



Belau Submarine Cable Corporation

Governance Manual

1. Governing Principles

The governing principles of Belau Submarine Cable Corporation (BSCC) are derived from RPPL 9-47 (the BSCC Act) of September 15th 2015, and signed into law on September 21st 2015, and from the associated By Laws, adopted by the BSCC Board on February 2nd 2016.

- BSCC is a perpetual state-owned corporation. BSCC may not issue stock to the general public, but after ten (10) years the government may consider privatisation.
- BSCC activity encompasses any lawful purpose related to the procurement, ownership and management of a fibre optic cable on behalf of the Republic of Palau.
- BSCC will establish a competitive and level playing field to enable a competitive price for the best services for Palauans and visitors.
- BSCC will operate on sound business principles, with full cost recovery, including the cost of capital.
- BSCC will ensure open access for all ICT service providers so that benefits accrue to consumers.
- BSCC will not sell capacity to consumers on a retail basis.
- All profits accrued by BSCC must be applied to pay down the loan provided by Asian Development Bank for the submarine cable network.
- BSCC will adopt performance measures to ensure the delivery of high quality services.
- BSCC will meet all requirements of the Environmental Quality Protection Board.
- BSCC Board Meetings will be held at least quarterly.
- BSCC has developed a Reference Access Offer approved by the Minister of Infrastructure, Industries and Commerce. The RAO will provide the basis for all sales contracts with ICT Service Providers.

2. Mission

BSCC's mission is:

Provide ICT Service Providers in Palau with equal access to high quality wholesale capacity at the lowest pricing commensurate with full cost recovery.

3. Board

Within the limits of the BSCC Act and By-Laws, all authority for BSCC's activities resides with the Board of Directors.

The BSCC Board is:

Chairman George Rechucher
Treasurer Eric Whipps
Secretary Johvanna Yaoch
Director Clarinda Ziegler
Director Keobel Sakuma

During the project's construction phase, the Board aims to meet monthly, or more often if required. The Board recognizes that, even so, the exacting and complex project schedule requires more agile decision-making. Accordingly, the Board has established a series of Committees, which will focus on particular areas to enable focus and timely decisions.

All decisions of Committees, while made with the authority of the Board, will be reported to the next Board meeting for review and ratification. It is the responsibility of each Sub-Committee Convenor to identify any decision of such import that it should be referred to the full Board before any action is taken. All Committee meetings will be minuted by the CEO. Board Meetings are minuted by the Secretary.

Directors may attend meetings of Committees or of the Board by telephone, video or similar link, and such attendance constitutes presence in person. Committee or Board decisions can also be taken by Circular Resolution, with email or scanned signed documents acceptable evidence of the decision.

For the purposes of 8 (g) of the BSCC Act, attendance at Committee meetings constitutes undertaking business of the Board.

Each Committee establishes its own procedures, including meeting schedules, to be approved by the Board. It is the responsibility of the CEO to ensure visibility of Committee proceedings among all Directors.

At least two Directors are on each Committee, with the CEO present ex-officio ie non-voting. Committees may also invite BSCC's legal advisor to their proceedings at their discretion.

Committees are empowered to spend up to \$20,000 or \$20,000 pa without the need for referral to the full Board. Where proposed expenditure exceeds that amount, the

advice of the Chairman should be sought as to whether a Board Meeting should be convened.

Executive Committee (ExCom)

Responsible for daily project development and sales activity.

Convenor: George Rechucher
Member: Eric Whipps

Stakeholder Relations Committee (MarCom)

Responsible for key stakeholder relationships (other than Customer relationships, which are sales-focussed and fall in ExCom's scope).

Convenor: Keobel Sakuma
Member: Clarinda Ziegler

Finance Committee (FinCom)

Responsible for the integrity of BSCC finances.

Convenor: Eric Whipps
Member: Johvanna Yaoch

Audit Committee (AuditCom)

Supervises the audit of BSCC's finances

Convenor: Clarinda Ziegler
Member: Eric Whipps

Remuneration Committee (RemCom)

Determines company structures and staffing.

Convenor: Johvanna Yaoch
Member: Keobel Sakuma

4. Structure

BSCC will operate with a view to minimising complexity and cost. Most services will be provided by outsourcing.

5. Procurement

Most procurement during the construction phase of the project will be related to the ADB funded project. Any procurement for the core ADB funded submarine network project will be subject to ADB procurement processes.

For non-ADB construction project goods and services, where practicable, BSCC will source from Palauan suppliers.

Method	Criteria
Shopping	Up to \$2,000
Three quotes	Up to \$10,000 or \$10,000 pa
Formal RFP	Up to \$100,000 or \$100,000 pa
Broad solicitation and tender	Above \$100,000 or \$100,000 pa

6. Delegations

Item	Approval	Payment
Contracts	Up to \$10,000 pa - CEO Over \$10,000 pa – Board resolution	Any two of Directors or CEO
Business Travel	CEO travel – Board Chairman or, if unavailable, Director approve expense reimbursement Staff travel – CEO prior approval Board travel – CEO prior approval or Board resolution	Any two of Directors or CEO
General Expenditure	If in Business Plan – CEO If not in Business Plan Up to US\$5,000 – CEO Over US\$5,000 to US\$20,000 – Board Chairman or, if unavailable, one Director Over US\$20,000 Board resolution	Any two of Directors or CEO
Staff Payments	Approving CEO contract and amendments – Board Approving staff contracts and amendments – CEO	Any two of Directors or CEO
Business Plan	Board resolution	n/a
Office Equipment	If in Business Plan – CEO If not in Business Plan Up to US\$5,000 – CEO Over US\$5,000 to US\$20,000 – Board Chairman or, if unavailable, one Director	Any two of Directors or CEO

	Over US\$20,000 Board resolution	
Payments to Directors	Approved schedule – CEO Outside approved schedule – Board resolution	Any Director and CEO
Network Capital Expenditure* *Excludes ADB related payments which are subject to separate approved process Internal Payment Authorisations – Project Phase	If in Business Plan – CEO If not in Business Plan Up to US\$5,000 – CEO Over US\$5,000 to US\$20,000 – Board Chairman or, if unavailable, one Director Over US\$20,000 – Board resolution	Any two of Directors or CEO
Consultancy, legal, financial, technical services etc	If in Business Plan – CEO If not in Business Plan Up to US\$10,000 pa – CEO Over US\$10,000 to US\$20,000 pa - Board Chairman or, if unavailable, one Director Over US\$20,000 pa – Board resolution Undertaking litigation – Board resolution	Any two of Directors or CEO
Customer pricing	If within 10% of Business Plan – CEO More than 10% of Business Plan – Board resolution	n/a
Changes to Delegations	Board resolution	n/a

7. Travel

Travel is normally economy class, but for longer trips in excess of five hours flight time, business class may be used.

Employee's reasonable business travel costs are reimbursed subject to provision of appropriate documentation.

Directors travelling on Corporation business are entitled to a per diem in accordance with Republic of Palau Executive Branch rates or equivalent. This per diem is also applied where non-BSCC personnel travel on BSCC business.

For ready accessibility, BSCC uses US State Department rates for Board of Directors (BoD) per diem calculations.

Where hotel costs exceed the lodging component of the per diem, actual costs may be reimbursed and the ex-lodging per diem applied for meals and incidentals.

Exceptional travel costs, such as hire car or inter-city train travel, are reimbursed at actual cost.

8. Environment

All work undertaken during network construction complies with the strict environmental reviews and processes stipulated by the ADB.

BSCC is committed to maintaining the highest standards of environmental protection.

9. Employment

BSCC is an equal opportunity employer. Where practicable, BSCC will employ Palauan citizens.

10. Transparency

As a State Owned Enterprise (SOE), BSCC is committed to high quality, timely reporting to its Shareholder, and to full and open reporting to the general public through its web site.