

1. PHILOSOPHY

Recognizing that business enterprises are economic organs of society and draw on societal resources, *Avana Electrosystems Limited* (hereinafter referred to as "the Company") believes that a company's performance must be measured by its **Triple Bottom Line** contribution to building economic, social, and environmental capital, thereby enhancing corporate social responsibility.

The Company believes that in the strategic context of business, enterprises possess but it is beyond mere financial resources, the transformational capacity to create game-changing development models by leveraging their entrepreneurial vitality, innovation, and creativity. In line with this belief, the Company will contribute in the fields of **education, eradication of hunger and poverty, ensuring environmental sustainability, and the promotion of gender equality**. Such Corporate Social Responsibility ("CSR") projects are more **replicable, scalable, and sustainable**.

2. SCOPE OF AREAS OF CONTRIBUTION

- Eradicating hunger, poverty, and malnutrition; promoting healthcare including preventive healthcare and sanitation, including contributions to the *Swachh Bharat Kosh* set up by the Central Government for the promotion of sanitation; and making available safe drinking water.
 - Promoting education, including special education and employment-enhancing vocational skills, especially among children, women, the elderly, and the differently abled, as well as livelihood enhancement projects.
 - Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources, and maintaining the quality of soil, air, and water — including contributions to the *Clean Ganga Fund* set up by the Central Government for the rejuvenation of the river Ganga.
 - Promoting gender equality; empowering women; setting up homes and hostels for women and orphans; establishing old age homes, day care centres, and other facilities for senior citizens; and undertaking measures to reduce inequalities faced by socially and economically backward groups.
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3. IMPLEMENTATION

The CSR Committee / Board of Directors shall formulate the Annual Action Plan, including but not limited to targets as required under the CSR provisions, and provide guidance from time to time on the implementation of projects, whether:

- Implemented directly by the Company, or
- Implemented through external implementing agencies.

In cases where CSR projects are implemented by a trust or foundation, the Company shall specify the CSR programmes that may be undertaken by such trusts or foundations in accordance with their stated objects and the administrative and accounting procedures outlined in their respective trust deeds or Memorandum and Articles of Association.

4. GOVERNANCE

1. Every year, the CSR Committee shall place before the Board for approval a CSR Plan delineating the CSR programmes to be carried out during the financial year and the corresponding budgets. The Board may consider and approve the CSR Plan with such modifications as it deems necessary.
 2. The CSR Committee shall assign the task of implementing the CSR Plan within specified budgets and timelines to such persons, bodies, or trusts as it may deem fit.
 3. The designated persons, bodies, or trusts shall carry out the approved CSR programmes within the specified budgets and timelines and report progress to the CSR Committee at such intervals as the Committee may prescribe.
 4. The CSR Committee / Board of Directors shall review the implementation of the CSR programmes quarterly and issue necessary directions to ensure the orderly and efficient execution of the CSR initiatives in accordance with this Policy.
 5. Every six months, the CSR Committee shall provide a status update to the Board on the progress of the approved CSR programmes. It shall be the responsibility of the CSR Committee / Board of Directors to review these reports and keep the Board informed on the implementation status.
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5. CSR EXPENDITURE

The Company shall spend, in every financial year, at least **two percent (2%)** of the average net profits (Profit Before Tax) made during the three immediately preceding financial years.

CSR expenditure shall include all direct and indirect costs incurred by the Company in executing CSR programmes in line with the approved CSR Plan. Any **surplus** arising out of CSR projects shall be **utilized only for CSR activities**. Accordingly, any income arising from CSR projects shall be **netted off** from the CSR expenditure, and the resulting net amount shall be reported as CSR expenditure.

6. EFFECTIVE DATE

This Policy shall be effective from **April 1, 2025**, in accordance with the Board resolution approved on **September 5, 2025**.

7. AMENDMENTS TO THE POLICY

This Policy will be reviewed and/or modified by the Board as and when deemed necessary.
