

Delivery of LNG Transport Vessel *SOHSHU MARU*

Recently, Kawasaki delivered the *SOHSHU MARU* (Kawasaki hull No. 1735), a 177,000 m³ capacity liquefied natural gas (LNG) transport vessel for use by Trans Pacific Shipping 8 Ltd., a joint venture between JERA Co., Inc. and Mitsui O.S.K. Lines, Ltd.

The third in Kawasaki's line of 177,000 m³ capacity LNG carriers to be commissioned, this ship is designed to enable passage through the newly expanded Panama Canal, which opened for full operation in 2016. The *SOHSHU MARU* will be used by JERA to transport LNG procured

via the Freeport LNG Project in the U.S. The vessel features standard LNG carrier hull dimensions in order to enable docking at major LNG terminals around the world while offering larger cargo tanks for increased transport capacity, thus cutting LNG transport costs and facilitating more flexible LNG trade operations by shipowners.

Kawasaki has optimized the hull structure to decrease overall ship weight, enhanced the hull-shape design, and adopted a two-motor, twin-screw propulsion system to achieve the best propulsive performance possible, while also integrating a DFD electric propulsion system* which increases fuel efficiency at all speeds.

*The dual fuel diesel (DFD) engine is capable of burning both oil and gas, whereas a conventional generator engine can only burn oil for fuel. The propulsion system comprises multiple generator diesel engines and variable-speed propulsion motors. Either gas or oil is supplied to the engines to generate electricity, which drives the propulsion motors that power the propeller.



Kawasaki selected on Dow Jones Sustainability Asia Pacific Index, ESG investment index, for seventh consecutive year

Kawasaki has been selected for the seventh consecutive year for the Dow Jones Sustainability Asia Pacific Index (DJSI Asia Pacific), the Asia Pacific version of the Dow Jones Sustainability Indices (DJSI), which is one of the leading indices of ESG (environmental, social and governance) investment.

Jointly compiled by S&P Dow Jones Indices and RobecoSAM AG*, DJSI is a leading ESG index which assesses and selects leading sustainability-driven companies in terms of economic, environmental, and social criteria, and serves as one of the most important indices for investors who take the corporate social responsibility (CSR) initiatives of each company into consideration.

Specifically designed for companies in the developed Asia Pacific markets, including Japan, the DJSI Asia Pacific has captured 148 companies, including 76 Japanese companies, that are leading the way in terms of

sustainability, from among the 612 invited companies in the region.

For inclusion in the DJSI Asia Pacific, RobecoSAM AG assesses companies based on questionnaire responses, public annual and sustainability reports, other publications, and media information from each company. Kawasaki has been included in the DJSI Asia Pacific for the seventh consecutive year for its outstanding performance based on the three criteria above.

In addition to the DJSI Asia Pacific, Kawasaki has also been included in the FTSE4Good Index and MSCI ESG Leaders Indexes, which are also benchmark ESG indices. Furthermore, Kawasaki has been selected as a constituent of the FTSE Blossom Japan Index, MSCI Japan ESG Select Leaders Index, and

the S&P/JPX Carbon Efficient Index. These indices were selected by Japan's Government Pension Investment Fund (GPIF), the world's largest pension fund.

*RobecoSAM AG: Is an investment specialist focused exclusively on Sustainability Investing. Its offerings comprise asset management, indices, private equity, engagement, impact analysis and sustainability assessments, as well as benchmarking services. Together with S&P Dow Jones Indices, RobecoSAM publishes the globally recognized Dow Jones Sustainability Indices (DJSI). In 1995, RobecoSAM was founded on the conviction that integrating ESG factors into traditional financial analysis leads to more informed investment decisions.

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Construction started on Australian Hydrogen Terminal

Kawasaki and Hydrogen Engineering Australia Pty Ltd (HEA), Kawasaki's subsidiary company based in Melbourne, has started construction work on a hydrogen liquefaction and loading terminal for the Hydrogen Energy Supply Chain pilot project (Project).

This facility will convert hydrogen gas into liquefied hydrogen, which will be stored and then loaded onto the world's first specialized marine carrier for transport to Japan. The Project will involve the production of hydrogen from brown coal at Latrobe Valley in Victoria, Australia, and will create a new innovative technical foundation for the development of an exciting hydrogen export industry for Australia.

"Delivering clean hydrogen to the world for the benefit of our environment is a goal we share deeply and we look forward to achieving", said Chairman of the Board of Kawasaki, Mr Shigeru Murayama. "The hydrogen economy is already materializing in Japan, and it is wonderful to now be breaking ground here in Australia. We are excited to be translating our joint hydrogen vision into reality", he said.

The construction work includes building and mechanical installation, including a liquefaction facility and a storage container to be completed by June 2020, to be followed by commissioning, with operation targeted to begin in 2020-2021. Kawasaki will use its know-how and experience gained from past liquefied hydrogen and industrial plants to deliver the Project safely on time. Kawasaki and HEA will continue to work with the local community to share information about the Project and respond to community feedback.

The Project is being delivered by a consortium of Japan's and Australia's top energy and infrastructure related companies, with the full support of the Victoria, Australian and Japanese Governments. Together with Kawasaki and HEA, the consortium partners include Electric Power Development Co., Ltd. (J-Power), J-Power Latrobe Valley Pty Ltd (JPLV), Iwatani Corporation, Marubeni Corporation and AGL Loy Yang Pty Ltd.



Kawasaki Local Subsidiary in Vietnam Begins Motorcycle Sales

Kawasaki established Kawasaki Motors Vietnam Co., Ltd. (KMV), a locally based motorcycle import and sales company in Vietnam. KMV started operation on August 22nd.

In October 2014, Kawasaki entered a cooperative agreement with a Malaysian-owned company, TC Motorcycles (Vietnam) Co., Ltd. (TCMCV), in which Kawasaki played a role in production and international logistics of motorcycles and TCMCV handled domestic sales in Vietnam. However, in response to forecasted growth in the motorcycle market of Vietnam, Kawasaki has decided to establish KMV. KMV has taken over TCMCV's

network of dealerships and will use them to carry out sales activities while also establishing new dealer locations in response to market growth, with the aim of expanding Kawasaki's motorcycle business in Vietnam.

The current market in Vietnam saw more than 3.3 million motorcycles sold in 2018, making it the 4th largest motorcycle market in Asia after those of China, India and Indonesia. As Vietnam's economy continues to grow, sales are projected to reach approximately 3.6 million units in 2019.* Furthermore, because income levels are on the rise in Vietnam, rapid growth is expected in the mid-size

and large motorcycle categories (250 cc and higher), increasing from approximately 4,400 units in 2018 to roughly 6,600 units in 2019.**

Kawasaki sells 175-1,000 cc class motorcycles of Supersport, sport and naked types (among others) in Vietnam, with plans to sell about 2,500 units in FY 2019.

* Statistics published by the Vietnam Association of Motorcycle Manufacturers (VAMM) for 2018 and 2019
** Kawasaki estimates for 2018 and 2019

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