

Larsen & Toubro Ltd
ANNUAL MEETING OF SHAREHOLDERS
9TH AUGUST 2023
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mr Anilkumar Manibhai Naik,
Dear Mr S N Subrahmanyam,
Dear Mr Mukund Chitale,
Dear members of the Board,

DWS Investment GmbH (DWS) is one of the largest asset managers in Europe. As a responsible investor in Larsen & Toubro Ltd, it is part of our fiduciary duty to express our expectations in the best interest of our clients. Our commitment to environmental, social and governance (ESG) practices is a crucial element of our responsibilities and forms an integral part of our investment process.

Ahead of your 2023 annual general meeting (AGM) of shareholders, we would like to share our questions with you. We would greatly appreciate your answers in written form. Please note that we will also share our questions on our website (www.dws.com) on the day of your AGM. Thank you for your consideration.

Independence of the Board and Committees

Qualified, experienced and independent directors are essential for competent and efficient decision making processes at Board and committee level. Having at least 50% of independent members serving on the board's committees as well as independent committee chairpersons is important for us to ensure challenging Board discussions.

We appreciate the contributions that Mr. Mukund Chitale, Mr. Meleveetil Damodaran and Mr. Vikram Mehta have made to the company, however, since their association with the company exceeds 10 years, they are no longer considered independent as per our DWS Corporate Governance and Proxy Voting Policy. As a result, at present, the Board independence stands at only 37% which does not meet our expectations. Additionally, the Chairman of the Board is also a Non-Independent Director.

QUESTION 1: Will you consider appointing additional independent directors in the near future to ensure at least 50% of Independent Directors on the Board?

QUESTION 2: Will you consider appointing a Lead Independent director to counterbalance the role of a Non-Independent Chair?

Our expectations on independence also extends to the board's committees. Having a majority of independent members serving on the board's committees is important for us to ensure challenging discussions and decision making. Based on the reason explained above, the Audit Committee independence is only 33% which is also below our expected threshold.

QUESTION 3: Do you have any plans to increase the independence of the Audit Committee in the near future to at least 50%?

Overboarding

Directors should not hold excessive number of mandates (listed directorships). Directors must ensure that they have sufficient time and capacities to fulfill their board commitments. DWS considers directors overboarded in case where they hold more than five external non-executive mandates. For directors who hold executive positions on any board, our limit is two additional non-executive mandates.

Further, due to their extended responsibilities, DWS attributes an additional mandate to members assuming the chair position of the board or the chair position of the Audit Committee. Any additional mandate attributed for Chairing an Audit Committee counts towards the limit(s) set above.

In this regard, we noticed that Mr Mukund Chitale, Mr Narayanan Kumar, and Mr Vikram Mehta are currently overboarded according to our DWS Corporate Governance and Proxy Voting Policy.

QUESTION 4: Are there any plans for the above-mentioned directors to reduce their mandates (listed directorships) by the next AGM?

Low Board attendance

Directors of the Company must endeavor to attend all the meetings of the Board and Committees thereof. DWS expects directors to attend at least 75% of their meeting convened during the financial year.

As per your Annual Report, Mr. A M Naik, the Board chair, attended only 63% and 71% of board meetings in FY 2022 and FY 2023, respectively. Further, the Company has not provided any explanation for his low attendance.

QUESTION 5: We would like to understand what were the reasons for his low attendance.

Gender Diversity

We expect our investee companies to incorporate gender diversity into their composition and refreshment processes and to adhere, at minimum, to national best practice stipulations on gender representation.

Your Company presently has only one woman director (5%) on the Board which is just meeting the minimum regulatory requirement.

QUESTION 6: Do you have any internal targets to increase gender diversity at board-level?

Net Zero Initiatives

Corporations and investors have a key role to play towards the need for emissions to be reduced in the mutual goal of coping with the impacts of global warming. In this regard, we support the Climate Action 100+ and the Net Zero Asset Managers initiatives with the aim to enhance the governance of climate change risk and opportunities, to curb emissions and to strengthen climate-related financial disclosures.

We note that you aim to achieve Carbon Neutrality by 2040 and also your roadmap on interim targets under the 'Lakshya 2026' strategy, however, as a responsible investor we expect the company to commit to Net Zero (including Scope 1, 2 & 3) with a clear short and mid-term targets in line with the Paris Agreement.

QUESTION 7: Can we expect your Company to set an ambitious Net Zero target (rather than carbon neutrality) in line with the Paris Agreement in the near future?

QUESTION 8: When can we expect the company to set ambitious short and medium-term absolute GHG emissions reduction targets with a baseline, including scope 3 rather than only carbon intensity to be aligned with limiting warming to 1.5°C?

To conclude, we would like to thank all members of the Board and all the employees of Larsen & Toubro Ltd on their commitment and dedication.

Thank you in advance for your answers.