

Code of Ethics and Policy for a Sustainable Growth of the Company Business

We are committed to conducting our business in accordance with good corporate governance principles. The interests of all stakeholders either inside or outside the company are prioritized. Therefore we defined code of ethics for company directors, executives and employees, including CSR policy for a sustainable growth of the company business. The details are as follows.

Code of Ethics

East Coast Furnitech Co., Ltd. (Public) ("Company" or "ECF") aims to operate the business under the good corporate governance principles along with environmental preservation and social responsibility for the interests of company directors, executives and employees. Therefore we defined code of ethics for company directors, executives and employees, including CSR policy for a sustainable growth of the company business. The details are as follows.

1. Code of Ethics: Responsibility to Stakeholders

Shareholder

Our policies and practices are as follows;

1. The company focuses on the fundamental rights of shareholders such as the right to purchase, sell or transfer shares, receive the profit shared, access to the company information sufficiently and on time, including the right to attend the shareholders' meeting to vote to appoint or terminate the directors, appoint accounting auditors and decide a matter that may impact to the company such as the increase or decrease of company capital, the dividend allocation, the modification of regulation, objective or articles of association, etc.
2. The company supports and facilitates the use of shareholders' right as follows;
 - Notify a meeting invitation letter at least 14 days prior to the meeting date. The letter shall indicate day, time, venue, and agenda, including related regulation of the meeting, the voting procedure and the information necessary to the decision making. The invitation letter shall be presented on website of the company at least 30 days prior to the meeting so that the shareholders shall have sufficient time to study on the meeting agenda.
 - Report important information that may affect the interest of shareholders such as financial reports, news, information on related laws and announcement and shall not commit any act that is likely to be a limitation of shareholders' right to access the company information.
 - Provide an opportunity to minor shareholders to propose meeting agenda, or a candidate to hold a position of director in the annual general meeting

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- Provide an opportunity to all shareholders to submit their questions related to meeting agenda prior to the meeting date.
 - Provide an opportunity to shareholders incapable of attending the meeting to authorize his/her representative to attend and vote in the meeting.
3. The company sets a procedure in the annual general shareholders meeting as per the good corporate governance principles and provides opportunity to question the important issues in the meeting agenda.
 4. After the meeting, the company shall disclose the voting result of each agenda on the next working day. The complete and correct meeting minutes shall be published on the company website within 14 days after the meeting so that the shareholders can review such information.
 5. The company shall use technologies in the shareholders' meeting from the attendee registration, the voting process of each agenda and the announcement of results. This is to enhance the promptness, correctness and accuracy.
 6. The company organized a company visit, a meeting of analysts and an opportunity day with investors in order to communication channels to shareholders, analysts and investors to track and acknowledge the company information.
 7. The company shall share dividend to shareholders appropriately and regularly. The payment of dividend is according to compensation policy previously determined.

Customer

Our policies and practices are as follows;

1. The company manufactures products which is safe for use and health of consumers and offer qualify aftersales service for a highest satisfaction of customers.
2. The company is committed to enhance the utility of the products to the customers.
3. The company shall operate the business with honesty and fairness and avoid commit any act likely to be a right violation of customer, and keep the confidential information of the customer and shall not use the internal information for the benefit of individual employee. The employee of the company who commits such act shall be subject to the penalty according to the law.
4. The employee of the company shall not ask for, nor accept the benefit illegally offered by customers either in direct or indirect manners.
5. The company shall operate the business according to trade agreement. In case of failure to comply with the agreement, the company shall inform of reason of failure to the customers in advance and find a solution to solve the problem or avoid the damage in the future.
6. The company shall provide the communication channels so that the customer may send their complaint to the company. Every complaint of the customer shall be tracked and the problem shall be solved with fairness. Tel: 0-2152-7301-4 Fax: 0-2152-7305 or www.elegathai.com,

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www.ecf-furniture.co or Facebook fan page: ELEGA Furniture. Last year, the company succeeded in solving 90% of complaints and is now working hard to acquire higher satisfaction from the customers.

7. The company has built a good relationship and understanding, shared knowledge and mutually developed and added value to the products incessantly. To achieve this mission, our marketing team met and had a meeting with domestic and international customers as planned in the beginning of the year in order to hear problems and obstacles in the work process in the recent years for improvement. Every year, the company shall organize a company visit day for retailers and dealers to see new products every year. The team also sends promotion media and regularly has a meeting with customers to discuss problems in trading process every year.

Partners and Suppliers

Our policies and practices are as follows;

1. The company shall treat partners equally and fairly. The mutual benefit is prioritized.
2. The company shall select partners conducting business legally in accordance with production, safety and environment prevention standard.
3. The company shall keep confidential information of the customer and shall not illegally use for benefit of any individual or third party.
4. The company shall build a good relationship and understanding, share knowledge and mutually develop and add value to the products incessantly. To achieve this mission, our marketing team shall meet and have a meeting with domestic and international customers as planned in the beginning of the year in order to hear problems and obstacles in the work process in the recent years for improvement.
5. The purchase of service or products shall be in compliance with trade condition strictly so as to establish a long-term positive relationship of both trade sides.
6. In case of failure to comply with the agreement, the company shall inform of reason of failure to the customers in advance and find a solution to solve the problem or avoid the damage.
7. The employee of the company shall neither ask for, nor accept the benefit illegally offered by customers either in direct or indirect manners, and shall carry themselves well to maintain proper relationship to ensure that it will not affect the decision.
8. The company has informed of communication channels.

Competitors

Our policies and practices are as follows;

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1. We will perform under the framework for a fair and transparent competition. We will avoid any act that is likely to be an illegal practice to destroy the competitors.
2. We will not degrade the competitors by rumors.
3. We will not violate intellectual property right/ copyright.
4. We will not search for confidential information of our competitors in illegal or inappropriate manners.

Creditors

Our policies and practices are as follows.

1. The company shall comply with loan conditions of financial institute strictly.
2. The company shall treat every group of creditors equally.
3. The company shall administrate the business activities to build a confidence to the creditors and ensure that we are capable of repaying the debts on time, and maintain the ratio of debt to the asset as mentioned in the loan agreement made between creditors.
4. The company shall disclose correct operation result and financial status on a timely basis.
5. In the case where the company fails to repay the debt on time or fails to comply with other provision in the agreement, the company shall inform of such failure as soon as possible and propose a solution to avoid the damage.
6. The company shall organize a meeting with creditors and invite them to visit the company every year to hear the operation policy and the plan of next year and build the confidence of creditors in company business.

Employee

Our policies and practices are as follows.

1. We realize the importance of employees in every level. They will be equally and fairly treated.
2. We provide appropriate compensation according to knowledge and ability of each employee, along with the trainings to enhance competency and knowledge regularly so as to create more professional opportunity following to the ability of each employee. When HR or the employees consider that the employee should have a training or appropriate knowledge review activities, they may submit the request to HR and participated in such activities after HR considered that the trainings or activities requested correspond to the required skill. We can conclude the training hours required each year for the employees holding position in managerial level or above as follows.

Department	Average training hours per person
1. Manufacturing department in the factory	Minimum 50 hours
2. Marketing department	Minimum 10 hours
3. Accounting and financial department	Minimum 30 hours
4. HR Department	Minimum 20 hours
5. Company Secretary department and Investor relation	Minimum 30 hours

3. The company prepares succession management with the aim to maintain efficient personnel and improve employees to be sufficiently competent to face future challenges.
4. The company focuses on environment of workplace, safety and life quality of employees. In 2015, the frequency of injury occurred in the workplace is similar to last year although the quantity of work and daily worker increased. In 2015, the company organizes work manual and procedure review activities, including safety activities regularly.

Particularly, in case of employees in manufacturing section, the company determined the safety measure; all employees must wear gloves, face mask, ear plugs and safety shoes in all working hours. The safety equipment used depends on the characteristics of the work. For example, the employees must wear earplugs when working in a noisy place. In 2015, the company organized additional trainings as follows.

- First aid and rescue
 - Trainings for security guard supervisors
 - Correct and safe forklift control
 - Work discipline review
5. The company respects the human rights, dignity and fundamental rights to work, and shall not disclose confidential information of employees to irrelevant persons.
 6. The company shall treat the employees in accordance with applicable laws and regulations related to work.
 7. The company shall support the equitable treatment to all employees without sex, race, skin color, religion, age, disability or other discriminations.
 8. The company shall encourage the employees to take a part in the determination of work policy and company development.
 9. The company shall provide appropriate fringe benefits to the employees such as medical expense, annual medical check-up, life insurance, provident fund, etc. For annual medical check-up, the company will provide it upon the commencement of work and during the year. For foreign employees, the company coordinate with social security office of Rayong province to provide information and knowledge about the coverage of social security office.

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10. The company provides the opportunity for the employees to communicate and make a complaint about work. All suggestions will be considered and find the solution for the benefit of all and build a good relationship between employees in every level.
11. The company supports the participation of employees in all level in corporate social responsibility activities.

Community and Society, and the Environment

Our policies and practices are as follows;

1. The company realizes the importance to corporate social responsibility and surrounding societies, and support activities for community interests, environment and life quality. Besides, the company donated money for charities regularly as a return to society.
2. The company shall not conduct any activity that negatively impacts the society and not violate the rights of people living in the community and society.
3. The company has preventive measures to ensure that the operation of the company will not affect the community and society.
4. The company shall promote the cultural conservation and local traditions.
5. The company shall cooperate with other authorities to improve the community environment and life quality of locals.
6. The company shall operate the business in accordance with laws, regulations, environmental policy and realize the importance of prevention of environmental impacts of natural resources and environment.
7. The company shall promote environmental management system; from the use of resources sparingly, treatment, recovery and substitution measures for the surveillance and protection of natural resources and the sustainable prevention of impact on environmental.
8. The company shall raise awareness and promote the education and trainings to the employees in every level on the subject of environmental preservation.
9. The company shall promote the use of technology, machines, and raw materials which are environmentally friendly.
10. Regarding operation for environmental friendliness in the manufacturing process of the company, as our raw materials are rubber wood, particle board, materials remaining in production process, the company has set measures to reduce the impact to the nature caused by manufacturing process. The details are as follows;
 - Wood chips and sawdust: the products remaining from the wood cutting process shall be used as the fuel for the boiler to generate renewable energy in the production process. If the quantity of wood chips and sawdust is high, the company shall sell them to a third party.

- Dust: the dust from polishing process using sandpaper or polishing machine, the company shall use filter bag. The filtered dust shall be sold to a third party to use as a raw material accordingly.
- Residue of Spraying from the pigmentation process on the work piece, the company has a measure to prevent the impact caused by spraying color to the environment by using a pigmentation room with circulating water to reduce the color mist. The residue from this process shall be properly eliminated.
- Paint residue from the manufacture of covering paper; the residue of paint after printing process, the company shall bury such residue in the factory.
- Waste materials such as rejected artificial leather or textile from production process, the company shall gather them to sell to a third party.
- Glue: it is the adhesive materials to attach the covering paper to the particle boards, the company shall use a water base glue that can be melted by water, causing no environmental impact.

Until now, the company has never received any complaints or had disputes with locals in community and surrounding area on the subject of environmental impact from the production process of the company.

Fair Trade

Since the company was established in 1999, our important policy that we are committed to is to perform a fair trade and realizes the important to the benefit of all stakeholders. We perform the business in accordance with applicable laws, regulations, rules and instructions determined by related authorities. Besides, we cultivate this principles to the employees in every level to perform their jobs with fairness and responsibility to colleagues, customers, consumers, competitors, partners, communities and society, and keep confidential information and properly use internal information, respect the human rights, including avoid any act likely to lead to a conflict of interest or intellectual property violation, and corruption. Our measures are as follows.

1. Promotion of Free Trade and Competition

The company defines systematic operating procedure in the product distribution system. The company distributes products through different channels of which 60% is the product exportation to foreign countries, the major customer is Japanese, and modern trade holds the second biggest share of production distribution. Each of customer has their systems of purchase, quality assurance, delivery according to agreed method and system. We are confident that our distribution system and shall not rely on one customer. In the procurement process and purchase of raw materials and other materials used in production process, the purchasing department shall compare the price, the quality and the trade terms as

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per the agreed criteria, so that the partners can present their products for the company to compare. Until now, we have gained a huge advantage from our supplier comparing system.

2. Prevention of Conflict of Interests

The company has a policy that prohibits directors, executives and employees to utilize their opportunity of their position to gain their own benefit. Our policy is as follows;

1. The company shall carefully operate our business, particularly in the issues that may lead to conflict of interests. Our work procedure shall be based on the fairness, honesty, rationality and transparent in order to gain the highest interest for the company. The directors being a stakeholder shall have no right to vote. The company shall disclose the correct and complete information as stipulated by SEC and SET.
2. In the case where the action is necessary to be performed, the company shall treat the third party according to a good practice as a person of ordinary prudence conducts a trade with suppliers. The business negotiation shall not be influenced by directors, executives and relevant persons. The persons who are stakeholders are not eligible to approve the matter. Besides, they must comply with information disclosure policy as stipulated by relevant authorities.
3. They shall not perform any action contrary to the interests of the company, nor cause the company to lose or receive the benefit lower than expected or illegally take part in the profit of the company.
4. They are prohibited to conduct any act likely to be a competition against the company.
5. The Director, Executives, Employees, including their spouses and children, are prohibited to conduct any act to gain their own benefit with the company. For example, selling materials to company. If such action is necessary, there must be a letter indicating information related to such sales.
6. The Directors and Executives shall report their interests of themselves and persons that may have a conflict of interests.

3. Human Rights Compliance

The company realizes the importance of human rights compliance. We operate our business without discrimination of race, sex, age, skin color, religion, social status, education, or other status which does not impact the performance. All employees shall be protected in terms of safety at work, clean, safe and hygienic workplace. They also have the right in politics. However, they shall not use the position they hold or the equipment of the company for political purpose. We have the policy of political neutrality, we shall neither sponsor, nor support specific political parties. Besides, the company shall solve a conflict base on rule of law. We shall not conduct our business that involves child labor abuse. All employees shall be at least 18 years of age. The compensation shall be based on fairness. Every year, the company shall organize an

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annual meeting in which the employees shall hear the policy of the year, including work principles from the Executives, and activities to promote harmony in the workplace.

Until now, the company has never received any complaint regarding human rights violation.

4. Prevention of intellectual property violation

Every year, the company shall present the design and development of products to customers. Our research and development department shall strictly avoid intellectual property violation, shall not use any property of a third party without authorization. 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, Audit Committee/Independent Director or
Mr. Arak Suksawat, Managing Director or
Company Secretary Office
East Coast Furnitech (Public) Co., Ltd.
25/28 Moo 12 Buengkamproi, Lumlookka, Pathumthani 12150
- E-mail to Company Secretary Office : cg@eastcoast.co.th or
Human Resources Department : hrrayong@eastcoast.co.th

5. Acting Against Corruption

The company announces the collective action coalition of Thai private sector to prevent corruptions. The plan in the future is to submit a policy of corruption prevention and create the system against the internal corruption. After the policy is approved by the meeting of Board of Directors, the company shall communicate the anti-corruption information to all stakeholders through a mail to partners, customers of the company so that they shall not offer or accept the money or gift. The company also provides an opportunity to partners and customers who are not equally treated by the company to submit a complaint for correction, and organize a meeting to ensure that all employees acknowledge the anti-corruption policy and direction from time to time.

In 2015, the company has evaluated the risk of corruption and found that there is no risk of corruption. It is important risk that may impact the business. The company has implemented the internal control to prevent the corruption in IT and documentation systems under the concept "Check and Balance", including monitoring measures. Furthermore, according to our tracking system on the subject that the corruption was found before and analyses of issues tend to have corruption, the result shows that the company has sufficient control. Last year, there is no complaints related to illegal act and breach of ethics. In 2016, the company shall appoint the independent agent to monitor the operation and evaluation the risk of corruption in the company.

However, recently the company has informed all employees of anti-corruption principles, particularly, the receiving money from customers/ partners of the company and the involvement in any act

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that considered as a corruption or bribery from the public or private sectors for individual benefit or competition advantage. The company has set a policy to provide an opportunity for those who found such misconduct, please contact by

- A letter to Assistant Professor Dr. Montri Socatyanurak
Chairman, Audit Committee/Independent Director or
Mr. Arak Suksawad, Managing Director or
Company Secretary Office
East Coast Furnitech (Public) Co., Ltd.
25/28 Moo 12 Buengkamproi, Lumlookka, Pathumthani 12150
- E-mail to Company Secretary Office : cg@eastcoast.co.th or
Human Resources Department : hrrayong@eastcoast.co.th

After the Company is informed about any fraudulent, the measures shall be as follows:

1. *Gathering and considering of facts*

The Company shall appoint an Investigation Committee to check the fraudulent by considering from related parties such as the department head of complained unit, Human Resources Manager and/or other relevant person. The Investigation Committee shall gather all information, evidences and check the facts in details.

2. *Concluding the measures*

The Investigation Committee shall conclude the measures in order to mitigate the damage but shall not punish the honest whistleblower.

3. *Report the result*

Company Secretary Office shall inform the result to the whistleblower if he reveals himself. Significant matter must be reported to Managing Director and/or department head of the complained (in case the department head is not one of the Investigation Committee), all depends on the importance and seriousness of fraudulent.

Protection for Whistleblower

Should any employee persecutes, threatens, discriminates or uses disciplinary action against the whistleblower and other related persons, that employee shall take disciplinary action and must compensate for damages or may be legally wrong too.

In 2015, the Company has not received any complaints about fraudulent or negative issues resulting from the business operation of Board of Directors, executive management. No director or executive management retires from lack of good corporate governance or insufficient internal control as well as no legal dispute in labor or business transaction with stakeholders.

6. Policy on business operation for sustainable development

With the vision of the organization, the company has set a business strategy for the year 2014-2015 to manage the risk of the major business which is the manufacture and distribution of particle boards and rubber wood to enhance the stability and profitability of the business. In addition, regarding environmental protection, the company operates a plant generating solar energy and prepares to operate the biomass energy plant and PV solar rooftop plant. The progress of each project and the risk management for the sustainable business and environmental protection is as follows.

1. Solar Farm Power Plant

We have ECF Tornado Energy Godo Kaisha ("ECF Tornado") from which we bought 51% of shares (under the name of ECFH of which we possess 51% share) on 31st December 2015. In the beginning of 2016, we increased the investment to be 75%. ECF Tornado was established to expand the investment in Japan, started generating electricity for commercial purpose since 21st December 2015. It is a pilot project; there will be a feasibility study on it to ensure the appropriate return of the projects in the future.

2. Biomass Power Plant

Currently the progress of this project is that the company has made the joint venture registration with 4 following companies on 27th January 2016.

1. Safe Energy Group Co.,Ltd. (Narathiwat 1) in which ECFH holds 25% of all shares
2. Safe Energy Group Co.,Ltd. (Yala 1) in which ECFH holds 20% of all shares
3. Safe Energy Group Co.,Ltd. (Pattanee) in which ECFH holds 25% of all shares
4. Safe Energy Group Co.,Ltd. (Songkla) in which ECFH holds 25% of all shares

The venture company was established to operate a solar power plant with production capacity of 10Mw in 3 southern border provinces and 4 districts in Songkla province.

Therefore, in the project of Biomass power plant is awaiting exact criteria of government on the subject of the sales of electricity and official competitive bidding procedures.

3. PV Solar Rooftop Power Plant

The company has found the sufficient area of rooftop to install a panel for a power generation of 10 MW. The company has made a MOU with Gunkul Engineering Public Company Limited and waited for submit a request to offer the power generation service to Provincial Electricity Authority or Metropolitan Electricity Authority accordingly.

Currently, the PV Solar Rooftop is awaiting officially exact criteria of government on the subject of the sales of electricity.

Following to progress of renewable energy project mentioned above, the company aims to increase value of the business sustainably by restructuring the expected income in the future; from major business which is the manufacture of particle board and rubber wood to the several income resources if the company wins a bid and have a power purchase agreement with the public sector. It is because the company will gain additional

income from renewable energy generation service. This new business will enhance the stable income and reduce the risk of furniture business competition which tend to be more difficult in the future.

7. Risk Management

In 2015, there is an extreme economic fluctuation both inside and outside the country. It affects the demand of company products which is in category of consumer products. Therefore, the company is aware of the risk which continuously impact the business. The company considers risk factors and plans following strategy to face the risk.

➤ New Customer Risk

Last year we focuses on selecting domestic and foreign customers based on the credibility to avoid bad debts.

- Domestic customer: there shall be a financial statement, a review of document verified by the Ministry of Commerce. The credit terms and payment shall be appropriately based on customer's liability.
- Foreign customer: there shall be a financial statement, with 2 payment method: Letter of Credit (L/C) and T/T only.

1. Risk of currency exchange fluctuations

To handle the risk, the company makes a forward contact with the credit amount close to expected income to ensure that the amount purchased will not be excessive. The purchase will be a short-term one to prevent the risk. The credit amount shall be compared with value of order received to ensure the stable cash flow. Furthermore, the accounting and finance shall prepare a forward rate report that compares a credit of each month showing results of buying and selling of foreign currency in order to plan the future operation. The company shall prevent the risk of currency exchange as much as possible. This is because most of the income is from exportation to foreign countries. In addition, the company has set policy to establish a team to observe the currency exchange and report the reason of the fluctuation.

2. Risk of Fire and Operation

In 2015, the company has reviewed and bought an insurance for plants, office buildings, machine, equipment, finished product, raw materials, showrooms and transportation. We reviewed the value of asset and the insurance coverage to see whether the coverage is equal to the asset value or not. We also set up a security team and organized fire training and fire drill from time to time. We have a status checklist to ensure that the security equipment such as water tank, fire extinguisher, water pipe, etc., is still in a good condition. We installed a signboard for safety with preventive measure and determine a safety rule that the employees must wear safety shoes, helmet, and other safety equipment during work, and make a report of accident.