

Risk Factors

Board of Directors and Management of S&J International Enterprise Public Company Limited is well aware of the responsibility to ensure good corporate governance. In order to maximize the benefits for the shareholders, the Company has assigned the Risk Management Committee to supervise the risk management in order to ensure that the risk management of the Company is sufficiently systematic and continued. The risk management process is as follows: identifying risks and opportunities in business operations, risk assessment and risk occurrence opportunities, measures to manage and resolve, reporting and monitoring risk management results. However, there are still potential risk factors that affect the Company and stakeholders that should be considered as follows.

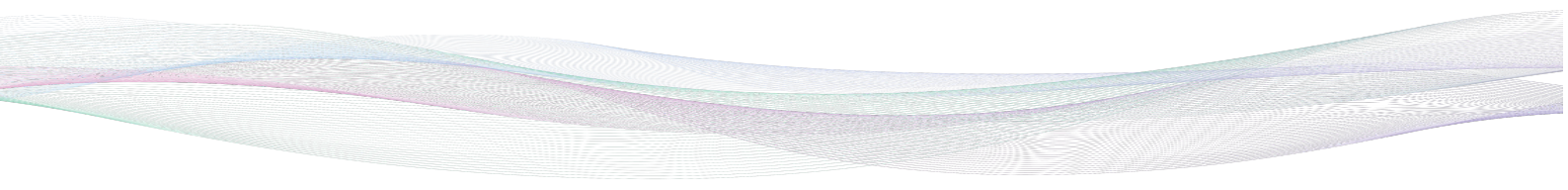
1. Economic risk

| Risk | Impact | Measures / methods for reducing risk |
|---|---|---|
| 1.1 <ul style="list-style-type: none"> • Dependency on large customers • Trade War • Tax Flutuations • Exchange rate • Financial / Customer debt Payment | <ul style="list-style-type: none"> • Sales and profits • Opportunities to invest and sell products • The ability to make profits | <ul style="list-style-type: none"> • Develop new and existing products together with customer to produce products that meet the needs of customer. • Expand potential new customer base and new high order, both domestic and international. • Improve work efficiency to maintain quality and price competitiveness. • Build and maintain good relationships with customers. • Continuous innovation Development. • Opening an FCD account (Foreign Currency Deposit). • Enter into forward foreign exchange contracts (Forward Contact). • Financial base analysis and customer quality assessment system are used to define and review credit limits, including the payment period of each customer with the Credit Management System. |
| 1.2 <ul style="list-style-type: none"> • Customer want new products in a faster time. | <ul style="list-style-type: none"> • Cannot create new products to catch up the needs of customers, resulting in loss of sales opportunities. | <ul style="list-style-type: none"> • Provide outsource supplier with the ability to produce products to meet the situation. • Study the trends of products and new technologies to help develop the product. |

| Risk | Impact | Measures / methods for reducing risk |
|--|---|---|
| 1.3 • High changes and competition at the national and global levels | • Losing sales and customers may move production bases | <ul style="list-style-type: none"> • Find business partners both domestic and abroad. • Joint Venture, Take Over |
| 1.4 • Accidents or natural disasters | • Decrease in revenue or profit of the Company. | <ul style="list-style-type: none"> • Provide an emergency response plan so that the business can continue to operate. • Provide insurance to protect Company assets that may be damaged by various disasters. |
| 1.5 • Rules and regulations | • Damages according to the Product Liability Law in the case of lawsuits from consumers | <ul style="list-style-type: none"> • Provide insurance on Product Liability. • A system of quality management processes prior to delivery to the customer to ensure product quality. |
| 1.6 • The uncertainty of the price of the main raw material | • Cost of products and services | <ul style="list-style-type: none"> • The invention for substitution of raw materials. |
| 1.7 Technological change (Social Media) | • More market share ratio of competitors in the online market | <ul style="list-style-type: none"> • Finding new business partners and distribution channels. |

2. Social Risk

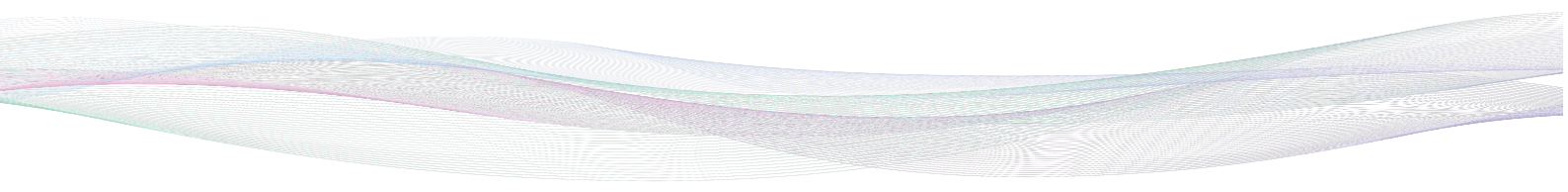
| Risk | Impact | Measures / methods for reducing risk |
|--|--|--|
| 2.1 • Accidents / emergencies and various epidemics. | • Safety of our employees and the confidence of the community and society. | <ul style="list-style-type: none"> • Developn safty standards according to TIS/OHSAS18001, review, identify and assess hazard,risks from work to create confidence in the work of employees and those operating in the company. • Provide a plan fot emergency and disaster response plans such as fire, chemical spills, epidemic risks. • Provision of security events to raise awareness for employees and contractors who work in the organization. |



| Risk | Impact | Measures / methods for reducing risk |
|--|---|---|
| 2.2 • Consumer safety in using the product. | • Some chemicals in certain types of cosmetics may be harmful to consumers. | <ul style="list-style-type: none"> • Education, development, knowledge research, and innovation focus on providing consumers with quality and safe products by increasing the potential of the laboratory to be internationally recognized to support exports by conducting product audit according to ISO/IEC 17025 • Policy to reduce or avoid the use of chemicals by using natural extracts for substitution. |
| 2.3 • Participation in community support and development | • Good relations between company and community | <ul style="list-style-type: none"> • Participate in activities to acknowledge the needs or necessity of the community and develop various activities that the company can work with both near and far communities. • Regular support and participation in activities organized by the community. |

3. Environmental risk

| Risk | Impact | Measures / methods for reducing risk |
|---|--|---|
| 3.1 • Pollution from production | • Community environment | <ul style="list-style-type: none"> • Measures for environmental surveillance, detection and monitoring of air quality and waste water from production. • Implementing the ISO 14001 : 2015 environmental management standard system to control and reduce negative impacts at the source. • Designing a community survey to acknowledge the potential impacts and take corrective actions in time. |
| 3.2 • Wasteful use of natural resources and energy. | <ul style="list-style-type: none"> • Non-cost-effective use of resources. • Shortages of water and energy. | <ul style="list-style-type: none"> • Policy formulation, environmental goals and environmental projects. • Preparation of measures and energy conservation projects. • Organizing activities for campaigning and raising awareness for employees. • Developing the use of renewable energy. |



| Risk | Impact | Measures / methods for reducing risk |
|----------------------|---------------------|--|
| 3.3 • Climate change | • Natural disasters | <ul style="list-style-type: none"> • Determining policy to reduce carbon dioxide emissions under the Cool the world project, Green Production project, Transportation project. • Reforestation project both forest and mangrove forests. |

Emerging Risk

Based on the analysis of corporate risks, economic, social, and environmental risk, it was found that new potential risks are as following:

| | |
|----------------------------|--|
| Risk topics | 1. Demographic and environmental changes |
| Impact on the organization | Demand changes in the types of products and services. |
| Risk | Develop products and services to meet changing needs. |
| Risk mitigation measures | New innovations in helping to slow down aging. |
| Risk topics | 2. The rapid change of digital technology |
| Impact on the organization | Internal and external communication. |
| Risk | Change of customer buying behavior. |
| Risk mitigation measures | Improve work systems and products to keep pace with changes. |

