

JAMAICA PRODUCERS GROUP LIMITED

MINUTES OF THE 83rd ANNUAL GENERAL MEETING HELD AT JAMAICA PRODUCERS
GROUP LIMITED

4 FOURTH AVENUE, NEWPORT WEST, KINGSTON 13, ON
FRIDAY, 19TH JUNE 2020 AT 10:00 A.M.

Present Were:	Mr. Charles Johnston	-	Chairman/Shareholder
	Mr. Jeffrey Hall	-	Group Managing Director/ Shareholder
	Mrs. Kathleen Moss	-	Director/Shareholder
Directors attending via Zoom:	Mr. Alan Buckland	-	Group Finance Director/Shareholder
	Mrs. Patricia Francis	-	Director
	Mrs. Sanya Goffe	-	Director
	Dr. the Hon. Marshall Hall	-	Director/Shareholder
	Mrs. Dahlia Kelly	-	Director/Shareholder
	Mr. Grantley Stephenson	-	Director
	Prof. Alvin Wint	-	Director/Shareholder
In Attendance Were:	Ms. Simone Pearson	-	Corporate Secretary/ Group General Counsel/Shareholder
	Mr. Nigel Chambers	-	Partner – KPMG

Shareholders in attendance are listed in the Appendix.

1. CALL TO ORDER

The Chairman extended a warm welcome to everyone present. An apology for absence was conveyed on behalf of director Donovan Perkins. The Chairman noted that due to the health risks presented by the COVID-19 pandemic, the company had adopted special measures to accommodate shareholders, while seeking to ensure the safety of shareholders and management. Shareholders attending the meeting had been asked to wear masks, submit to temperature checks and sanitization before entering the meeting. Seating for the meeting had been arranged in line with social distancing best practices. He pointed out that the meeting was being livestreamed for the benefit of shareholders who had chosen to shelter at home. The Chairman also explained that many directors of the Company were connected to the meeting via Zoom as they had elected to allow shareholders' attendance at the meeting to be the first priority.

Following confirmation by the Company Secretary that a quorum was present, the Chairman called the meeting to order at 10:00a.m. This was followed by prayer, which was offered by Miss Abigail Williams of JP Corporate.

2. TRIBUTES

The Chairman informed shareholders that before commencing the business of the meeting, the company wished to pay tribute to the Hon. Oliver Clarke, director of the Company and Captain Robert Hamaty, director and founder of the Tortuga business, both of whom had recently passed away. The Chairman gave a brief history of each director's involvement with the Group and the contributions they had made to the business. A moment of silence was observed in respect of Mr

Clarke and Captain Hamaty.

3. 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, 2019.

4. NOTICE OF MEETING

The Notice of the 83RD Annual General Meeting was taken as read. The Chairman informed the shareholders that 23 proxies had been received.

5. 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.

6. INTRODUCTIONS

The Chairman re-introduced the members of the Board of Directors and management team of Jamaica Producers Group. The Chairman also acknowledged the management team of JP subsidiaries and associate companies.

7. CHAIRMAN'S REMARKS

The Chairman gave his remarks in respect of the Group's results for the year ended December 31, 2019. He opined that the Group was fortunate to have the expertise, capital and liquid assets, to effectively consider a broad range of growth and investment possibilities while, at the same time, managing through very significant medium term challenges brought by the COVID-19 pandemic.

The Chairman expressed his sincere appreciation to JP's employees, who numbered more than 1500, for their contribution to the Group's 2019 performance as well as to the shareholders for their confidence in the Group, and to the Board of Directors and Management for their wise counsel.

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's COVID-19 response, the Group's results for 2019 and the strategy of the Group going forward. Highlights of the presentation are set out below.

a. JP's Covid-19 Response:

Mr. Hall pointed out that JP's two main lines of business: specialty food and drink and shipping and logistics, were both considered to be essential services during the pandemic and as a result had continued to operate throughout government imposed lockdowns worldwide. Mr. Hall expressed his sincere appreciation to his team for the personal sacrifices they had made in continuing to provide essential services throughout the health crisis. He further noted that to demonstrate solidarity with the team, the Board and Management attending the AGM had opted to wear casual clothing rather than the customary formal attire. Mr. Hall gave a brief overview of the Group's COVID-19 response framework and provided details of how the Group had adapted to the new environment. He presented highlights of JP's enhanced corporate social responsibility activities in assisting the nation to manage the crisis.

- b. **The Results:** For the year ended December 31, 2019 the Group earned consolidated revenues of \$21.5 billion and net profits of \$2.7 million. Both business segments had generated improved revenues and profits relative to 2018. Mr. Hall noted that the revenue growth had been generated entirely from improved performance in the Group's existing operations and was primarily related to volume growth from the successful execution of sales strategies.

JP Logistics & Infrastructure Division

The Logistics & Infrastructure Division reported a 7% increase in revenues, and earnings had increased by 20% over the prior year. Kingston Wharves had experienced a record year in terms of revenues and earnings. JP Shipping Services Limited had doubled the size of its UK facility, which had resulted in additional capacity and improved efficiencies.

JP Food & Drink Division

The JP Food & Drink Division recorded an increase in segmental revenues of 11% over the prior year. The Division earned profit before finance cost and taxation in 2019 of \$774 million, more than double the prior year result of \$378 million. The European juice business had benefitted from expanded capacity, improved efficiency and product innovation. Mr Hall noted that the Caribbean food business had benefitted from new strategic partnerships and product innovation.

- c. **The Group's Strategy**

Mr. Hall explained that the Group was focused on two broad strategic objectives: (i) to build a diversified international specialty food group; and (ii) to develop world class logistics and infrastructure for the Caribbean. These strategic objectives would leverage the Group's experience, knowledge, capabilities and legacy of 90 years in business.

- d. **2020 Outlook**

Mr Hall noted that 2020 is a time of significant economic challenge. He expressed the view that JP is strong, diversified, resilient and capable of weathering these challenges. Going forward, the Group would be pursuing various initiatives including e-commerce prospects, addressing the healthy eating trend, supermarket sales opportunities, global supply chain and logistics and various strategic acquisition opportunities.

9. QUESTIONS FROM SHAREHOLDERS

The Chairman noted that since the company had anticipated that some shareholders were likely not to attend the meeting as a means of limiting their exposure to the health risk, shareholders had been invited to submit questions ahead of the meeting. The Chairman explained that he would commence the question and answer segment with questions submitted ahead of the meeting and then accommodate any questions from the floor. Ms. Pearson reported that shareholder, Mr. Orette Staple had submitted 5 questions along with his written remarks. Mr. Staple's remarks were read before the meeting. Mr Staple's questions were then addressed along with one question received from the floor from Mr. Edward Isaacs. These questions and the responses to the questions are set out below.

- a. Questions submitted by Mr Staple:

- i. **Page 50 of Auditor's Report:** The Company's auditors were asked to explain why the report had highlighted the issue that significant assumptions would increase

the risk that management's estimates could be materially misstated, and whether this would relate to the numbers presented.

Response: Mr. Chambers explained that this was in relation to the valuation of retirement benefits. He noted that the pension scheme was a defined benefit scheme under which retirement benefits would continue for the lifetime of the pensioner. These benefits had to be estimated as at the end of the financial year, in many cases, far ahead of the retirement of the employees who will benefit from the scheme. This exercise involves the use of assumptions in respect of various factors. He noted that even small changes to these assumptions could have a significant effect and for that reason, this matter was highlighted as an area of risk. Mr. Chambers explained further that the Auditors sought to mitigate this risk by conducting a careful examination of these assumptions to ensure that they are made from independent sources and that they are reasonable.

- ii. **Dividends:** Management was asked to explain why dividends paid out to stockholders of the Company remain small.

Response: The Chairman explained that the Board of directors review annual dividend payments against future cash requirements, including, most significantly, the continuing investment the group needs to make in financing the growth of the company. The total dividend payments increased by 25% from 2018 to 2019, and in the 5 years since 2014 dividend payments had increased nearly 5 fold. He noted however that the board and the management team both appreciated the desire of all shareholders for greater returns and were committed to growing the dividends in the future.

- iii. **Page 98 of the Group Financial Statements:** Management was asked to explain why \$307,153,000.00 was spent to earn \$234,137,000.00 and why this was measured using amortised cost.

Response: Mr. Buckland noted that these two matters were not directly related. The \$307m related to the total finance costs incurred by the group in the year, specifically this is interest payable on the group's borrowings. This had fallen by \$60m since 2018 as the group has successfully lowered both its total debt and the average interest rate on that debt. The \$234m relates to financial income, predominantly interest received on our cash and short term investments. The group holds significant cash reserves in order to manage its working capital position, to finance anticipated capital expenditure, and to generally remain opportunistic and prepared for unforeseen eventualities. This income represents the interest earned on this cash balance

- iv. **Page 97 of the Group Financial Statements:** Management was asked to explain what accounted for the significant increase of management remuneration from \$87,291,000.00 to \$122,597,000.00 (40.4%), as it relates to the executive member on the board.

Response: The Chairman noted that two factors accounted for the increase in this

amount. Firstly, the full year effect of an additional executive director who was appointed to the board midway through 2018. Secondly, the compensation of JP's executive directors has a large portion of variable bonus that is linked to the profitability of the Group. With the Group's earnings increasing by 48% against 2018, this variable bonus had also increased.

- v. **Page 97 of the Group Financial Statements:** Management was asked to respond to the concern that as a Developer of a special economic zone, Kingston Wharves Limited could face concerns from its regulator if warehousing facilities within the zone are not fully utilized or are closed due to COVID-19.

Response: Mr. Hall explained that KWL develops its warehouses in line with demand and at present, all warehouses are reasonably well tenanted with long term tenants. He also expressed the view that port-centric warehousing continued to be of strategic value to KWL's tenants.

- b. Question from Mr. Isaacs: Management was asked to assist in investigating Mr. Isaacs's dividend payment for 2018. The Chairman noted that Management would investigate this matter with urgency and would communicate further with Mr. Isaacs.

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, 2019

The resolution for the adoption of the Directors' Report, Auditors' Report and Audited Financial Statements for the year ended December 31, 2019 was unanimously passed after being put to the meeting by the Chairman. Kathleen Moss moved the motion for its adoption, which was seconded by Simone Pearson. 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, 2019 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. Kathleen Moss moved the motion for its adoption, which was seconded by Edward Issacs. Accordingly, it was resolved:

"THAT the remuneration of the Auditors, KPMG, having been fixed by the Directors for 2019 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. Jeffrey Hall moved the motion for its adoption, which was seconded by Kathleen Moss. Mr.

Edward Isaacs was opposed. Accordingly, it was resolved:

“THAT the interim capital distribution of 15 cents per stock unit of record date December 20, 2019 be and is hereby ratified and declared final for 2019.”

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. Simone Pearson moved the motion for its adoption, which was seconded by David Martin. 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 2021.”

ORDINARY RESOLUTION NO. 5 - RE-ELECTION OF DIRECTORS

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

“THAT Mrs. Patricia Francis 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. Jeffrey Hall proposed the motion for its adoption, which was seconded by Kathleen Moss. Accordingly, it was resolved:

“THAT Professor Alvin Wint 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. David Martin moved the motion for its adoption, which was seconded by Kibwe Kiddoe. Accordingly, it was resolved:

“THAT the amount of \$14,130,000.00 shown in the Accounts for the year ended December 31, 2019 for Non-Executive Directors’ fees be and is hereby approved.”

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 members noted that last year's results as well as the first Quarter results for 2020 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 11:11 a.m.

DATE



CHAIRMAN

APPENDIX

ANNUAL GENERAL MEETING – FRIDAY JUNE 19, 2020

ATTENDANCE REGISTER OF SHAREHOLDERS

EDWARD ISAACS
CLINTON ALLEN
LISA MCGREGOR-JOHNSTON
ROY WHYTE
JOSIAH WILLIAMS
EVERTON SEALY
DAVID MARTIN
KIBWE KIDDOE
TAMARA DENNIS-DESGOUTTES
JEFFREY HALL
CHARLES JOHNSTON
KATHLEEN MOSS
SIMONE PEARSON

REGISTER OF PROXIES

MEMBER

SYLVIA DENNIS
JAMAICA FREIGHT PENSION FUND TRUSTEES
SAJE LOGISTICS INFRASTRUCTURE LIMITED
ROBERT SMITH
ORETTE STAPLE
ASSURANCE BROKERS JAMAICA LIMITED
REBHAN'S GASES LIMITED
DAVID AND KATHLEEN MOSS
JAMAICA FRUIT & SHIPPING COMPANY LIMITED
C.E. JOHNSTON TRUST
LENNOX PORTLAND LIMITED
JOHNSTON HOLDINGS LIMITED
MARINE MANAGEMENT SERVICES LIMITED
EDWARD JOHNSTON
MAREK JOHNSTON
MCGOWAN PROPERTIES LIMITED
JANET SHAW
MARCO ZOHLANDT
PETER PEARSON
STEPHANIE ABRAHAMS
FLORENCE REID
DONOVAN PERKINS
ALAN BUCKLAND
NATIONAL INSURANCE FUND

PROXY HOLDER(S)

CHARLES JOHNSTON/ALVIN WINT
CHARLES JOHNSTON/MARJORY KENNEDY
CHARLES JOHNSTON/TREVOR RILEY
CHARLES JOHNSTON/JEFFREY HALL
SIMONE PEARSON
CHARLES JOHNSTON/JEFFREY HALL
CHARLES JOHNSTON/JEFFREY HALL
CHARLES JOHNSTON/JEFFREY HALL
CHARLES JOHNSTON/JEFFREY HALL
CHARLES JOHNSTON/MARJORY KENNEDY
CHARLES JOHNSTON/MARJORY KENNEDY
LISA JOHNSTON/MARJORY KENNEDY
CHARLES JOHNSTON/LISA JOHNSTON
CHARLES JOHNSTON
CHARLES JOHNSTON/LISA JOHNSTON
JEFFREY HALL/SIMONE PEARSON
MARSHALL HALL/CHARLES JOHNSTON
JEFFREY HALL/CHARLES JOHNSTON
SIMONE PEARSON/JEFFREY HALL
SIMONE PEARSON/JEFFREY HALL
JEFFREY HALL/SIMONE PEARSON
CHARLES JOHNSTON
CHARLES JOHNSTON/JEFFREY HALL
DIANA KELLIEN/IRAN PYNE