

# ECF

EAST COAST FURNITECH PUBLIC COMPANY LIMITED



East Coast Furnitech Public Company Limited  
บริษัท อีสต์โคสต์เฟอร์นิเทค จำกัด (มหาชน) (ECF)

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# Message from Managing Director



East Coast Furnitech Public Company Limited emphasizes on the management under the vision of “Committed to be the leader in furniture business in Southeast Asia and Create opportunities for continuous growth in business” together with the operation under the Corporate Governance Policy to create balanced benefits to the Company’s stakeholders.

For a sustainable operation, the Company has adjusted the sustainable development policy and strategy to be more consistent with its operations in 2019. The said policy and strategy aim at a personnel development of the Company since the personnel are important for driving the organization to step toward the complete sustainability. However, the Company has not neglected to give a precedence to other groups of stakeholders on quality product production and sales, sharing, and delivery of good things to the society. The environmental impact, granting of the right to the minor shareholders for nominating the directors, and the agenda of the 2019 Annual General Meeting, etc., have been taken into account in a worthwhile utilization of resources.

In last year, the Company was ranked in the group of the listed companies which earned an excellent or five stars scores as a survey result in accordance with the Corporate Governance Project for the Listed Companies 2019 under Corporate Governance Report of Thailand Listed Companies 2019 prepared by the Thai Institute of Directors. The said rank reflected the Company’s will to develop the economy, society, and environment, together with good corporate governance.

Finally, on behalf of East Coast Furnitech Public Company Limited, I would like to deliver my gratitude to all groups of stakeholders who are confident and trust on the Company’s operation. The Company commits to further operate its business by simultaneously adhering to the Corporate Governance Policy, anti-corruption, and community, social and environmental responsibilities to achieve the sustainable growth and quality society.

Mr. Arak Suksawad

Managing Director

East Coast Furnitech Public Company Limited



# About This Report

This sustainable development report of East Coast Furnitech Public Company Limited has been separated from its annual report for the first time in 2018. This report aims to present the company's performance in three facets; namely, economic, social, and environmental impacts and its good corporate governance during the period from 1 January 2019 to 31 December 2019, taking into account sustainable business operations and ability to respond to stakeholders' expectations.

## Criteria for issue selection

- 1. Issue Identification:** examine sources of information starting from sustainable development policy and information from internal and external stakeholders on issues that each stakeholder group expects or is concerned about. These issues may affect the sustainability of the company's economic, social, environmental, and good governance aspects. This examination was conducted to identify issues that are critical to the organization and stakeholders, using evaluation and weighting methods that the company has determined.
  - Inside the company: executives' meetings, employee satisfaction and engagement survey, information gathered from the meetings, and information from employees' suggestions gathered by supervisors.
  - Outside the company: shareholders' meeting, meeting investors to present the Company's profile, Board of Directors' meetings, supplier and client visits, and formal and informal conversation. The company has used this information in analyzing stakeholders' expectations to identify the issues.
- 2. Prioritization:** After identifying key issues that may affect the organization and stakeholders, weighted scores will be given by assessing the issues' impact on internal and external stakeholders. The company has designed the criteria to be in line with the company's context.
- 3. Scope of report:** This report only presents the sustainability performance of East Coast Furnitech from 1 January - 31 December 2019 covering key issues of all of the company's activities but excluding those of subsidiaries or joint ventures. However, this report includes the performance of subsidiaries and joint ventures in the part of economic issues.
- 4. Report approval:** This report was not certified by external parties but was certified by the Board of Directors on 27 February 2020, and the company currently has no plan to seek an audit by external parties.
- 5. Inquiries:** This report was produced with an objective to present the organization's sustainability performance to all stakeholder groups and people interested in the company's information in order to communicate and create an understanding of the organization's business operations. If there are further inquiries or suggestions, please contact Investor Relations Department, East Coast Furnitech Public Co., Ltd. Email : [ir@eastcoast.co.th](mailto:ir@eastcoast.co.th) Tel: 02-152-7301-4 Ext. 202 or 212 Fax: 02-152-7305.









# Introduce “East coast Furnitech ”

## Rubber Wood Furnitures



## Particle Board Furnitures



Brand	Symbol	Distribution Channel
ELEGA		Used for distributing all solid wood furniture that produced by our own factory or imported from overseas. Used for distributing via ECF OUTLET and online channels <a href="http://www.elegathai.com">www.elegathai.com</a> .
Finna House		Used for distributing furniture that produced under license from Disney. Used for distributing via ECF OUTLET and online channels <a href="http://www.elegathai.com">www.elegathai.com</a> .
a7		Used for distributing furniture to Mega Home
Hasta		Used for distributing furniture to Do Home) and Mr.DIY
Costa		Used for distributing furniture to wholesaler and retailer all over the country.
My Fur		Used for exporting furniture to countries under AEC

### Diagram About the Countries of Customers



## Renewable Energy Business

### 1. Biomass Power Plant

Presently, ECF Power Co., Ltd. ("ECF-P") as the subsidiary invests in SAFE Energy Holdings Co., Ltd. ("SAFE") shares at 33.37% and SAFE has invested in various companies related to biomass power plant business as follows

#### 1. Prize of Wood Green Energy Co., Ltd. (PWGE)

Project managed by	Prize of Wood Green Energy Co., Ltd. ("PWGE")
Capacity	7.5 MW
Located at	Waeng District, Narathiwat Province
Commercial Operation Date	June 27, 2017
The fuel used in the production	Woodchips
Percentage of shares by SAFE	99.99

2. SAFE Biomass Co., Ltd. ("SAFE-B") SAFE holds 99.99% of shares and SAFE-B operates the woodchips plant to deliver woodchips as raw material for power generation of PWGE. SAFE-B started commercial operation date on June 27, 2017



#### 3. SAFE Energy (Phare) Co., Ltd. (Original name was Bina Puri Power (Thailand) Co., Ltd. ("BINA"))

Project managed by	SAFE Energy (Phare) Co., Ltd.
Capacity	2 MW divided into 2 project at 1 mw each.
Located at	Project No. 1 Long District, Phrae Province Project No. 2 Sung Men District, Phrae Province (under plan to contract)
Commercial Operation Date	August 1, 2018 Project No.1 Long District, Phrae Province
The fuel used in the production	Corn cob, Woodchips
Percentage of share by SAFE	49.00



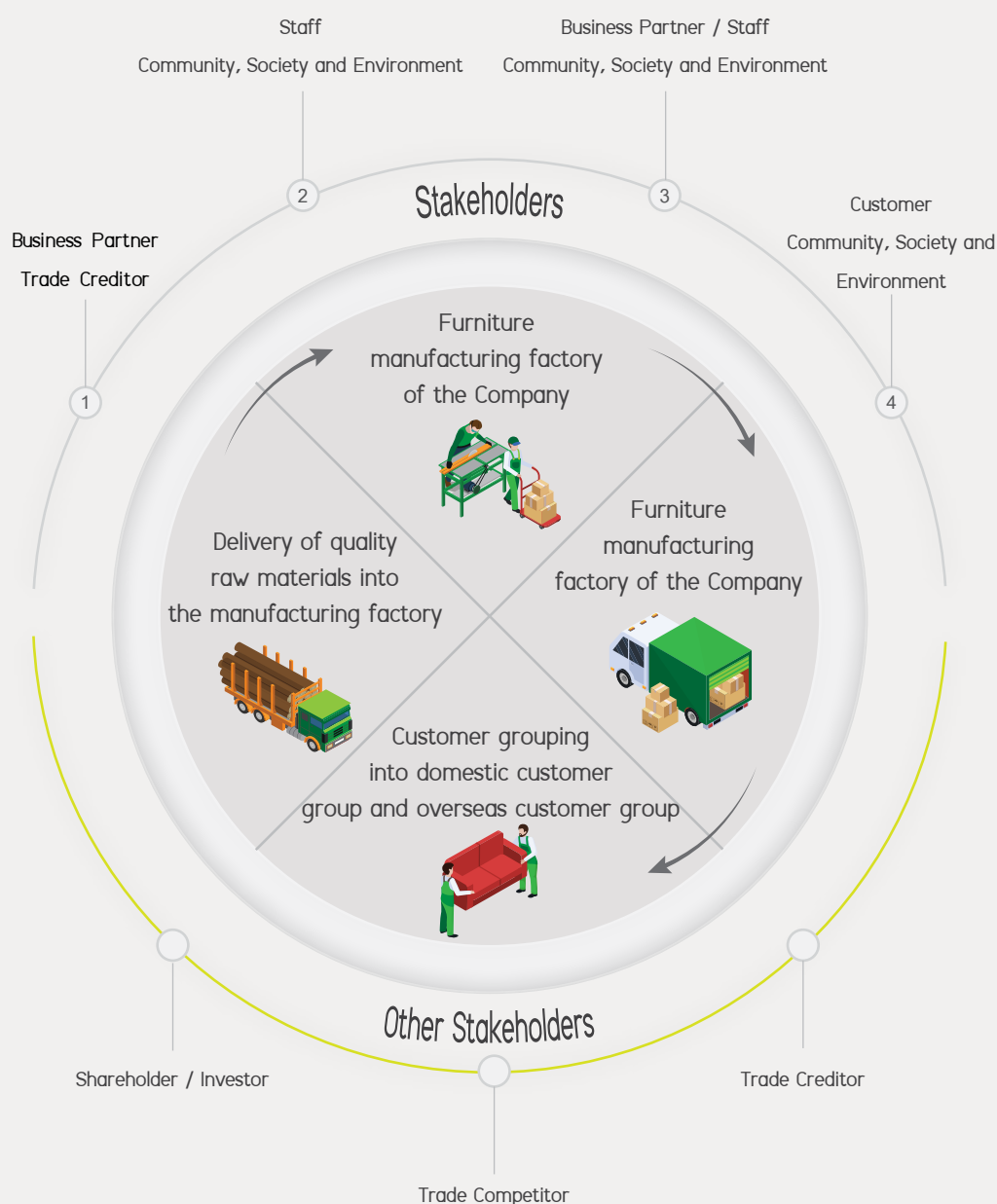
## 2. Solar Power Plant

The company invests in solar power plant business by investing via ECF Power Company Limited (ECF-P) as a subsidiary

Project managed by	Green Earth Power (Thailand) Co., Ltd. ("Minbu Power Plant Project" or "GEP")
Capacity	220 MW divided into 4 phase 50 MW each for the 3 first phase and last phase at 70 MW
Located at	Minbu City, Magway District, Republic of the Union of Myanmar ("Myanmar")
Commercial Operation Date	The power plant project could start the Commercial Operation Date (COD) (Phase 1) with an installed capacity of 50 MW on 27 September 2019
Percentage of shares by ECF-P	20.00



# Joint Creation of Value Chain



1. The Company's establishment of the rule for business partner selection, maintenance of good relationship and mutual acquisition of a business partner development guideline.
2. Knowledge training and development, human right respect, health and safety, systematic management of scraps or wastes derived from production process and establishment of a guideline for community sustainability development.
3. Transportation under concern on the business partner / staff, community and environment safety.
4. Products with quality and reasonable price and products with lifestyle designs that meet a demand and serve a daily living for a better quality of life.





# Achievement Awards



The Company ranked as one of 5-star companies in the survey  
under listed in the group of listed companies with an excellent rating or 5 stars  
By the Thai Institute of Directors (IOD) year 2019

Year 2017 Contribution Award  
NWC Small Group Activities Excellent Award  
East Coast Furnitech Public Company Limited May 11, 2018  
Nitori Holding Co., Ltd.



Mr. Arak Suksawad Managing Director  
East Coast Furnitech Public Company Limited  
Received a plaque  
President of the Executive Year Association 2016 – 2017  
March 14, 2018  
The Thai Furniture Industry Association



East Coast Furnitech Public Company Limited Branch 2 Received a plaque  
Joint the Project Happy Workplace  
Under the project "Strengthen the organization of sustainable health  
Of Thai furniture industry group November 16, 2017  
The Thai Furniture Industry Association and Thai Health Promotion Foundation (ThaiHealth)



East Coast Furnitech Public Company Limited received a plaque  
Establishments that support the employment  
of disabled people for the year 2016  
February 9, 2017 Rayong Governor



East Coast Furnitech Public Company Limited received a plaque  
Establishments with outstanding employment April 7, 2016  
National elderly Committee and  
Ministry of Social Development and Human Security



East Coast Furnitech Public Company Limited received a plaque  
Joint the Project OPOAI 2014 May 19, 2015  
Ministry of industry



East Coast Furnitech Public Company Limited received a plaque  
Certificate to participate in the project to  
support energy efficiency March 20, 2015  
Department of Alternative Energy Development and  
Efficiency Ministry of industry



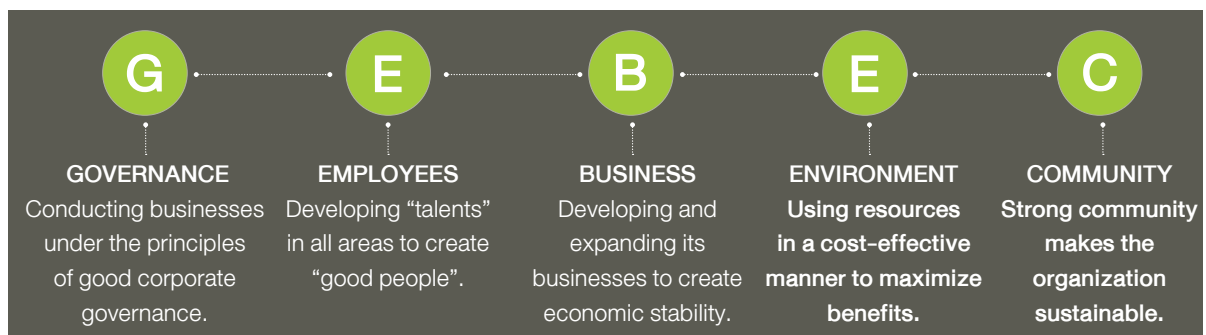
Mr. Arak Suksawad East Coast Furnitech Public Company Limited  
received a plaque  
President of the Executive Year Association 2012-2013  
February 26, 2014  
The Thai Furniture Industry Association



# Sustainability Development Policy

East Coast Furnitech Public Company Limited and its subsidiaries (“Company”) operate businesses under the principles of good corporate governance as a management guideline, with “personnel” as an important resource to drive the organization, create values and innovations in order to develop the Company for sustainable growth and equally provide benefits for all groups of stakeholders and be an organization that can happily live with society.

As a guideline for operations and creating understanding among stakeholders, the Company has therefore established a policy under the GEBEC development principles for sustainability of the organization.



The Company is committed to develop its businesses to achieve the sustainability for stability and strength of the Company itself and benefit of stakeholders. However, in order to build the strength and sustainable growth, the Company has realized that it should start from developing human resource, which is an important part of creating sustainable development under the guideline of “We will Move Forward Together”.



Area	Details	Sub-policies	Practice/Tool/Standard
1. GOVERNANCE	Conducting businesses under the principles of good corporate governance	<ul style="list-style-type: none"> <li>- Good Corporate Governance Policy</li> <li>- Anti-Corruption Policy</li> <li>- Policy on Non-infringement of others' Intellectual Property or Copyright</li> <li>- Whistleblower Protection Policy</li> <li>- Conflict of Interest Prevention Policy</li> <li>- Policy on the Use of Insider Information</li> </ul>	<ul style="list-style-type: none"> <li>- Thailand's Private Sector Collective Action Coalition Against Corruption</li> <li>- Business Code of Conduct</li> </ul>
2. EMPLOYEES	Developing "talents" to build "good people"	<ul style="list-style-type: none"> <li>- Personnel Development Policy</li> <li>- Employee Compensation and Welfare Policy</li> <li>- Policy on respecting human rights</li> <li>- Policy on safety, occupational health and working environment</li> </ul>	<ul style="list-style-type: none"> <li>- Encouraging employees to participate in-house and external trainings</li> <li>- Organizing training courses for personnel development</li> <li>- Providing employees opportunities to equally express their opinions</li> </ul>
3. BUSINESS	Developing and expanding business for economic stability	<ul style="list-style-type: none"> <li>- Risk Management Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Establishing the structure of corporate risk management</li> <li>- Expanding the businesses to reduce the reliance on the main business only</li> </ul>
4. ENVIRONMENT	Efficiently using resources for utmost benefits	<ul style="list-style-type: none"> <li>- Efficient Use of Resource Policy</li> </ul>	<ul style="list-style-type: none"> <li>- Management of wastes and waste materials</li> <li>- Use of alternative energy in production process</li> <li>- Participating in Green Industry Project</li> <li>- Efficient use of resources or materials in production processes to reduce wastes</li> <li>- Awareness of circular economy</li> </ul>
5. COMMUNITY	Strong community, sustainable organization including participation in the development to enhance the quality of life of community people		<ul style="list-style-type: none"> <li>- Paying attention to the activities organized by the community</li> <li>- Listening to opinions of community people</li> </ul>

# Sustainable development strategy

East Coast Furnitech Public Company Limited (the “Company”) has operated its business under the principles of good corporate governance, prioritizing the business development along with personnel development. The company believes that “personnel” is one of important resources to drive the organization and is an important part in responding the needs of the stakeholders in a balance manner. Apart from personnel development to enter into the sustainability, the Company also takes into account the development of communities, society and environment to grow in parallel with the Company's sustainable development by setting it as a strategy to be the framework for development as follows:

## Social

- Develop the all-around to create good people:

The company clearly identifies basic characteristics that everyone in the organization has to have as well as required skills for each position. These specifications will become the guidelines for skill development and enforcement of related rules, regulations, and laws and will drive innovation through technology and learning organization in order to create good and talented people for the company and society.

- Create a work-life balance:

We recognize the importance of our employees. If our employees are happy in their professional and personal life, this will create a healthy work-life balance which will ensure success, security, and growth for our employees, organization, and society.

- Build trust with stakeholders:

The company treats its stakeholders with fairness and under good governance. It focuses on the effect that might result from its process and is willing to listen to the opinions of internal and external stakeholders through meetings and other channels for organizational improvement and mutual benefits. The company discloses information on its conduct, operations, and management which is transparent and accountable in its annual report, website, and quarterly as well as yearly business reports. It also presents past year's performance at the annual shareholders' meeting at least once a year.

- Emphasizing on listening to opinions of personnel in an equality manner.

The Company is aware that personnel is an important resource to drive the organization.

- Encouraging personnel to voluntarily do good for society

The Company is aware of the importance of promoting employees for public minds in order to create a pleasant society both inside and outside the organization.

## Business Development

- Increase competitiveness through quality products and services and responsibility under the motto “Buy, manufacture, and deliver good products”. The company sets its goals to drive business growth, create sustainable value for stakeholders, build competitive advantage, and reduce its impact on the environment in all processes.



- Expanding business by investing in other businesses apart from manufacturing and selling furniture:

The company has a strategy to ensure its security by expanding its investment in other businesses with a focus on long-term value investing for the organization and stakeholders in order to increase revenue and ensure financial security. Before pursuing any new investments, the company conducts a careful feasibility study for the project and creates a risk management plan that complies with the related standards.

## Community Development and Environment

The company prioritizes resource optimization and regeneration.

- Creating careers and incomes for communities

The Company believes that if the community is strong, the Company's businesses shall possibly continue to steadily develop, the Company therefore focuses on creating careers and incomes for people in the community for better quality of life and self-reliance.

- Support of budget to allow society to have opportunities in terms of education, religious maintenance and hospital support to enable community people to thoroughly access medical care.

- Green space:

The company focuses on developments that increase employees' intelligence and spark actions in delivering outcomes that minimize environmental impact. The developments are intended to cover all business processes and promote product innovation development that aims to reduce environmental impact and improvements that aim to reduce greenhouse gas emission, creating environmental awareness at the individual level.

- Promotion of resource optimization:



The company promotes optimal use of resources in order for employees to recognize resource efficiency and promote resource regeneration. The company also puts up signs to promote water and electricity conservation in various spots of the company.



# Connection of Stakeholders

The Company operates the business by adhering to good governance, respect to the right of the group of stakeholders and duties of each group are carried out with all of the aforesaid under the Company's concern on either both positive and negative impact, or both direct and indirect impact for equally getting satisfactions from the Company's stakeholders of all groups.

Stakeholders	Expectation	Reaction	Connection Guideline
<b>Employees</b> 	(1) Arrangement of fair remuneration in consistency with economic state (2) Career Opportunities and Progress (3) Continuous development of knowledge and competency (4) Occupational health care (5) Work-Life Balance	(1) Emphasize on every level of the Company's employees under equitable and fair employee treatment. (2) Provide return which is appropriate for knowledge and competency of each employee, together with focus on continuous development of potential, and knowledge (3) Policy on safety, occupational health and working environment plan (4) Trainings for personnel's potential development (5) Respect to human right, dignity and basic right in working, as well as not disclose or transmit information or secret of the employee to the third party or unrelated party. (6) Give the employees the opportunity to have communication channel for suggestion and complaint on working. Suggestions shall be considered and corrective method shall be determined for interest of all parties and creation of good relationship in cooperation.	(1) Survey on organizational commitment (2) Employee Comment Box (3) E-mail (4) PR Board (5) Organizing seminars and association activities in different occasions.
<b>Shareholders /Investors</b> 	(1) Good Corporate Governance (2) Maintaining rights and equality (3) Good and regular returns of investment (4) Good operational performance and sustainability of business operations (5) Fair Management (6) Careful risk management (7) Wealth and sustainability in business	(1) Realize and emphasize on basic rights of the shareholders (2) Promote and facilitate the right of the shareholders (3) Sufficient Data Disclosure (4) Implementation based on the principles of good corporate governance (5) The Company properly and regularly paid dividend to the shareholders in dividend payout ratio in accordance with dividend payout policy as prescribed by the Company. (6) Business management under the sustainable administration, proper risk management planning	(1) Ordinary and Extraordinary Meeting of Shareholders (2) Disclosure of Data Information via SET Portal Straight Through System of the Stock Exchange of Thailand, and the organizational website (3) Conservation and discussion on query response (4) Web site : <a href="http://www.eastcoast.co.th">www.eastcoast.co.th</a> (5) Quarterly Performance Report

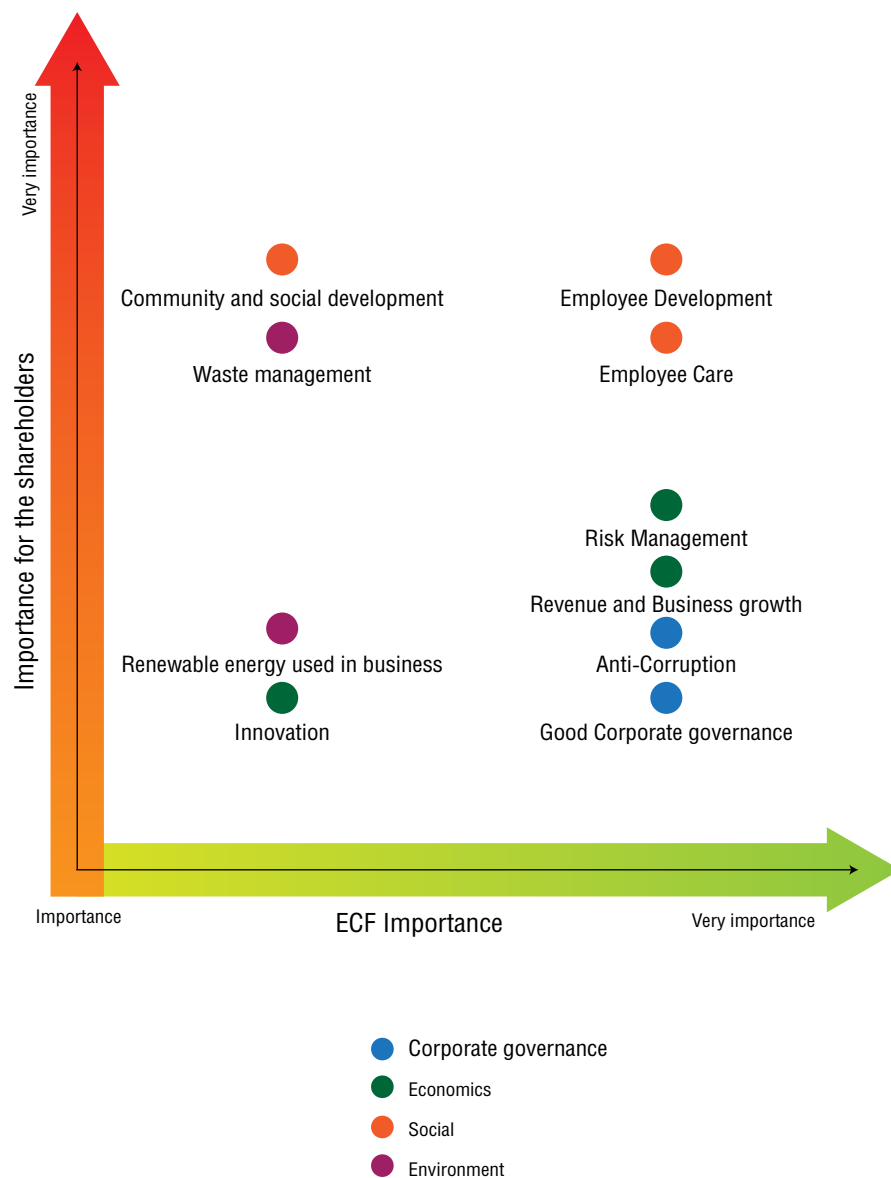
Stakeholders	Expectation	Reaction	Connection Guideline
<b>Customers</b> 	(1) Variety of quality goods and services to fulfil customer needs (2) Products that are responsible to society and environment, and are reused (3) Convenience of product access (4) Preparedness and rapidity of customer service (5) Reasonable price of goods (6) Confidentiality of customer information	(1) Operate manufacturing and distributing business for goods which are safe for usability by taking into account the user's health and after sales service that create maximum customer satisfaction. (2) Use eco-friendly materials in product manufacturing (3) Arrange communication channel so that customers can complain with the Company. Customer complaint shall be attentive and contingent problems shall be fairly solved for customer (4) Operate the business by adhering to honesty and fairness, not performing acts that violate the right of customer (5) Not demand to receive or agree to receive property or any other interest in bad faith from customers both directly and indirectly.	(1) Customer Visit (2) Survey on Customer's Satisfaction (3) Co-organize activities with customers (4) Provision of opinion, suggestion, and complaint channel for customers (5) Web site: <a href="http://www.eastcoast.co.th">www.eastcoast.co.th</a> and/or <a href="http://www.elegathai.com">www.elegathai.com</a>
<b>Business Partners and Business Creditors</b> 	(1) Fair business doing (2) Management under good governance and transparency of business operation (3) Sustainable business chain management (4) Ability in supporting business operations (5) Co-develop products	(1) Treat business partners under equality. (2) Select business partners that operate business according to law, and comply with manufacturing standard, and safety and environmentally friendly standard (3) Keep business secret or business information of the business partner (4) Create good mutual relationship and understanding, share knowledge, and mutually and continuously develop and add value to raw materials and goods ordered by the Company. (5) Not demand to receive or agree to receive property or any other interest apart from business agreement.	(1) Regular holding annual meeting of the business partners (2) Discussion for brainstorming in creative development of products (3) Business partner company visit for hearing opinions and suggestions (4) Anti-corruption Policy (5) Procurement Manual

Stakeholders	Expectation	Reaction	Connection Guideline
<b>Business Competitors</b> 	Operate business and compete under transparency and fairness, and compliance with the framework of good competition and honesty.	(1) Compliance with the framework of rule of fair competition 2) Not destroy reputation of business competitors with malevolence. 3) Not violate intellectual property / copyright. 4) Not seek for secret information of business competitors by dishonest or improper means.	Meeting and discussion, opinion sharing, and cooperation in various agenda
<b>Creditors</b> 	(1) Duly interest repayment (2) Profitability of the Company's performance	(1) Strict compliance with conditions entered with financial institution creditor in accordance with borrowing agreement (2) Good financial management to achieve creditors' confidence (3) Properly and duly disclose operating result information and financial position. (4) In case of failure to comply with conditions in loans repayment, creditors must be notified in advance for finding a solution and preventing damages together. (5) A meeting is organized to meet financial institution creditors and company visit shall be annually arranged.	(1) Meeting and discussion (2) Proper and punctual disclosure of financial operating information
<b>Community and Society, and Environment</b> 	(1) Operate businesses that do not affect the community or the effects caused by the business operations could be managed. (2) Effective management of wastes from business operations. (3) Participation in community's activities	(1) Create the understanding, reliability and engagement with community. (2) Formulate preventive and corrective measure for impact occurred with community and society as the result of the Company's operation. (3) Good environment conservation system. (4) Evaluation of community relation activities to measure the efficiency to those activities. (5) Culture consciousness and promote educating and training to the employees of all levels in respect of environmental preservation (6) Promote environmentally friendly use of technologies, machines and raw materials used in production process. For environmentally friendly practical guideline in the production process of the Company.	(1) Community relation activities (engagement with community activities) (2) Regular survey and discussion for hearing opinions and requirements of community and society on yearly basis. (3) Web site: <a href="http://www.eastcoast.co.th">www.eastcoast.co.th</a>

# Selection of Significant Issues

## Affecting Sustainability

The Company has selected the issues affecting the sustainability by considering the risks and strategies for the Company's sustainable management and the issues emphasized by the stakeholders, has the prioritization process from agencies connecting the Company's stakeholders and executives and annually reviews the important issues. In 2019, the Company considered and analyzed various issues that are important to the Company's stakeholders in terms of good corporate governance, economic conditions, society and community, and environment in Materiality Matrix format, with following important points:





# Corporate Governance and Anti-Corruption

Good corporate governance or corporate governance is the prescribed principle which should be always performed by the Company. At present, it has been well known that if the business requires sustainable grow, the operation of the Company and related parties must not ignore interest and social, environmental and stakeholder impact and not for specific business profit or interest of some groups of persons anymore. The Company has therefore prepared code of business conduct, business ethics Anti-Corruption Policy and Corporate Governance Policy including other related sub-policies in writing to be the practice of the directors, executives, and employees in business operation as well as driving other related parties in the supply chain to consider business operations under principles of good corporate governance.

Nevertheless, the Company realizes on self-conduct in accordance with the principle of Good Corporate Governance Policy as prescribed by the directors, executives and employees. The Company therefore communicates Good Corporate Governance Policy and the manual of business ethics and code of conduct Business Code of Conduct Manual of the Company to the directors, executives and employees via the following channels.

- Via the Company's website: [www.eastcoast.co.th](http://www.eastcoast.co.th)
- Notification via e-mail
- Notification via public relations

## Roles and Responsibilities of the Board of Directors as the Leader who Creates Sustainable Value for the Business

The Board of Directors should understand their roles and be aware of their responsibilities as the Leader that must oversee the organization to have good management, covering the establishment of objectives, goals, strategies, operational policies, and the allocation of important resources to achieve objectives and goals, monitoring, evaluation, and oversight of performance reporting.

The Company's Corporate Governance Committee consists of the Board of Directors, Audit Committee, Nomination Committee, Remuneration Committee, Risk Management Committee, and Executive Committee as following details:

### Board of Directors

As of December 31, 2019 the board of directors consisting of 8 Directors as follows.

1. General Terdsak	Marom	Chairman of the Board of Director, Audit Committee Member and Independent Director
2. Assoc. Prof. Dr. Montree	Socatiyanurak	Chairman of the Audit Committee and Independent Director
3. Assoc. Prof. Songklod	Jarusombat	Audit Committee Member / Independent Director
4. Dr. Ekarin	Vasanasong	Independent Director
5. Mr. Chalee	Suksawad	Vice Chairman
6. Mr. Wanlop	Suksawad	Director
7. Mr. Arak	Suksawad	Director
8. Miss Tippawan	Suksawad	Director and Company Secretary







## Roles and Duties of the Board of Directors

### Formulate strategy, business plan and budget

Consider Review of Vision, Mission, Objectives, and Strategies approving business plan, and budget, and approving investment in various projects.

The Board of Directors' Meeting No. 3/2019 held on 27 February, 2019 has a resolution to consider and review the Company's Vision, Mission, Objectives and Long-term targets

### Monitor operation

Audit the use of budget to be consistent with the objective of investment in each project, and monitor operating result based on setting plan or target.

### Supervise for properness and completeness

- Operate by protecting the interests of shareholders, control and oversee the correct, complete disclosure of information to investors with standards.
- Establish reliable accounting system, financial reporting, and auditing.
- Prepare financial statements at the ending date of the accounting year of the Company.
- Monitor the subsidiaries to disclose information.
- Consider the appointment and alteration of the person to assume the director of the Board of Directors and/or executives.
- Consider determining management structure of the Company.
- Consider the report of connected transaction or transaction with conflict of interest and transaction of acquisition or disposal of the Company.

## Audit Committee

As of December 31, 2019 the audit Committee consisting of 3 Directors as follows

1. Associate Professor Dr. Montree	Socatiyanurak	Chairman of the Audit Committee and Independent Director
2. General Terdsak	Marom	Audit Committee Member and Independent Director
3. Associate Professor Songklod	Jarusombat	Audit Committee Member and Independent Director

## Roles and Duties of the Audit Committee

### Audit and control for properness

- Audit the subsidiaries to properly disclose information and financial report.
- Properly and effectively audit the Company and its subsidiaries to have Internal Control System.
- Verify the compliance of the Company with Securities and Exchange Law and other related agencies.

### Consider approving

- Consider of the connected transaction or transaction with the possibility of conflict of interest, and transaction of acquisition or disposal of the Company.
- Consider, select and nominate the independent person to perform duty of the Company's auditor.
- Prepare the Audit Committee's Report and disclose in Annual Report.

## Risk Management Committee

As of December 31, 2019 the Risk Management Committee consisting of 4 Directors as follows

1. Associate Professor Dr. Montree	Socatiyanurak	Chairman of Risk Management Committee and Independent Director
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

## Roles and Duties of the Risk Management Committee

### Formulate and govern

- Establish policies and framework for the Company's risk management.
- Govern risk management of the Company to attain target and succeed based on objective.

### Consider Assessment Report

- Systematically evaluate and verify risks in the furniture industry including other businesses invested by the Company to minimize the opportunities of damages to an acceptable level.
- Report risk supervision and assessment result.

## Nomination Committee

As of December 31, 2019 the nomination Committee consisting of 3 Directors as follows

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

## Roles and Duties of the Nomination Committee

- Select the qualified person to nominate as new director including nominate Managing Director.
- Prepare training plan for directors and top executives.
- Prepare development plan for the Managing Director and top executives, and succession plan.

## Remuneration Committee

As of December 31, 2019 the remuneration Committee consisting of 3 Directors as follows

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





## Roles and Duties of the Remuneration Committee

- Consider the form of remuneration payment the criteria of remuneration payment for directors and Managing Director
- Assess performance of the Managing Director and propose the directors of the Company
- Consider determining annual remuneration of the Board/Committees and the Managing Director

For additional details of roles and duties of each set of the Committee and responsibility, please read in Annual Report 2019.

## Self-assessment report of the Board of Directors

For 2019 with average evaluation results based on full score of 100 percent as follows:

Category	Team Evaluation Result	Individual Evaluation Result
1. The Board of Directors	99.14	100.00
2. Audit Committee	100.00	100.00
3. Risk Management Committee	100.00	100.00
4. Nomination Committee	98.53	100.00
5. Remuneration Committee	100.00	100.00

The Company establishes the policy for determination of element of the Board using Board Competency Matrix which is classified into three main topics being used as consideration support, consisting of knowledge relating to industry, and experiences relating to business operation of the Company, skills and experiences and knowledge in various fields, such as accounting, finance, law, etc., including behavioral competency, such as teamwork, coordination, boldness, etc. If considering from such Matrix, when the element of each director is taken into consideration on the perspective of the Board, all topics are covered. The Nomination Committee then will consider that the element of the Board is proper, and covers adequate knowledge, experiences, competencies and skills which are useful and efficient for operation in part of the Board of Directors.

## Results of the Board Competency Matrix

Assessment topics	Assessment (percentage)
Knowledge about the industry and experience	86.88
Skills / experience	86.14
Behavioral ability	90.83
Average score from all topics	88.02

In part of corporate governance, the Company establishes Corporate Governance Policy for 2019, business operation ethics, and code of business conduct for directors, executives and employees, and policy for prevention and governance on use of inside information which is disclosed in the Company's website: [www.eastcoast.co.th](http://www.eastcoast.co.th) on the page of Investor Relations in topic of Good Corporate Governance.

In addition, the Remuneration Committee also establishes the rules and policies for annually evaluating the performance of Managing Director by determining only independent directors who could evaluate the performance of Managing Director. In 2019, totally 4 independent directors conducted the evaluation and concluded as follows:

### Summary on the performance evaluation of Managing Director (MD) for 2019

No.	Topic	Total Score	Average Score (Point)	Average Score (Percentage)
1	Leadership	24	24.00	100.00
2	Strategy Determination	24	23.75	98.96
3	Compliance with Strategy	24	24.00	100.00
4	Planning and Financial Performance	24	23.75	98.96
5	Relationship with the Board of Directors	24	24.00	100.00
6	Relationship with External Parties	20	20.00	100.00
7	Management and Relationship with Personnel	24	23.75	98.96
8	Succession	12	12.00	100.00
9	Product and Service Knowledge	16	16.00	100.00
10	Personal Characteristics	24	23.75	98.96
<b>Total Score</b>		<b>216</b>	<b>215.00</b>	<b>99.54</b>

### Protection and Fairness Policy for Stakeholder and Employee as Informant or Whistleblower of Corruption, Right Violation or Breach of Law, Rules and Regulations of the Company and Code of Conduct (Whistleblowing Policy)

According to whistleblowing of clue or complaint at all stakeholders, the whistleblower can contact or complain in the matter that may be corruption, right violation, or the matter that may be problematic to the Board of Directors via the following channels.

- 1) Assoc. Prof. Dr. Montree Socatyanurak  
The Chairman of Audit Committee / Independent Director; or  
Mr. Arak Suksawad  
Managing Director; or  
Company Secretary Office  
East Coast Furnitech Public Company Limited  
25/28 Moo 12 Buengkamproi, Lumlookka, Pathumthani 12150
- 2) E-mail sent to Company Secretary Office: [cg@eastcoast.co.th](mailto:cg@eastcoast.co.th)  
or Human Resource Department : [hrrayong@eastcoast.co.th](mailto:hrrayong@eastcoast.co.th)
- 3) The Company's website in topic of "Complaint Channel"



After the Company is notified about information of corruption, right violation or the matter that may be the problem, the Company's action process after receiving complaint is as follows.

**1) Gather fact and consider detail of fact.**

After receiving complaint via various channels, the Company shall gather fact relating to corruption, right violation or matter that may be problematic. The investigation working group shall be established by considering from the related parties, such as topmost superior / supervisor in work unit that receives complaint, and Human Resource Department Manager and/or other person who is considered as appropriate. The investigation working group shall start gathering information, evidence and investigate fact in details.

**2) Find the conclusion of action measure**

The investigation working group shall conclude action measures in order to mitigate the damage for the affected person.

**3) Report the result**

The Company Secretary Office is responsible for reporting result to the complainant for acknowledgement. In the event of the significant issue, it must be reported to the Managing Director and/or topmost executive of the work unit that receives the said complaint (in the event where topmost executive of the work unit does not participate to be the investigation working group) depending on the degree of importance and seriousness of the complained matter.

**Protection and Fairness Policy for Employee as Informant or Whistleblower of Corruption, Right Violation or Breach of Laws, Rules and Regulations of the Company and Code of Conduct**

After the Company is informed of the offence and corruption information, the Company's action process after receiving complaint is as follows.

**1) Gather fact and consider detail of fact**

After receiving complaint via various channels, the Company shall gather fact and set up the investigation working group for corruption to consider from the related parties such as topmost superior / supervisor in work unit that receives complaint, Human Resource Department Manager, and/or other person who is considered and deemed appropriate. The investigation working group for corruption shall start gather information, evidence and investigate fact in details.

**2) Find conclusion of action measure**

The investigation working group for corruption shall find the conclusion relating to action measure to mitigate damage for the affected person. Any punishment action shall not be taken with the employee who is the informant with honest intention.

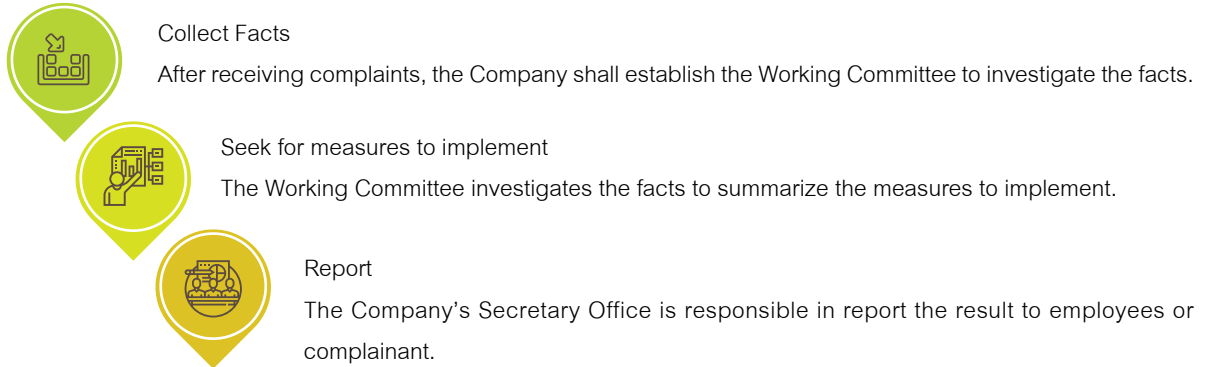
**3) Report result**

The Company Secretary Office is responsible for reporting the result to the employee for acknowledgement if the employee who is the complainant performs self-disclosure. In the event of significant issue, the Company Secretary Office shall also report to the Managing Director and/or topmost executive of the work unit that receives the said complaint (in the event where topmost executive of the work unit does not participate in the investigation working group for corruption) depending on degree of importance and seriousness of the complained matter.

### Care and Protection for Whistleblower of Complaint

Should any person in the Company behaves to persecute, threaten, discriminate or use disciplinary action by improper or unfair procedure in relation to complaining of the whistleblower of complaint and other related persons of corruption investigation from the said complaint, it shall be deemed that that person commits disciplinary offence and must be liable and reimburse damage to the Company or affected person from such act, or may be illegal accordingly.

### Implementation Process when Receiving Complaints



### Policy and Practical Guideline for Non-Infringement of Intellectual Property or Copyright of Other Person

The Board of Directors clearly establishes a policy on no performing any acts of infringement of intellectual property and determines the following practical guideline.

1. The Company establishes the policy for use of information technology system of the Company and its subsidiaries under audit on use of software program systems in the employee's working in order to prevent use of software that infringes copyright or is not related to working, etc.
2. As the Company must design and develop products every year to be offered to customers, the Company provides the principle to Research and Development Department that unlicensed intellectual property of other person shall not be infringed, imitated or used.
3. The achievement or information as the right of the third party that is acquired or will be used inside the Company shall be verified to ensure non-infringement of other person's intellectual property.
4. Self-conduct shall be in accordance with laws relating to intellectual property and copyright, such as trademark-related law, patent-related law, copyright-related law, or other related laws, and promote training for knowledge provision to the employees in intellectual property-related law. The application of works or information belonged to third parties which have been provided or to be used within the Company is required to verify to ensure the non-violation of others' intellectual properties. In addition, any types of intellectual properties of the Company are not allowed to be used for personal gain or for other persons without permission.



The Company gives the opportunity to notify complaint in the event of detection on infringement of intellectual property at:

Letter sent to:

Assoc. Prof. Dr. Montree Socratyanurak

The Chairman of Audit Committee / Independent Director; or

Mr. Arak Suksawad

Managing Director; or

Company Secretary Office

East Coast Furnitech Public Company Limited

25/28 Moo 12 Buengkamproi, Lumlookka, Pathumthani 12150

E-mail sent to Company Secretary Office : [cg@eastcoast.co.th](mailto:cg@eastcoast.co.th) or Human Resource Department : [hrrayong@eastcoast.co.th](mailto:hrrayong@eastcoast.co.th)

## Conflict of Interest Prevention Policy

The Company establishes a policy on prohibition of directors, executives and employees to take the opportunity from the status of the Company's director, executive or employee for exploitation, and formulates to be the following policy and practical guideline.

1. Take action with conflict of interest or connected transaction prudently, honestly, fairly and reasonably under transparent process in approval on entry into transaction by taking the Company's interest into account. The directors of the Company, and stakeholders have no right to vote for approval on the matter of which he/she has both direct and indirect interest or conflict of interest, and shall properly and completely disclose information in accordance with the rule of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.
2. In the event of necessity to perform transaction for the Company's benefit, the said transaction shall be performed as if transaction which is performed with the third party that commercial agreement is made in the similar manner as the reasonable man should perform with the general contractual party, with commercial bargaining power which is free from influence of the director and executive status, or the related party, and must not be involved in considering the approval. In addition, the criteria of information as prescribed by the related agencies as practice shall be complied.
3. Any acts which are in conflict with business interest of the Company are prohibited. The said acts include cause of the Company's loss of interest or lesser benefit than it should be, or sharing of the Company's benefit.
4. Any acts which are competitive with the Company's business or operates the business in the similar nature of business as the Company, are prohibited.
5. The directors, executives, staffs, and employees of the Company, and spouse and child of the said persons, are prohibited from exploitation of the personal business with the Company, for instance, any act for sale of goods and services to the Company. If the said act is performed, clarification document shall be prepared and information shall be disclosed for the Company's acknowledgement in every case.
6. The directors of the Company and executives shall report stakeholding report of their own and the person that may have conflict of interest in accordance with prescribed criteria.
7. The Board of Directors shall monitor and supervise the Company and its subsidiaries to comply with the Securities and Exchange Law, regulations, notifications, orders or rules of the Stock Exchange of Thailand, SEC, and Capital Market Supervisory Board. In addition, the Company shall disclose the information which is entered into connected transaction under the rules prescribed by the Stock Exchange of Thailand, and of related agencies.



## Anti-Corruption

### The definition according to the anti-corruption policy

Corruption means the practice or omission of practice of their positions, including bribery of any form by proposing, promising, giving, committing or asking or taking money, property or any other benefits that are not appropriate to the government officials, government agencies, private sector, or those with either direct or indirect duties, in order to ask the said person to act or omit to perform his/her duty, for the acquisition or maintenance of business, or specific recommendation of business to the Company, or for acquiring or maintaining any other improper business benefits to the Company, him/herself, or those involved.

Corruption may be done in many forms such as

1. Political contributions
2. Charitable contributions and sponsorships
3. Taking and receiving money related to gifts, hospitality and entertainment

Political contribution means the monetary or non-monetary support for political parties, politicians or political candidates. Non-monetary support includes the lending or donation of equipment, providing free technology services and allowing directors, executives, and employees to take leaves without pay to participate in political activities

The Company has prioritized the improvement of the internal management process to have transparent, verifiable operations, we have always believed that doing business with honesty, accountability and verifiability will benefit the Company by gaining confidence from customers, shareholders, and all group of stakeholders. The Company has amended and improved anti-corruption policy to be in line with the company's operating situation and publicized the said policy on the Company's website. ([www.eastcoast.co.th](http://www.eastcoast.co.th)) and promote this policy to all employees for acknowledgement. In addition, the Company has been communicating and publicizing the anti-corruption concept to all stakeholders of the Company by issuing letters to its business partners and customers to refrain from giving/receiving any rewards in the form of cash, items or gifts, and prohibit to accept/pay any bribes for the Company's business interests and notify partners and customers of process to complain on unfair treatment for the Company's solution, as well as organized the meetings and communication to all employees of the Company to be aware of this policy and continuously practice in anti-corruption.

The Board of Directors has assigned a policy to declare the Company's intention to participate in the Thailand's Private Sector Collective Action Coalition Against Corruption or CAC, which is a way to solve corruption problems in cooperation among private companies that wish to create pressure for changes in the government sector by collaborating to refuse payment in all forms of bribery and against the use of corruption as a barrier to competition and free-trade practices. All companies that declare their intention to participate in the CAC program shall prepare or review their own internal control system in accordance with the guidelines specified in the self-assessment form (71 questions) and allow the third parties. (Chairman of the Audit Committee or a certified public accountant) to verify the accuracy of the information before submitting an application to the CAC Council for consideration and approval. At present, the Company is in the process of planning to prepare the self-assessment form (71 questions), if the progress is achieved at least 80%, the Company will further enter the process to declare its intention and participate in the CAC program.

The Company has established the guidelines for receiving complaints and whistleblowing of any offense or any action that is tended to misconduct and corruption of the Company's personnel to those involved and the Company in causing damages to the Company.



The Company's directors, executives, employees at all levels shall not ignore or neglect when seeing the corruption that is related to the Company, he/she must notify his/her supervisor or the person in charge for acknowledgement, cooperate in the examination and investigation of facts. In addition, the Company has also provided channels for receiving complaints from external parties as well.

The Company will provide fairness and protect employees who reject the corruption or notify about corruption, the Company will not demote, punish or give negative effect to those employees who reject the corruption and will also maintain the confidentiality of those involved in the verification and investigation of corruption acts.

In 2019, the Company conducted the corruption risk assessment and not found of corruption risks that are classified as significant risks to the business, the Company has also established the guidelines for internal control systems for the information system, documentation system that will be checked and balanced, including work processes to supervise and control for prevention. In addition, the risks that had ever had corruption or analyzed to possibly have corruption have not yet been monitored, the evaluation was also found that the internal supervision is still adequate, and in previous year, none of complaints about corruption behaviors, illegal behaviors and dishonest and unethical behaviors that significantly impact within the organization was received anyhow.

In 2019, the Company did not receive any complaints about corruption, violation of rights or failure to comply with laws, rules, the Company's regulations, and ethics, or about the case causing the negative reputation to the Company due to the management of the Board of Directors, executives, as well as about the resignation of any director or executive due to none of good corporate governance policy or adequate and proper internal control system, and none of legal disputes regarding labor and related to the business operations with all stakeholders was happened anyhow.

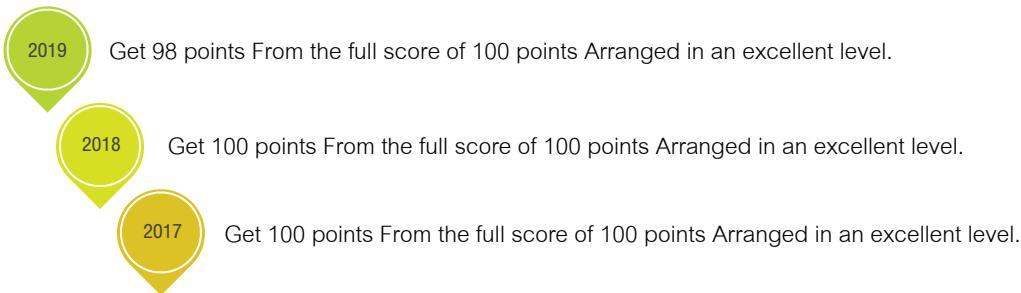
### Corporate Governance Assessment Result Report (CGR)

By the Thai Institute of Directors (IOD)

Year	Level	Symbol
2019	Excellent	
2018	Very Good	
2017	Very Good	

### The result of quality assessment of annual general meeting of shareholders (full score 100)

By the Thai Investor Promotion Association Three sharp listed companies And the Securities and Exchange Commission, Thailand.



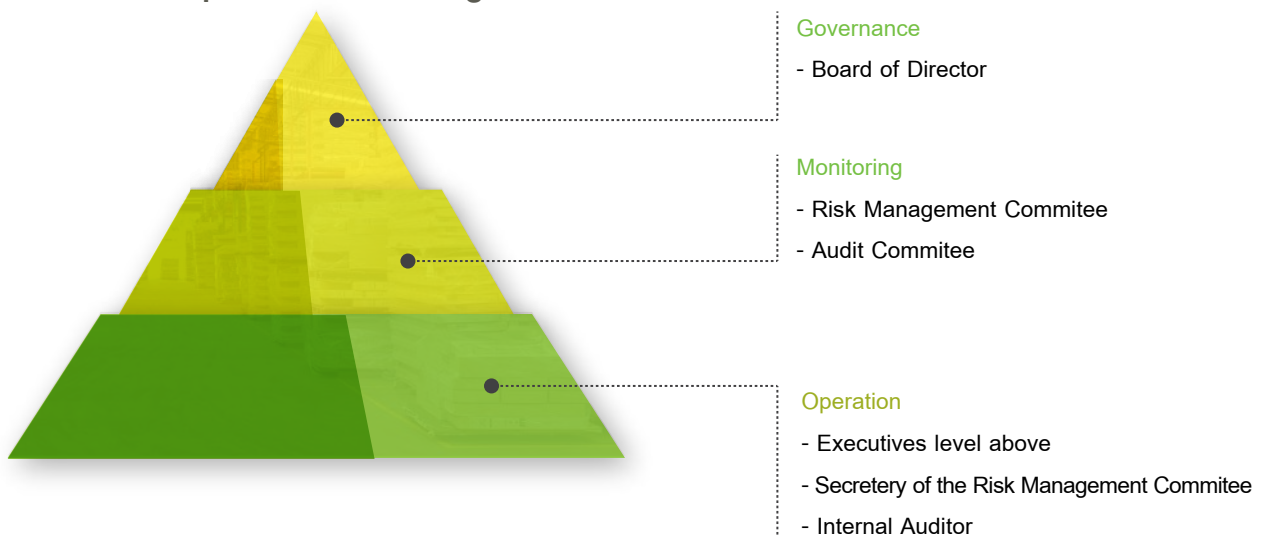
# Risk Management for Corporate Sustainability

The Company has realized the importance of risk management by adhering that the risk management is one of important compositions for all of the Company's business process. The Company therefore has appointed the Risk Management Committee to be responsible in determining the risk management policy, risk assessment together with seeking ways to systematically prevent and audit risks in the Company's business in order to minimize the opportunities of damages to the organization at an acceptable level (Risk Appetite) by focusing on the risk management culture in the organization as a guideline for risk management. The Risk Management Committee has established the risk management policy with following details:

## Risk Management Policy

1. The Company operates business under acceptable risk to achieve the Company's objective and satisfy the stakeholder's expectation.
2. Risk management is determined as part of annual plan preparation.
3. The duty of every executive and employee is to take responsibility for identifying and assessing the risk of his/her own responsible work unit, and define appropriate measure for contingent risk management.
4. Risks that affect all of the Company's objective attainment shall be executed as follows.
  - 4.1 Timely identify risks such as type, significance level, corrective guideline, person in charge, etc.
  - 4.2 Assess the opportunity of risk occurrence and impact from such incidence occurrence.
  - 4.3 Manage risk to be consistent with the criteria of risk management under concern on related expense and gained benefit.
  - 4.4 Monitor, supervise and assess to ensure that the Company's risks are properly managed.
5. Risks that may entirely affect business plan and strategy of the Company in various areas in high and very high level shall be reported to the Executive Committee, Risk Management Committee, Audit Committee and the Board of Directors for acknowledgement.

## Structure of Corporate Risk Management



## Corporate sustainability risk

### Economics Risk

- Risk from Fluctuation of Exchange Rate

The Company enters none of sales agreements with any specific raw material suppliers, and may expose to risk from supply of raw materials if the suppliers fail to sell sufficient raw materials to the Company or suspend selling raw materials to the Company. However, the Company realizes on such risk issue, and prevents risk from acquisition of raw materials by continuous ordering raw materials from seven major suppliers with production potential and maintaining good relationship with the suppliers of raw materials for long time. More than 80% of its major suppliers of raw materials have sold raw materials to the Company for long time over than ten years.

- Risk from Fluctuation of Exchange Rate

Term payment of product cost for the Company's product distribution to overseas customers is in USD currency. The Company imported raw materials from foreign countries to produce surface papers and ordered furniture to distribute in showrooms. Therefore, the risk of exchange rate fluctuation has been unavoidable, possibly affecting net profit of the Company. However, the Company has prepared financial instrument for hedging such potential risk. The Company has been granted for the line of forward contract of foreign currency with a financial institution in Thailand to reduce a certain level of the impact from such potential fluctuation of exchange rate in the future. However, the Company established the policy to adequately use the line of forward contract of foreign currency for value level deemed to be adequate for hedging. The line of forward contract of foreign currency is not used for speculation utilization from exchange rate at all.

- Risk of More Attention to Eco-friendly Products

Due to more attention or concern on the environment of people in society at present, this is a good sign of awareness on environmental conservation guidelines, however, in terms of business operations, the Company has also realized the importance of this issue by conducting the production, the disposal of waste materials from the production process as well as the process of product delivery to customers. The Company has continued to plan better development of this issue in the future to show the guideline of ongoing awareness and prioritization on environment.

- Risk from Industrial Competition

Thai furniture industry has been valued approximately 90,000 million Baht with over 1,800 entrepreneurs. In 2019, there have currently been four major manufacturers and distributors of Thailand (excluding the Company). Comparing the group of target customers of these four major entrepreneurs, we found that the group of target customers are different from the group of customers of the Company. It was to say that two of the four entrepreneurs operate furniture retail stores, and distribute under their brand names to their end-users. Another one entrepreneur offers comprehensive furniture products covering almost all categories of furniture and distribute them through showrooms and customers of the real estate projects. The other one mainly focuses on manufacture of a made-to-order furniture ordered by only one main customer. Therefore, these four entrepreneurs are not our direct competitors as they have different group of target customers. Since there are different target groups of domestic customers, the Company still has financial competitors who are OEM factories for mass production. In order to create the Company's competitiveness, the Company is well aware of creating standpoint for the Company's products by adhering to the changing consumer behavior trends including the Company's adaptation to the production model that supports these demands, and seeking ways to continuously create added value to products (Value Added) for the competitiveness in various aspects when comparing to competitors.

## Social Risk

- Risk of labor shortage

The Company has operated the business in furniture and paper foil production and distribution in which the production labors are important. For the past operations, the Company has never experienced a shortage of labor but the Company is aware that this risk issue is significant because if the above case is happened, it will affect the production capability to manage the risk of labor shortage. The Company has planned to improve the production line by importing machinery with modern technology to continuously make the production process more automatic system including seeking ways to reduce the procedures using labors, such as the use of fitting machines used for assembling furniture to design the machines to automatically fill fittings in bags, this can help to reduce the number of labors for manual filling, and will help to reduce the impact of labor shortage that may occur to some extent.

- Risk of Community Acceptance

The Company aims to conduct the business under the principles of good corporate governance for efficient operations to meet the needs of all stakeholder groups, including society, communities and the environment which is one of stakeholders valued by the Company. The Company is fully aware that if the Company's business is not accepted by society and communities, it will affect the production process, the corporate image and ultimately sales volume. The Company therefore manages this risk by creating the understanding with the community, meeting, inquiring, as well as participating in various activities within the community, resulting in none of conflicts with the community for the Company's past operations.

## Environmental Risk

- Natural Disaster Risk

The natural disasters are caused by climate change which will mostly affect the business in all industries, including the Company's furniture production and distribution. The Company has managed the said risk by applying the insurances such as fire insurance, flood insurance including income loss insurance, etc., in order to alleviate the impacts if such event occurs. In addition, the Company has sought the ways to reduce pollution from business operations that affect climate change, such as the use of resources to maximize efficiency under the concept of circular economy, electricity generation by using solar energy to be used in the production process within the factory, etc.

- Risk of More Energy Usage

Since the Company is a furniture manufacturer and distributor, it is necessary to have a factory for furniture production, we have 2 production factories located in Klaeng District and Wang Chan District, Rayong Province. The energy is essential for the furniture production as the main resource for running machinery such as electricity, etc., in addition to reliance on this important energy, it is also the main cost of production. The Company has managed the said risk by installing Solar Rooftop at the factory in Klaeng District with the production capacity of 998.40 kWhDC in order to use the electricity generated by solar energy in the production process in the factory, this could help to reduce the electricity cost as well and presently, the installation of Solar Rooftop at the factory in Wang Chan District is also under planning.

- Risk of Pollution from Production Process

The Company could not avoid the occurrence of various pollutions including dust, smoke, noise, etc., however, the Company has a process to oversee every steps of production process to minimize the negative impact on the stakeholders, for example, the Company uses a vacuum with bag filter, and these dust will be collected and sold to third parties to be used as raw materials in plywood production, including paint residues which is the paint leftover from the use in the production process. In the past, the Company would take all this waste for landfill within the area provided by the factory. However, at present the Company has a method for filtering the paint residues so that it can be reused as raw materials based on the condition that the paint must be good quality in order to get quality work pieces and meet the standards set by the Company. In addition to reducing the destruction of the environment, this also helps in reducing the cost of production for the Company.





# Performance on Quality Economy

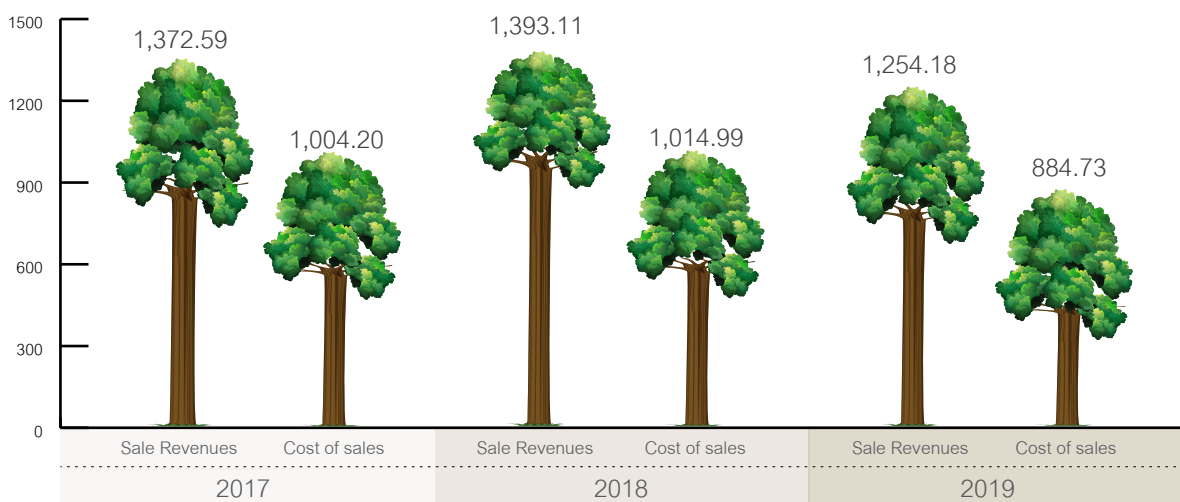
## Creating economic sustainability

Creating economic sustainability within the company itself. Considered an important part of the country's sustainable development because the business operations of the company are all impacted both positively and negatively to the stakeholders. The company therefore places great importance on the economic operation. By focusing on effective cost management Increase the production process including creating revenue growth and good returns to the stakeholders of the company and also for the ability to manage satisfaction of stakeholders to achieve balance and sustainability continue.

### 1. Performance financial for the year 2019

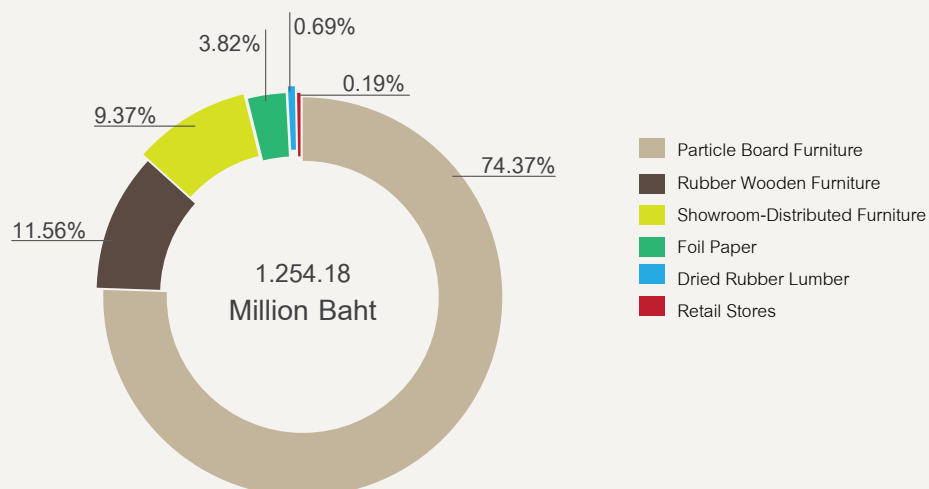
#### Sale income and the cost of sales

(Million baht)



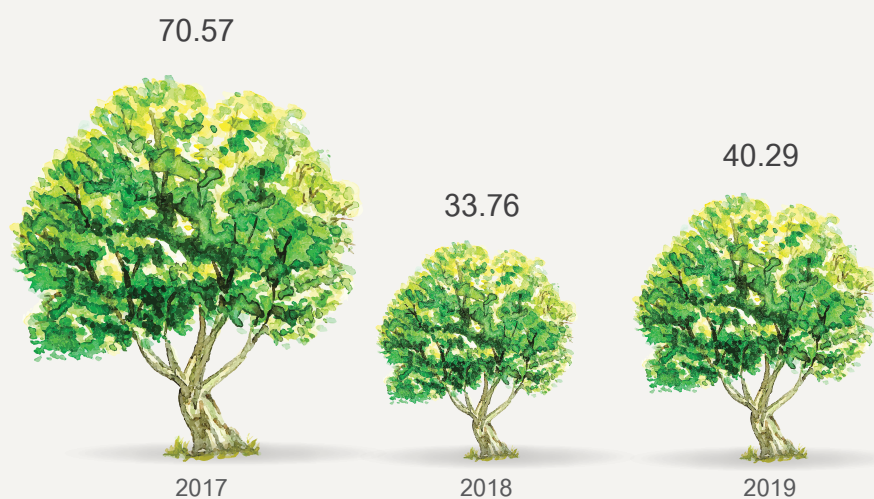
### Proportion of income from product groups

(Percentage)



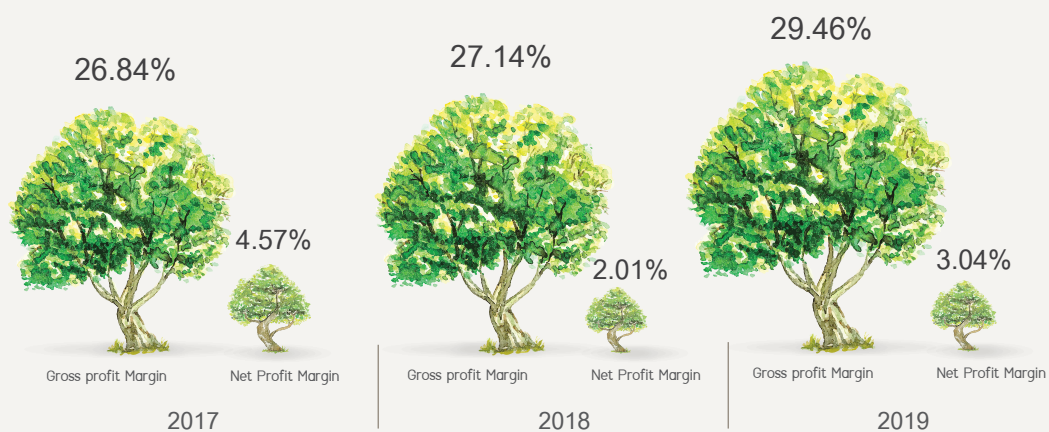
### Profit - Owners of the parent

(Million Baht)



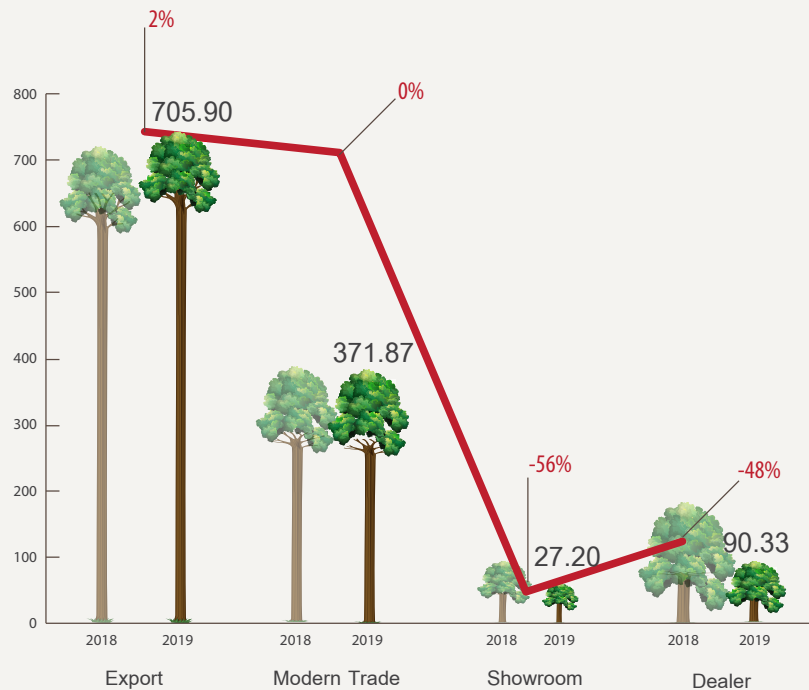
### Gross profit margin and net profit margin

(Percentage)



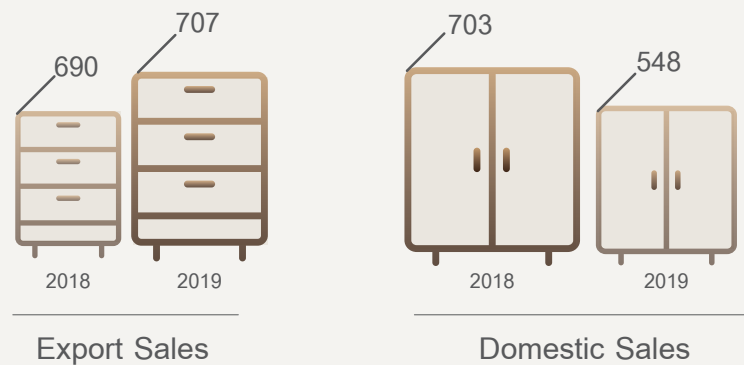
### Furniture distribution channel

(Million Baht)



### The proportion of income between domestic sales and exports sales

Million Baht



ECF's Thai baht valued figure of export to Japan was similar to last 2018 (total export value was 643.14 million Baht for the year of 2019.)

The finding from the data of the Trade Statistics Data Center, the Ministry of Commerce indicated that for export in the year of 2019 in USD value.

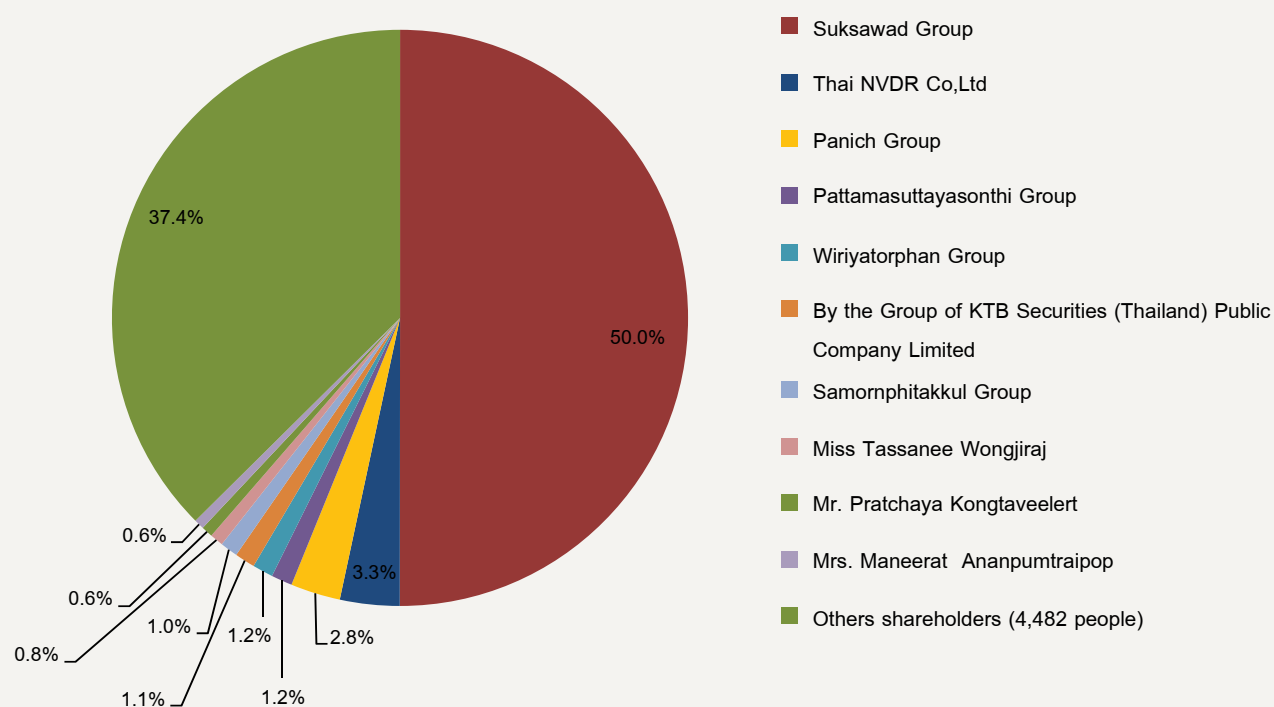
1. The growing export figure of the wooden furniture from the same period of last year was around 6%.
2. The Thai baht valued export of the furniture and parts increased by 13.64% while the USD valued export of the furniture and parts decreased at the rate of around 5%.

## 2. Value distribution to stakeholders

Value distribution to stakeholders		
Value distribution to shareholders	Personnel investment	Economic value
Dividend payment of 13.73 Million Baht.	Employee compensation 262.03 million baht	Create cost and expenditure for circulation in the economy 1,259.81million baht
	Training fee Seminar 0.44 million baht	Tax paid to the government 2.58 million baht
	Directors' remuneration 3.63 million baht	

## 3. Shareholding information

As at December 31, 2019, with a total of 4,524 minority shareholders.



## 4. Application of KAIZEN system for operation

The Company focuses on advancement for developing a production innovation to ensure an efficient production cost management. In the Innovation Day Project, all staffs are given the opportunity to propose a work method or working guideline that can reduce a procedure, save time, and reduce cost. However, it is important that quality is remained maintained. In proposing the said concept, the Company has motivated by taking as part of the consideration on the remuneration for the staff who initiates the project that contributes to the Company's cost management.

### Sample of the operating results

#### 1. Steam exit direction control in wood storage room.

The Company manages steam exit direction control system to prevent the exited steam to expose to the dried woods, resulting in a reduction in the selection and moisture checking time for the staff as a reduction of work procedure, and an increasing number of the Company's quality woods.



Before



After

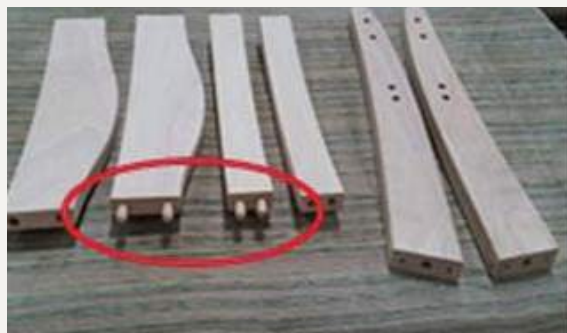
#### 2. Change in pattern of the furniture parts in assembly

The Company has changed its assembly pattern for manufacturing chairs by improving the quality of pivot milling machine to ensure a more efficient usability instead of a use of hammering labor, resulting in the Company's ability to reduce a chair assembly procedure as follows.

Before changing	After changing
1. Wood Cutting Procedure for Producing Work Pieces	1. Pivot Milling Procedure
2. Wood Drilling Procedure	2. Work Piece Assembly Procedure
3. Pivot Hammering Procedure	
4. Assembly Procedure	

#### Consequences

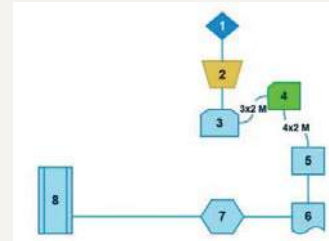
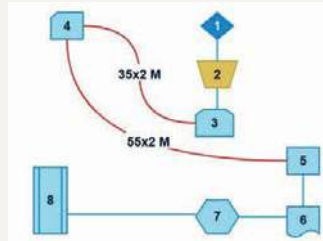
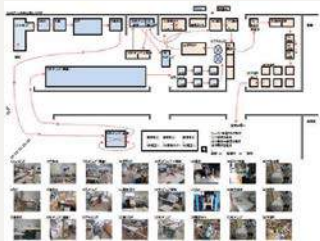
- Decrease in purchase of 10\*40 mm sized and 10\*35 mm sized pivots for 3,600 pieces/450 chairs and the Company's ability to reduce its expenses, for instance:  
8 Pivots are used for 1 Chair and the unit price of pivot is around 0.13 baht ( $3,600 * 0.13 = 468$  or around 460 baht).  
 $460 * 27 = 12,420$  baht/month. In 1 year period, expense can be saved for 149,040 baht.
- Decrease in the pivot hammering labor by 1 person whereas a monthly expense of labor cost of 330 baht/day\* 27 days equaling to 8,910 baht/month can be reduced. In 1 year period, an expense can be saved for 106,920 Baht.
- From the said process, the Company can reduce a production cost for 258,552 baht/year.





### 3. Re-positioning of machine layout

Work flow has been re-organized to ensure that the staffs can decrease a walking distance previously from a distance of 180 meter that 4 minute period has been taken. The machine layout has been changed and re-positioned, resulting in a decrease in distance to be remained at 14 meter that around 1 minute period has been taken. Therefore, the staffs can manufacture an increasing number of work pieces.



### 4. Skill development

The Company has established a guideline for organizing a regular skill development training to promote the operating skills of the staffs, and also reduce the production cost of some types of furniture parts which have been previously ordered from the Company's business partners. However, these work pieces can be manufactured by labor that has been trained for skill development.

The Company can manufacture the chair cushions, resulting in a decrease in ordering expense and error from manufacturing the wrong sized parts.



### 5. Reduction in the quantity of paint used in manufacturing work pieces

The Company has mutually developed a paint formula with a business partner, resulting in quality paints or called Top High loss, and built a paint drying tunnel for work pieces for faster drying to reduce time and scratches in work pieces. However, the drying period for work pieces can be reduced to 30 minutes which are faster than before that time of around 50 minutes. In addition, the problem in the matter of scratch in work pieces can be decreased from before that scratches will occur in paint baking for work pieces up to 30% but after the method adjustment, the scratch problem in work pieces has been remained for just 5% only.

# Social Responsibility Policy

East Coast Furnitech Public Company Limited and its subsidiaries (the "Company") are committed to conduct its businesses with responsibility to society, the environment, and communities in various areas, both within or outside the premise where the Company conducts business, either directly or indirectly, by focusing on the participation in the development of these communities to be strong because the Company has believed that "Strong Community will make the Company Stable". However, the Company's business operations are under the principles of good corporate governance with transparency, verifiability, compliance with relevant laws and regulations, as well as morality, ethics, respect to human rights principles, impacts on society, environment, communities, including the benefits of stakeholders. The Company therefore has established the social responsibility policy as a framework for business operations as follows:

1. Commit to develop the Company's businesses to steadily and sustainably grow along with taking into account the impact on society, environment and community.
2. Conduct social responsibility activities by focusing on the participation and support to communities, public and private organizations that have direct and indirect interests in the Company's business operations.
3. Support the participation of the Company's employees and embed them the values in public consciousness for corporate culture creation.
4. Operate and pay attention to the importance of working safety and environmental management to minimize the impacts on society, environment and community.
5. Apply the knowledge, experience and expertise of the Company's personnel and support equipment and tools to help and develop society environment and community.





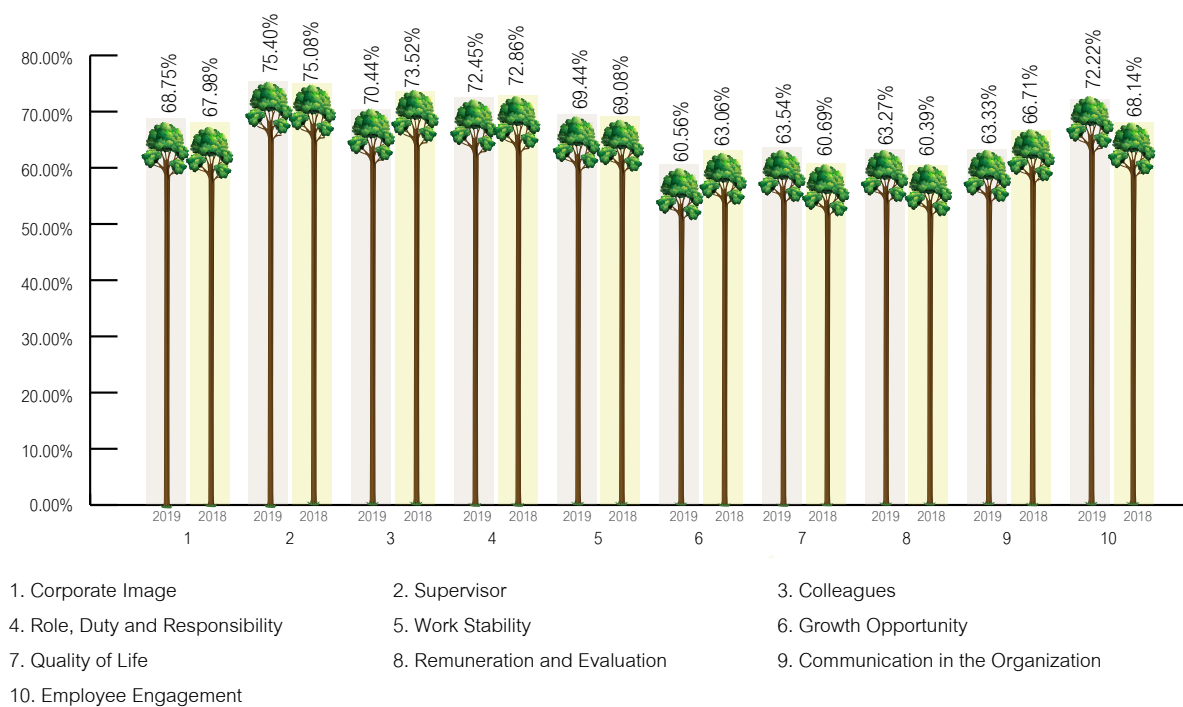
# Performance on Quality Society

## Performance on Employees

The Company has believed that “personnel” is the key for competitiveness and is one of important resources for driving the organization to sustainably grow. The focuses on strengthening the happy organization where everyone could efficiently work with a supportive environment that encourages innovation and the engagement of personnel with the organization are very significant challenges for the organization at the present. The Company has guidelines to respond the way to enhance the happy organization for corporate sustainability and continuous business growth as follows:

### 1. The Survey Result of 2019 Employee’s Engagement to the Company

The Company has realized the importance of employees, therefore, allowed all employees to participate in expressing their opinions for the benefits in developing the sustainability for both employees and the Company, as following summary:



From the survey on the Employee Engagement in 2019, it was found that overall average result was 67.90%, increasing when comparing to 2018 which was at 67.59%. The topic achieving the top rank is Clause 2, Supervisor Capability, with 75.40% of total scores, slightly increasing when comparing to 2018, while the topic with the lowest rank is Clause 6, Career Growth Opportunity, with 60.56% of total scores, decreasing when comparing to 2018 which was at 63.06%. The Company will provide guidelines for the development and improvement for clearer and more concrete picture for personnel’s opportunities in career growth further.

## Target of Corporate Engagement Survey

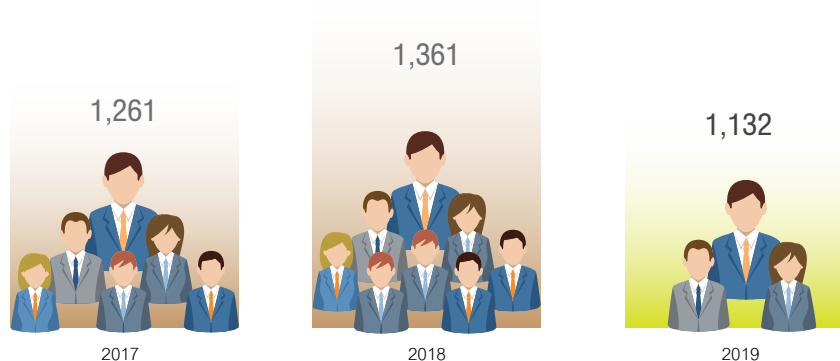
Objective : To provide the opportunity to the Company's employees to independently express their opinions or comment or communicate information as a guideline for jointly developing the Company.

Benefits for employees : Have more channels to independently express their opinions.

Benefits for the Company : Being provided of recommendations from all employees to apply the said information as a guideline for the development of the Company, building relationships and developing employees for stable growth of the organization.

Target : The target of total average score set by the Company is 70%. In 2019, the total average score was 67.90%, lower than the given target. The Company is looking for ways to manage in various aspects in order to balance both employees and the Company.

## No. of Employees (persons)



\*Details of the number of employees disclosed in the Company's 2019 Annual Report

## The Respect on Human Rights

The Human Rights means the basic rights that all humans are supported or protected from being discriminated, just because of the differences in terms of physical, mental, race, nationality, religion, sex, language, age, skin color, education, social status or any others as prescribed by each country's law.

The Company becomes aware of human rights principles, therefore, set up the following guidelines:

1. Respect the human rights without the classification of hometown, race, sex, age, skin color, religion, status, family, education or any other status that is not relevant and affecting the operations by honoring each other and treating each other with equality.
2. All employees shall be protected in terms of safety at work, clean, safe and hygienic workplace
3. Employees are granted of the political liberty and rights but they shall not use the position they hold or the Company's properties, equipment or tools for political purpose, we have the policy of political neutrality, we shall neither sponsor, nor support specific political parties.
4. The Company shall solve any potential conflict based on rule of law
5. The Company shall not conduct our business that involves child labor abuse. All employees shall be at least 18 years of age.
6. The payment of labor wages and compensation is based on fairness. Every year, the Company shall organize an annual meeting in which the employees shall hear the annual policy, including ideas, working principles, living principles from the Company's executives, and many activities will be conducted to strengthen and promote the love and harmony in the workplace.
7. The respect on human rights is always monitored and any act that is in the scope of human rights violation related to the Company's operations will not be disregarded or ignored. When any employee noticed such act, he/she has to report to his/her head or the person in charge to acknowledge and also gives his/her cooperation to investigate facts. If having any questions or inquiries, employees should consult with their head or the person in charge through designated channels.
8. Any person violating the human rights is considered to violate the Company's Code of Ethics and must be considered of disciplinary punishment according to the Company's regulations. In addition, that person may be punished by law if such action is illegal.

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

## Employee's Compensation and Welfare Policy

The Company has a policy to consider the compensation for employees and workers mainly based on the growth rate of the annual performance, then, consider the increase ratio of compensation to cover the annual inflation and finally, consider the individual increase based on the level of diligence, intention, dedication and ability to perform duties. From the above-mentioned considerations, all is based on the principle of fairness to maintain and motivate employees to work for continuous effectiveness and efficiency.

## Operational Guidelines

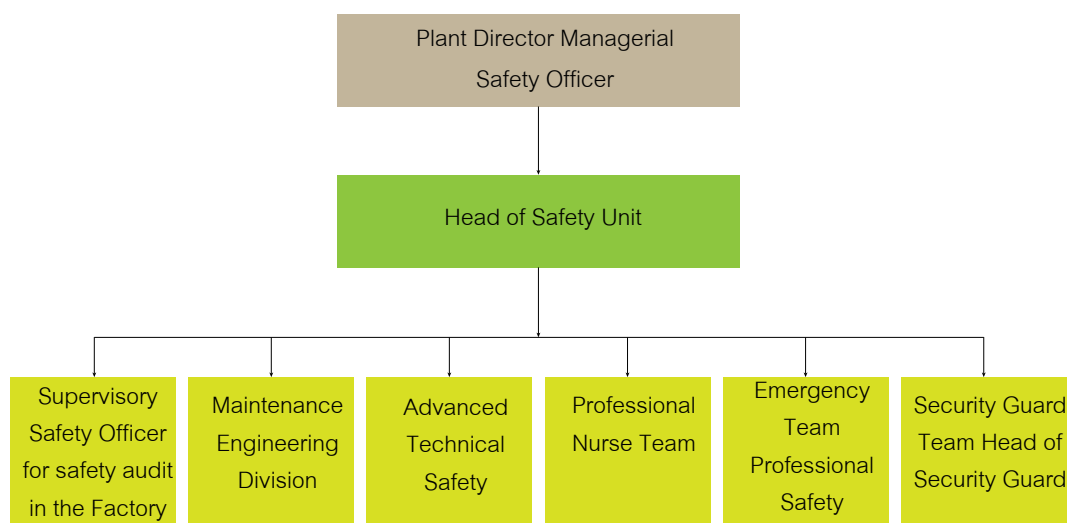
1. The Company evaluates wages as appropriate for each job position.
2. The Company has provided a clear performance evaluation system to create the fairness for employees by using the Company's KPIs as the performance indicators.

Basic Right Gained by Employees	Employee-Classified Welfare		
	Full time employees	Contract Employees	Probation Employees
Salary	/	/	/
Overtime Pay	/	/	/
Holiday	/	/	/
Leave (sick leave, personal affairs leave)	/	/	/
Medical fee (health insurance)	/	/	
Annual health Examination	/	/	
Assistance to the Casualty or Sick Employee due to working for the Company	/	/	/
Provident Fund	/	/	
Employee Uniform (particularly for three shirts per year)	/	/	
Child Scholarship	/		
Funeral Allowance	/	/	/
Expense of Patient Gift	/	/	/
Discount of Product Price for Employee	/	/	
Domestic Travelling Expense and Oversea Travelling Expense due to the operation of the company	/	/	/

## Safety, Occupational Health and Working Environment Policy

1. The Company shall strictly observe rules, regulations, announcements, orders and standards of safety, occupational health and working environment as prescribed by the official.
2. The Company shall support and promote safety, occupational health and working environment, and arrange adequate and appropriate budget.
3. The Company shall continuously promote safety by arranging training, providing knowledge, reviewing and drilling, as well as organizing activity in various forms for safety awareness creation to the employee to be prepared all the time.
4. The Company shall prepare and supply effective personal protective device for use of the employee and wear for protection based on appropriateness for nature and operation of the employee.
5. The Company pays attention, surveys and monitors safety issue and strict the employee to observe the rule of the Company's safety as well as strictly looks after and controls the employee to wear and use protective devices as determined by the Company.
6. The Company shall always improve and develop internal environment of the Company and workplace and cleanliness around the Company's area for safety and good and hygiene environment, leading to quality of work life and good health of the employee all together.
7. The Company gives precedence to the collaboration of the employee in observance of rule related to safety, occupational health and environment, and success of accident prevention whereas the said collaboration shall be deemed as a factor of performance assessment.
8. The Company deems that work safety as well as proper operating method is the duty of the employee and supervisor in every level that must be practiced and responsible.
9. The Company deems that every employee participates in accident prevention and environmental preservation. The Company is glad to accept suggestion and opinion of the employee and take them for consideration as well as improvement and correction of faults as appropriate for safety to the employee as much as possible.
10. In the event that the employee gets occupational accident, the Company shall take care and consider assisting the employee who gets accident to be able to properly live.

## Structure of Safety, occupational health and working environment Unit



## Summary of Number of Occupational Accidents for 2018 – 2019

Severity/Damage	Number of Times		Treatment			
			First-Aid		Referral to Hospital	
	2018	2019	2018	2019	2018	2019
Insignificantly Injured (No Day Off)	18	5	18	5	-	-
Injured (Day Off)	6	14	-	14	6	14
Total	24	19	18	19	6	14

## Safety promotion activities

### First Aid and Rescue Training



In addition, the Company maintains a safe working environment for its employees and the property of employees, customers, and visitors by consistently improving and checking both fire system and water hazard protection system. The Company also employs a team of engineers who have been trained and registered as building and equipment inspectors to take care and control the implementation to meet the requirements of law. The engineering team is mainly responsible in checking the stability of the building, electrical system, air conditioning system, hygienic and environment system, fire prevention and suppression system, building safety management system as well as checking the efficiency of equipment in the building in annual basis.



## Safety Promotion Activity

### Fire Training



## Employee Health

The Company gives precedence to health care of the employee since good health is the significant factor that the employee can effectively perform his or her responsible duty. The Company has arranged for medical examination such as annual medical examination service and vaccination service, etc.



## Personnel Development Policy, Activities, No. of Training Hours

The Company pays attention to personnel development in order to increase employees' working ability and efficiency by establishing the clear and consistent personnel development plans as an annual training plan for working skill enhancement. The employees are trained by the in-house training and the training programs organized by the related government agencies and private training institutes. In addition, the Company has also provided of welfare to employees to create employees morale and encouragement and the welfare will be continuously reviewed to improve many benefits as appropriate.

The personnel development is aimed as the important basis by the Company as follows:

1. The Company encourages directors and executives to attend the training and seminars in relevant and appropriate courses to continuously develop knowledge and understand their roles, duties and responsibilities as the Company's directors and executives.

2. Employees are participated in determining the working direction of their own department, expressing opinions and views in working to improve their works to be more efficient and effective.
3. The working atmosphere is stimulated to allow everyone to engage in the Company's success and the employee compensation is considered from the Company's overall success and individual spirit and dedication to work.
4. Employees are encouraged to create knowledge from work operation, the improved working manual is prepared to be consistent with the actual working that changes all the time.
5. Employees are encouraged to travel and attend the trade fairs both domestically and internationally to keep up with the situations of production, product development, marketing and to learn about consumer behavior that is changing all the time in order to be used in the Company's work process by updating and adapting to quickly cope with every situation in the changing furniture industry.
6. Employees are encouraged to development the Company's products by adding value for sustainable growth and continuously creating the consumers' awareness and being demanded by the consumers.
7. Employees are promoted to develop and encourage to have a working attitude to continuously create the working development and progress, such as the production process must be continuously improved, the marketing must continuously generate more revenues from selling products. The department controlling the Company's expenses must manage to continuously reduce the costs and expenses while manage to reach the maximum efficiency.

## Practical Guidelines

1. Human Resources Department is responsible in assessing demands and needs for the Company' personnel development and set up an annual development plan as well as complete the budget. The personnel development plan must comply with the actual demands and needs in accordance with the Company's development plan and must be approved by the department head. Each department is required to submit the annual development plan to the Human Resources Department in advance.
2. The Human Resources Department must monitor the training plan, if there is any change or modification of the development plan, the relevant parties must be notified for acknowledgement.
3. The Human Resources Department must control the development budget to be limited within the given budget plan.
4. The Human Resources Department will perform as a training administrator, every department that will organize the training must cooperate and coordinate with the Human Resources Department in terms of date, time, venue, training materials and equipment to be used, etc.
5. The Human Resources Department is responsible for evaluating and monitoring the results of completed training courses.

In addition, the Board of Directors determined to have a succession plan for the succession preparation of Managing Director and top executives, the Nomination Committee considered and planned the policies on the succession plans to prepare the readiness in the event that any executive is unable to perform his/her duty, the succession plan will help the Company's operations to be continued and effective. The succession is planned for the positions in various functions with personnel who have knowledge, ability and experience to be able to continuously perform duties instead of the vacant positions or to promote to a higher position, as following details:

1. The executives in secondary level have the opportunities to work with high-level executives in their own working line, and to attend the meetings in assigning the policies from top executives.
2. Personnel with specific capabilities are provided of more capabilities in managing other areas to prepare themselves for higher job positions.
3. The executives in secondary level with potentials are assigned to be successors.



4. The executives in secondary level are provided of opportunities to attend the training on organizational leadership concepts, creation of consciousness in responsibility level and the honesty towards the Company as well as the guidelines for managing personnel in their own work line.
5. The executives in secondary level are developed by having the opportunities to present plans and performance results to top executives.

For the employee level, the Company has a policy to maintain employees with high potential by assigning policies in considering and selecting the qualified candidates to be successors and notifying those persons for acknowledgement. The plans are also prepared to maximize the scope of responsibilities, decision authority, and send them to participate in training courses that are consistent and suitable for the potential development of such persons and the future position. This plan will create the Company's confidence that the personnel are prepared their readiness to immediately replace when the position is vacant and to prevent the operational risk to smoothly support the continuous business expansion in the future.

## Development of Work Skill and Knowledge and Competency

The Company has formulated the guideline for the employee skill and proficiency development as well as determination of training hours as follows:

Guideline	Method	Total Number of Hours (per year)
On-the-Job Training	Determine necessary training standard of each position and arrange the head of each work unit for employee during actual working to perceive and understand proper work method.	1. Production Unit in the Factory (not below 50 hours) 2. Marketing Unit (not below 10 hours) 3. Accounting - Finance Unit (not below 30 hours)
In-house Training	Determine the competency-based courses under below classification. • Basic Course for Employee • Specific Position-Based Competency Course • Management Competency Course • Other courses	4. Human Resource Unit (not below 20 hours) 5. Company Secretary and Investor Relations Unit (not below 30 hours)
Public Training	Delivery of employee for training in the course organized by the external institution	

## Overall Operation of Training for 2019

Course	Number of Training Hours
In-house Training	148
Public Training	193

## Targets of Employee Training and Development

Objective	Benefits to employees	Benefits to the Company
The Company considers the employees as the valuable resources and they are important to the Company's progress. Therefore, the Company commits to develop and increase the capability of all employees to grow together with the Company.	Gain more knowledge, capabilities and skills, have better work efficiency and have a good career opportunity and progress.	The Company has better business competitiveness and create employee engagement towards the Company.

## Employee Development and Care

The Company promotion of knowledge management to support Happy Work Place in order to create balance between personal life and working for organizational personnel under target of sustainable happiness creation and preparedness to share happiness into external society. The mechanism of Happy Work Place consists of happiness box in 8 respects as follows:

1. **Happy Body:** The Company campaigns the employees for health care, exercise promotion, and useful eating so that the employees are healthy with happy and joyful mind, affecting effective operation of the employees.
2. **Happy Brain:** The Company promotes the employees to always seek knowledge and develop oneself from source of learning and opportunities, leading to skill development and affecting job progress. The Company also regularly organizes training course for the employee.
3. **Happy Family:** The Company foresees the significance of the family institution. When the employee has warm and secure family life, it will promote the creation of family connection and good relationship between employee family and organization.
4. **Happy Heart:** The Company campaigns generosity and hospitality to be the promotion of generosity and helpfulness in workplace so that the employee will have love and harmony such as article sharing and cultivation of giving society.
5. **Happy Money:** The Company supports the employees to know about saving and financial management in order to have savings, know to spend and not to owe debt, to be the promotion of saving spending with savings for use in reserve.
6. **Happy Relax:** The Company promotes the employees to know about relaxation on something to be the creation of enjoyment, relaxation of fatigue and work stress, helping the employee to have good morale, and resulting in the employee's opportunity of good mutual relationship creation such as mutual grouping for eating and discussing in relaxed atmosphere.
7. **Happy Society:** The Company promotes social coexistence both in the Company and surrounding society to be the promotion of love and harmony, hospitality toward the workplace community and residential community, and assistance of surrounding society. If the surrounding society is happy, the organization which is in that society will be also happy.
8. **Happy Soul:** The Company arranges the activity related to the holy days and important traditions for employee participation and faith in religion, cultivation of living morality to be the promotion of virtue and ethics for employees so that the employees will be happy, peaceful in mind and peacefully coexist.

## Employee Development

The employee development for working progress and applying employee's knowledge and competency to perform their duties is not only the key to drive the Company to steadily grow, but these skills are also personal talents to become the quality person further.

## Training on Problem Solving at Work

As a guideline to solve the problems in the workplace, the Company has considered that the training on solving work-related problems is quite important for employees, in addition to enabling employees to gain knowledge from the training, they also have the opportunity to do activities together, express their opinions including find solutions for working problems, this is considered as creating good relationships in the organization as well.



## Training on Advanced EXCEL Program

In order to develop the potential and increase all working skills for employees, the Company therefore provided training on Microsoft Excel Program, which is a program relevant to every step of operations, especially, for Accounting Department, Financial Department, Sales Department, Marketing Department, Warehouse, etc., the Company invited the lecturer Ajarn Chatchawan Phitakkaphon (Bigcat 9) to teach employees in all branches of the Company.

## “Happy Credit” Project

The objective is to release debts for its employees by affixing the collaboration between East Coast Furnitech Public Company Limited and G Capital Public Company Limited to prepare “Happy Credit” Project for easy borrowing, comfortable amortization, special condition granting to the employee with more than 2 years and over service duration. It is the credit granting that helps reduce obligation of the employee who participates in the Project for decrease in amortized installment and loan interest. The knowledge provision and financial management skill development are executed to the employee whereas the employee who participates in the Project shall comply with the rule of the Project and shall disclose actual financial information. Such project has been commenced for execution in 2016 and still continued.

## Employment of Disabled

The Company has hired the disabled employees with physical impediment to work in the production process and prepare fittings (the equipment used in the assembly of furniture products) in order to have the opportunity and return equivalent to ordinary employees in accordance with Empowerment Of Persons With Disabilities Act, B.E. 2550 (2007), aiming to protect disabled people to be employed or earn a living without unfair discrimination due to physical and health reasons. The Act requires the government agencies and employers or business owners to employ disabled in accordance with Section 33, at present, the Company has a total of 14 disabled employees or sends money to the Empowerment of Persons with Disabilities Fund under Section 34 or choose to make concessions under Section 35. The Company is currently in the process of Section 35. The Company also takes care of employees who are suffering health problems by moving them to take responsibilities as their potential and ability to minimize the impact on employee health as least as possible.

# Relationship Activities among ECF People

## Songkran Day Activities

The Company encourages employees to continuously maintain the good traditions of Thailand by organizing the activity of pouring water on the hands of revered elder's and all management and staffs had lunch together.





## New Year's Day Activities

The Company organized the activity to give food offerings to 9 Buddhist monks for employees' good luck, at Head Office in Rayong Province and Branch 2, the Marketing Office in Pathum Thani Province, additionally, the Company also organized the gift exchange activity to create good relationships to each other



## Performance on Community

The Company pays attention to participate and support in the activities related to development for the enhancement of community quality in neighboring areas to have a better living, the team overseeing this function will be assigned to the Human Resources Department by working together with the Investor Relations Team to explore the needs and satisfaction of the community. The community development project consists of 5 areas as follows:

1. Education: The Company annually provides scholarships and schooling equipment to students who have good studying but lack of funds, to schools located surrounding the Company's office area.
2. Environment: The Company has realized the importance of production process in reducing the impacts on environment, such as the electricity generation from solar energy to be used in the production process, using tablet instead of drawing papers, effective management of materials remained from production processes, etc.
3. Health: The Company annually provides medical devices to Klaeng Hospital, Rayong Province, this hospital serves people in the area and the Company's employees working in the Head Office due to its close location.
4. Economy & Occupation: The Company built the ECF PARK as a place to earn income for community people, because ECF Park is located closed to Ban Bueng-Klaeng Road, it is proper to be a place for selling souvenirs and local products. The Company has allowed people residing in communities nearby the Company's head office in Klaeng District, Rayong Province, to rent and sell products in ECF Park.



## Activity “Forward Happiness ... to Society”

The Company highly realized to create the sharing mindset as the corporate culture by focusing on promoting employees with public mind to create happiness from being a giver, as a part in creating a better society at present. Therefore, many project and activities have been organized to deliver happiness to the community, society, and employees from being a giver, as follows:

### “Children are Full up..... We are Delighted Year 3” Filled kids, Full Heart ” Activity Wat Lan Na School, Lam Luk Ka District, Pathum Thani Province

The objectives are to promote and educate the hospitality and happiness to be givers and to participate in the volunteer activity to sacrifice for others. The Company and employees jointly organized the activity to give lunch for students including donating things such as toys, schooling equipment. This is another creative activity for the society that ECF people continuously organize annually.



### Activity “Give 1,000 Bags of Rice” at San Chao Pho Nakkarat Shrine, Takhli District, Nakhon Sawan Province

The Company participated in the annual event of San Chao Pho Nakkarat Shrine and donated 1,000 bags of rice to attending villagers in Chan Sen Sub-district, Takhli District, Nakhon Sawan Province.





Activity “Ceremony of presenting yellow to the Buddhist monks at the end of the Buddhist Lent at Sri Prachatham Temple, Rayong Province “

The Company’s executives and staffs co-hosted the Ceremony of presenting yellow to the Buddhist monks at the end of the Buddhist Lent at Sri Prachatham Temple, Cham Kho Sub-district, Khao Chamao District, Rayong Province



Activity “Lunch for the Nursing Home and Rangsit Children Aid Center”

The Company is committed to create a sharing society, happiness from giving, being a happy giver and being a happy receiver. We also would like to encourage the Company’s employees to realize this happiness by jointly creating a better society.





### Project “Scholarships for Staff’s Children with Good Grades”

The Company annually has a scholarship program for employees’ children in order to promote education and moral for children who study well to focus on more studying and as an important part for further development and creation for society.



### Activity “Old Calendar....Wanted...”

East Coast Furnitech Public Company Limited has organized the Activity “Old Calendar....Wanted...” by accepting the old calendar donations from employees to participate to donate to the Bangkok School for the Blind for making Bell media to be used as schooling media for the visually impaired. This activity is considered as another activity that the Company has continuously carried out as a part of our commitments to contribute to social development.



### Creating the income sources for people in the community

The Company built the ECF Park under one of main objectives to create a source of income for people in the community, the ECF Park is located on Ban Bueng-Klaeng Road, suitable to be used as a place for distributing souvenirs and local products. The Company has allowed people in the community to rent space for selling products at ECF Park. It is also considered as a bus park area with service and selling product areas such as coffee shops, convenience stores, restaurants clean restrooms and service stations for charging electric vehicles to electric vehicles etc.

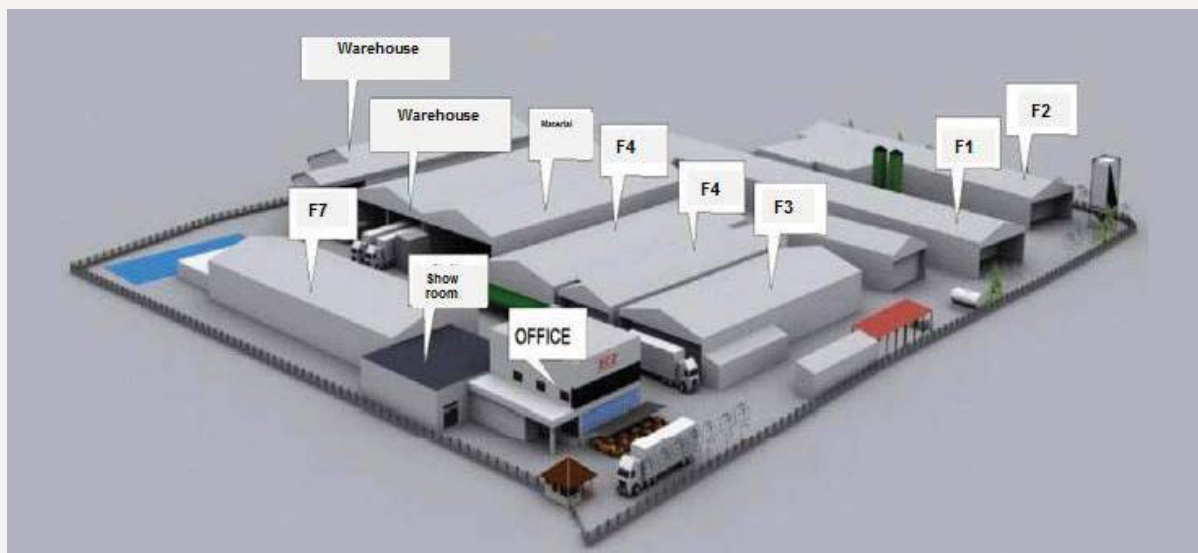


# Performance on Quality Environment

## Measures of procedures within the organization that represent environmental responsibility

The Company gives precedence environmental impact occurred from the Company's business process either directly or indirectly under control from environmental friendly production process of products and services in every procedure, and also cultivates its employees to be aware of environmental care whether being waste sorting, cleanliness inside the building area, plant and surrounding area.

### Sample of Zoning of Responsible Area in Cleanliness Care



## The Policy on the Effective Use of Resources

To ensure that the Company has the guidelines and reliable environmental and safety management systems, the Company has been proceeded to be certified of quality management system standard on ISO9001: 2015 (ISO 9001 - Quality Management System). In addition, the Company also annually inspects the environmental and safety performance and has a policy as an important principle to achieve the effective use of resources as follows:

1. Support a monitoring approach in the operations that may affect the environment.
2. Promote activities to enhance environmental responsibilities.
3. Promote the development and dissemination of environmentally friendly technologies.

In the manufacturing process of furniture, the Company gives importance on the pollution that may present during the production process, such as color spray, dust, etc. presently, the Company designs to spray painting in the closed rooms and applies the effective spraying technology to reduce the amount of pollutions to enter into the production process. For the raw materials used in the production that uses adhesives, which are the raw materials used to cover the surface of paper on particle boards, the Company decided to use water base glues that do not affect the environment.

## The Effective Use of Resources

The Company consumes the energy to manufacture products, provide services and operate the office, consisting of 3 kinds of resources:

1. Electricity: supplied by the Provincial Electricity Authority for the office works and the production in the plant at the Head Office in Rayong Province and by the Provincial Electricity Authority for the works of marketing office at Lam Luk Ka Branch Office, Pathum Thani Province.
2. Fuel: includes diesel oil, gasoline, to be used in transportation of products and the Company's office cars.
3. Tap water: supplied by the Provincial Waterworks Authority for the office works and the production in the plant at the Head Office in Rayong Province and by the Provincial Waterworks Authority for the works of marketing office at Lam Luk Ka Branch Office, Pathum Thani Province.

The Company is aware of saving and reducing the use of energy resources with the policy to closely control the costs of electricity, fuel and tap water, under the objective to continuously minimize expenses.

During 2019, the Company consumed resource as following details:

Type of Resources	Amount		
	2018	2019	Difference (%)
Electricity	36,404,316.15	24,467,466.82	-32.79%
Fuel	12,211,876.00	10,692,871.21	-12.44%
Tap Water	89,916.28	55,218.75	-38.56%
Paper	N.A	165,063.00	N.A

Based on above table showing the data of resource usage, it was found that in 2019, the Company's cost of using resources was reduced when comparing to the expenses in 2018, the electricity expense was decreased by 32.79%, fuel oil decreased by 12.44%, water supply decreased by 38.56%, this well reflected that the Company is committed to environmental responsibility and is a part to drive and encourage employees to be aware of effective use of water, electricity and other resources.

The reduction of electricity expense is considered as part of the Company's success, we installed solar panels with capacity of approximately 1 MW on the roof of the factory in Klaeng District, Rayong Province, in order to use electricity in the production process and we could clearly see the result in 2019.

## Waste and Consumable Management

The Company gives precedence to management of waste and consumable derived from production process and employee consumption under clear waste sorting method and asks for collaboration of employee to sort each type of waste for management of wastes and consumables from processes under below details.

- **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. At present, if the paint residues are still of good quality, the Company will mix them and reuse to reduce the effects caused by the paint residues and this is part of production cost reduction while maintaining good quality products in accordance with the standards set by the Company. From this process, the cost of new paint buying could be reduced up to 5%.
- **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 water base glue that can be melted by water, causing no environmental impact.

However, in last year, the Company has started the execution according to the Policy of Corporate Social Responsibility for social and environmental benefit with sustainable effect both toward social and business. In the following years, the Company will formulate the policy and practical guideline to express clearer social and environment responsibilities, advance more concrete activity organizing, and apply the acquired result from the policy and activity for analysis and evaluation under objective of development and improvement.

## The Company's Environmental Conservation Guidelines

### Internal training or sending employees to be trained on environment by other organizations

#### Solar Rooftop Project

The Company have 2 factories for the furniture production, located in Thang Kwian Sub-district, Klaeng District, which is the headquarter and in Wang Chan Sub-district, Wang Chan District, which manufactures and assemblies furniture, in addition, we also have a production line for sawmills of rubber processing and drying, and foil paper to be used in furniture production. Due to all furniture production process has to use electricity as an important energy, the Company therefore has the idea to produce clean energy by choosing and using solar energy or Solar Rooftop for the factory located in Klaeng District, the company's Solar Rooftop project has the installed capacity of not more than 1 MW. After the installation of Solar Rooftop for production process, the Company could save an average electricity for approximately 600,000 Baht per month.

The installation of Solar Rooftop not only helps in saving electricity costs for the Company but also helps in environment conservation because solar energy is clean and does not cause poisonous reactions to the environment. The Company is planning to implement the Solar Rooftop Project at Wang Chan Factory.

### Use of Recycled Paper instead of Good Grade Paper for Product Assembly Manual

The product assembly manual is necessary and paper is also necessary to be used for manual production. In this process, the Company decided to use recycled paper to replace good grade A4 paper to help in tree cutting reduction for paper production and this also helps in reducing the Company's production cost for approximately 0.40 Million Baht per year. At present, the Company is seeking the way to reduce the use of paper to minimize the environmental impact from the paper production process by printing the instruction on the product boxes, however, this method is limited to apply, it will be applied for the product that has uncomplicated assembly process.

## The Use of Eco-Friendly Materials

The Company has changed to use the Edge Banding-typed or plastic materials for covering the edge of wood instead of original materials that are made from 100% PVC and plastic materials are environmentally friendly or Eco-Friendly grade that is biodegradable for minimizing environmental damages.

## The Reduction of Chemicals in Production Process

The production process of furniture made from artificial woods such as particle board, which requires resins as admixture to combine woods in the compression process, such resin contains formaldehyde that will harm the users if its ratio exceeds the standard, the formaldehyde measurement standard is defined or it is called the European formaldehyde emission standards, divided into 3 main parts, the levels start from “E2” level that is harmful to the users because the release of formaldehyde is higher than the set value; “E1” level that is not more than 0.75 ppm; and “E0” level that is an advanced standard upgraded from E1. The furniture passed this process will contain formaldehyde not more than 0.07 ppm. All operational parts, especially the manufacturing part, are conducted of development to allow such standards to cover the global furniture industry in the future.

In order to minimize the impacts on both users and the environment , at present, the Company chooses to use wood in E1 level, which was found that the formaldehyde content is lower than E2 level, up to 1.0 mg/l, or can reduce formaldehyde from the use of materials up to 67%, additionally, it also presents positive impact on environment, users and employees’ health, it is also good for cost reduction in the production process, decreasing the amount of costs up to 3.70 Million Baht per year.

## Replacement of LED Light Bulbs in Factory

In the Production Department, it was found that there are more than 2,000 points of light bulbs in the production area, at present, the Company has gradually replaced with LED light bulbs because LED light bulbs has real white light which its temperature is similar to natural light, making the eyes comfortable and good for eye care, with longer lifetime, using lesser electricity, and importantly, LED light bulbs is eco-friendly because the fluorescent bulb consists of heavy metals i.e. mercury, etc. which are toxic to the environment, while the LED bulb does not contain any harmful heavy metals and importantly, its materials produced are recyclable.

## Change to use Transparent Roof for Factory

At present, the Company has changed the roof of the factory from solid roof to be transparent roof by designing to allow natural light enter into certain areas in the factory to reduce the use of electrical light.

## Use of Technology to Reduce Paper Use in Office

The Company is in the process of developing the Application to support and facilitate sales and customer service for fast stock checking, presenting products through the Application. In addition, for the production, the Company has applied the Cloud system to collect all furniture designs, covering all types manufactured and distributed by the Company in order to facilitate the customers in both domestic market and international market, and shorten the work duration of Product Design and Development Department. In addition, it could significantly reduce the use of papers.



## Green Industry Project

The Company assigned the employees to attend the training on Industrial Waste Management Course under the concept “Accurate, Disciplined, Environmentally Conscious, Preparing to enter EEC”. In 2019, the Company has announced to participate in the Green Industry Project, organized by Department of Industrial Works for the industrial productivity development with the objective to develop and become a green industry, the Company has been approved as the eco-friendly enterprise, Level 2, and is planning to develop ourselves into the Green Industry Level 3 further.



## The waste sorting campaign titled “We, ECF, help in global warming reduction” know how to drop

How to separate and values of waste separation to create the awareness of environmental care, at present, the Company has set the guidelines for employees to control and manage wastes from activities, the wastes are divided into 4 types:

- 1.) Wet Bin (green) for wet wastes such as food waste, vegetable debris, fruit waste;
- 2.) Dry Bin (yellow) for dry wastes such as branches, leaves, toilet paper;
- 3.) Recycle Bin (blue) for recyclable wastes such as paper, paper boxes, metal scraps, beverage cans, bottles, glasses, plastics;
- 4.) Hazardous Bin (red) for hazardous wastes such as battery, phone battery, ink cartridge.





In addition, in order to encourage the awareness on the use of natural resources for utmost benefits, the Company posted warning signs and messages in many areas such as posting warning messages about the use of toilet paper in employees' toilets, placing the messages 'saving of water and electricity' at the water tap or power switch areas, in building areas, to encourage employee's awareness to reduce the use of natural resources.



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# The Reader's Opinion Survey Form

The Sustainable Development Report 2019 of East Coast Furnitech Public Company Limited  
Your suggestions will be applied in developing a preparation of the Company's Sustainable Development  
Report in the future.

The Company would like to deliver our great gratitude for your collaboration.

Kindly remark x in Column ☐ and remark your opinion in the blank.

1. You are the reader in which group

- ☐ Shareholder/Investor ☐ Trade Competitor ☐ Community  
☐ Customer ☐ Creditor ☐ Others, please specify \_\_\_\_\_  
☐ Business Partner ☐ Staff

2. You have read the Sustainable Development Report 2019 for

- ☐ Recognition of the Company's business  
☐ Acquisition of investment decision supporting information  
☐ Study/Research  
☐ Others, please specify \_\_\_\_\_

3. Satisfaction toward the format of the Sustainable Development Report 2019

Assessment Topics	High	Moderate	Low	Should be improved
Report Completeness				
Determination of the Report Issues				
Interesting Content				
Easy Understanding Content				
Format of the Report Volume Proposal				
Overall Satisfaction toward the Report				

4. Additional suggestions for developing a preparation of the Company's sustainable Development Report in the future (if any)

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# ECF

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