

Additional Supplementary Explanation for Item 4 on the Agenda of the 155th Ordinary General Meeting of Shareholders

Dear Shareholders:

We have obtained information that Institutional Shareholder Services, Inc. (hereinafter referred to as “ISS”), a voting advisory company, is recommending shareholders to vote against certain candidates in Item 4 (Election of two Corporate Auditors) of the 155th Ordinary General Meeting of Shareholders of Nitto Denko Corporation (the “Company”) scheduled to be held on June 19, 2020, because the independence of a candidate is not sufficiently secured.

We have already explained our point of view, but we hereby add an additional explanation.

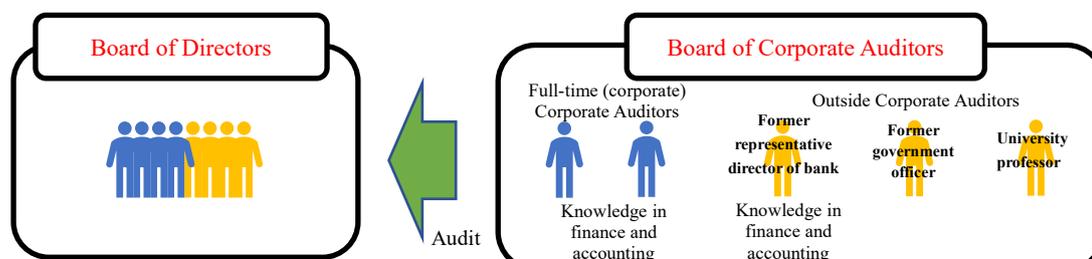
Please read this Additional Supplementary Explanation to make your decision.

1. Candidate for Corporate Auditor, Masashi Teranishi in Item 4 (Election of two Corporate Auditors)

Mr. Teranishi served as Representative Director, UFJ Bank, Ltd. Therefore, he has a wealth of knowledge and experience in corporate management and a broad range of knowledge in finance and accounting. In this fiscal year, Mr. Teranishi participated in all meetings of the Board of Directors and Board of Corporate Auditors, as well as all meetings of the Management, Nomination and Remuneration Advisory Committee, which is an advisory body to the Representative Director(s). He has expressed valuable opinions based on such knowledge and experience, contributing greatly to enhancing the corporate governance of the Company.

In addition, the approval of Item 4 will result in Mr. Teranishi, Mr. Masakazu Toyoda, a former government official, and Mr. Mitsuhide Shiraki, a university professor, becoming members of the Board of Corporate Auditors as Outside Corporate Auditors. The Company believes that the Board of Corporate Auditors, which is composed of such diverse experts, can strengthen the supervisory function over the Board of Directors and corporate governance.

Based on the foregoing, the Company believes that the management structure having Mr. Teranishi as a candidate for reelection in Item 4 is the best lineup that could contribute to corporate governance.



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2. The Company's view on ISS's recommendation for opposition

It seems that ISS has recommended shareholders to vote against the election of Mr. Teranishi by pointing out that he lacks independence, solely for the reason that he previously belonged to Mitsubishi UFJ Financial Group, Inc., which is the issuer of shares held by the Company for the purpose of cross-holding ("investment shares held for purposes other than pure investment" stated in the Company's annual securities report), and its subsidiary MUFG Bank, Ltd. (hereinafter collectively referred to as "MUFG"). Under the Companies Act of Japan, however, even a person who has worked at a company may assume the office of outside officer of that company after a cooling-off period of ten years. The Company believes that the above-mentioned view does not take into consideration appropriately that it has been ten years or more since Mr. Teranishi was an executing person of MUFG.

Further, the Company holds MUFG's shares, so that assistance through comprehensive financial transactions mainly with the bank will contribute to the development and expansion of the Group's global business activities. The Company discloses its approaches to cross-shareholding, and the department in charge of accounting and finance exercises voting rights to MUFG. In addition, considering that it has been ten years or more since Mr. Teranishi was an executing person of MUFG as stated above, the Company believes that the fact that he is from MUFG has no impact on the Company's management.