

# DISCOVERY WORLD

## CHARTER OF THE BOARD OF DIRECTORS

### I. PURPOSE

The Board Charter (the “Charter”) governs the relationship between the Board Committees and the Board as contained in the charters of the committees which have been approved and adopted by the Board. The Charter is intended to complement or supplement the Corporation Code of the Philippines, the Corporation’s Articles of Incorporation and By-Laws, issuances of the Securities and Exchange Commission (“SEC”), Philippine Stock Exchange (“PSE”) and other applicable laws, rules and regulations.

### II. POLICY

The Company should be headed by a competent, working board to foster the long-term success of the Company 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. The Company likewise recognizes the benefits of having a diverse Board, and realizes that a diverse and balanced Board is essential in maintaining a competitive advantage.

- A. The Board shall be composed of directors with a collective working knowledge, experience or expertise that is relevant to the Company’s industry/sector.
- B. The Board shall always ensure that it has an appropriate mix of competence and expertise 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 environments and strategic direction.
- C. The Board shall be a truly diverse Board which shall include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between Directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.
- D. The Board shall adopt appropriate rules to ensure that the directors are able to commit themselves effectively to their responsibilities.

### **III. COMPOSITION**

- A. The number of directors shall be that as indicated in the Articles of Incorporation of the Company and shall be headed by a competent and qualified Chairperson.
- B. The Board should have a least three (3) independent directors or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.
- C. Majority of the members of the Board shall be Non-Executive directors who possess the necessary qualifications to effectively participate and help secure objective, independent judgment on corporate affairs and to substantiate proper checks and balances.
- D. The Board shall be composed of directors with diverse age, gender, ethnicity, culture, skills, competence and knowledge.
- E. The Corporate Governance Committee shall review and assess Board composition on behalf of the Board and recommends the appointment of new Directors. All Board nominations shall be made on merit, in the context of the skills, experience, independence and knowledge which the Board, as a whole requires, to be effective.

### **IV. NOMINATION AND ELECTION OF DIRECTORS**

- A. The members of the Board shall be elected at each annual meeting of the stockholders in accordance with the By-Laws, and shall hold office until the next annual meeting or until the successors shall have been duly elected and qualified.
- B. Independent Directors shall serve for a maximum cumulative term of nine (9) years and shall be perpetually barred from re-election as such in the Company, but may continue to qualify for nomination and election as a non-independent director. In the instance that the Company wishes to retain an Independent Director who has served for nine (9) years, the Board shall provide meritorious justification/s and seek shareholders' approval during the annual shareholders' meeting.
- C. Nomination of directors shall be conducted by the Corporate Governance Committee prior to a stockholders' meeting.
- D. All nominations shall be submitted to the Corporate Governance Committee by any stockholder of record on or before January 30 of each year to allow the

Corporate Governance Committee sufficient time to assess and evaluate the qualifications of the nominees.

- E. All recommendations for the nomination of independent Directors shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
- F. After the nomination, the Corporate Governance Committee shall prepare a List of Candidates which shall contain all the information about all the nominees for election as members of the Board of Directors, which list shall be made available to the SEC and to all stockholders through the filing and distribution of the Information Statement or Proxy Statement, or in such other reports as the Company will be required to submit to the Securities and Exchange Commission (“SEC”).
- G. The name of the person or group of persons who recommend the nomination of the Independent Directors shall be identified in such report including any relationship with the nominee.
- H. Only nominees whose names appear on the List of Candidates shall be eligible for election as directors. No other nominations for election as director shall be entertained or allowed on the floor during the actual annual stockholders’ meeting.
- I. Any vacancy occurring in the Board of Directors, other than by the removal of a director by the stockholders or by the expiration of his term, may be filled by the vote of at least a majority of the remaining directors, if still constituting a quorum; otherwise, the vacancy must be filled by the stockholders at regular or at any special meeting of stockholders called for the purpose. A director so elected to fill a vacancy shall be elected only for the unexpired term of his predecessor in office.
- J. The vacancy resulting from the removal of a director by the Stockholders in the manner provided by law may be filled by election at the same meeting of stockholders without further notice, or at any regular or special meeting of stockholders called for the purpose, after giving notice as prescribed in these By-Laws.

## **V. MULTIPLE BOARD SEATS**

- A. The Board shall adopt guidelines on the number of directorships its members can hold in stock and non-stock corporations. The optimum number ensures the capacity of a director to diligently and efficiently perform his duties and responsibilities.

- B. Non-Executive Directors should concurrently serve as directors to a maximum of five (5) publicly listed companies to ensure that they have sufficient time to fully prepare for meetings, challenge Management’s proposals/ views and oversee the long-term strategy of the Company.

## VI. QUALIFICATIONS

The members of the Board occupy a position of trust and confidence, and as such, shall possess the character, skills and competence suited for the office.

### A. Qualifications for all Directors

A director shall possess the following qualifications:

- a. Holder of at least one (1) share of stock of the Company;
- b. At least a college graduate, or in lieu of a formal education, he must have gained sufficient knowledge, skills and experience in managing the business;
- c. Of legal age;
- d. Of proven integrity, good repute, probity and assiduousness; and
- e. Independence of mind in light of the entity’s business and risk profile especially for Non-Executive Directors;
- f. Have sufficient time to carry out their responsibilities;
- g. Have the ability to promote a smooth interaction between board members;
- h. Must not be an employee, a director, an officer, or an investor holding more than ten percent (10%) of the capital of any enterprise in direct or indirect competition with the business of the Company;
- i. Have attended a seminar on corporate governance for the Board conducted by organization accredited by the SEC:
  - 1. *For first-time directors:* an orientation program for at least eight (8) hours.
  - 2. *For incumbent members of the Board:* annually, for at least four (4) hours.

- j. Possessing such other qualifications as shall be prescribed by the Board.

## **B. Additional Requirements for Independent Directors**

An Independent Director is one person who, apart from his fees and shareholdings, is independent of Management and free from any business, or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as director of the Company and includes, among others, any person who:

- a. Is not, or has not been a senior officer or employee of the Company unless there has been a change in the controlling ownership of the company;
- b. Is not a director or officer of the Company or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
- c. Is not an owner of more than two percent (2%) of the outstanding shares of the Company, its subsidiaries, associates, affiliates or related companies<sup>1</sup>;
- d. Is not a relative of a director, officer or substantial shareholder of the Company, any of its related companies or any of its substantial shareholders. For this purpose, the word 'relative' shall include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
- e. Is not acting as a nominee or representative of any director or substantial shareholder of the Company, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
- f. Not, and has not been in five (5) years immediately preceding the election, a director of the Company; a director, officer, employee of the Company's subsidiaries, associates, affiliates or related companies; or a director, officer, employee of the Company's substantial shareholders and its related companies;
- g. Is not retained, either in his personal capacity or through a firm, as a professional adviser, auditor, consultant, agent or counsel of the Company, any of its related companies or substantial shareholder, or otherwise independent of Management

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<sup>1</sup> Related Companies – refers to (a) the covered entity's holding/ parent company; (b) its subsidiaries; and (c) subsidiaries of its holding/ parent company.

and free from any business or other relationship within the five (5) years immediately preceding the date of his election;

- h. Does not engage or has not engaged, whether by himself or with other persons or through a firm of which he is a partner, director or substantial shareholder, in any transaction with the Company or any of its related companies or substantial shareholders, other than such transactions that are conducted at arm's length and could not materially interfere with or influence the exercise of his independent judgment;
- i. Has not been appointed in the Company, its subsidiaries, associates, affiliates or related companies as Chairman "Emeritus", "Ex-Officio" Directors/ Officers or Members of any Advisory Board, or otherwise appointed in a capacity to assist the Board in the performance of its duties and responsibilities within three years immediately preceding his election;
- j. Is not affiliated with any non-profit organization that receives significant funding from the Company or any of its related companies or substantial shareholders;
- k. Is not employed as an executive officer of another company where any of the Company's executives serve as directors;
- l. Is not a securities broker-dealer of listed companies and registered issuers of securities. "Securities broker-dealer" refers to any person holding any office of trust and responsibility in a broker-dealer firm, which includes, among others, a director, officer, principal stockholder, nominee of the firm to the Exchange, an associated person or salesman, and authorized clerk of the broker or dealer; and
- m. Is not otherwise disqualified as independent director by prevailing laws.

## VII. Disqualifications

Qualifications of the directors shall be monitored and shall be reported to the Board as soon as any ground for disqualification is recognized. Annual checking shall be done by the Nomination Committee, Compliance Officer and Corporate Secretary to ensure the directors do not possess any of the grounds for disqualification, whether permanent or temporary, and determine if directors remain qualified to hold their position.

- A. **Permanent Disqualification.** The following are considered as grounds for the permanent disqualification of a director:
  - a. Any person convicted by final judgment or order by a competent judicial or administrative body of any crime that (a) involves the purchase or sale of

securities, as defined in the Securities Regulation Code; (b) arises out of the person's conduct as an underwriter, broker, dealer, investment adviser, principal, distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; or (c) arises out of his fiduciary relationship with a bank, quasi-bank, trust company, investment house or as an affiliated person of any of them;

- b. Any person who, by reason of misconduct, after hearing, is permanently enjoined by a final judgment or order of the SEC, *Bangko Sentral ng Pilipinas* ("BSP") or any court or administrative body of competent jurisdiction from: (a) acting as underwriter, broker, dealer, investment adviser, principal distributor, mutual fund dealer, futures commission merchant, commodity trading advisor, or floor broker; (b) acting as director or officer of a bank, quasi-bank, trust company, investment house, or investment company; (c) engaging in or continuing any conduct or practice in any of the capacities mentioned in sub-paragraphs (a) and (b) above, or willfully violating the laws that govern securities and banking activities;

The disqualification should also apply if (a) such person is the subject of an order of the SEC, BSP or any court or administrative body denying, revoking or suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP, or under any rule or registration issued by the Commission or BSP; (b) such person has otherwise been restrained to engage in any activity involving securities and banking; or (c) such person is the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participant of the organization;

- c. Currently the subject of an order of the Commission or any court or administrative body denying, revoking, suspending any registration, license or permit issued to him under the Corporation Code, Securities Regulation Code or any other law administered by the SEC or BSP or under any rule or regulation issued by the Commission or BSP.
- d. Has been restrained to engage in activity involving securities and banking.
- e. Is currently the subject of an effective order of a self-regulatory organization suspending or expelling him from membership, participation or association with a member or participation of the organization suspending or expelling him from membership, participation or association with a member or participant of the organization.
- f. Any person convicted by final judgment or order by a court or competent administrative body of an offense involving moral turpitude, fraud, embezzlement,

theft, *estafa*, counterfeiting, misappropriation, forgery, bribery, false affirmation, perjury or other fraudulent acts;

- g. Any person who has been adjudged by final judgment or order of the SEC, BSP, court, or competent administrative body to have willfully violated, or willfully aided, abetted, counseled, induced or procured the violation of any provision of the Corporation Code, Securities Regulation Code or any other law, rule, regulation or order administered by the SEC or BSP;
- h. Any person judicially declared to be insolvent;
- i. Any person found guilty by final judgment or order of a foreign court or equivalent financial regulatory authority of acts, violations or misconduct similar to any of the acts, violations or misconduct listed in the foregoing paragraphs;
- j. Conviction by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Corporation Code, committed within five (5) years prior to the date of his election or appointment; and
- k. An independent Director who becomes an officer or employee of the same Company shall be automatically disqualified from being an Independent Director.

B. **Temporary Disqualification.** The Board may, by a resolution, prescribe grounds for the temporary disqualification of a director, which may include, but not limited, to any of the following:

- a. Refusal to comply with the disclosure requirements of the Securities Regulation Code and its Implementing Rules and Regulations. The disqualification shall be in effect as long as the refusal persists;
- b. Absence or non-participation for whatever reason/s for more than fifty percent (50%) of all meetings, both regular and special, of the Board of directors during his incumbency, or any twelve (12) month period during said incumbency. This disqualification applies for purposes of the succeeding election;
- c. Dismissal/termination from directorship in another listed corporation for cause. This disqualification shall be in effect until he has cleared himself of any involvement in the alleged irregularity;
- d. Being under preventive suspension by the Company; and



- e. Conviction that has not yet become final referred to in the grounds for the disqualification of directors.

## **VIII. RESIGNATION**

Any director of the Company may resign at any time by giving written notice to the Chairman of the Board, the President or the Secretary of the Company. The resignation of any director shall take effect at the time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

## **IX. DUTIES AND RESPONSIBILITIES**

### **A. General Responsibilities of the Board of Directors**

The Board is chiefly responsible for monitoring managerial performance and achieving an adequate return for shareholders, while preventing conflicts of interest and balancing competing demands on the Company

The Board shall have the following duties, functions and responsibilities, in addition to those specified in the prevailing laws and regulations and the Company's By-Laws:

#### *Fostering Long-term Success of the Company*

- a. Secure its sustained competitiveness and profitability in a manner consistent with its fiduciary responsibility, which it shall exercise in the best interest of the Company, its shareholders and other stakeholders. The Board shall conduct itself with utmost honesty and integrity in the discharge of its duties, functions and responsibilities.
- b. Determine and establish the Company's purpose, mission and vision, objectives, policies and procedures, and the strategies and means to carry out its objectives and attain its goals;
- c. Periodically evaluate and monitor the implementation of its strategic policies and programs, business plans, operating budgets, including the Management's overall performance;
- d. Ensure that it 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.

- e. Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and all shareholders.
- f. Establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance.
- g. Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength.

*Monitoring Managerial Performance &  
Overseeing Succession Planning of Key Officers and Management*

- h. Approve the selection and assess the performance of the Management led by the Chief Executive Officer and control functions led by their respective heads (Chief Risk Officer, Chief Compliance Officer, and Chief Audit Executive).
- i. 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.
- j. Ensure and adopt an effective succession planning program for directors, key officers and management to ensure growth and a continued increase in the shareholder's value and to promote dynamism in the Company.

The succession plan shall involve:

1. Documenting the roles and responsibilities for each position;
2. Performing an assessment of the current leadership competencies;
3. Objectively determining required knowledge, skills, and abilities for the position;
4. Identifying and appointing key officers;
5. Developing talent pools per position;
6. Creating professional development plan for all key officers to help them prepare for the job (e.g. training to be taken and cross experience to be achieved);
7. Crafting a policy on retirement age for key officers; and
8. Enhancing the skills and talents of people in the organization.

The process shall be conducted in an impartial manner and aligned with the strategic direction of the organization.

- k. Align the remuneration of key officers and board members with the long-term interests of the Company by formulating and adopting a policy specifying the relationship between remunerations and performance.

*Formal and Transparent Board Nomination and Election Process*

- l. Have a formal and transparent board nomination and election policy that should include how it accepts nominations from minority shareholders and reviews nominated candidates.
- m. Selection of directors based on collective experience and expertise will be emphasized. In addition, a study shall be undertaken on the creation of a directors' registry containing a broad pool of candidates

*Overseeing Internal Control, Audit, and Risk Management*

- n. Ensure that there is a group-wide policy and system governing related party transactions ("RPT") and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality.
- o. Oversee that an appropriate internal control system is in place including setting up a mechanism for monitoring and managing potential conflicts of interest of Management, Board members, and shareholders.
- p. Oversee that a sound Enterprise Risk Management ("ERM") Framework is in place to effectively identify, monitor, assess and manage key business risks. The Risk Management Framework shall guide the Board in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.

*Apply High Ethical Standards &*

*Safeguard the Company from Unnecessary Legal and Reputational Risks*

- q. Adopt a Code of Business Conduct and Ethics, which provides standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings. The Code shall be properly disseminated to the Board, senior management and employees. It shall also be disclosed and made available to the public through the Company's website.
- r. Ensure the proper and efficient implementation and monitoring of compliance with the Manual on Corporate Governance, Code of Business Conduct and Ethics, Charter, internal policies and applicable laws and regulations.

- s. Keep the activities and decisions of the Board authority within the powers of the institution as prescribed in the Articles of Incorporation, By-Laws and in existing laws, rules and regulation.

#### *High Quality Disclosure and Transparency*

- t. Establish a corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that give a fair and complete picture of a company's financial condition, results and business operations.
- u. Fully disclose all relevant and material information on individual board members and key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.
- v. Ensure that basic shareholder rights are disclosed in the Manual on Corporate Governance and on the Company's website and encourage active shareholder participation
- w. Set the tone and make a stand against corrupt practices by adopting an anti-corruption policy and program in the Code of Business Conduct and Ethics and disseminate the policy and program to employees across the organization through trainings to embed them in the Company's culture.
- x. Establish a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns. The Board shall be conscientious in establishing the framework, as well as in supervising and ensuring its enforcement.
- y. Establish 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.

#### *Encourage and Facilitate Shareholder Engagement*

- z. Establish 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. The Board shall create and Investor Relations Program to set up an avenue to receive feedback, complaints and queries from shareholders and

assure their active participation with regard to activities and policies of the company. The Program ensures that all information regarding the activities of the company are properly and timely communicated to shareholders.

- aa. Identify the Company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability and establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.
- bb. Adopt a transparent framework and process that allow stakeholders to communicate with the Company and to obtain redress for the violation of their rights.

#### B. Specific Duties of Each Director

A director shall have the following duties and responsibilities:

- a. Remain fit and proper for the position for duration of his term. He should possess unquestionable credibility to make decisions objectively and resist undue influence. He will treat board directorship as a profession and shall have a clear understanding of his duties and responsibilities as well as his role in promoting good governance.
- b. Devote time and attention necessary to properly discharge his duties and responsibilities;
- c. 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 SEC, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent them from doing so. In Board and Committee meetings, the director should review meeting materials and if called for, ask the necessary questions or seek clarifications and explanations;
- d. Conduct fair business transactions with the Company and ensure that personal interests do not prejudice Board decisions; act in a manner characterized by transparency, accountability and fairness. A director should not participate in a meeting when related party transactions, self-dealings or any transactions or matter on which he has a material interest are taken up to ensure that he has no influence over the outcome of the deliberations.
- e. Act judiciously and exercise independent judgment - he should view each problem/ situation objectively. When a disagreement with others occurs, he

should carefully evaluate the situation and state his position. He should not be afraid to take a position even though it might be unpopular. Corollarily, he should support plans and ideas that he thinks will be beneficial to the institution.

- f. Have a working knowledge of the statutory and regulatory requirements affecting the Company, including the contents of its Articles of Incorporation and By-Laws, the requirements of the Commission, and where applicable, the requirements of other regulatory agencies;
- g. Must observe the confidentiality of non-public information acquired by reason of their position as directors. They may not disclose said information to any other person.
- h. Ensure the continuing soundness, effectiveness and adequacy of the Company's control environment;
- i. Notify the Board where he is an incumbent director before accepting a directorship in another company for the Board to assess if his present responsibilities and commitment to the company will be affected and if the director can still adequately provide what is expected of him;

## **X. BOARD MEETINGS AND QUORUM REQUIREMENT**

- A. ***Regular Meetings.*** In the proper discharge of its functions, the Board shall hold regular meetings to review the operations and financial performance of the Company and to consider matters brought before it for approval. Where required by the SEC or by existing laws and regulations, at least one independent director shall be present in all Board meetings. However, the holding of meetings shall be valid even without the attendance of any one of the Independent Directors if their failure to attend is for any justifiable cause. During the meetings, the Board shall assess the Company's performance, position and prospects based on Management's account thereof, which shall be presented in a balanced and understandable manner.
  - 1. The Board of Directors shall meet at least four (4) times a year. Board meetings shall be scheduled in advance before the start of the year.
  - 2. Non-executive Directors may have separate periodic meetings with external auditor and head of the internal audit, compliance, risk functions, without any executive directors present to scrutinize Management's performance, particularly in meeting the companies' goals and objectives.

- B. **Special Meetings.** Special meetings of the Board may also be called in accordance with the provisions of the By-Laws. Independent views during Board meetings shall be given due consideration.
- C. **Attendance.**
1. The members of the Board shall attend its regular and special meetings in person or through teleconference or videoconference or by any other technological means allowed by the SEC.
  2. Independent Directors shall, as much as possible, attend Board meetings. Although, their absence shall not affect the quorum requirement, the Board may require the presence of at least one (1) Independent Director in all its meetings to promote transparency.
- D. **Minutes of Meetings.** The Corporate Secretary or his designated representative shall act as secretary for the meetings. The minutes of the Board meeting will be recorded and maintained by the Corporate Secretary and presented at the next Board meeting for approval.
- E. **Agenda.** Items to be discussed during the board meeting shall be made available to each director at least five (5) days in advance. In emergency circumstances, however, the meeting may be called on a shorter notice.
- F. **Quorum.** Presence of majority of the directors is required when determining the quorum of the meeting.

## XI. PER DIEM

By resolution of the Board, each director shall receive a reasonable per diem allowance for his attendance at each meeting of the Board. The Board may 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 stockholders representing at least a majority of the outstanding capital stock at a regular or special meeting of the stockholders.

## XII. BOARD COMMITTEES

To aid in complying with the principles of good corporate governance, the Board shall constitute the following Committees: Audit Committee, Board Risk Oversight Management Committee, and Corporate Governance Committee. The Board may form other committees as it may deem appropriate.

The Board shall appoint the members and chairman (from among the members) of each Board Committee following the annual meeting of stockholders at which the directors are elected. In case of any vacancy in the Board Committee, the Board shall appoint a replacement who will fill the vacancy at any meeting of the Board subject to the provision of its Committee Charters.

### **XIII. CHARTER REVIEW**

The Board shall review and reassess the adequacy of this Charter at least once a year or as often as deemed necessary. Any proposed amendments and revisions to this Charter must be reviewed and approved by the Board prior to posting it to the Company's website.



# DISCOVERY WORLD

## AUDIT COMMITTEE CHARTER

### I. PURPOSE

The Audit Committee is established by and among the Board of Directors for the primary purpose of assisting the Board in overseeing the integrity of the company's financial statements and the company's accounting and financial reporting processes and the audit of the Company's financial statement; the Company's compliance with legal and regulatory requirements; the performance of the Company's External and Internal Audit function; the Company's systems of disclosure controls and procedures, internal controls over financial reporting and compliance with ethical standards adopted by the Company; the Company's related party transaction policy and procedure.

This Charter sets out the roles, responsibilities, and authority of Discovery World Corporation's Audit Committee, including the rules of procedures that will guide the function of the Committee, as approved by the Board of Directors. The Committee will have such other duties and responsibilities as are described in this Charter or as are assigned to it from time to time by the Board of Directors.

### II. COMMITTEE MEMBERSHIP AND STRUCTURE

- A. *Composition.* The Audit Committee shall be composed of at least three (3) qualified Non-Executive Directors, majority of whom, including the Chairman, should be independent.
- B. *The Chairman of the Committee.* The Chairman of the Audit Committee should: (i) be an Independent Director and (ii) not be the chairman of any other Board Committee.
- C. *Qualification of Members.* All of the members of the committee must have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance and one has relevant thorough knowledge and experience on risk and risk management.
- D. *Appointment and Removal.* The Chairman and Members of the Committee shall be appointed and may be removed from office, by a majority vote of the members of the Board constituting a quorum. In case of vacancy in the membership of the Committee, the Board shall appoint a new member from among the directors. In

case of vacancy in the position of Chairman, the Board shall appoint a new Chairman from the members of the Committee. The Chairman of the Committee or any of its Members or Advisors may be removed from office only by the Board.

### III. MEETINGS

A. *Schedule of Meetings.* The Audit Committee shall meet once every quarter but the Chairman of the Committee may call a special meeting at any time as needed. All committee members are expected to attend each meeting, in person or via tele- or video-conference. The meetings are limited to the committee members and whoever is authorized by the Committee to attend. As necessary, the committee will invite members of management and organization staff to provide pertinent information or data. It may hold separate private meetings with Internal Auditors and if needed, executive sessions with the President and/or Chairman.

When deemed necessary by the Committee or its Chairman and in lieu of a meeting, the Committee may also act by written consent (in physical, electronic or digital format) by majority of the members.

B. *Notice and Agenda.* The committee through the Internal Audit Department shall distribute the agenda and appropriate committee materials at least one week before the meeting so the members can intelligently review the various matters raised. The meetings begin with the reading and approval of the minutes of the previous meeting.

C. *Quorum.* A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present shall be necessary for any action by the Committee.

D. *Minutes of the Meeting.* The Corporate Secretary or his designated representative shall act as secretary for the meetings. The minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval.

### IV. DUTIES AND RESPONSIBILITIES

The Audit Committee has the following duties and responsibilities:

A. General Duties and Responsibilities:

- a. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules and regulations;

- b. Shall meet with the Board at least every quarter without the presence of the CEO or other management team members, and periodically meets with the head of internal audit.
  - c. Perform oversight functions over the Company's internal and external auditors. It should ensure that the internal and external auditors act independently from each other, and that both auditors are given unrestricted access to all records, properties and personnel to enable them to perform their respective audit functions;
  - d. Coordinate, monitor and facilitate compliance with laws, rules and regulations;
- B. Internal Audit Oversight.
- a. Organize an internal audit department, and consider the appointment of an independent internal auditor and the terms and conditions of its engagement and removal. The Committee shall approve the terms and conditions for outsourcing internal audit services;
  - b. Recommend approval of the Internal Audit Charter, which formally defines the role of Internal Audit and the audit plan as well as oversees the implementation of the Internal Audit Charter.
  - c. Review the annual internal audit plan to ensure its conformity with the objectives of the Company. The plan shall include the audit scope, resources and budget necessary to implement it;
  - d. Through the Internal Audit Department, monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. Well-designed internal control procedures and processes that will provide a system of checks and balances should be in place in order to (a) safeguard the company's resources and ensure their effective utilization; (b) prevent occurrence of fraud and other irregularities, (c) protect the accuracy and reliability of the company's financial data, and (d) ensure compliance with applicable laws and regulations;
  - e. Establish and identify the reporting line of the Internal Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee.
  - f. Ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties.

- g. Review and monitor Management's responsiveness to the Internal Auditor's findings and recommendations;
  - h. Review the reports submitted by the internal auditors;
- C. External Audit Oversight
- a. Prior to the commencement of the audit, discuss with the external auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;
  - b. Recommends to the Board the appointment, reappointment, removal and fees of the External Auditor, duly accredited by the SEC, who undertakes an independent audit of the Company, and provides an objective assurance in the manner by which the financial statements should be prepared and presented to the stockholders;
  - c. Oversee the overall relationship of the Company and its Management with the External Auditor;
  - d. Review and monitor the independence of the External Auditor and, in particular the, provision of additional services to the Company, including the related safeguards that have been applied to eliminate identified threats to independence or reduce them to an acceptable level;
  - e. Exercise effective oversight to review, assess and monitor the external auditor's integrity, independence and objectivity, and the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements;
  - f. Oversee the External Audit of the annual and consolidated accounts;
  - g. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following matters:
    - 1. Any change/s in accounting policies and practices
    - 2. Areas where a significant amount of judgment has been exercised
    - 3. Significant adjustments resulting from the audit
    - 4. Going concern assumptions
    - 5. Compliance with accounting standards
    - 6. Compliance with tax, legal and regulatory requirements

- h. Discuss with the External Auditor key matters arising from the audit, and in particular any identified material weaknesses in internal control in relation to the financial reporting process;
- i. Discuss the written representations the External Auditor is requesting from senior management and, where appropriate, those charged with governance;
- j. Review the disposition of the recommendations in the External Auditor's management letter;
- k. 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;
- l. Evaluate and determine the non-audit work, if any, of the external auditor, and review periodically the non-audit fees paid to the external auditor in relation to their significance to the total fees paid to him and to the Company's overall consultancy expenses. The committee shall disallow any non-audit work that will conflict with his duties as an external auditor or may pose a threat to his independence. The nature of non-audit work, if allowed, should be disclosed in the Company's Annual Report and Annual Corporate Governance Report;
- m. Periodically review the proportion of non-audit fees paid to the external auditor in relation to the Company overall consultancy expenses in order for the Committee to disallow the same auditor to perform non-audit services for the company if there is potential conflict between the auditor and the company; and
- n. Approve the total fees charged for the audit of the financial statements and for non-audit services provided by the External Auditor to the Company and its components controlled by the Company.

#### D. Related Party Transactions

- 1. Ensure that a Related Party Transactions Policy includes the appropriate review and approval of material or significant RPTs, which guarantee fairness and transparency of the transactions. The policy shall encompass all entities within the group, taking into account their size, structure, risk profile and complexity of operations.
- 2. Evaluate on an ongoing basis existing relations between and among business and counterparties to ensure that all related parties are continuously identified, RPTs are monitored, and subsequent changes in relationships with counterparties (from non-related to related and vice versa) are captured. Related parties, RPTs

and changes in relationships should be reflected in the relevant reports to the Board and regulators/ supervisors;

3. Evaluate all material RPTs to ensure that these are not undertaken on more favorable economic terms (e.g., price, commissions, interest rates, tenor, collateral requirement) to such related parties than similar transactions with non-related parties under similar circumstances and that no corporate or business resources of the Company are misappropriated or misapplied, and to determine any potential reputational risk issues that may arise as a result of or in connection with the transactions. In evaluating RPTs, the Audit Committee takes into account, among others, the following:
  - a. The related party's relationship to the Company and interest in the transaction;
  - b. The material facts of the proposed RPT, including the proposed aggregate value of such transaction;
  - c. The benefits to the Company of the proposed RPT;
  - d. The availability of other sources of comparable products or services; and
  - e. An assessment of whether the proposed RPT is on terms and conditions that are comparable to the terms generally available to an unrelated party under similar circumstances. The Company should have an effective price discovery system in place and exercise due diligence in determining a fair price for RPTs.
4. Ensure that appropriate disclosure is made, and/or information is provided to regulating and supervising authorities relating to the Company's RPT exposures, and policies on conflicts of interest or potential conflicts of interest. The disclosure should include information on the approach to managing material conflicts of interest that are inconsistent with such policies, and conflicts that could arise as a result of the Company's affiliation or transactions with other related parties;
5. Report to the Board of Directors on a regular basis, the status and aggregate exposures to each related party, as well as the total amount of exposures to all related parties;
6. Ensure that transactions with related parties, including write-off of exposures are subject to periodic independent review or audit process; and
7. Oversee the implementation of the system for identifying, monitoring, measuring, controlling and reporting RPTs, including a periodic review of RPT policies and procedures.

## **V. AUTHORITY**

Consistent with this function, the Audit Committee should encourage continuous improvement of, and should foster adherence to, the Company's policies, procedures, and practices at all levels. The Audit Committee should also provide for open communication among the External Auditor, financial and senior management, the Internal Audit function, and the Board of Directors.

The Audit Committee has the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities.

In carrying out its duties and responsibilities, the Audit Committee shall also have the authority to meet with and seek any information it requires from employees, officers, directors, or external parties.

The Company will provide appropriate funding, as determined by the Audit and Risk Management Committee, for compensation to the External Auditor, to any advisers that the Audit Committee chooses to engage, and for payment of ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

## **VI. LIMITATIONS**

While the Audit Committee is responsible for reviewing the Company's policies and practices with respect to risk assessment and management, it is the Management's responsibility to determine the extent of internal control in the Company's systems which should not depend on Internal Audit as a substitute for effective controls. Internal audit, as a service to the Company, contributes to internal control by examining, evaluating and reporting to management on its adequacy and effectiveness. Internal audit activity may lead to the strengthening of internal control as a result of management response.

It is a Management responsibility to maintain the internal control system and to ensure that the Company's resources are properly applied in the manner and on the activities intended. This includes responsibility for the prevention and detection of fraud and other illegal acts.

## **VII. REPORTING**

The Committee shall regularly report to the Board on all significant matters that are within its responsibilities.

## **VIII. ANNUAL PERFORMANCE EVALUATION OF THE COMMITTEE**

The Committee will conduct an annual self-evaluation to determine whether it is functioning effectively. The Chairman of the Committee, together with the Chairman of the Board shall determine the form and nature of the annual self-evaluation.

## **IX. CHARTER REVIEW**

The Board shall review and reassess the adequacy of this Charter at least once a year or as often as deemed necessary. Any proposed amendments and revisions to this Charter must be reviewed and approved by the Board prior to posting it to the Company's website.



# DISCOVERY WORLD

## POLICY ON RELATED PARTY TRANSACTIONS

### I. OBJECTIVE

Discovery World Corporation (the "Company" or "Parent Company") and its subsidiaries inevitably conduct some of its business activities with related parties in the Group. This Policy sets out the guidelines, categories and thresholds requiring review, approval and ratification by the Board of Directors or Shareholders, and disclosure requirements for Related Party Transactions (RPTs).

### II. DEFINITION OF TERMS

A. Related Party – a person or entity that is related to the Company including the following:

- a. A person or a close member of that person's family is related to the Company if that person:
  1. has control or joint control of the Company;
  2. has significant influence over the Company; or
  3. is a member of the key management personnel of the Company or of a parent of the Company.
- b. An entity is related to the Company if any of the following conditions applies:
  1. the entity and the Company are members of the same group (each parent, subsidiary and fellow subsidiary is related to the others);
  2. one entity is an associate or a joint venture of the other entity;
  3. both entities are joint ventures of the same third party;
  4. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  5. the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company; if the Company is itself such a plan, the sponsoring employers are also related to the Company;
  6. the entity is controlled or jointly controlled by a person identified in (a);
  7. a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

c. Related Party Transaction ("RPT") – a transfer of resources, services or obligations between the Company, its subsidiaries and related parties, regardless whether a price is charged.

Examples of RPTs are:

- Guarantees or commitments to do something if a particular event occurs or does not occur in the future, including executory contracts (i.e. neither party has performed any obligation or both parties have partially performed their obligations to an equal extent)

- Loans to directors
- Sale or purchase of goods
- Sale, purchase or lease of property and/or assets
- Provision or receipt of services or leases
- Assumption of financial/operating obligations
- Subscription for debt or equity issuances
- Establishment of joint venture entities
- Settlement of liabilities on behalf of the Company or its Subsidiary or by the Company or its Subsidiary on behalf of a related party
- Compensation, benefits (monetary and non-monetary), postemployment benefits, termination benefits and share-based payment of current employees

### III. POLICY

- A. The Audit Committee as per its Board-approved Charter shall be responsible to oversee and review the propriety of RPTs and their required reporting disclosures. In its review, it shall take into account, among other factors it deems appropriate, whether the Related Party Transaction is entered into on terms no less favorable to the concerned company than terms generally available to an unaffiliated third-party under the same or similar circumstances; and the extent of the Related Parties' interest in the transaction.
- B. The Audit Committee shall review the facts of all related party transactions and either approve or disapprove of the entry, subject to the exceptions described below. If advance Committee approval of an Interested Transaction is not feasible, then the Interested Transaction shall be considered and, if the Committee determines it to be appropriate, ratified at the Committee's next regularly scheduled meeting.
- C. The Company institutes that all transactions with related parties, shall be subject to approval or ratification of the Board of Directors in accordance with the procedures set forth in this policy.
- D. Any transaction with related parties shall be made on terms equivalent to those that prevail in an arm's length transactions.
- E. For related party transactions, disclosure is required of the nature of the relationship and of sufficient information to enable an understanding of the potential effect of the transactions. The Standard requires disclosure of:
  - relationships involving control, even when there have been no transactions;
  - related party transactions; and
  - Key management personnel compensation (including an analysis by type of compensation).

### IV. PROCEDURES

- A. Identification, Review and Approval of Related Party Transactions
  - a. Generally, Management promptly reports to the Board of Directors (the "Board") on the terms, business purpose, benefits and other details of each new, existing or proposed RPT

for review and approval. The Board shall approve any RPT before its commencement. However, if the same is not identified beforehand, it must be subsequently reviewed and ratified by the Board.

- b. The Audit and Risk Management Committee shall assist the Board in its review of RPT. The Board shall consider whether the terms of the RPT are on arms' length and fair to the Company and such factors as the following:
  - Materiality
  - The purpose and timing of the transactions
  - Extent of the Related Party's interest in the RPT; and
  - Conflict of interest, actual or apparent, of the Related Party participating in the transaction.
  - Any other relevant information regarding the transaction
- c. The Audit and Risk Management Committee may establish guidelines to manage and monitor conflicts of interest of Management, Board Directors and shareholders, including misuse of corporate assets and abuse in RPTs.
- d. A Director, officer or key management personnel shall promptly notify the Audit and Risk Management Committee or the Company's Officer of the Compliance Officer of any interest he or his immediate family member had, has or may have in a RPT. He shall disclose all material information concerning the RPT.

#### B. Pre-Approved RPTs

- a. The following shall be deemed to be pre-approved by the Board in accordance with the Company's Table of Authorities:
  1. Compensation and employment of executive officers and directors approved by the Compensation & Remuneration Committee;
  2. Transactions with similar terms available to all employees generally;
  3. Charitable contributions by the Company where the Related Party is an employee or director, if the aggregate amount involved does not exceed Five Million Pesos (₱5,000,000.00);
  4. Banking-related services and transactions with a Related Party, if the terms are generally the same as or similar to offers of other banks in the ordinary course of business;
  5. Share transactions such as dividends, repurchase, rights offerings, available to all shareholders on a pro-rata ownership basis.
  6. Any transaction with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

### C. Related Party Transaction Threshold.

The Parent Company and its subsidiaries, whether owned directly or indirectly, shall follow the thresholds and categories for Disclosure and Approval of RPTs:

- Less than three percent (3%) of Total Assets of Parent or Subsidiary requires approval of the concerned entity's CEO or President;
- Three percent (3%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Board of Directors.
- Twenty percent (20%) of Total Assets and above of Parent or Subsidiary requires approval of concerned entity's Shareholders.

### D. Disclosure

- a. All RPTs shall be disclosed to the Audit Committee and any material RPT shall be disclosed to the Board for its approval.
- b. Any transaction involving a related party of at least ten percent (10%) of Total Asset of Parent Company shall require disclosure and shall be reported to the Securities and Exchange Commission ("SEC") and Philippine Stock Exchange ("PSE").
- c. Exception:
  - Sale or purchase of goods and services in the ordinary course of business amongst Parent Company and its Subsidiaries at arm's length terms. To ensure fairness and transparency, this exception is still subject to compliance with applicable SEC disclosure requirements and the Transfer Pricing guidelines issued by BIR (RR 02- 2013).
  - Transactions of Parent Company and its Subsidiaries involving the exercise of corporate powers such as investments, subscriptions, equity restructuring, dividend declarations, and corporate guarantees to subsidiaries.
- d. RPTs that are required to be disclosed and reported in the Company's filings with the SEC shall be disclosed in accordance with laws, rules, regulations, Philippine Financial Reporting & Accounting Standards.
- e. The Company shall comply with PAS 24's required disclosures of relationships between the Company & its Subsidiaries irrespective of whether there have been transactions between them, transactions and outstanding balances, including commitments, in the consolidated and separate individual financial statements. It shall disclose the name of its parent, the ultimate controlling party and/or the most senior parent (defined as the first parent above the immediate parent) that produces consolidated financial statements available for public use.

## V. REVIEW

This policy may be amended at any time and is subject to further guidance from the SEC and/or actions taken by the Company's Board of Directors or Shareholders

# DISCOVERY WORLD

## BOARD RISK OVERSIGHT COMMITTEE CHARTER

### I. PURPOSE

The Board Risk Oversight Committee (the “BRO Committee”) is established for the purpose of assisting the Board in overseeing the Corporation’s practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The BRO Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the Corporation’s business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with Corporation’s risk profile..

This Charter sets out the roles, responsibilities, and authority of Discovery World Corporation’s BRO Committee, including the rules of procedures that will guide the function of the Committee, as approved by the Board of Directors. The Committee will have such other duties and responsibilities as are described in this Charter or as are assigned to it from time to time by the Board of Directors.

### II. COMMITTEE MEMBERSHIP AND STRUCTURE

- A. *Composition.* The BRO Committee shall be composed of at least three (3) qualified Non-Executive Directors, majority of whom, including the Chairman, should be independent.
- B. *The Chairman of the Committee.* The Chairman of the BRO Committee should: (i) be an Independent Director and (ii) not be the chairman of any other Board Committee.
- C. *Qualification of Members.* All At least one member of the committee must have relevant and thorough knowledge and experience on risk and risk management.
- D. *Appointment and Removal.* The Chairman and Members of the Committee shall be appointed and may be removed from office, by a majority vote of the members of the Board constituting a quorum. In case of vacancy in the membership of the BRO Committee, the Board shall appoint a new member from among the directors. In case of vacancy in the position of Chairman, the Board shall appoint a new Chairman from the members of the BRO Committee. The Chairman of the

BRO Committee or any of its Members or Advisors may be removed from office only by the Board.

### III. MEETINGS

- A. *Schedule of Meetings.* The BRO Committee shall meet at least quarterly each year or more frequently as circumstances dictate. The Committee will also periodically meet with Senior Management, the internal auditor and risk management officer to discuss any matters that they wish to bring to the Committee's attention.

When deemed necessary by the Committee or its Chairman and in lieu of a meeting, the BRO Committee may also act by written consent (in physical, electronic or digital format) by majority of the members.

- B. *Notice and Agenda.* The committee through Internal Audit Department shall distribute the agenda and appropriate committee materials at least one week before the meeting so the members can intelligently review the various matters raised. The meetings begin with the reading and approval of the minutes of the previous meeting.
- C. *Quorum.* A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present shall be necessary for any action by the Committee.
- D. *Minutes of the Meeting.* The Corporate Secretary or his designated representative shall act as secretary for the meetings. The minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval.

### IV. DUTIES AND RESPONSIBILITIES

The Board Risk Oversight Committee (the "BRO Committee") shall have the following duties and responsibilities:

1. Assist the Board in overseeing the company's practices and processes relating to risk assessment and risk management; maintaining an appropriate risk culture, reporting of financial and business risks and associated internal controls. The BRO Committee will assist the board in providing framework to identify, assess, monitor and manage the risks associated with the company's business. It helps the Board to adopt practices designed to identify significant areas of business and financial risks and to effectively manage those risks in accordance with company's risk profile.
2. Oversee the implementation of the ERM framework through BRO Committee. The BRO Committee conducts regular discussions on the company's prioritized and

residual risk exposures based on regular risk management reports and assesses how the concerned units or offices are addressing and managing these risks

3. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function shall include regular receipt from Management of information on risk exposures and risk management activities;
4. Develop a formal enterprise risk management plan in accordance with internationally recognized frameworks which contains the following elements: (a) common language or register of risks, (b) well-defined risk management goals, objectives and oversight, (c) uniform processes of assessing risks and developing strategies to manage prioritized risks, (d) designing and implementing risk management strategies, and (c) continuing assessments to improve risk strategies, processes and measures;
5. Evaluates the risk management plan to ensure its continued relevance, comprehensiveness and effectiveness. The BRO Committee shall revisit defined risk management strategies, looks for emerging or changing material exposures, and stays abreast of significant developments that seriously impact the likelihood of harm or loss;
6. Set the tone and influence the culture of risk management which includes determining the appropriate risk appetite (risk-taker or risk-averse) or level of exposure as a whole or on any relevant individual issue; determining what types of risk are acceptable and which are not;
7. Assess the probability of each identified risk becoming a reality and estimates its possible significant financial impact and likelihood of occurrence. Priority areas of concern are those risks that are the most likely to occur and to impact the performance and stability of the Company and its stakeholders;
8. Review annually the Company's risk appetite levels and risk tolerance limits based on changes and developments in the business, the regulatory framework, the external economic and business environment, and when major events occur that are considered to have major impacts on the Company.
9. Advise the Board on its risk appetite levels and risk tolerance limits;
10. Report to the Board on a regular basis, or as deemed necessary, the company's material risk exposures, the actions taken to reduce the risks and recommends further action or plans, as necessary; and

11. Perform other activities consistent with this charter, the Company's by-laws and governing law as the BRO Committee or the Board deems necessary or appropriate.

## **V. OUTSIDE ADVISORS**

The Committee shall have the authority to retain such outside counsel, accountants, experts and other advisors as it deems appropriate to assist the Committee in the performance of its functions.

## **VI. MISCELLANEOUS**

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Corporation or members of the Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules and the Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.

## **VII. REPORTING**

The Committee shall regularly report to the Board on all significant matters that are within its responsibilities.

## **VIII. ANNUAL PERFORMANCE EVALUATION OF THE COMMITTEE**

The Committee will conduct an annual self-evaluation to determine whether it is functioning effectively. The Chairman of the Committee, together with the Chairman of the Board shall determine the form and nature of the annual self-evaluation.

## **IX. CHARTER REVIEW**

The Board shall review and reassess the adequacy of this Charter at least once a year or as often as deemed necessary. Any proposed amendments and revisions to this Charter must be reviewed and approved by the Board prior to posting it to the Company's website.



# DISCOVERY WORLD

## CORPORATE GOVERNANCE COMMITTEE CHARTER

### I. PURPOSE

The Corporate Governance Committee (the “CG Committee”) is responsible for assisting the Board of Directors (the “Board”) of Discovery World Corporation (the “Company”) in fulfilling its oversight responsibilities in relation to corporate governance. The Committee will have such other duties and responsibilities as are described in this Charter or as are assigned to it from time to time by the Board of Directors.

### II. COMMITTEE MEMBERSHIP AND STRUCTURE

- A. *Composition.* The CG Committee shall be composed of at least three (3) all of whom should be independent.
- B. *Appointment, Term and Removal* - The Board, by a majority vote of the members of the Board constituting a quorum, shall appoint the members and the Chairman of the CG Committee at the annual organizational meeting of the Board and each member shall serve upon his election until the next organizational meeting of the Board unless removed or replaced by the Board.

In case of vacancy in the membership of the Committee, the Board shall appoint a new member from among the directors. In case of vacancy in the position of the Chairman, the Board shall appoint a new Chairman from the members of the CG Committee. The member elected to fill the vacancy shall hold office for the remainder of the term, or until his successor shall have been duly elected and qualified.

### III. MEETINGS

- A. *Schedule.* The CG Committee shall hold meetings at least four (4) times a year or as often as may be deemed necessary or desirable at a time and place determined by its Chairman.

When deemed necessary by the CG Committee or its Chairman and in lieu of a meeting, the Committee may also act by written consent (in physical, electronic or digital format) by majority of the members.

- B. *Quorum.* A majority of the members of the CG Committee shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of those present shall be necessary for any action by the Committee.
- C. *Minutes of the Meeting.* The Corporate Secretary or his designated representative shall act as secretary for the meetings. The minutes of the Committee meeting will be recorded and maintained by the Corporate Secretary and presented to the Committee at the next Committee meeting for approval.

#### **IV. DUTIES AND RESPONSIBILITIES**

- A. General Duties and Responsibilities.
  - a. Oversee the implementation of the corporate governance framework and periodically reviews the said framework to ensure that it remains appropriate in light of material changes to the Company's size, complexity and business strategy, as well as its business and regulatory environments;
  - b. Oversee the periodic performance evaluation of the Board and its committees as well as executive management, and conducts an annual self-evaluation of its performance;
  - c. Ensure that the results of the Board evaluation are shared, discussed, and that concrete action plans are developed and implemented to address the identified areas for improvement;
  - d. Recommend continuing education/ training programs for directors, assignment of tasks/ projects to Board committees, succession plan for the board members and senior officers, and remuneration packages for corporate and individual performance;
  - e. Adopts corporate governance policies and ensures that these are reviewed and updated regularly, and consistently implemented in form and substance; and
  - f. Propose and plan relevant trainings for the members of the Board;
  - g. Identify the Company's various stakeholders and promote cooperation between them and the company in creating wealth, growth and sustainability.
  - h. Establish clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.

- i. Oversees the conduct of the annual review of Board effectiveness. In reviewing Board composition, the Committee will consider the benefits of all aspects of diversity including, but not limited to, those described above, in order to enable it to discharge its duties and responsibilities effectively.
  - j. Review and evaluate all candidates nominated to Officer positions in the Company that require Board approval prior to effectivity of such Officer appointments or promotions;
  - k. In consultation with the executive or management committee/s, re-define the role, duties and responsibilities of the Chief Executive Officer by integrating the dynamic requirements of the business as a going concern and future expansionary prospects within the realm of good corporate governance;
- B. Nomination of Directors.
- a. The CG Committee shall determine the nomination and election process for the Company's directors and shall define the general profile of the board members that the Company may need in terms of knowledge, competency, skills and expertise.
  - b. It shall pre-screen and shortlist all candidates nominated to become a member of the board of directors in accordance with the qualifications and disqualifications set in this Manual and by the Board;
  - c. 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.
  - d. In identifying suitable candidates for appointment to the Board, the CG Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The CG Committee will consider the balance of skills, experience, independence and knowledge of the Company on the Board and the diversity representation of the Board, including gender, how the Board works together as a unit, and other factors relevant to its effectiveness.
  - e. The CG Committee shall consider the following guidelines in the determination of the number of directorships for the Board:

- The nature of the business of the Company which he is a director;
- Age of the director;
- Number of directorships/active memberships and officerships in other companies or organizations;
- Possible conflict of interest; and
- Strategic direction of the Company.

C. Compensation and Remuneration

- a. The CG Committee shall establish 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. The policy shall include the following:
  1. Allowing to serve the Company in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.
  2. Disallowing any director to participate in discussions or deliberations involving his own remuneration;
- b. Determine the amount of remuneration for the Company's directors and officers, which shall be:
  1. Sufficient to attract and retain the services of qualified and competent individuals;
  2. In line with the business and risk strategy, objectives values and incorporate measures to prevent conflict of interest;
  3. Commensurate to the responsibilities of the role;
  4. Sufficient to encourage employees to act in the long-term interest of the company as a whole, rather than for themselves or their business lines only;
  5. Based on the achievement of financial performance targets; and
  6. Based on the completion of non-financial performance objective;
- c. Review, subject to the approval of the Board of Directors, all recommendations for additional compensation in the form of bonuses or options;

- d. Ensure that all incoming officers and directors disclose fully their existing business interests or shareholdings that may directly or indirectly conflict with the performance of their intended duties and responsibilities, under the penalty of perjury;
- e. Determine remuneration of employees in control functions (i.e., risk, compliance, and internal audit), independent of any business line being overseen, and performance measures are based primarily on the achievement of their objectives so as not to compromise their independence;
- f. Provide management with a clear, concise and understandable disclosure of the compensation of the Company's executive officers for the previous fiscal year and the current year, which shall be incorporated in the Company's annual reports, information and proxy statements;
- g. Review the existing Human Resources Development or Personnel Handbook or its equivalent, to strengthen provisions on conflict of interest, salaries and benefits policies, promotion and career advancement directives and compliance of personnel concerned with all statutory requirements. In the absence of such Personnel Handbook or its equivalent, the Committee, in coordination with the Human Resources Department, shall develop such a handbook which shall cover the same parameters of governance stated above; and
- h. Supervise and oversee the Company's stock option and other compensatory plans.

## **V. REPORTING**

The Committee shall regularly report to the Board on all significant matters that are within its responsibilities.

## **VI. ANNUAL PERFORMANCE EVALUATION OF THE COMMITTEE**

The Committee will conduct an annual self-evaluation to determine whether it is functioning effectively. The Chairman of the Committee, together with the Chairman of the Board shall determine the form and nature of the annual self-evaluation.

## **VII. CHARTER REVIEW**

The Board shall review and reassess the adequacy of this Charter at least once a year or as often as deemed necessary. Any proposed amendments and revisions to this Charter must be reviewed and approved by the Board prior to posting it to the Company's website.