



2. Risk Management

2.1 Internal Control and Risk Management Policy

I.C.C. International Public Company Limited realizes the importance of effective and efficient risk management that has enabled The Company towards sustainable growth amidst the changes of external factors; such as, risks from domestic and global economic conditions, politics, financial volatility, laws and regulations, e.g. Personal Data Protection Act, B.E.2562 (2019) (PDPA), epidemics, more intense competitions, rapid changes of key information technologies, and climate changes, e.g. flood and air pollution. The Company not only has to cope with the changes of the external factors, but of the internal factors; such as, operational risk management, internal information management, and cybersecurity risks, as well.

The Company believes that enterprise risk management is a process that builds confidence in achieving goals amidst changes, prevents and mitigates obstacles and the impact of risks, responds to the needs of all stakeholders, and is able to create business value. The Board of Directors, therefore, appointed an Internal Control and Risk Management Policy.

1. To constantly identify present as well as for foreseeable business risk, operation risks, logistics risks, financial risks (including returns as well as justifications on investments), technologies risks as well as Human Resources risks.
2. To recommend to the Board of Directors available optimum short term and long term solutions.
3. To recommend to the Board of Directors to recruit a small number of permanent staffs internally or externally dedicated to this Risk Evaluation Support Unit as needed to conduct useful and constant evaluations of all assets. This unit is subject to oversight by the Risk Management Committee.
4. The Risk Management Committee meets at least once a month. The Committee Chairman may meet as often as needed time the Risk Evaluation Support Unit, he may request any member of the committee and or other senior executive to attend relevant meetings.
5. The Risk Management Committee submit report to the Board of Directors on quarterly basis.

2.2 Risk factors on business operation

1. Production Risks

In terms of the potential risk factors which may impact on business operation, the Company recognizes the importance of closely monitoring and systematically formulating and implementing risk management plans to cover the following aspects:

Risks relating to production to ensure the quality of products and production timeline, as well as due management of the cost of products as set by the Company.

- Preventive Measures

Develop and incorporate innovations into products, such as adding special features to merchandise and using ingredients that respond to beauty trends. Create brand differentiation by emphasizing uniqueness, such as international-quality standards at accessible prices. Additionally, increase investment in digital marketing channels and collaborate with influencers to reach new target customer groups and the Company selects suppliers with operation management which have attained ISO 9001 accreditation to be confident that our business partners have the required management systems, capabilities and ability to comply with the production policy set by the Company to ensure that the manufactured goods achieve all set targets. These companies were all established with the objective to mutually support one another under the umbrella of the Saha Group, thereby strengthening each other's business operations and enhancing their potential and competitiveness, as well as collaborating immediately to resolve any problems or challenges which may arise.

2. Product Management Risks in Stores

These are risks pertaining to the imbalance of stock management not being in line with the demand of customers such as the condition of either overstocking or shortage of stock or fluctuation of purchasing power affected by the economic recession and the war situation in Europe that result in the product management and subsequently the effects on sales targets and market opportunity, exacerbated by the rapid change in online marketing, has required the production planning to be more flexible so as to always be prepared to meet the variant challenges both in terms of fashion and production volume.

- Preventive Measures

1. The Company introduced the Quick Response Management System or QRMS to enhance its potential in stock management efficiency, resulting in more effective monitoring and management of stocks on a daily basis in every store and rendering effective data analysis, more precise picture of market demand and product movement in order to mitigate opportunity loss. It also helped with the preparation and the update of the latest news to make sure that only the most accurate and up-to-date information was used for analysis with the product management plan, in order to ensure availability of products in market demand, as well as the ability to modify production plan for optimum efficiency.



2. The Company has created an Auto Replenishment system, by adapting the QRMS to effectively and efficiently manage stocks at all stores to ensure that stocks can be replenished in accordance with customer demand in terms of desired products and their volume to ensure that stocks at all stores coincide with sales to avoid the loss of sales opportunity when there was customer demand, but no desired products available.

3. Risks Relating to Sales Channels

The Company's business is conducted through main sales channels which have limitations in terms of area size and number of branches.

- Preventive Measures

1. The Company has a policy to aggressively expand sales channels through Modern Trade, including Discount Stores, Convenience Stores, and Beauty Stores. The Company has also modified its sales and order placement systems to better meet the demands and purchasing power of the Modern Trade segment. This strategy is applied to all product categories by manufacturing goods with pricing and quality that directly address target market needs, especially in the apparel product category which primarily emphasizes fashionable designs and colors.

2. The Company policy is to accelerate the increase of sales channels, especially in E-Commerce of which online customers have rapidly increased. In the past year, the Company cooperated with various market places for online sales and simultaneously expanded its outlets under ICC direct management in the Specialty Store model through His&Her Shop, to enhance sales potential in addition to the sales channel in major department stores nationwide.

4. Risks Relating to Changing Customer Behavior

4.1 Changing of Technology

The current technologies have rapidly changed at all times. The need behavior of consumers has simultaneously rapidly changed. That causes increased dead stock. Consequently, the Company has to set the plan to release the products including to sufficiently distribute the products to timely suit the circumstances.

- Preventive Measures

Develop the company's online platforms to be user-friendly, modern, convenient, and suitable for consumers of all ages and genders. This includes utilizing technology that responds to consumer needs for online purchasing across all platforms. Change consumer behavior to generate more interest and increased accessibility. The use of Social Media such as Facebook, Line, YouTube, Instagram, TikTok, and others has resulted in rapid expansion of the online customer base. Additionally, implement AI systems or Big Data for consumer data analysis to adjust marketing strategies for greater efficiency, and promote collaboration with digital experts to enhance the capabilities of the marketing team.

4.2 Taking Care of the Environment and Saving the Earth

Currently, consumers are becoming more environmentally conscious. Products and production processes must increasingly focus on environmental preservation. Products should contain natural ingredients with traceable origins, emphasizing cleanliness and safety of ingredients. These ingredients must be free from chemicals harmful to skin and other aspects of health (Non-Toxic Beauty), as well as not harmful to animals and the environment.

- Preventive Measures

The Company focuses on developing recyclable packaging and reducing plastic use in the production process to meet market demands trending toward environmental preservation. The Company also promotes the use of naturally-sourced raw materials with environmental certifications and avoids animal-derived ingredients. The Company encourages manufacturing facilities to better understand the Sustainability trend and adapt appropriately to truly capture consumer loyalty. This includes establishing plans for sustainability and environmental responsibility.

5. Risk from the Online Sale Which Changes Rapidly

Currently, it is no longer necessary to have agents to import goods as customers can immediately order directly from manufacturers with just their fingertips through online channels that are rapidly evolving alongside continuously advancing technology. These changes caused by the developed technology make the selling of products different from previously. Consumers need not purchase through any representative company to import the products, hence facilitating more growth of small traders with lower production costs. The Company has to adapt itself corresponding with the online sale condition that changes at all times. If understanding, paying attention and properly adjusting, we will be impacted not so much; on the contrary, if we fail to adjust ourselves in time, we may get loss at once.

- Preventive Measures

The Company has focused on improvement and development of its modernization systems including its E-Commerce website www.iccshopping.com to facilitate easier access and transaction. Furthermore, its partnership with Tiger Distribution and Logistics Co., Ltd., whose long experience in warehousing and timely delivery of goods nationwide through its efficient distribution mechanism, provides consumer confidence to online customers that they will get safe and fast service.



6. Risks from reduction in the number of tourists

The products for which the Company is import and distribution agent are products in demand among Chinese, Russian and Middle Eastern tourists. The reduction in the number of tourists impacts on the sales of the Company especially in those provinces which are tourist destinations.

- Preventive Measures

1. Adjust sales promotion plans to focus more on domestic customers.
2. Collaborate with department stores in jointly setting plans to attract higher numbers of tourists or the foreign tourists who are staying in Thailand or the foreign tourists who are citizens of the countries permissible to take a trip to Thailand by encouraging them to the shops through various privilege jointly made with those shops.
3. Seek for an occasion to use new products, for example, it must be a souvenir by attracting the tourists to take the products on periodic or special occasion. It is to get chance in new consumption for increasing use of products.
4. Use various online media accessible to tourists to remind of the Brand to always be in their mind when the Country has fully been reopened and they are able to come back to travel in our Country again, they will memorize the brands of products and purchase such brands in their mind.
5. Develop the products to suit the requirements of customers in the groups of the Middle East, India or other tourism markets to reduce the dependence on the tourists of only a single country such as of China, etc.

7. Risks to environmental impact

Having realized the ongoing potential problems that may affect the environment, the Company therefore considerably develops its manufacturing process and extends conservation and sustenance of the environment all the time.

- Preventive Measures

Reduce plastic usage in packaging, decrease waste, and control its reduction year by year. Environmental conservation, sustainability, and preserving environmental abundance by using eco-friendly, biodegradable raw materials that don't create waste for soil, forests, water, air, and reduce the use of substances harmful to the environment, animals, and humans. Encouraging the transition from Fast Beauty to Clean Beauty, emphasizing beauty that comes with environmental responsibility. Our products not only offer quality cosmetics with impressive results but also focus on using environmentally certified ingredients, no animal testing, and environmentally friendly production processes.

8. Outdated Products

The Company is a major distributor of fashion products, the popularity of which changes rather quickly. In 2024, the Company has inventories in the amount of THB 3,034.26 million or 44.04 percent of current assets and 8.54 percent of total assets, with inventory turnover rate of 2.22 times, bring the Company's average sales times to 165 days, which may be at risk of products becoming obsolete if not sold in a timely manner, rendering an increase in management costs and requiring the setting of allowance for obsolete or inferior products which causes a decrease in net profit and liquidity. However, the Company has a management policy to prevent long-term inventories by improving the whole merchandising process: from purchasing, managing seasonal merchandising by increasing success rates of new products, and managing slow-moving products by expediting promotional activities for such products clearance.

9. Investment

The Company invests in businesses of a total of 137 affiliated and other companies in the proportion of shares held no more than 50 percent of such company's registered capital and in four companies with share held more than 50 percent of the registered capital, which are considered subsidiaries of the Company. Investment is in the form of cross or reverse shareholding between affiliated companies, with the Company having no control over the invested company and their management is completely under the direction of the respective board of directors of each company.

The management and decision making regarding the Company's investment is in the form of joint investment in related businesses, businesses with mutual benefits, and investments to diversify risks.

The Company receives a return on investment in the form of dividends. If any invested company suffers a loss, the Company will record an allowance for loss on impairment of investment in the income statement of the Company. The said shareholding structure does not affect the recognition of the Company's revenue sharing and does not make any difference to the financial statements.

The Company has measures to prevent investment risks by appointing a person who is in a joint venture company or is in a company that does business related to the invested business, investment management center to monitor the financial statements and information regarding the invested company's situation to know if there are problems and report to the Company and the shareholders in the group once a year, as well as to immediately report any unusual or critical events so that solutions may be collectively found. In addition, the Board of Directors and Executive Committee meetings are regularly convened to review the operating results in which the Company invests, with a focus on businesses which are suffering from losses, and to find remedies for such businesses to manage losing transactions in order to obtain sustainable profit.



10. Loans and guarantees

As of December 31, 2024, the Company had granted loans to four joint venture companies amounting to THB 566.05 million compared to THB 622.55 million in the year 2023, a decrease of THB 56.50 million to compared the same period last year due to a related party repayment of loans.

As of December 31, 2024, the Company had guarantee obligations to 10 companies, amount to THB 232.17 million compared to THB 254.07 million in the year 2023. a decrease of THB 21.90 million, Such guarantees were under the joint venture agreement and are proportionate to the Company's share-owning.

11. Fluctuations from exchange rates

Exchange rates have both positive and negative effects on the Thai economy. And it is something that the company as an exporter/importer have to face. Changes in exchange rates will cause the Company's income stream or expenses in baht terms to be uncertain. Which may lead to increased profits or loss, however, exchange rate fluctuations It is something that is difficult to predict. Because various factors affect the trend of exchange rates. Domestic economic fundamentals, monetary and fiscal policies, world economic situation, forecasts and speculation. Political situation in the country and abroad, market psychology and various rumors. Although the Company can't control exchange rate fluctuations, but it can manage exchange rate risk. Using various tools appropriate to prevent risks in advance. Such as entering into foreign exchange contracts in advance, in order to manage the benefits and costs more effectively.

12. External market competition

As today technologies have advanced rapidly, entrepreneurs aim to approach individual customers in order to establish direct business without middleman; the Company, therefore, has plans for future operations as follows:

1. Entering supply chain structure to lower the costs and to gain more competitive advantages
2. Focusing on the Company's ability improvement to reach "Deep Customer Insight" to better respond to the change of customer's behavior.
3. Restructuring the organization structures to become more concise, effective, and quick to respond to customer's needs, along with continuously developing more efficiency in various aspects.

13. Risks from uncertainty of returns that investors expected to receive

Prices of the Company's shares may fluctuate depending on the various factors, some of which may be uncontrollable, for instance:

- Changing of policies, rules, regulations, or conditions that have an effect on the manufacturer's industry.
- Recession, inflation or high interest rates This will affect the company's performance and affect the overall market value.
- Geopolitical risks such as wars, political conflicts, or natural disasters affect the global economy and affect the market as a whole

These factors may cause the share prices to become lower than the prices purchased and/or higher than the prices sold by the investors; thus, the investors may be at risk of the uncertainty of returns as expected by the investors.

14. Risks of incapability to pay dividends as investors expected

The Company's ability to make dividend payment depends on various factors; such as, investment budgets and capital reserves for business expansion, payment for investments in investment funds, and cash flows obtained from work operations. In case the mentioned factors affect the Company's ability to pay annual dividends and/or interim dividends, the Company may be at risk of paying dividends at a lower rate than investors expected. Nevertheless, the Company still treats the shareholders as an important group of persons, as if they are the owners of the Company or the investment's owners of the business.

The company has a policy to pay dividends at 0.20 baht per share per year (equal to 20% of the PAR price), depending mainly on the company's operating results and economic conditions.

15. Regulation, laws, rules, and relevant laws Risk

Due to changes in state policy which attaches importance to the development of the economy parallel to the development of society, communities and the environment, such changes could have an impact on business operations. For instance, the Personal Data Protection Act B.E. 2562 provided rules, mechanisms, or measures for oversight in relation to the protection of personal data as regards rules for the collection, compilation, use, disclosure and transfer of personal information. Any violation or non-compliance would be punishable by civil, criminal and administrative sanctions.

The Company therefore regularly monitors changes in regulations, laws, rules, and relevant laws including to the laws related to business operation which may be changed or amended, also will disseminate and create the understanding among the personnel regularly for preparations in response to any change. The Company exercises oversight of business activities and company operations to secure compliance with laws, regulations and directives, to ensure that the Company's business activities are consistent with the provisions of the law. The Company also builds an awareness of the importance of legal compliance amongst Company Directors, executive officers and employees through various activities, such as communication of knowledge and advice to Company personnel.



16. Aging Society Risk

Thailand is now entering into an aging society. Both public and private sectors have continuously launched policies, strategies, and tactics to serve this age group such as The Twelfth National Economic and Social Development Plan, The National Plan for Older Persons, and Elderly Person Act. Senior citizens are likely to continue working even after their retirement. ICC realizes that our personnel is the heart of our company. Thus, we support and promote the work of the senior citizens based on the concepts of flexibility and willingness. We give job opportunities to the senior citizens who are competent and physically capable of working so that they feel worthy. They can also constantly develop their skills, strengthen their physical and mental health, as well as earn a living for themselves.

In 2024, Number of Retired Employees who continue calculated in percentage score is 19.28. Details are available in the Company's Sustainability Report 2024 and posted on the Company's website (<http://www.icc.co.th>)

17. Risk from Corruption

The Company is well aware that corruption is the significant obstacle to sustainable business, economic and social development. Corruption may happen in different forms and with various violence, the Board of Directors and the executives of the Company, therefore, pay attention to eliminating fraud and corruption by stipulating the policy and guidelines against corruption and communicating to its directors, executives, officers and all groups of stakeholders. Moreover, sufficient review and assessment of the procedure of elimination of corruption are always undertaken in order to ensure all groups of stakeholders that the Company runs the business with transparency, fairness, verifiability to enhance competitiveness and sustainable growth.

In addition, the Company also assesses the risk of non-compliance with laws, rules, regulations and corporate governance including following up on the grievance which may be made under the grievance procedure and notifying and planning to improve and upgrade various measures and presenting the outcome of performances to the Corporate Governance Committee with the aim of sustainable development, and providing recommendations and/or determining the relevant guidelines for practice so as to always prevent from the aforementioned risk. To this end, the Company has joined in the Thailand Private Sector Collective Action Coalition against Corruption where the Company is certified as CAC Certified Company first time in 2016 with the term of 3 years each time and the Company is renewed this certification continuously second time in 2022. In 2024, the Company is compliance with the policy and guidelines against corruption and monitor the result continuously. And is currently preparing documentation and making preparations for the submission of the third certification renewal, which will be due in December 2025.

18. Risk in Human Rights

The human rights issue is the interesting issue in all parts and sectors which the Company pays attention to responsibility for the society and all groups of stakeholders in protection of right which is the basic right for sustainably working and living together. The Company has, therefore, stipulated policy and practice guidelines involving human rights ('Human Rights Policy'). This is to prevent from infringement of human rights in the business sector throughout the supply chain which relates to all stakeholders both directly and indirectly, Labour Aspects of Social Responsibility, with regard to forced labour, remuneration for work, working and rest hours, holidays and leave days, discrimination, discipline and punishment, sexual harassment, violence, child labour, women labour, liberty to form an association and negotiate, safety, occupational hygiene and working environment and labour welfare, including the publication of working terms, and has communicated those policy and practice guidelines on Human Rights to the Company's directors, executives and officers and has strictly observed to comply with, thereby the Company has also communicated to the external stakeholders through its website.

The Company provides mechanisms for filing complaints of human rights violations and protection for persons giving notice of human rights violations through channel for filing complaints of corruption. Nonetheless, the Company appreciates the possibilities and risks of potential incidents and prepares measures to appropriately remedy and mitigate the impact of human rights violation victims on case by case basis.

In the past year, no incident of human rights violation from the Company's operations was found.

19. Risk in Personal Information Protection

Our Company recognizes and prioritizes personal data management in compliance with the Personal Data Protection Act B.E. 2562. We are committed to establishing clear personal data protection policies and have formed a specialized working committee to supervise and define appropriate operational frameworks for data storage, data security, and oversight of personal data usage in accordance with legal requirements. The Company also emphasizes developing efficient processes for searching, monitoring, improving, and modifying rights to ensure that personal data of employees, members, customers, and business partners are appropriately protected, as well as managing data processing agreements with partners such as business allies, financial institutions, and external stakeholders.

In the past year, the Company reviewed and updated its Record of Processing Activity (RoPA) to align with the new organizational structure, while establishing a personal data protection working committee appropriate to the defined roles and responsibilities. Regular reports to the DPO ensure efficient personal data protection operations.



Furthermore, the Company prioritizes raising organizational awareness by providing training on the Personal Data Protection Act to employees at all levels, along with assessment tests to ensure employees understand and can properly follow personal data protection guidelines. The Company has also prepared reports on the exercise of rights by data subjects to monitor trends in rights requests and evaluate the effectiveness of current measures.

To ensure continuous and up-to-date personal data protection operations, the Company periodically updates the working committee on PDPA news and practices, strengthening readiness in supervision and implementation of personal data protection measures in accordance with relevant standards and requirements. The Company continues to develop and improve personal data management approaches to efficiently accommodate changes in laws and business trends.

20. Risk in the Cyber Safety

The Company has conducted business using information data for management for over 20 years (Data-Driven Organization), especially in the current era of digital business with developing new business models. Digital operations necessarily rely on information technology to connect data between all sectors of the organization, including the supply chain network from manufacturers to consumers. Additionally, consumers' digital usage behavior has expanded rapidly through various communication channels such as social media, online transactions, and various digital platforms, resulting in continuously increasing cyber threats, both in terms of volume and complexity of attack patterns.

The Company recognizes the risks that may affect internal operations, including the connection of information systems with the supplychain network and other partners. Therefore, it has established a cybersecurity policy to reduce cybersecurity risks and regularly updates it to comply with international standards such as the National Institute of Standards and Technology (NIST) framework, to address rapidly changing threats and align with the organization's E-Commerce direction. Furthermore, the Company has implemented modern tools and technologies to enhance security, such as Intrusion Detection & Prevention Systems (IDPS), and reports regularly to the Risk Management Committee.

Moreover, the Company has developed more secure information systems in terms of both hardware and software, while also focusing on personnel development and building a cybersecurity culture within the organization. It provides training to employees at all levels regarding cyber risks and prevention guidelines, as well as continuously updating information about cyber threats through internal communication channels. The Company also encourages employees to obtain information security certifications such as CompTIA Security+ and conducts ongoing security testing and assessment, increasing the frequency of Phishing Mail tests to raise awareness and evaluate employee readiness in dealing with threats and reducing potential risks.

In terms of unexpected event management, the Company conducts annual system recovery drills and emergency backup plans, expanding the scope to cover more critical systems to ensure that systems can quickly resume operation in case of unexpected events. The Company also constantly monitors and improves practices to comply with laws, regulations, and information technology and privacy requirements.

With these measures, the Company is committed to enhancing cybersecurity, reducing business risks, and building confidence for customers, partners, and all related parties.