



KINGSTON WHARVES LIMITED

**MINUTES OF ANNUAL GENERAL MEETING
HELD ON THURSDAY, JUNE 15, 2023 AT 10:00 A.M.
AT THE AC HOTEL BY MARRIOTT
AT 38-42 LADY MUSGRAVE ROAD, KINGSTON**

Present were:

Mr Jeffrey Hall	-	Chairman
Mr Grantley Stephenson	-	Deputy Chairman
Mr Bruce Brecheisen	-	Director
Mr Mark Williams	-	Director
Mr Roger Hinds	-	Director
Mr Charles Johnston	-	Director
Mrs Charmaine Maragh	-	Director
Mrs Kathleen Moss	-	Director
Mr Robert Scavone	-	Director
Mr Dorian Valdes	-	Director

In attendance were:

Ms Clover Moodie	-	Group Chief Financial Officer
Mr Stephan Morrison	-	Corporate Secretary/ Legal Counsel
Mr Damion Reid	-	KPMG Chartered Accountants (KPMG)
Mr Bevin Goode-Snr	-	KPMG Chartered Accountants (KPMG)
Mrs Denise Walcott-Samuels	-	Human Resource & Administration Manager, KWL
Shareholders & Guests	-	See Appendix 1

Call to order

The Chairman called the meeting to order at 10:00 a.m. and extended a warm welcome to all the shareholders, including those that were participating by proxy and observing the proceedings electronically and as well as the Company's Auditors and other invited guests.

Confirmation of Quorum

The Secretary confirmed that the required quorum was present and that the meeting could proceed to business.

Notice of Meeting

The members present at the meeting agreed to take the notice of the meeting found on page 5 of the Annual Report as read.

Submission of Proxies and Corporate Representatives

Shareholders were reminded that proxies were deposited with either the Company Secretary or the Registrar at least 48 hours prior to the date of the meeting. The Chairman also advised shareholders that a list of those proxies which amounted to 55% of all voting shareholders, was available for inspection.

Minutes of 2022 AGM, Articles of Incorporation and Share Register

The Chairman advised the meeting that the Minutes of the previous AGM, the Company's Articles of Incorporation and the shareholders' register were available for inspection.

Auditors' Report

The report of the Auditor to the members was read by Mr. Damion Reid of KPMG Chartered Accounts (KPMG).

Introduction of Board Members and Senior Management

The Chairman introduced the other members of the Board. The Company's CEO presented the senior management staff of the KWL group to the meeting participants.

Directors' Report and CEO's Presentation

The meeting participants agreed to take the Directors' Report as read and the Chairman then invited Mr. Williams to make a presentation on the Company's performance for the year 2022 and the outlook for 2023. Mr Williams began by thanking the Chairman and the Board for their leadership and support throughout the year. Mr Williams then paid tribute to the late Dr Marshal Hall for his contribution to the Company and Jamaica.

The CEO's presentation provided an overview of the two major lines of business for Company, name terminal operations and 3PL services. The presentation highlighted the following elements of the Group's performance:

- i. revenue of J\$9.5 billion, a 9% increase when compared to the prior year;
- ii. Operating Profit of J\$3.3 billion in 2022 which represented a reduction of 16% when compared to the prior year;
- iii. Total Assets increased to J\$42.7 billion, a 3% increase when compared to the prior year;
- iv. Shareholders' Equity of J\$35.8 billion, a 2 % increase when compared to the prior year; and
- v. One of the world's leading pure car carriers reported that Kingston Wharves was their most called terminal for the last three years.

Mr. Williams explained that that the majority of the Company's revenue is earned in US dollars which means that the appreciation of the Jamaican dollar to the US dollar resulted in a loss of J\$177 million dollars for the Company. When the foreign exchange loss in 2022 is compared to the gain of J\$432 million dollars in 2021, the net comparative foreign exchange loss equates to J\$609 million. Mr Williams highlighted that over the last five years both the revenue and the operating profit of the Company increased by 31% and 33% respectively. Mr Williams further highlighted that over the last five years, Shareholders' Equity, Dividends Declared and Earnings Per Share all increased by 45%, 49% and 39% respectively.

The CEO shared that the Company places a premium on being a good corporate citizen through its Environmental, Social and Governance structures. The CEO revealed that the Company made significant contributions to drainage works in the Newport West community. Additionally the Company continue to give back to its community by investing in youth development, particularly through sport and education. The CEO shared that he was proud that the Company has continued its sponsorship of Jamaica Youth Cricket for over 33 years. He noted that KWL has the distinction of being the longest sponsor of cricket in the region. The Company has also made donations to several schools that border the Newport West community.

Mr Williams outlined the Company's outlook for 2023. Despite the global projections for elevated levels of inflation, rising interest rates and more foreign exchange volatility, the Company has been able to increase the Group revenue by 2% and profit before tax by 5% in the first quarter.

In closing his presentation, the CEO underscored that Kingston Wharves is prepared for the future; despite the challenges forecasted for the remainder of 2023. The CEO reiterated that the Company maintains a strong balance sheet and that its business model is one which is positioned for growth and profitability.

Shareholder Q&A

Following the conclusion of Mr. William's presentation, the Chairman invited questions from shareholders.

The following written questions were submitted by Mr David Rose:

Question 1

Management was asked about the reversal of J\$357.52 million gain to a loss of J\$160.62 million on page 69 of the Annual Report? Additionally, Mr Rose asked whether the Company earns a significant amount of its income in US dollars and whether the Company could provide an indication of normalized earnings.

Response: The Chairman pointed to the CEO's explanation that the appreciation of the Jamaican dollar to the US dollar was a material explanatory factor for the reduction in profit. He elaborated that when you normalize the FX movement year on year, we see a single digit increase in operating profits. The Chairman shared that the leadership of the Company undertakes periodic reviews of its policy of holding its US dollar earnings in that currency. In light of the plan outlined by the CEO for significant capital investment which is largely in US dollars, the leadership continues to find value in holding much of its earnings in US dollars.

Questions 2

Given the Company's low leverage position, does the Company intend to finance its future capital investment projects through debt or a mixture of debt and cash?

Response: The Chairman advised that the Company would finance future capital projects through a mixture of its own capital and debt.

Question 3

Where is the Company in relation to its implementation of the compliance requirements of the incoming Data Protection Act? How is the Company managing its cyber security systems?

Response: The Company's officers explained that the Company had a team tasked with creating a framework to map the Company's implementation plan. Additionally the Company has been engaging external experts to educate and train its employees and directors on the implications of the Act when it comes into force.

The Chairman explained that cybersecurity was an area of direct oversight by the Executive Committee of the Company. He continued by sharing that the Company has invested in both technology and training of its staff to detect, block and avoid various cybersecurity threats.

Question 4

How is the Company managing the issue of succession planning?

Response: the Chairman explained that succession planning is a risk that the leadership of the Company is cognisant of and views as significant, while believing that it is a risk that is well managed. The Company has sought to structure its team in a way that is represented generationally at the most technically operational levels of the business.

The following questions were raised in person by Mr Staple:

Question 5

The Company's officers were asked to comment on why the entitlement Group insurance benefits is conditional on employees remaining in the employment of the Company up to retirement age.

Response: The Chairman explained that the benefits are significant and they come at a material cost to the Company, therefore as a policy matter, they are reserved for employees that remain in the Company's employment for the stipulated period.

Question 6

The Company's officers were asked to explain the upward movement in staff costs.

Response: The CEO explained that the Company's employee structure comprises of permanent and casual labour. Because of the respective increases in volume in the container business by 35% and the car business by 5%, the Company required additional casual labour, which contributed to an increase in staff costs.

Question 7

The Company's officers were asked to comment on the Port Authority of Jamaica requirement for the Company to maintain a fund of cash and liquid securities for an asset replacement and rehabilitation reserve.

Response: The Chairman explained that as a public wharf and the provider of an essential service, the Company is required to maintain a fund to ensure that they continue to have the capital necessary to maintain the port and terminal facilities.

The Company's Chief Financial Advisor stated that the value of the reserves was J\$212 million dollars. She also elaborated that the Company was not currently contributing to the fund because it made significant investments to upgrade and improve the physical assets of the terminal, which offset the need to make contributions to the fund for a period commensurate with the value of the investments made to maintain and improve the facilities.

Question 8

The Company's officers were asked whether there was an intention to venture into real estate development.

Response: The Chairman explained that the Company has been acquiring property and will continue to acquire property in the Newport West area. He advised that the Company's reason for acquiring real estate was to increase its capacity to service its logistics business and expand the footprint of the terminal.

Question 9

The Company's officers were asked whether they have a team in place to mitigate or profit from the fluctuation in the value of the Jamaican dollar against the US dollar.

Response: While the Company does have a treasury team that manages the Company's foreign currency, the CEO stated that the Company does not speculate on the foreign exchange market. The Company prefers to focus on its core business, using its core competencies, which allow it to be a net earner of US dollars from the international clients that it services.

The following questions were raised in person by Mr Lancel Bloomfield:

Question 10

The Company's officers were asked what the Company was doing to increase the efficiency of the cargo clearing process.

Response: The CEO explained that the Company launched an online portal and mobile app called "Click 'N' Collect" which allows customers to conduct all stages of the cargo clearing process from their smart phone. On completion of the digital process, the customer receives an appointment to pick up their cargo. The CEO stated that digital platform significantly reduces the time customers spend at the terminal.

Question 11

The Company's officers were asked about the cause for the jump in IT costs from J\$104 million in 2021 to J\$142 million dollars in 2022.

Response: the CEO explained that as the threat of cybersecurity increases, the Company has to invest in building a robust digital security infrastructure. Additionally, the Company is undergoing a transition from paper-based processes to digital solutions such as the creation of the mobile app, Click 'N' Collect.

Following the question-and-answer segment, attention reverted to the formal agenda and the following resolutions were tabled and passed.

Ordinary Resolution No. 1 – Audited Financial Statements and Director’s Reports

The following resolution was passed unanimously on a motion by Mr Orette Staple which was seconded by Mr. Livingston Young

THAT the Audited Financial Statements for the year ended December 31, 2022 and the reports of Directors and Auditors circulated with the notice convening the meeting be adopted.

Ordinary Resolution No. 2 – To approve and ratify dividend payments

The following resolution was passed unanimously on a motion by Mr David Rose which was seconded by Mr. Orette Staple:

THAT as recommended by the Directors, the interim dividend of Twenty-Four cents (\$0.24) per share paid on August 17, 2022 and of Forty-Three cents (\$0.43) per share paid on January 17, 2023, be and are hereby declared as final, and no further dividend be paid in respect of the year under review.

Ordinary Resolution No. 3 – Rotation and Election of Directors

The directors retiring from office by rotation pursuant to Article 107 of the Company’s Articles of Incorporation are e Messrs Mark Williams, Dorian Valdes, Roger Hinds and Kim Clarke. All the retiring Directors, being eligible, offer themselves for re-election.

The following resolution was passed unanimously on a motion by Mr Orette Staple which was seconded by Mrs. Kathleen Moss:

THAT Mr. Mark Williams be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr Orette Staple which was seconded by Mr David Rose:

THAT Mr. Dorian Valdes be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr Charles Johnston which was seconded by Mr Orette Staple.

THAT Mr. Roger Hinds be and is hereby re-elected a Director of the Company.

The following resolution was passed unanimously on a motion by Mr Orette Staple which was seconded by Mr. David Rose:

THAT Mr. Kim Clarke be and is hereby re-elected a Director of the Company.

Ordinary Resolution No. 4 – To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.

The following resolution was passed unanimously on a motion by Mr Orette Staple which was seconded by Mr. David Rose:

THAT, PriceWaterhouseCoopers be and are hereby appointed auditors of the Company in replacement of the retiring KPMG, Chartered Accountants to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

Ordinary Resolution No. 5 – To fix fees of the Directors

The following resolution was passed unanimously on a motion by Mr Livingston Young which was seconded by Mr. Orette Staple:

THAT the amounts shown in the accounts of the company for the year ended December 31, 2022 as fees paid to the Directors for their services as Directors, be and are hereby approved.

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 Group's success. The Chairman also thanked the Board, Management and the staff for their contribution and for successfully navigating the challenges experienced during the year.

There being no further business, the Chairman terminated the meeting at 11:49 a.m.

APPENDIX 1

List of Non-Director Shareholders Present In-Person

1. Ms. Clover Moodie
2. Mr. George Reynolds
3. Mr. Lancelot Green
4. Mr. Everton Thomas
5. Ms. Valrie Campbell
6. Ms. Giselle Riley
7. Ms. Margaret Porter
8. Mr. Lancel Bloomfield
9. Ms. Doreen Ogle
10. Ms. Theresa Edwards
11. Mrs. Maralin Spence
12. Mr. Garfield Parris

List of Non-Director Shareholders Present In-Person

1. Mr. Grantley Stephenson
2. Mr. Roger Hinds
3. Mr. Kim Clarke
4. Mr. Charles Johnston
5. Mr. Mark Williams
6. Mrs. Kathleen Moss
7. Mr. Jeffrey Hall
8. Mr. Bruce Brecheisen
9. Mr. Robert Scavone
10. Mr. Dorian Valdes
11. Mrs. Charmaine Maragh

Proxy Register

**Shareholder
Proxy**

1. Ms. Kelsey Taylor, Sagicor Pooled Investment Funds Trading as Sagicor Pooled Equity
2. Ms. Kelsey Taylor, Sagicor Life Jamaica Limited as Investment Manager for Jamaica Church Pension Fund

List of Non-Shareholder Guests

1. Mr. Adam Moss
2. Mr. Michael Arbouine
3. Mrs. Louise White
4. Mrs. Frances Mighty-Hutchinson
5. Mrs. Marilyn Cleghorn-Barker
6. Mrs. Bridgette Campbell
7. Mr. Dean Panton
8. Mrs. Terri-Ann Gordon
9. Ms. Simone Pearson
10. Ms. Joanne Banks
11. Ms. Anna Ward
12. Ms. Tiffany Davidson
13. Ms. Shantell Dixon
14. Mr. Claude Espeut
15. Mr. Rodrigo Olea
16. Mr. Roan Campbell
17. Mr. Stephen Facey
18. Mr. Phillip Armstrong
19. Mr. Damion Reid
20. Mrs. Corah-Ann Sylvester
21. Mr. Marcello Richards
22. Mr. Eric Scott
23. Mr. Paul Facey
24. Mr. Sam Cooper
25. Mrs. Almeta Johnson-Francis
26. Mr. Wayne Ballen
27. Mr. Mark Anthony B
28. Ms. Natalie Banton
29. Mr. Kereem Swearing
30. Mr. Javere Stanford
31. Ms. Dianna Ingram
32. Mr. Davion Warren