

DREDGING CORPORATION OF INDIA LIMITED ("DCIL")

Corporate Social Responsibility Policy

REGISTERED OFFICE:

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CONTENT

S. No.	TITLE
1.	Introduction & Scope
2.	Applicability
3.	Reference (Regulatory Guidelines & Circulars)
4.	Annual Review
5.	Objectives
6.	CSR Vision and Mission
7.	Ownership and Approvals
8.	Policy Exceptions
9.	Governance Structure
10.	Roles and Responsibilities
11.	Corporate Social Responsibility Committee
12.	Quorum
13.	Policy Framework
14.	Executive Mechanism
15.	Evaluation Mechanism
16.	CSR Reporting and disclosures
17.	Impact Assessment
18.	Unspent CSR Amount
19.	Grievance Redressal

Corporate Social Responsibility Policy

1. Introduction and Scope

Dredging Corporation of India Limited (hereinafter referred to as "**DCIL**" or "**the Company**") is committed to creating sustainable value for its stakeholders through responsible business practices, trust, and operational excellence. As a socially responsible corporate entity, the Company has embedded Corporate Social Responsibility (CSR) into its core business philosophy, recognizing its role in contributing to the social, economic, and environmental well-being of the communities in which it operates.

Guided by the principles of sustainable and inclusive development, DCIL undertakes need-based and impactful CSR initiatives that seek to improve the quality of life of communities. Through these initiatives, the Company strives to create lasting social impact by enhancing access to essential services, strengthening community partnerships, promoting capacity building, and supporting inclusive growth.

The Policy further ensures compliance with the provisions of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 [Companies (CSR Policy) Rules, 2014] and amendments thereafter, framed there under mandating CSR program / Activities by certain entities.

2. Applicability

A company satisfying any of the following criteria during immediately preceding financial years is required to comply with CSR provisions specified under Section 135 of the Companies Act, 2013 read with the Companies (CSR Policy) Rules, 2014 made thereunder including any statutory amendments and modifications thereof:

- i) Net Worth of rupees Five hundred crore or more, or
- ii) Turnover of rupees One thousand crore or more, or
- iii) Net profits of rupees Five crore or more

The company will undertake CSR projects in compliance with Schedule VII of the Companies Act, 2013, and has selected the following focus areas for CSR interventions:

- a) Health and sanitation
- b) Livelihood and Skill Enhancement
- c) Ensuring environmental sustainability and ecological balance

- d) Education
- e) Rural Development
- f) Promoting Sports

The Company will undertake CSR projects primarily with underprivileged communities with special focus on women, children, sports personnel, health care, environmental issues, people with disability, people with mental health challenges, elderly and terminally ill people.

Though CSR activities of the Company shall be guided by the focus areas as mentioned above, the Company may also engage in other CSR activities mentioned in Schedule VII of the Companies Act, 2013, after prior approval of the Board of directors of the Company.

3. Reference (Regulatory Guidelines & Circulars)

The Companies Act, 2013, read with the Companies (CSR Policy) Rules, 2014 and other relevant rules thereunder including any statutory modifications/ amendments thereafter.

4. Annual Review

The Policy shall be reviewed annually or earlier if any business need arises or due to any regulatory/external changes. The regulatory changes shall be deemed to be a part of the policy and same shall also be placed before the Board in next board meeting with the recommendation of Corporate Social Responsibility Committee.

5. Objectives

DCIL is committed to enhancing the well-being of its stakeholders through trust and excellence. As a responsible corporate citizen, the Company has integrated Corporate Social Responsibility (CSR) into its core business philosophy and operations. Through its CSR initiatives, DCIL strives to create sustainable value by improving access to essential services, fostering meaningful collaboration with communities and stakeholders, and strengthening their capacity for inclusive and long-term development. The Company will undertake CSR projects primarily with underprivileged communities with special focus on women, children, sports personnel, healthcare, environmental issues, people with disability, people with mental health challenges, elderlies, and terminally ill people.

6. CSR Vision and Mission

The Company's CSR vision is for an inclusive society where everybody has access to opportunities, financial security, and quality of life.

The Company's CSR mission is to be significant contributor in India's growth story, by undertaking innovative, technology driven and impactful CSR programs with underprivileged communities.

7. Ownership and Approvals

CSR Committee under the overall supervision of the Board of Directors shall ensure that the CSR policy remains in conformity with the legal requirements. The policy shall be reviewed at regular intervals, as and when required. Modifications, if any required in this policy shall be recommended by the CSR committee and to be placed before the Board to accord its approval. For approval of any recommended modifications, due to change in regulatory/ legal requirements, the changes in the policy shall be deemed to be a part of policy. However, it shall be placed before the board in upcoming Board Meeting for ratification/approval.

8. Policy Exceptions

A "Policy Exception" means any deviation from the Policy.

Exceptions are generally discouraged; however, policy exceptions, if any, require prior approval of the Board provided that such exception is permitted in terms of the applicable regulatory framework.

9. Governance Structure

The Company has constituted a Corporate Social Responsibility Committee to be called as Corporate Social Responsibility is described under the section 10 of this Policy.

The Board shall, after taking into account the recommendations made by the Corporate Social Responsibility committee, approve/review the Corporate Social Responsibility Policy for the Company from time to time and ensure that the activities included in Corporate Social Responsibility Policy of the Company are undertaken by the Company.

10. Roles and Responsibilities

- **Board of Directors**

The Board shall ensure that the Company spends, in every financial year, at least two percent of the average net profit of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The Board shall form a CSR Committee (Corporate Social Responsibility Committee) and disclose the composition of the CSR Committee (Corporate Social Responsibility Committee), and CSR Policy and projects approved by the Board on Company's website, if any, for public access in compliance with Rule 9 of Companies (CSR Policy) Rules, 2014.

The Board of Directors of the Company shall, make Annual Report on CSR activities which forms part of the Boards Report for every financial year as required in the Companies Act, 2013 and Rule 8 of Companies (CSR Policy) Rules, 2014 framed under the Act from time to time.

The Board Shall ensure implementation of the CSR activities and expenditure of requisite amount on CSR every year as per the applicable law and disclose reasons for not spending the amount (if applicable) in the Annual Report on CSR which forms the part of the Board Report of the Company and ensure the treatment of unspent amount as per the provisions of Companies Act 2013 and Companies (CSR Policy) Rules, 2014 made thereunder.

The Board Shall ensure that CSR activities are undertaken by the Company itself or through implementing agency eligible for the said purpose, as per the requirements laid down under the Companies Act 2013 and Companies (CSR Policy) Rules, 2014 made thereunder including statutory modifications/amendments.

Ensure that CSR activities should be aligned to CSR Focus Areas/ activities permitted in Schedule VII of the Companies Act 2013 and Companies (CSR Policy) Rules, 2014 made thereunder. The Board shall ensure that the administrative overheads shall not exceed Five Percent of total CSR Expenditure of the Company for the financial year.

The Board shall satisfy itself that the funds so disbursed have been utilized for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management of the Company shall certify to the effect.

The Board shall ensure that any amount which may remain unspent or is spent more than requirement amount out of the CSR budget shall be treated as per the provision of the Companies Act 2013 and Companies (CSR Policy) Rules, 2014 made thereunder.

The Board shall monitor the implementation of the ongoing projects with reference to the approved timelines and year-wise allocation and may make modifications, if required, for smooth implementation of the project within the overall permissible time.

Board shall review and approve/modify the Annual Action Plan recommended by the Corporate Social Responsibility Committee.

11. Corporate Social Responsibility Committee.

In terms of Section 135(1) of the Companies Act 2013 and Companies (CSR Policy) Rules, 2014 made thereunder, the Company has constituted the Corporate Social Responsibility Committee and it would consist of three or more directors out of which at least one shall be an Independent Director.

The Roles and Responsibilities of Corporate Social Responsibility Committee shall include:

- a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company [in areas or subject, specified in Schedule VII]; as per the provision of the Companies Act, 2013
- b) To recommend to the Board, broad focus area of work and budgeted amount planned for the financial year at the beginning of every financial year.
- c) To Monitor the Corporate Social Responsibility policy of the Company from time to time.
- d) The Corporate Social Responsibility Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely: -

- ❖ The lists of CSR projects or programmes that are approved to be undertaken in areas or subject specified in schedule VII of the Act.
- ❖ The manner of execution of such projects or programs as specified in sub rule (1) of rule 4.
- ❖ The modalities of utilization of funds and implementation schedules for the projects or programmes.
- ❖ Monitoring and reporting mechanism for the projects or programmes: and
- ❖ Details of need and impact assessment, if any, for the projects undertaken by the Company:

The Board may alter annual action plan at any time during the financial year, as per the recommendation of its Corporate Social Responsibility Committee, based on the reasonable justification to that effect.

- e) The Corporate Social Responsibility Committee will be responsible for reviewing the CSR projects and implementing agencies selected by the Company.

The Guiding principles for selection of projects are stated below:

- ❖ Alignment to DCIL's CSR Focus Areas and the national priorities or activities mentioned in schedule VII of the companies Act, 2013 and as per the CSR policy of the Company.
- ❖ Identification of implementing agency and areas with experience of creating impact and change.
- ❖ Adjacency of the initiative to the business, its competencies, capabilities, and geographies of operation.

The above principles will be used to shortlist the areas of work and the projects subject to compliance of provisions in Schedule VII of the Companies Act and rules made thereunder.

f) Any other requirement mandated under the act or rules due to statutory modifications/ amendments.

12. Quorum

The quorum shall be in compliance with provisions of Section 135 of the Companies Act, 2013 and Secretarial Standards 1

13. Policy Framework

Principle & Overview

The Company will undertake CSR projects in alignment with Schedule VII of the Companies Act, 2013 and has selected the following focus areas for CSR interventions:

- a) Health and Sanitation
- b) Livelihood and Skill Enhancement
- c) Ensuring environmental sustainability and ecological balance
- d) Education
- e) Rural development
- f) Promoting Sports

The Company will undertake CSR projects primarily with underprivileged communities with special focus on women, children, sports personnel, health care, environmental issues, people with disability, people with mental health challenges, elderly, and terminally ill people.

Through CSR activities of the Company shall be guided by the focus areas as mentioned above, the Company may also engage in other CSR activities mentioned in Schedule VII of the Companies Act, 2013, after prior approval of the Board of Directors of the Company on recommendation of Corporate Social Responsibility Committee.

The Company, in compliance with the Companies Act 2013, will contribute 2% of its average net profits made during the three immediately preceding financial years in pursuance to its CSR Policy. The CSR budget will be allocated/ approved at the start of every financial year. Further, mere disbursement of funds for implementation of a period will not be considered as CSR spent unless the implementing agency utilizes the whole amount.

According to Rule 2(1)(f) of the Companies (CSR Policy) Rules, 2014: "CSR Policy" means a statement containing the approach and direction given by the Board of a Company, taking into account the recommendations of its Corporate

Social Responsibility Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan.

Any surplus arising out of the CSR activities shall not form part of the business profit of the Company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the Company or shall be transferred to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Administrative overheads shall not exceed 5% of total CSR expenditure of the Company for a financial year.

Any amount spent excess of CSR budget of current financial year, such excess amount may be set off in immediate succeeding three financial years subject to the conditions that-

- ❖ The excess amount available for set off shall not include the surplus arising out of the CSR activities.
- ❖ The Board of the Company shall pass a resolution to that effect.

The implementing agency must register itself with the Central Government by filing form CSR-1 and must fulfil the criteria as per Companies Act, 2013 and CSR Rules, 2014 including any amendment/modifications from time to time.

The Company may engage international organizations for designing, monitoring, and evaluation of the CSR projects or programs as per its CSR policy as well as for capacity building of their own personnel for CSR. The Company may also collaborate with other companies for undertaking projects or programs on CSR activities in such manner that the Corporate Social Responsibility Committee of respective companies are able to report separately on such projects or programs in accordance with these rules.

The CSR amount may be spent by a Company for creation or acquisition of a capital asset, as per the provisions of the Companies Act, 2013 and the relevant rules made thereunder, which shall be held by-

- a) Implementing Agency having CSR Registration Number;
- b) Beneficiaries of the said CSR projects, in the form of self-help groups, collectives' entities; or
- c) A public Authority

14. Executive Mechanism

The implementing agency should have adequate systems and processes for project, planning, execution, monitoring, reporting and review. Further, documented systems and processes should also be there for internal organizational management. The key implementation steps and processes have been summarized below:

- ❖ Develop a CSR Strategy-aligned with the CSR policies of the Company
- ❖ Operationalizing the institutional mechanism- Corporate Social responsibility Committee & team identification and appointment.
- ❖ Clear identification of CSR Budget and development of annual action plan
- ❖ Shortlist implementing Agencies and conducting due diligence
- ❖ Identification, selection, and approval of projects
- ❖ Finalizing agreements with the implementing agencies
- ❖ Project implementation
- ❖ Documentation
- ❖ Monitoring and Evaluation
- ❖ Project impact assessment (if required, by an independent third party)
- ❖ Preparation of reporting format and placement in public domain

15. Evaluation Mechanism

- ❖ The progress of the project should be tracked and evaluated.
- ❖ Fund utilization/expense report/certificate
- ❖ Project monitoring through virtual meetings/ field visit to track project progress
- ❖ Employee volunteering initiatives; wherever possible.
- ❖ Monitoring of the project by vetting invoices, utilization certificate and project reports

16. CSR Reporting and disclosures

- ❖ The Board's Report shall include an annual report on CSR containing particulars specified in Annexure II of Companies (CSR Policy) Rules, 2014.
- ❖ The Company shall ensure the composition of the CSR Committee, CSR Policy and projects approved by the Board shall be displayed on the Company website.
- ❖ The Company shall furnish a report on Corporate Social responsibility in Form CSR-2 every year to the Registrar as per requirements.
- ❖ The Company shall place impact assessment report, if applicable, before the Board and executive summary of the impact assessment shall be annexed to the annual report along with the web-link to access the complete impact assessment reports.

17. Impact Assessment

The Company shall undertake an impact assessment if the average CSR Obligation is ten crore or more in three immediate preceding financial years,

through an independent agency, of its CSR projects having outlays of one crore Rupees or more, and which have been completed not less than one year before undertaking the Impact assessment study.

A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed two percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is higher.

The impact assessment reports shall be placed before the Board and executive summary of the impact assessment shall be annexed to the annual report on CSR along with web-link to access the complete impact assessment report.

18. Unspent CSR Amount

Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a Company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the Company within a period of 30 days from the end of the financial year in any to a special account to be opened by the Company in that behalf for that financial year in any Scheduled Bank to be called the Unspent Corporate Social Responsibility **account** and such amount shall be spent by the Company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the Company shall transfer the same to a fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year. Further, if any unspent amount transferred to this designated account such amount shall be used only for meeting the expenses of ongoing projects, and not for other general purposes of the Company. The Special account cannot be used by the Company as collateral or creating a charge or any other business activity.

Any unspent amount pertaining to 'other than ongoing projects' at the end of the relevant financial year shall be transferred within six months of the expiry of the financial year to a fund mentioned in Schedule VI of the Companies Act, 2013.

19. Grievance Redressal

In alignment with our commitment to CSR, we recognize the importance of addressing grievances raised by the local community. Any grievance pertaining to CSR project can be raised over an email to CSR team. Email address of CSR team present on the official CSR page of the Company. Grievance received if any will be discussed with CSR Committee for resolution and necessary action will be taken if required.
