



2020 Community Meeting Q & A

Due to COVID-19 Sealaska was not able to hold community meetings this year. We held a virtual community meeting on May 20, 2020 from inside Shuka Hit (ancestors house) inside the Walter Soboleff Building. During community meetings there was an opportunity for Q & A. Below are written questions regarding governance.

You can view the video from the Q & A from the community meeting at MySealaska.com/FAQs/CommunityMeetingQA.

Governance Q & A

1. How do you decide who's on the board slate?

The board of directors is obligated to act in the best interest of the company. Good boards are able to honestly evaluate themselves and work toward continuous improvement to increase performance and deliver value to shareholders.

In 2016, the board implemented a new process that requires the board to affirmatively act to endorse individual incumbents rather than confirming the slate as a block. Since then, there has been significant change on the board, and company performance has improved dramatically. Consistent year-over-year growth requires discipline and continuous improvement, including occasional changes driven by accountability.

When there is an opening, the board has an obligation to recruit a team who can bring value and contribute constructively. The current recruitment process is rigorous and resembles an executive search process. For more details see MySealaska.com/FAQ.

2. Please explain board compensation.

Board fees are structured to be fair and encourage participation. Over the last 10 years, board fees and benefits have been reduced or eliminated, while shareholder dividends have steadily increased. Board members do not receive bonuses. The heads of committees do not receive extra fees. The fees are capped at \$65,000 a year. The chair and vice chair are structured a little differently to account for the additional workload. Read more on page 25 of the 2020 proxy statement.

3. How would board instability hurt future earnings? How might term limits negatively affect our current trajectory?

Sustained financial performance is underpinned by teamwork, discipline and trust. Trust between the board and management team. Trust between business partners. The current strategic plan was built, in part, by the current leadership team and it is delivering great results.

4. Under the term limit resolution, can a board member be termed out, leave the board and come back after two years?

Yes.

5. How are the coronavirus and the tariffs affecting the company?

Thus far, Sealaska operations have not been significantly impacted by the coronavirus and the China tariffs. While Sealaska has had to adjust operations and most employees have had to work remotely for the past few months, we have managed to maintain operations and meet safety requirements related to COVID-19. If there are any impacts, we will update shareholders.

In-person voting will not happen this year due to COVID-19, but the deadline for online and mail-in voting was extended to 5 p.m. AKDT on June 26, 2020.

6. Would each management slate candidate explain why they do or don't support term limits?

The pros and cons of the term limit resolution are outlined on page 9 in the 2020 proxy statement. Every shareholder, including candidates, should do their homework and vote in the best interest of the company.

7. What are the plans for reworking executive compensation?

Sealaska is experiencing record-breaking financial growth. This year, a net income of \$77.8 million and total revenue of \$700 million are both the largest ever in Sealaska's history. The Sealaska board compensation committee works diligently to develop at-risk, performance-based compensation packages for executives that is industry competitive and sets aggressive revenue, income and EBITDA goals. Incentive compensation is only paid if aggressive goals are met. It also serves to retain a strong and productive management team. Shareholder benefits have also significantly increased with the financial success (e.g., increased dividends, new burial benefit, increased scholarships, new fund for language revitalization). The board utilizes third-party consultants to review all compensation plans for effectiveness and to assure the plans are within industry standards.

8. Where can we find disclosures of how much money is being spent on the endorsed slate?

Proxy solicitation information is outlined in the 2020 proxy statement on page 28.

9. If the term limits measure passes, do we have the promise of the board to honor the wishes of the shareholders and not attempt to overturn nor take any other action to oppose it, and will you put that guarantee in writing? And if not, why not?

The board has an obligation to act in the best interest of the company. The board also makes decisions by a majority rule. If the term limit measure passes, the board will implement the new rule or go a different path and have to explain why.

10. Will the board of directors distribute the discretionary votes among all of the candidates equally?

According to the bylaws, the board is required to allocate the discretionary votes in order to elect as many of the endorsed candidates as possible.

11. It is imperative that a few community members are on our board.

All of the directors are community members. They are diverse in their backgrounds and experience. The recently formed Shareholder Participation Committees have opened another avenue for shareholder input from a broad cross-section of shareholders: MySealaska.com/Services/Participation.