

# COVER SHEET

**A S 9 3 0 0 0 0 2 3**  
SEC Registration Number

**D I S C O V E R Y W O R L D C O R P O R A T I O N**  
  
  
(Company's Full Name)

**S T A T I O N I , B A L A B A G , M A L A Y**  
**A K L A N**  
  
(Business Address: No. Street City / Town / Province)

**ANNA FRANCESCA C. RESPICIO**

**632-0905**  
Company Telephone Number

**1 2**      **3 1**  
Month      Day  
Fiscal Year

**Second Monday**      **0 6**        
Month      Day  
Annual Meeting

**S E C F O R M - I - A C G R**  
RE: Compliance with Corporate Governance

Secondary License Type, if applicable

Department Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

**Total Amount of Borrowings**  
 Domestic       Foreign

To be Accomplished by SEC Personnel Concerned

File Number

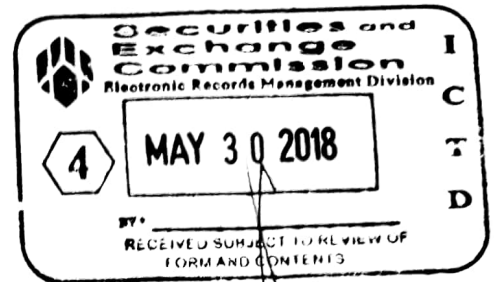
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**STAMPS**

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**SEC FORM - I-ACGR**

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

1. For the fiscal year ended 31 December 2017
2. SEC Identification Number AS093-000023
3. BIR Tax Identification No. 003-822-183
4. Exact name of issuer as specified in its charter

**DISCOVERY WORLD CORPORATION**

(doing business under the names and styles of  
Discovery Boracay, Discovery Shores, Platitos Resto-Bar, Sands Lounge,  
Indigo Resto-Bar, Sunken Pool Bar, Forno Osteria, Estate XI, and 360 Roof Lounge)

5. Metro Manila, Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6.  (SEC Use Only)  
Industry Classification Code:
7. Station 1, Balabag, Malay, Aklan, Philippines 5608  
Address of principal office
- Postal Code
8. (02) 813-8857  
Issuer's telephone number, including area code
9. Not applicable  
Former name, former address, and former fiscal year, if changed since last report.

**INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT**

	COMPLIANT/ NON- COMPLIANT	ADDITIONAL INFORMATION	EXPLANATION
<b>The Board's Governance Responsibilities</b>			
<p><b>Principle 1:</b> The company should be headed by a competent, working board to foster the long- term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long- term best interests of its shareholders and other stakeholders.</p>			
<b>Recommendation 1.1</b>			
<p>1. Board is composed of directors with collective working knowledge, experience or expertise that is relevant to the company's industry/sector.</p>	COMPLIANT	<p>Provide information or link/reference to a document containing information on the following:</p>	
<p>2. Board has an appropriate mix of competence and expertise.</p>	COMPLIANT	<p>1. Academic qualifications, industry knowledge, professional experience, expertise and relevant trainings of directors</p>	
<p>3. Directors remain qualified for their positions individually and collectively to enable them to fulfill their roles and responsibilities and respond to the needs of the organization.</p>	COMPLIANT	<p>Reference: Profiles of the Members of the Board of Directors  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p> <p>2. Qualification standards for directors to facilitate the selection of potential nominees and to serve as benchmark for the evaluation of its performance</p> <p>Reference: Charter of the Board of Directors  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

**Recommendation 1.2**

<p>1. Board is composed of a majority of non-executive directors.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to a document identifying the directors and the type of their directorships</p> <table border="1" data-bbox="940 363 1619 651"> <thead> <tr> <th data-bbox="940 363 1283 396">Name</th> <th data-bbox="1283 363 1619 396">Type of Directorship</th> </tr> </thead> <tbody> <tr> <td data-bbox="940 396 1283 456">Ruben C. Tiu</td> <td data-bbox="1283 396 1619 456">Chairman, Non-Executive</td> </tr> <tr> <td data-bbox="940 456 1283 488">John Y. Tiu, Jr.</td> <td data-bbox="1283 456 1619 488">Executive</td> </tr> <tr> <td data-bbox="940 488 1283 521">Romualdo C. Macasaet</td> <td data-bbox="1283 488 1619 521">Non-Executive</td> </tr> <tr> <td data-bbox="940 521 1283 553">A. Bayani K. Tan</td> <td data-bbox="1283 521 1619 553">Non-Executive</td> </tr> <tr> <td data-bbox="940 553 1283 586">Lamberto R. Villena</td> <td data-bbox="1283 553 1619 586">Non-Executive</td> </tr> <tr> <td data-bbox="940 586 1283 618">Chun Bing G. Uy</td> <td data-bbox="1283 586 1619 618">Independent</td> </tr> <tr> <td data-bbox="940 618 1283 651">Elizabeth Ann C. Parpan</td> <td data-bbox="1283 618 1619 651">Independent</td> </tr> </tbody> </table>	Name	Type of Directorship	Ruben C. Tiu	Chairman, Non-Executive	John Y. Tiu, Jr.	Executive	Romualdo C. Macasaet	Non-Executive	A. Bayani K. Tan	Non-Executive	Lamberto R. Villena	Non-Executive	Chun Bing G. Uy	Independent	Elizabeth Ann C. Parpan	Independent	
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Lamberto R. Villena	Non-Executive																		
Chun Bing G. Uy	Independent																		
Elizabeth Ann C. Parpan	Independent																		

**Recommendation 1.3**

<p>1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Board Charter and Manual on Corporate Governance relating to its policy on training of directors.</p> <p>Please refer to the following: Charter of the Board of Directors – Qualifications for all Directors; and Manual on Corporate Governance – Board Evaluation, Training and Development.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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<p>2. Company has an orientation program for first time directors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the orientation program and trainings of directors for the previous year, including the number of hours attended and topics covered.</p> <p>Please refer to the Manual on Corporate Governance – Board Evaluation, Training and Development and Charter of the Board of Directors – Qualifications for all Directors <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>																																	
<p>3. Company has relevant annual continuing training for all directors.</p>	<p>COMPLIANT</p>	<table border="1"> <thead> <tr> <th data-bbox="940 639 1140 691">Name</th> <th data-bbox="1140 639 1270 691">Date of Training</th> <th data-bbox="1270 639 1476 691">Program</th> <th data-bbox="1476 639 1627 691">Training Institution</th> </tr> </thead> <tbody> <tr> <td data-bbox="940 691 1140 743">Ruben C. Tiu</td> <td data-bbox="1140 691 1270 743">07/28/17 4 hours</td> <td data-bbox="1270 691 1476 743">Annual Corporate Governance Training</td> <td data-bbox="1476 691 1627 743">Institute of Corporate Directors</td> </tr> <tr> <td data-bbox="940 743 1140 795">John Y. Tiu, Jr.</td> <td data-bbox="1140 743 1270 795"></td> <td data-bbox="1270 743 1476 795">Program: Board in Crisis: When the Unexpected Happens and Related Party Transactions/ Guidelines in Handling RPTs</td> <td data-bbox="1476 743 1627 795"></td> </tr> <tr> <td data-bbox="940 795 1140 847">Romualdo C. Macasaet</td> <td data-bbox="1140 795 1270 847"></td> <td data-bbox="1270 795 1476 847"></td> <td data-bbox="1476 795 1627 847"></td> </tr> <tr> <td data-bbox="940 847 1140 899">A. Bayani K. Tan</td> <td data-bbox="1140 847 1270 899"></td> <td data-bbox="1270 847 1476 899"></td> <td data-bbox="1476 847 1627 899"></td> </tr> <tr> <td data-bbox="940 899 1140 951">Lamberto R. Villena</td> <td data-bbox="1140 899 1270 951"></td> <td data-bbox="1270 899 1476 951"></td> <td data-bbox="1476 899 1627 951"></td> </tr> <tr> <td data-bbox="940 951 1140 1003">Chun Bing G. Uy</td> <td data-bbox="1140 951 1270 1003"></td> <td data-bbox="1270 951 1476 1003"></td> <td data-bbox="1476 951 1627 1003"></td> </tr> <tr> <td data-bbox="940 1003 1140 1055">Elizabeth Ann C. Parpan</td> <td data-bbox="1140 1003 1270 1055"></td> <td data-bbox="1270 1003 1476 1055"></td> <td data-bbox="1476 1003 1627 1055"></td> </tr> </tbody> </table>	Name	Date of Training	Program	Training Institution	Ruben C. Tiu	07/28/17 4 hours	Annual Corporate Governance Training	Institute of Corporate Directors	John Y. Tiu, Jr.		Program: Board in Crisis: When the Unexpected Happens and Related Party Transactions/ Guidelines in Handling RPTs		Romualdo C. Macasaet				A. Bayani K. Tan				Lamberto R. Villena				Chun Bing G. Uy				Elizabeth Ann C. Parpan				
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Recommendation 1.4			
1. Board has a policy on board diversity.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's board diversity policy.</p> <p>Please refer to the Manual on Corporate Governance – Governance Structure  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Indicate gender composition of the board.</p> <p>The Board is composed of 6 male directors and 1 female director.</p>	
Optional: Recommendation 1.4			
1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.	COMPLIANT	<p>Provide information on or link/reference to a document containing the company's policy and measurable objectives for implementing board diversity.</p> <p>Please refer to the Manual on Corporate Governance – Governance Structure  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Provide link or reference to a progress report in achieving its objectives.</p> <p>The Board ensures that it maintains diversity in its composition.</p>	

**Recommendation 1.5**

<p>1. Board is assisted by a Corporate Secretary.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the Corporate Secretary, including his/her name, qualifications, duties and functions.</p> <p>Please refer to the Profile of the Corporate Secretary <a href="http://www.discovery.com.ph/key-officers.html">http://www.discovery.com.ph/key-officers.html</a></p>									
<p>2. Corporate Secretary is a separate individual from the Compliance Officer.</p>	<p>COMPLIANT</p>	<p>Functions are set in the Manual on Corporate Governance – Officers, the Board Charter and the Board Committee Charters</p>									
<p>3. Corporate Secretary is not a member of the Board of Directors.</p>	<p>COMPLIANT</p>	<p><a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>									
<p>4. Corporate Secretary attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered</p> <table border="1" data-bbox="940 911 1629 1206"> <thead> <tr> <th data-bbox="940 911 1102 959">Name</th> <th data-bbox="1102 911 1234 959">Date of Training</th> <th data-bbox="1234 911 1486 959">Program</th> <th data-bbox="1486 911 1629 959">Training Institution</th> </tr> </thead> <tbody> <tr> <td data-bbox="940 959 1102 1206">Atty. Anna Francesca C. Respicio</td> <td data-bbox="1102 959 1234 1206">07/28/17 4 hours</td> <td data-bbox="1234 959 1486 1206">Annual Corporate Governance Training Program: Board in Crisis: When the Unexpected Happens and Related Party Transactions/ Guidelines in Handling RPTs</td> <td data-bbox="1486 959 1629 1206">Institute of Corporate Directors</td> </tr> </tbody> </table>	Name	Date of Training	Program	Training Institution	Atty. Anna Francesca C. Respicio	07/28/17 4 hours	Annual Corporate Governance Training Program: Board in Crisis: When the Unexpected Happens and Related Party Transactions/ Guidelines in Handling RPTs	Institute of Corporate Directors	
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Optional: Recommendation 1.5			
1. Corporate Secretary distributes materials for board meetings at least five business days before scheduled meeting.	COMPLIANT	Provide proof that corporate secretary distributed board meeting materials at least five business days before scheduled meeting  Please refer to the Secretary's Certificate attached to this report.	
Recommendation 1.6			
1. Board is assisted by a Compliance Officer.	COMPLIANT	Provide information on or link/reference to a document containing information on the Compliance Officer, including his/her name, position, qualifications, duties and functions.  The Compliance Officer is a Vice President, concurrently the Chief Financial Officer, and is not a member of the Board. Please refer to the Profile of the Compliance Officer <a href="http://www.discovery.com.ph/key-officers.html">http://www.discovery.com.ph/key-officers.html</a>	
2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.	COMPLIANT		
3. Compliance Officer is not a member of the board.	COMPLIANT		Functions are set in Manual on Corporate Governance – Officers <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a>



<p>4. Compliance Officer attends training/s on corporate governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the corporate governance training attended, including number of hours and topics covered.</p> <table border="1" data-bbox="940 363 1629 643"> <thead> <tr> <th data-bbox="940 363 1045 418">Name</th> <th data-bbox="1045 363 1178 418">Date of Training</th> <th data-bbox="1178 363 1474 418">Program</th> <th data-bbox="1474 363 1629 418">Training Institution</th> </tr> </thead> <tbody> <tr> <td data-bbox="940 418 1045 643">Anna May B. Nieva</td> <td data-bbox="1045 418 1178 643">07/28/17 4 hours</td> <td data-bbox="1178 418 1474 643">Annual Corporate Governance Training Program: Board in Crisis: When the Unexpected Happens and Related Party Transactions/ Guidelines in Handling RPTs</td> <td data-bbox="1474 418 1629 643">Institute of Corporate Directors</td> </tr> </tbody> </table>	Name	Date of Training	Program	Training Institution	Anna May B. Nieva	07/28/17 4 hours	Annual Corporate Governance Training Program: Board in Crisis: When the Unexpected Happens and Related Party Transactions/ Guidelines in Handling RPTs	Institute of Corporate Directors	
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**Principle 2:** The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company's articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.

**Recommendation 2.1**

<p>1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on how the directors performed their duties (can include board resolutions, minutes of meeting)</p> <p>Please refer to the Secretary's Certificate attached to this report.</p>	
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**Recommendation 2.2**

<p>1. Board oversees the development, review and approval of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on how the directors performed this function (can include board resolutions, minutes of meeting)</p> <p>Please refer to the Secretary's Certificate attached to this report.</p>	
<p>2. Board oversees and monitors the implementation of the company's business objectives and strategy.</p>	<p>COMPLIANT</p>	<p>Indicate frequency of review of business objectives and strategy</p> <p>The Board of Directors actively oversees the business and strategic plans of the Company. The Management updates the Board at least once a year.</p>	

**Supplement to Recommendation 2.2**

<p>1. Board has a clearly defined and updated vision, mission and core values.</p>	<p>COMPLIANT</p>	<p>Indicate or provide link/reference to a document containing the company's vision, mission and core values.</p> <p>Please refer to the Company's Vision and Mission <a href="http://www.discovery.com.ph/vision-and-mission.html">http://www.discovery.com.ph/vision-and-mission.html</a></p> <p>Please refer to attached Core Values. Indicate frequency of review of the vision, mission and core values.</p> <p>The Board reviews the vision and mission of the organization as it deems necessary. The Company's vision and mission was last reviewed during the Board meeting conducted on November 30, 2016.</p>	
<p>2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the strategy execution process.</p> <p>The Board is guided by its strategy execution process as follows:</p> <ol style="list-style-type: none"> <li>1. Creation of a strategic plan which includes the Company's ultimate goal, steps, framework to keep the team involved focused, timetable and scheduling.</li> <li>2. Engagement the Organization by communicating the strategy to Management and Employees.</li> <li>3. Setting tangible goals for each involved department</li> <li>4. Tracking and regular reporting of said goals.</li> <li>5. Quality Check of the goals attained</li> <li>6. Rewarding the team with incentives based on its performance.</li> </ol>	

Recommendation 2.3			
1. Board is headed by a competent and qualified Chairperson.	COMPLIANT	<p>Provide information or reference to a document containing information on the Chairperson, including his/her name and qualifications</p> <p>Please refer to the Profile of the Chairman of the Board <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	
Recommendation 2.4			
1. Board ensures and adopts an effective succession planning program for directors, key officers and management.	COMPLIANT	<p>Disclose and provide information or link/reference to a document containing information on the company's succession planning policies and programs and its implementation.</p> <p>The Company's senior officers work closely with the CEO and the President, and under the guidance of the Board of Directors to ensure that they are given ample training and experience in running the Company. This approach exposes the senior officers to the day-to-day demands of Company operations.</p>	

<p>2. Board adopts a policy on the retirement for directors and key officers.</p>	<p>NON-COMPLIANT</p>		<p>The Corporate Governance Committee is tasked developing a policy for executive remuneration and fixing the remuneration packages for corporate officers and directors, and providing oversight over remuneration of senior management and key personnel to ensure that compensation levels are consistent with the corporation's culture, strategy, and environment. The Committee ensures that their remuneration is sufficient to attract and retain personnel.</p> <p>The Management has presented a proposed retirement plan to the Corporate Governance Committee, and is currently under review.</p>
<p><b>Recommendation 2.5</b></p>			
<p>1. Board aligns the remuneration of key officers and board members with long-term interests of the company.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing information on the company's remuneration policy and its implementation, including the relationship</p>	

<p>2. Board adopts a policy specifying the relationship between remuneration and performance.</p>	<p>NON-COMPLIANT</p>	<p>between remuneration and performance.</p> <p>Please refer to the policy on remuneration in the Manual on Corporate Governance – Corporate Governance Committee Duties and Responsibilities</p> <p>A director is disallowed to participate in discussions or deliberations involving his own remuneration.</p>	<p>Although there is no comprehensive policy yet that specifies the relationship between remuneration and performance, the compensation of directors is determined by the Board, keeping in mind the Company's culture, strategy and control environment.</p>
<p>3. Directors do not participate in discussions or deliberations involving his/her own remuneration.</p>	<p>COMPLIANT</p>		

Optional: Recommendation 2.5			
1. Board approves the remuneration of senior executives.	NON-COMPLIANT	Provide proof of board approval.	The Corporate Governance Committee is tasked with coming up with a formal and transparent procedure for developing a policy for executive remuneration and fixing the remuneration packages for corporate officers and directors, and provide oversight over remuneration of senior management and key personnel to ensure that compensation levels are consistent with the Corporation's culture, strategy, and environment. The Committee also determines the amount of remuneration of directors and officers. The Committee ensures that their remuneration is sufficient to attract and retain personnel.
2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.	NON-COMPLIANT	Provide information on or link/reference to a document containing measurable standards to align performance-based remuneration with the long-term interest of the company.	

Recommendation 2.6			
1. Board has a formal and transparent board nomination and election policy.	COMPLIANT	Provide information or reference to a document containing information on the company's nomination and election policy and process and its implementation, including the criteria used in selecting new directors, how the shortlisted candidates and how it encourages nominations from shareholders.	
2. Board nomination and election policy is disclosed in the company's Manual on Corporate Governance.	COMPLIANT	Please refer to the Manual on Corporate Governance – Nomination and Election of Directors <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a>	
3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.	COMPLIANT	Provide proof if minority shareholders have a right to nominate candidates to the board	
4. Board nomination and election policy includes how the board shortlists candidates.	COMPLIANT	Please refer to the Manual on Corporate Governance – Formal and Transparent Board Nomination and Election Process <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a>	
5. Board nomination and election policy includes an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	COMPLIANT	Provide information if there was an assessment of the effectiveness of the Board's processes in the nomination, election or replacement of a director.	
6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.	COMPLIANT	A Corporate Governance Committee Performance Assessment was conducted last November 21, 2017.	



Optional: Recommendation to 2.6			
1. Company uses professional search firms or other external sources of candidates (such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.	NON-COMPLIANT	Identify the professional search firm used or other external sources of candidates.	The stockholders nominate all directors in accordance with the Company's By-Laws and Manual on Corporate Governance. The nominee is vetted by the Corporate Governance Committee before election as a member of the Board of Directors.
Recommendation 2.7			
1. Board has overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.	COMPLIANT	Provide information on or reference to a document containing the company's policy on related party transaction, including policy on review and approval of significant RPTs  Please refer to the Related Party Transactions Policy <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a>	
2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.	COMPLIANT	Identify transactions that were approved pursuant to the policy.	
3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.	COMPLIANT	Due to/ from affiliates, which are less than three percent (3%) of Total Assets, were approved by the Company's CEO/ President.	

**Supplement to Recommendations 2.7**

<p>1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.</p>	<p>COMPLIANT</p>	<p>Provide information on a materiality threshold for RPT disclosure and approval, if any.</p> <p>Please refer to the Related Party Transactions Policy  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Provide information on RPT categories</p> <p>The Parent Company and its subsidiaries, whether owned directly or indirectly, shall follow the thresholds and categories for Disclosure and Approval of RPTs:</p> <ul style="list-style-type: none"> <li>• Less than three percent (3%) of Total Assets of Parent or Subsidiary requires approval of the concerned entity's CEO or President;</li> <li>• Three percent (3%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Board of Directors.</li> <li>• Twenty percent (20%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Shareholders.</li> </ul>	
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<p>2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on voting system, if any.</p>	<p>The Board has not adopted a policy whereby majority of the non-related party shareholders approve specific related party transaction(RPT) during the meeting of shareholders. Approval of RPTs are subject to the Board-approved and disclosed RPT policy and Disclosure Policy</p>
<p><b>Recommendation 2.8</b></p>			
<p>1. Board is primarily responsible for approving the selection of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for approving the selection of management.</p> <p>Please refer to the Manual on Corporate Governance and Charter of the Board of Directors – Monitoring Managerial Performance &amp; Overseeing Succession Planning of Key Officers and Management  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Identify the Management team appointed</p> <p>Please refer to the Key Officers of the Organization  <a href="http://www.discovery.com.ph/key-officers.html">http://www.discovery.com.ph/key-officers.html</a></p>	

<p>2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).</p>	<p>COMPLIANT</p>	<p>Provide information on or reference to a document containing the Board's policy and responsibility for assessing the performance of management.</p> <p>Please refer to the Manual on Corporate Governance and Charter of the Board of Directors – Monitoring Managerial Performance &amp; Overseeing Succession Planning of Key Officers and Management  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Provide information on the assessment process and indicate frequency of assessment of performance.</p> <p>The Board annually evaluates and monitors the implementation of its strategic policies, programs, business plans, operating budgets, including the Management's overall performance.</p>	
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**Recommendation 2.9**

<p>1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the Board's performance management framework for management and personnel.</p> <p>The Board is tasked to establish an effective performance management framework that will ensure that the Management, including the Chief Executive Officer and personnel's performance is at par with the standards set by the Board and Senior Management.</p> <p>Please refer to Manual on Corporate Governance  <a href="http://www.discovery.com.ph/Corporate-">http://www.discovery.com.ph/Corporate-</a></p>	
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<p>2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.</p>	<p>COMPLIANT</p>	<p>Governance.html</p>	
<p><b>Recommendation 2.10</b></p>			
<p>1. Board oversees that an appropriate internal control system is in place.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document showing the Board's responsibility for overseeing that an appropriate internal control system is in place and what is included in the internal control system</p>	
<p>2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.</p>	<p>COMPLIANT</p>	<p>Please refer to the Manual on Corporate Governance and Charter of the Board of Directors – Overseeing Internal Control, Audit and Risk Management  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>3. Board approves the Internal Audit Charter.</p>	<p>COMPLIANT</p>	<p>Provide reference or link to the company's Internal Audit Charter</p> <p>Please refer to attached Secretary's Certificate for the Board's approval of the Internal Audit Charter and Policy Statement.</p>	

Recommendation 2.11			
1. Board oversees that the company has in place a sound enterprise risk management (ERM) framework to effectively identify, monitor, assess and manage key business risks.	COMPLIANT	Provide information on or link/reference to a document showing the Board's oversight responsibility on the establishment of a sound enterprise risk management framework and how the board was guided by the framework.  Please refer to Manual on Corporate Governance – General Responsibilities of the Board of Directors – Overseeing Internal Control, Audit and Risk Management <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a>	
2. The risk management framework guides the board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.	COMPLIANT	Provide proof of effectiveness of risk management strategies, if any.  There were no instances reported to disprove the effectiveness of the currently adopted Risk Management Policy.	
Recommendation 2.12			
1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.	COMPLIANT	Provide link to the company's website where the Board Charter is disclosed.  Please refer to Charter of the Board of Directors <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a>	
2. Board Charter serves as a guide to the directors in the performance of their functions.	COMPLIANT		
3. Board Charter is publicly available and posted on the company's website.	COMPLIANT		

Additional Recommendation to Principle 2			
1. Board has a clear insider trading policy.	COMPLIANT	<p>Provide information on or link/reference to a document showing company's insider trading policy.</p> <p>Please refer to the Company's Policies – Insider Trading Policy  <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	
Optional: Principle 2			
1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.	COMPLIANT	<p>Provide information on or link/reference to a document showing company's policy on granting loans to directors, if any.</p> <p>Please refer to the Related Party Transactions Policy  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
2. Company discloses the types of decision requiring board of directors' approval.	COMPLIANT	<p>Indicate the types of decision requiring board of directors' approval and where there are disclosed.</p> <p>Section 1, Article III of the Corporation's By-Laws provides the specific powers of the Board of Directors.</p>	

**Principle 3:** Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.

**Recommendation 3.1**

<p>1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on all the board committees established by the company.</p> <p>Please refer to Board Committees – Board Committees and Member and Board Committee Charters  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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**Recommendation 3.2**

<p>1. Board establishes an Audit Committee to enhance its oversight capability over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Audit Committee, including its functions.</p> <p>Please refer to the Audit Committee Charter  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p> <p>Indicate if it is the Audit Committee's responsibility to recommend the appointment and removal of the company's external auditor.</p> <p>Please refer to the Audit Committee Charter – External Audit Oversight</p>	
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<p>2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Audit Committee, including their qualifications and type of directorship.</p> <p>The Audit Committee is composed of one Executive director and three non-executive directors, two of which are independent directors. The Chairman of the Committee is an independent director.</p>	
<p>3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, knowledge, skills, and/or experience of the members of the Audit Committee.</p> <p>Please refer to the profile of the members of the Audit Committee. (John Y. Tiu, Jr., Romualdo C. Macasaet, Chun Bing G. Uy and Elizabeth Ann C. Parpan)  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	

<p>4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Audit Committee</p> <p>Please refer to the profile of the Chairman of the Audit Committee  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	<p>The Chairman of the Audit Committee is also the Chairman of the Board Risk Oversight Committee. The Board increased the number of Board seats from 7 to 9 to accommodate the election of an additional independent director. The chairmanship of the Risk Oversight Committee is reserved for the third independent director.</p>
<p><b>Supplement to Recommendation 3.2</b></p>			
<p>1. Audit Committee approves all non-audit services conducted by the external auditor.</p>	<p>COMPLIANT</p>	<p>Provide proof that the Audit Committee approved all non-audit services conducted by the external auditor.</p> <p>There are no non-audit services conducted by the external auditor for the Company.</p>	
<p>2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>NON-COMPLIANT</p>	<p>Provide proof that the Audit Committee conducted regular meetings and dialogues with the external audit team without anyone from management present.</p>	<p>A member of the Audit Committee is part of the Management, being the President/ CEO. The Audit Committee is composed of a majority of non-executive directors.</p>

Optional: Recommendation 3.2			
1. Audit Committee meet at least four times during the year.	COMPLIANT	<p>Indicate the number of Audit Committee meetings during the year and provide proof</p> <p>The Audit Committee meets four times during the year.</p> <p>Please refer to attached Secretary's Certificate as to the number of meetings of the Audit Committee for the year 2017.</p>	
2. Audit Committee approves the appointment and removal of the internal auditor.	COMPLIANT	<p>Provide proof that the Audit Committee approved the appointment and removal of the internal auditor.</p> <p>Please see attached Secretary's Certificate as to appointment of the Corporation's Internal auditor.</p>	
Recommendation 3.3			
1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.	COMPLIANT	<p>Provide information or reference to a document containing information on the Corporate Governance Committee, including its functions</p> <p>Please refer to the Corporate Governance Committee Charter  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p> <p>Indicate if the Committee undertook the process of identifying the quality of directors aligned with the company's strategic direction, if applicable.</p> <p>The Corporate Governance Committee is responsible to ensure that the Board has an appropriate mix of competence, expertise and diversity and that its members remain qualified for their positions individually and collectively, to enable it to fulfill its roles and responsibilities and respond to the needs of the organization based on the evolving business environment and strategic direction.</p>	

<p>2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the Corporate Governance Committee, including their qualifications and type of directorship.</p> <p>Please refer to the profile of the independent directors.  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	<p>The Corporate Governance Committee currently has a vacancy for one independent director. The Board increased the number of Board seats from 7 to 9 to accommodate the election of at least one independent director. The vacant seat in the Committee is reserved for the third independent director.</p>
<p>3. Chairman of the Corporate Governance Committee is an independent director.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the Corporate Governance Committee.</p> <p>The Chairman of the Corporate Governance Committee is an independent director.  Reference: Board Committees and Members  <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	

Optional: Recommendation 3.3.			
1. Corporate Governance Committee meet at least twice during the year.	COMPLIANT	<p>Indicate the number of Corporate Governance Committee meetings held during the year and provide proof thereof.</p> <p>The Corporate Governance Committee convened on August 15, 2017 and on November 21, 2017.</p> <p>Please refer to the Secretary's Certificate attesting to the dates of meetings of the Corporate Governance Committee.</p>	
Recommendation 3.4			
1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness.	COMPLIANT	<p>Provide information or link/reference to a document containing information on the Board Risk Oversight Committee (BROC), including its functions</p> <p>Please refer to Board Risk Oversight Committee Charter  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	
2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.	NON-COMPLIANT	<p>Provide information or link/reference to a document containing information on the members of the BROC, including their qualifications and type of directorship</p> <p>Please refer to Board Committees and Members  <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	<p>The BROC is currently composed of four members, two being independent directors. Please note, however, that the Corporation is now compliant with the provisions of the Manual on Corporate Governance as to composition of the BROC as Mr. John Y. Tiu has stepped down as a member on February 27, 2018.</p>

<p>3. The Chairman of the BROOC is not the Chairman of the Board or of any other committee.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Chairman of the BROOC</p> <p>Please refer to the profile of the Chairman of the Board Risk Oversight Committee  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	<p>The Chairman of the Audit Committee is also the Chairman of the Board Risk Oversight Committee. The Board increased the number of Board seats from 7 to 9 to accommodate the election of an additional independent director. The chairmanship of the Committee is reserved for the third independent director.</p>
<p>4. At least one member of the BROOC has relevant thorough knowledge and experience on risk and risk management.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the background, skills, and/or experience of the members of the BROOC.</p> <p>Please refer to the profile of the Chairman of the Board Risk Oversight Committee  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	
<p><b>Recommendation 3.5</b></p>			
<p>1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the Related Party Transactions (RPT) Committee, including its functions.</p> <p>The Audit Committee is tasked with reviewing all material related party transactions of the company.  Reference: Audit Committee Charter  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	

<p>2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the members of the RPT Committee, including their qualifications and type of directorship.</p> <p>The Audit Committee is composed of one Executive director and three non-executive directors, two of which are independent directors. The Chairman of the Committee is an independent director.</p>	
<b>Recommendation 3.6</b>			
<p>1. All established committees have a Committee Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting process, resources and other relevant information.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's committee charters, containing all the required information, particularly the functions of the Committee that is necessary for performance evaluation purposes.</p> <p>Please refer to the Board Committee Charters <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	
<p>2. Committee Charters provide standards for evaluating the performance of the Committees.</p>	<p>COMPLIANT</p>		
<p>3. Committee Charters were fully disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website where the Committee Charters are disclosed.</p> <p>Please refer to the Board Committee Charters <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	

**Principle 4:** To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation's business.

**Recommendation 4.1**

<p>1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process and procedure for tele/videoconferencing board and/or committee meetings.</p> <p>Please refer to the Charter of the Board of Directors – Specific Duties of Each Director.  <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p> <p>Provide information or link/reference to a document containing information on the attendance and participation of directors to Board, Committee and shareholders' meetings.</p> <p>Please refer to the Minutes of Shareholder's Meeting  <a href="http://www.discovery.com.ph/investor-relations.html#openModal5">http://www.discovery.com.ph/investor-relations.html#openModal5</a></p> <p>Please refer to the Secretary's Certificate as the attendance of the Directors in meetings of the Board.</p>	
<p>2. The directors review meeting materials for all Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>The Board of Directors and Committee members are furnished a copy of the materials at least 5 business days before the meeting.</p>	



<p>3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on any questions raised or clarification/explanation sought by the directors</p> <p>Please refer to the Secretary's Certificate on participation of directors in the Board Meeting.</p>	
<p><b>Recommendation 4.2</b></p>			
<p>1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management's proposals/views, and oversee the long-term strategy of the company.</p>	<p>COMPLIANT</p>	<p>Disclose if the company has a policy setting the limit of board seats that a non-executive director can hold simultaneously.</p> <p>As the executive profile of the Board of Directors will show, most directors of the Company have very few concurrent directorships and officerships. Reference: <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p> <p>Policy is set in the Manual on Corporate Governance – Governance Structure - Multiple Board Seats <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Provide information or reference to a document containing information on the directorships of the company's directors in both listed and non-listed companies</p> <p>Please refer to the profile of the directors. <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	

Recommendation 4.3			
1. The directors notify the company's board before accepting a directorship in another company.	COMPLIANT	<p>Provide copy of written notification to the board or minutes of board meeting wherein the matter was discussed.</p> <p>New Directorships in the Company's Group: John Y. Tiu, Jr. – Balay Holdings, Inc. (Executive Director) and Lucky Cloud 9 Resort, Inc. (Executive Director)</p> <p>Please refer to the Secretary's Certificate containing the pertinent excerpt of the minutes of meeting of the Board.</p>	
Optional: Principle 4			
1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	COMPLIANT	Mr. John Y. Tiu, Jr. is a director of I-Remit, Inc.	
2. Company schedules board of directors' meetings before the start of the financial year.	COMPLIANT	Board meetings for the succeeding year are scheduled at the last meeting for the year. Further, schedules are consistently confirmed after the end of every meeting.	
3. Board of directors meet at least six times during the year.	NON-COMPLIANT	Indicate the number of board meetings during the year and provide proof	Given the size of the organization, the Board of Directors only meets at least four times during the year, in accordance with its By-Laws. A special board meeting may be called upon in accordance with the provisions of the By-Laws.

<p>4. Company requires as minimum quorum of at least 2/3 for board decisions.</p>	<p>COMPLIANT</p>	<p>Indicate the required minimum quorum for board decisions</p> <p>Presence of the majority of the directors, with at least one Independent Directors present, is required when determining the quorum of the meeting.</p> <p>Reference: Charter of the Board of Directors – Board Meetings and Quorum Requirement  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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**Principle 5:** The board should endeavor to exercise an objective and independent judgment on all corporate affairs

**Recommendation 5.1**

<p>1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the number of independent directors in the board</p>	<p>There are two incumbent independent directors. The Board increased the number of Board seats from 7 to 9 to accommodate the election of at least one independent director. The composition of the Committee shall be complied upon the appointment of the additional independent director.</p>
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**Recommendation 5.2**

<p>1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the qualifications of the independent directors.</p> <p>Please refer to the profiles of the Independent Directors. <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a></p>	
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Supplement to Recommendation 5.2			
<p>1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors' ability to vote independently.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to a document containing information that directors are not constrained to vote independently.</p> <p>Please refer to the Corporation's By-Laws  <a href="http://www.discovery.com.ph/about-us.html#openModal1">http://www.discovery.com.ph/about-us.html#openModal1</a> and            Manual on Corporate Governance  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Additionally, please refer to Secretary's Certificate as to the non-existence of any shareholders' agreement.</p>	
Recommendation 5.3			
<p>1. The independent directors serve for a cumulative term of nine years (reckoned from 2012).</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document showing the years IDs have served as such.</p> <p>All independent directors were first elected on March 1, 2013. Thus, a cumulative term of five years. Please see attached Secretary's Certificate on the election of the Corporation's independent directors.</p>	

<p>2. The company bars an independent director from serving in such capacity after the term limit of nine years.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the company's policy on term limits for its independent director.</p> <p>Term limit of nine years is set in the provisions for Nomination and Election of Directors in the Manual on Corporate Governance and Charter of the Board of Directors.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting.</p>	<p>COMPLIANT</p>	<p>Provide reference to the meritorious justification and proof of shareholders' approval during the annual shareholders' meeting.</p> <p>All Independent Directors had served for less than nine years.</p>	
<p><b>Recommendation 5.4</b></p>			
<p>1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals.</p>	<p>COMPLIANT</p>	<p>Identify the company's Chairman of the Board and Chief Executive Officer</p> <p>The Chairman of the Board is Mr. Ruben C. Tiu while the Chief Executive Officer is Mr. John Y. Tiu, Jr.</p>	

<p>2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the roles and responsibilities of the Chairman of the Board and Chief Executive Officer.</p> <p>Please refer to the Manual on Corporate Governance – Officers – Chief Executive Officer – Roles and Responsibilities.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Identify the relationship of Chairman and CEO.</p> <p>The Chairman and CEO are siblings.</p>	
<p><b>Recommendation 5.5</b></p>			
<p>1. If the Chairman of the Board is not an independent director, the board designates a lead director among the independent directors.</p>	<p>NON-COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on a lead independent director and his roles and responsibilities, if any.</p> <p>Indicate if Chairman is independent.</p> <p>The Chairman of the Board is not an independent director.</p>	<p>The Board has deferred appointment of a lead director among the independent directors until the election of the third independent director.</p>
<p><b>Recommendation 5.6</b></p>			
<p>1. Directors with material interest in a transaction affecting the corporation abstain from taking part in the deliberations on the transaction.</p>	<p>COMPLIANT</p>	<p>Provide proof of abstention, if this was the case.</p> <p>No abstention occurred during the period covered.</p>	

Recommendation 5.7			
1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.	NON-COMPLIANT	Provide proof and details of said meeting, if any.  Provide information on the frequency and attendees of meetings.	As has been disclosed, the Board has deferred the appointment of Lead independent Director. The meeting of the Non-Independent directors was chaired by Ms., Elizabeth Ann C. Parpan upon the request of the directors present.
2. The meetings are chaired by the lead independent director.	NON-COMPLIANT		
Optional: Principle 5			
1. None of the directors is a former CEO of the company in the past 2 years.	NON-COMPLIANT	Provide name/s of company CEO for the past 2 years  The Company's CEO for the past two years is Mr. John Y. Tiu, Jr. He is also the President of Tera Investments, Inc., Cay Islands Corporation, Palawan Cove Corporation, Sonoran Corporation, JT Perle Corporation and One Cerrada Corporation.	The Company's CEO is also member of the Board. A significant majority of the directors are non-executive directors (5/7).



**Principle 6:** The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.

**Recommendation 6.1**

1. Board conducts an annual self-assessment of its performance as a whole.	COMPLIANT	Provide proof of self-assessments conducted for the whole board, the individual members, the Chairman and the Committees	
2. The Chairman conducts a self-assessment of his performance.	COMPLIANT	The first assessment by the Board was facilitated by Mr. Luigi Mapa, an external facilitator, on December 1, 2016. He has vast experience in conducting customized workshops and specializes in implementing training needs analysis and training impact evaluations for organization.	
3. The individual members conduct a self-assessment of their performance.	COMPLIANT		
4. Each committee conducts a self-assessment of its performance.	COMPLIANT		The Company shall aim to engage an external facilitator after three years, to conduct an assessment in 2019, as recommended.
5. Every three years, the assessments are supported by an external facilitator.	COMPLIANT	Identify the external facilitator and provide proof of use of an external facilitator.  Mr. Luigi Mapa, an organizational development consultant conducted a workshop for developing the Corporation’s vision, mission and core values. The workshop also included a session assessing the Boards’ performance.	

**Recommendation 6.2**

1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.	COMPLIANT	Provide information or link/reference to a document containing information on the system of the company to evaluate the performance of the board, individual directors and committees, including a feedback mechanism from shareholders.	
2. The system allows for a feedback mechanism from the shareholders.	COMPLIANT	The Manual on Corporate Governance serves as the minimum criteria in determining the performance of the Board, individual directors and committees.	

**Principle 7:** Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.

**Recommendation 7.1**

<p>1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's Code of Business Conduct and Ethics.</p> <p>Please refer to Code of Business Conduct and Ethics <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	
<p>2. The Code is properly disseminated to the Board, senior management and employees.</p>	<p>COMPLIANT</p>	<p>Provide information on or discuss how the company disseminated the Code to its Board, senior management and employees.</p> <p>The directors, members of senior management and employees were furnished copies of the Company's Code of Ethics upon their assumption of their respective positions in the Company. The Code is publicly available in the Company's website.</p>	
<p>3. The Code is disclosed and made available to the public through the company website.</p>	<p>COMPLIANT</p>	<p>Provide a link to the company's website where the Code of Business Conduct and Ethics is posted/ disclosed.</p> <p>Please refer to Code of Business Conduct and Ethics <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	

Supplement to Recommendation 7.1			
1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	COMPLIANT	<p>Provide information on or link/reference to a document containing information on the company's policy and procedure on curbing and penalizing bribery</p> <p>The Company desires to strengthen its integrity and the fight against corruption and related offences. The Code of Business Conduct and Ethics sets forth the conditions and procedures for investigations of allegations of corruption, fraud and misconduct. Reference: Code of Business Conduct and Ethics <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	
Recommendation 7.2			
1. Board ensures the proper and efficient implementation and monitoring of compliance with the Code of Business Conduct and Ethics.	COMPLIANT	<p>Provide proof of implementation and monitoring of compliance with the Code of Business Conduct and Ethics and internal policies.</p> <p>Please refer to the attached certification by the Human Resources Manager.</p> <p>Indicate who are required to comply with the Code of Business Conduct and Ethics and any findings on non-compliance.</p> <p>All employees are mandated to report any violation of the Company's Code of Business Conduct and Ethics to the Compliance Officer, to the Human Resources Department Head, or to any member of the Audit Committee. Reference: Code of Business Conduct and Ethics <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p>	
2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.	COMPLIANT		

## Disclosure and Transparency

**Principle 8:** The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.

### Recommendation 8.1

1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.	COMPLIANT	<p>Provide information on or link/reference to the company's disclosure policies and procedures including reports distributed/made available to shareholders and other stockholders</p> <p>Please refer to the Manual on Corporate Governance – Reportorial Requirements and Disclosure System.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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### Supplement to Recommendations 8.1

1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.	NON-COMPLIANT	<p>Indicate the number of days within which the consolidated and interim reports were published, distributed or made available from the end of the fiscal year and end of the reporting period, respectively.</p> <p>The annual and quarterly reports are published within ninety (90) days and forty-five (45) days, respectively, from the end of the reporting period.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Publishing Date</th> <th style="text-align: center;">No. of Days</th> </tr> </thead> <tbody> <tr> <td>2016 Annual Report</td> <td style="text-align: center;">03 Apr 2017</td> <td style="text-align: center;">93</td> </tr> <tr> <td>Quarterly Report</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">1st Qtr</td> <td style="text-align: center;">16 May 2017</td> <td style="text-align: center;">46</td> </tr> <tr> <td style="padding-left: 20px;">2nd Qtr</td> <td style="text-align: center;">14 Aug 2017</td> <td style="text-align: center;">45</td> </tr> <tr> <td style="padding-left: 20px;">3rd Qtr</td> <td style="text-align: center;">10 Nov 2017</td> <td style="text-align: center;">41</td> </tr> </tbody> </table> <p>Reference: Company Disclosures  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647</a></p>		Publishing Date	No. of Days	2016 Annual Report	03 Apr 2017	93	Quarterly Report			1st Qtr	16 May 2017	46	2nd Qtr	14 Aug 2017	45	3rd Qtr	10 Nov 2017	41	<p>The Company is compliant with regulations of the Securities and Exchange Commission and Philippine Stock Exchange as to the disclosures of its annual and quarterly financial reports.</p>
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<p>2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.</p>	<p>NON-COMPLIANT</p>	<p>Provide link or reference to the company's annual report where the following are disclosed:</p> <ol style="list-style-type: none"> <li>1. principal risks to minority shareholders associated with the identity of the company's controlling shareholders;</li> <li>2. cross-holdings among company affiliates; and</li> <li>3. any imbalances between the controlling shareholders' voting power and overall equity position in the company.</li> </ol>	<p>The Company is compliant with regulations of the Securities and Exchange Commission and Philippine Stock Exchange as to the disclosures of its annual and quarterly financial reports.</p>
<b>Recommendation 8.2</b>			
<p>1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's policy requiring directors and officers to disclose their dealings in the company's share.</p>	
<p>2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company's shares within three business days.</p>	<p>COMPLIANT</p>	<p>Please refer to the Manual on Corporate Governance – Reportorial Requirements and Disclosure System  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Indicate actual dealings of directors involving the corporation's shares including their nature, number/percentage and date of transaction.</p> <p>In 2017, only Mr. John Y. Tiu had dealings involving DWC shares. Mr. Tiu, through JT Perle Corporation acquired 92,000 DWC shares or 0.015% of the total outstanding capital stock of the corporation, on January 12, 2017</p>	

Supplement to Recommendation 8.2			
<p>1. Company discloses the trading of the corporation's shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company's purchase of its shares from the market (e.g. share buy-back program).</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the shareholdings of directors, management and top 100 shareholders.</p> <p>Reference: Top 100 Stockholders  <a href="http://www.discovery.com.ph/investor-relations.html#openModal7">http://www.discovery.com.ph/investor-relations.html#openModal7</a></p> <p>Provide link or reference to the company's Conglomerate Map.</p> <p>Please refer to the Company's Conglomerate Map  <a href="http://www.discovery.com.ph/about-us.html">http://www.discovery.com.ph/about-us.html</a></p>	
Recommendation 8.3			
<p>1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the directors' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>Please refer to the profiles of the Members of the Board of Directors  <a href="http://www.discovery.com.ph/board-of-directors.html">http://www.discovery.com.ph/board-of-directors.html</a>, shareholders' list  <a href="http://www.discovery.com.ph/investor-relations.html#openModal7">http://www.discovery.com.ph/investor-relations.html#openModal7</a> and Public Ownership Report  <a href="http://www.discovery.com.ph/investor-relations.html">http://www.discovery.com.ph/investor-relations.html</a></p>	

<p>2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the key officers' academic qualifications, share ownership in the company, membership in other boards, other executive positions, professional experiences, expertise and relevant trainings attended.</p> <p>Please refer to the Key Officers' profile  <a href="http://www.discovery.com.ph/key-officers.html">http://www.discovery.com.ph/key-officers.html</a>  and the Public Ownership Report  <a href="http://www.discovery.com.ph/investor-relations.html">http://www.discovery.com.ph/investor-relations.html</a></p>	
<b>Recommendation 8.4</b>			
<p>1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for setting board remuneration</p> <p>Under the By-Laws of the Company, by resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. As compensation, the Board shall receive and allocate an amount of not more than ten percent (10%) of the net income before income tax of the Company during the preceding year. Such compensation shall be determined and apportioned among the directors in such manner as the Board may deem proper, subject to the approval of the stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.</p>	

<p>2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company policy and practice for determining executive remuneration</p> <p>The Corporate Governance Committee is responsible for the establishment of a formal and transparent procedure to develop a policy for determining the remuneration of directors and officers that is consistent with the Company's culture and strategy as well as the business environment in which it operates.</p> <p>Reference: Corporate Governance Committee Charter  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	
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<p>3. Company discloses the remuneration on an individual basis, including termination and retirement provisions.</p>	<p>NON-COMPLIANT</p>	<p>Provide breakdown of director remuneration and executive compensation, particularly the remuneration of the CEO.</p>	<p>The Company strives to ensure that it provide appropriate and fair wages for its employees in an effort to retain, motivate and provide maximum benefit for them. Wages and other forms of compensation are determined based on a large number of factors, which may not be immediately apparent to every employee (e.g. performance reviews, years of experience, years worked at the Company etc.). Thus, it is the policy of the Company to establish the importance of discretion and confidentiality in terms of salary information.</p> <p>For the purposes of transparency, however, the Company has disclosed the aggregate amount of remuneration of its top Management.</p>
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Recommendation 8.5			
<p>1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Disclose or provide reference/link to company's RPT policies</p> <p>Please refer to the Related Party Transactions Policy  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Indicate if the director with conflict of interest abstained from the board discussion on that particular transaction.</p> <p>No instance requiring the above.</p>	
<p>2. Company discloses material or significant RPTs reviewed and approved during the year.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on all RPTs for the previous year or reference to a document containing the following information on all RPTs:</p> <ol style="list-style-type: none"> <li>1. name of the related counterparty;</li> <li>2. relationship with the party;</li> <li>3. transaction date;</li> <li>4. type/nature of transaction;</li> <li>5. amount or contract price;</li> <li>6. terms of the transaction;</li> <li>7. rationale for entering into the transaction;</li> <li>8. the required approval (i.e., names of the board of directors approving, names and percentage of shareholders who approved) based on the company's policy; and</li> <li>9. other terms and conditions</li> </ol>	<p>DWC adopts a policy of full disclosure with regard to related party transactions whereby all terms and conditions are reported to the Board of Directors. The aggregate ending balances of Related Party Transactions are disclosed in the Annual Report.</p>

Supplement to Recommendation 8.5			
1. Company requires directors to disclose their interests in transactions or any other conflict of interests.	COMPLIANT	<p>Indicate where and when directors disclose their interests in transactions or any other conflict of interests.</p> <p>The Board shall commit at all times to fully disclose material information dealings. It shall cause the filing of all required information for the interest of the stakeholders through the proper procedures adopted by the Philippine Stock Exchange and by the SEC.</p> <p>Reference: Manual on Corporate Governance – Reportorial Requirements and Disclosure System  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
Optional : Recommendation 8.5			
1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms' length.	COMPLIANT	<p>Provide link or reference where this is disclosed, if any</p> <p>Related Party Transactions are disclosed in the Annual Report submitted to the SEC.  <a href="http://www.discovery.com.ph/investor-relations.html#openModal1">http://www.discovery.com.ph/investor-relations.html#openModal1</a></p>	
Recommendation 8.6			
1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.	COMPLIANT	<p>Provide link or reference where this is disclosed</p> <p>The disclosures are made through Company Disclosures at the PSE Edge portal. (Acquisition or Disposition of Shares of Another Corporation)  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647</a></p>	

2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.	COMPLIANT	<p>Identify independent party appointed to evaluate the fairness of the transaction price</p> <p>There were no material transactions in 2017 requiring the appointment of an independent party to evaluate the fairness of the transaction price.</p> <p>Disclose the rules and procedures for evaluating the fairness of the transaction price, if any.</p>	
<b>Supplement to Recommendation 8.6</b>			
1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.	COMPLIANT	<p>Provide link or reference where these are disclosed.</p> <p>Please refer to the attached Secretary's Certificate as to the non-existence of shareholders' agreements, voting trust agreements, etc. registered with the Corporate Secretary.</p>	
<b>Recommendation 8.7</b>			
1. Company's corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).	COMPLIANT	<p>Provide link to the company's website where the Manual on Corporate Governance is posted.</p> <p>Company's Website: Manual on Corporate Governance and Annexes submitted to SEC on May 31, 2017</p>	
2. Company's MCG is submitted to the SEC and PSE.	COMPLIANT	<p><a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
3. Company's MCG is posted on its company website.	COMPLIANT		

Supplement to Recommendation 8.7			
1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.	COMPLIANT	Provide proof of submission.  Manual on Corporate Governance and Annexes were submitted to the SEC on May 31, 2017. Please see attached receiving copy.	
Optional: Principle 8			
1. Does the company's Annual Report disclose the following information:	COMPLIANT	Provide link or reference to the company's Annual Report containing the said information.	
a. Corporate Objectives	COMPLIANT	Please refer to the Company's Annual Report (SEC-17-A) <a href="http://www.discovery.com.ph/investor-relations.html#openModal1">http://www.discovery.com.ph/investor-relations.html#openModal1</a>	
b. Financial performance indicators	COMPLIANT		
c. Non-financial performance indicators	COMPLIANT		
d. Dividend Policy	COMPLIANT		
e. Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors	COMPLIANT		
f. Attendance details of each director in all directors meetings held during the year	NON-COMPLIANT		

<p>g. Total remuneration of each member of the board of directors</p>	<p>NON-COMPLIANT</p>		<p>The Company strives to ensure that it provide appropriate and fair wages for its employees in an effort to retain, motivate and provide maximum benefit for them. Wages and other forms of compensation are determined based on a large number of factors, which may not be immediately apparent to every employee (e.g. performance reviews, years of experience, years worked at the Company etc.). Thus, it is the policy of the Company to establish the importance of discretion and confidentiality in terms of salary information.</p> <p>For the purposes of transparency, however, the Company has disclosed the aggregate amount of remuneration of its top Management.</p>
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<p>2. The Annual Report contains a statement confirming the company's full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p> <p>Part IV of the Annual Report discloses the Company's compliance on Corporate Governance.  <a href="http://www.discovery.com.ph/investor-relations.html#openModal1">http://www.discovery.com.ph/investor-relations.html#openModal1</a></p>	
<p>3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p> <p>Statement of Effectiveness of Risk Management System is part of the Annual Corporate Governance Report.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company's internal controls/risk management systems.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where this is contained in the Annual Report</p> <p>Statement of Effectiveness of Internal Control System is part of the Annual Corporate Governance Report.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).company discloses in the Annual Report</p>	<p>COMPLIANT</p>	<p>Provide link or reference to where these are contained in the Annual Report</p> <p>Please refer to the Company's the Annual Report.  <a href="http://www.discovery.com.ph/investor-relations.html#openModal1">http://www.discovery.com.ph/investor-relations.html#openModal1</a></p>	

**Principle 9:** The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor's independence and enhance audit quality.

**Recommendation 9.1**

<p>1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to a document containing information on the process for approving and recommending the appointment, reappointment, removal and fees of the company's external auditor.</p> <p>Please refer to the Audit Committee Charter – External Audit Oversight  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	
<p>2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.</p>	<p>COMPLIANT</p>	<p>Indicate the percentage of shareholders that ratified the appointment, reappointment, removal and fees of the external auditor.</p> <p>The re-appointment of Reyes Tacandong and Co. was approved by 74.47% of the stockholders in the Annual Stockholders' Meeting on June 22, 2017.</p>	
<p>3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to a document containing the company's reason for removal or change of external auditor.</p> <p>There was no change of external auditor from the previous year.</p>	



Supplement to Recommendation 9.1			
1. Company has a policy of rotating the lead audit partner every five years.	NON-COMPLIANT	Provide information on or link/reference to a document containing the policy of rotating the lead audit partner every five years.	While there is no policy on rotating the lead audit partner every five years yet, the lead audit partner was engaged for four consecutive years from year 2014.
Recommendation 9.2			
1. Audit Committee Charter includes the Audit Committee's responsibility on: <ul style="list-style-type: none"> <li>i. assessing the integrity and independence of external auditors;</li> <li>ii. exercising effective oversight to review and monitor the external auditor's independence and objectivity; and</li> <li>iii. exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.</li> </ul>	COMPLIANT	Provide link/reference to the company's Audit Committee Charter  Please refer to the Audit Committee Charter – External Audit Oversight <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a>	
2. Audit Committee Charter contains the Committee's responsibility on reviewing and monitoring the external auditor's suitability and effectiveness on an annual basis.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter  Please refer to the Audit Committee Charter – External Audit Oversight <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a>	

Supplement to Recommendations 9.2			
1. Audit Committee ensures that the external auditor is credible, competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter  Reference: Audit Committee Charter – External Audit Oversight <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a>	
2. Audit Committee ensures that the external auditor has adequate quality control procedures.	COMPLIANT	Provide link/reference to the company's Audit Committee Charter  Reference: Audit Committee Charter – External Audit Oversight <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a>	
Recommendation 9.3			
1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.	COMPLIANT	Disclose the nature of non-audit services performed by the external auditor, if any.  There are no non-audit services conducted by the external auditor for the Company.	
2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor's objectivity.	COMPLIANT	Provide link or reference to guidelines or policies on non-audit services.  The Audit Committee is tasked to develop and implement a policy on the engagement of the External Auditor for the supply of non-audit services, taking into account relevant ethical guidelines on the provision of non-audit services by the External Audit Firm.  Reference: Audit Committee Charter – External Audit Oversight <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a>	

Supplement to Recommendation 9.3			
1. Fees paid for non-audit services do not outweigh the fees paid for audit services.	COMPLIANT	Provide information on audit and non-audit fees paid.  There are no non-audit services conducted by the external auditor for the Company.	
Additional Recommendation to Principle 9			
1. Company's external auditor is duly accredited by the SEC under Group A category.	COMPLIANT	Provide information on company's external auditor, such as: <ul style="list-style-type: none"> <li>1. Name of the audit engagement partner; Carolina P. Angeles</li> <li>2. Accreditation number; SEC Accreditation No. 0658-AR-3 Group A</li> <li>3. Date Accredited; May 17, 2017</li> <li>4. Expiry date of accreditation: May 20, 2020; and</li> <li>5. Name, address, contact number of the audit firm. Reyes Tacandong &amp; Co. Citibank Tower 8741 Paseo de Roxas, Makati City 1226 Philippines Phone: +632 982 9100; Fax: +632 982 9111 SEC Accreditation No. 0207-FR-2 (Group A) September 27, 2016, Valid until September 27, 2019</li> </ul>	
2. Company's external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC's Office of the General Accountant (OGA).	NON-COMPLIANT	Provide information on the following: <ul style="list-style-type: none"> <li>1. Date it was subjected to SOAR inspection, if subjected – Not yet subject to SOAR;</li> <li>2. Name of the Audit firm – Reyes Tacandong &amp; Co.; and</li> <li>3. Members of the engagement team inspected by the SEC– Not yet subject to SOAR.</li> </ul>	

**Principle 10:** The company should ensure that the material and reportable non-financial and sustainability issues are disclosed.

**Recommendation 10.1**

<p>1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic, environmental, social and governance (EESG) issues of its business, which underpin sustainability.</p>	<p>NON-COMPLIANT</p>	<p>Disclose or provide link on the company's policies and practices on the disclosure of non-financial information, including EESG issues.</p>	<p>The Company is currently drafting a comprehensive policy on the disclosure on non-financial information.</p>
<p>2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.</p>	<p>COMPLIANT</p>	<p>Provide link to Sustainability Report, if any. Disclose the standards used.</p> <p>Please refer to Corporate Social Responsibility.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

**Principle 11:** The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.

**Recommendation 11.1**

<p>1. Company has media and analysts' briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.</p>	<p>COMPLIANT</p>	<p>Disclose and identify the communication channels used by the company (i.e., website, Analyst's briefing, Media briefings /press conferences, Quarterly reporting, Current reporting, etc.). Provide links, if any.</p> <p>The existing official website is a cost-efficient channel of communication. Company disclosures are also at the PSE Edge.  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647</a></p>	
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**Supplemental to Principle 11**

<p>1. Company has a website disclosing up-to-date information on the following:</p>	<p>COMPLIANT</p>	<p>Provide link to company website.</p> <p>Please refer to Company's Website – Investor Relations - Disclosure  <a href="http://www.discovery.com.ph/index.html">http://www.discovery.com.ph/index.html</a></p> <p>and/ or Company Disclosures at the PSE Edge  <a href="http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647">http://edge.pse.com.ph/companyDisclosures/form.do?cmpy_id=647</a></p>	
<p>a. Financial statements/reports (latest quarterly)</p>	<p>COMPLIANT</p>		
<p>b. Materials provided in briefings to analysts and media</p>	<p>COMPLIANT</p>		
<p>c. Downloadable annual report</p>	<p>COMPLIANT</p>		
<p>d. Notice of ASM and/or SSM</p>	<p>COMPLIANT</p>		
<p>e. Minutes of ASM and/or SSM</p>	<p>COMPLIANT</p>		
<p>f. Company's Articles of Incorporation and By-Laws</p>	<p>COMPLIANT</p>		

Additional Recommendation to Principle 11			
1. Company complies with SEC-prescribed website template.	COMPLIANT	Please refer to Company Website <a href="http://www.discovery.com.ph/index.html">http://www.discovery.com.ph/index.html</a>	
Internal Control System and Risk Management Framework			
<b>Principle 12:</b> To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.			
Recommendation 12.1			
1. Company has an adequate and effective internal control system in the conduct of its business.	COMPLIANT	<p>List quality service programs for the internal audit functions.</p> <p>Internal Audit provides full audit, general audit, spot audit, situational audit and follow-up audit.</p> <p>Indicate frequency of review of the internal control system.</p> <p>Review of the internal control system is done at least annually.</p> <p>Reference: Internal Audit Policy Statement</p>	

<p>2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.</p>	<p>COMPLIANT</p>	<p>Identify international framework used for Enterprise Risk Management</p> <p>Please refer to the Enterprise Risk Management Policy <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Provide information or reference to a document containing information on:</p> <ol style="list-style-type: none"> <li>1. Company's risk management procedures and processes</li> <li>2. Key risks the company is currently facing</li> <li>3. How the company manages the key risks</li> </ol> <p>Key risks are disclosed in the Consolidated Audited Financial Reports. <a href="http://www.discovery.com.ph/investor-relations.html#openModal1">http://www.discovery.com.ph/investor-relations.html#openModal1</a></p> <p>Indicate frequency of review of the enterprise risk management framework.</p> <p>The Enterprise Risk Management Policy was recently approved. The policy shall be reviewed at least every two years to ensure alignment and relevance to any significant changes in the professional, regulatory, governance and any other environments that affect functionality of risk management processes.</p>	
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Supplement to Recommendations 12.1			
<p>1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.</p>	COMPLIANT	<p>Provide information on or link/reference to a document containing the company's compliance program covering compliance with laws and relevant regulations.</p> <p>Please see Part XI of the Corporation's Manual on Corporate Governance.  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Indicate frequency of review.  The compliance program is reviewed annually.</p>	
Optional: Recommendation 12.1			
<p>1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.</p>	COMPLIANT	<p>Provide information on IT governance process.</p> <p>The Company adopts safeguards to protect their computer network against data loss or accidental, unlawful or unauthorized access, which can affect the integrity of any data in the system. The Company also encrypts important data during storage and while in transit and has established an authentication process. Due to security reasons, the Company cannot disclose details on the said processes.</p>	
Recommendation 12.2			
<p>1. Company has in place an independent internal audit function that provides an independent and objective assurance, and consulting services designed to add value and improve the company's operations.</p>	COMPLIANT	<p>Disclose if the internal audit is in-house or outsourced. If outsourced, identify external firm.</p> <p>Internal audit is in-house.</p>	



Recommendation 12.3			
1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.	COMPLIANT	Identify the company's Chief Audit Executive (CAE) and provide information on or reference to a document containing his/her responsibilities.  Please refer to the Manual on Corporate Governance – Officers – Internal Auditor <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a>	
2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.	COMPLIANT	No outsourced internal audit activity.	
3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.	COMPLIANT	Identify qualified independent executive or senior management personnel, if applicable.  Not applicable. Internal audit is in-house.	

Recommendation 12.4			
<p>1. Company has a separate risk management function to identify, assess and monitor key risk exposures.</p>	<p>NON-COMPLIANT</p>	<p>Provide information on company's risk management function.</p> <p>The Board Risk Oversight Committee assists the Board in overseeing the Company's practices and processes relating to risk assessment and risk management assisted by the Company's Chief Risk Officer.</p> <p>Please refer to the Board Risk Oversight Committee Charter.  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal1">http://www.discovery.com.ph/Corporate-Governance.html#openModal1</a></p>	<p>The Chief Audit Executive is concurrently the Chief Risk Officer. The Board Risk Oversight Committee had approved the engagement of a risk management consultant to strengthen the risk management function.</p>
Supplement to Recommendation 12.4			
<p>1. Company seeks external technical support in risk management when such competence is not available internally.</p>	<p>COMPLIANT</p>	<p>Identify source of external technical support, if any.</p> <p>The Company shall engage a third party risk management consultant, who shall be under the supervision of the Chief Risk Officer. Engagement shall commence within the first half of 2018.</p>	
Recommendation 12.5			
<p>1. In managing the company's Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).</p>	<p>COMPLIANT</p>	<p>Identify the company's Chief Risk Officer (CRO) and provide information on or reference to a document containing his/her responsibilities and qualifications/background.</p> <p>Please refer to the Manual on Corporate Governance – Officers – Chief Risk Officer  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

<p>2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.</p>	<p>COMPLIANT</p>	<p>The CRO functionally reports to the Board Risk Oversight Committee and administratively reports to the President and/or Chief Financial Officer.</p> <p>Reference: Enterprise Risk management Policy – Risk Management Structure  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p><b>Additional Recommendation to Principle 12</b></p>			
<p>1. Company's Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.</p>	<p>COMPLIANT</p>	<p>Provide link to CEO and CAE's attestation</p> <p>The Internal Audit reports present whether the internal controls and compliance system are in place and are working effectively. The President/CEO acknowledges the reports. Please refer to attached certification.</p>	

**Cultivating a Synergic Relationship with Shareholders**

**Principle 13:** The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.

**Recommendation 13.1**

<p>1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide link or reference to the company's Manual on Corporate Governance where shareholders' rights are disclosed.</p> <p>Please refer to the Manual on Corporate Governance – Shareholders' Rights and Protection of Minority Stockholders  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>2. Board ensures that basic shareholder rights are disclosed on the company's website.</p>	<p>COMPLIANT</p>	<p>Provide link to company's website</p> <p>Please refer to the Manual on Corporate Governance – Shareholders' Rights and Protection of Minority Stockholders Interests  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p><b>Supplement to Recommendation 13.1</b></p>			
<p>1. Company's common share has one vote for one share.</p>	<p>COMPLIANT</p>	<p>Please refer to the Manual on Corporate Governance – Shareholders' Rights and Protection of Minority Stockholders' Interests  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

<p>2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription rights and transfer rights.</p>	<p>COMPLIANT</p>	<p>Provide information on all classes of shares, including their voting rights if any.</p> <p>As of December 31, 2017, there is only one class of share- Common. Please refer to its voting rights in the Company's Articles of Incorporation.  <a href="http://www.discovery.com.ph/about-us.html#openModal1">http://www.discovery.com.ph/about-us.html#openModal1</a></p>	
<p>3. Board has an effective, secure, and efficient voting system.</p>	<p>COMPLIANT</p>	<p>Provide link to voting procedure. Indicate if voting is by poll or show of hands.</p> <p>The By-Laws of the Company is silent as to the method by which votes are to be counted. In practice, however, the same is done by the raising of hands or viva voce.</p> <p>Please refer to the Company's Information Statement.  <a href="http://www.discovery.com.ph/investor-relations.html#openModal2">http://www.discovery.com.ph/investor-relations.html#openModal2</a></p>	
<p>4. Board has an effective shareholder voting mechanisms such as supermajority or "majority of minority" requirements to protect minority shareholders against actions of controlling shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information on shareholder voting mechanisms such as supermajority or "majority of minority", if any.</p> <p>All shareholders, including minority shareholders, have the right to elect, remove and replace directors. They also have the right to vote on certain corporate acts, as provided under the Corporation Code. With the use of cumulative voting, minority shareholders may vote together to ensure the election of a director.</p>	

<p>5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.</p>	<p>COMPLIANT</p>	<p>Provide information on how this was allowed by board (i.e., minutes of meeting, board resolution)</p> <p>Please refer to the Corporation's By-Laws. As of date, there has been no call for a shareholders' meeting initiated by a stockholder. Please refer to a Secretary's Certificate attesting to this fact.</p>	
<p>6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.</p>	<p>COMPLIANT</p>	<p>Provide information or link/reference to the policies on treatment of minority shareholders</p> <p>Please refer to the Manual on Corporate Governance – Shareholders' Rights and Protection of Minority Stockholders' Interests  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

<p>7. Company has a transparent and specific dividend policy.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to the company's dividend Policy.</p> <p>Please refer to the Secretary's Certificate attesting to the Dividend Policy of the Corporation.</p> <p>Indicate if company declared dividends. If yes, indicate the number of days within which the dividends were paid after declaration. In case the company has offered scrip-dividends, indicate if the company paid the dividends within 60 days from declaration.</p> <p>The Board approved the declaration of a cash dividend during the Meeting of the Board of Directors on 21 March 2016.</p> <p>The stockholders of record as of 20 April 2016 shall be entitled to cash dividend to be paid on or before 16 May 2016.</p>	
<p><b>Optional: Recommendation 13.1</b></p>			
<p>1. Company appoints an independent party to count and/or validate the votes at the Annual Shareholders' Meeting.</p>	<p>NON-COMPLIANT</p>	<p>Identify the independent party that counted/validated the votes at the ASM, if any.</p> <p>Representatives from RCBC are appointed to validate votes at the Annual Stockholders' Meeting.</p>	<p>The Company adheres to the provisions of the By-Laws and pertinent laws and regulations in counting and validating votes during the Annual Stockholders' Meetings.</p>

Recommendation 13.2			
<p>1. Board encourages active shareholder participation by sending the Notice of Annual and Special Shareholders' Meeting with sufficient and relevant information at least 28 days before the meeting.</p>	<p>COMPLIANT</p>	<p>Indicate the number of days before the annual stockholders' meeting or special stockholders' meeting when the notice and agenda were sent out.</p> <p>Date of Annual Stockholders' Meeting: 22 June 2017  Date of sending out notice: 9 May 2017 (44 days before the meeting)  Date of sending Agenda: 9 May 2017 (44 days before the meeting)</p> <p>Indicate whether shareholders' approval of remuneration or any changes therein were included in the agenda of the meeting.</p> <p>The Agenda did not include approval or changes to remuneration. No changes in remuneration.</p> <p>Provide link to the Agenda included in the company's Information Statement (SEC Form 20-IS)</p> <p>Please refer to Investor Relations – SEC Filings  <a href="http://www.discovery.com.ph/investor-relations.html#openModal2">http://www.discovery.com.ph/investor-relations.html#openModal2</a></p> <p>and/or at the PSE Edge Company Disclosures  <a href="http://edge.pse.com.ph/openDiscViewer.do?edge_no=962a145a4de0197d3318251c9257320d#sthash.SPETg7t9.dpbs">http://edge.pse.com.ph/openDiscViewer.do?edge_no=962a145a4de0197d3318251c9257320d#sthash.SPETg7t9.dpbs</a></p>	



Supplemental to Recommendation 13.2			
1. Company's Notice of Annual Stockholders' Meeting contains the following information:	COMPLIANT	Provide link or reference to the company's notice of Annual Shareholders' Meeting  Please refer to Investor Relations – Disclosure – Notice of Annual or Special Stockholders' Meeting <a href="http://www.discovery.com.ph/investor-relations.html#openModal3">http://www.discovery.com.ph/investor-relations.html#openModal3</a>	
a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)	COMPLIANT	Please refer to the Corporation's 2017 Definitive Information Sheet: <a href="http://www.discovery.com.ph/investor-relations.html#openModal2">http://www.discovery.com.ph/investor-relations.html#openModal2</a>	
b. Auditors seeking appointment/re-appointment	COMPLIANT	Please refer to the Corporation's 2017 Definitive Information Sheet: <a href="http://www.discovery.com.ph/investor-relations.html#openModal2">http://www.discovery.com.ph/investor-relations.html#openModal2</a>	
c. Proxy documents	COMPLIANT	Please refer to the Corporation's 2017 Definitive Information Sheet: <a href="http://www.discovery.com.ph/investor-relations.html#openModal2">http://www.discovery.com.ph/investor-relations.html#openModal2</a>	
Optional: Recommendation 13.2			
1. Company provides rationale for the agenda items for the annual stockholders meeting	COMPLIANT	Provide link or reference to the rationale for the agenda items.  Please refer to the Corporation's 2017 Definitive Information Sheet: <a href="http://www.discovery.com.ph/investor-relations.html#openModal2">http://www.discovery.com.ph/investor-relations.html#openModal2</a>	

Recommendation 13.3			
<p>1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders' Meeting publicly available the next working day.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on all relevant questions raised and answers during the ASM and special meeting and the results of the vote taken during the most recent ASM/SSM.</p> <p>Please refer to the Minutes of the Annual Stockholders' Meeting.  <a href="http://www.discovery.com.ph/investor-relations.html#openModal5">http://www.discovery.com.ph/investor-relations.html#openModal5</a></p>	

<p>2. Minutes of the Annual and Special Shareholders' Meetings were available on the company website within five business days from the end of the meeting.</p>	<p>COMPLIANT</p>	<p>Provide link to minutes of meeting in the company website.</p> <p>Result of Annual Stockholders' Meeting was made available on June 26, 2017.</p> <p>Indicate voting results for all agenda items, including the approving, dissenting and abstaining votes.</p> <p>The following directors were re-elected to the Board during the Company's 2017 Annual Stockholders' Meeting held on 22 June 2017:</p> <table border="1" data-bbox="936 669 1625 927"> <thead> <tr> <th></th> <th>No. of Votes Received</th> </tr> </thead> <tbody> <tr> <td>Romualdo C. Macasaet</td> <td>466,208,999</td> </tr> <tr> <td>Elizabeth Ann C. Parpan</td> <td>466,208,999</td> </tr> <tr> <td>A. Bayani K. Tan</td> <td>466,208,999</td> </tr> <tr> <td>John Y. Tiu, Jr.</td> <td>466,208,999</td> </tr> <tr> <td>Ruben C. Tiu</td> <td>466,208,999</td> </tr> <tr> <td>Chun Bing G. Uy</td> <td>466,208,999</td> </tr> <tr> <td>Lamberto R. Villena</td> <td>466,208,999</td> </tr> </tbody> </table> <p>Indicate also if the voting on resolutions was by poll.</p> <p>The election of directors was conducted <i>viva voce</i>.</p> <p>Include whether there was opportunity to ask question and the answers given, if any</p> <p>The Chairman opened the floor to questions from the shareholders, however, no questions were raised during the 2017 Annual Stockholders' Meeting.</p>		No. of Votes Received	Romualdo C. Macasaet	466,208,999	Elizabeth Ann C. Parpan	466,208,999	A. Bayani K. Tan	466,208,999	John Y. Tiu, Jr.	466,208,999	Ruben C. Tiu	466,208,999	Chun Bing G. Uy	466,208,999	Lamberto R. Villena	466,208,999	
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Supplement to Recommendation 13.3			
1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders questions during the ASM and SSM.	COMPLIANT	<p>Indicate if the external auditor and other relevant individuals were present during the ASM and/or special meeting</p> <p>Ms. Carolina P. Angeles, partner, of Reyes Tacandong &amp; Co, the Company's External Auditor and Mr. A. B. Madrid, representative of RCBC Stock and Transfer Department, the Company's Stock and Transfer Agent were present during the Annual Stockholders' Meeting held on June 22, 2017.</p>	
Recommendation 13.4			
1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.	COMPLIANT	<p>Provide details of the alternative dispute resolution made available to resolve intra-corporate disputes</p> <p>The Board is responsible for the establishment of an Investor Relations Office to ensure constant engagement with its shareholders and make available, at the option of the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner. Please refer to the Manual on Corporate Governance –General Responsibilities of the Board of Directors – Encourage and Facilitate Shareholder Engagement  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

<p>2. The alternative dispute mechanism is included in the company's Manual on Corporate Governance.</p>	<p>COMPLIANT</p>	<p>Provide link/reference to where it is found in the Manual on Corporate Governance</p> <p>The Board is responsible for the establishment of an Investor Relations Office to ensure constant engagement with its shareholders and make available, at the option of the shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.</p> <p>Please refer to the Manual on Corporate Governance –General Responsibilities of the Board of Directors – Encourage and Facilitate Shareholder Engagement  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<b>Recommendation 13.5</b>			
<p>1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.</p>	<p>COMPLIANT</p>	<p>Disclose the contact details of the officer/office responsible for investor relations, such as:</p> <ol style="list-style-type: none"> <li>1. Name of the person</li> <li>2. Telephone number</li> <li>3. Fax number</li> <li>4. E-mail address</li> </ol> <p>Reference: Please refer to the following webpage:  <a href="http://www.discovery.com.ph/contact-us.html">http://www.discovery.com.ph/contact-us.html</a></p>	
<p>2. IRO is present at every shareholder's meeting.</p>	<p>COMPLIANT</p>	<p>Indicate if the IRO was present during the ASM.</p> <p>The IRO, Ms Mary Jean Codinera, was present during the Annual Shareholders' Meeting held on June 22, 2017.</p>	

Supplemental Recommendations to Principle 13			
1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group	COMPLIANT	<p>Provide information on how anti-takeover measures or similar devices were avoided by the board, if any.</p> <p>The Company respects and follows free market forces, subject to legal rules and regulations. There are no anti-takeover provisions in the By-laws of the corporation nor in the Manual on Corporate Governance.</p>	
2. Company has at least thirty percent (30%) public float to increase liquidity in the market.	NON-COMPLIANT	<p>Indicate the company's public float.</p> <p>The Corporation's public float as of December 31, 2017 is 25.52%</p>	The Corporation is well above the current requirement of the Securities Exchange Commission and Philippine Stock Exchange of 10%.
Optional: Principle 13			
1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders' Meeting	COMPLIANT	<p>Disclose or provide link/reference to policies and practices to encourage shareholders' participation beyond ASM.</p> <p>The Investment Relations Office maintains a program that keeps stockholders informed of the important developments in the Company and ensures them that the Company values their investment.</p>	
2. Company practices secure electronic voting in absentia at the Annual Shareholders' Meeting.	NON-COMPLIANT	Disclose the process and procedure for secure electronic voting in absentia, if any.	The Company is currently working on its process to provide a secure electronic process of voting in absentia.

## Duties to Stakeholders

**Principle 14:** The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders' rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.

### Recommendation 14.1

1. Board identifies the company's various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.	COMPLIANT	<p>Identify the company's shareholder and provide information or reference to a document containing information on the company's policies and programs for its stakeholders.</p> <p>Please refer to Manual on Corporate Governance – Stakeholders  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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### Recommendation 14.2

1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.	COMPLIANT	<p>Identify policies and programs for the protection and fair treatment of company's stakeholders</p> <p>Please refer to Manual on Corporate Governance – Stakeholders  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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### Recommendation 14.3

1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.	COMPLIANT	<p>Provide the contact details (i.e., name of contact person, dedicated phone number or e-mail address, etc.) which stakeholders can use to voice their concerns and/or complaints for possible violation of their rights.</p> <p>Please refer to this webpage  <a href="http://www.discovery.com.ph/contact-us.html">http://www.discovery.com.ph/contact-us.html</a></p> <p>Provide information on whistleblowing policy, practices and procedures for stakeholders</p> <p>Please refer to the Whistleblowing Policy  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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Supplement to Recommendation 14.3			
1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.	COMPLIANT	<p>Provide information on the alternative dispute resolution system established by the company.</p> <p>In case of conflicts between the Company and any of its stakeholders, the Board of Directors will engage the services of a neutral third party to assist in the resolution of issues between the Company and its stakeholders. The alternative dispute resolution system includes arbitration, mediation, conciliation, early neutral evaluation, or any combination thereof.</p>	
Additional Recommendations to Principle 14			
1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.	COMPLIANT	<p>Disclose any requests for exemption by the company and the reason for the request.</p> <p>There was no request for exemption by the Company.</p>	
2. Company respects intellectual property rights.	COMPLIANT	<p>Provide specific instances, if any.</p> <p>The Company registers its trade and business names with the Securities and Exchange Commission and its trademarks with the Intellectual Property Office.</p>	



Optional: Principle 14			
<p>1. Company discloses its policies and practices that address customers' welfare</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address customers' welfare or provide link/reference to a document containing the same.</p> <p>The Company's mission to provide hospitality service that is All Heart is embodied in the Company's values.</p> <p>Reference: Company's Mission  <a href="http://www.discovery.com.ph/vision-and-mission.html">http://www.discovery.com.ph/vision-and-mission.html</a>            and Core Values.</p>	
<p>2. Company discloses its policies and practices that address supplier/contractor selection procedures.</p>	<p>COMPLIANT</p>	<p>Identify policies, programs and practices that address supplier/contractor selection procedures or provide link/reference to a document containing the same.</p> <p>The Company recognizes the rights of all business partners and strives to forge long-term and mutually-beneficial relationships with them through impartial dealings and adherence to the highest level of moral and ethical conduct. The Company grants equal opportunities to, and promote fair and open competition among vendors and trade partners by encouraging the highest level of productivity, efficiency, quality, and cost-competitiveness.</p> <p>Please refer to the Manual on Corporate Governance  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

**Principle 15:** A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.

**Recommendation 15.1**

<p>1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.</p>	<p>COMPLIANT</p>	<p>Provide information on or link/reference to company policies, programs and procedures that encourage employee participation.</p> <p>The Board is responsible to establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance.</p> <p>The Company recognizes the vital role of its employees to achieving the vision and mission of the Company. The Company is concerned for the welfare of its employees and promotes a culture where everyone is treated as family.</p> <p>Please refer to the Manual on Corporate Governance  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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**Supplement to Recommendation 15.1**

<p>1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.</p>	<p>NON-COMPLIANT</p>	<p>Disclose if company has in place a merit-based performance incentive mechanism such as an employee stock option plan (ESOP) or any such scheme that awards and incentivizes employees, at the same time aligns their interests with those of the shareholders.</p>	<p>The Corporate Governance Committee is tasked with coming up with a formal and transparent procedure for developing a policy for executive remuneration and fixing the remuneration packages for corporate officers and directors, and provide oversight over remuneration of senior management and key personnel to ensure that compensation levels are consistent with the Corporation's culture, strategy, and environment. The Committee also determines the amount of remuneration of directors and officers. The Committee ensures that their remuneration is sufficient to attract and retain personnel.</p>
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<p>2. Company has policies and practices on health, safety and welfare of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on health, safety and welfare of employees. Include statistics and data, if any.</p> <p>Please refer to Company policies related to the health, safety and welfare of the employees:</p> <ul style="list-style-type: none"> <li>• Sexual Harassment Policy</li> <li>• Drug-Free Workplace Policy and Program</li> <li>• Workplace Policy and Program on Hepatitis B</li> <li>• HIV/AIDS Workplace Policy and Program</li> <li>• Workplace Policy and Program on Tuberculosis (TB) Prevention and Control</li> </ul> <p>Link: <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>3. Company has policies and practices on training and development of its employees.</p>	<p>COMPLIANT</p>	<p>Disclose and provide information on policies and practices on training and development of employees. Include information on any training conducted or attended.</p> <p>The Company has policies and practices on training and development of its employees and training programs are conducted on a regular basis and occasions required by government regulatory bodies.</p> <p>Please refer to the attached certification by the Human Resources Manager.</p>	

Recommendation 15.2			
<p>1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its Code of Conduct.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company's policies, programs and practices on anti-corruption</p> <p>Please refer to the Company's Code of Business Conduct and Ethics  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
<p>2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company's culture.</p>	<p>COMPLIANT</p>	<p>Identify how the board disseminated the policy and program to employees across the organization.</p> <p>Policies are made available in the Company's website. And the Human Resources Department is tasked to implement training programs to the Company's officers and employees.</p>	
Supplement to Recommendation 15.2			
<p>1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to the company policy and procedures on penalizing employees involved in corrupt practices.</p> <p>Please refer to the Company's Code of Business Conduct and Ethics.  <a href="http://www.discovery.com.ph/Corporate-Governance.html#close">http://www.discovery.com.ph/Corporate-Governance.html#close</a></p> <p>Include any finding of violations of the company policy.</p> <p>No violations reported to date.</p>	

Recommendation 15.3			
<p>1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation</p>	<p>COMPLIANT</p>	<p>Disclose or provide link/reference to the company whistle-blowing policy and procedure for employees.</p> <p>Please refer to the Whistleblowing Policy <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Indicate if the framework includes procedures to protect the employees from retaliation.</p> <p>Please refer to the Whistle blowing Policy. <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p> <p>Provide contact details to report any illegal or unethical behavior.</p> <p>There were no incidents reported for the year.</p>	
<p>2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.</p>	<p>COMPLIANT</p>	<p>The Chairman and Audit Committee are designated as the advocate for whistleblowers and is authorized to implement this Policy.</p> <p>Whistle blowing complaints are then referred the Audit Committee, which is composed of independent directors.</p> <p>Please refer to the Company's Whistle blowing Policy <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	

3. Board supervises and ensures the enforcement of the whistleblowing framework.	COMPLIANT	Provide information on how the board supervised and ensured enforcement of the whistleblowing framework, including any incident of whistleblowing.  There are no incidents reported during the covered period.	
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**Principle 16:** The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.

**Recommendation 16.1**

<p>1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it operates.</p>	<p>COMPLIANT</p>	<p>Provide information or reference to a document containing information on the company's community involvement and environment-related programs.</p> <p>Please refer to Corporate Social Responsibility Activities  <a href="http://www.discovery.com.ph/Corporate-Governance.html#openModal2">http://www.discovery.com.ph/Corporate-Governance.html#openModal2</a></p>	
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**Optional: Principle 16**

<p>1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to ensure that its value chain is environmentally friendly or is consistent with promoting sustainable development.</p> <p>Please refer to Corporate Social Responsibility Activities  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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<p>2. Company exerts effort to interact positively with the communities in which it operates</p>	<p>COMPLIANT</p>	<p>Identify or provide link/reference to policies, programs and practices to interact positively with the communities in which it operates.</p> <p>Please refer to Corporate Social Responsibility Activities  <a href="http://www.discovery.com.ph/Corporate-Governance.html">http://www.discovery.com.ph/Corporate-Governance.html</a></p>	
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Pursuant to the requirement of the Securities and Exchange Commission, this Integrated Annual Corporate Governance Report is signed on behalf of the registrant by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on 11 MAY 2018.

**MANDALUYONG CITY**

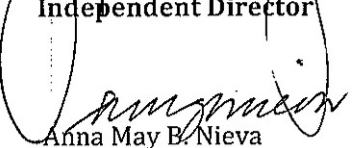
**SIGNATURES**

  
 Ruben C. Tiu  
 Chairman of the Board

  
 John Y. Tiu, Jr.  
 President

  
 Elizabeth Ann C. Parpan  
 Independent Director

  
 William L. Chua  
 Independent Director

  
 Anna May B. Nieva  
 Compliance Officer


  
 Anna Francesca C. Respicio  
 Corporate Secretary

**11 MAY 2018**

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, affiant(s) exhibiting to me their \_\_\_\_\_, as follows:

NAME	C.E.I/NO.	DATE OF ISSUE	PLACE OF ISSUE
Ruben C. Tiu	OL No. N10-75-015981	valid until 27 December 2022	LTD, Quezon City
John Y. Tiu, Jr.	OL No. N01-93-154588	valid until 20 September 2018	LTD, Quezon City
Elizabeth Ann C. Parpan	UMID No. D038-2544595-2		
William L. Chua	PP No. EC4087636	05 May 2015	DFA NCR Central
Anna May B. Nieva	TIN 117-692-468		
Anna Francesca C. Respicio	PP No. P0286447A	16 September 2016	DFA NCR East

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 Book No. I  
 Series of 2018

  
**KRISTINE JANINA LIU**  
 Notary Public for and in the City of Mandaluyong  
 Appointment No. 0498-17 (2017-2018)  
 Commission Expires on December 31, 2018  
 SCT Building 1, 584 Shaw Boulevard, Mandaluyong City  
 PTR No. 2705650 / 01.09.2018 / Mandaluyong  
 IBP No. 020586 / 01.03.2018 / Sorsogon  
 Roll of Attorneys No 66632  
 Admitted to the Bar on 23 June 2016

# DISCOVERY WORLD

## CORE VALUES

### H

#### HONOR

We are consistently **honest** and act with integrity at all times.  
We treat everyone with courtesy, empathy and respect.

### E

#### EXCELLENCE

We live by the highest standards of **Excellence** in everything we do. We achieve **Excellence** by gaining knowledge about our work, customers, partners and co-workers.

#### EMPOWERMENT

We clarify Expectations to delegate authority. We expand the employee's sense of ownership and accountability.

We enable employees to make the right decisions. We Encourage employee's development and success.

### A

#### ABILITY & POSITIVE APPROACH

We have the **Ability** to innovate so as to create memorable experiences and to deliver service beyond expectations.  
We **Approach** new ideas and change positively to make us better.

### R

#### RESPONSIBILITY

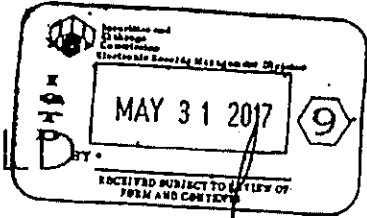
We take **Responsibility** for our actions and deliver our commitments on time. With every decision we make, we are **Responsible** for our co-workers; for our owners; for our customers and partners; for our environment and community.

### T

#### TEAMWORK

We belong to one **team**, wherever we are.  
We respect the opinion of others in the team.  
We foster open communication among the team members.

# DISCOVERY WORLD



## REVISED MANUAL ON CORPORATE GOVERNANCE

The Board of Directors and Management and Employees of Discovery World Corporation (the "Company" or "DWC") hereby commit themselves to the principles and best practices to guide the organization in the attainment of its goals and objectives.

### Vision:

To be the most esteemed Filipino hospitality brand.

### Mission:

Hospitality service that is all Heart

## PART I OBJECTIVE

The Company's Corporate Governance policies, programs and procedures shall be contained in this Manual on Corporate Governance to institutionalize the principles of good corporate governance in the entire organization.

The Board of Directors and Management, employees and shareholders, believe that corporate governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness within the organization.

## PART II DEFINITION OF TERMS

- I. **Corporate Governance** – the framework of rules, systems and processes in the Company that governs the performance by the Board and Management of their respective duties and responsibilities to stockholders and other stakeholders.
- II. **Board of Directors (or the "Board")** – the governing body elected by the stockholders that exercises the corporate powers of the Company, conducts all its business and controls its properties.
- III. **Management** – the body given the authority by the Board to implement the policies it has laid down in the conduct of the business of the Company.
- IV. **Independent Director** – a person who is independent of Management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his

## OMNIBUS SECRETARY'S CERTIFICATE

**ANNA FRANCESCA C. RESPICIO**, of legal age, Filipino, with office address at 2704 East Tower, Philippine Stock Exchange Center, Exchange Road, Ortigas Center, Pasig City, Metro Manila, being the duly elected and qualified Corporate Secretary of **DISCOVERY WORLD CORPORATION** (the "Corporation"), a corporation organized and existing under the laws of the Philippines, with principal office at Station 1, Balabag, Malay, Aklan, under oath, does hereby certify that:

### A. Board of Directors

- The following Directors of the Corporation were in the Annual Stockholders' Meeting held on 22 June 2017 to serve for one (1) year or until their successors have been elected.

NAME	VOTES RECEIVED	TYPE OF DIRECTORSHIP	DATE OF FIRST ELECTION
1. Ruben C. Tiu	466,208,999	Non-Executive Director	July 25, 2003
2. John Y. Tiu, Jr.	466,208,999	Executive Director	July 25, 2003
3. A. Bayani K. Tan	466,208,999	Non-Executive Director	March 1, 2013
4. Romualdo C. Macasaet	466,208,999	Non-Executive Director*	March 1, 2013
5. Lamberto R. Villena	466,208,999	Non-Executive Director	March 1, 2013
6. Elizabeth Ann C. Parpan	466,208,999	Independent Director	March 1, 2013
7. Chun Bing G. Uy	466,208,999	Independent Director	March 1, 2013

*\* Mr. Macasaet was elected as Treasurer of the Corporation in the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting on 22 June 2017. He resigned as Treasurer of the Corporation on 29 August 2017, thus converting his directorship from Executive to Non-Executive.*

- The Board of the Directors is composed of six (6) Non-Executive Directors which includes two (2) Independent Directors.
- In 2017; the Board of Directors met five (5) times and the attendance in said meetings were as follows:

Director	March 3	May 9	May 30	June 22	August 29	Nov. 21	%
1. Ruben C. Tiu	✓	✓	✓	✓	✓	✓	100
2. John Y. Tiu, Jr.	✓	✓	✓	✓	✓	✓	100
3. A. Bayani K. Tan	✓	✓	✓	-	-	✓	66.67
4. Romualdo C. Macasaet	✓	✓	✓	✓	-	✓	83.33
5. Lamberto R. Villena	✓	✓	✓	✓	✓	✓	100
6. Elizabeth Ann C. Parpan	✓	✓	✓	✓	✓	✓	100
7. Chun Bing G. Uy	✓	✓	✓	✓	✓	✓	100

- Pursuant to the Manual on Corporate Governance, Notices of Board and Committee Meetings, as well as materials thereto are distributed at least five (5) days prior the scheduled meetings. †

5. In the Board and Committee meetings the directors are participative and ask the necessary questions or seek clarifications and explanations on the matters discussed therein.
6. In 2017, there were no transactions discussed in Board meetings involving any of the disclosed material interests of the Directors which would give rise to a conflict of interest. As such, no abstentions were made in the deliberations and approval of transactions discussed in the said Board meetings.
7. The Board reviews the Corporation's business objectives and strategies, company policies (i.e. Whistle-Blowing Policy, Insider Trading Policy, etc.) and processes (i.e. nomination of Board of Directors, strategy execution, etc.) on an annual basis. In 2017, the review was done in its year-end meeting held on 21 November 2017.
8. The Board self-assessment was conducted in the Meeting held on 21 November 2017. The results of the said Board self-assessment were presented by to the Board in a meeting held on 27 February 2018.
9. In the meeting held on November 21, 2017 the Board set the Schedule of Meetings for the meetings of the Board and Committees for 2018.

*B. Appointment of Corporate Officers*

10. The following officers were appointed in the organizational meeting of the Board of Directors that followed the Annual Stockholders' Meeting held on 25 June 2017:

NAME	POSITION
Ruben C. Tiu	Chairman
John Y. Tiu, Jr.	President
Romualdo C. Macasaet	Treasurer
Anna Francesca C. Respicio	Corporate Secretary
Kristine Jane R. Liu	Assistant Corporate Secretary
Anna May B. Nieva	Chief Financial Officers and Compliance Officer
Mary Jean D. Codinera	Vice-President and Investors Relations Officer
Michellé Catherine V. Mercado	Chief Audit Executive and Chief Risk Office

11. On 29 August 2017, Mr. Romualdo C. Macasaet tendered his resignation as Treasurer. Ms. Anna May B. Nieva was appointed by the Board as his replacement.

*C. Audit Committee*

12. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 22 June 2017 the following Directors were appointed to form the Audit Committee:

*A*

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Chun Bing G. Uy*	Chairman	Independent Director
2. John Y. Tiu, Jr.	Member	Executive Director
3. Romualdo C. Macasaet	Member	Non-Executive Director
4. Elizabeth Ann C. Parpan	Member	Independent Director

\* Replaced by Mr. William L. Chua, Independent Director, effective April 3, 2018

13. In 2017 the Audit Committee convened four (4) times, and the attendance in said meetings were as follows:

Director	March 3	June 22	August 29	Nov. 21	%
1. Chun Bing G. Uy	✓	✓	✓	✓	100
2. John Y. Tiu, Jr.	✓	✓	✓	✓	100
3. Romualdo C. Macasaet	✓	✓	-	✓	75
4. Elizabeth Ann C. Parpan*			✓	✓	100

\* Ms. Parpan was appointed as member of the Audit Committee in the organizational meeting of the Board which was convened after the Audit Committee meeting on the same day.

14. In the meeting of the Audit Committee on 22 June 2017, the Committee approved for recommendation to the Board approval, the re-appointment of Ms. Michelle Catherine V. Mercado as the Corporation's Internal Auditor and Chief Audit Executive.
15. The Audit Committee self-assessment was conducted in the Meeting held on 21 November 2017. The results of the said Board self-assessment were presented to Committee in a meeting held on 27 February 2018.

#### D. Corporate Governance Committee

16. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 22 June 2017 the following Directors were appointed to form the Corporate Governance Committee:

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Elizabeth Ann C. Parpan	Chairman	Independent Director
2. Chun Bing G. Uy*	Member	Independent Director

\* Replaced by Mr. William L. Chua, Independent Director, effective April 3, 2018

17. In 2017 the Corporate Governance Committee convened twice and the attendance in said meeting were as follows:

Director	August 29	Nov. 21	%
1. Elizabeth Ann C. Parpan	✓	✓	100
2. Chun Bing G. Uy	✓	✓	100

18. The Corporate Governance Committee self-assessment was conducted in the Meeting held on 21 November 2017. The results of the said Board self-assessment were presented by to the Committee in a meeting held on 27 February 2018.

*E. Board Risk Oversight Committee*

19. In the organizational meeting of the Board of Directors following the Annual Stockholders' Meeting held on 22 June 2017 the following Directors were appointed to form the Board Risk Oversight Committee:

NAME	POSITION	TYPE OF DIRECTORSHIP
1. Chun Bing G. Uy*	Chairman	Independent Director
2. John Y. Tiu, Jr. **	Member	Executive Director
3. Romualdo C. Macasaet	Member	Non-Executive Director
4. Elizabeth Ann C. Parpan	Member	Independent Director
* Replaced by Mr. William L. Chua, Independent Director, effective April 3, 2018		
** Mr. J. Tiu stepped down as member of the Committee on February 27, 2018.		

20. In 2017 the Board Risk Oversight Committee convened twice and the attendance in said meeting were as follows:

Director	August 29	Nov. 21	%
1. Chun Bing G. Uy	✓	✓	100
2. John Y. Tiu, Jr.	✓	✓	100
3. Romualdo C. Macasaet	-	✓	50
4. Elizabeth Ann C. Parpan	✓	✓	100

21. The Board Risk Oversight Committee self-assessment was conducted in the Meeting held on 21 November 2017. The results of the said self-assessment were presented by to the Committee in a meeting held on 27 February 2018.

*F. Meeting of the Non-Executive Directors (NED)*

22. On 21 November 2017, the first meeting of Non-Executive Directors was convened. The meeting was chaired by Ms. Elizabeth Ann C. Parpan. No executive officers were present during the meeting. The Corporation's Chief Audit Executive, Ms. Maria Catherine Michelle V. Mercado was in attendance in the said meeting. The following items were discussed:

- a. Updates on the material audit findings reported by chair of the Audit Committee, Mr. Chun Bing Uy;
- b. Updates on compliance with the Data Privacy Act and its implementing rules and regulations, reported by Ms. M.C M. V. Mercado;
- c. Annual Corporate Governance Report reported by Ms. M.C. M. V. Mercado and Ms. A.C. Respicio; and
- d. Frequency of the NED Meetings. The NEDs resolved to meet at least once a year.

*G. Directorships in other Companies and Independent Vote of Directors*

23. In the meeting of the Board held on June 22, 2017, the Board approved the creation of Balay Holdings, Inc. and Lucky Cloud 9 Resorts, Inc., which are to be wholly-owned subsidiaries of the Corporation where Mr. John Y. Tiu, Jr. shall be a director and the President. ✕

24. The By-Laws of the Corporation do not contain any provision that may constrain the director's ability to vote independently;
25. There are no shareholders' agreements, voting trust agreements, confidentiality agreements, and other such agreements that may impact on the control, ownership, and strategic direction of the Corporation registered by any shareholder with the Corporate Secretary.

*H. Rights of Minority Shareholders*


26. The Corporation adheres to the rules on cumulative voting in electing its directors. Cumulative voting strengthens the ability of minority shareholders to elect a director.
27. In 2017, the Board did not receive a request from the stockholders of the Corporation to call a Special Stockholders' Meeting.
28. In the meeting of the Board of Directors held on 22 July 2013, the Board approved the Corporation's Dividend Policy, wherein it shall distribute to its shareholders as dividends, whether cash, property, or stock, at least ten percent (10.00%) of the Corporation's net income for the previous fiscal year, subject to the provision of sufficient funds for the implementation of the Company's business plan, operating expenses and budget, appropriation for expansion projects (as applicable), lenders' requirements, appropriate reserves and applicable laws.

IN ATTESTATION OF THE ABOVE, this Certificate was signed this 15<sup>th</sup> day of May 2018 at Pasig City, Metro Manila.

  
**ANNA FRANCESCA C. RESPICIO**  
Corporate Secretary

SUBSCRIBED AND SWORN to before me this 15<sup>th</sup> day of May 2018 in Pasig City, affiant exhibiting to me her Community Tax Certificate No. 09951421 issued on 09 January 2018 at Manila, Passport No. P0286448A issued at DFA-NCR East which expires on 15 September 2021 and TIN 419-191-112 as her competent evidences of identity.

Doc. No. 447;  
Page No. 91;  
Book No. III;  
Series of 2018.

  
**PAULA CARISSA V. KINTANAR**  
Notary Public for Cities of Pasig and San Juan  
and in the Municipality of Pateros  
Appointment No. 154 (2017-2018)  
Commission Expires on December 31, 2018  
2704 East Tower, PSE Centre, Exchange Road,  
Ortigas Center, 1605 Pasig City  
PTR No. 2705649 / 01.09.2018 / Mandatuyong  
IBP No. 020585 / 01.03.2018 / RSM  
Roll of Attorneys No 66236  
Admitted to the Bar on 22 June 2016



## CERTIFICATION

I certify that pursuant to the Code of Business Conduct and Ethics of Discovery World Corporation (the "Company"), the Human Resources Department implemented programs/activities in 2017:


1. Onboarding seminar for new employees to orient them on the Company's the Company's Code of Business Conduct (the "Code");
2. Regular refresher training to remind all business units and departments in all levels across the organization to adhere to the Code; and
3. Regular assessment of the employees' performance which includes a criterion on observing the Company's Code.

I further certify that an alleged breach of the Code is investigated and violations are taken seriously and may result in a disciplinary action, up to and including termination of employment and possible legal action.

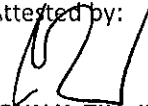
Finally, I certify that the Company has policies and practices on training and development of its employees. The Company, through its Human Resources Department:

1. Conducts training programs to its employees on a regular basis and on occasions required by government regulatory bodies; and
2. Creates a professional development plan for its employees to help them prepare for the job and enhance the skills and talents of people in the organization.

Signed this 28<sup>th</sup> day of May 2018.

  
for RAZZIL QUC  
GIRLIE OCHOSA  
Human Resources Manager

Attested by:

  
JOHN Y. TIU, JR.  
President

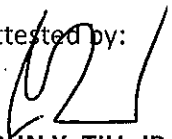
## CERTIFICATION

Relative to the requirement of the Integrated Annual Corporate Governance Report (I-ACGR), I certify that a sound internal audit, control, and compliance system is in place and working effectively. Internal audit procedures to test the internal controls and compliance with the Corporation's manuals, guidelines, and issuances that outline procedures and processes are conducted regularly on a risk-based approach for the year 2017. The internal auditor's findings and observations are regularly discussed with the concerned departments and officers and reported to the Audit Committee for corrective actions.

Signed this 28th day of May 2018.

  
MARIA CATHERINE MICHELLE V. MERCADO  
*Chief Audit Executive*

Attested by:

  
JOHN Y. TIU, JR.  
*President*