

JAMAICA PRODUCERS GROUP LIMITED

MINUTES OF THE 82nd ANNUAL GENERAL MEETING HELD AT THE TERRA NOVA HOTEL
17 WATERLOO ROAD, KINGSTON 10, ON
FRIDAY, 21st JUNE, 2019 AT 10:00 A.M.

Present Were:	Mr. Charles Johnston	-	Chairman/Shareholder/Proxy for Ms. Velta Sinclair
	Mr. Alan Buckland	-	Director/Shareholder
	The Hon. Oliver Clarke	-	Director
	Mrs. Patricia Francis	-	Director
	Mrs. Sanya Goffe	-	Director
	Mr. Jeffrey Hall	-	Group Managing Director/ Shareholder
	Dr. the Hon. Marshall Hall	-	Director/Shareholder
	Mrs. Dahlia Kelly	-	Director/Shareholder
	Mrs. Kathleen Moss	-	Director/Shareholder/Proxy for Rebhan's Gases Limited & Assurance Brokers Jamaica Limited
	Mr. Donovan Perkins		Director
	Mr. Grantley Stephenson	-	Director/MD of Kingston Wharves Ltd
	Prof. Alvin Wint	-	Director/Shareholder
In Attendance Were:	Ms. Simone Pearson	-	Corporate Secretary/ Group General Counsel
	Mr. Nigel Chambers	-	Partner - KPMG

Shareholders in attendance are listed on the attachment.

1. CALL TO ORDER

The Chairman extended a warm welcome to everyone present, and after receiving confirmation from the Company Secretary that a quorum was present, called the meeting to order at 10:00 a.m. This was followed by prayer, which was offered by Ms. Shari-Ann Watson, Treasury Analyst, Jamaica Producers Group.

2. DOCUMENTS AVAILABLE FOR INSPECTION

The shareholders were informed that the Register of Members, Articles of Incorporation, list of proxies and Minutes of the last Annual General Meeting were available for their inspection.

3. NOTICE OF MEETING

The Notice of the 82nd Annual General Meeting was taken as read.

4. INTRODUCTIONS

Prior to the commencement of the formal proceedings, the Chairman introduced the members of the Board of Directors and management team of Jamaica Producers Group, who were present. The Chairman also introduced and welcomed representatives from JP subsidiaries and associate companies and the auditors, KPMG.

5. CHAIRMAN'S REMARKS

The Chairman gave his remarks in respect of the Group's results for the year ended December 31, 2018.

The Chairman noted that in recognition of JP's 90 years in business, the Board introduced the St. Mary's Heritage Project in January 2019. Mr. Johnston explained that the project is aimed at offering green bananas to public schools in Jamaica on concessionary terms. Business students from the Pembroke Hall High School, a beneficiary of the St. Mary's Heritage Project, had been specially invited to the meeting.

The Chairman expressed his sincere appreciation to JP's over 1,500 employees for their contribution to the Group's 2018 performance as well as to the shareholders for their confidence in the Group, and to the Board of Directors for their wise counsel.

6. AUDITORS' REPORT

At the invitation of the Chairman Mr. Nigel Chambers, Partner from KPMG, read the Auditors' Report on the Audited Financial Statements for the year ended December 31, 2018.

7. DIRECTORS' REPORT

The Directors' Report for the year ended December 31, 2018 was taken as read.

8. PRESENTATION BY THE GROUP MANAGING DIRECTOR

The Group's Managing Director, Mr. Jeffrey Hall, was then invited to make a presentation to the shareholders, which included an overview of JP since it was founded in 1929 as a banana growers' cooperative, JP as it stands today, the Group's results for 2018 and the Strategy of the Group going forward.

In looking back over the past 90 years, Mr. Hall expressed gratitude to the Board of Directors who from the Company's inception had set the tone of the organization by their belief in good governance. He also paid tribute to the management and the staff. Mr. Hall reminded the meeting of the continuing importance of shareholders to JP as they are the driving force of the activities undertaken by the Group.

a. Highlights of the Report:

Mr. Hall reported that JP's performance over the last ten years was good. The Compounded Annual Growth Rate in Shareholders' Equity and Revenues was more than 10% and 12% respectively.

Logistics & Infrastructure Division

The Logistics & Infrastructure Division reported a 12% increase in revenues, and earnings had increased by 26% over the prior year. Some of the driving factors were the transportation of vehicles which had increased by 12%, bulk cargo (grains, salt, etc.) had increased by 45%, and the logistics business had increased by 31% during the year.

JP Food & Drink Division

The JP Food & Drink Division recorded an increase in segmental revenues of 29%. Mr. Hall noted that the strong performance resulted in an increase in Earnings Before Interest and Tax of 36%. Highlights of that growth were as a result of 21% growth in revenues of

fresh juice and 40% year-over-year growth in revenues of ripe bananas. The latter was driven by a significant improvement in yield and quality in the business as well as a trend towards healthy eating. International snack revenues also grew by 25%.

b. The Group's Strategy

Mr. Hall explained that going forward the Group is focused on two broad strategic objectives: (i) to build a diversified international speciality food group; and (ii) to develop world class logistics and infrastructure for the Caribbean.

Mr. Hall further explained that underpinning the core strategies were specific strategic pillars aimed at achieving the overall objectives.

c. The Group Looking Forward

Going forward, the Group is pursuing various initiatives including developing strong long-term strategic partnerships/alliances with companies that can support JP's vision and businesses, for example the Wisynco Group Limited.

To commemorate JP's 90th Anniversary in business, shareholders were encouraged to give their support to the following two projects: (i) The Heritage Project, through which JP was focused on encouraging healthy eating in schools in Jamaica; and (ii) A programme to transform JP Farms into a place to inspire young people of all ages to take a fresh look at the potential of formal commercial agriculture.

9. QUESTIONS FROM SHAREHOLDERS

At this point, the Chairman invited questions from the floor, and several shareholders took the opportunity to commend management and the Board on the Group's positive performance in 2018. The main contributors were Mr. Orette Staple, Mr. Michael Hendricks, Mr. Livingston Young, Mr. Lanzel Bloomfield, Mr. Steven Jackson, Mr. Ian Glaze and Mr. Edward Isaacs. Questions, answers and observations are summarised below:

- **Bad Debt:** An explanation was requested as to the reason the bad debt movement had changed from a positive \$154,000 in 2017 to a negative \$1,131,000 in 2018.

Response: Mr. Buckland explained that this was a positive development as in this case a negative reflected the fact that the parent company of the Group was able to recover some of the bad debt that had been previously provided for as an expense.

- **Trade payables:** The question was raised as to the reason Trade Payables have increased from approximately \$1,913 billion in 2017 to approximately \$2,337 billion in 2018.

Response: Mr. Buckland stated that Trade Payables have increased principally because the business has grown. This was said in reference to purchases that were made to fulfil those revenues which have increased by 23%.

- **Sustainable Practices:** Management was asked about its plans to use biodegradable plastic to sleeve its bananas.

Response: Mr. Mario Figueroa, General Manager of JP Farms, indicated that JP did not have a supplier for biodegradable plastic sleeves but was open to exploring this opportunity.

- **Interest in Associates and Joint Venture:** The Managing Director was asked to state the benefits to be realized by JP as a result of investing \$58.1 million in SSL REIT Limited.

Response: Mr. Hall indicated that JP Group, through its subsidiary KW Logistics Limited, acquired a 50% shareholding in SSL REIT Limited, a company whose primary business is the rental of a single warehousing facility at Newport West. He noted that the warehouse was strategically located and that there was a long-term potential in the investment.

- **Dividends:** The Board was asked to consider paying dividends more than once per year as is the current practice.

Response: The Managing Director acknowledged the request noting that the Board prioritizes interests of its shareholders in its dividend policy. The decision to pay dividends once per year is made in light of the Group's objectives and the need to ensure that its core operations continue and to increase production.

- **Securities Purchased under Resale Agreements:** Management was asked to explain the reason the Securities Purchased Under Resale Agreements figure moved from approximately \$3.8 billion in 2017 to approximately \$4.4 billion in 2018.

Response: Mr. Buckland explained that management used its available cash to invest in short term investments and sought to optimise the return on its investment.

- **Partnership between JP and Wisynco Group Limited:** A shareholder requested clarity on the business relationship between JP and the Wisynco Group Limited.

Response: Mr. Hall reported that Wisynco was identified as a strong distribution partner for the JP snack food business in Jamaica and an agreement was reached whereby JP sold 30% of its snack business to Wisynco Group Limited for approximately \$720 million. As a partner Wisynco is expected to drive the distribution of snacks in Jamaica while the business will concentrate on and lead in the production of those snacks and sales globally.

It is expected that the relationship with Wisynco in the medium term (one to three years) will improve growth and future earnings for the Group.

- **Unclaimed Dividends:** Management was asked to comment on the Company's plans to address the increasing amounts in unclaimed dividends as this sum had arisen to approximately \$46.3 million in 2018 from approximately \$24.7 million in 2017.

Response: Mr. Hall informed the shareholders that management was guided by the Articles of the Company in the treatment of unclaimed dividends. Where dividends are unclaimed for 12 years and longer, shareholders lose their right to that dividend and then the dividends revert to the Company. Mr. Hall reported that during the 12-year period the Company has an active programme to identify these missing shareholders.

Mr. Hall took the opportunity to encourage shareholders, if they have not yet done so, to provide the Registrar with their bank details so that dividends can be paid into an account instead of having a cheque mailed to a location.

- **Legal and Professional Fees:** A shareholder enquired into the significant increase in legal fees year over year (\$20,521 million in 2017 to \$27,792 million in 2018.)

Response: Mr. Buckland reminded the shareholders that JP was part of a consortium that was bidding for the privatization of the Norman Manley International Airport during 2018. The increase in legal and professional fees represented expenditure in this regard.

The Chairman permitted Mr. Darion Anderson of Pembroke Hall High School and the St. Mary Heritage Project to participate in the question and answer session.

- **Corporate Social Responsibility Policy (CSR):** Mr. Anderson requested details of JP's CSR Policy.

Response: Mr. Hall highlighted JP's commitment to the communities in which its companies do business. Mention was made of JP's mission through the St. Mary Heritage project to provide strong and tangible support to the nation's school feeding programmes and the purposeful shift towards providing the nation's children with natural, healthy eating options. Mr. Hall also indicated that JP was of the view that the building of strong, well-run, ethical and sustainable businesses with a commitment to development was in itself a component of good corporate social responsibility.

- **European Juice Operations:** A shareholder enquired about the returns on the juices in its Holland based subsidiary.

Response: Mr. Hall highlighted the strong return on investment in A.L. Hoogesteger Fresh Specialist B.V. since the business was purchased in 2008.

- **The Effect of Re-Measurement of Post-Employment Benefits:** Management was asked to explain the increase from negative \$14.7 million in 2017 to negative \$94.8 million in 2018.

Response: Mr. Buckland explained that this was due to the effect of re-measurement of post-employment benefits. The surplus in the KWL pension scheme had increased following revaluation.

- **Segment Reporting:** It was highlighted that the segment revenue from the UK and other countries remained flat. Management was asked to comment.

Response: Mr. Buckland explained the effects of the exchange rate on revenues between 2017 and 2018.

- **Key Audit Matter:** A shareholder enquired into what led the auditor to the conclusion that the carrying value of the Group's goodwill and tangible assets may not be recoverable.

Response: Mr. Chambers clarified the statement, noting that as auditors they performed an assessment at the beginning of the audit of the business areas that presented a higher risk. Their conclusions led to these high risk areas receiving more time and resources especially in testing calculations. He further clarified that upon completion of the audit they were in a position to say that the financial statements overall present a true and fair view.

- **Impairment Allowance:** A shareholder queried the impairment allowance of US\$378K on a long-term third party loan of approximately US\$1.2M. Management was asked to identify the third party.

Response: Mr. Hall informed the shareholders of JP's investment in a farm in Honduras which was eventually sold to the management in 2010 with a long-term loan. Mr. Buckland confirmed that a provision was made in relation to that loan a few years ago and is reviewed each year. The third party continues to pay off the loan.

- **Loans and Borrowings:** A shareholder requested clarity on "The loan from other related party of \$87,197,000 is due to a company that holds 35% of the equity in Four Rivers Mining Company Limited. The loan is due on demand".

Response: Mr. Buckland highlighted that Four Rivers Mining Company Limited has three shareholders – JP owning 51%, another entity owning 14% and the other entity owning 35%. As the controlling shareholder JP consolidated the balance sheet of Four Rivers Mining Company Limited and this included that subsidiaries liability to its fellow joint venture partners for any debt financing. The meeting was advised that Four Rivers Mining Company Limited was no longer active in the way that it existed in the past. Four Rivers Mining Company Limited has a payable to a third party and management was currently in the process of winding up that payable. The loan is expected to be fully repaid by 2020.

The session ended at this point and the Chairman thanked everyone for their questions, observations, comments and suggestions.

10. RESOLUTIONS

ORDINARY RESOLUTION NO. 1 - DIRECTORS' REPORT, AUDITORS' REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

The resolution for the adoption of the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2018 was unanimously passed after being put to the meeting by the Chairman. Mr. Orrette Staple moved the motion for its adoption, which was seconded by Mr. Livingston Young. Accordingly, it was resolved:

"THAT the Directors' Report, Auditors' Report and Audited Financial Statements of the Company and the Group for the year ended December 31, 2018 be and are hereby adopted."

ORDINARY RESOLUTION NO. 2 - REMUNERATION OF AUDITORS

The following resolution was unanimously passed after being put to the meeting by the Chairman. Mr. Lancel Bloomfield moved the motion for its adoption, which was seconded by Ms. Carol Leslie. Accordingly, it was resolved:

“THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2018 be and is hereby approved.”

ORDINARY RESOLUTION NO. 3 – INTERIM CAPITAL DISTRIBUTION

The following resolution was passed by a majority decision after being proposed by the Chairman. Mr. Donovan Perkins moved the motion for its adoption, which was seconded by Mrs. Lisa Johnston. Accordingly, it was resolved:

“THAT the interim capital distribution of 12 cents per stock unit of record date December 19, 2018 be and is hereby ratified and declared final for 2018.”

ORDINARY RESOLUTION NO. 4 - RE-APPOINTMENT OF AUDITORS

The Chairman reported that the Auditors, KPMG had expressed their willingness to continue as the Group’s Auditors. The following resolution was unanimously passed after being put forward by the Chairman. Mr. Lancel Bloomfield moved the motion for its adoption, which was seconded by Mr. Silvan Brown. Accordingly, it was resolved:

“THAT the Auditors, KPMG, having indicated their willingness to continue in office, be and are hereby re-appointed for the year 2020.”

ORDINARY RESOLUTIONS NO. 5 - RE-ELECTION OF DIRECTORS

The following resolution was unanimously passed after being proposed by the Chairman. Mr. Mark Barton moved the motion for its adoption, which was seconded by Mrs. Lisa Johnston. Accordingly, it was resolved:

“THAT Mr. Alan Buckland who retires after having been appointed to the Board since the last Annual General Meeting, be and is hereby elected a Director of the Company.”

The following resolution was unanimously passed after being proposed by the Chairman. Mr. Mark Barton proposed the motion for its adoption, which was seconded by Mrs. Kathleen Moss. Accordingly, it was resolved:

“THAT Hon. Oliver Clarke who retires by rotation, be and is hereby re-elected a Director of the Company.”

The following resolution was unanimously passed after being proposed by the Chairman. Mr. Orrette Staple proposed the motion for its adoption, which was seconded by Mrs. Marjory Kennedy. Accordingly, it was resolved:

“THAT Mrs. Sanya Goffe who retires by rotation, be and is hereby re-elected a Director of the Company.”

ORDINARY RESOLUTION NO. 6 - REMUNERATION OF DIRECTORS

The following resolution was unanimously passed after being proposed by the Chairman. Ms. Cheryl Wright moved the motion for its adoption, which was seconded by Mrs. Marjory Kennedy. Accordingly, it was resolved:

“THAT the amount of \$14,350,000.00 shown in the Accounts for the year ended December 31, 2018 for Non-Executive Directors’ fees be and is hereby approved.”

Following the resolutions, Mr. Orrette Staple gave his comments on the performance of the Company for 2018.

11. TERMINATION

In closing, the Chairman expressed appreciation to the shareholders for attending the meeting as well as for their continued confidence and support which was necessary for the Company’s success. The Chairman also expressed appreciation to the Board, the management and staff for their contribution for successfully dealing with the challenges experienced during the year. The Chairman invited the various stakeholders to celebrate with the Company its 90th Anniversary of doing business in Jamaica and the world as it looks forward to celebrating many more years in business.

The members noted that last year’s results as well as the first Quarter results for 2019 demonstrated that the Company was in a strong position to continue the growth and improve the performance of the Company.

There being no further business, the Chairman declared the meeting terminated at 12:07 p.m.

DATE

CHAIRMAN



JAMAICA PRODUCERS GROUP LIMITED

Annual General Meeting – Friday June 21, 2019

Management in Attendance

Mrs. Lisa McGregor Johnston, Corporate Affairs Manager
Mr. V. Andrew Whyte – Group Treasurer
Mrs. Taneka Whyte-Groves – Corporate Financial Controller
Mr. David Martin, Managing Director - JP Tropical Group
Ms. Antoinette Livingston, Group Financial Controller - JP Tropical Group
Ms. Calais Hayden, Human Resources Business Partner - JP Tropical Group
Mrs. Tara Goulbourne, Commercial Manager - JP Tropical Group
Mr. Mario Swayze, Information Systems Manager - JP Tropical Group
Mr. Mario Figueroa, Farm Manager - JP Farms
Mrs. Peta-Gaye Yorke, Finance Business Partner - JP Tropical Foods
Mr. Alfred Maragh, Factory Manager - JP Snacks
Mr. Benjamin Valdez, General Manager – JP Snacks
Mr. Marcus Simmonds, General Manager- Tortuga International Holdings Limited
Mrs. Camille Lawson, Finance Business Partner - Tortuga International Holdings Limited
Ms. Florence Reid, Head of Manufacturing - Tortuga International Holdings Limited
Mr. Jermaine Robinson, Commercial Manager -
Mrs. Monique Simmonds - Tortuga International Holdings Limited
Mr. Mark Williams, Chief Operating Officer - Kingston Wharves Limited
Mrs. Clover Moodie, Group Chief Financial Officer - Kingston Wharves Limited
Ms. Anna Harry, Company Secretary/Legal Counsel - Kingston Wharves Limited
Mrs. Simone Murdock, Marketing and Client Services Manager- Kingston Wharves Limited

SHAREHOLDERS ATTENDANCE REGISTER

David Martin
Edward Isaacs
Winsome Govern
Maria Munroe
Alvaro Casserly
Natasha Geohagen
Maurice Gordon
Steven Jackson
Merza Grant
Josiah L. Williams
Mark Myrie
Glenor Smith
Cheryl Wright
Hubert Foster
Yvonne Williams

Errol Hamilton
Maurice C. Saunders
Suzette Riley
Errol Thompson
Millicent Rose
Marjorie Kennedy
Hudson C. Tinglin
Victor Lodge
Andrew Woolery
Melton S. Daley
Lisa McGregor
Veronica Coward
Kwame Blake
Douglas Wilson
Peter Edwards

Wayne Johnson
Peter Forde
Mark Anthony Barton
Silvan Alberto James Brown
Carol Leslie
V. Andrew Whyte
Kibwe Kidoe
Ian A. Glaze
Paulette Groves-Robinson
Lloyd Martin (Proxy For Hope Martin)
Marcia Campbell
Livingston Young
The KC Development Trust Fund

Roy White
Deborah Harvey
Carlton Harvey
Clinton Allen
Veronica Wright
Lanzel Bloomfield
Orrette Staple
Florence Peart
Fred Hudson
Chantelle Smith
Michael Hendricks
Tamara Dennis Desgoutts
Claudette Davidson