

## **Corporate Governance Policy**

The meeting of the Board of Directors No.1/2012 (first time after changed of its status) was held on 26 October 2012 and had a resolution to approve the corporate governance policy in writing, including the amendment of such policy after the meetings. The policy is being specified based on the principles of good corporate governance of the Securities Exchange of Thailand (SET), in order to have a transparent operation in every level; from operational level, executives, and the Board of Directors. This is to increase the competency and competitiveness for sustainable growth in the future, leading to long-term benefit for shareholders, customers, and public. This policy has been exercised after the approval of corporate governance policy in the meeting, including the amendments on importance details and good governance practice made after that in order to face challenges in the future. Later, the meeting of the Board of Directors Meeting No. 11/2018 was held on 31 October, 2018 considered and approved the new Corporate Governance Code Policy to substitute the cancelled original version, in order to comply with the principles of 2017 Corporate Governance Code for listed companies prescribed by the Securities and Exchange Commission, effective from 2017 onwards unless there is any changes made in the future. This Corporate Governance Policy has set the principles for the Board of Directors who are the leader or the highest responsible person of the organization to use in supervising the business for long-term good performance, being reliable for shareholders for the benefit in value creation to make the business sustainable and meet the expectations of business sector, investors as well as the capital market and society as a whole.

"Corporate Governance" means a relationship in terms of regulatory and the measures used in regulating the decisions of people in the organization to meet the objectives, which includes:

- (1) Determine the main objectives and targets that cover key targets and core concepts of the organization, and short-term targets, the core concept of the organization in the form of vision, principles and business models that create the values for the business.
- (2) Establish strategies, policies as well as consider and approve of plans and budgets.
- (3) Monitor, evaluate and supervise the business performance reports.

"Corporate Governance Code" according to this practice means the corporate governance to sustainably create values for the business apart from creating confidence for investors, the Board of Directors has the target to govern the business in order to achieve important following targets:

1. Be competitive and have good performance, taking into account of the long-term impact.
2. Operate business with ethics, respect rights and have responsibility toward the shareholders and stakeholders.
3. Create benefite to society and develop or reduce the environmental impacts.
4. Be able to adapt to the factor of changes.

There are 8 mains principles of Corporate Governance Code: (CG Code) for the Board of Directors as follows:

**Practical Principle 1** Recognize the role and responsibility of the Board of Directors as the leader who creates sustainable values for the business.

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<b><u>Practical Principle 2</u></b>	Define objectives, main targets of the business for sustainability.
<b><u>Practical Principle 3</u></b>	Strengthen the Board of Directors.
<b><u>Practical Principle 4</u></b>	Nominate and develop top executives and human resources management.
<b><u>Practical Principle 5</u></b>	Promote innovations and operate the business with responsibilities.
<b><u>Practical Principle 6</u></b>	Supervise for appropriate risk management and internal control systems.
<b><u>Practical Principle 7</u></b>	Maintain financial credibility and information disclosure.
<b><u>Practical Principle 8</u></b>	Support shareholder's participation and communication.

The Board of Directors considered and reviewed the implementation of practical principles in accordance with CG Code based on the Company's business context for the year 2018, which was considered and approved by the meeting of the Board of Directors Meeting No. 11/2018 on 31 October 2018.

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**Establishment of Vision, Mission, Corporate Value, Objective and Long-term Target****Vision**

“Committed to be the leader in furniture business in Southeast Asia and continuously create opportunities in business growth.”

**Mission**

**Sustainability** = The development of the organization to grow with sustainability, such as the expansion of business to be the upstream business, that is to be a manufacturer and distributor of MDF boards for furniture production. This will help to reduce the cost of main raw materials for the Company, and all the Company to become the furniture manufacturer / expand its business into renewable energy business which is an important trend and a part of creating energy security, in order to continuously generate revenue and profits for the business, etc.

**Diversification** = Risk diversification in business, such as incomes from selling products both domestically and internationally, a variety of customer groups from exporting, modern retail stores, showroom to sell products in mid-to-high levels, wholesale stores, retail stores for furniture throughout the country and the business expansion to other types of businesses such as energy business, MDF boards, etc. in order to diversify risks and not solely rely on furniture business.

**Adaptation** = Ready for strategies of changes and continuously adapt itself for creating opportunities in business operations with stability and sustainability, such as starting from furniture business to become a para rubber furniture business, particle board furniture and foil paper business, in order to reduce the production cost of furniture, etc.

**Corporate Value**

Work with mind to achieve the targets (Be Passionate and Determined)

Reduce the work procedure with more efficiency (Do More with Less)

Continuously seek for growth and learning (Pursue Growth and Learning)

Communicate with open-mind, fair and honest to others (Build Open, Integrity,

Honest Relationships with Communication)

**Objective**

“Leading the organization to sustainably develop and grow”

**Long-term Target**

The Company sets long-term target by maintaining the growth of sales volume and profit from the operation in furniture business group for continuous growth, aims to be the organization that develops the investment to reduce costs in the integrated furniture manufacturing business, and sets the target on the returns from alternative energy business in the proportion for not below 30% of total net profit of the Company and its subsidiaries within 3 years, as well as diversifies the risk of business operation to other types of businesses that have potential and opportunities in continuous growth.

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**Practical Principle 1:** Recognize the role and responsibility of the Board of Directors as the leader who creates sustainable values for the business.

**Practical Principle 1.1**

The Board of Directors should understand their roles and aware of their responsibilities as the leader who must govern the organization to have good management, with the determination of objectives, targets, strategies, operating policies as well as allocating important resources to achieve the objectives and targets, monitor, evaluate and supervise performance reports.

**Practical Guideline 1.1**

The Board of Directors are aware of their roles, duties and responsibilities in governing the organization to have good management and be a good model as the leader in corporate governance.

Each year, the Board of Directors will jointly consider and determine the objectives and targets of the Company and its subsidiaries for operating business to suit the time period. In addition, the Board of Directors also determine the strategies and operating policies, and allocate human resources such as executives and teams, to be responsible for each division to work as planned and achieve the given targets. The top executives will be directly responsible, closely govern and control the operations of operational team in order to know the level of the targets to be achieved and barriers in working, as well as monitor and supervise the implementation of the Company's strategies. This is done in order to catch up with the changes of strategies to support occurred problems and obstacles and to actually achieve the given targets and objectives.

In addition, the Company's vision and mission will be reviewed to be in line with the Company's objectives and targets that have been improved and changed according to the situation of the business and actual annual investment, mainly taking into account ethics, the impact on society and environment, which is apart from financial performance.

The Board of Directors will consider and approve the Charter of the Board of Directors and the Charter of all sub-committees as proposed and screened as well as approved by the sub-committees. The Charters will require the Company's directors and sub-committees to manage the Company's operations in accordance with the laws, regulations, resolutions of the shareholders' meeting as well as the given guidelines. The approval process of important operations will be proceeded as prescribed by law, including the authority to approve the operations of the Board of Directors with the authority to approve various matters of the Company and its subsidiaries will be determined.

In each meeting, or in any meetings with the agenda to monitor the performance as assigned by the Board of Directors, the Company's performance will be monitored, evaluated and supervised to provide a report for each quarter.

The Board of Directors has established and documented policies for directors, executives and employees to express the principles and guidelines of operations, containing Corporate Governance Policy, Business Ethics and supervised to communicate such policies to directors, executives and employees, as well as to monitor their performance and regularly review policies and practices.

The Company has organized a structure of the Board of Directors and determined the scope of authorities, duties and responsibilities of the Board of Directors and sub-committees which play important roles on the Company's

objectives, targets, operational policies and supervised to monitor, evaluate, and report the performance. The Board of Directors consists of qualified persons with a variety of knowledge, capabilities and experiences that can be applied to develop and set guidelines, policies, vision, and mission, to annually determine the development guidelines for benefit of the Company's business operations.

In 2018, the Board of Directors' Meeting No. 11/2018 held on 31 October 2018, had a resolution to consider and review the Company's Vision, Mission, Objective and Long-term target according to the details of 2018 Corporate Governance Policy of East Coast Furnitech Public Company Limited

However, the Board of Directors has determined to monitor, evaluated and supervise the performance reports in quarter and annual manners. The performance reports will be considered of operational progress and strategies that are applied to be consistent with the stated objectives. The performance results will be reported and presented by Managing Director and the Executive Committee to the Board of Directors' meeting.

### **Board of Directors**

The Company's Board of Directors consisting of 9 Directors as follows.

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|-------------------------------------|--|
| 1. General Therdsak Marom           | Chairman of the Board/ Audit Committee Member/<br>Independent Director |
| 2. Dr. Montri Socratyanurak         | Chairman of the Audit Committee / Independent<br>Director              |
| 3. Assoc. Prof. Songklod Jarusombat | Audit Committee Member / Independent Director                          |
| 4. Dr. Ekarin Vasanasong            | Independent Director   |
| 5. Mr. Chalee Suksawad              | Vice President   |
| 6. Mr. Wanlop Suksawad              | Director   |
| 7. Mr. Arak Suksawad                | Director   |
| 8. Miss Tippawan Suksawad           | Director / Company Secretary   |
| 9. Mrs. Waraporn Suksawad           | Director   |

In the Board of Directors, the Chairman of the Board of Directors is General Therdsak Marom Which is an independent director. And not the same person as the Managing Director Which is the position of the highest executive of the organization.

The structure of the Board of Directors consists of 5 non-executive directors, representing 55.55% of the total number of directors.

There are 4 independent directors in the Board of Directors In the Board of Director, there is 1 independent director named Assoc. Prof. Songklod Jarusombat who is knowledgeable in forest resources, specializing in forest products and social forestry. Such knowledge and specialty are related to wood furniture business of the company. Additionally, there is 1 more independent director named Dr. Ekarin Vasanasong who is knowledgeable in forest resources, specializing in electrical and power engineering which is related to the business of renewable energy that the Company is investing to expand its business operation.

The directors appointed to be the independent director shall not be under the authority of executives and major shareholders.

On 10 January 2019, Mrs. Waraporn Suksawad notified her resignation from directorship and the Board of Directors' meeting considered and appointed Mr. Suphan Sethapanich, who is an independent director to replace the resigned director. As a result, at present, the structure of the Board of Directors consists of totally 5 independent directors out of 9 members in the Board of Directors, causing the ratio of independent directors over 50% of the total number of directors.

**Qualification of the Company's Independent Director**

**(In accordance with the minimum requirements of the Office of SEC and SET)**

- Holding no more than 1 % of total voting shares of the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators, this includes the shareholding of persons related to the independent directors
- Not currently be or never been the Company's executive director, worker, employee, salaried consultant, or regulators, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the Office of SEC. Such prohibition excludes the case that the independent director was a government officer or an advisor for government agency who is the Company's major shareholder or controlling party.
- Not being related by blood or legally registered as father, mother, spouse, sibling or children including spouse of the child of executives, major shareholders, regulators, or persons who will be nominated as executives, or regulators of the Company or subsidiaries.
- Not currently having or never had any relations with the company including the parent company, subsidiaries, affiliate, major shareholder(s), or regulators of the company, in the way that such relation may impede the person from having independent views. Also, the person should not currently be or never be a significant shareholder or regulator of the persons having business relations with the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the Office of SEC.

The business relations under the paragraph one includes the normal commercial transactions to operate the business, the rent or the rent-out of real estate, particulars related to assets or services, or giving or receiving financial assistance by accepting or giving loans, guarantee, giving assets as collateral for liabilities as well as other similar circumstances, which affect the Company or the counterparty to have a debt obligation to pay to another party from 3% of the net tangible assets of the Company or from 20 million baht or more, whichever is lower. The calculation of such liabilities shall be in accordance with the method of calculating the value of connected transactions according to the Announcement of the Capital Market Supervisory Board regarding the Rules on Connected Transactions with mutatis mutandis. However, in considering such liabilities, the liabilities incurred during 1 year before the date of business relationship with the same person will be included.

- Not currently being or never been the auditor of the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators. Also, the person should not currently be or never be a significant shareholder, regulator, or partners of auditing firm providing current auditor for the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the Office of SEC.
- Not currently providing or never provided professional services, legal consulting, nor financial consulting services to the Company, Parent Company, Subsidiaries, Joint Ventures, major shareholders or the Company's regulators with a fee more than THB 2 million per year. Also, the person should not currently be or never be a significant shareholder, regulator, or partners of current service providers, unless it has been at least two years after the person has held the position, prior to the submission of permit application to the Office of SEC.
- Not currently being representative to represent the company's directors, major shareholders, or the shareholder related to major shareholder.
- Not currently operating under similar business nature and significant competitor of the Company or subsidiaries; or not a significant partner of the partnership, executive director, salaried worker, employee, or consultant; or holding more than 1% of voting shares of any other companies operating similar business nature and significant competitor of the Company or subsidiaries.
- Not under any conditions that may impede the person from having independent views towards the company's operations.

**Scope of duties and responsibilities of the Chairman of the Board**

1. Call for the meetings of the Board of Directors, act as the chairman of the Board of Directors and shareholders' meetings as well as have a role in jointly determining the meeting agenda with Managing Director and ensure that important matters have been included in the agenda.
2. Play a role in controlling the meeting to be effective according to the Company's regulations as well as support and give opportunities to each director to independently express their opinions.
3. Support and encourage the Board of Directors to perform their duties with best effort according to the scope of authorities, duties and responsibilities as well as promote an ethical corporate culture and good corporate governance.
4. Supervise, monitor and ensure that the Board of Directors and other sub-committees effectively perform their duties by achieving the Company's objectives and main targets and complying with the Charter as prescribed.
5. Supervise the use of policies and strategic operational guidelines of the management as well as provide suggestions and support the operations of the management, without engaging in the Company's routine management.
6. Cast a final vote in the event that the voting result in the meeting of the Board of Directors is tied.

7. Encourage the sufficient time allocation for the management in proposing matters and enough that the directors will carefully and thoroughly discuss important issues, encourage directors to exercise their prudent discretion and independently express opinions.
8. Strengthen good relations between executive directors and non-executive directors and between the Board of Directors and management.

**Scope of duties and responsibilities of the Board of Directors**

Perform their duties in accordance with the law, the Company's objectives and regulations as well as the resolutions of the shareholders' meeting with honesty and carefulness on the Company's benefits.

1. Regularly be responsible for shareholders, perform duties to protect the benefits of shareholders, completely disclose information to investors based on standard.
2. Determine policies and directions of the Company's operations.
3. Consider and approve the approval diagram.
4. Supervise, control and oversee the management to effectively perform duty according to the given policy to maximize the economic value of the business.
5. Consider and approve the investment for business expansion and the joint investment with other entrepreneurs.
6. Responsible for the preparation of financial reports, allow the Company's auditor to examine and / or review and propose to the Audit Committee.
7. Appoint the Executive Committee and determine the scope of authorities and responsibilities of the Executive Committee.

The director or other person who has or may have any conflict of interest or any other conflict with the Company is determined to have no right in voting on that matter

In addition, in the following cases, the approval by the Board of Directors and the shareholders' meeting must be agreed by votes of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote.

- Sales or transfers the entire or significant part of business of the Company.
- Acquires or receives of other companies's businesses or a private company 's business to the Company
- Makes, modifies or terminates contracts relating to renting all or part of the Company's business, assigning other persons to manage the Company's business or merging the business with other people under the objective of profit and loss sharing.
- Amends of memorandum of association or regulations
- Increases, reduces of capital, debenture issuance, merges or dissolutions.

The structure of the Board of Directors consists of 9 directors, 4 of them are independent directors / 3 of them are members of the Audit Committee, one of independent directors is the Chairman of the Board who is not the same person as Managing Director. The Board of Directors will have members with a variety of knowledge and capabilities, such as knowledge, expertise in accounting, finance, governance, production, marketing, energy, etc.

**Audit Committee**

The Company has three Audit Committee members consisting of

1. Associate Professor Dr. Montree Socratyanurak Chairman of the Audit Committee
2. General Terdsak Marom Audit Committee Member
3. Associate Professor Songklod Jarusombat Audit Committee Member

Miss Pimrumpai Boonchana is the secretary of the Audit Committee.

**Note: The Audit Committee member who has the knowledge and experience in reviewing the reliability of financial statement is Associate Professor Dr. Montree Socratyanurak.**

**Scope of duties and responsibilities of the Audit Committee**

1. Review to ensure that the Company has accurate and adequate financial reports
2. Review to ensure that the Company has an appropriate and effective internal control system and internal audit; and consider the independence of the internal audit unit as well as approve the appointment, transfer and dismissal of the Head of Internal Audit Unit or any other unit responsible for internal audit.
3. Review to ensure that the Company complies with the Securities and Exchange Law, requirements of the Stock Exchange of Thailand and laws related to the Company's business.
4. Consider and select, propose to appoint an independent person to act as the Company's auditor and propose the compensation for such person, and attend the meeting with the auditor without the presence of the management at least once a year, additionally, propose to terminate the employment of external auditor.
5. Consider the connected transactions or transactions that may have conflicts of interest to comply with laws and regulations of the Stock Exchange of Thailand in order to ensure that such transactions are reasonable and maximally beneficial to the Company.
6. Prepare the report of the Audit Committee by disclosing in the Company's Annual Report, such report must be signed by the Chairman of the Audit Committee and must contain at least following information:
  - (A) Opinions about the accuracy, completeness and reliability of the Company's financial reports.
  - (B) Opinions on the adequacy of the Company's risk management system and internal control.
  - (C) Opinions on the compliance with the Securities and Exchange Act, requirements of the Stock Exchange of Thailand or laws related to the Company's business.
  - (D) Opinions on the suitability of the auditor.
  - (E) Opinions on the transactions that may have conflicts of interest.
  - (F) The number of the Audit Committee meetings and the attendance of each member of the Audit Committee.
  - (G) The overall opinions or observations obtained by the Audit Committee from performing their duties in accordance with the Charter of the Audit Committee.
  - (H) Other particulars that shareholders and general investors should know under the scope of duties and responsibilities assigned by the Board of Directors
7. Review the validity of reference documents and self-assessment form regarding the Company's anti-corruption measures in accordance with the Private Sector Collective Action Coalition Against Corruption Program.

8. Perform any other tasks assigned by the Board of Directors with the approval of the Audit Committee.

**Executive Committee**

The Company has four Executive Committee members consisting of:

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|------------------|----------|---------------------------------|
| 1. Mr. Wanlop    | Suksawad | Chairman of Executive Committee |
| 2. Mr. Chalee    | Suksawad | Executive Committee Member      |
| 3. Mr. Arak      | Suksawad | Executive Committee Member      |
| 4. Miss Tippawan | Suksawad | Executive Committee Member      |

**Scope of duties and responsibilities of the Executive Committee**

1. Have the power to direct, plan and determine the Company's policies and operational strategies in accordance with the economic conditions and competitive conditions to propose to the Board of Directors for approval.
2. Control and supervise the Company's business operation to be in accordance with the policy or business plan including business strategies approved or prescribed by the Board of Directors.
3. Propose the investment plans and/or raise the Company's funds for the consideration and approval by the Board of Directors and / or the shareholders' meeting, as the case may be.
4. Determine the Company's policies, business plans and business strategies under the scope of objectives.
5. Approve the expenditure of investments as specified in the annual expenditure budget approved by the Board of Directors. or according to the resolution of the Board of Directors for its principle.
6. Have the power to purchase, sell, supply, rent, rent-purchase, hold, possess, improve, utilize or otherwise manage any property, including investment as the plan approved by the Board of Directors.
7. Have the authority to approve the purchase of assets or payment of any price due to the Company's operations in accordance with the contract and / or agreed with the partner, with details according to the approval authority diagram as prescribed by the Board of Directors.
8. Within the amount authorized by the Board of Directors, the Executive Committee has the authority to approve the purchase, procurement, lease, rent-purchase of any property, as well as the investment power and payment of any expenses necessary for the Company's operations, with details according to the approval authority diagram as prescribed by the Board of Directors.
9. Within the amount authorized by the Board of Directors, the Executive Committee has the authority to approve loans, overdraft from the bank, juristic person or any other financial institution for the Company's benefit in business operations, with details according to the approval authority diagram as prescribed by the Board of Directors.
10. Have the power to consider and determine employee's welfare in accordance with the economic situation and status.
11. Perform other tasks to support the above actions or as assigned by the Board of Directors each time.

The assignment of powers, duties and responsibilities of the Executive Committee as mentioned above will not include the authority and/or assignment of sub-authority for the approval of any items that themselves or the person

assigned of sub-authority or the person who may have conflicts (as defined in the Notification of the Capital Market Supervisory Board) has a conflict of interest or other benefits with the Company. The approval of such transactions must be proposed to the meeting of the Board of Directors and / or the shareholders' meeting. (as the case may be) to consider and approve such transactions according to the Company's regulations or related laws.

#### **Scope of duties and responsibilities of the Managing Director**

The Board of Directors assigned Managing Director to be the leader in managing and administrating the Company under the scope of authorities and duties as follows:

1. Manage the Company's business in accordance with the objectives, regulations, policies, rules, requirements, orders and resolutions of the Board of Directors 'meeting and/or resolutions of the shareholders' meeting of the Company.
2. Effectively and efficiently operate or perform according to the policy, plan and budgets approved by the Board of Directors.
3. Prepare and deliver the Company's business policies including plans and budgets to the Board of Directors for approval and report the progress according to the plan and budget approved by the Board of Directors on a regular basis every time that the Board of Directors' meeting is held.
4. Supervise, contact, direct and implement as well as sign in the juristic act, contract, order document, notification or any letters used to contact other agencies or individuals in order to achieve the efficiency and effectiveness of the company's operations.
5. Supervise employees and workers as well as assign, appoint, remove, postpone, reduce, deduct salaries or wages, conduct disciplinary punishment as well as leave the position in accordance with the rules, regulations or orders set by the Board of Directors and / or the Company.
6. Have the power to delegate sub-authority and / or assign others to perform specific tasks instead by assigning the sub-authority and/or such assignment to be under the scope of authority in the power of attorney and / or in accordance with the rules, regulations or orders set by the Board of Directors and / or the Company.
7. Be the leader and behave as a good model according to the company's ethics and business ethics.

However, the use of the power of the Managing Director as mentioned above cannot be done if Managing Director has a conflict of interest or may have a conflict of interest in any manner with the Company in using such power.

The Board of Directors determines the performance target of Managing Director and evaluates Managing Director's performance every year by setting targets and criteria for assessment that are linked to the strategic plan and annual plan for the consideration and determination of appropriate compensation and incentive measures.

In addition, the Company has arranged an evaluation of Managing Director's performance, the director who does not have gain and loss with Managing Director will annually evaluate Managing Director's performance at least once a year, in each year, director who does not have gain and loss with Managing Director will evaluate Managing Director's annual performance in terms of working progress that can achieve the targets and objectives as specified by the Company.

#### **Risk Management Committee**

The Company has four Risk Management Committee members consisting of:

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|------------------------------------|---------------|---------------------------------------|
| 1. Associate Professor Dr. Montree | Socatiyanurak | Chairman of Risk Management Committee |
| 2. Associate Professor Songklod    | Jarusombat    | Risk Management Committee Member      |
| 3. Mr. Chalee                      | Suksawad      | Risk Management Committee Member      |
| 4. Mr. Arak                        | Suksawad      | Risk Management Committee Member      |

**Scope of duties and responsibilities of the Risk Management Committee**

1. Perform in accordance with the risk management policy set by the Board of Directors, conduct risk assessment, guidelines for systematic risk prevention and monitoring in the furniture industry business to reduce the opportunities that the organization will cause damages to an acceptable level, focusing on creating a risk management culture in the organization.
2. Provide advices and support to the Board of Directors in determining risk management policies, acceptable level of risk (Risk Appetite) and deviation range of acceptable risk levels (Risk Tolerance).
3. Screen and review risk management reports to ensure that the risk is adequately and appropriately responded to the acceptable level.
4. Perform any other tasks as assigned by the Board of Directors

The Risk Management Committee will hold a meeting at least 2 times a year and report to the Audit Committee and the Board of Directors for acknowledgement.

**Nomination Committee**

The company appointed 3 Nomination Committee members as follows:

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|--------------------------|------------|---|
| 1. Assoc. Prof. Songklod | Jarusombat | Chairman of the Nomination Committee / Independent Director |
| 2. Mr. Chalee            | Suksawad   | Nomination Committee Member                                 |
| 3. Mr. Arak              | Suksawad   | Nomination Committee Member                                 |

**Scope of duties and responsibilities of the Nomination Committee**

1. Select persons who deserve to be nominated as new directors or recruit Managing Director by determining principles or recruitment and selection methods with criteria and transparency, and propose to the meeting of the Board of Directors and / or the shareholders' meeting for consideration and approval.
2. Continuously prepare a training development plan related to the duties of directors and knowledge related to the Company's business to the Company's Board of Directors and top executives in order to increase the potential of the Company's Board of Directors and executives.
3. Prepare the development plan for Managing Director and top executives (Succession Plan) in order to prepare potential persons to be able to succeed in the event that Managing Director or top executives retires, resigns or is unable to perform their duties.
4. Perform other tasks as assigned by the Board of Directors

**Remuneration Committee**

The company appointed 3 Remuneration Committee members as follows.

1. Assoc.Prof.Dr. Montree Socratyanurak                      Chairman of Remuneration Committee/ Independent Director
2. Mr. Chalee    Suksawad      Remuneration Committee Member
3. Mr. Arak    Suksawad      Remuneration Committee Member

**Scope of duties and responsibilities of the Remuneration Committee**

1. Remuneration Committee will propose a compensation policy, form and criteria of remuneration payment for directors and Managing Director, to make the form and criteria for remuneration payment appropriate, followings shall be implemented:
  - 1.1 Review the appropriateness of the criteria currently used
  - 1.2 Consider the information of remuneration payment in other companies that are in the same industry for comparing the suitability.
  - 1.3 Determine the criteria to be appropriate to achieve the expected results to be fair and to reward the persons who help the Company's works successful.
  - 1.4 Review all types of compensation forms by considering the amount and proportion of compensation for each form to be appropriate.
  - 1.5 Consider the remuneration payment according to the criteria set by the authorities or related recommendations.
2. Evaluate Managing Director's performance and present to the Board of Directors for consideration and approval
3. Consider and determine the annual remuneration of directors and Managing Director
4. Perform other tasks as assigned by the Board of Directors

**Practical Principle 1.2**

To create the sustainable value for the business, the Board of Directors should supervise to lead to at least the result of competitiveness and good performance, taking into account the long-term impact, conduct business with ethics, respect rights and have responsibility to shareholders and stakeholders, beneficial to society and develop or reduce environmental impacts as well as be able to adjust itself under the factor of changes.

**Practical Guideline 1.2**

1. The Company takes into account the competitiveness and good performance in the long term by laying the foundation for a sustainable development strategy through the development of an effective management system for increased efficiency, as well as monitor various factors in all aspects that cause the changes to business in order to be able to adapt itself to the changes. The Company has the Risk Management Committee that will monitor, inspect risks and provide the risk management policies in various areas so that the management can apply them as a guideline for performing duties to increase efficiency, reduce the impacts of damages that may be caused by the changing business factors. In addition, the Board of Directors has a policy to create the competitiveness through the investment in upstream businesses, such as consideration and approval for investment in the business of MDF board manufacturing and distribution. MDF board is one of main raw materials in the production of furniture. If the production cost can be reduced, the business's sustainability and

competitiveness can be created, some products will be sold both domestically and internationally, which will help to create good performance for the Company in the long run as well

2. The Company takes into account the business operation with ethics, respecting rights and having responsibility to shareholders and stakeholders by setting and documenting the business ethics policy and sustainable business development policy. The Company believes that if the business is conducted with ethics, respecting rights of others and equally and fairly treating stakeholders, this will be an important foundation for business operation guideline that will create sustainability.
3. The Company takes into account the business operation that is beneficial to society and develop or reduce environmental impacts through guidelines for environmental friendliness. The Company's production process is determined to have a way to manage the leftover material from the production process and the management method to reduce the impact from the Company's production process, such as wood chips, sawdust, dust, paint spray, paint scrap, material scrap, glue used in the production process, etc.
4. The Company takes into account the ability to adjust itself under the factor of changes because the information era has been constantly and continuously changed. Therefore, the trackings on movements caused by the factors that directly affect the business including factors that may indirectly affect are the important information that the Board of Directors and the management must catch up on the actual changes for setting working policies to be ready for coping and reduce the impacts on potential damages.

#### Practical Principle 1.3

The Board of Directors is responsible for ensuring that all directors and executives perform their duties with responsibilities, prudence and honesty to the organization and supervise the operation to be in accordance with laws, regulations and resolutions of the shareholders' meeting.

#### Practical Guideline 1.3

All directors understand their duties as the Company's director who will be responsible, careful and honest to the organization, ensure that the operation is in accordance with the laws, such as the Public Limited Company Act, the Securities and Exchange Act, BE 2535 (1992) as amended, the Company's regulations, shareholders' meeting's resolutions including the rules of the relevant regulatory authorities, i.e. Providing an approval process for important actions in transactions related to the investment, transactions that have a significant impact on the business, particulars with gain and loss, the acquisition or disposal of assets of the Company, the connected transactions or dividend payment to be in line with the laws.

All directors are ready to independently express their opinions and update themselves by taking into account the best interests of the Company and being fair to all shareholders. In addition, all directors have devoted their time to fully and adequately perform their duties, attending the Board of Directors every time, except in the case of necessary reasons. In the case of new directors, the Company will provide an orientation and provide knowledge about the Company's business operations to new directors for their knowledge and understanding in the Company's business and operations and readiness to perform their duty as director.

#### Practical Principle 1.4

The Board of Directors should understand the scope of duties and responsibilities of the Board of Directors; and clearly define the scope of assignment of duties and responsibilities to Managing Director and the Management as well as monitor Managing Director and the Management to perform the duties as assigned.

Practical Guideline 1.4

The Company has established a Charter for the Board of Directors and all Sub-committees including the corporate governance policy that specifies the duties and responsibilities of the Board of Directors for reference in performing duties of all directors and the charter will be annually reviewed of its details. In addition, roles and responsibilities between the Board of Directors and the management are clearly separated, the Board of Directors is responsible for determining the Company's policies and supervising the operations of the management, whereas the management is responsible for managing various aspects in accordance with the policies set by the Board of Directors, the Chairman of the Board and Managing Director are different persons in order to clearly separate their roles and duties in policy formulation and the operational section according to the policy.

Refer to the details of the scope of authorities, duties and responsibilities of the Chairman of the Board, the Board of Directors, Executive Committee and Managing Director as appeared in the topic 'Practical Principle 1:1

**Practical Principle 2:** Define objectives, main targets of the business for sustainability.

Practical Principle 2.1

The Board of Directors should determine or supervise the objectives and main targets of the Company to be conducted for sustainability growth. The objectives and targets must be consistent with the creation of values for business, customers, stakeholders and society as a whole.

Practical Guideline 2.1

The Company determines the objective which is "Leading the organization to sustainably develop and growth" and set the main target which is the target set for 3 years that "maintaining the growth of sales volume and profit from the operation in furniture business group for continuous growth, aims to be the organization that develops the investment to reduce costs in the integrated furniture manufacturing business , and sets the target on the returns from alternative energy business in the proportion for not below 30% of total net profit of the Company and its subsidiaries within 3 years, as well as diversifies the risk of business operation to other types of businesses that have potential and opportunities in continuous growth". It can be seen that the objective and main target of the business are for sustainability, focusing on creating value for the business which will create the mutual benefits both for customers who will have the opportunity to use products with developed styles, have guidelines to reduce costs in order to sell products at a reasonable price, stakeholders have the opportunity to benefit from the approach of expanding the Company's business to upstream businesses for production cost reduction, such as suppliers, suppliers of raw materials, financial institutions supporting finance to the Company as well as the renewable energy business that will benefit and be a part of creating energy security in society and communities where the Company has the opportunity to invest in such areas.

The Company encourages personnel at all levels to participate in the presentation and decides to set working guidelines that help promote the Company's objective and main target to create a corporate culture that everyone must be aware of using creativity in work.

Practical Principle 2.2

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The Board of Directors should supervise to ensure that the objective and target as well as strategies in a medium term and / or annual basis of the business corresponds to the achievement of the Company's objective and main target by appropriately and safely applying innovati~~on~~s and technologies.

Practical Guideline 2.2

The Board of Directors will oversee the preparation of strategies and annual plans in line with the Comapny's objective and main target by taking into account the environment of the business at that time, including forecasting factors that may be changing and the future potential risks. In every meeting of the Board of Directors, the operat~~on~~al progress will be inquired by Managing Director and related executives to review the objective, target and strategies to ensure that the strategies and working plans take into account the impact on the time that may occur and can be predicted. In addition, it also includes overseeing the analysis of the environment, factors and risks that may affect relevant stakeholders throughout the lines which the stakeholders are herein covered, employees, investors, shareholders, customers, partners, communities, society, environment, government agencies regulatory agencies, etc. Moreover, the Board of Directors is also aware of the risk of setting target that may lead to illegal conduct or lack of ethics, it is the main issue that will be discussed about the risk of the target when considering along with various environmental factors that may facilitate such risks.

The Board of Directors will supervise the transfer of objective and target through strategies and plans across the organization to enable all relevant departments to be informed and able to plan the operational methods that conform to and meet the needs of the organization.

The creation of channels for participation or communication channels between stakeholders and business, the Company has prepared information to promote the contact of the investor relations department or the Contact Us channel vi website. [www.ecf-furniture.com](http://www.ecf-furniture.com), the Company's main website so that the Company can access and receive information on issues or needs of each group of stakeholders. In the past, the Investor Relations Department will be contacted via the direct telephone line athe most, partly acknowledging certain issues and expectations from stakeholders, some issues that have been acknowledged can be presented to the executive level for analysis and further enhancing the value creation with stakeholders to achieve results. The company has a policy to supervise more opportunities for communication channels between stakeholders and the Company.

The Board of Directors recognizes the proper and safe use of innovations and technologies to promote the achievement of the Company's objective and main target by dividing based on business type, both main business and under investment business. The furniture business which is the Company's main business has been continuously sought for ways to increase efficiency and reduce production costs by applying modern machinery technology in the production process and complying with the changing furniture styles as well as being in the market demand. For the investment in MDF Board plant, the Company has selected modern machinery manufacturers with world-class expertise but with a reasonable price, after considering the return on investment, this gives a good return. For the renewable energy business that the Company has invested in the solar power plant, biomass power plant and biomass gasification power plant, the Company emphasizes the proper and modern machineries and technologies for electricity production process that can generate a good return on investment in the long term, consistent with the life of the power purchase agreement received in each project.

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**Practical Principle 3: Strengthen the Board of Directors.****Practical Principle 3.1**

The Board of Directors should be responsible for determining and reviewing the Board's structure, in terms of size, composition, proportion of independent directors to be appropriate and necessary to lead the organization to achieve the specified objective and target.

**Practical Guideline 3.1**

The Company has set the policy, composition and structure of the Board to be composed of directors with various qualifications in terms of skills, experience, specific competencies that are beneficial to the Company, gender, age and at least one non-executive director who has experience in the main business or industry that the Company is operating. The current Board of Directors has the appropriate size and consists of knowledgeable persons with sufficient ability and experience to effectively perform duties with not less than 5 persons and not over 12 people. In addition, the Board of Directors also consists of independent directors who are able to freely give opinions on the work of the management the regulation prescribed by the Office of SEC requires at least one-third of total directors are independent directors, but not less than 3 independent directors.

At present, the Company has a total of 9 directors, divided into 4 independent directors and 5 members who are executive directors and/or shareholders.

The Company has the number of independent directors with qualifications in accordance with the regulations of the Office of SEC and the Stock Exchange of Thailand and the independent directors can jointly work with all members of the Board of Directors with efficiency and can freely express their opinions.

The Company has disclosed the policy in determining the Board of Directors' composition and structure with a variety of members, directors' data such as age, gender, educational background, experience, shareholding proportion, number of years as a director and holding directorship in other listed companies is shown in the Company's Annual Report and website.

**Practical Principle 3.2**

The Board of Directors should select the appropriate person as the Chairman of the Board and ensure that the composition and operation of the Board facilitate the use of discretion in freely making decisions.

**Practical Guideline 3.2**

At present, the Chairman of the Board is General Terdsak Marom who is an independent director and the person who is suitable for the position of Chairman of the Board and not the same person as Managing Director who is responsible for the implementation of the policy. The Company is confident that the composition and operation of the Board facilitate the independent judgment in making decisions. Please refer to the details of the scope of authorities, duties and responsibilities of the Chairman as detailed in the topic Practical Principle 1.1, the Chairman of the Board plays a leading role for the Board of Directors.

The principle that should be followed is the majority members of the Board should be non-executive directors who can freely give opinions on the work of the management because the current structure of the Board of Directors consists of 9 members in total including 4 independent directors who are non-executive, and 5 executive directors and directors who are considered to be connected with executive directors. However, the Company is in the process to approach and recruit the qualified candidates for the position of independent directors to increase the number of

independent directors in the Board's structure to achieve a greater number of independent directors than executive directors in order to comply with the Corporate Governance Code, and this is expected to comply with this principle by 2019.

The Board of Directors sets the policy for independent directors to hold the office for a period of not over 9 years from the first tenure as independent director in accordance with the structure of the Board of Directors.

The Board of Directors sets the policy for independent directors to hold the office for a period of not over 9 years from the the first tenure as independent director. However, in the event that the Company will appoint an independent director to continue his/her term, the Board of Directors will reasonably consider the necessity, such as comparing the valuable knowledge, ability and experience that each person has and is ready to apply for the Company's benefits.

Prior to considering important matters, the Board of Directors may consider to appoint the Sub-committees to consider and screen information on specific issues and propose guidelines for consideration before proposing to the Board of Directors for further approval, such as the important policy to set guidelines for managing specific risks will be considered and screened by the Risk Management Committee, etc.

The Board of Directors oversees the disclosure of roles and duties of the Board of Directors and Sub-committees, the number of meetings and the number of meeting attendances by each director in previous year; and reports the performance of all Sub-committees in the Annual Report.

In addition, in approving, endorsing or giving opinions on the meeting agenda, the Board of Directors has set a policy regarding the minimum number of quorum when the Board of Directors will vote at the Board's meeting that at least two-third of total directors must attend.

#### Practical Principle 3.3

The Board of Directors should supervise the recruitment and selection of directors to have a transparent and clear process in order to have the Board of Directors consisting of members with qualifications consistent with the specified elements.

#### Practical Guideline 3.3

Each year, the Nomination Committee will be responsible for selecting directors by following the criteria for selecting new directors. Prior to proposing name list to the meeting of Board of Directors, the Nomination Committee will give opinions, the proposed candidates must be fully qualified according to the Public Limited Companies Act, B.E 2535 (1992), the Notifications of the Securities and Exchange Commission, Capital Market Supervisory Board and relevant Notifications of the Stock Exchange of Thailand, as well as have good knowledge, ability, dedication and experience in the management of the core business and other businesses invested by the Company. In addition, in recruiting directors, the process must be proceeded in accordance with the Company's business strategy as well, for example, the Company has increased its investment in energy business, the Nomination Committee therefore considered to select new directors with qualifications and experience, knowledge and expertise in energy to enhance overall potential of the Board of Directors.

The Company has a policy to determine the composition of the Board by using tools and table to consider the components of directors' knowledge and competency (Board Competency Matrix), dividing into 3 main topics for consideration, such as the knowledge about the industry and experience related to the Company's business

operations; skills and experience in many areas, i.e. accounting, finance, law, etc.; and behavioral abilities, i.e. teamwork, coordination, courage, etc. If considering from such Matrix, the elements of each director will be considered whether the candidate's qualification can fulfill the Board of Directors' overview, the Nomination Committee will consider whether the composition of the Board is appropriate and covers sufficient knowledge, experience, ability and skills, that will be beneficial and efficient for the Board of Directors' operations.

The Company will disclose directors' information such as age, gender, educational background, experience, shareholding proportion, number of years as a director and holding directorship in other listed companies in the Company's Annual Report and website.

Before considering the selection by the Nomination Committee, each year, the Company will announce and invite the shareholders who wish to nominate the person who is deemed appropriate to be considered and selected as the Company's directors by posting the announcement on the Company's website. In the process of appointing new directors, the Nomination Committee will propose name list and comments to the Board of Directors prior to proposing to the shareholders' meeting for appointing directors. The Company has disclosed adequate information of persons who has been nominated for the decision making according to the criteria specified and the Corporate Governance Code. The Company was rated on the quality assessment of the Annual General Meeting of Shareholders for 2018 with a full score of 100 points from Thai Investors Association.

The composition of the Nomination Committee as specified in the Charter of the Nomination Committee shall consist of at least 3 directors and at least one of them is an independent director, the Chairman of the Nomination Committee must be an independent director, and the Nomination Committee will review the nomination criteria and procedures for directors and propose to the Board of Directors prior to nominating new directors to replace directors who will be retired by rotation. In case of nominating same director, he/she will be considered of his/her dedication for the Company's benefits over the past period as well as the performance of the said director. Therefore, the Company believes that the nomination and selection of directors adequately has a transparent and clear process.

#### Practical Principle 3.4

In proposing the remuneration for directors to shareholders for approval, the Board of Directors should consider the remuneration structure and rates that are appropriate to the responsibilities and motivate the Board to lead the organization to achieve both short-term and long-term targets.

#### Practical Guideline 3.4

The Company has established the Remuneration Committee for consider the remuneration criteria and procedures, the Remuneration Committee will propose the remuneration based on the Company's annual business performance in previous year, the performance and responsibility of directors, consideration of the number of subsidiaries, joint ventures that increase according to the business structure, benefits that the Company receives from performing the duties by directors. The initial remuneration data will be compared to the survey data of directors and executives in the listed companies related to directors' remuneration which are classified by business category - Market for Alternative Investment (mai), divided by revenue size of the companies and divided by the net profit (loss) of the company, annually prepared by the Stock Exchange of Thailand in order to ensure that the remuneration

structure and rates are appropriate to the increased obligations and responsibilities and can motivate directors to lead the organization to achieve the planned targets.

The composition of the Remuneration Committee as specified in the Charter of the Remuneration Committee must consist of at least 3 directors and at least one of them is an independent director; the Chairman of the Remuneration Committee should be an independent director.

The Remuneration Committee will propose details of the remuneration structure and rates for directors, in the forms of monetary and non-monetary, to the Board of Directors, the Board will consider each form of remuneration to be appropriate before proposing to the shareholders' meeting for approval.

The Company has disclosed the policy and criteria for determining remuneration for directors, both form and amount of remuneration, both received from the Company and its subsidiaries (if any) in the Annual Report

In terms of policies and forms of remuneration for top executives, the Remuneration Committee will consider the remuneration of management with a policy to determine remuneration based on the Company's performance both short-term and long-term, individual performance by Key Performance Indicator on finance, business growth rate, operating income, net profit from operations, work process development indicators, task management, personnel development and according to the scope of responsibilities of the position as well as the Company's competitiveness.

#### Practical Principle 3.5

The Board of Directors should supervise all directors to be responsible in their duties and sufficiently allocate their time.

#### Practical Guideline 3.5

The Board of Directors recognizes the importance of creating mechanisms to encourage directors to understand their roles and duties. The new directors who have been in the Company for the first time will be provided of orientation by presenting the Company's information such as the current Board's structure, shareholder's structure, organizational structure, nature of business, information on past business performance, targets and objectives of the business operations specified in the plan to new directors for knowing the important details of the Company. Additionally directors will attend the Director Accreditation Program (DAP) organized by the Thai Institute of Directors Association as required by the Office of SEC that the directors of listed companies are required to be trained of this program.

In performing duties as the Company's director, the Company has set the criteria for holding positions in other companies for the Company's directors to ensure that directors can devote sufficient time to perform duties for the Company. However, the Company's directors should hold directorship in 5 listed companies or less as maximum. However, the Company will consider the benefits from the duties, providing advices that is beneficial to the business operations in accordance with the Company's Corporate Governance Code as main factor.

The Company has disclosed information regarding the appointment of directors in other companies, the number of meeting attendance of the Board of Directors that has been held all the year in the Annual Report which requires that each director should attend at least 75% of the total number of meetings. At present, the Company has not found

cases that the Company's director or executive holds directorship or executive position or is a direct or indirect stakeholder in any other business that has a conflict with the Company.

Practical Principle 3.6

The Board of Directors should significantly supervise to have a framework and mechanism for overseeing the policies and operations of subsidiaries and other businesses invested by the Company at the appropriate level for each business including subsidiaries and other businesses invested by the company with same and correct understanding.

Practical Guideline 3.6

The Board of Directors has set up a policy to supervise the operations of subsidiaries and joint ventures, which is divided into two main parts as follows:

1. Policy on management

- In terms of nominating persons to be directors in subsidiaries and joint ventures, the Company will send the person approved by the Board of Directors to be directors and executives in the subsidiaries and associate companies with minimum proportion according to the Company's shareholding in that subsidiaries and associated company. The director and executive to be nominated are required to have qualifications, roles, duties and responsibilities according to relevant laws and regulations.
- The directors and executives appointed according to the approval of the Board of Directors's meeting hold positions in the subsidiaries and associates have scope of main duties and responsibilities as determined by the Board of Directors and / or the shareholders' meeting of the subsidiaries or associated company. However, the appointed directors and executives must have a duty to oversee and maintain the Company's benefits and supervise to be consistent with the policy of the parent company.
- The Company's directors must ensure that the subsidiaries and joint ventures have adequate and appropriate internal control systems to prevent any fraud that may occur to the subsidiaries, joint ventures, as well as to control the subsidiaries, joint ventures to have a clear system to show that the system is adequate to continuously and reliably disclose important transaction information in accordance with the prescribed criteria. The Company's directors and executives are provided of channel to receive information for using in monitoring, supervising the performance and financial status, transactions between subsidiaries, joint ventures and directors including the management of subsidiaries, joint ventures and significant transactions with efficiency. In addition, the internal system audit team will be appointed or an external audit will be hired to audit the internal control system and the internal control system audit will be advised to report the result to the Board of Directors of subsidiaries and associated companies.
- Directors and executives of the subsidiaries that operate the core business must disclose and submit the information of their own interests and related persons to the Board of Directors to know the relationship and transactions with the Company in a manner that may cause conflicts of interest and must avoid the transactions that may cause conflicts

of interest with the Company or subsidiaries. The Board of Directors of the subsidiaries has a duty to notify such matters to the Company's Board of Directors within the time specified by the Company in order to provide information for consideration or approval of any matter. The consideration will mainly take into account the common benefits of the Company and subsidiaries, the directors of subsidiaries must not participate in the approval of the matters that they have gain and loss or conflicts of interest both directly and indirectly.

- The transactions between subsidiaries and directors, executives or persons who may have conflicts of interest must consider the criteria of connected transactions.
  - Directors, executives or persons who may have conflicts of interest will make the transactions with subsidiaries only when such transactions have been approved by the Company's Board of Directors without the attendance of directors who have gain and lost or the Company's shareholders' meeting based on the size of transactions to be calculated. (as the case may be). The calculation of the transactions will be applied of criteria specified in the Notification of the Capital Market Supervisory Board and the Notification of the Board of the Stock Exchange of Thailand under the Notification of Connected Transaction Rules and / or any additional amendments currently enforced, unless it is a transaction of trade agreement in the same manner that a reasonable person should do with a general contract party in the same situation, with the bargaining power of trade that has no influence of being a director, executives or persons who may be related, as the case may be, and is a trade agreement approved by the Board of Directors or according to the principles approved by the Company's Board of Directors.
  - The directors, executives, employees, employees or assignees of subsidiaries and joint ventures including their spouse or those who are living together as husband, wife, and underage children of such persons are prohibited to use the inside information of the Company and subsidiaries or associated company, either derived from the act of their duties or in any other way, that have or may have a significant impact on the Company, subsidiaries or associated company or the price of the Company's securities, for their own interest and other interests, whether directly or indirectly and whether or not they receive a return.
  - The Board of Directors of subsidiaries, joint ventures must supervise the disclosure of other important information, such as capital increase, capital reduction, dissolution of the subsidiaries, etc. in order to inform the Board of Directors' meeting.
2. Policy to control the finance of subsidiaries and joint ventures
- The subsidiaries and joint ventures have a duty to deliver monthly, quarterly and annually operating results, financial statements (review version and audit version) as well as information used in the preparation of such financial statements of subsidiaries and joint ventures to the Company, and the Company is allowed to use such information for the purpose of preparing consolidated financial statements or recognizing in accordance with the equity method, as the case may be.

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- The subsidiaries and joint ventures are responsible for preparing budgets, spending, investments and operating results and a comparative summary between the expected numbers of budgets, spending, investments and operating results with the actual numbers and presenting the Board of Directors' meeting of the Company, subsidiaries and joint ventures to acknowledge and monitor the performance to be in accordance with the plan in order to report to the Company.
  - The subsidiaries and joint ventures have a duty to report significant financial issues to the Company when they are detected or requested by the Company to conduct audits and reports.
3. The policy on contracting between shareholders (Shareholders' Agreement) or other forms of contracts that are substantially similar, the Board of Directors will ensure that such agreements are executed. In case of significant investment in other businesses with a shareholding proportion of 20% of voting rights but not over 50% to specify a clear agreement on management power and participation in important decisions, performance monitoring to be used as information in preparing the Company's financial statements in accordance with the standards and timely manner.

Practical Principle 3.7

The Board of Directors should arrange an annual performance evaluation of the Board of Directors, Sub-committees and individual directors, the assessment results should also be used for further development of their duties.

Practical Guideline 3.7

The Board of Directors has set guidelines for evaluating the annual performance. The Board of Directors and Sub-committees will evaluate the performance at least once a year to allow the Board of directors to consider the performance and problems for improvement and correction. The evaluation of performance will be conducted for team and individual by disclosing the rules, steps and results of the overall assessment in the Annual Report. The main topics used in the assessment include: the evaluation of the Board's structure and qualifications, the meetings of the Board, roles, duties and responsibilities of the Board of Directors including other assessments such as the relationships between the Board and management, self development of directors and executive development, etc.

Practical Principle 3.8

The Board of Directors should supervise the Board of Directors and each director to have knowledge and understanding about their roles, duties, nature of business and laws related to business operations as well as encourage all directors to regularly enhance their skills and knowledge for performing their duties.

Practical Guideline 3.8

The Board of Directors has a policy to encourage directors to continuously improve their knowledge. Each year, at least one director will be continuously encouraged to attend the training program or participate in seminar that increases knowledge in operation and it will be disclosed in the Annual Report.

The Company encourages directors to participate in training programs related to the duties of directors, organized by the Thai Institute of Directors Association (IOD) and the Company will support the new directors to participate in the training program and receive the certificate as soon as possible from the date of appointment.

The Company will assign Managing Director and / or the Company Secretary to conduct the orientation for new directors by providing information about the current business overview, shareholder's structure, the Board's and Sub-committees' structure, organizational structure, financial status and operating results, vision, policies and business targets of the Company.

Practical Principle 3.9

The Board of Directors should ensure that the operation of the Board is completed, can access the necessary information and has a Company Secretary who has the knowledge and experience required and proper to support the Board's operations.

Practical Guideline 3.9

The Board of Directors has arranged the annual meeting schedule in advance as well as notified in advance of the Board's meeting agenda so that the directors can arrange their time to attend the meeting and prepare the information for consideration or questions in each agenda in advance

At least four meetings are required to be held in each year, in previous year, there were not less than 15 meetings to be held because it is in accordance with the obligations and responsibilities of the Board that is consistent with the business targets and business growth policies. In each meeting, the Chairman of the Board will allow the directors, including the management at the meeting, to have the opportunity to propose or give opinions on issues that are beneficial to the Company at the meeting. In addition, Managing Director is also encouraged to consider and select high-level executives to attend the Board of Directors' meetings for presenting information and details of operations and for providing opportunities to high-level executives to continuously develop themselves as the future successors.

The Board of Directors has a policy to arrange a meeting for non-executive directors to have the opportunity to meet among themselves as necessary to discuss issues without the presence of management in the meeting as well as suggest and inform Managing Director to know the meeting results.

The Board of Directors has appointed the Company Secretary with appropriate qualifications to perform duties in providing legal advice and regulations that the Board of Directors must know, and administrating documents used for the Board's meeting, important documents and activities of the Board and coordinating to comply with the resolutions of the Board of Directors as well. The company will disclose the qualifications and experience of the Company Secretary in the Annual Report and on the Company's website. The Board of Directors continuously encourages the Company Secretary to participate in the training programs and knowledge development that will be beneficial to his/her duties.

The Board of Directors has set a policy to send meeting documents in advance to the directors for at least 5 working days before the date of the meeting of the Board of Directors.

**Practical Principle 4: Nominate and develop top executives and human resources management.**

Practical Principle 4.1

The Board of Directors should ensure that the nomination and development of Managing Director and top executives to have knowledge, skills and experience and the characteristics required to drive the organization towards the target.

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Practical Guideline 4.1

The Board of Directors has assigned the Nomination Committee to be responsible for considering criteria and procedures for nominating qualified persons to hold the position of Managing Director based on knowledge, skills, experience related to the core business of the Company, management experience, working dedication, characteristics, image and management vision necessary to drive the organization towards the target, good relationships with individuals or organizations, good morals and ethics, in addition, he/she must be qualified in accordance with the regulations of the regulatory authorities and relevant laws as an important part for consideration criteria and method.

The Board of Directors will monitor and supervise Managing Director to have appropriate top executives, at least, the Board of Directors or the Nomination Committee will work with Managing Director to consider the criteria and procedures for recruiting and appointing persons to support the approval of that person proposed by the Managing Director as top executives. The nomination criteria and method will be based on the same nomination criteria and method used to select Managing Director by the Board or Directors, or the Nominating Committee will consider in accordance with the same nomination criteria and method as applied to Managing Director by selectand use some appropriate items.

The Board of Directors has a policy to encourage and support Managing Director and top executives to be trained and developed to increase knowledge and experiences that are beneficial to the Company's operations, especially, the program to build business relationships with individuals or organizations, including programs that will enhance knowledge, skills that can be adapted in the professional field according to the positions directly responsible.

The Board of Directors saw that in order to provide the utmost benefits for the Company, Managing Director will effectively devote his/her time for performing duties as Managing Director, therefore the Board has set a policy to prohibit Managing Director from being Managing Director in other listed companies, except Managing Director in its subsidiaries or joint ventures in temporary period at the beginning of the business establishment within a period of not over 3 years only. If he/she is necessary to hold such position longer than prescribed period, he/she must notify the Board of Directors' meeting for further approval.

The Company's directors can hold directorship in 5 listed companies as maximum, the Company's top executives is prohibited to hold the position of executive in other listed companies because top executives is required to implement the policy of the Board of Directors, therefore needs to fully devote their time to work for the Company.

In order to keep the business running continuously, the Board of Directors has set up a succession plan to prepare for the succession of Managing Director and top executives, Managing Director is responsible in reporting the result of succession plan to the Board of Directors at least once a year. The details of the succession plan will specify the required and necessary qualification (Requirement) for the positions of Managing Director and top executives, potential and appropriate ability of the person who will be the successor, and the development of knowledge, skills, abilities and competencies that are necessary and appropriate for the successor as well as the selection and nomination of persons to become the successors with knowledge, ability, skills, competencies and experience that are most suitable to create values (Value added) for the Company.

In order to keep the business running, the Board of Directors has established a succession plan to prepare for the succession of Managing Director and top management with following details:

1. Identify required and necessary qualifications (Requirement) of Managing Director and top management.
2. Identify appropriate potentials and abilities of the persons who will be successors.
3. Consider the training plan to develop the necessary and appropriate knowledge, skills and competencies for the persons who will become the successors.
4. Determine the guidelines for selecting and nominating the persons who will become the successors with the knowledge, ability, skills, competencies and experience that are most suitable to create value (Value added) for the Company.

The Nomination Committee Will require Managing Director to report the performance according to the succession plan to the Board of Directors at least once a year.

Practical Principle 4.2

The Board of Directors should supervise the appropriate remuneration structure and evaluation.

Practical Guideline 4.2

In order to determine the remuneration structure that can motivate Managing Director, top executives and other personnel at all levels to work in accordance with the objectives and main targets of the organization and in line with the interests of the Company in the long term, the Board of Directors, therefore, set the criteria and scope of authorities and responsibilities of the Remuneration Committee as follows:

1. Consider the appropriateness of remuneration ratio like salary, short-term performance, such as bonus; and consider the guidelines for long-term remuneration such as giving the Company's shares or warrants, etc.
2. Consider and compare the remunerations determined by the Company to the level of remuneration in the same size of business, same business, or similar performance, etc.
3. Establish the policy regarding evaluation criteria and disclosure of information.

Every year, the Board of Directors, excluding directors who have gain and loss and Managing Director, will evaluate the performance of Managing Director, the Chairman of the Remuneration Committee will disclose the evaluation results and development issues to Managing Director. The criteria for evaluation are as follows:

1. Consider the targets and status of each target's achievement.
2. Evaluate performance based on
  - 2.1 Leadership
  - 2.2 Strategy formulation
  - 2.3 Compliance with strategies
  - 2.4 Financial planning and performance
  - 2.5 Relationships with the Board of Directors
  - 2.6 Relationships with external parties
  - 2.7 Management and relationships with employees
  - 2.8 Succession
  - 2.9 Knowledge of products and services
  - 2.10 Personal characteristics

### 3. Development of Managing Director

The results of performance evaluation of the Managing Director will be one of factors used to consider and approve the annual remuneration of Managing Director as well

The Board of Directors will supervise and provide the appropriate remuneration for each member of the Board of Directors according to authorities, responsibilities and compare to the level of remuneration in the same business group. In the Board of Directors' Meeting No. 2/2015 held on 27 February 2015, the Board of Directors approved the appointment of the Remuneration Committee. The remuneration criteria considered by the Nomination Committee will be based on the Company's business performance in previous year, performance and responsibility of directors, benefits provided to the Company by director's performance. The preliminary compensation data will be compared to the size of business or industry with income, net profit that are close to those of the Company. The information remuneration for directors is classified by business category - by the Market for Alternative Investment (MAI), based on the information of remuneration for directors and executives of listed companies, prepared by the Stock Exchange of Thailand each year. In addition, only independent directors in the Board of Directors also prepare an evaluation form for the performance of Managing Director every year in order to submit such assessment data, collect, analyze and present to the Remuneration Committee for consideration of adjusting the appropriate remuneration for Managing Director every year if the performance evaluation of Managing Director can achieve the target and comply with the policy of the Board of Directors,

The Board of Directors has determined the policy of remuneration for Managing Director to be appropriate under clear and transparent criteria. The Remuneration Committee will consider and review the remuneration for Managing Director and propose to the Board of Directors for consideration and approval. The consideration will be based on his/her performance that is consistent with the Company's targets both in short term and long term, business strategies, the Company's performance and the consistency with Managing Director's duties and responsibilities. The remuneration is intended to create motivation as follows:

**Short-term remuneration: it is paid in the form of salary and bonus based on performance.**

Long term remuneration: it is considered to provide in the form of ordinary shares, if the Company will establish a subsidiary in the future, the Company will register additional listed company on the Stock Exchange of Thailand (Spin-off), at that time, the Board of Directors and / or the Remuneration Committee of the subsidiary and the Company will jointly consider to finalize a clear conclusion of such remuneration.

In addition, the Board of Directors has a policy to assign Managing Director to evaluate the performance of top management by setting criteria and factors for performance evaluation and preparing criteria and factors for performance evaluation for the entire organization, which the results.

In addition, the Board of Directors has a policy to allow Managing Director to evaluate the performance of top executives by prescribing criteria and factors for performance evaluation and to prepare the criteria and factors for performance evaluation for the whole organization as well will be further applied to the determination of both short-term and long-term appropriate remuneration structure.

#### Practical Principle 4.3

Directors should understand the structure and relationship of shareholders that may affect the management and operations of the business.

Practical Guideline 4.3

The Board of Directors understands the structure and relationships of shareholders which reflects the power to control the Company's management. In the past, the Company did not have any problems with the shareholding structure that may cause conflicts in the management of the business and there are no issues causing obstacles to the performance of the Board of Directors. In the event that the Company, subsidiaries, joint ventures have made an agreement between shareholders, the Board of Directors has a policy to disclose information according to various agreements that have significant impact on business control in the Annual Report.

Practical Principle 4.4

The Board of Directors should monitor, supervise the personnel management and development to have the appropriate amount of proper knowledge, skills and experience and motivation.

Practical Principle 4.4

The Board of Directors has a policy to ensure that the human resources management is in line with the Company's direction and strategies and encourage employees at all levels to have appropriate knowledge, abilities, motivation and being fairly treated in order to maintain competent human resources. The Company has assigned a policy to the operational level to determine the number of training hours of each unit and select training courses related to knowledge and skills in direct operations as well as encourage the training programs to increase skills related to their living, leadership and knowledge on financial management and personal investment by the speakers from the Bank of Thailand every year.

The Company emphasizes the personnel development in enhancing their capabilities and efficiency of working by establishing clear and consistent personnel development plans as the annual plan for training with both in-house training and the training programs organized by the government agencies and private sectors related to work, with the objective to increase work skills. In addition, the Company has provided welfare for personnel to create morale in the workplace and constantly reviews and improves employees' various benefits.

The Company has a fundamental development target that is:

- Employees have opportunities to engage in determining the direction of works in their own department, express their opinions, views on working in order to improve works from the existing styles to be more efficient and effective.
- Create a working atmosphere for everyone to participate in the organization's success and the Company will consider to give remuneration to employees based on the Company's overall success and their intention and dedication in working, especially individual performance.
- Encourage employees to create knowledge from working, prepare operational manuals that are updated to be consistent with the actual work that is changing all the time.
- Encourage employees to travel to attend trade shows both domestically and internationally to keep up with the production situation, product development, marketing as well as to learn about the consumer behaviors that are constantly changing, with the objective to apply in the Company's work process to be up-to-date and adapt to all situations in the changing furniture industry.
- Encourage the development to create value added in the products manufactured and distributed by the Company for sustainable growth and consumers' continuous awareness and demands.

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- Promote the development and motivation for personnel within the organization to have a working attitude on continuously creating the developing their working progress, such as the production process must be continuously improved, marketing must continuously increase revenue from selling products, the department controlling the Company's costs will manage to continuously reduce the costs and expenses proportion with maximum efficiency.

In addition, the Board of Directors also supervises the establishment of Provident Fund to ensure that employees will have sufficient savings to support their retirement and encourages employees to have knowledge and understanding in financial management, selection of investment policies that are consistent with the age range, risk level, etc.

**Practical Principle 5:** Promote innovations and operate the business with responsibilities.

Practical Principle 5.1

The Board of Directors should focus and support the creation of innovations that add values to the business while create benefits for customers or those involved with responsibility to society and the environment.

Practical Guideline 5.1

The Board of Directors has a policy to support new business concepts and encourage business to keep pace with changes in technologies according to global trends, which must be carried out in order to create mutual benefits for the business, customers, partners, society and the environment, and must be an innovation that does not support inappropriate behavior or illegal or unethical activities.

In terms of the furniture business, the Company encourages the design team and production department to jointly develop the product model, procurement of new raw materials for production; and find ways to improve production processes and work processes to catch up with the changing demands of the furniture market, such as finding ways or patterns for the development of covering material for particle board to be more durable than foil paper and following the changing market trends, or the development of covering paper that can be used with wall, ceilings, developing products from producing furniture with all woods to producing furniture with steel materials as a component, etc. The Company turns to use imported machineries with improved and modern production technology, such as paint sprayer to reduce the amount of paint, a drying process to reduce the production time and costs, top plate pressing machine with microwave system, work process improvement with Word Stand system that everyone can work and replace each other, and finding ways to develop programs to control production for creating sustainability, reducing dependence on individual talent, etc.

The businesses invested by the Company in both subsidiaries and joint ventures include Planet Board Co., Ltd., which operates business as a manufacturer of MDF boards that are main raw materials of furniture production. The Company has a policy to use modern machine technology with high quality for the production process in order to obtain quality MDF boards and research to develop MDF board products to be more water proof than general MDF boards; the biomass power plants invested by the Company, and the by-product from the production process is ashes, the Company sent the laboratory to test the Activated Carbon level in order to develop production process for getting high level of activated carbon that can be sold at high prices or can be used for medical purposes etc.

Practical Principle 5.2

The Board of Directors should monitor and supervise the management to operate business with social and environmental responsibility which is reflected in the operational plan to ensure that every department will operate their works to comply with the Company's objectives, goals, targets and strategies.

#### Practical Guideline 5.2

To ensure that the Company operates its business with ethics, social and environmental responsibility, avoid to violate the rights of stakeholders, as a guideline for everyone in the organization to achieve the main objective and target for sustainability. Therefore, the details of responsibilities to stakeholders are defined as follows:

#### **Shareholders**

The Company defined the policies and guidelines as follows:

- 1) Recognize and pay attention to the fundamental rights of shareholders, such as the right to purchase or transfer shares, the right to receive profit sharing of the business, the right to fully, sufficiently and timely receive and access the Company's information, the right to attend meetings to exercise voting rights at the shareholders' meetings to appoint or remove directors, appoint Auditor and matters that may affect the Company, such as the increase or decrease of capital, dividend allocation, amendment of the Company's regulations, objectives or memorandum of association, etc.
- 2) Promote and facilitate the rights of shareholders, including
  - Deliver the invitation letter to the shareholders' meeting at least 14 days in advance of the meeting date by specifying the date, time, venue and meeting agenda, rules and regulations used in the meeting, voting procedure and full information that must be used to make a decision. The invitation letter to the shareholders' meeting will be published on the Company's website at least 21 days in advance to allow shareholders to have sufficient time to study the information in advance.
  - Report important information that has or might affect the rights of shareholders, both the information reported in the accounting period and the information reported according to events, as mentioned by laws and related notifications without any action that limit the rights of shareholders to access the Company's information.
  - Allow minor shareholders to propose matters to be included in the agenda and / or nominate a person to be elected as a director at the Annual General Meeting of Shareholders.
  - Allow shareholders to submit questions related to the meeting in advance before the shareholders' meeting.
  - Allow shareholders who are unable to attend the meeting in person can appoint a proxy to attend and vote on their behalf.
- 3) Set guidelines for the Annual General Meeting of Shareholders in order to comply with the Corporate Governance Code and allow shareholders to ask questions on various issues as detailed in each agenda.
- 4) After completing the shareholders' meeting, the Company will publish the voting results of each agenda in the ordinary and extraordinary shareholders' meetings on the next business day; and prepare the minutes of meeting by showing complete and accurate information via the Company's website within 14 days from the date of the meeting so that shareholders can verify.

- 5) The Company will apply the technology in the shareholders' meeting for shareholder registration, vote counting in each agenda and the announcement of voting results so that the meeting can be held with speed, correctness and accuracy.
- 6) The Company has organized and participated in many activities such as Company Visit, Analyst Meeting and Opportunity Day event that the listed companies will meet investors, in order to increase communication channels for shareholders, analysts and investors to follow and receive the Company's information.

In 2018, the Company organized many activities as follows:

  1. Organizing Analyst meetings in both large groups and small groups (not less than 3 times).
  2. Participating in Opportunity Day event that listed companies meet investors and the Company can present its annual performance in 2017 (1 time)
  3. Organizing the Company Visit (1 time)
  4. Participating in the Investor Seminars organized by media (3 times)
- 7) The Company has appropriately and consistently paid dividend to shareholders with the dividend rate in accordance with the dividend payment policy as specified by the Company.

### **Customers**

The Company defined the policies and guidelines as follows:

- 1) Conduct business in production, selling safe products concerning the health of users and providing after-sales services that create maximum satisfaction for customers.
- 2) Commit to develop products that add values to the use of consumers.
- 3) Conduct business by adhering to honesty, responsibility and fairness and avoid to act anything that violates the rights of customers, keep customers' trade secrets without wrongfully using for the benefit of oneself or those involved. If the Company detects such an offense, any employee or worker of the Company who acts such offense will be prosecuted under the law.
- 4) Not directly and indirectly call, receive or agree to accept any property or any other benefits that are dishonest.
- 5) Adhere to the principles of compliance with trade agreements. In the event that it cannot be performed, there will be a process for reporting information to customers in advance and jointly find ways to improve, solve to prevent damages.
- 6) Provide communication channels so that customers can complain to the Company and complaints from customers will be paid attention and potential problems will be solved for customers with fairness, via communication channels including telephone at 0-2152-7301-4, Fax 0-2152-7305 or [www.elegathai.com](http://www.elegathai.com), [www.ecf-furniture.com](http://www.ecf-furniture.com) or Fan Page Facebook: ELEGA Furniture, which in previous year, the Company could successfully respond to handle complaints up to 90% and it is in the process of finding ways to create customer satisfaction at a higher level.
- 7) Build good relationships and understanding, knowledge exchange, joint development and continuously adding values to products. For this point, the Company's marketing team will visit and meet the customers both in domestic and overseas according to the planned annual schedule to listen to customer satisfaction, problems and obstacles in working together, find ways to improve and develop for better products. In addition, every year, the Company will arrange activities for customers of wholesale

and retail stores (Dealer) to visit the Company and see the new product models and organize sales promotion, with the objectives to meet and exchange product development guidelines and listen to suggestions and discuss ways to solve trading problems.

- 8) The Company will conduct public relations, advertising and sales promotion of the Company's products with responsibilities, without causing misunderstanding or taking advantages from the customers' misunderstandings.

#### **Business Partners and Account Payables**

The Company defined the policies and guidelines as follows:

- 1) Treat partners with equality, fairness and responsibility, and mainly take into account mutual interests.
- 2) Select business partners who have legal business operations, follow production standards, safety standards and environment conservation, supervise partners to respect human rights and treat workers with fairness and responsibilities to society and environment.
- 3) Maintain confidentiality or trade information of partners without wrongfully using for the benefit of oneself or those involved.
- 4) Build good relationships and understanding, exchange knowledge, jointly develop and add value to raw materials and products that the Company has continuously ordered. On this point, the Company's procurement team will visit and attend meetings with partners in domestic and overseas according to the planned schedule to suggest problems, barriers of co-working to find ways for better improvement and development.
- 5) Purchase goods and services from partners in accordance with commercial conditions by strictly complying with the contract in order to build a relationship that will create long-term benefits for both parties.
- 6) Adhere to the principles of compliance with trade agreements. In the event that it cannot be performed, there will be a process to inform the partners in advance and together find ways to improve and solve for preventing damages.
- 9) Not requesting, receiving or consenting to accept any property or other benefits beyond trade agreements. By those involved in procurement activities, must not receive benefits regardless of direct Or indirectly from partners And must be neutral, have no close relationship that may affect the decision Not call, receive or agree to accept any property or any other benefits apart from the trade agreements,those involved procurement activities will not accept any direct or indirect benefits from partners and perform themselves neutral without so close relationship that affects the decision making.

#### **Trade Competitors**

The Company defined the policies and guidelines as follows:

- 1) Treat competitors with fairness and responsibility by complying with the trade and competition rules with fairness, operate business with transparency and avoid the dishonest methods to destroy competitors.
- 2) Not destroy the reputation of the competitors by defaming.
- 3) Not violate the intellectual property / copyright.
- 4) Not seek for the confidential information of competitors with a dishonest or inappropriate way.

#### **Creditors**

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The Company defined the policies and guidelines as follows:

- 1) Strictly comply with the conditions of the financial institution creditors in accordance with the loan agreement.
- 2) Treat all creditors with equality, fairness and responsibility.
- 3) In the case of loan, the Company will not use the money from loans to use in different objectives of the loan agreement/conditions.
- 4) The Company will comply with the conditions of the guarantees given to creditors.
- 5) The Company will manage the business / funds in the business to ensure creditors are confident in the Company's financial position and performance which show the ability to pay the debt on time and strictly maintain the financial ratios in accordance with the conditions specified in the loan agreement with creditors.
- 6) Disclose correct and timely information of performance and financial status.
- 7) In the event that there is a possibility of default or unable to comply with conditions agreed by creditors and debtors, the debtor will immediately notify the creditor in advance in order to jointly find solutions and prevent damages.
- 8) Annually hold the meeting to meet financial institution creditors and organize the Company Visital to acknowledge the business policy and operation plan in the following year as well as make the creditors confident in the Company's business operations.

### **Employees**

The Company defined the policies and guidelines as follows:

- 1) Give importance to employees at all levels by treating employees with equality and fairness.
- 2) Provide appropriate remuneration for each employee's competency along with the focus on continuous development of potential and knowledge, to create opportunities for career growth based on the individual's potential. The practical guideline is that Human Resources Department or that employee considers any training course or the review of any knowledge that is appropriate and interesting, that employee can propose to Human Resources Department and Human Resources Department will consider the suitability of the course by considering knowledge, skills that are consistent with the duties obtained after completing the training.
- 3) Prepare the Succession Management with the target to maintain good personnel and develop those personnel to have abilities in adapting themselves to changes and further succession.
- 4) Pay attention to the maintenance of the working environment with regard to working safety, hygiene and quality of life of employees as important factors under the objective to reduce the number of accidents, especially during the period when employees are performing their duties in production process. The Company has guidelines for safety which is all employees must wear gloves, mask, ear plugs and sneakers at all times when performing duties, by considering from the work process that each employee is responsible for that particular job, such as if working in a noisy area, employees must wear the ear plugs, etc., the Company will disclose accident statistics in the Annual Report.
- 5) Respect human rights, dignity and basic rights in working, as well as not disclose or pass on information or confidentiality of employees to outsiders or those who are not involved.
- 6) Treat employees under the framework of laws, regulations, and standards related to the operation.

- 7) Promote the employment with equality, without discrimination against gender, skin color, race, religion, age, disability or any other status that is not directly related to the operations.
- 8) Encourage employees to engage in determining the Company's operational directions and developments.
- 9) Providing appropriate welfare and benefits for employees, such as medical treatment, annual health check, life insurance and provident funds, etc. In terms of health check for employees, the Company will schedule from work starting time and during regular work each year. In case of foreign workers, the Company has asked the Social Security Office, Rayong Province to provide information and knowledge of social security to foreign workers.
- 10) Provide opportunities for employees to have communication channels for suggestions and complaints about work, their proposals will be considered and determined of solutions for the benefits of all parties and building a good working relationship.
- 11) Promote the participation of employees at all levels in the implementation of social responsibility activities

#### **Community, Society and Environment**

The Company defined the policies and guidelines as follows:

- 1) Give importance and responsibility to nearby communities and society and support public benefit activities for the community as well as improve the environment of the community and society for a better life. In addition, the Company also regularly returns the community and society with donation.
- 2) No operate any business that affects society and causes damages; and not violate the rights of other people and residents of the community and society.
- 3) Establish measures to prevent and resolve the impacts that will occur to communities and society due to the Company's operation.
- 4) Promote the conservation of local culture and traditions.
- 5) Cooperate with various agencies to develop nearby communities and society to have a livelihood or have a better quality of life.
- 6) Conduct business in accordance with laws, regulations and environmental policies, taking into account the impact on natural resources and the environment
- 7) Sustainably Promote the environmental management systems from the economical use of resources, measures to treat and restore, substitute, surveillance and prevention of impacts on natural resources and the environment.
- 8) Cultivate awareness and promote knowledge and training for employees at all levels regarding the environmental protection
- 9) Promote the use of technology, machinery and raw materials used in environmentally friendly production processes.
- 10) For the guidelines for environmental friendliness, the Company manage the waste materials generated by rubber woods and particle boards used in the production process, to reduce the impact from the Company's production process.

Until now, the Company has never received complaints or disputes with communities in the vicinity of the factory on issues related to the environment or the impact of the Company's production process.

**Fair Competition**

The Company has established a systematic operating procedure, such as the distribution system through various channels, which more than 53% is the export of products to sell abroad, the Company's main customers are customers in Japan, followed by customers in modern trade, which each customer has an order system, product quality inspection and delivery according to the system and given principles. The Company is confident in the process of offering products to customers that are fair and not monopolistic to sell products to any single customer. For the procurement system and procedure to purchase raw materials and products used in the production process, the purchasing unit will compare prices, quality, trade conditions in accordance with principles every time, so that the partners can have the opportunity to present the product to the Company for consideration and comparison. The Company always benefits from adhering to the system that screens, consider and compare the quality and price from partners.

**Anti-Corruption**

The Company is preparing to participate in the declaration of Collective Action Coalition of Thai private sector to fight against the corruption, the Company is The company has already announced the anti-corruption policy through the website. [www.ecf-furniture.com](http://www.ecf-furniture.com), and create a system to prevent corruption in the organization in addition, it is in the process of communicating, publicizing the concept of anti-corruption to all stakeholders of the Company for acknowledgement, such as sending a letter to the Company's partners and customers that the Company refrains from receiving / accepting all rewards, whether it be money, items or gifts and all employees are prohibited to accept/pay any bribes for the Company's business benefits. The Company will also inform the process that gives opportunities for partners and customers who are not fairly treated to complain and be corrected, as well as organize the meetings and continuously communicate all employees to be aware of this policy and guidelines for anti-corruption.

**Practical Principle 5.3**

The Board of Directors should monitor and supervise the management to efficiently and effectively allocate and manage resources by taking into account the impact and development of resources throughout the value chain in order to sustainably achieve objectives and targets.

**Practical Guideline 5.3**

The Board of Directors recognizes the need for resources to be used in business operations, consisting of

1. Financial Resources
2. Production
3. Intellect
4. Personnel
5. Society
6. Environment

For the business operations in the Company, subsidiaries and joint ventures, the Board of Directors understands the impact on different resources, the Company will select the business models by taking into account the impact and value to the resources based on ethics, responsibility and value creation for sustainable business, concerning changes in both internal and external factors that regularly occur.

**Practical Principle 5.4**

The Board of Directors should provide a framework for governance and management of enterprise-level information technology that is consistent with the needs of the business and supervise the use of information technology to increase the business opportunities and improve operations, risk management, to enable the Company to achieve its main objectives and target.

**Practical Guideline 5.4**

The Board of Directors should provide a framework for governance and management of enterprise information technology as the policy and measure of information system security, with following important areas:

- Rules for using the Company's File Server system and all computers for every department.
- Rule of using Internet Rule System.
- Rule of using copy machines.
- Punishment of violation

In addition, the Company also gives importance to the allocation and management of information technology to be adequate for the business operations and provides guidelines to support in the event that the resources cannot be sufficiently allocated as specified. In addition, the Risk Management Committee will regularly raise the risk management on information technology for consideration in the meeting.

**Practical Principle 6 :** Supervise for appropriate risk management and internal control systems.

**Practical Principle 6.1**

The Board of Directors should supervise to ensure that the Company has a risk management system and internal control that will effectively achieve objectives and comply with relevant laws and standards.

**Practical Guideline 6.1**

The Company has established the Risk Management Committee to supervise and formulate risk management policies and plans according to the scope of authorities, duties and responsibilities of the Risk Management Committee specified in 1.1.

The Chairman of the Risk Management Committee, as the Chairman of the Audit Committee, will report the result of the meeting held by the Risk Management Committee to the Board of Directors' meeting so that the Board of Directors will be able to consider and formulate risk management policies that are in line with the Company's objectives, targets, principles, strategies and acceptable risks as the framework of risk management process for everyone in the same direction, the main risks emphasized by the Board of Directors consist of

1. Risk from operation
2. Risk from finance and exchange rate
3. Risk from production
4. risk from new customers and dependence on existing customers
5. Risk from fire in the factory and insurance making
6. Risk from compliance with rules and regulations
7. Risk from investment and business operation of subsidiaries and joint ventures

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Since the Company has invested in many subsidiaries and joint ventures, the Risk Management Committee has a policy to consider and manage risks by covering risks that may be arisen from business operations or investments in those subsidiaries and joint ventures as well.

Practical Principle 6.2

The Board of Directors must establish the Audit Committee that can efficiently and independently perform duties.

Practical Guideline 6.2

The Board of Directors has appointed the Audit Committee consisting of at least 3 independent directors with qualifications and duties in accordance with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The scope of authorities, duties and responsibilities of the Risk Management Committee is specified in 1.1.

The Board of Directors has a policy for the Company to provide a mechanism or tool that will allow the Audit Committee to access to the information necessary to perform the assigned duties, allowing the Audit Committee to summon relevant persons to provide information, discuss with the auditor or seek for opinions that are independent from any other professional advisors, for the consideration of the Audit Committee.

In addition, the Board of Directors will provide an independent person or internal audit unit to develop and review the efficiency of the risk management and internal control systems, report to the Audit Committee and disclose the review report in the Annual Report, as well as provide opinions on the adequacy of the risk management and internal control systems and disclose in the Annual Report.

Practical Principle 6.3

The Board of Directors should monitor, supervise and manage conflicts of interest that may occur between the Company and the management, the Board of Directors or shareholders, and prevent the undue use of the Company's property, information and opportunities, and transactions with those who are connected to the company in an inappropriate manner.

Practical Guideline 6.3

The Board of Directors supervises to have a policy to prevent and supervise the use of internal information for directors, executives, employees related to secret transactions and worker of the Company and subsidiaries in keeping confidential information and / or internal information of the Company, non-trading or accepting the transfer of the Company's securities, by taking advantage of confidentiality or insider information that has not been disclosed, prohibition of buying or selling the Company's securities within the specified period such as within 30 days, prior to disclosure and after the disclosure of such information through the system of the Stock Exchange of Thailand for 24 hours, etc. The Company has prepared a circular document within the company and let the Company's employees to sign for acknowledging the said policy.

The Company has determined that directors, executives, including their spouses and underage children are responsible in reporting their securities holdings and changes in the holding of securities of the Company to the Office of SEC and must submit a copy of the said report to the Company Secretary for reporting to the next meeting of the Board of Directors for acknowledging the trading of securities that occur. In addition, the Company has a policy that directors and executives must report their own interests and related persons to the Company's directors and management according to the rules and form along with definitions as directed by the regulatory agencies. The

Company Secretary will have a duty to keep records and collect reports of interest on a regular basis at least once a year and if there is a significant change of information from any director or management, this must be reported to the Board of Directors for acknowledgment.

However, the Company will take care of all external parties including legal counsel, financial advisor auditor to work in accordance with the policy to prevent and supervise the use of such inside information.

The Board of Directors has established a policy on entering into transactions that may cause conflicts of interest by related transactions that may occur in the future. Directors must comply with various regulations that have been established and directors must not approve any transactions that they or persons who may have conflicts of interest in any other manner with the Company, and disclose such transactions, the Company must comply with the Securities and Exchange Act and the regulations, notifications, orders or requirements of the Stock Exchange of Thailand, and strictly comply with regulations relating to the disclosure of information on connected transactions and the acquisition or disposal of assets of the Company or subsidiaries and according to the accounting standards. In addition, the Company will not make related transactions with related companies that are not normal business operations of the Company and requires the directors to report their interests at least before considering the agenda of the Board's meeting, which will be recorded in the minutes of the Board's meeting. In the case that such director is unable to provide independent opinions, that director will be asked to refrain from participating in the meeting for considering that agenda.

#### Practical Principle 6.4

The Board of Directors should supervise to establish the clear policies and practices on anti-corruption and communicate at all levels of the organization and to outsiders for actual implementation.

#### Practical Guideline 6.4

The Board of Director assigns a policy to announce the intention and participation in the Thai Private Sector Collective Action Coalition Against Corruption (CAC), which is a way to solve corruption problems in cooperation with private companies that wish to create pressure to make changes in the public sector, collaborating to refuse payment of all forms of bribery and against the use of corruption as a barrier to competition and to prevent free business practices. Every company that announces its intention to participate in the CAC program must prepare or review its own internal control system in accordance with the guidelines specified in the self-assessment form (71 questions) and allow the third parties. (the Chairman of the Audit Committee or the certified public accountant) to verify the accuracy of information before submitting an application to the CAC Council for consideration and approval. At this moment, the Company is in the process of planning to prepare the self-assessment form (71 questions), with at least 80% of progress, therefore, will enter the process of declaration the intent and participate in the CAC program.

#### Practical Principle 6.5

The Board of Directors should supervise the business to have a mechanism for receiving complaints and actions in case of whistleblowing.

#### Practical Guideline 6.5

The Company has established guidelines for receiving complaints and whistleblowing of offense or actions that are in the way of misconduct and corruption of the Company's employees to those involved and the Company in causing damages to the Company.

The Company has established a policy to protect and fairly treat stakeholders and employees who report information or whistleblow about corruption, violation of rights or failure to comply with laws, rules, regulations, the Company's regulations and code of conduct (Whistleblowing Policy).

If you found any act that is likely to be a violation of intellectual property, please send the complaint to

- A letter to  
Assistant Professor Dr. Montri Soaktiyanurak  
*Chairman of the Audit Committee/Independent Director or*  
Mr. Arak Suksawad,  
*Managing Director or*  
*Company Secretary Office*  
East Coast Furnitech (Public) Co., Ltd.  
25/28 Moo 12, Bueng Kham Phroi Subdistrict, Lam Luk Ka District, Pathum Thani  
Province 12150
- E-mail to Company Secretary Office : [cg@eastcoast.co.th](mailto:cg@eastcoast.co.th) or Human Resources  
Department : [hrrayong@eastcoast.co.th](mailto:hrrayong@eastcoast.co.th)
- Via website [www.ecf-furniture.com](http://www.ecf-furniture.com)

The Company's directors, executives, employees at all levels must not ignore or neglect when seeing any corruption that is related to the Company, they must notify the supervisor or the person in charge, and give cooperation in examination, investigating on facts. In addition, the Company has provided channels for receiving complaints from the external parties as well.

The Company will provide fairness and protect employees who refuse the corruption or inform about the corruption, the Company will not degrade his/her position, punish or give negative effect to that employee who refuses corruption, the Company will keep the confidentiality of those involved in the examination and investigation on corruption acts.

## **Practical Principle 7 : Maintain financial credibility and information disclosure**

### Practical Principle 7.1

The Board of Directors is responsible for ensuring that the financial reporting system and the disclosure of important information are accurate, adequate, timely , in accordance with the rules, standards and related practices.

### Practical Guideline 7.1

The Company has a policy to encourage personnel involved in the preparation and disclosure of financial reporting and disclosure of important information of the Company to have sufficient knowledge, skills and experience appropriate to their responsibilities. Personnel related to this work include Chief Financial Officer, accountant, internal auditor, Company Secretary and investor relations. Each year, Personnel related to this work will attend the training courses prepared by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, the Federation of Accounting Professions, the Association of Internal Auditors of Thailand, the Association of Thai

Securities Companies, the Thai Institute of Directors Association (IOD) on a regular basis. Annually, the in-charge supervisor must direct and screen the appropriate training courses for staff in the unit to attend the appropriate training course for enhancing the standard of work in related fields and to allow those personnel to have better knowledge, skills and standards of work.

The Board of Directors will approve the information disclosure by concerning on related factors, in case of financial reports, following factors will be considered:

- Opinions of the Company's auditor in the financial report and observations of the Company's auditor on the internal control system.
- The assessment result on the adequacy of the internal control system
- Opinions of the Audit Committee
- The compliance with the Company's main objectives, targets, strategies and policies
- Consideration on comparison between the actual performance and the given target
- Consideration on potential risk factors

The Board of Directors oversees the disclosure of information including financial statements, Annual Report, Form 56-1, which can sufficiently reflect the financial status and performance. At present, the Company has prepared the Management Discussion and Analysis (MD&A) as reference for the disclosure of quarterly financial statements with the objective is to allow investors to obtain better information and understanding on the changes that occur with the Company's financial status and performance in each quarter in addition to solely presenting numerical data in financial statements. In addition, every time the Company submits both quarter and annual financial statements through the system of the Stock Exchange of Thailand, the Company has provided a news release to clarify the details of the Company's performance for dissemination through mass media for totally 4 times per year.

In the event that the disclosure of any transaction specifically involves any director, that director must have the duty to fully and correctly disclose his own information, such as shareholding information and other information relevant to the consideration of that meeting agenda.

#### Practical Principle 7.2

The Board of Directors should monitor and supervise the adequacy of financial liquidity and solvency.

#### Practical Guideline 7.2

In the meeting of the Board of Directors to consider and approve quarter and annual financial statements, the Board of Directors emphasizes to monitor and supervise the adequacy of financial liquidity and solvency, every time that the Finance & Accounting Unit will present the liquidity ratio, quick ratio, debt to equity ratio, solvency ratio and present the important ratios to be in line with the conditions of the financial institutions (Covenants) who provide loans to the Company, to the Board of Directors' meeting for acknowledgement and monitoring every time when the meeting has an agenda of considering and approving the Company's financial statements, then the Board of Directors will be able to find solutions together with the management in a timely manner if there is a sign indicating the potential problem of financial liquidity and solvency that may occur.

In approving any transactions proposing opinions to the shareholders' meeting for consideration and approval, the Board of Directors will carefully consider the details of the agenda to ensure that such transactions will not affect the continuity of business operations, liquidity or solvency.

#### Practical Principle 7.3

In the situation that the business is experiencing financial problems or is likely to experience problems, the Board of Directors is confident that the Company has a plan to solve the problem or has other mechanisms that can solve financial problems under the consideration of the rights of stakeholders.

#### Practical Guideline 7.3

The Board of Directors has set up signs indicating the tendency to experience financial problems with following details:

1. The problem of continuous loss performance.
2. Low cash flow
3. The liabilities that is significantly increased over the assets or beyond the conditions of the financial institution or the terms and conditions regarding the rights and obligations of the debenture issuer and bondholders.
4. Continuously encounter the problem of inventory flowing and debt collection for a long time
5. Acknowledge the indications from the Company's auditor, such as incomplete financial information.

In the event that the Board of Directors encounters the above indications, the Board will monitor and supervise the management to conduct business with carefulness and comply with the requirements for disclosure of information in accordance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition, the Board will supervise the business to establish a financial solution plan by concerning on the fairness to stakeholders such as financial institution creditors, debenture creditors, shareholders, as well as monitor problems by allowing management to regularly report situations that occur. The Board must ensure that the problem solutions are considered and judged with reasons.

#### Practical Principle 7.4

The Board of Directors should consider to prepare the sustainability report as appropriate.

#### Practical Guideline 7.4

The Board of Directors has a policy to prepare the Sustainability Report /Corporate Social Responsibility Report to disseminate to relevant parties for acknowledging important matters and this can reflect the business practices that will sustainably create value for the business, which will be prepared along with the Company's Annual Report and published via the Company's website.

The Sustainability Report /Corporate Social Responsibility Report will disclose the information on compliance with laws and ethics, anti-corruption policy, treatment to employees and stakeholder with fairness, respect and not violating human rights including social and environmental responsibility, the reports are concerned by the national acceptance and will be upgraded it to be on international level, these are all planned. At present, the Company has disclosed the Sustainability Report in the Company's Annual Report and it will be separated as another report since 2018 onwards.

#### Practical Principle 7.5

The Board of Directors should supervise the management to have the unit or the person responsible for the investor relations who serve to properly, equally and timely communicate with shareholders and other stakeholders, such as investors, analysts.

#### Practical Guideline 7.5

The Company pays attention to the information disclosure, the Board of Directors will ensure that the Company discloses important information related to the Company, both financial and non-financial information, with accurate, complete, timely, consistent and transparent manners, by disclosing through various channels that are easily accessed with equality and reliability and all these channels are prescribed by the law. The important information disclosed by the Company includes: financial reports and non-financial information that may affect the price of the Company's securities in accordance with the requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand as well as the policy to protect confidential information and information that affects the price of securities with the Insider Trading policy, that is communicated to the whole organization for correct understanding and compliance with such policies. Such policy is announced to everyone who will sign for acknowledgement and agreeing to follow such document policy.

The Board of Directors has also set up a unit or responsible person to act as an investor relations to communicate with outsiders on equal and fair basis, including shareholders and other stakeholders, for example, investors, analysts, to communicate the information that beneficial to shareholders and stakeholders through various channels as follows:

- Disclosure and dissemination of important information to investors
- Clarify the rumors or news
- The proceeding when the Company's securities is traded in a different manner from the normal market conditions.
- Meeting with securities analysts
- Organizing Company Visit Activity for investors and analysts

Channels to contact the investor relations department include: inquiries on telephone 02-152-7301-4 ext. 212 (Investor Relations), email: [ir@eastcoast.co.th](mailto:ir@eastcoast.co.th) and through the Company's website at [www.ecf-furniture.com](http://www.ecf-furniture.com) or [www.elegathai.com](http://www.elegathai.com)

Those responsible for providing information to external parties are suitable for performing duties, understand the Company's business including objectives, targets, core values and can communicate with the capital market very well, consisting of Managing Director, Chief Financial Officer and investor relations.

In addition, the Company will disclose the following information in order to demonstrate the transparency in business operations:

1. Disclose information on the performance of the Board of Directors and the Audit Committee, such as the number of meetings and the number of meeting attendances of each director in the previous year.
2. Disclose the remuneration policy for directors and top executives as well as the forms and characteristics of remuneration.
3. Many policies include: Corporate Governance Policy, Inside Information Governance Policy, Information Technology Supervision and Management Policy, Risk Management Policy and many risk management methods.
4. The Charter of the Board of Directors and all Sub-committees
5. Ethics of Investor Relations
6. Policy on society and environment

7. Business Ethics (Code of conduct)
8. Shareholding structure with details of direct and indirect shareholders who are hold 5% of the total paid-up shares or more and have voting rights.
9. Structure of the Board of Directors, name list of directors and executives
10. The Company's Vision and Values
11. Nature of the Company's Business
12. The Structure of the Company, Subsidiaries and Joint ventures
13. Form 56-1 and Annual Report
14. Financial Statements and Report on the Financial Status and Performance in the past 3 years
15. Invitation to the ordinary and extra-ordinary meetings of shareholders
16. Criteria to provide the rights to minor shareholding to propose additional meeting agein in advance prior to the shareholders' meeting, criteria to propose the person to hold directorship and criteria to send inquiries in advance prior to the meeting date.
17. The Company's Regulations and Memorandum of Association
18. New Releases published to the Stock Excahnge of Thailand
19. Information to contact organization or complain or person responsible for Investor Relations

Such above information are published via the channels prescribed by the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand and via the Company's website, the Company will regularly evaluate the effectiveness of the information disclosure process in order to achieve the updating and be able to thoroughly and timely forward news, information to those involved.

The Board of Directors has a policy for the management to determine the direction and support the works of investor relations by preparing an annual investor relations plan and clearly defining the duties and responsibilities of investor relations so that communication and information disclosure are effectively conducted.

#### Practical Principle 7.6

The Board of Directors should encourage the use of information technology to disseminate information.

#### Practical Guideline 7.6

In addition to disseminate information according to the criteria and through the channels of the Stock Exchange of Thailand, the Board of Directors will supervise the disclosure of information in both Thai and English versions through the Company's website and regularly update information.

### **Practical Principle 8:** Support shareholder's participation and communication

#### Practical Principle 8.1

The Board of Directors should ensure that shareholders are engaged in making decisions on important matters of the Company.

#### Practical Guideline 8.1

The Board of Directors gives importance on the issues prescribed by laws and issues that may affect the direction of the business that aas been considered and approved by the shareholders' meeting.

The Company gives importance to the rights of every shareholder with equality, the rights of shareholders include: basic rights such as trading or transferring of securities they are holding, profit sharing, sufficiently receiving of news

and information of the business, attending the meeting to vote in the shareholders' meeting for appointment or withdrawal of directorship, appointment of auditor and matters affecting the Company, for example, dividend allocation, formulation or amendment of regulations and memorandum of association, the decrease or increase of capital, etc. In addition to the aforementioned basic rights, the Company has set up various actions to promote and facilitate the exercise of rights and support the participation of shareholders as follows:

- 1) The Company will disseminate information about the meeting agenda in advance on the Company's website before sending documents at least 30 days before the meeting date. The Company will send the invitation letter to the shareholders' meeting and supporting documents at least 21 days prior to the meeting date for the Annual General Meeting of Shareholders. The Extraordinary General Meeting of Shareholders will be in line with the rules and regulations of the relevant regulatory agencies and prescribed by laws by specifying the date, time, venue, meeting agenda, objectives and reasons and the opinion of the Board of Directors in each agenda to be proposed, Proxy forms as specified by the Ministry of Commerce as well as other supporting information for the meetings in an accurate, complete and sufficient manner for the rights of shareholders, the rules and regulations used in the meeting and the rights of shareholders to attend the meeting and vote are also notified. The Company has prepared the invitation letter for the shareholders' meeting in both Thai and English versions to facilitate foreign shareholders.
- 2) In the event that shareholders cannot attend the meeting by themselves, the Company will allow the shareholders to appoint an independent director or any person to attend the meeting on their behalf by using a proxy form sent along with the invitation letter to the meeting.
- 3) The Company will not deprive the rights of shareholders to study the Company's information disclosed in accordance with requirements as a listed company, and study the information for using in the shareholders' meetings. In addition, the Company will not add agenda or change important information without prior notice to shareholders, as well, the additional important information will not be immediately distributed at the shareholders' meeting, etc.
- 4) Shareholders are invited to send comments, suggestions and inquiries in advance before the meeting date and during the meeting, the Company will appropriately allocate time to allow shareholders to ask questions and freely express opinions and suggestions and the Company will sufficiently provide details of such matters to shareholders.
- 5) The Company provides opportunities for minor shareholders to propose matters to be included in the meeting agenda in advance according to the guidelines of the Stock Exchange of Thailand. In addition, they also have an opportunity to nominate qualified persons to be appointed as directors according to the guidelines set by the Company. The Company will disclose the criteria for minor shareholders to propose the meeting agenda and nominate qualified persons to be directors in advance by notifying from October every year as usual, before the general meeting of shareholders to be held during March or April of each year. In the event that the Board of Directors refuses to include the matters proposed by the shareholders in the meeting agenda, the Board of Directors will inform the reasons to the shareholders' meeting for acknowledgement.
- 6) All directors will attend the meeting, except in the case of necessity so that the shareholders can inquire on related matters.

- 7) After completing the meeting, the Company will prepare the minutes of meeting to show full and correct information so that the shareholders can verify, the details of the voting procedure, name list of directors, Sub-committees and executives attending the meeting, voting results for each agenda, along with questions and answers will be clarified in the meeting and publicly available on the Company's website.

The Company has guidelines for treating all shareholders who are and are not the Company's executives, who are major and minor shareholders with fairness and equality to make the shareholders confident that the Company's Board of Directors and the management will take care the shareholders' money to be appropriately spent. The meeting will be held in accordance with the Company's regulations and ordered by existing meeting agenda. In addition, the Company will not show a bias to any group of shareholders by providing information that has not been disclosed to specific groups, in case where a director or executive has gain and loss in any matter, that director or executive will not have the right to attend the meeting to consider and resolve that transaction.

The Company has a clear and transparent process for determining remuneration for directors by proposing to the shareholders' meeting for consideration and approval, the remuneration for directors will be considered with the appropriateness to the scope of duties and responsibilities of each director and at the level that can motivate and retain knowledgeable directors to perform duties with the Company, the rate of remuneration will also be able to compare with the remuneration of directors in the same or similar industry.

#### Practical Principle 8.2

The Board of Directors should ensure that the operation on the date of the shareholders' meeting is complete, transparent efficient and facilitates shareholders to exercise their rights.

#### Practical Guideline 8.2

The Board of Directors has set the guideline for operation on the day of the shareholders' meeting, which has been adhered every year. The details are as follows:

1. The Board of Directors will determine the date, time and venue of the meeting by taking into account the convenience of shareholders to attend the meeting such as the appropriate meeting time which is sufficient to ask questions, the location of meeting venue is convenient for traveling, the Company chose the location to hold a meeting in Bangkok although the Company's headquarter is located in Klaeng District, Rayong Province, this is a policy to facilitate and encourage shareholders, analysts and institutional investors who are interested can easily attend the shareholders' meeting.
2. The Board of Directors will take care not to have any actions that limit the opportunity to attend meetings or create burdens on shareholders, the Company will not require shareholders or proxies to bring documents or evidence of identification more than those specified in the guidelines of the relevant regulatory authorities.
3. The Board of Directors has promoted the use of technology for shareholders' meetings, for example, shareholder registration, vote counting and vote result display, so that the meeting can be quickly, accurately and precisely conducted.
4. The Chairman of the Board of Directors is the Chairman of the shareholders' meeting who is responsible for ensuring that the meeting appropriately follows the relevant laws, rules and the Company's regulations, time is sufficiently allocated for each agenda as specified in the meeting

invitation letter and shareholders are allowed to express their opinions and ask questions at the meeting in relation to the Company.

5. Directors as the attendees and shareholders will not support the addition of agenda that is not notified in advance without necessity, especially the important agenda that shareholders have to take time to study the information before making a decision in order to give rights to all shareholders to participate in making decision on important matters.
6. All directors and related executives will attend the meeting so that shareholders can ask questions on related issues.
7. Before starting the meeting, shareholder will be notified of the number and proportion of shareholders attending the meeting in person and by proxies, meeting method, voting and vote counting.
8. The Company has arranged to consider the appointment of directors on an individual basis in the agenda related to the appointment of directors.
9. The Company has arranged for the use of ballots in important agenda andnd arranged an independent person to count or check the votes in the meeting as well as disclose the voting results classified into agree, disagree and abstain, in each agenda to the meeting for acknowledgement and recording in the minutes.

#### Practical Principle 8.3

The Board of Directors should ensure that the resolutions of the meeting and the preparation of the minutes of the shareholders meeting are accurate and complete.

#### Practical Guideline 8.3

The Company has disclosed the resolutions of the shareholders 'meeting together with voting results within the evening of shareholders' meeting date, or not later than the next business day, as latest, through the news system of the Stock Exchange of Thailand and on the Company's website. In addition, a copy of the minutes of the shareholders 'meeting will be submitted to the Stock Exchange of Thailand within 14 days from the date of the shareholders' meeting and to comply with the requirements of relevant laws. The minutes of the meeting records following details:

1. Name list of directors and executives attending the meeting and the proportion of directors attending the meeting and absent.
2. Voting and vote counting methods, resolutions of the meeting, and voting results (agree, disagree, abstain and voided cards) of each agenda.
3. Questions and answers in the meeting, including the name-surname of the questioners and the respondents.

In 2018, the Company failed to comply with the Corporate Governance Code, below table shows the important topics and reasons:

Topic under the Corporate Governance Code	Reason of failure
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<ul style="list-style-type: none"> <li>➤ Mail the AGM invitation letter to shareholders in advance for at least 21 days before the meeting date.</li> <li>➤ Post the full version of AGM invitation letter on the Company's website in advance for at least 30 days before the meeting date,</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Company has limited working period as the Company has to send the report of the Independent Financial Advisor (IFA) to the shareholder together with the AGM invitation letter, however, the report of the Independent Financial Advisor (IFA) has to be approved from the Office of the Securities and Exchange Commission (SEC), according to the regulator's rule, prior to the submission of such invitation to the shareholders.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Meeting among non-executive directors</li> </ul>	<ul style="list-style-type: none"> <li>➤ The meeting of non-executive directors could not be held within 2018. However, the Company will certainly hold the meeting of non-executive directors in 2019.</li> </ul>
<ul style="list-style-type: none"> <li>➤ The Board of Directors approved the remuneration for executive directors / top management</li> </ul>	<ul style="list-style-type: none"> <li>➤ In 2018, the agenda of remuneration for executive directors / top management has yet been proposed to the meeting of the Remuneration Committee for approval.</li> </ul>
<ul style="list-style-type: none"> <li>➤ At least one member of the Audit Committee must graduate in accounting.</li> </ul>	<ul style="list-style-type: none"> <li>➤ At present, the Audit Committee can effectively and appropriately perform the duties in giving opinions to the agenda related to the Company's financial statements. However, the Company will consider the guidelines for recruiting a person who directly graduated in accounting and assigning as a member of the Audit Committee.</li> </ul>

Topic under the Corporate Governance Code	Reason of failure
<ul style="list-style-type: none"> <li>➤ The majority of the Remuneration Committee members are independent directors. (more than 50%)</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Company is considering about the restructuring.</li> </ul>
<ul style="list-style-type: none"> <li>➤ The majority of the Nomination Committee members are independent directors. (more than 50%)</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Company is considering about the restructuring.</li> </ul>
<ul style="list-style-type: none"> <li>➤ Establishment of CG Committee</li> </ul>	<ul style="list-style-type: none"> <li>➤ The Company is considering the guideline for the establishment of CG Committee</li> </ul>

## 2. Sub-committees

As of December 31, 2018, the Company has had five subcommittees to help in corporate governance of the Company as follows:

1. Audit Committee

2. Executive Committee
3. Risk Management Committee
4. Nomination Committee
5. Remuneration Committee

### **3. Nomination and Appointment of Directors and Top executives**

#### **Independent Directors/the Audit Committee**

The Company's Independent Directors / Members of the Audit Committee must be the Company's directors who are appointed by the Board of Directors and approved by the Company's shareholders and have qualifications as required by the Securities and Exchange Act, the Notifications, regulations and / or regulations of the Stock Exchange of Thailand, requiring at least 3 members. At least 1 member of the Audit Committee must be knowledgeable in accounting and finance and be an independent director according to the definition of the Company's independent directors, details are shown in Practical Principle 1. 1. Corporate Governance Policy, Practical Principle 1.1 and Practical Guideline 1.1.

The independent directors according to the above qualifications may be assigned by the Board of Directors to decide on the operation of the Company, the parent company, subsidiaries, joint ventures, subsidiaries in the same level, major shareholders or regulator, the decision is made in the form of a Collective Decision.

#### **Qualifications of the members of the Audit Committee**

- Appointed by the Company's Board of Directors at the shareholders' meeting to be a member of the Audit Committee
- Qualified as an independent director
- Not being a director assigned by the Board of Directors to decide on the operations of the Company, the parent company, subsidiaries, joint ventures, subsidiaries in the same level, major shareholders or regulator
- Not being a director of the listed parent company, listed subsidiaries, listed joint ventures, listed subsidiaries in the same level.
- Have sufficient knowledge and experience to be able to act as a Member of the Audit Committee, at least one member of the Audit Committee must have sufficient knowledge and experience to be able to review the reliability of the financial statements.
- Have duties in the same manner as specified in the Notification of the Stock Exchange of Thailand regarding the qualifications and scope of work of the Audit Committee.

#### **Nomination of Directors and top executives**

1. In considering and selecting directors, the Nomination Committee will consider and nominate as following criteria:
  - 1.1 Consider and nominate in accordance with the qualification as stipulated in Section 68 of the Public Company Limited Act, B.E. 2535 (1992) and relevant notifications issued by SEC and SET.
  - 1.2 Consider specific knowledge and experience in the field that is useful for the Company's

business.

- 1.3 In case of a former director to be reelected to hold the position of director, his/her performance during his/her office shall be evaluated and the number of listed companies in which he/she holds a position of director shall be considered, there should not be more than 5 listed companies so as to prevent problem of work efficiency.
- 1.4 The independent directors will be appointed by considering the independence of candidate as determined in criteria of SEC and the Company's regulations.
- 1.5 The tenure of independent directors: in the case where former independent directors to be selected to return to his/her office. The total length of his/her office from the first tenure shall not be longer than 9 years. However, if it is necessary and reasonable to appoint such person to continue his/her office, this criterion can be exempted.

After completing the selection, a name list of selected persons shall be submitted in the meeting of the Board of Directors for consideration and proposal in the shareholders' meeting for approval and appointment.

2. At every General Annual Meeting of Shareholders, one-third of the directors shall retire by rotation. If the number of directors is indivisible by three, the one nearest to one-third shall apply. Directors due to retire by rotation in the first and second anniversary of Company registration shall be determined by drawing lots. For subsequent years, those directors being in office the longest shall vacate his office. However, the directors who retire by rotation may be re-elected to resume their directorship.
3. In the shareholders' meeting, the vote for appointing a director shall follow the criteria and method below:
  - 3.1 Shareholders have voting power equivalent to their share.
  - 3.2 Shareholders shall use their voting power as mentioned in 3.1 to elect only one or several candidates, but have no right to unequally allocate their voting power to selected candidates.
  - 3.3 The candidates having highest votes shall be appointed respectively according to number of directors required. In the case where the candidates have equal votes and the equal ranks exceed the number of directors required, the Chairman of the meeting shall cast a final vote.
4. If the position of director becomes vacant due to the reason other than the termination of regular terms, the Board of Director with the resolution agreed by at least three-fourth shareholders' votes shall nominate an individual whose qualification is in accordance to the law to be as a director in the next meeting. If the remaining term is less than two months, the directors who takes the vacant position shall be in the position only within the remaining term.
5. The shareholders' meeting may have a resolution to terminate any director prior to the end of directors' tenure. The resolution must be agreed by at least three-fourth voters and the number of shares must be higher than half of all shares of the company.

However, since 2015, the role of nomination of director and chief executive is the duty of the Nomination Committee which has already been appointed from the resolution of the Board of Directors' Meeting No. 2/2015 on last 27 February 2015. The duty of the Nomination Committee is to execute the following areas.

1. Consider the structure and element of the Board
2. Consider the qualification of independent directors
3. Determine criteria for nomination of director
4. Prepare director development plan
5. Prepare the Succession Plan

#### **Development of Directors and Executives**

Every Director of the Company meets the regulations of Stock Exchange of Thailand. All 9 directors are knowledgeable, competent and pass the Director Accreditation Program (DAP) provided by Thai Institute of Directors Association: IOD). The training program is important for the roles and responsibilities of directors. We have set the policy for the Company Secretary to send the development training information to the members of the Board of Directors to enhance the work efficiency of directors. The director shall consider and choose to attend the trainings in which they are interested to enhance their knowledge.

In addition, the Board of Directors has established guidelines for overseeing personnel management and development. Details are specified in Practical Principle 1. Corporate Governance Policy, Practical Principle 4.4 and Practical Guideline 4.4

In 2018, the Company's director and executives attended the training programs and study tours to increase knowledge and use for the Company's business as follows:

1. **Assoc. Prof. Songkhlod Jarusombuti, the Chairman of the Nomination Committee, Member of the Audit Committee and Independent Director**, attended the training programs and study tours as follows:
  - PEFC COC Auditor Training Program organized by Thailand Forest Certification Council
  - Study Tour on the enhancement of Carpentry Efficiency in New Zealand
2. **Mr. Chalee Suksawad Vice President**, attended the training programs as follows:
  - Communication courses Strategy topics for organizational success Course
  - Raising the passenger operator with Digital Training to Industry 4.0 Course, Division of Digital Industry Development
  - Focusing on the green industry Course, The Federation of Thai Industries
3. **Mr. Arak Suksawad, Managing Director**, attended the training program as follow :
  - Management Science for Top executives", Class 1, organized by National Institute of Development Administration (NIDA)
4. **Mr. Wanlop Suksawad Director** attended the training programs as follows:
  - Communication courses Strategy topics for organizational success Course
  - Focusing on the green industry Course, The Federation of Thai Industries
5. **Mrs. Waraporn Suksawad Director**, attended the training program as follow :
  - Communication courses Strategy topics for organizational success Course
6. **Miss. Tippawan Suksawad Director / Company Secretary** , attended the training programs as follow :
  - Raising the passenger operator with Digital Training to Industry 4.0 Course, Division of Digital Industry Development
  - Communication courses Strategy topics for organizational success Course

7. **Miss Pachanan Singphu Assistant of Managing Director**, attended the training programs as follow :
  - Basic course of Account closing and basic techniques , THAI CPD AT HOME
  - Prepare for Change in TFRS (Version 2) , The Stock Exchange of Thailand (SET)
8. **Mr. Pongpan Suriya-Amporn Chief of Financial Offecer**, attended the training programs as follow :
  - Accounting for financial instruments (IFRS9) Course, Federation of Accounting Professions Under The Royals Patronage of His Majesty The King
  - Financial Model 1 & 2 Course , Federation of Accounting Professions Under The Royals Patronage of His Majesty The King
  - Risk Management Course (Advance), Federation of Accounting Professions Under The Royals Patronage of His Majesty The King
  - Financial Statements Review for Internal Auditors Course, Federation of Accounting Professions Under The Royals Patronage of His Majesty The King

Totally 8 directors and Executives attended the training programs or seminars to enhance the knowledge for their duties

#### **Succession Plan**

The Nomination Committee has considered and placed the policy about succession plan in order to be well prepared for the vacancy in any position, succession plan is arranged for the continuity of business efficiently. The succession plan is placed for many positions by setting persons with knowlede, competency and experience to continue to perform any vacant position or be promoted to higher position with following details:

1. Arrange the junior executive to co-work with the senior executive in his field and attend policy meeting from top executives.
2. Identify those with the potential to assume greater responsibility in the organization to prepare them in higher position.
3. Assign the junior executives with potential to be the successors.
4. Provide opporutnities to junior executives to be trained of the concept relating to the leadership, awarenedd of responsibility and loyalty to the organization including the guideline of human resource management in the function he/she is in charge.
5. Develop the junior executives to present his plan and performance to top executives.

In addition, the Board of Directors has established guidelines for succession plans. Details are specified in Practicle Principle 1. Corporate Governance Policy, Practicle Principle 4.1 and Practicle Guideline 4.1

#### **4. Monitoring the Business Operations of Subsidiaries**

The Board of Directors has a supervision measures for subsidiaries and joint ventures, totally 6 companies as follows:

##### **Subsidiaries**

1. VV Décor Co., Ltd. in which the company holds 99.50% of company shares;
2. ECF Holdings Co., Ltd., in which the company held 75.00% of company shares;
3. ECF Power Co., Ltd. in which the company held 99.99% of company shares;
4. Planet Board Company Limited in which the company held 57% of company shares.

##### **Joint Ventures**

5. SAFE Energy Holding Co., Ltd. in which the company held 33.37% of company shares.
6. Green Earth Power (Thailand) Co., Ltd. in which the company held 20% of company shares.

However, to control the company capital, the Company sends representatives in the Board of Directors and executives in subsidiaries and directors in joint ventures. The scope of authorities of those representatives are the same as one of Directors or Managing Director in the subsidiaries. They shall take part in determining policy important to operate the business such as administration, investment issues, etc.

In addition, the Board of Directors has set up a policy to supervise the operations of the subsidiaries and joint ventures in two main areas including the management supervision policy and the financial control policy of subsidiaries and joint ventures. Details as specified in Practical Principle 1. Corporate Governance Policy, Practical Principle 3.6 and Practical Guideline 3.6

### **5. Policy to Protect and Govern the Inside Information**

According to the Board of Directors Meeting No. 11 /2018 held on 31 October 2018, the resolution included the regulations on the policy to protect and govern the use of inside information to be in line with the Company's Corporate Governance Code as follows:

According to East Coast Furnitech Public Company Limited (the Company) has a policy to supervise the business of preventing and supervising the use of the Company's inside information including information about entering into any transactions that have not yet been disclosed to the public (confidential transactions) for personal gain, the Company established the policy to protect and govern the use of the Company's inside information as follows:

1. Directors, executives, employees related to secret transactions and workers of the Company and subsidiaries must maintain the secret and / or inside information of the Company and subsidiaries:
2. Directors, executives, employees related to secret transactions and workers of the Company and subsidiaries must not disclose the secret and / or inside information of the Company and subsidiaries or apply it to seek benefits for themselves or for the benefit of any other person or for persons outside the Company or other persons who do not act to prevent the use of inside information, either directly or indirectly, and whether or not they receive a return or not
3. Directors, executives, employees related to secret transactions and workers of the Company and subsidiaries neither sell, nor transfer of the Company's securities by using the secret and/or inside information of the Company or subsidiaries to take advantages on minor investors or to cause damages to the Company and subsidiaries, either directly or indirectly. This requirement is also effective to spouse and underage children of directors, executives, employees related to secret transactions and workers of the Company and subsidiaries as well.

Directors, executives, employees related to secret transactions ( including their spouse and underage children) of the Company and subsidiaries who are working in the function which will be acknowledge of inside information must avoid or suspend trading of the Company's securities within 30 days prior to the disclosure and within 24 hours after the disclosure of quarter and annual finance statements including any transactions which are in the process of proposing to the next meeting of the Board of Directors, which may

affect the price of the Company's shares or securities, they are also prohibited to disclose such information to other persons.

4. Directors and executive have a duty to prepare and submit reports on holding of securities in their own companies, spouses or those who are living as husband and wife, underage children including the juristic person that has the duty to report, spouse or person who is living as husband and wife or underage children with the shareholding more than 30% of the total voting rights and having the highest shareholding in that juristic person, to the Securities and Exchange Commission (SEC) under Section 59. If being a newly appointed director and executives, they have to report within 7 working days from the date of the change of securities holdings and within T + 3 working days from the date of purchase, sale, transfer, or transfer of the Company's securities.
5. The Company's directors must report the purchase-sale of shares or the holding of the Company securities in the event that there is a change, to the Board of Directors for acknowledgment as well.

***The Company has specified the disciplinary actions if anyone violates the use of inside information for personal gain as follows:***

***1<sup>st</sup> Time: Provided of warning notice or considered of salary / wage cut.***

***2<sup>nd</sup> Time: Being suspended from working or resigned.***

***In addition, the offense of using inside information for shares trading may also be penalties in accordance with relevant laws.***

**Persons who may be exposed to the Company's inside information are as follows:**

1. Directors
2. Executives
3. Employees related to the secret transactions

**Persons having the duty to prepare and submit the report on the holding of the Company's securities:**

1. Directors
2. Executives
3. Directors' Spouse or a person who lives as husband and wife.
4. Executives' Spouse or a person who lives as husband and wife.
5. Directors' Underage Children
6. Executives' Underage Children
7. The juristic person that director, executive, their spouse or persons living as husband and wife or underage children has shareholding more than 30% of the total voting rights and having the highest shareholding in that juristic person.

## **6. Establishment of Compliance Unit**

The Compliance Unit has the following responsibilities:

1. Supervise and review to ensure that the Company has correctly complied with the laws, regulations of the Stock Exchange of Thailand or government regulations.
2. Provide legal opinions to the Board of Directors and the management for the Company's business operation to comply with the laws, requirements of SET or regulations of government agencies, and

monitor the management to suspend any actions or actions that may violate such laws, requirements or regulations.

3. Review the evidences in case of doubt that there are any transactions or actions that may violate the laws or the requirements of the SET or regulations of government agencies which have or may have a significant impact on the Company's financial status and performance.
4. Coordinate with the Head of internal audit unit and the Internal Audit Committee to review or jointly find guidelines for the Company to have an appropriate and efficient internal control system and internal audit system.
5. Participate in determining and giving advice about suitability in the Company's operation process to ensure that it correctly complies with the policy, guidelines, rules, or code of conduct prescribed by laws.
6. Be a center for gathering and disseminating information as well as providing knowledge and advices to departments and units within the Company about how to work in accordance with the laws, regulations and criteria that must be followed.

## **7. Auditor's Remuneration**

The Company has the remuneration for the auditor of the Company and subsidiaries as following details:

1. Annual Audit Fee

In 2018, the Company hired Mr. Akkadej Pliansakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd. to be the auditor of the Company and its subsidiaries for 2018. The annual auditor fee is 1,670,000 Baht (One Million Six Hundred Seventy Thousand Baht only).

2. Quarterly Financial Statement Review Fee (3 Quarters) (Non Audit Fee)

Amount 780,000 Baht (Seven Hundred Eighty Thousand Baht Only).

The total amount of auditor's remuneration was 2,450,000 Baht (Two Million Four Hundred Fifty Thousand Baht Only).

In 2018, the Auditor of the Company, Mr. Akkadej Pliansakul, certified public accountant registration No. 5389 from M.R. & ASSOCIATES Co., Ltd., has been approved by Securities and Exchange Commission (SEC) and has no relationship or gains and loss between the auditor/the Company/its Subsidiaries / the major shareholders / the executives as well as people concerned with such individuals.