

The Board of Directors (the “Board”) of Discovery, Inc. (the “Company”) has designated a committee of the Board called the Audit Committee (the “Committee”).

OVERVIEW/PURPOSE

The purpose of the Audit Committee as set forth in this charter (the “Charter”) is to provide assistance to the Board in fulfilling the Board’s responsibilities to the Company and its stockholders relating to the accounting, financial reporting process, internal controls and the audit of the Company’s financial statements. The Audit Committee will generally oversee management’s processes and activities relating to:

- maintaining the reliability and integrity of the Company’s accounting policies, internal controls, financial reporting practices and financial statements;
- the independent auditor’s qualifications and independence;
- the performance of the Company’s internal audit function and independent auditor; and
- confirming compliance with U.S. Federal securities laws and regulations, and the requirements of any stock exchange or quotation system on which the Company’s securities may be listed.

STRUCTURE AND COMMITTEE MEMBERSHIP

- A. Members.** Except as otherwise permitted by applicable NASDAQ rules, the Committee will consist of at least three members of the Board, each of whom shall be an “independent director” as defined by NASDAQ Rule 5605(a)(2), meet the criteria for independence set forth in Rule 10A 3(b)(1) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) (subject to the exemptions provided in Rule 10A 3(c)), and not have participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the past three years.
- B. Financial Literacy.** Each member of the Committee must be able to read and understand fundamental financial statements, including the Company’s balance sheet, income statement, and cash flow statement, at the time of his or her appointment to the Committee. In addition, at least one member of the Committee will have past employment experience in finance or accounting, requisite professional certification in accounting, or any other comparable experience or background which results in the individual’s financial sophistication, including being or having been a chief executive or financial officer or other senior officer with financial oversight responsibilities. Unless otherwise determined by the Board (in which case disclosure of such determination shall be made in the Company’s annual report or proxy statement filed with the Securities and Exchange Commission), one or more members of the Committee shall be “audit committee financial experts” as defined by the Securities and Exchange Commission.

- C. Committee Chair. The Nominating and Corporate Governance Committee shall recommend, and the Board shall designate, one member of the Committee to act as Chair of the Committee. If the Chair is absent from a meeting, another member of the Committee may act as Chair for such meeting.
- D. Selection and Removal. Members of the Committee shall be appointed by the Board, upon the recommendation of the Nominating and Corporate Governance Committee. The Board may remove members of the Committee from the Committee, with or without cause. Generally, no member of the Committee may serve simultaneously on the audit committees of more than three public companies without a specific Board determination that such simultaneous service will not impair the ability of such Committee member to serve on the Committee.

AUTHORITY AND RESPONSIBILITIES

The Audit Committee will have all the powers of the Board necessary or desirable to perform those functions and responsibilities set forth in this charter, in each case to the full extent that those powers may be delegated to a committee of the Board under Delaware law.

The Committee believes that its policies and procedures should remain flexible, in order to facilitate its ability to respond to changing circumstances and conditions in fulfilling its responsibilities to the Company and its stockholders.

The Committee shall have such duties as may be delegated from time to time by the Board including the following functions and responsibilities:

Oversight of Independent Auditor

- A. Engagement. The Committee shall be solely responsible for appointing, evaluating, retaining and, when necessary, terminating the engagement of the independent auditor. The Committee may, in its discretion, seek stockholder ratification of the independent auditor it appoints. The Committee will approve all audit engagement fees and terms and significant non-audit engagements with the independent auditor.
- B. Independence. The Committee shall take, or recommend that the full Board take, appropriate action to evaluate and oversee the independence of the independent auditor. In connection with this responsibility, the Committee shall obtain and review the written disclosures and the letter from the independent auditor required by applicable requirements of the Public Company Accounting Oversight Board (the "PCAOB") regarding the independent auditor's communications with the Committee concerning independence. The Committee shall actively engage in dialogue with the independent auditor concerning any disclosed relationships or services that might impact the objectivity and independence of the auditor. The Committee shall also consider whether the provision of permitted non-audit services is compatible with maintaining the auditor's independence.

- C. Oversight. The Committee will be directly responsible for the oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attestation services. The independent auditor will report directly to the Committee. In connection with its oversight role, the Committee shall, from time to time as appropriate, receive and consider the reports and other communications required to be made by the independent auditor regarding:
- critical accounting policies and practices;
 - alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed with Company management, including ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
 - other material written communications between the independent auditor and Company management; and
 - all other matters required to be communicated by the independent auditor to the Committee under the standards of the PCAOB, including AS 1301: Communications with Audit Committees ("AS 1301").
- D. Fee Approval. The Committee shall approve in advance all auditing services and permitted non-audit services (including the fees and terms thereof) to be performed for the Company by its independent auditor, subject to the de minimus exceptions for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act which are approved by the Committee prior to the completion of the audit. The Committee may delegate authority to one or more members to grant pre-approvals of audit and permitted non-audit services. In addition, the Chair of the Committee shall have authority to pre-approve audit and permitted non-audit services up to an amount established by the Committee on at least an annual basis. Any pre-approvals granted by the Chair or pursuant to such delegated authority will be presented to the entire Committee at its next scheduled meeting.
- E. Compensation. The Committee shall have sole and direct responsibility for setting the compensation of the independent auditor. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of the independent auditor established by the Committee.

Financial Statement and Disclosure Matters

- F. Audited Financial Statements. The Committee shall review and discuss with management and the independent auditor the Company's annual audited financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the results of the independent auditor's review of the annual audited financial statements, and recommend to the Board whether the audited financial statements should be included in the Company's Form 10-K.

- G. Interim Financial Statements. The Committee shall review and discuss with management and the independent auditor the Company's quarterly financial statements, including disclosures made in "Management's Discussion and Analysis of Financial Condition and Results of Operations," prior to the filing of the Company's Forms 10-Q, including the results of the independent auditor's review of the quarterly financial statements.
- H. Review of Financial Disclosures. The Committee shall review and discuss with management and the independent auditor, as applicable, (A) significant issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles, major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative generally accepted accounting principles ("GAAP") methods on the financial statements; (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; (D) any other financial disclosures prior to their release in the Company's Form 10-K or Forms 10-Q to determine that management and the independent auditor are satisfied with the disclosure and content of the financial statements to be presented; and (E) earnings press releases as well as financial information and earnings guidance (generally or on a case-by-case basis) provided to analysts and rating agencies.
- I. Review of Independent Auditor Reports. The Committee shall, at least quarterly, review and discuss reports from the independent auditor on (A) all critical accounting policies and practices to be used; (B) all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and treatments preferred by the independent auditor; and (C) other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- J. Audit Committee Report. The Committee shall prepare the Audit Committee report required by the rules of the Securities and Exchange Commission to be included in the Company's annual proxy statement.

Controls and Procedures

- K. Risk Management. The Committee shall discuss with management the Company's significant business risk exposures including those related to (i) financial reporting and accounting risk, (ii) legal and regulatory risk, (iii) cybersecurity and information technology risk, and (iv) the steps management has taken to monitor and control such risk exposures, including the Company's risk assessment and risk management policies or guidelines. As appropriate, the Committee shall review such matters with the Board.
- L. Review of Conduct of Audit. The Committee shall review and discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61 (Codification of Statements on Auditing Standards, AU § 380, as amended) relating to the conduct

of the audit or any review services, including any difficulties encountered in the course of the audit or review work, any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

- M. Certifications. The Committee shall review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process for the Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

Relationship with the Independent Auditor

- N. Reports. The Committee shall obtain and review a report from the independent auditor at least annually regarding (A) the audit firm's internal quality-control procedures, (B) any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by an inquiry or investigation by governmental or professional authorities or a private sector regulatory board within the preceding five years with respect to one or more independent audits carried out by the firm, (C) any steps taken to deal with such issues, and (D) all relationships between the independent auditor and the Company (including those disclosures required by Independence Standards Board Standard 1).
- O. Evaluation. The Committee shall annually evaluate the qualifications and performance of the independent auditor, including a review and evaluation of the lead partner of the independent auditor. As part of its evaluation, the Committee shall also consider whether the auditor's internal quality-controls are adequate and shall take into account the opinions of management and the Company's internal auditors. The Committee shall present its conclusions with respect to the evaluation of the independent auditor to the Board.
- P. Partner and Audit Firm Rotation. The Committee shall discuss with management the timing and process for implementing the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit, the audit partner responsible for reviewing the audit as required by law and any other active audit engagement team partner and consider whether there should be a rotation of the audit firm itself.
- Q. Hiring of Employees of the Independent Auditor. The Committee shall recommend to the Board policies regarding any potential hiring by the Company of employees or former employees of the independent auditor who were engaged on the Company's account or otherwise participated in any audit of the Company.
- R. Communication with the Independent Auditor. The Committee shall:
- Discuss with the independent auditor any accounting or auditing issues with respect to which the Company's audit team consulted with the independent auditor's national office.
 - Review with the independent auditor any audit problems or difficulties and management's response.

- Meet with the independent auditor prior to the audit to discuss the planning and staffing of the audit.

Oversight of the Company's Internal Audit Function

- S. Oversight. The Committee shall oversee the activities, organizational structure, and qualifications of the internal audit function and review the appointment and replacement of the director of the internal audit department. The internal audit function shall report functionally to the Committee and administratively to the Company's Chief Financial Officer.
- T. Internal Audit Process. In connection with its oversight of the Company's internal audit process, the Committee shall:
- Discuss with the independent auditor and management the internal auditor function's responsibilities, budget and staffing and any recommendations or suggested changes in the planned scope of the internal audit function.
 - Review and approve the annual internal audit plan, objectives, and schedules and review any special projects undertaken by the internal audit function.
 - Advise the director of the internal audit department that he or she is expected to provide the Committee summaries of and, as appropriate, the significant reports to management prepared by the internal audit department and management's responses thereto.

Compliance Oversight Responsibilities

- U. Code of Ethics. The Committee shall periodically review the Company's Code of Ethics (the "Code"), reassess its adequacy and recommend any proposed changes to the Board for approval.
- V. Procedures for Complaints. The Committee shall establish procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or audit matters, (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, (iii)) the review of any reports of the independent auditor mandated by Section 10A of the Exchange Act and the obtainment from the independent auditor of any information with respect to illegal acts in accordance with Section 10A; (iv) the review, discussion and treatment of any reports concerning material violations submitted by Company attorneys or outside counsel; and (v) the review and oversight of compliance with, and the establishment of procedures for, the treatment of alleged violations of the Code, waivers of provisions of the Code and reporting and disclosure of such violations and waivers.

Limitation on Audit Committee's Role

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to, and the Committee will not, (a) plan or conduct audits, (b) prepare the Company's financial statements, or (c) determine or certify that the Company's financial statements and disclosures are complete and accurate and are in accordance with GAAP and applicable rules and regulations. These are the responsibilities of management and the independent auditor.

PROCEDURES AND ADMINISTRATION

- A. Rules and Procedures. The Committee may by resolution establish its own rules and procedures, including notice and quorum requirements for all meetings. In the absence of such action by the Committee, the Committee shall conduct its business in the same manner as the Board conducts its business pursuant to the provisions of the Company's bylaws.
- B. Meetings. The Committee shall meet when, where and as often as it deems necessary and appropriate in its judgment, but in no event less than four times per year, either in person or by means of remote communication, in order to perform its responsibilities. The Committee will periodically meet separately with: (i) Company management, (ii) the internal auditors (or other personnel responsible for the internal audit function) and (iii) the independent auditor in furtherance of its purposes. The Chair of the Board or any Committee member shall have the right to call a special meeting of the Committee. The Committee may also act by unanimous written consent in lieu of a meeting.
- C. Minutes. The Corporate Secretary or his or her designee shall keep written minutes of Committee meetings, which minutes shall be maintained with the books and records of the Company.
- D. Subcommittees. The Committee may form and delegate authority to one or more subcommittees (including a subcommittee consisting of a single member) as it deems appropriate from time to time under the circumstances.
- E. Reports to Board. The Committee shall make reports to the Board on its activities, as appropriate, including any issues that arise respecting the quality and integrity of the Company's public reporting, the Company's compliance with legal and regulatory requirements, the performance and independence of the Company's independent auditor, the performance of the Company's internal audit department and the effectiveness of the Company's internal controls.
- F. Charter. At least annually, the Committee shall review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.
- G. Independent Advisors. The Committee is authorized, without further action by the Board, to engage such independent legal, accounting and other advisors as it deems necessary or appropriate to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Committee is empowered, without further action by the Board, to cause the Company to pay the compensation of such advisors as established by the Committee.

- H. Investigations. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee or advisor of the Company to meet with the Committee or any advisors engaged by the Committee.
- I. Funding. The Committee is empowered, without further action by the Board, to cause the Company to pay the ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- J. Self-Evaluation. The Committee shall evaluate its own performance in accordance with the process established by the Nominating and Corporate Governance Committee.