

Ethics and Compliance Program Implementation

Since its inception, NANA, our parent organization, has had a defined code by which all employees live and work. It is based on three principles:

- Honesty and Integrity govern our activities**
- Commitments made will be fulfilled**
- All individuals are treated with dignity and respect**

The three principles have been core to Inupiat survival for the last 10,000 years and still followed by our over 13,000 shareholders: *“Every Inupiaq is responsible to all other Inupiat for the survival of our cultural spirit, and the values and traditions through which it survives. Through our extended family, we retain, teach and live our Inupiaq way. With guidance and support from Elders, we must teach our children Inupiaq values:”*

Knowledge of Language	Respect for Elders
Knowledge of Family Tree	Respect for Nature
Sharing	Avoid Conflict
Humility	Family Roles
Respect for Others	Humor, Spirituality
Love for Children	Domestic Skills
Cooperation	Hunter Success
Hard Work	Responsibility to Tribe

These values and the principles on which they are based translate very easily to the business environment and are the essence of the Qivliq Compliance and Ethic Program.

The following subject areas are discussed in detail:

Why an Ethics and Compliance Program?

It is a fact that the misdeeds of a few can have a disastrous effect on a company – whether publicly traded or private. An effective compliance and ethics program can help mitigate risks to the company and limit its exposure to criminal and civil liability. Our corporate Employee Handbook as well as other Policies and Procedures outline what is expected of our employees when representing the company. The Ethics and Compliance Program does not replace these important resources. It does however; attempt to sharpen the focus on acceptable behavior in the hope that when we act – we will do so responsibly so that when something does go wrong, we protect the company and our employees.

The Company engages in government contracting from time to time. To be awarded a government contract a company must first be found to be “Responsible” referring to its ability to perform. Two elements used to determine if a company is “responsible” are (1) for the company to have a satisfactory record of integrity and business ethics; and (2) have the necessary organization, experience, accounting and operational controls. (FAR Section 9-104). Should a company be found not to be a “responsible” company, they will not be considered for award.

The FAR also notes that “Government business shall be conducted in a manner above reproach and, except as authorized by statute or regulation, with complete impartiality and with preferential treatment for none.

Transactions relating to the expenditure of public funds require the highest degree of public trust and an impeccable standard of conduct. The general rule is to avoid strictly any conflict of interest or even the appearance of a conflict of interest in Government-contractor relationships. While many Federal laws and regulations place restrictions on the actions of Government personnel, their official conduct must, in addition, be such that they would have no reluctance to make a full public disclosure of their actions." (FAR Section 3-103.) Should an employee of the Company engage in conduct that is not in compliance with this general statement, they expose themselves and the company to criminal and civil sanctions.

The Federal Sentencing Guidelines (1991; Amended in 1994) was enacted by Congress in response to many well publicized corporate scandals. Chapter 8 of the guidelines provides for "remedying Harm from Criminal Conduct" through the development and implementation of an effective Compliance and Ethics Program. There are seven basic elements to this program which will be discussed below. With proper application, the goal of the program is to: Deter or prevent misconduct from occurring in the first place; facilitate early detection thereby mitigating risk; minimize the severity of any charge brought forth by the government, should criminal conduct occur; allow for a mitigating factor to employed by sentencing judges and provide tangible evidence that corporate officers are carrying out their fiduciary obligations.

The Elements of the Compliance and Ethics Program

- One** Establish standards and procedures to prevent and detect violations of law.
- Two** Multiple layers of management should be involved in the ethics program
- Three** Avoid giving substantial authority to someone with a history of illegal or unethical behavior
- Four** Communicate and Train employees regarding the ethics program
- Five** Create detection and reporting mechanisms for program violations and evaluate the effectiveness of those mechanisms
- Six** Incentivize employees who comply with ethical guidance; discipline those who do not.
- Seven** Respond appropriately to substantiated misconduct to prevent future incidents.

Standards & Procedures

The Company has established a *Code of Conduct*. This Code is a statement of the policies of QIVLIQ LLC and its subsidiary companies – collectively the "Company" for conducting its business in accordance with applicable laws and the highest ethical standards. The Company expects that a high level of ethical standards and personal integrity will be reflected in all of its business dealings. Similarly, the Company expects its employees, officers and directors, to exercise good judgment and maintain high ethical standards in activities which affect the Company. Conflicts of interest should be avoided scrupulously.

No business goal, no matter how important to the Company or its personnel, will justify the violation of any of the policies in the code.

The Code is meant to enhance – not replace – information that is found in other Company policies and procedures such as the Employee Handbook; the Managers Handbook, State & Federal rules, laws and regulations as well as other directives that may be publish from time to time. By establishing the Code, the Company establishes a means by which systems and procedures may be audited with a goal towards preventing and detecting wrongdoing.

Management Involvement

NANA Development Corporation

Qivliq LLC is 100% owned by the NANA Development Corporation (NDC). The NDC appoints the Qivliq Board Members, who serve at the pleasure of NDC. The President; the Chief Operating Officer of NDC and other key NDC senior executive personnel, have a vested interest in ensuring the effectiveness of the Qivliq Compliance and Ethics program. As determined by the Qivliq CEO or COO, certain matters may be brought to the attention of NDC from time to time as dictated by the circumstances of a reported violation. Additionally, the NDC President, COO and key executives may request information on compliance problems, perform an evaluation of information when received and monitor the effectiveness of remedial action as it affects the issue at hand and prevents future occurrences of similar issues.

Qivliq LLC

We have vested certain responsibilities for the Compliance & Ethics Program in distinct levels of company management.

The Board of Directors / Management Council:

As the parent organization, Qivliq has a Board of Directors who serve an advisory / oversight function on behalf of the Company and the NANA Shareholders. Each of the subsidiary companies has a Management Council appointed by resolution. To carry out their responsibilities; the board / councils meet on a scheduled basis to receive status reports on their respective companies and to ensure the companies are operating in accordance with previously accepted guidelines.

Each Board / Council member is required to be familiar with the Compliance and Ethics Program and to receive periodic updates from the Compliance and Ethics Officer or other Qivliq Representative. It is the responsibility of each member to seek information on compliance problems, perform an evaluation of information when received and to monitor the effectiveness the program.

Generally, these reports will be provided to the members during regularly scheduled council / board meetings.

Senior Management:

For the purpose of this program, "Senior Management" refers to a company President; CEO; COO; CFO and others as designated by the company President. The Qivliq President has overall responsibility and accountability for the Program. Each subsidiary company President will ensure compliance with the program by members of his or her organization. The corporate CEO, COO and CFO will emphasize compliance as applied to their individual areas of responsibility.

Ethics and Compliance Personnel:

Certain personnel are designated by the Company President as having primary responsibility for the day to day implementation, operation and management of the Ethics and Compliance Program. At the Qivliq level, the President will appoint a Company Vice President as the Qivliq Compliance Officer. The Qivliq President will also appoint the corporate Legal Advisor (Vice President) as the corporate Ethics Officer. The Ethics Officer will advise the Company President and others on program provisions and will serve as the primary point of contact for all Ethics related matters. The Compliance Officer will be responsible for implementation of the program; assigning risk assessment principals to prioritize efforts; make routine reports and other tasks as deemed necessary by the President.

Authority is Vested Intelligently

The Company will ensure that appropriate background investigations are conducted when required, based upon the employee's position, access to sensitive / financial information and other matters as deemed appropriate by the Human Resources Department. The depth of the background investigation will again be determined based upon the employee's access to information and corporate responsibilities. Background investigations will only be conducted upon authorization of the employee.

Prior misconduct will not disqualify an individual from employment *per se*. There are a number of factors which would require evaluation such as when the misconduct last occurred, the position sought, the affect on the company, our clients and partners, should the misconduct become known.

Employment background checks are conducted independent of other background checks conducted by government agencies as needed.

Employee Involvement and Training

Employees must receive periodic training on ethical conduct and their responsibilities. Key to any successful ethics training is an emphasis on ethical decision making. There will be times when the "*It just doesn't feel right*" sign will come on when an employee is faced with an unusual circumstance. When this occurs, an employee must have the basics to effectively decide on a course of action. When faced with an ethical situation, the employee decision process could include:

- First, evaluating the real problem at hand.
- Second, what does the law / company policies say?
- Third, If the law / policies are unclear, what are Company's core values that guide operations?
- Fourth, who else can assist the employee in making a decision?

The Company will use multiple types of education and training, from on-site training, third-party classes; on-line training, fliers, etc. Emphasis will be placed on situational type training – "*When presented with this situation – what would YOU do?*"

Program Violations, Detection and Reporting

Auditors both internal and external to the company together with or in addition to the company Compliance Officer and functional area managers will from time to time conduct an evaluation of certain systems and procedures to evaluate the effectiveness of management systems in detecting employee misconduct and or systematic violations of this program. Through an effective training program, violations, whether actual or perceived, will be reported to management. Once reported a full investigation of the alleged violation will be conducted either by the compliance officer, HR or other designated individual(s). Records will be maintained of all investigations conducted.

The established Risk Management Program will support the goals of the Compliance and Ethics program by establishing priorities based upon the potential impact on the organization, customers or individuals and in accordance with the directions of the President & CEO or COO.

Implementation of systems such as Deltek, Costpoint, DataCall and other management systems will enable violations and trends to be detected in their earliest stages. As a result an effective management response can and will be made to prevent further violations or abuse.

Management Response to Employee Conduct

The company will ensure that employees are recognized for their ethical behavior and support to the program. Consideration will be given to including support of the program in personnel evaluations. Favorable consideration will be given to employees who actively demonstrate ethical behavior in their day to day business relationships and encourage similar behavior on the part of their co-workers.

Conversely, a lack of commitment to ethical behavior, repeated disregard for instructions, rules and regulations on the part of an employee will reflect negatively during performance reviews.

Once an allegation of employee misconduct has been made to any level of supervisor or manager, an objective investigation will be conducted by individuals designated either by HR, the COO or the CEO. The purpose of the investigation will be to determine the facts and circumstances surrounding the alleged incident, affix culpability if warranted and identify actions management should take to prevent or lessen the impact of similar misconduct should it occur in the future.

Substantiated Misconduct

In some cases the fact that misconduct has occurred will be obvious and the response immediate. In other cases, the facts surrounding the allegation will not lend themselves to proving or disproving the alleged misconduct with absolute certainty. Supervisors must work closely with their HR representatives in determining the action that should be taken or not taken against an individual for alleged misconduct. A full evaluation of the circumstances must be made by HR and the Supervisor.

When misconduct has been substantiated, action taken against the individual will be based upon several factors:

- The seriousness of the misconduct
- The employee's previous history with the company
- Mitigating factors
- The length of time the employee has been with the company
- Availability of means to effect alternative corrective action (e.g. self referral to Employee Assistance Programs, Drug Treatment, etc.)

In any case in which it is determined that corrective action must be taken, it will be imposed in a scaled manner. As an example, a first offense for a minor infraction could be cause for a verbal warning; the second offense a written warning with notice that a third could lead to termination. If the seriousness of the misconduct warrants, nothing in this paragraph precludes instant termination.

Summary

The Company expects that a high level of ethical standards and personal integrity will be reflected in all of its business dealings. The Code of Conduct has been created as a guide for you – and a reference for ethics and compliance matters. The Ethics and Compliance program is not merely words on paper – it is a part of our business environment.