

Meituan: ANNUAL MEETING OF SHAREHOLDERS  
QUESTIONS FROM DWS INVESTMENT GMBH

Dear Mr. Xing Wang,  
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 Meituan, 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 [www.dws.com](http://www.dws.com) website on the day of your AGM.

### **Financials/Business Strategy**

The financial performance is a key factor for the asset manager's investment decision. Due to the Covid-19 lockdown in China, the people rely on the food delivery service more than ever. The need of the food delivery stimulates the sales revenue. Unfortunately, we note on page 8 of the Annual Report 2021 that the new business segment "New initiatives and others", mainly referred to "Retail + Technology", is the main and solely cause which contributes to the significant operation loss for the year 2021.

**QUESTION 1: Given the magnitude of the losses disclosed, what are the Meituan's key competitive advantages in "Retail + Technology"? Does the Management have any timeline to achieve break-even?**

### **Cash position in USD**

The cash position of Meituan amounts to 32,513 mio RMB as at Dec. 31. 2021. The disclosure of the Page 272 in the Annual Report draws our attention: 15.935 mio RMB are denominated in USD although Meituan operates 100% in People Republic of China.

**QUESTION 2: From a financial perspective, what is rationale of Meituan to deposit significant portion of cash in foreign currency i.e. USD? How does Meituan manage the currency risk and how high is the cost to mitigate the currency risk? How much gains/losses of the currency translation change were cumulated as of Dec. 31. 2021?**

## **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 3: 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 three members of the Board are also executive directors, two members (Mr. Chi Ping (Martin) Lau and Mr. Nanpeng (Neil) Shen) are shareholder representatives.

### **QUESTION 4: Do you have plans to further raise the independence of the Board in the near future and if so, when?**

## **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. The gender diversity in the Board is significant below benchmark peer companies.

### **QUESTION 5: How will Meituan 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?**

**QUESTION 8: On page 240 of the Annual Report 2021, we note that the bonus payments of 2020 were reclassified and totally aggregated into the base salary of 2021. Can you please explain the reclassification?**

### **Safety 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. DWS expects investee companies to assess, manage and reduce health and safety risks to prevent workplace injuries, illnesses and fatalities.

Meituan leverages "Big Data" to calculate the time and route for the delivery couriers. Stringent time limits are imposed on delivery couriers to complete their deliveries. In order to meet the deadlines, the delivery couriers routinely resorted to speeding, running red lights and other illicit actions, all of which have contributed to the increased probability of traffic accidents. According to reports, stringent rules made by Meituan and other food delivery companies in China have subjected delivery workers to life-threatening traffic violations and other exploitation practices.

**QUESTION 9: Are there any the short-, middle- and longterm KPIs, such as safety rate, linked to active programs to promote safety, accident prevention, etc.? How does Metuan ensure that its delivery partners adhere to safety programs?**

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

A special thank you in advance for your answers.