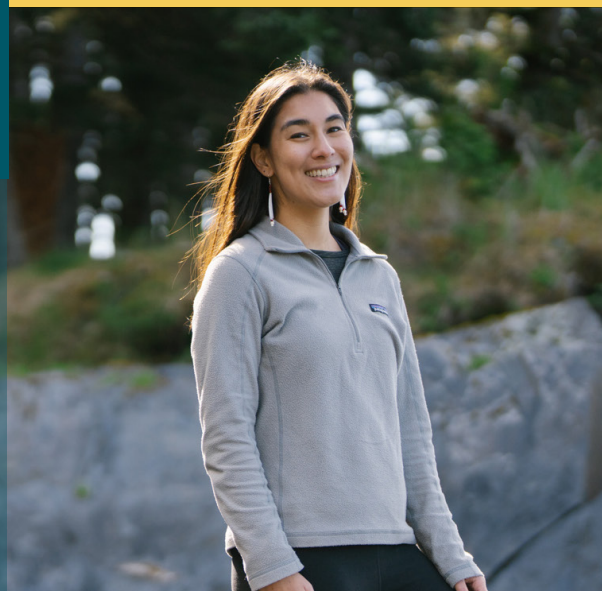


UNDERSTANDING

Descendant ENROLLMENT

Koniag is interested in hearing your thoughts on whether it should consider opening enrollment to Descendants. Enclosed is a Shareholder survey to gather your feedback as well a description of what Descendant enrollment is and its potential impacts on Koniag. This information will help assist the Board as they consider how best to plan for the long term.



Overview

When the Alaska Native Claims Settlement Act (ANCSA) was passed in 1971, it provided for the formation of the village and regional Alaska Native corporations (ANCs) we know today. ANCSA initially limited the avenues through which shares in ANCs could be transferred and new Shareholders could be enrolled. A 1991 amendment to ANCSA gave ANCs much more choice to adjust their Shareholder eligibility requirements and the ability, if they chose, to enroll direct lineal Descendants of original Shareholders — often referred to as open enrollment or Descendant enrollment.

Currently, six of the twelve regional ANCs, through a vote of their Shareholders, have enrolled Descendants of original Shareholders and issued them shares. Another three regional corporations have publicly announced plans to bring Descendant enrollment to their Shareholders for a vote in 2025. Shareholders of ANCs that have approved Descendant enrollment each had their own individual reasons for doing so, but common reasons noted by ANCs include the desire to include new generations in a part of Alaska Native culture or heritage; spreading the benefits ANCs provide to more Alaska Native people; and offering younger people the opportunity to find belonging in a thriving cultural community with multigenerational membership.

Have Enrolled **Descendants**

ASRC
Ahtna
Calista
Doyon
NANA
Sealaska

Planning 2025 **Vote**

BBNC
BSNC
Chugach

No Descendant **Enrollment**

Aleut
CIRI
Koniag

*Pictured Above:
Descendant Kristy Carpenter*



Balancing Potential Benefits & Challenges

Pictured: Descendant Silas Baisa

Potential Benefits

Our people determine who is a Shareholder

While ANCSA concerns Alaska Native people, determining who would be included in the system and who would not was a decision made by Congress, not by Alaska Natives. For a community who has persisted for thousands of years, deciding that only people alive before 1971 could be identified as “Native” seems arbitrary at best. Opening the rolls to direct

lineal Descendants would allow the Koniag family to determine who qualifies as Shareholders.

Connect people from across the country to their homeland and corporation

Being a Koniag Shareholder can invigorate a sense of belonging not only to the corporation, but even more importantly, to our region as a whole for individuals who reside elsewhere. Increasing the number of people who actively care about our corporation and our region benefits everyone in the Koniag family.

Enrich Koniag with new ideas

New people bring new ideas, and inviting a new, generally younger group of Shareholders to join Koniag will undoubtedly bring with it fresh ideas for the corporation — both in business and how we can better serve our Shareholders.

Enable more of our relatives to enjoy the benefits of being a Koniag Shareholder

A Shareholder once noted that at Koniag, there are no strangers, just cousins one hasn't met yet. Broadening Shareholder eligibility ensures none of those cousins are left out.

Many Koniag Shareholders have a plan for how they want to pass on their shares. However, a significant portion do not, which can prevent some of our relatives from being able to participate in everything being a Koniag Shareholder offers. And, as we all know, unexpected circumstances in life can change even the best laid plans for future generations. Opening our rolls is a way to correct these unintended consequences and relieve pressure on current Shareholders to gift shares as they age.

Educate more people about ANCSA and Alaska Native corporations

Growing the number of individuals directly invested in Koniag will not only help to educate new Shareholders, but also those around them, to the important role Alaska Native corporations play in the self-determination of Alaska Native people.

Below is a list of ways adopting Descendant enrollment could impact Koniag and our Shareholders. It is not an exhaustive list of every possible impact, but it provides information that help frame discussions around the topic. Ultimately, it will be up to Shareholders to decide whether the potential benefits of opening enrollment to direct lineal Descendants is best for Koniag.

Potential Challenges

Impacts Shareholder benefits

Opening our rolls to new Shareholders could impact current Shareholder benefits and will impact the growth of future benefits.

Dilute voting influence of current Shareholders

Adding new voting shares will increase Koniag's voting pool, reducing the voting influence of current, individual Shareholders.

Make reaching voting quorum more demanding

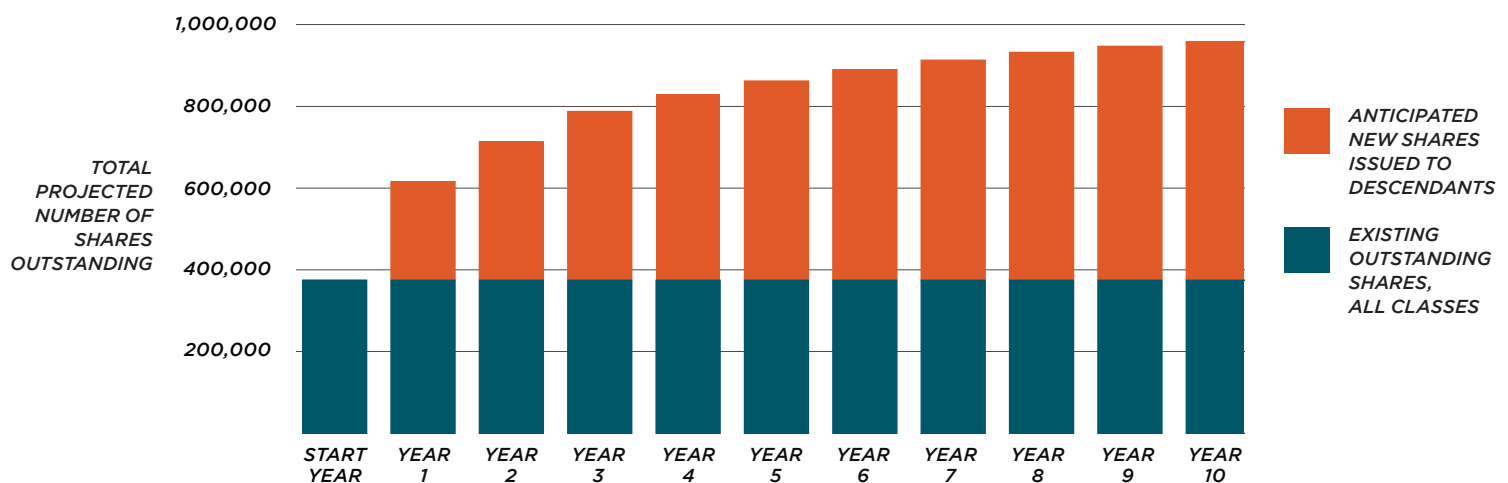
Increasing the number of voting shares issued by the corporation will increase the number of shares that must be voted to reach quorum, an important requirement for Koniag to operate on several levels.

Increase investment in Shareholder-focused programs and departments

Opening enrollment will dramatically increase the number of Shareholders. Additional staff will need to be hired to support a larger Shareholder base which will increase Corporation costs.

New Share Projections

While we can't predict exactly how many new shares might be needed to enroll Descendants, we can create projections based on the experiences of other regional corporations who have already gone through the process. The graph below shows how the currently existing shares and potential new shares might change over time, assuming all generations of descendants enrolled receive life estate stock.



Common Terms

These terms are frequently used in discussions about Descendant enrollment, but occasionally they are misused or misunderstood.

Native

While there are many ways that people live their Indigenous identity, being Native, as defined in federal law and ANCSA, has a specific meaning. It generally means a person who is one-fourth degree or more Alaska Native (or as they define it Indian, Eskimo, or Aleut) or an individual who has been recognized by a Native community as being an Alaska Native. Proof of blood quantum requires documentation from the Bureau of Indian Affairs called Certificate of Indian or Alaska Native Blood.

Blood quantum

This refers to requirement that eligible Shareholders hold a certain amount of Alaska Native ethnicity in their lineage as certified by the Bureau of Indian Affairs. This was originally one of the federal eligibility requirements to enroll in ANCSA in 1971, but was changed by federal law in 1991.

Descendant of a Native

The same federal guidelines define a Descendant as a lineal descendant of a person who was identified as a Native in 1971.

Direct Lineal Descendant

This is an individual who is a direct, but not necessarily immediate, descendant of an original Shareholder. This includes children, grandchildren, great-grandchildren, and so on. Requiring new Descendant Shareholder applicants be direct lineal Descendants of an original Shareholder is a widely used threshold by ANCs that allow Descendant enrollment. The nieces, nephews, and cousins of original Shareholders are not direct lineal Descendants.

Life Estate Shares

These are shares in an ANC that are issued by the corporation to a new Shareholder that revert back to the corporation when the Shareholder passes away. Commonly, life estate shares can't be transferred, even to family members.

Have Questions? Call Us: (800) 658-3818 | **Email Us:** shareholderinfo@koniag.com