

Tencent Holdings Limited: ANNUAL MEETING OF SHAREHOLDERS  
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mr. Huateng Ma,  
Dear Chi Ping (Martin) Lau,  
Dear Members of the Board,

As one of the largest asset managers in Europe, ahead of your 2022 Annual Shareholders' Meeting, we would like to ask you a couple of questions ahead of your annual meeting of shareholders this year. As a responsible investor in Tencent Holdings Limited, it is part of our fiduciary duty at DWS to express our expectations on sustainability in the best interest of our clients. Our commitment to responsible environmental and social practices and sound governance and (ESG) is not only a crucial element of our responsibilities but also forms an integral part of our investment process.

Thank you for your efforts and contribution to answers in advance. We would highly appreciate if you could provide your answers in written form on due course via e-mail to our group e-mail account [dws.engagement@dws.com](mailto:dws.engagement@dws.com). Please note that we will also publish our questions on our website on the day of your AGM.

### **Dividends**

The dividend payout of Tencent Holdings Limited from 2019 to 2021 are as follows:

	31 December 2021	31 December 2020	31 December 2019
Earnings per share (CNY)	23.597	16.844	9.856
Dividend per share (HKD)	1.60	1.60	1.20
Dividend Payout Ratio	5.54	8.00	10.93

DWS expects that the dividend payout ratio to be at least 20%. If the dividend payout ratio has been below 20% for two consecutive years, DWS expects that management will provide adequate reasons for this decision.

**QUESTION 1: What is the company's dividend policy? Does the company have plans to improve the dividend ratio?**

### **Independence**

Qualified, experienced and independent directors are essential for competent and efficient decision-making processes at board level. Having a majority of independent members serving on boards and committees, as well as respective independent Chairs, is important for us to ensure objective-driven decision making and challenging discussions within the Board. In the case where one person assumes a combined CEO and Chair role or the Chair is considered not independent due to our Policy (for example, due to a tenure of more than ten years), a qualified and strong lead independent director must be in place in order to counterbalance the presence of a non-independent Chair and to ensure the proper work of the Board.

**QUESTION 2: When do you plan to appoint an independent Chairperson or a lead independent director?**

Moreover, the overall level of the Board's independence is less than 50% because two members of the Board are also executive directors, two members (Mr. Jacobus Petrus Bekker and Mr. Charles Searle) are shareholder representatives and two members (Mr. Dong Sheng Li and Mr. Ian Charles Stone) have served the Board for more than ten years.

**QUESTION 3: Can we expect you to further increase the independence of the Board in the near future and if so, when?**

Furthermore, DWS expects the Compensation Committee and Nomination Committee to be led by an independent chair. However, we consider the Chair of your Compensation Committee, Mr. Ian Charles Stone, not independent because of his tenure of more than ten years on the Board. In addition, the Chair of your Nomination Committee, Mr. Huateng Ma is not independent because of his combined CEO and Chair role.

**QUESTION 4: When can we expect the appointment of an independent chair to the Compensation Committee and Nomination Committee?**

**Gender diversity**

Qualified, experienced and independent directors are essential for competent and efficient decision-making processes at Board level. DWS has a holistic understanding of diversity that encompasses age, gender, qualifications, internationalization, cultural backgrounds, independence, sector experience and tenure. These factors should reflect the structure and nature of the company in order to make better-informed decisions. In this context, gender diversity should provide for a more dynamic, well rounded board of directors, bringing unique perspectives, experience, talents and expertise together.

**QUESTION 5: How will Tencent Holdings Limited integrate gender diversity into the Board's recruitment, nomination and refreshment process?**

**Executive remuneration**

Executive pay is one of the most important aspects of good corporate governance as it is one of the signals for a well-operated and supervised business. Our expectation is that the Board ensures full transparency, clear and plausible key performance indicators for investors, the structure of the incentives encourages the achievement of corporate financial, social and environmental objectives, and the amount ultimately granted is in line with performance. Furthermore, a rigorous remuneration system should achieve the alignment of the interests of shareholders and management.

**QUESTION 6: What are the financial KPIs for the short-term Incentive and long-term incentive?**

**QUESTION 7: Are sustainability performance objectives integrated in the executive managers' remuneration?**

## **Sustainability**

Climate change is one of the greatest environmental challenges. 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 are supporter of the Climate Action 100+ and the Net Zero Asset Managers initiatives with the aim to enhance the governance of climate change risks and opportunities, curb emissions and strengthen climate-related financial disclosures. Our active ownership approach revolves around carefully monitoring our investees and engaging with them with the aim of improving their financial and non-financial performance, building a sound understanding of their business and a constructive dialogue on their sustainable development.

**QUESTION 8: The operation of the Tencent Holdings Limited is heavily built on data centers. The Software-as-a-Service models, the growth of cloud-based services, and exponential growth in the generation of data must be stored and processed. The data centers consume significant amounts of electricity. Can you please quote how many data centers Tencent runs/owns/operates in China and how do you improve/manage the Power Usage Effectiveness (PUE) of the existing data centers?**

## **Labor management and Health**

Keeping employees safe and healthy is a crucial topic and should be treated as an integral part of a company's business strategy. We expect investee companies to assess, manage and reduce health and safety risks to prevent workplace injuries, illnesses, and fatalities.

**QUESTION 9: The "996" working culture (working from 9 a.m. to 9 p.m. with six days in a week) dominates the Chinese e-Commerce industry. The Chinese media report numerous cases of illnesses and fatalities caused by overwork. Does Tencent Holdings Limited have any measures in place to improve the work-life balance of the employees?**

To conclude, we would like to thank all members of the Board and all the Tencent Holdings Limited employees cordially on their commitment and dedication over the past year.

A special thank you in advance for your answers.