's contracts after the lease term expires, in light of the disposal problem of panels that are no longer in use, Dream Energy plans to explain the disposal of residential solar power generation facilities and ancillary facilities in the future through the description in the lease agreement, etc.

Dream Energy has implemented measures to avoid and mitigate negative impacts arising from the uses of funds described in this framework, as above. With regard to these avoidance and mitigation measures, negative environmental impacts to environment are identified and appropriate actions are taken.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify) : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Dream Energy has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.
Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify) : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify) : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

With regard to Dream Energy's cash management, JCR has assessed that the cash management system has been properly structured given a plan for appropriation of funds has been formulated and the procurement funds are reliably appropriated to the Green Projects, tracking management is implemented, internal control over tracking management is in place, and there are no particular concerns regarding the operation of unused funds. In addition, the method of managing procured funds is disclosed in this report, and transparency to investors is ensured.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify) : |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

Dream Energy plans to disclose annually on its website the appropriation of proceeds from Green Finance. In addition, in the event that there is a change in the assets subject to green financing and an unappropriated fund arises, it plans to disclose the content in the same way.

b. Impact reporting for environmental benefits

Dream Energy plans to disclose annually on its website the theoretical output and CO₂ savings from the solar PV facilities invested through the implementation of green financing as environmental benefits from the assets covered by green financing.

Use of proceeds reporting:

☒ Project-by-project

☐ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

Information reported:

☒ Allocated amounts

☐ Green Bond financed share of total investment

☐ Other (*please specify*):

frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Impact reporting:

☐ Project-by-project

☒ On a project portfolio basis

☐ Linkage to individual bond(s)

☐ Other (*please specify*):

frequency:

☒ Annual

☐ Semi-annual

☐ Other (*please specify*):

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☐ Energy Savings

☐ Decrease in water use

☒ Other ESG indicators (*please specify*):
• Amount of Electrical Power Generated

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Show on the website |
| <input type="checkbox"/> Reporting reviewed | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

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|---|---|
| Dream Energy's website | https://dreamenergy.co.jp/ |
| JCR's website about green bond evaluation methodology | https://www.jcr.co.jp/en/greenfinance/ |

Type(s) of Review provided:

- | | |
|---|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: July 30, 2020

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.