



**DAVID ZASLAV**  
PRESIDENT & CEO

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Dear Shareholders,

As you are aware, now is a time of transformational change at Discovery as we work to integrate Scripps Networks Interactive and position our business for the future as the global leader in real life entertainment. It is in this light that I'd like to provide you with an update on Discovery's commitment to sustainability --- a matter that remains of utmost importance to our combined company and to me personally as we define our future.

Our core values with Scripps, including a deep commitment to doing the right thing for our planet, communities, and people, remain central to Discovery as we evolve and grow. I can assure you that we are committed to increased and more meaningful sustainability, purposefulness, transparency, and accountability as we begin to shape and structure our combined company, and I look forward to providing you with an update on these efforts as they take shape.

But first, I would like to highlight some of the incredible accomplishments we've already achieved that can serve as inspiration for our future efforts.

### ***Planet***

The environment has always been at the core of our DNA. From the earth emblazoned on our logo to our documentary programming and the mission-driven causes we have supported for decades, Discovery's values are intertwined with the environment.

Nowhere is our mission to protect and preserve the natural world reflected more prominently than in our content. The very first program in 1985 on the Discovery Channel, ICEBERG ALLEY, explored the impact of melting snowcaps. Landmark programming like RACING EXTINCTION told hundreds of stories about our planet. Indeed today, the Discovery Impact documentary series continues to raise the alarm on pressing issues to the environment and public health.

Beyond our efforts to raise awareness about the environment through our programming, we have also taken direct action.

In 2016, we launched Project C.A.T., Conserving Acres for Tigers, a partnership with World Wildlife Fund to preserve the world's wild tiger population, which today numbers less than 4,000, through the preservation of wild land space in Bhutan and India. Discovery further partners with a wide array of other conservation/wildlife nonprofits including the Jane Goodall Institute, the Association of Zoos & Aquariums, Oceana, and the International Conservation Caucus Foundation.

Discovery has also worked with the United Nations, the U.S. State Department, and the U.S. Department of Interior, including the Fish & Wildlife Service, on a range of wildlife protection initiatives. In 2017, Discovery created and aired globally a PSA featuring UN Secretary General António Guterres in support of the UN's Sustainable Development Goals designed to reduce inequality, end poverty and protect the planet. Discovery also entered into an agreement with UN Environment to develop original content about the natural world with a strong conservation angle, highlighting important stories and empowering individuals and communities to make a difference. These are just a few examples of Discovery's active and continuing efforts to improve the world we live in.

In addition, although we've made the difficult decision to sell One Discovery Place as part of a new Global Real Estate Strategy which will see our corporate headquarters move to New York City, I'd like to mention the leadership role it has played in the sustainable architecture movement. One Discovery Place was the 9<sup>th</sup> existing building in the United States to receive Platinum LEED-certification. Since 2008, the building has received an Energy Star rating from the EPA of 94% or better, meaning our building is more energy efficient than 94% or more of comparable U.S. Buildings. Since 2005, we have reduced our greenhouse gas emissions at One Discovery Place by over 40%.

Further, in 2017, Discovery went 100% renewable in the U.S. through the purchase of Green e-certified Renewable Energy Certificates (RECs) offsetting the annual electricity consumption across all of our U.S. office locations (35,000,000 kWh). The environmental impact of this change is similar to: growing 675,053 trees per year for 10 years; taking 5,578 cars off the road for 1 year; or not using 60,306 barrels of oil.

In addition to the above, we have taken numerous steps across our global footprint to minimize our water usage, continue to increase our energy efficiency, boost recycling, and reduce waste. And we look forward to continuing to apply our experience and know-how around sustainability across our real estate portfolio as we move forward.

## **Communities**

As a purpose-driven company, we are committed to making the world a better place by leveraging our market-leading global platform, and by extending the reach and influence of like-minded organizations and causes. We also are dedicated to employee volunteerism across the globe. We have done this in multiple ways.

Our networks have created initiatives and partnerships marrying their viewers' passions to the networks' charitable initiatives. For instance, Science Channel's *Science Super-Heroes* works with partners like Girls Inc., DIY Girls, US2020, and the American Association for the Advancement of Science to make science feel like an accessible and exciting option for everyone, including communities that have typically been underrepresented. Investigation Discovery works with a wide range of victims' and anti-crime organizations, including the National Center For Missing & Exploited Children, the National Network To End Domestic Violence, Break the Silence Against Domestic Violence, and The National Center for Victims of Crime. TLC partners with a range of nonprofits reflecting the diversity of its characters and viewers, such as GLAAD, PACER's National Bullying Prevention Center, The Jed Foundation, Feeding America, and others. These examples are indicative of how our networks reach out into the community in a way that furthers their mission and brand.

Our employees also contribute powerfully to this mission through a strong culture of volunteerism. Discovery has provided many routes for our employees to personally use their skills, talents, and passion to lift up organizations and causes they care about. *Discover Your Impact Day* is a company-wide day of volunteerism. *Creating Change* connects employees with deserving non-profits who can benefit from their unique skills (e.g., communications, marketing, social media, finance, facilities), *Dollars for Doers* provides monetary awards to nonprofits for whom employees' personal volunteer time exceeds a minimum threshold, and Discovery also magnifies employee donations for natural disaster response around the world through a matching program. In 2017, for instance, Discovery launched 10 employee matching campaigns to help victims of flooding in Texas and South Asia, the earthquake in Mexico, mudslides in Sierra Leone, and more. We also leveraged multiple platforms to activate consumer support in addition to our corporate and employee support for victims of Hurricane Harvey and Irma.

These are just a few examples of how Discovery has worked over the 30 years since its founding to not only entertain, but inspire its viewers and make the world a better place.

## **People**

Discovery also deeply values its employees and works hard to provide a strong support system and inclusive environment to help them succeed at work and home.

Discovery makes numerous programs and resources available to promote employee welfare. Among these benefits are an adoption and surrogacy assistance program, offering up to \$10,000 reimbursement for adoption and surrogacy-related expenses; an on-site childcare facility at the former corporate headquarters in Silver Spring, Maryland; and onsite wellness centers open free of charge to employees and their dependents over 12 across a number of U.S. offices and in our London office.

In addition, Discovery recently extended its parental leave benefit to a full 12 weeks of paid leave and will now offer those same 12 weeks as part of a caregiver leave benefit with an extended definition of family, designed to support employees and their families in the case of serious health conditions. Under the new policy and with the addition of short-term disability and up to two weeks of vacation time, maternity leave now maxes at 20 to 22 weeks, depending on delivery. With the option to add up to two weeks of vacation for all parental and caregiver leave, paternity, adoption, foster care placement, our caregiver leave will now max at 14 consecutive weeks.

Discovery also strives to ensure that employees feel included and empowered within the company, supporting a wide range of employee resource groups including the Asian Cultural Alliance, the Black Cultural Alliance, Discovery Veteran's Group, priDe, Discovery Women's Network, ableD, and unidaD, and employee interest groups including Green-D, which champions environmental sustainability and awareness.

Discovery further works with media industry peers and a variety of industry organizations to grow and diversify our industry, and leverage our collective power to address important issues. We have been recognized by Women In Cable Telecommunications (WICT) as a best programmer in their Pay Equity; Advancement Opportunities; Resources for Work/Life Integration (PAR) Study, as well as placing 17 consecutive years on Working Mother Magazine's Best Places to Work Top 100.

The value Discovery places on diversity and inclusion is further exemplified by its workforce. Forty-one percent of our global executive team is female and 42% of our U.S. executive team is female. We rank first in percentage of female managers in our industry in the U.S. and second for female executives (Senior Vice President and above) in our industry in the U.S. We

also have strong ethnic minority representation in our employee base, at 35% of the U.S. employee base, as compared to the U.S. industry average of 32%. We are in the 67<sup>th</sup> percentile for overall percentage of executive-level minorities in the U.S. industry. We have also recently increased the diversity of our Board.

## Looking Forward

Many things will change and evolve as part of our combination with Scripps, which also means that the form and design of our sustainability efforts may vary as we accommodate new teams, organizational structures and our own evolving needs as a company. I can assure you, however, that our commitment to doing the right thing for our planet, communities and people will only intensify as we move forward as one team.

With that in mind, and to ensure that we continue to make progress in these core areas, I am making a number of commitments to our shareholders, employees, and viewers:

- To increase the visibility of the efforts we are making to support and strengthen a culture of sustainability and purposefulness, we will create a section on the corporate website where this letter and any other commitments we make to sustainability and our progress towards those commitments will be posted publicly.
- To establish a strong baseline by which we can measure where we are, goals we should set, and progress we make, we will commit to having a materiality assessment performed by the end of 2020 following the post-merger integration process.
- We also will commit to ensuring that the Global Sustainability Committee that Discovery established in 2017 will be structured following integration to ensure critical participation from both senior management and employees with necessary factual and functional information. That Committee will meet quarterly with a robust agenda focused on collecting necessary data, developing specific sustainability goals based on the materiality assessment and challenges/opportunities identified by Committee members, and implementing those goals.
- Post-integration, a direct report to the CEO will be identified as having responsibility for the company's sustainability commitments.

I would like to thank you for your continued interest in our sustainability efforts and, more broadly, commitment as an investor to Discovery. Together, we can make our company – and the world – a better place. Please feel free to reach out with any questions.

Sincerely,

David Zaslav

