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(Stock Exchange Code 9989)
June 5, 2020

To Shareholders with Voting Rights:

Hiroshi Sadakata
President and Representative Director
SUNDRUG CO., LTD.
1-38-1 Wakamatsucho, Fuchu, Tokyo

NOTICE OF THE 57TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

We are pleased to inform that the 57th Annual General Meeting of Shareholders of SUNDRUG CO., LTD. (the “Company”) will be held for the purposes as described below.

If you are unable to attend the meeting, you can exercise your voting rights in writing or via the Internet. In either case, you are kindly requested to examine following Reference Documents for the General Meeting of Shareholders and exercise your voting rights so that it is received by 5:30 p.m. on Friday, June 19, 2020, Japan time.

- 1. Date and Time:** Saturday, June 20, 2020 at 10:00 a.m. Japan time
(Reception commences at 9:00 a.m.)
- 2. Place:** Conference room at the Corporate Headquarters Building 3rd floor located at 1-38-1 Wakamatsucho, Fuchu, Tokyo, Japan
(Please refer to the Guide Map to the venue of Annual General Meeting of Shareholders at the end of this document.)
- 3. Meeting Agenda:**
Matters to be reported:
 1. The Business Report, Consolidated Financial Statements for the Company’s 57th Fiscal Year (April 1, 2019 - March 31, 2020) and results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
 2. Non-consolidated Financial Statements for the Company’s 57th Fiscal Year (April 1, 2019 - March 31, 2020)

Proposals to be resolved:

- | | |
|--------------------|----------------------------------|
| Proposal 1: | Appropriation of Surplus |
| Proposal 2: | Election of 7 Directors |
| Proposal 3: | Election of 2 Corporate Auditors |

Before attending the General Meeting of Shareholders, please check the situation and your health condition at the time of the meeting, and consider whether or not to attend.

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk.

Among the documents attached to the Notice, the Notes to the Consolidated Financial Statements as part of the Consolidated Financial Statements and the Notes to the Non-consolidated Financial Statements as part of the Non-consolidated Financial Statements are posted on the Company’s website (<https://www.sundrug.co.jp/>) (Japanese only) in accordance with laws and regulations as well as Article 14 of the Articles of Incorporation of the Company, and are therefore not included in the documents attached to this notice.

Any change in either of the Business Report, Non-consolidated Financial Statements, Consolidated Financial Statements, and Reference Documents for the General Meeting of Shareholders will be posted on the Company’s website (Japanese only).

Reference Documents for the General Meeting of Shareholders

Proposal 1: Appropriation of Surplus

The Company would like to appropriate the surplus as follows:

Matters concerning year-end dividends:

The Company proposes that year-end dividends of the 57th fiscal year as follows in view of performance of the fiscal year under review and future business development, etc.

(1) Type of dividend assets:

Cash

(2) Matters concerning the allotment of dividend assets to the shareholders and the amount thereof:

34 yen per share of common stock of the Company

Total amount will be 3,974,599,014 yen.

The total dividend for the fiscal year under review is 68 yen per share, increased by 2 yen per share over the previous year, including the interim dividend of 34 yen per share.

(3) Date when dividends of surplus takes effect:

Monday, June 22, 2020

Proposal 2: Election of 7 Directors

The terms of office of all of the 7 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 7 Directors is proposed.

The candidates are as follows:

No.	Name	Current positions at the Company	Attributes
1	Tatsuro Saito	Chairman and Representative Director	Reelection
2	Hiroshi Sadakata	President and Representative Director	Reelection
3	Naoki Tada	Director	Reelection
4	Takashi Tada	Director	Reelection
5	Nobuhiko Sugiura	External Director	Reelection External Independent
6	Masato Matsumoto	External Director	Reelection External Independent
7	Tomoko Tsuji	—	New Appointment External Independent

Reelection Candidate to be reelected

New Appointment

Candidate to be newly appointed

External Candidate for External Director

Independent

Independent officer in accordance with the rules of the Tokyo Stock Exchange

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Tatsuro Saitsu (March 31, 1948) <u>Reelection</u>	<p>April 1973 Joined the Company July 1976 Director and Manager of Sales Division April 1985 Managing Director November 1987 Senior Managing Director June 1993 Senior Managing Director and Representative Director October 1994 President and Representative Director August 2013 Chairman and Representative Director August 2018 Chairman, President and Representative Director May 2019 Chairman and Representative Director (to present)</p> <p>[Significant concurrent positions] None</p>	200,000
<p>[Reasons to be selected as a candidate for Director] Mr. Tatsuro Saitsu has served as chief executive since October 1994 and led the Company to become one of the leading companies in the sector exercising control and supervision with superior management skills as top management over the years. He has extensive business experience and a wide range of knowledge and overall ability in managing the Company. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to sustainably enhance its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	Hiroshi Sadakata (September 27, 1970) <u>Reelection</u>	<p>March 1989 Joined the Company April 2001 Section Manager, Corporate Planning Office January 2003 Deputy Manager, the Second Sales Division April 2004 Manager, the Second Sales Division April 2005 Executive Officer and Manager of the Second Sales Division June 2008 Director and Manager of the Second Sales Division December 2009 Director May 2019 President and Representative Director (to present)</p> <p>[Significant concurrent positions] Chairman and Representative Director of DIREX CORPORATION (scheduled to assume office in June 2020)</p>	14,000
<p>[Reasons to be selected as a candidate for Director] Mr. Hiroshi Sadakata has served as President and Representative Director of DIREX CORPORATION, an important subsidiary of the Company, from June 2014, and as President and Representative Director of the Company from May 2019, and demonstrated his ability as top management. He has extensive business experience and a wide range of knowledge in management and supervision in general. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to sustainably enhance its corporate value.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
3	Naoki Tada (November 13, 1962) <u>Reelection</u>	May 1990 Joined the Company April 1995 Section Manager, Corporate Planning Office March 2001 Retired from the Company June 2001 Director of the Company April 2019 Director and General Manager of Administrative Division (to present) [Significant concurrent positions] Chairman and Representative Director of IRYUSHOJI CO., LTD. Chairman and Representative Director of Forest Co., Ltd. Director of Seikodo Pharmacy Corporation	3,112,000
[Reasons to be selected as a candidate for Director] Mr. Naoki Tada has served as Non-executive Director from June 2001, and as Director and General Manager of Administrative Division from April 2019, and has been involved in business management fulfilling his role and responsibility. He has a wide range of knowledge in management in general as top management, based on his extensive business experience with the Company and experience as Chairman, President and Representative Director at other companies. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to enhance the function of the Board of Directors and to sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
4	Takashi Tada (March 10, 1969) <u>Reelection</u>	April 1992 Joined Ito-Yokado Co., Ltd. October 1996 Joined the Company March 2001 Director of IRYUSHOJI CO., LTD.(Non-Executive Director to present) April 2001 Section Manager, Information Section, Merchandise Division January 2003 Section Manager, Supplier Section, Merchandise Division May 2005 Section Manager, Corporate Planning Office December 2006 Retired from the Company January 2007 Senior Managing Director of Yamaki SC Kaihatsu Co., Ltd. (currently Forest Mall Co., Ltd.) June 2009 President and Representative Director of Forest Co., Ltd. (currently Forest Mall Co., Ltd.) April 2014 Representative Director and President of C'sRetail Co., Ltd. (currently C'sOne Co., Ltd.) March 2017 Retired from the position June 2017 Director of the Company (to present) [Significant concurrent positions] Director of IRYUSHOJI CO., LTD. President and Representative Director of DIREX CORPORATION	2,200,000
[Reasons to be selected as a candidate for Director] Since joining the Company in October 1996, Mr. Takashi Tada has taken on a wide range of assignments, and after retiring from the Company, he has been engaged in corporate management. He has a wide range of knowledge in management in general. Accordingly, the Company proposes that he continues his position as a Director as he is deemed to be an appropriate person for the Group to contribute to enhancing the function of the Board of Directors and sustainably enhance its corporate value.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
5	Nobuhiko Sugiura (February 7, 1966) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	<p>April 1989 Joined The Hongkong and Shanghai Banking Corporation Limited</p> <p>August 2001 Research Officer at Financial Research Center of Policy and Legal Division, Planning and Coordination Bureau, Financial Services Agency</p> <p>March 2004 Completed the Doctorate Course, Civil Legislation Major at the Graduate School of Law of the Chuo University</p> <p>April 2006 Senior Legal Advisor at JP Morgan Securities Japan Co., Ltd.</p> <p>April 2008 Professor at the Chuo Graduate School of Strategic Management (to present)</p> <p>June 2014 External Director of the Company (to present)</p> <p>[Significant concurrent positions] Member of the Council for issues on multiple debts and consumer loans, Financial Services Agency</p>	-
<p>[Reasons to be selected as a candidate for External Director]</p> <p>Mr. Nobuhiko Sugiura has extensive research experience in corporate strategy and compliance as a graduate school professor and Doctor of Jurisprudence. He is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to carry out his duties appropriately from an independent viewpoint as an independent External Director. Accordingly, the Company proposes that he continues his position as an External Director.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
6	Masato Matsumoto (January 11, 1957) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	<p>April 1979 Joined Nomura Securities Investment Trust Sales Co., Ltd.</p> <p>September 2002 Executive Officer of Mitsubishi Securities Co., Ltd. (currently, Mitsubishi UFJ Securities Holdings Co., Ltd.)</p> <p>May 2010 Managing Executive Officer, Manager of Osaka Branch, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2012 Senior Managing Director of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2013 Executive Vice President of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</p> <p>June 2015 Executive Vice President of Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Managing Executive Officer of Mitsubishi UFJ Financial Group, Inc.</p> <p>June 2016 Chairman and Representative Director of MUS Business Service Co., Ltd.</p> <p>July 2017 Advisor of SBS Holdings, Inc.</p> <p>June 2018 External Director of the Company (to present)</p> <p>June 2019 External Audit & Supervisory Board Member of SBS Holdings, Inc. (to present)</p> <p>[Significant concurrent positions] External Audit & Supervisory Board Member of SBS Holdings, Inc.</p>	-
<p>[Reasons to be selected as a candidate for External Director]</p> <p>Mr. Masato Matsumoto has extensive business experience and a wide range of knowledge and he is fulfilling his role to help the Company's business in general by giving advice and making proposals so as to enhance the decision making and supervisory function of the Board of Directors from a neutral and objective perspective. He is also expected to carry out his duties appropriately from an independent viewpoint as an independent External Director. Accordingly, the Company proposes that he continues his position as an External Director.</p>			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
7	*Tomoko Tsuji (August 16, 1956) New Appointment External Independent	<p>April 1979 Joined Central Research Laboratories of Ajinomoto Co., Inc.</p> <p>February 1987 Received a dissertation PhD in Agriculture at the University of Tokyo</p> <p>March 1988 Postdoctoral Fellow at The Rockefeller University</p> <p>December 1988 Postdoctoral Fellow at the Pennsylvania State University</p> <p>December 1989 Research Group Leader of Sagami Chuo Chemical Research Institute</p> <p>May 1999 Joined Fancl Research Institute Center, FANCL CORPORATION</p> <p>June 2005 Director and Executive Officer; General Manager of FANCL Research Institute, FANCL CORPORATION</p> <p>July 2008 Advisor of Nippon Suisan Kaisha, Ltd.</p> <p>March 2009 General Manager of Human Life Science R&D Center, Nippon Suisan Kaisha, Ltd.</p> <p>May 2015 Academic Research Advisor (part-time) of Nippon Suisan Kaisha, Ltd.</p> <p> Executive Officer; General Manager of Ingredients Development Department, Group Merchandising Division, YOSHINOYA HOLDINGS CO., LTD.</p> <p>March 2019 Executive Officer; Deputy General Manager of Group Merchandising Division; General Manager of Ingredients Development Department, YOSHINOYA HOLDINGS CO., LTD. (to present)</p> <p> President and Representative Director of Japan Ostrich Farm Co., Ltd. (to present)</p> <p>[Significant concurrent positions] Executive Officer of YOSHINOYA HOLDINGS CO., LTD.</p>	-
<p>[Reasons to be selected as a candidate for External Director]</p> <p>Ms. Tomoko Tsuji has been engaged in research and development of product materials and management of retail business as a Doctor of Agriculture, and has a wide range of knowledge in management in general. She is expected to help the Group's business in general, including business development and management strategy promotion from a multilateral perspective, by giving advice and making proposals and contribute to enhancing the decision making and supervisory function of the Board of Directors from an independent, neutral and objective standpoint. Accordingly, the Company proposes that she newly assumes her position as an External Director.</p>			

(Notes)

- Mr. Naoki Tada, a candidate for Director, serves as Chairman and Representative Director of IRYUSHOJI CO., LTD. and Forest Mall Co., Ltd. Mr. Takashi Tada, a candidate for Director, serves as a Non-executive Director of IRYUSHOJI CO., LTD. IRYUSHOJI CO., LTD. is the largest shareholder of the Company, which has dealings of real estate leasing with Forest Mall Co., Ltd. and also has dealings of real estate leasing and commodities with its subsidiary C'sOne Co., Ltd. Mr. Naoki Tada and Mr. Takashi Tada are siblings.
- There are no special interests between each candidate for Director and the Company.
- Mr. Nobuhiko Sugiura and Mr. Masato Matsumoto are candidates for External Directors.
- Ms. Tomoko Tsuji marked with * is a candidate for new External Director.
- The terms of office of candidates for External Directors
 - Mr. Nobuhiko Sugiura, a current External Director of the Company, will have been in office for 6 years at the close of this annual meeting of shareholders.
 - Mr. Masato Matsumoto, a current External Director of the Company, will have been in office for 2 years at the close of this annual meeting of shareholders.
- If the appointment of Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji as External Directors is approved, the Company plans to continue the agreement with each of Mr. Nobuhiko Sugiura and Mr. Masato Matsumoto to limit their liabilities as provided in Article 427, Paragraph 1 of the Companies Act and to enter into the same agreement with Ms. Tomoko Tsuji, pursuant to the Articles of Incorporation of the Company. The limit of liability in the said agreement under Article 423, Paragraph 1 of the same Act is equal to the minimum liability limit stipulated by laws and regulations.
- If the appointment of Mr. Nobuhiko Sugiura, Mr. Masato Matsumoto and Ms. Tomoko Tsuji as External Directors is approved, Mr. Nobuhiko Sugiura and Mr. Masato Matsumoto will continue to be filed with Tokyo Stock Exchange as independent officers and Ms. Tomoko Tsuji will be filed with the same Exchange as an independent officer to take office as independent officer.

Proposal 3: Election of 2 Corporate Auditors

The terms of office of Corporate Auditors, namely Mr. Tetsuro Ozawa and Mr. Kazuma Shinohara, will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 2 Corporate Auditors is proposed.

This Proposal has been approved by the Audit & Supervisory Board.

The candidates are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
1	Tetsuro Ozawa (November 30, 1958) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	April 1987 Admitted as a Member of Tokyo Bar Association Joined Yabuki Law Office May 1993 Joined Oppenhoff & Rädler Law Office (Cologne, Germany) June 1997 Completed Master course of Laws of the University of Cologne April 2002 Head of Ozawa General Law Office (to present) June 2012 External Corporate Auditor of the Company (to present) [Significant concurrent positions] Head of Ozawa General Law Office Member of Human Rights Committee, Ministry of Internal Affairs and Communications Member of Information Disclosure and Personal Information Protection Review Board of Chuo City, Tokyo Member of Administrative Complaint Review Board of Chuo City, Tokyo	-
[Reasons to be selected as a candidate for External Corporate Auditor] Mr. Tetsuro Ozawa as a Lawyer has specialized knowledge in law, etc. and he is judged capable of successively conducting audits from an objective and neutral standpoint. Accordingly, he is selected as a candidate for External Corporate Auditor.			

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of the Company held
2	Kazuma Shinohara (June 28, 1963) <div style="border: 1px solid black; padding: 2px; display: inline-block;">Reelection</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">External</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">Independent</div>	October 1998 Registered as Certified Public Accountant January 2001 Joined SHINSOH Audit & Co April 2007 Regular Staff of SHINSOH Audit & Co (to present) June 2012 External Corporate Auditor of the Company (to present) [Significant concurrent positions] Regular Staff of SHINSOH Audit & Co (Certified Public Accountant)	-
[Reasons to be selected as a candidate for External Corporate Auditor] Mr. Kazuma Shinohara as a Certified Public Accountant has specialized knowledge in accounting, etc. and he is judged capable of successively conducting audits from an objective and neutral standpoint. Accordingly, he is selected as a candidate for External Corporate Auditor.			

(Notes)

- 1 There are no special interests between each candidate for Corporate Auditor and the Company.
- 2 Mr. Tetsuro Ozawa and Mr. Kazuma Shinohara are candidates for External Corporate Auditors.
- 3 The terms of office of candidates for External Corporate Auditors
 - Mr. Tetsuro Ozawa, a current External Corporate Auditor of the Company, will have been in office for 8 years at the close of this annual meeting of shareholders.
 - Mr. Kazuma Shinohara, a current External Corporate Auditor of the Company, will have been in office for 8 years at the close of this annual meeting of shareholders.
- 4 If the appointment of Mr. Tetsuro Ozawa and Mr. Kazuma Shinohara as External Corporate Auditors is approved, the Company plans to continue the agreement with each of them to limit their liabilities as provided in Article 427, Paragraph 1 of the Companies Act, pursuant to the Articles of Incorporation of the Company.
The limit of liability in the said agreement under Article 423, Paragraph 1 of the same Act is equal to the minimum liability limit stipulated by laws and regulations.
- 5 Mr. Tetsuro Ozawa and Mr. Kazuma Shinohara are designated as independent officers stipulated in the rules of the Tokyo Stock Exchange. If the appointment of each candidate as External Corporate Auditor is approved, they will continue to be filed to the said Exchange as independent officers.
- 6 “Reelection” stands for a candidate to be reelected, “External” stands for a candidate for External Corporate Auditor, and “Independent” stands for a candidate for independent officer in accordance with the rules of the Tokyo Stock Exchange.