

Japan Credit Rating Agency, Ltd. (JCR) announces the following Green Bond Evaluation Results.

Central Nippon Expressway Co., Ltd.

106th Corporate Bond (Green Bond)

Assignment

Overall Evaluation

Green 1

Green Evaluation
(Use of Proceeds)

g1

Evaluation of
Management,
Operation and
Transparency

m1

Issuer	Central Nippon Expressway Co., Ltd.
Subject	106th Corporate Bond(Green Bond)
Type	Corporate Bond
Issue Amount	JPY 60 Billion
Interest Rate	0.759% (per annum)
Issue Date	May 29, 2024
Redemption Date	May 29, 2029
Method of Repayment	Bullet Redemption
Use of Proceeds	Projects that contribute to climate change adaptation

Evaluation Overview

▶▶▶ 1. Overview of Central Nippon Expressway Co., Ltd.

Central Nippon Expressway Co., Ltd. (hereinafter referred to as "NEXCO CENTRAL" or "the Company") is a special company wholly owned by the government. The business of NEXCO CENTRAL is based

on the national route network owned by the Japan Highway Public Corporation, which extends from the Tokyo metropolitan area to the Chubu and Kinki regions including the main routes, such as TOMEI EXPWY, CHUO EXPWY or SHIN-TOMEI EXPWY. The Company has operated the expressway business, including the construction, management and operation of expressways as its core business and service area and parking area businesses, such as the management and operation of service areas and parking areas, as its related businesses. NEXCO CENTRAL has been based on group management with 23 subsidiaries and 9 affiliated companies as of December 31, 2023.

▶▶▶ 2. NEXCO CENTRAL's ESG management and decarbonization initiatives

NEXCO CENTRAL Group (hereinafter referred to as "the Group") has set forth "A reduction of global warming and consideration for the local environment" as one of the key themes of its CSR activities. The Company has incorporated this CSR priority theme into its business plan, established an environmental policy and formulated measures in line with the policy to "curb global warming," "promote the 3Rs of resources" and "consider local environments." In the current management plan, "Management Plan Challenge V 2021-2025," the aforementioned priority themes of CSR activities are reflected in business activities and the Company has four management policies as follows:

Management Policy 1: Deepen constant efforts to improve safety

Management Policy 2: Enhance the functions of expressways and evolve expressways into space that will be widely used by customers

Management Policy 3: Take on challenges to create a new value that adapts to environmental changes, such as digitalization or decarbonization

Management Policy 4: Strengthen the management foundation to continuously meet the expectations of customers and other stakeholders

▶▶▶ 3. About the Green Bond

The subject of this evaluation is a straight corporate bond (hereinafter referred to as "this Bond") for projects that contribute to climate change adaptation to be issued by NEXCO CENTRAL. JCR will evaluate whether the Bond has been aligned with the Green Bond Principles¹ and the Green Bond Guidelines². These principles and guidelines are not legally regulated based on evidences. JCR however refers these principles and guidelines as they are presently unified standards domestically and globally.

NEXCO CENTRAL plans to use the proceeds through this Bond for refinancing the following businesses:

(Green Bond)

- (1) Large-scale renewal and repair projects (waterproofing of high-performance slabs, replacement and reconstruction/repair of slabs): 56 cases
- (2) Large-scale renewal and repair projects (reinforcement of slopes by reconstructing ground anchors, improvement of drainage facilities): 23 cases

¹ ICMA (International Capital Market Association) (June 2021 (with June 2022 Appendix 1)) *Green Bond Principles*
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² Ministry of the Environment (2022) *Green Bond and Sustainability Linked Bond Guidelines, Green Loan and Sustainability Linked Loan Guidelines*
<https://www.env.go.jp/content/000062495.pdf>

With regard to the projects for which NEXCO CENTRAL will use proceeds, JCR has confirmed that the Company has thoroughly examined risks calculated from long-term projections of global warming until the end of the 21st century based on RCP8.5 and that the projects will have adequate mitigation effects against risks. JCR has also confirmed that all of the projects selected based on the eligibility criteria concerned have covered roads among the transportation infrastructure and have been evaluated as businesses that will significantly contribute to "development of highly safe and reliable road networks" and national resilience, both of which are climate change adaptation measures established by the Ministry of Land, Infrastructure, Transport and Tourism (hereinafter referred to as "MLIT".) JCR also has evaluated that the project selection processes, proceeds management system and post-issuance reporting system have been properly established and provided high transparency.

Based on JCR Green Finance Evaluation Methodology, JCR assigned "g1" for "Green Evaluation (Use of Proceeds)" and "m1" for "Evaluation of Management, Operation and Transparency" and "Green 1" for "JCR Green Bond Evaluation" for this Bond. JCR has evaluated that this Bond has satisfied the standards for the items required in the Green Bond Principles and the Green Bond Guidelines.

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I. The overview of Use of Proceeds

JCR's Key Consideration on This Factor

In this section, JCR first confirms whether the proceeds are used for green projects that have clear environmental improvement effects. Next, in cases where the use of proceeds is expected to have a negative impact on the environment and society, JCR confirms whether the impact is fully examined by an internal specialist department or an external third party and whether necessary measures have been taken for its avoidance and mitigation. Finally, JCR confirms the consistency with the Sustainable Development Goals (SDGs).

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

The projects for which NEXCO CENTRAL will use the proceeds through this Bond refer to measures that contribute to developing a sustainable society, which is its corporate philosophy and are expected to have environmental benefits.

1. Overview of Use of Proceeds

This Framework on Use of Proceeds and Eligibility (Excerpt)

Use of Proceeds

<Overview of Use of Proceeds>

<Green Bond>

The following projects that will enhance the resilience of expressway-related infrastructure managed by NEXCO CENTRAL against natural disasters, such as typhoons, floods or storm surges, which have been exacerbated by climate change in recent years

- Construction to bridges in large-scale renewal and repair projects
- Construction to earthwork structures (slopes) in large-scale renewal and repair projects

(Omitting the rest)

The use of proceeds from this Bond refers to the following projects that satisfy the eligibility criteria set forth in the above-referenced framework.

NEXCO CENTRAL Proceeds Allocation Project with this Bond

- (1) Large-scale renewal and repair projects (waterproofing of high-performance bridge slabs, replacement and reconstruction/repair of bridge slabs): 56 cases
- (2) Large-scale renewal and repair projects (reinforcement of slopes by reconstructing ground anchors, improvement of drainage facilities): 23 cases

The net proceeds issued through this Bond are expected to be fully allocated to the above-mentioned green projects. The allocation amount is approximately 53 billion yen for (1) and approximately 7 billion yen for (2.) All the proceeds of this bond will be allocated for the refinancing of the eligible projects. The proceeds will be used for eligible projects for climate change adaptation in the transportation infrastructure sector and are expected to have significant environmental benefits.

The use of proceeds through this Bond has been categorized into the Projects for Climate Change Adaptation defined in the Green Bond Principles.

<Issues with Expressways and Infrastructure Life Extension Plan>

NEXCO CENTRAL has sequentially developed expressways under its management since the opening of MEISHIN EXPWY between Sekigahara and Yokaichi on April 12, 1964. Its total length of 2,007 km was in service as of March 8, 2015 when NEXCO CENTRAL Infrastructure Life Extension Plan was formulated by the Company; however, approximately 1,203 km (roughly 60 percent of the total) have been in operation for over 30 years since the opening of the EXPWY. The heavy vehicle traffic has increased, the application amount of anti-freezing agents in snowy and cold regions has risen from the average spraying amount of 33t/km between 1989 and 1992 to 53t/km between 1993 and 2012, anomalous rainfall for a short-time has increasingly occurred (50 mm or more per hour) from the annual average of 168 between 1976 and 1986 to that of 226 between 1999 and 2010. Under such severe environmental conditions, roughly 60 percent of the bridges and nearly 30 percent of the tunnels have been in operation for 30 years or more, indicating that deterioration is becoming apparent along with the aging.

In response to the second MLIT Action Plans for Life Extension of Infrastructure mapped out in June 2021, NEXCO CENTRAL also formulated the second Infrastructure Life Extension Plan (Action Plan) in December 2021. The total expressway length has been extended to 2,170 km since 2015. Expressways play an important role as a key for emergency transportation in case of a disaster. It has been indicated how important the maintenance and the management are for highly safe and reliable road infrastructure in the MLIT's Climate Change Adaptation Plan.

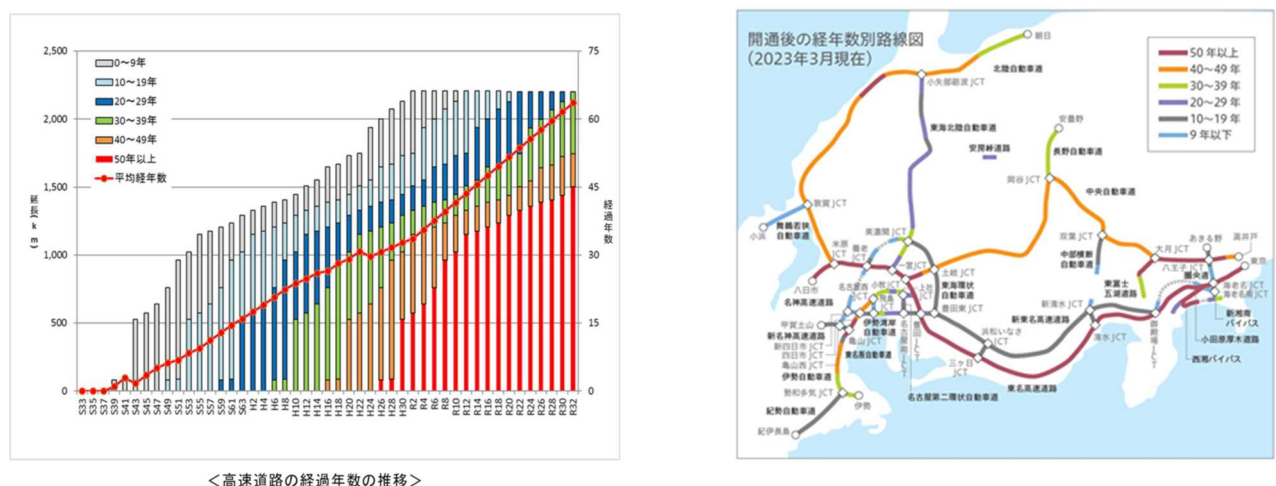


Figure 1: Elapsed Years of Expressways Managed by NEXCO CENTRAL³⁴

³NEXCO Central Japan Report 2023 (Japanese)

https://www.c-nexco.co.jp/corporate/csr/csr_download/documents/2023/nexcocsr23_2_all.pdf

⁴NEXCO CENTRAL Infrastructure Life Extension Plan (Action Plan)(Japanese)

https://www.c-nexco.co.jp/koushin/infrastructure/pdf/infrastructure_2021.pdf

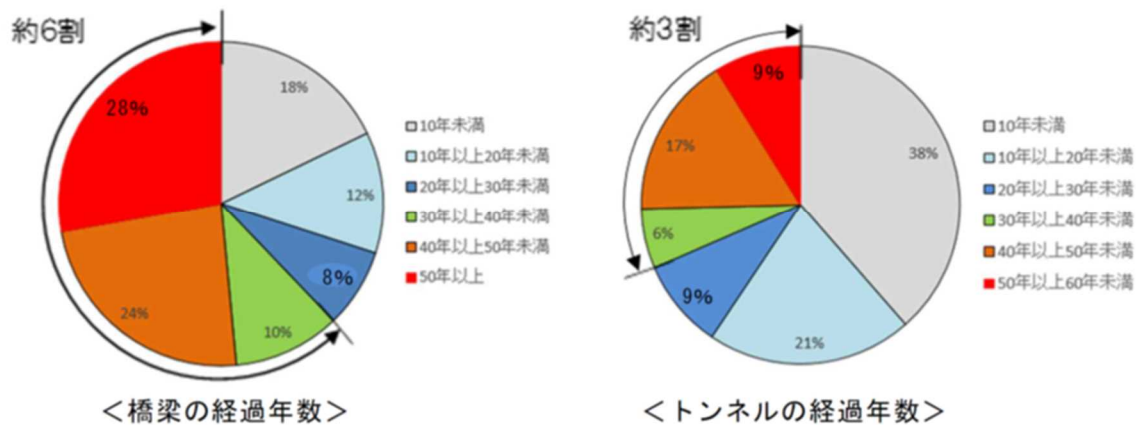


Figure 2: Elapsed Years of Bridges and Tunnels Managed by NEXCO CENTRAL⁵

Use of Proceeds 1: Large-scale renewal and repair projects (waterproofing of high-performance bridge slabs, replacement and reconstruction/repair of bridge slabs): 56 cases

The use of proceeds 1 from this Bond refers to construction on bridges. Of 56 renovation of bridges in TOMEI EXPWY, CHUO EXPWY, MEISHIN EXPWY, HOKURIKU EXPWY and NAGANO EXPWY, the proceeds will be allocated to the renovation with faster work progress. Specific work activities include waterproofing of high-performance bridge slabs to prevent the deterioration caused by water and chloride penetration, replacement with more durable pre-stressed concrete bridge slabs (hereinafter referred to as "PC slabs") and reconstruction/repair of bridge slabs.

PC slabs can prevent slabs from deteriorating due to water or chloride penetrated from roads. The previous research has unveiled that the fatigue life caused by wheel loads of the RC slabs between dry and wet conditions is roughly 100 times different. Accordingly, in order for RC slabs to prolong the service life, the Company has waterproofed RC slabs; however, the durability is unlikely to be improved even after waterproofing RC slabs if they have already deteriorated. Consequently, NEXCO CENTRAL has improved the durability by replacing RC slabs with PC slabs in large-scale renewal projects.

⁵NEXCO CENTRAL Infrastructure Life Extension Plan (Action Plan) (Japanese)
https://www.c-nexco.co.jp/koushin/infrastructure/pdf/infrastructure_2021.pdf



Figure 3: Detailed Construction on Bridge Slabs⁶

Use of Proceeds 2: Large-scale renewal and repair projects (reinforcement of slopes by reconstructing ground anchors, improvement of drainage facilities): 23 cases

The use of proceeds 2 refers to earthmoving and will reinforce cutting or embankment with decay factors based on past disasters and renew incidental facilities. This Bond covers a total of 23 projects on TOMEI EXPWY, CHUO EXPWY, CHUBU-ODAN EXPWY and SHIN-MEISHIN EXPWY. The specific construction work are as follows:

- For cutting, ground anchors with low anticorrosion will be replaced with those with high anticorrosion.
- For a small section of drainage ditch, a wastewater treatment capacity will be improved with a larger drainage cross section by replacing the small section of drainage ditch (its inner width is 180mm or 240mm) installed based on the design procedures prior to 1983 with the one under the current standards (its inner width is 300mm.) With this replacement, the drainage treatment capacity is estimated to increase by roughly 2 to 4 times according to NEXCO CENTRAL.

⁶NEXCO Central Japan Report 2023(Japanese)
https://www.c-nexco.co.jp/corporate/csr/csr_download/documents/2023/nexcocsr23_2_all.pdf

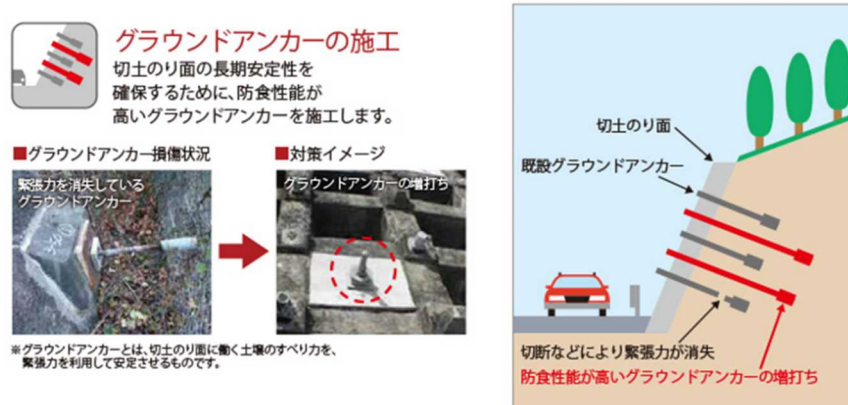


Figure 4: Detailed Work on Earthwork Structure (Slope Reinforcement)⁷

Accordingly, JCR has evaluated that both of the use of proceeds 1 and 2 have covered projects with environmental benefits.

3. Negative Impacts on the Environment and Society

This Framework on Negative Environmental and Social Impacts (Excerpts)

Negative environmental and social impacts of the projects and how to address those impacts

(Omitting the beginning)

2. Responses to Risk Mitigation

(1) Impacts of land development on ecosystems

- ・ Assess environmental impacts in all construction projects on expressways (by the national government or the target prefectures)
- ・ Research the environment, such as soil or hydrological surveys for construction and determine road structures so as not to affect living in local communities after figuring out the topography, geology or groundwater conditions
- ・ In areas with rich natural environments, collect/cultivate seeds from trees that have been naturally grown in local areas and utilize them as "local seedlings" for greening slopes of expressways
- ・ Recycle and reuse construction by-products, such as construction generated soil, asphalt or concrete lumps, and in case of neither reusable nor recyclable, use those as recycled resources as much as possible

⁷NEXCO CENTRAL's website
<https://www.c-nexco.co.jp/koushin/details.html>

- Take measures against noise or air pollution in adherence with the intent of the Basic Environmental Law and the Noise Regulation Law

* Noise control countermeasures: Install sound insulation walls or buffer zones based on requests made by local governments along the road or location conditions in light of noise forecasts before construction or measurement results after construction

Air pollution countermeasures: growing trees on slopes or taking measures against traffic congestion

(2) Traffic congestion caused by traffic or lane regulations

- In cases where large-scale lane regulations are taken, disseminate that matter to users via the Company's website or public relations in advance to alleviate traffic congestion
- Reduce traffic influence due to construction by working on only one side of the road based on the two-way traffic regulation

3) Safety risk of construction workers

- Set forth the Company's management philosophy, "Put safety before anything else" and determine "policies for five initiatives" to improve safety as its concrete policies, "Strengthen its ceaseless efforts toward the improvement of safety," one of the management policies

1. Foster a corporate culture, with top priority given to safety

2. Promote safety activities

3. Develop human resources that support safety

4. Continuously improve operational processes in response to aging deterioration such as road structures or potential risks

5. Promote steady or efficient projects to improve safety

- Make efforts toward safe and efficient construction or work with contractors or companies in the Group based on the above
- Annually report the implementation of the initiatives based on the "policies for five initiatives" in the Advisory Panel of Experts for Safety Improvement with external experts

(Omitted for the rest)

NEXCO CENTRAL has determined that projects eligible for the use of proceeds through this Bond will not have any significant negative impact on the environment or society as these projects include only renovation work on existing expressways road facilities. The Company has stipulated risks predicted and its mitigation measures for its entire business as mentioned in the above framework. JCR has confirmed that the Company has had a system in place to take proper measures through having interviews with it and confirming relevant materials.

3. Consistency with SDGs

JCR evaluated the use of proceeds contributes to the following SDGs' goals and targets in reference to ICMA's SDGs mapping.



Goal 13: Take urgent action to combat climate change and its impacts

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Evaluation Phase 2: Management, Operation and Transparency Evaluation

m1

I. Selection Standards and Processes for Use of Proceeds

JCR's Key Consideration on This Factor

In this section, JCR confirms that the objectives to be achieved through green financing, the appropriateness of green project selection standards and processes, and whether or not a series of processes are properly disclosed to investors/lenders and others.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR has determined that departments with specialized knowledge and the management have been appropriately involved in the goals, selection criteria for eligible projects and processes of this Bond and that transparency has been also provided.

1. Goals

This Framework on the Goals (Excerpt)

Investment policy based on a long-term vision

NEXCO CENTRAL has managed roughly 2,100 km of expressways, including TOMEI EXPWY, MEISHIN EXPWY or CHUO EXPWY. TOMEI EXPWY and MEISHIN EXPWY have been aging, with 50 years or more since the opening of all routes, and of all routes, approximately 60 percent of the roads have been in service for 30 years or more and roughly 30 percent of the roads have been in service for 50 years or more. In order to continuously fulfill its role as main roads that support people's living or the economy, the Company is required to promptly work on large-scale renewal and repair projects.

The social environment has been rapidly changing in recent years with the following reasons: (1) frequent and severe natural disasters; (2) the declining birthrate and aging population; (3) a rapid fall in working population; and (4) fast-paced technological innovation in the ICT sector. How to contribute to developing a sustainable society has been tested as a business concern. The Group has been constantly taking on challenges, aiming higher by improving expressway networks, taking countermeasures against aging with renewal projects, taking resilient measures through anti-seismic reinforcement on bridges, developing technology with ICT or resolving social issues such as regional revitalization.

The Japanese government approved the Climate Change Adaptation Plan in a Cabinet Meeting in February 2018 and promulgated it in June 2018. It has been stipulated that the national government shall formulate a climate change adaptation plan to promote the adaptation to climate change in various sectors including disaster risk reduction under the Act in question.

In November 2018, MLIT in charge of road administration, formulated the "MLIT Climate Change Adaptation Plan" based on the above-cited Act under which "developing highly safe and reliable road networks" was specified.

Taking drastic measures to address aging expressway structures, such as bridges, tunnels or earth structures through projects for which the green bond proceeds will be used under this Framework has reflected the policies in the government's Climate Change Adaptation Plan, the above-described "developing highly safe and reliable road networks."

In December 2013, the government promulgated the "basic act for national resilience contributing to preventing and mitigating disasters to achieve strong and flexible people's living," based on which it formulated the "basic act for national resilience" or "five-year acceleration measures for disaster prevention/mitigation and national resilience" to promote the development of a disaster-resistant nation. Among these, the national government is required to take countermeasures against aging including proper reinforcement for transportation infrastructure and will maintain the functions of a disaster-resistant national arterial road network.

Additionally, the "MLIT Action Plans for Life Extension of Infrastructure 2021 - FY 2027" formulated by MLIT in September 2019 has clearly stated that it is increasingly important to adequately maintain infrastructure during normal times so as for the infrastructure developed to exert significant effects as disaster prevention in advance and to realize sustainable infrastructure maintenance so that the infrastructure functions can be appropriately exercised in the future.

(Omitting for the rest)

In terms of the use of proceeds through the Green Bond, JCR has confirmed that NEXCO CENTAL has taken various measures in accordance with the followings: (1) "Recommendations of a technical review committee on long-term maintenance and renewal of expressway assets (January 22, 2014)"; (2) "Large-scale renewal/repair of expressways managed by NEXCO EAST, NEXCO CENTRAL and NEXCO WEST (January 22, 2014)"; (3) "the MLIT Action Plans for Life Extension of Infrastructure 2021 - FY 2027 (June 18, 2021)"; (4) "NEXCO CENTRAL Infrastructure Life Extension Plan (Action Plan) FY 2021 - FY 2025 (December, 2021)"; (5) "NEXCO CENTRAL Individual facility Plan (Road Facilities) (December 2020)"; (6) "Guidelines for Maintenance Inspection" (April 2020)"; (7) "Guidelines for Facility Maintenance Management (April 2020)"; (8) "Basic Plan for Expressway Safety and Security (September 10, 2019)"; (9) "Implementation Plan for Expressway Safety and Security (December 20, 2019)"; (10) "Agreement on the National Expressway Central Automobile Route Fuji-Yoshida Line"; (11) "Technical Standard for Pavement Structure" (No. 48, No. 55, June 29, 2001) and (xii) Design Procedures by NEXCO CENTRAL, all of which were stipulated by the Company for the MLIT Climate Change Adaptation Plan and to be resilient for aging expressways.

Accordingly, JCR has evaluated that the projects for which this Bond will be used have been aligned with the transportation infrastructure plans formulated by MLIT and the strategy established by NEXCO CENTRAL.

2. Selection criteria

JCR has evaluated that the eligibility criteria in this Bond have included projects with high environmental benefits, as confirmed in Evaluation Phase 1. Additionally, JCR has confirmed that all of the projects covered by this Bond have met the selection criteria.

3. Processes

Finance Department will select a construction project with strong demands for proceeds as a target project after choosing the parties involved in and a process for NEXCO CENTRAL's projects in

accordance with legal requirements, which involves not only NEXCO CENTRAL but also third parties, making it a highly transparent process.

Accordingly, JCR has evaluated that NEXCO CENTRAL's goals, selection criteria and processes on this Bond have been properly established in place. JCR has also evaluated that NEXCO CENTRAL will use the Shelf Registration Supplemental Prospectus, Final Terms or Offering Circular as its main documents and disclose these standards or processes to investors upon issuance of the green bond and therefore the transparency has been provided.

II. Management of the Proceeds

JCR's Key Consideration on This Factor

It is usually assumed that the management of the proceeds varies widely depending on issuers/borrowers. JCR confirms whether the proceeds are surely appropriated to the green project and whether a mechanism and internal system are in place to make tracking easy.

JCR also focuses on whether the proceeds are scheduled to be used for a green project at an early stage and on the management and operation methods for unallocated funds.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR has evaluated that NEXCO CENTRAL has had an appropriate financial management system in place and that how to manage proceeds financed has disclosed in this evaluation report and therefore it has provided high transparency.

The proceeds from this Bond will be used for refinancing construction to bridges in large-scale renewal and repair projects and construction to earthwork structures (slopes) in large-scale renewal and repair projects and will not be allocated for any other purposes. All the proceeds of the bonds will be allocated to refinancing of the eligible projects.

NEXCO CENTRAL has clearly distinguished the use of the Green Bond from other uses of proceeds by managing the proceeds financed in a dedicated account. After depositing the proceeds into the dedicated account, the proceeds have been transferred to the general account subsequent to the examination of the cumulative expenditures such as construction costs by target project, and the semiannual construction output per target project has been extracted from the asset system to monitor progress; therefore, the Company has had a rigid tracking management system in place. The internal control system has been appropriately established as the inflow and outflow of the proceeds financed has been managed by the manager of Finance Division in charge of cash receipts and disbursements and an audit firm is scheduled to complete the review of semiannual settlement of accounts.

Accordingly, JCR has evaluated that NEXCO CENTRAL has established a rigorous proceeds management system and internal control system in place, respectively.

III. Reporting

JCR's Key Consideration on This Factor

In this section, JCR evaluates whether the disclosure system for investors/lenders is planned in detail and in an effective manner before and after the issuance of the green bonds/loan.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR has evaluated in terms of the Company's reporting that both of the allocation proceeds and the environmental benefits will be adequately disclosed to investors.

Reporting on the allocation status of the proceeds

The use of proceeds through this Bond will be disclosed to investors on the NEXCO CENTRAL's website or JCR's evaluation report. JCR has confirmed that NEXCO CENTRAL has already issued the green bond based on its Green Bond Framework and that reporting on the bond has been properly disclosed.

How to disclose allocation of the proceeds financed through this Bond or how to manage unappropriated proceeds will be adequately disclosed. Additionally, in cases where reappropriation is required due to a cancellation of a project for which proceeds will be allocated so long as this Bond is outstanding, the amount of proceeds financed in total will be annually disclosed on the Company's website until the full amount of proceeds financed is allocated to other target projects.

Reporting on environmental improvement effects

NEXCO CENTRAL plans to annually disclose details about the environmental benefits on the use of proceeds through this Bond on its website. The Company has already issued the green bond based on its Green Bond Framework as mentioned above, and JCR has confirmed that reporting on the environmental benefits have been properly disclosed.

The reporting on the environmental benefits will include not only an overview of the construction work covered but also quantitative information, and it is sufficient for the Company to demonstrate the social significance of the projects concerned as the appropriate disclosure targets have been identified.

Consequently, JCR has evaluated that the reporting system in NEXCO CENTRAL has been appropriately established in place.

IV. Organization's Sustainability Initiatives

JCR's Key Consideration on This Factor

In this section, JCR evaluates whether the management of the issuer/borrower positions sustainability issues as a high priority for management and whether the sustainability policy, process and selection criteria for green projects are clearly positioned through the establishment of a department specializing in environmental issues or in collaboration with external organizations.

▶▶▶ Current Status of Evaluation Targets and JCR's Evaluation

JCR has highly evaluated that NEXCO CENTRAL has been positioned sustainability issues as important management challenges and implemented various initiatives with a wide range of stakeholders under the strong initiative of the management, it has had a department and personnel specializing in environmental and occupational safety on expressways and it has been involved in the implementation of eligible projects with relevant expertise.

The Group has set forth four management policies in its medium-term management plan, "Management Plan Challenge V 2021 - 2025."



Figure 4: Management Policy of NEXCO CENTRAL⁸

⁸NEXCO CENTRAL Report 2023 (in Japanese)

https://www.c-nexco.co.jp/corporate/csr/csr_download/documents/2023/nexcocsr23_2_all.pdf

In accordance with these four management policies, NEXCO CENTRAL has promoted its efforts with "Steady maintenance for accelerating aging infrastructure" and "Response to the extremity and increasing frequency of natural disasters" as major measures in response to climate change adaptation and disasters such as earthquakes.

NEXCO CENTRAL has listed "Taking on challenges to create a new value adapting to environmental changes, such as digitalization or decarbonization" as the third item in the aforementioned management policies. JCR has confirmed that the item has been included in the management policies with the following reasons: (1) the Japanese government set forth its policies to realize a digital society or a carbon-free society in 2020; (2) the government has recognized that it is urgent to deal with the "utilization of accelerating digital technologies" and "environmental conservation to achieve a carbon-free society," which is looking ahead to future changes as management issues predicted hereafter; and (3) some employees in the Company have made remarks that "it needs to advance projects for expressways or introduce IoT."

Management measures including sustainability initiatives to be implemented based on the management policy have been discussed and determined in the Executive Committee and the Board of Directors. The Company has held the Management Strategy Meeting and the Risk Management Committee to confirm and discuss the implementation of measures, future countermeasures or trends in such risks, and the details confirmed and discussed have been reflected in the measures for the subsequent fiscal year.

The Company has expressed to stakeholders that it has improved its statements on the environmental efforts, such as "initiatives for renewable energy" or "replacement of conventional lighting apparatuses with high-efficiency ones such as LED" in the "preservation of local environments and contribution to the decarbonization" among the "taking on challenges to create a new value adapting to environmental changes, such as digitalization or decarbonization" in the "Management Plan Challenge V 2021 - 2025" and that it has seriously valued the environmental issues.

The Company has been also working to develop new technologies and reduce life-cycle costs by developing rust preventive materials for reinforcing bars to control corrosion deterioration caused by sodium chloride, sprayed as an anti-freeze agent or creating a new anti-freezing agent to reduce the amount of sodium chloride used in the "technological development and implementation of innovative technology."

NEXCO CENTRAL sought opinions from external experts and reflected them when drawing up the overall composition or major policy proposals in formulating the "Management Plan Challenge V 2021 - 2025." These external experts have expressed their opinions on "making the nation resilient," "creating a new value," "realizing carbon neutrality" and "fostering the next generation," and NEXCO CENTRAL formulated its Management Plan while referring to them.

The Company has operated its environmental management system with the ISO14001 certification. CEO of NEXCO CENTRAL has given instructions on the environmental management plan for the new fiscal year in a management review, encouraging the top of the Company to manage the environment. The plan for the new fiscal year has been reported in the Management Meeting and has been disseminated as the Company's policy.

Environment and Technical Planning Division has been in charge of assessing environmental impacts or determining policies on environmental measures with regard to environmental issues. General Safety Promotion Division, a specialized department, has comprehensively managed safety including occupational safety.

Accordingly, JCR has confirmed that NEXCO CENTRAL has implemented various initiatives with a wide range of stakeholders under the strong initiative of the management. JCR has also confirmed that the Company has had specialized departments and human resources from the perspective of both the environmental and occupational safety of expressways and that has been involved in the implementation of eligible projects with relevant expertise.

Evaluation phase 3: Evaluation result(Conclusion)

Green 1

Based on its JCR Green Finance Evaluation Methodology, JCR assigned "g1" for the "Green Evaluation (Use of Proceeds)" and "m1" for the "Evaluation of Management, Operation and Transparency." As a result, JCR assigned "Green 1" for the "JCR Green Bond Evaluation." The Bond meets the standards for the items required in the Green Bond Principles and the Green Bond Guidelines.

		Management, Operation, and Transparency Evaluation				
		m1	m2	m3	m4	m5
Greenness Evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

(Responsible analysts for this evaluation) Atsuko Kajiware, Kosuke Kajiware

Important explanations of this Evaluation

1 Assumptions, Significance and Limitations of JCR Green Finance Evaluation

JCR Green Finance Evaluation, which is determined and provided by the Japan Credit Rating Agency (JCR), is an expression of JCR's comprehensive opinion at this time on the extent to which the funds procured from the issuance of green bonds or the execution of green loan (green bonds and green loans are collectively called "green finance"), which are the subject of the evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation and transparency of the use of green are ensured. It does not fully indicate the extent to which the funds procured from such green finance are allocated and the management, operation and transparency of the use of the funds are ensured.

JCR Green Finance Evaluation assesses the plan or status of the appropriation of funds at the time of the planned green finance procurement or at the time of procurement and it does not guarantee the status of the appropriation of funds in the future. Furthermore, it does not prove the environmental effects of green finance and is not responsible for their environmental effects. JCR confirms the environmental improvement effects of the green finance measured quantitatively and qualitatively by the issuer/borrower or by a third party nominated by the issuer/borrower, but in principle it does not directly measure such effects.

2 Method used to conduct this evaluation

The methods used in this evaluation are listed on JCR's website (Sustainable Finance & ESG in <https://www.jcr.co.jp/en>) as JCR Green Finance Evaluation Methodology.

3 Relationship with Acts Concerning Credit Rating Business

JCR Green Finance Evaluation is determined and provided by JCR as a related business, which is different from its activities related to the credit rating business.

4 Relationship with Credit Ratings

The Evaluation differs from the credit rating and does not promise to provide or make available for inspection a predetermined credit rating.

5 Third-Party Evaluation of JCR Green Finance

There is no conflict of interest related to capital or personnel relationships between the subject of this evaluation and JCR.

■Disclaimers

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■Glossary

JCR Green Finance Evaluation: This evaluates the extent to which the funds procured from the green finance are allocated to green projects as defined by JCR, and the degree to which the management, operation and transparency of the green finance are ensured. Evaluations based on a 5-point scale are given from top to bottom using the Green1, Green2, Green3, Green4, and Green5 symbols.

■Status of registration as an external assessor of Sustainability Finance

- Registered as an External Reviewer of Green Bonds by the Ministry of the Environment
- ICMA (registered as an observer with the International Capital Markets Association)

■Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the U.S. Securities and Exchange Commission's Nationally Recognized Statistical Rating Organization NRSRO: (1) financial institutions, broker-dealers, (2) insurance companies, (3) general business corporations and (4) government and municipalities. If the disclosure is subject to Section 17g-7 (a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

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