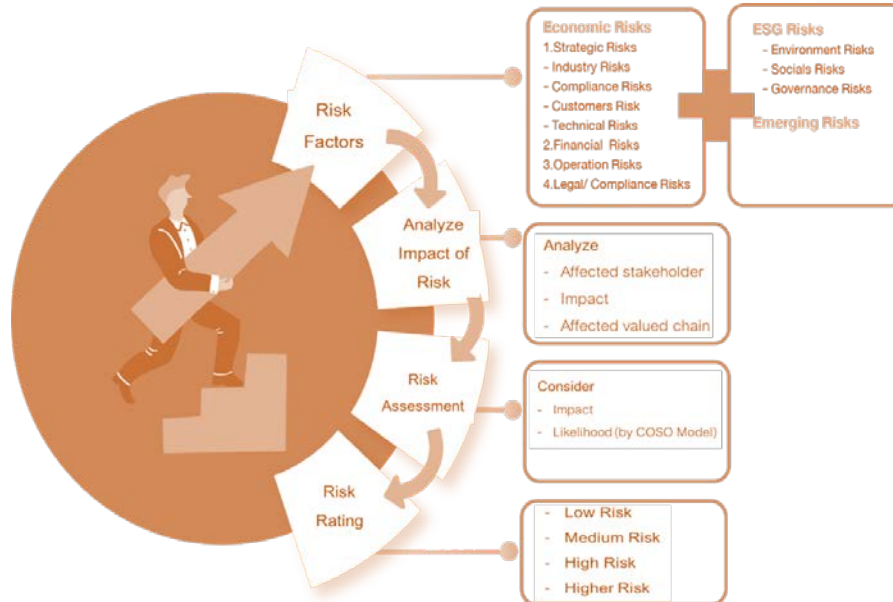


## Risk Factors

The Board of Directors and the management of S & J International Enterprises Public Company Limited is aware of the accountability for good corporate governance, In order to maximize 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 Company has analyzed and assessed certain risks with impacts towards business goals based on various types as followings.

### Economic Risks

#### Strategic Risks

1. Customers concentration
2. Suppliers concentration
3. Increasing of more advanced competitors
4. Lower manufacturing costs and higher technologies Competitors
5. Management of consumers' behaviour data.

#### Financial Risks

6. Fluctuation of exchange rates

#### Operation Risks

7. The uncertainty price of the main raw material
8. Demand for innovative or differentiate products.
9. Demand for green products
10. Management of supply chains (timing and flexibility)

#### Legal/Compliance Risks

11. Changes of rules and regulations for cosmetic products
12. Changes of laws, rules and regulations both local and overseas

### Environmental Risks

1. Pollution from productivity process
2. Uses of non-environmental friendly manufacturing resources
3. Climate change (natural disasters)

### Social Risks

1. Emerging crisis and epidemic
2. Good relationship with community
3. Advertising, public relation to consumers

### Public Sector Risks

1. Inefficiency Corporate Governmant
2. Corporate Corruption

### Emerging Risk

1. Demographic changing
2. Digital Technology changing

According to the aforementioned 5 risk factors, the Company has set up priorities for each risk management based on COSO Model as the risk management guidelines for the "Top Risk" in comparison with the acceptable ones and worthwhile for managing other remaining risks, regarding costs and expected benefits.

In 2019 the Company has developed risks responding strategies with the monitoring indicators as follows.

No.	Risk factors	Impacts	Response strategies	KRI
1	Supplier concentration	- Selling opportunity	- Expansion of new business partners base. - Quality Control Development (Q,C,D)	- % Supplier concentration Result : 5% lower than the last year. - % Key business partners for On Time in Full (OTiF) Result : > 90%
2	Customer concentration	- Sale volumes and profits	- Expansion of client bases both local and Overseas - Increasing sale volumes of smaller customers	- Number of new increasing customers both local and Overseas Result : local 94 cases Overseas 36 cases. - Sales volume proportion of smaller clients comparing to the larger ones. Result : local 94 cases.

No.	Risk factors	Impacts	Response strategies	KRI
3	Management of consumer's behaviour data.	- Sale volume and profits.	- Development for consumers data collection and analysis.	- % Success Rate of products to meet consumer solution. Result : > 70%
4	Demand for innovative or differentiate products.	- Sale volume and profits.	- New Product Development.	- % Customer satisfaction for New Products. - Result : 89%
5	Demand for green products	- Sales volume and profits.	- Green product innovation	- Green products development to meet key customer satisfaction - Result : > 8 cases / year
6	Demographic and environmental changes.	- Changing demands for types of goods and services.	- Products and packaging development for the aging society	- Goods development for the aging society - Result : > 7 items / year
7	Rapid Digital Technology change	- Capability for competitive response to meet customer demand	- Development of productivity technologies to replace man power.	- Number of complete development projects for technological machinery and equipment - Result : 6 cases of Project Conceptual success

Remark : More detail in "Sustainable Development Report 2019 : "Good Product"

