

**BYLAWS**  
**of the**  
**BELAU SUBMARINE CABLE CORPORATION**

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**ARTICLE I**  
**INCORPORATION AND PURPOSE**

The name and purpose of the Belau Submarine Cable Corporation (the “**Corporation**”) shall be as set forth in RPPL No. 9-47 passed by the Olbiil Era Kelulau on September 15, 2015 and approved and signed into law by the President of the Republic of Palau on September 21, 2015 (as amended, the “**Incorporation Act**”). These bylaws (the “**Bylaws**”), the powers of the Corporation and its Directors (as defined below) and the Initial Shareholder (as defined below), and all matters concerning the conduct and regulation of the business of the Corporation, shall be subject to such provisions in regard thereto, if any, as are set forth in the Incorporation Act. In the event of any other conflict between the Incorporation Act and these Bylaws, the provisions of the Incorporation Act shall control.

**ARTICLE II**  
**SHAREHOLDER**

In accordance with the Incorporation Act, the initial shareholder of the Corporation is the Government of the Republic of Palau (the “**Initial Shareholder**”), represented by the Minister of Finance on behalf of the Government of the Republic of Palau.

**ARTICLE III**  
**DIRECTORS**

Section 3.1 Enumeration, Election and Term of Office. There shall be a Board of Directors of the Corporation (the “**Board**”) to be appointed at all times in accordance with the Incorporation Act. In accordance with the Incorporation Act, there shall be five (5) members of the Board (each a “**Director**”). Each Director’s term will be for a period of four (4) years and will be appointed by the President of the Republic of Palau (the “**President**”) with the advice and consent of the Senate of the Olbiil Era Kelulau. In accordance with the Incorporation Act, the President may remove a Director for cause.

Section 3.2 Powers. The business of the Corporation shall be managed by the Board, which shall exercise all the powers of the Corporation except as otherwise required by law, including the Incorporation Act, or by these Bylaws.

### Section 3.3 Meetings of Directors.

(a) Regular meetings of the Directors may be held without notice at such places and at such times as may be fixed from time to time by the Directors. The Board shall establish a regular meeting schedule that shall provide for meetings to be duly called not less often than quarterly. All regular meetings of the Directors will be in compliance with the Open Government Act (RPPL No. 9-32).

(b) Special meetings of the Directors may be called by the Chairman (as defined below), the CEO (as defined below) or any two (2) or more Directors, and shall be held at such time and place as specified in the notice. Reasonable notice of each special meeting of the Directors shall be given to each Director. Such notice may be given by the Secretary (as defined below), or by the officer or one of the Directors calling the meeting. Notice to a Director shall in any case be sufficient if (i) personally delivered, (ii) sent by E-mail with confirmation provided by the recipient, or (iii) sent by mail, postage pre-paid, and received at least five (5) days before the meeting. Notice of a special meeting need not be given to any Director if a written waiver of notice, executed by he/she before or after the special meeting, is filed with the records of the special meeting, or to any Director who attends the special meeting without protesting prior thereto or at its commencement the lack of notice to him/her. A notice or waiver of notice need not specify the purposes of the special meeting. All special meetings of the Directors will be in compliance with the Open Government Act (RPPL No. 9-32).

Section 3.4 Quorum of Directors. At any meeting of the Directors, a quorum for any election or for the consideration of any question shall consist of a majority of the entire Board (including vacancies). Whether or not a quorum is present, any meeting may be adjourned from time to time by a majority of the votes properly cast upon the question, and the meeting may be held as adjourned without further notice. When a quorum is present at any meeting, the votes of a majority of the Directors present shall be requisite and sufficient for election to any office and shall decide any question brought before such meeting, except in any case where a supermajority vote is required by law, including the Incorporation Act, or by these Bylaws.

### Section 3.5 Consent in Lieu of Meeting; Remote Participation.

(a) Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all the Directors consent to the action in writing and the written consents are filed with the records of the meetings of the Directors. Such consents shall be treated for all purposes as a vote of the Directors at a meeting.

(b) Directors or members of a Committee (as defined below) may participate in a meeting of the Board or Committee, respectively, by means of a telephonic, video or other similar communications equipment by means of which all persons participating in the meeting can hear each other at the same time and participation by such means shall constitute presence in person at a meeting.

Section 3.6. Committees. By unanimous vote of the Directors then in office, the Directors may elect from their own number an executive committee or other committees (each a

“Committee”) and may by like vote delegate to any such Committee some or all of their powers except those which by law, including the Incorporation Act, may not be delegated.

Section 3.7 Access to Books and Records. All members of the Board shall have access to the Corporation’s books and records for purposes of carrying out their duties hereunder.

Section 3.8 Conflicts of Interest. No Director shall vote as a Director, or be calculated as a Director for tabulating a vote, in respect of any contract or arrangement in which he/she or an immediate family member possesses a financial interest, although said Director shall be considered present for quorum purposes.

## **ARTICLE IV OFFICERS**

Section 4.1 Enumeration, Election and Term of Office.

(a) The officers of the Corporation shall include a Chairman of the Board (the “**Chairman**”), a Treasurer and a Secretary, who shall be chosen by the Directors at their first meeting. Each officer shall serve for a term of two (2) years or until his/her successor is chosen and qualified, whichever is later, or until such officer sooner dies, resigns, is removed or becomes disqualified. In the event of a vacancy of any officer positions, the Directors may call a special meeting to choose a replacement officer.

(b) In accordance with the Incorporation Act, the Board may hire a Chief Executive Officer (the “**CEO**”) who serves at the will and under the supervision of the Board.

(c) The Directors may at any time appoint such other officers, including, but not limited to, a Vice-Chairman, Chief Financial Officer or Chief Operating Officer, as they deem fit, and may determine their respective powers, duties and terms of office.

Section 4.2 Chairman of the Board. The Chairman shall make his/her counsel available to the other officers (including the CEO), and shall have such other duties and powers as may from time to time be conferred on him/her by the Directors. The Chairman shall preside at all meetings of the Directors when present, and, in the absence of the presence of the Chairman, the attending Directors shall elect an attending Director to act as Chairman for such meeting.

Section 4.3 CEO. If a CEO is appointed by the Board, the CEO shall be the chief executive officer of the Corporation and, subject to the control and direction of the Directors, shall have general supervision and control of the business of the Corporation. When requested by the Directors, the CEO shall preside at all meetings of the Board.

Section 4.4 Treasurer. The Treasurer shall have the custody of the funds and valuable books and papers of the Corporation, including, without limitation, copies of the Corporation’s

tax returns and financial statements for at least the most recent five (5) years, except such books and papers as are directed by these Bylaws to be kept by the Secretary. The Treasurer shall perform all other duties usually incident to this office, and shall be at all times subject to the control and direction of the Directors.

Section 4.5 Secretary. The Secretary shall record all proceedings of the Directors in books to be kept therefor.

Section 4.6 Other Powers and Duties. Each Officer shall, subject to these Bylaws and to the control and direction of the Directors, have in addition to the duties and powers specifically set forth in these Bylaws, such duties and powers as are customarily incident to his or her office and such additional duties and powers as the Directors may from time to time determine.

## **ARTICLE V RESIGNATIONS, REMOVALS AND VACANCIES**

Section 5.1 Resignations. Any Director or officer may resign at any time by delivering his or her resignation in writing to the Secretary (in the case of a Director) or the CEO or Chairman (in the case of an officer), or to the Board. Such resignations shall take effect at such time as is so specified therein, or if no such time is so specified, then upon delivery thereof to the Secretary, the CEO, the Chairman, or to the Board, as applicable.

Section 5.2. Removals.

(a) The Directors may terminate or modify the authority of any agent or employee, including any officer. The Directors may remove any officer from office with or without assignment of cause by vote of a majority of the Directors. In the event cause is assigned for removal of any officer, such officer may be removed only after a reasonable notice and opportunity to be heard before the body proposing to remove him/her. For the avoidance of doubt, if an officer is removed from their role as officer and such officer is also a Director, then such removal shall not impact such officer's appointment as Director.

(b) No officer who resigns or is removed shall have any right to any compensation as such officer for any period following his/her resignation or removal, or any right to damages on account of such removal whether his/her compensation be by the month or by the year or otherwise; provided, however, that the foregoing provision shall not prevent such officer from obtaining damages for breach of any contract of employment legally binding upon the Corporation.

## **ARTICLE VI INDEMNIFICATION OF DIRECTORS AND OFFICERS**

Section 6.1 Definitions. For purposes of this Article 6:

(a) "Proceeding" means any action, suit or proceeding, whether civil, criminal, administrative or investigative, brought or threatened in or before any court, tribunal, administrative or legislative body or agency, and any claim, which could be the subject of a Proceeding.

(b) "Expense" means any fine or penalty, and any liability fixed by a judgment, order, decree or award in a Proceeding, any amount reasonably paid in settlement of a Proceeding and any professional fees and other disbursements reasonably incurred in connection with a Proceeding.

Section 6.2 Right to Indemnification. Except as limited by law or as provided in Sections 6.3 and 6.4 of this Article 6, each Director or officer (and his/her heirs and personal representatives) shall be indemnified by the Corporation against any Expense incurred by him/her in connection with each Proceeding in which he or she is involved as a result of serving or having served as a Director or officer of the Corporation.

Section 6.3 Indemnification not Available. No indemnification shall be provided to a Director or officer with respect to a Proceeding as to which it shall have been adjudicated that such Director or officer did not act in good faith in the reasonable belief that his or her action was in the best interests of the Corporation.

Section 6.4 Compromise or Settlement. In the event that a Proceeding is disposed of by settlement or in the event of any adjudication which, in the opinion of a majority of the disinterested Directors does not make a sufficient determination of conduct which could preclude or permit indemnification in accordance with this Section 6, the Director or officer shall be entitled to indemnification unless, as determined by a majority of the disinterested Directors, such Director or officer's conduct was such as precludes indemnification under this Article 6.

Section 6.5 Not Exclusive. Nothing in this Article 6 shall limit any lawful rights to indemnification existing independently of this Article 6.

Section 6.6 Insurance. The provisions of this Article 6 shall not limit the power of the Board to authorize the purchase and maintenance of insurance on behalf of any Director or officer against any liability incurred by an individual acting in such capacity, whether or not the Corporation would have the power to indemnify such person against such liability under this Article 6.

## **ARTICLE VII OPEN ACCESS PROVISIONS**

Section 7.1 Open Access. In accordance with the Incorporation Act, the Corporation shall promote open access in a non-discriminatory way to the envisioned fiber optic submarine cable to all relevant duly licensed communications technology service providers on an equal, transparent and commercially reasonable basis, in such a manner that ensures that the benefits of

an improved information communications technology infrastructure accrues to the benefit of the consumer.

Section 7.2 Reference Access Offer. To further the objectives set forth in the Incorporation Act and Section 7.1 above, the Board will cause to be drafted, revised as necessary and submitted to the Ministry of Public Infrastructure, Industries, and Commerce (MPIIC) or the successor relevant regulatory agency for approval a Reference Access Offer that will serve as the basis for contracting with all relevant communications technology service providers for the sale of wholesale capacity from the Corporation to such providers.

## **ARTICLE VIII MISCELLANEOUS PROVISIONS**

Section 8.1 Execution of Papers. All deeds, leases, transfers, contracts, bonds, notes, releases, checks, drafts and other obligations authorized to be executed on behalf of the Corporation shall be signed by the CEO, Chairman or the Treasurer, except as the Directors may otherwise determine.

Section 8.2 Voting of Securities. Except as the Directors may otherwise determine, the CEO, Chairman or the Treasurer may, on behalf of the Corporation (i) waive notice of any meeting of stockholders, members or partners of any other corporation, company or partnership, or of any joint venture, association, trust or firm, of which any securities are held by this Corporation, (ii) appoint any person or persons to act as proxy or attorney-in-fact for the Corporation, with or without substitution, at any such meeting, and (iii) execute instruments of consent to such stockholder, member or partner action taken without a meeting.

Section 8.3 Corporate Seal. The seal of the Corporation shall be in such form as the Board may determine and will be in accordance with the Incorporation Act.

Section 8.4 Corporate Records. The Initial Shareholder shall, upon reasonable request and notice, have the right to inspect and copy, at the Initial Shareholder's expense, during ordinary business hours, copies of the Corporation's tax returns, any financial statements of the Corporation and any other information for the purpose of oversight for the three (3) most recent years, including quarterly financial statements for each of such years.

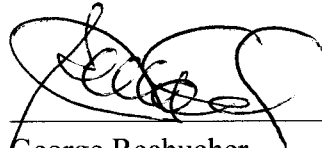
Section 8.5 Accounting Method and Fiscal Year. The Corporation's books of account shall be maintained using the cash method or any other internationally accepted method of accounting (e.g. – GAAP, IFRS) as the Board may from time to time determine, and shall be closed and balanced at the end of each fiscal year of the Corporation (the "**Fiscal Year**"). In accordance with the Incorporation Act, the Fiscal Year shall be the same as the Government of the Republic of Palau, beginning on October 1 of each year and ending on September 30 of each year.

**ARTICLE IX  
AMENDMENTS**

These Bylaws may only be amended, modified or repealed with the affirmative vote of at least four (4) Directors. Any such action must be (i) notified in writing to the Office of the President and the Senate and the House of Delegates of the Olbiil Era Kelulau and (ii) in accordance with applicable law, including the Incorporation Act.

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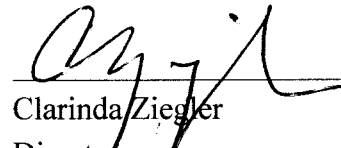
These Bylaws are approved and adopted unanimously by the Board pursuant to RPPL No. 9-47, and shall become effective, in accordance with Section 12(c) of RPPL No. 9-47, when filed with the Office of the President and the Senate and the House of Delegates of the Olbil Era Kelulau.



George Rechucher  
Director (Chairman)  
Dated: 2/2/16



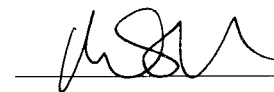
Johvanna B. Yaoch  
Director  
Dated: 2/2/16



Clarinda Ziegler  
Director  
Dated: 2/2/16



Eric Ksau Whipps  
Director  
Dated: 2/2/16



Keobel V. Sakuma  
Director  
Dated: 2/2/2016



Date filed with the Office of the President:

February 2, 2016

Date filed with the Senate and the House of Delegates of the Olbiil Era Kelulau:

February 3, 2016