Annual Report 2021

Our Story is Your Story

Celebrating the Past. Shaping the Future.

GraceKennedy
100

THIS PAGE:
GraceKennedy's first office at
64 Harbour Street, Kingston, Jamaica

FRONT COVER:
The new GraceKennedy Headquarters at
42 – 56 Harbour Street, Kingston, Jamaica

GraceKennedy
100

Grace, Kennedy & Co., Ltd.

64 Harbour Street, Kingston, Jamaica, B.W.I.

CABLE ADDRESS "Grakenco" ALL CODES USED.

GENERAL IMPORTERS COMMISSION MERCHANTS WHARF OWNERS AND STEAMSHIP AGENTS

TELEPHONE: No. 3628 P. O. BOX 86.

DISTRIBUTORS: Standard Soaps, Standard Sisal Ropes, Jamaica Biscuit Factory, Ltd.

LIFE & FIRE INSURANCE AGENTS.

AGENTS: Seiberling Air-Cooled Motor Car Tyres.

YOU CANNOT DO BETTER

THAN OBTAIN MAXIMUM QUALITY at MINIMUM PRICES

BE YOUR OWN JUDGE.

THOUSANDS HAVE EXPRESSED THEIR ENTIRE SATISFACTION AND STILL CONTINUE USING THE UNDERMENTIONED PRODUCTS.

TO THOSE WHO HAVE NOT DONE SO, WE RESPECTFULLY SOLICIT THEIR KIND PATRONAGE.

ANY COMMENTS AFTER TRIAL WILL BE GRATEFULLY APPRECIATED.

IF YOU FAIL TO OBTAIN ANY OF THESE ARTICLES FROM YOUR GROCER ETC. WRITE US.

Kingston waterfront in 1926

Planters' Punch

MIXED BY HERBERT G. deLISSER

VOL. 1, NO. 1 — 1923-24. — PRICE: ONE SHILLING

CONTENTS.

THE MOTHER OF THE RAIN

THE WHITE SLAVE

A Great Jamaica Business Organisation

GRACE, KENNEDY & CO., LTD.

GENERAL COMMISSION MERCHANTS.

62-64 HARBOUR STREET. KINGSTON, JAMAICA.

IMPORTERS

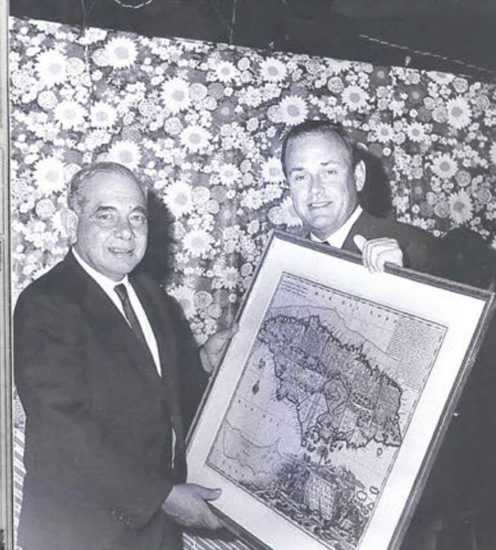
of every description of General Provisions.

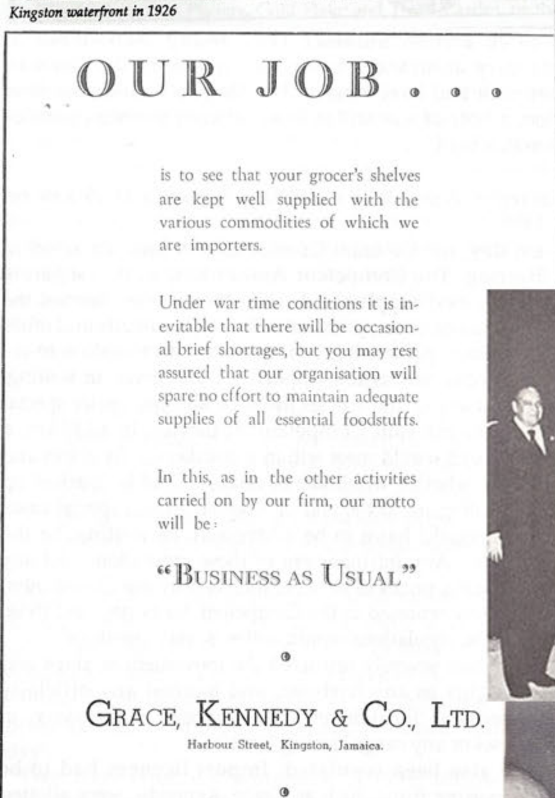
EXPORTERS

of Island Produce.

Correspondence solicited with Houses abroad for the importation of goods into Jamaica, and the exportation of SUGAR, RUM, COFFEE, etc

Cable address: "GRAKENCO," Jamaica: All codes used.





OUR JOB . . .

is to see that your grocer's shelves are kept well supplied with the various commodities of which we are importers.

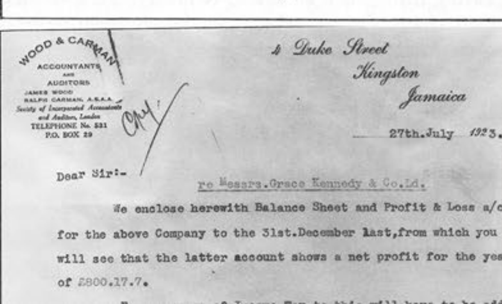
Under war time conditions it is inevitable that there will be occasional brief shortages, but you may rest assured that our organisation will spare no effort to maintain adequate supplies of all essential foodstuffs.

In this, as in the other activities carried on by our firm, our motto will be:

"BUSINESS AS USUAL"

GRACE, KENNEDY & CO., LTD.

Harbour Street, Kingston, Jamaica.



WOOD & CARMAN
ACCOUNTANTS AND AUDITORS
JAMES WOOD
RALPH CARMAN, A.S.A.A.
Society of Incorporated Accountants and Auditors, London
TELEPHONE No. 531
P.O. BOX 29

4 Duke Street
Kingston
Jamaica

27th.July 1923.

Dear Sir:-

re Messrs.Grace Kennedy & Co.Ld.

We enclose herewith Balance Sheet and Profit & Loss a/c for the above Company to the 31st.December last,from which you will see that the latter account shows a net profit for the yea of £800.17.7.

QUALITY SINCE 1922
Grace
La Fe
FIRST GLOBA
Your Commercial Bank from GraceKennedy
Welcome
TO
GOD
BE
THE
GLOR
TOYOTA
NFS
02
WT FOODS
LUIS
FRED
KENNEDY
ENVIRONMENTAL
GKG
Grace
Grace
HILO
GraceKennedy
100

In a year which continued to be characterised by the COVID-19 pandemic, GraceKennedy defied the odds yet again in 2021, delivering outstanding results and building on our record-breaking 2020 performance. This kind of success does not come overnight. It takes vision, hard work, determination and drive, qualities that are not in short supply at GraceKennedy, and as such, have been guiding forces in our business for over a century.

One hundred years ago, on February 14, 1922, a small trading establishment called Grace, Kennedy & Company Limited was born at 64 Harbour Street in Kingston, Jamaica. Over many decades our Company would go on to make a habit of defying the odds. From a little island in the middle of the Caribbean Sea, our small Jamaican trading establishment transformed into one of the largest and most dynamic Jamaica-based multinational corporations, which now serves millions of customers, employs thousands, and which is loved the world over – the GraceKennedy (GK) Group.

At GK we are driven by a passion for people, which feeds into our vision to provide the highest quality food and financial services, at home in Jamaica, across the Caribbean region and around the world. This is our GK story, a story which is shared with Jamaicans at home and abroad; from humble beginnings, through hard work and determination, we have made a global impact.

Over the years, as we have navigated ups and downs, proud moments, and pitfalls, GK has shown the world that some of the most riveting chapters of our story speak to our resilience through tough times, and how we have defied what may have seemed like insurmountable odds. Last year, during one of the most difficult periods of our recent history, our Company, powered by an GK amazing team, continued to show up for the communities we serve, going above and beyond to meet their needs. This is true testament to the strength of our ***We Care*** ethos, which has been a grounding force throughout our history.

We are honoured that even during difficult times, our loyal customers continue to support GK. Our 2021 results bear witness to this, and to the fact that success can be achieved with vision, hard work, determination, and drive, guided by the values of ***Honesty, Integrity*** and ***Trust.*** We are extremely proud of our performance for the year under review, and it is yet another great way to commemorate GK's 100th anniversary in 2022.

This year, as we look back at GK's rich history, we look forward to writing the next chapters of our story with you, our GK Family.

Our Story is Your Story

Celebrating the Past. Shaping the Future.

OUR **VISION**

To be a Global Consumer Group, delivering long-term consumer and shareholder value through brand building and innovative solutions in food and financial services, provided by highly skilled and motivated people.

Our Vision embodies the focus of GraceKennedy's team, grounded in our firm commitment to our stakeholders:

- **Our staff:** We will promote teamwork, mutual respect, care, open communication, empowerment and accountability.
- **Our customers and consumers:** We will maintain high product and service standards as we honour our commitments.
- **Our shareholders:** We will provide our shareholders with competitive rates of return over the medium-to long-term.
- **Our communities:** We will be a socially responsible, caring and environmentally conscious corporate citizen.
- **Our creed:** We will operate with *Honesty, Integrity* and *Trust.*

OUR **MISSION**

To deliver the taste and experience of Jamaican and other multi-cultural foods to the world, and leading financial services to our region.

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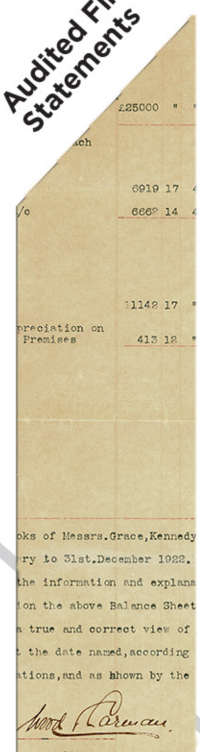
Grace
The Good Food People
WE CARE



GK AT A GLANCE

THEN VS NOW: 30 YEARS

	1991	2021	
Revenue	$3,265M	$129,310M	Percentage Change: **3860%**
Profit Before Tax	$234M	$11,676M	Percentage Change: **4884%**
Market Capitalisation	$460M	$99,527M	Percentage Change: **21544%**
Dividends Paid	$21M	$1,912M	Percentage Change: **9048%**

CHAIRMAN'S **MESSAGE**

Dear Shareholders,

It is tremendous for any company to celebrate 100 years in business, and at this special moment in the history of GraceKennedy (GK), it is a special privilege to be Chairman of the Board.

Our record-breaking 2021 revenues of J$129.3 billion, tell only a part of our GK story. By offering best-in-class services and top-quality products GK has, over the past century, become one of the Caribbean region's largest corporate entities and most trusted brands.

The juxtaposition of GK continuing to deliver an outstanding performance in the second year of the COVID-19 pandemic affirms our belief that in a crisis, opportunities exist. It also demonstrates how critical it is to continue supporting our customers and the communities we serve in their time of need, notwithstanding any challenges faced by our business. The best of GK has been shown clearly over the last two years. Our team has proven that once there is coalescence and fixity of purpose around common goals, there is nothing that GK cannot do, achieve, or be.

> **"Against the odds, GK continues to rise to the challenge and exceed expectations. These are key elements of a great story, our story."**

The horizon holds many new chapters for GK in our bid to become a Global Consumer Group. As we continue writing our GK story, we do so with ***Honesty, Integrity*** and ***Trust.*** Strategic and operational excellence continue to be our hallmark, and ***We Care***, our mantra. Our coveted track record of good corporate governance and corporate citizenship will remain.

To our shareholders, thank you for your steadfast belief in GK. We remain committed to providing attractive returns on your investment, while making you one of the many proud owners of our Company.

As we look ahead, our well-advanced digital transformation and mergers and acquisition strategies, supported by our new environmental, social and governance agenda, will feature prominently in the achievement of our goals. We are excited to realize the true potential of the GraceKennedy Group. The possibilities are limitless!

On behalf of GK's Board of Directors, thank you, to all our partners and stakeholders for being part of this journey. Stay with us as we continue to grow GK and make Jamaicans around the world proud. It has been an honour to be your preferred brand for a century. To Don and the entire GK team - well done! To my fellow Directors, thank you for your commitment.

This 100th anniversary celebration is dedicated to GK's founding fathers, and our inspirational leaders and team, past and present, who have all made this milestone possible.

GraceKennedy truly represents the best of Jamaica, and gives the best of Jamaica to the world.

Happy 100th GK!

Prof. Gordon Shirley, OJ
Chairman

CEO'S **MESSAGE**

I have looked forward to this moment in GraceKennedy's history for a long time – our 100th anniversary, GK100. Now that it is here, I am even more proud and excited than I ever imagined I would be.

I am proud because of what our Company has been able to achieve over the past 100 years, as we have taken the GraceKennedy (GK) brand, and Brand Jamaica, to the world. I am also proud of our Company's growth and expansion from a small Jamaican food trading establishment to a multifaceted conglomerate, headquartered in Jamaica while operating in several markets across the globe, delivering food and financial services, employing thousands and serving millions. I am proud of the team that has powered us along the way, and of the sheer passion and determination we have all shown.

I am excited, because I truly believe that even with such a longstanding track record of success, and after delivering such an outstanding performance during such a difficult period in our history, GK's best days still lie ahead.

I consider myself extremely blessed to be a part of the GK story, and to have been given the opportunity to proudly lead our team through some of its most pivotal chapters. Together, we have experienced trials and triumphs, shared sorrow, and success. We have proven ourselves to be stronger together, and throughout it all, the support of our loyal customers, partners in business, shareholders, and the communities we serve around the world – our GK Family – has made all the difference.

Our Story is Your Story.
Celebrating the Past. Shaping the Future.

Each and every member of our GK Family is part of our GK story, and you are the reason it is still being written. We are eternally grateful for all our stakeholders. From the bottom of our hearts, thank you to all who have helped build this great Company.

Jamaica's first national hero, the Rt. Excellent Marcus Mosiah Garvey said that a people without knowledge of their past history, origin and culture is like a tree without roots. Therefore, on this, our 100th anniversary, we celebrate and give thanks for GK's founding fathers - Dr John Grace, Fred Kennedy and James Moss-Solomon, Snr - who established the solid foundation upon which our Company has continued to operate for over a century. The core values they instilled, ***Honesty, Integrity*** and ***Trust***, and our ***We Care*** ethos, have guided every pioneering GK leader of the past - Luis Fred Kennedy, Carlton Alexander, Raf Diaz and Douglas Orane. These values also guide me today and will undoubtedly continue to guide future generations of GK leaders, because above all else, they are the secret to GK's success.

We are extremely grateful for the many men and women who have served on the Board of Directors of GraceKennedy over the years, including our current Board led by Professor Gordon Shirley. Their bold leadership, invaluable guidance and unending support have helped navigate our Company through some of the most challenging periods of our history.

We also owe a huge debt of gratitude to our amazing GK team around the world, who, throughout the decades, have always given their very best to our Company and those we serve. GK's most important asset has always been our people, and we take their well-being, personal growth, and quality of life, very seriously. Our efforts in this regard are well-received, as in 2021, GK recorded our highest employee engagement score - 72%, which topped 2020's record-breaking score of 70%, and lands our Company 7% above the international benchmark of 65%. The undisputable correlation between employee engagement and profit has once again been proven by the GK team in 2021.

Last year was another one for the record books. We achieved an all-time high of $129.3 billion in revenues, our profit before tax exceeded the $10 billion mark for the first time, and profit after tax increased by 30% over prior year. Dividends totalling $1.9 billion were paid out by GK in 2021, an increase of 21% over the $1.6 billion paid out in 2020. This broke the previous year's record as being largest dividend pay-out in our Company's history.

Our continued strong financial performance is testament to the loyalty of our customers and clients all over the world, notwithstanding the many challenges still being faced globally due to the COVID-19 pandemic. It also reflects the GK team's commitment to delivering products and services at the highest standard, whilst they work to achieve our Group's strategic objectives.

For several years, the GK Executive has stated our intention to reward our hardworking GK team for their outstanding efforts, by gifting them shares in our Company. At GK, our word is our bond, and we pride ourselves on keeping our promises.

After years of working assiduously to make this intention a reality, I was happy to announce that a GK100 Share Offer for our staff is a part of our anniversary celebrations in 2022. With all that our team has given to GK, they are more than deserving.

“Our Company is a formidable force wherever we operate in the world; our values are strong, our team is dedicated, talented and committed, and our strategy is sound. There is excellence in our execution, and the results speak for themselves. The future of GK is bright.”

In 2021, GK's 2030 vision was finalized, and has been shared widely with our team. We now have a clear picture of where we want to be, and how we will get there. Our Vision speaks to growing our revenues. It is an ambitious target, but we are, and always have been, an ambitious company. Our hundred-year history has shown that once we remain focused and committed, the GK team has what it takes. We are united and undaunted in our mission to continue delivering the best of what Jamaica has to offer, to the world.

We look forward to continued growth, with you, our valuable stakeholders, by our side. We couldn't have achieved all that we have done, without you.

Please join us in celebration of GK100 in 2022, as we continue writing our story, together.

Don Wehby, CD
Group CEO


GraceKennedy
GROUP
100

OUR STORY IS YOUR STORY

Celebrating the Past. Shaping the Future.

100 years ago a small trading establishment called Grace, Kennedy & Company Limited was founded on Harbour Street in Kingston, Jamaica, on February 14, 1922, Valentine's Day. Fittingly, for over a century, our Company's ethos has embodied love and grace. We have been dedicated to our core values ***Honesty, Integrity*** and ***Trust*** and have always prioritized our ***We Care*** ethos, infusing it throughout our businesses in word and deed. Above all, staying true to these principles has been the key to GK's success.

From humble beginnings, our small trading business has grown to become one of Jamaica's most distinguished companies, the GraceKennedy (GK) Group, which now offers quality food and financial products and services, recognized the world over.

As GK has grown and diversified, the communities we serve have grown with us, from strength to strength, giving us their unwavering support. In turn, our Company has become an exemplar of good corporate citizenship wherever we go, remaining actively involved in shaping a sustainable future for our team, customers, shareholders, and our country. Through GK, many lives have been touched, enriched, and transformed.

Since 1922, GK's story has been inextricably linked with the story of those we serve around the world, **Our Story is Your Story.** Whether it be on our kitchen shelves, when sending money to loved ones across the miles, or by helping to protect the people and things we value, GK has been there, every step of the way for our GK family. Our Group is now involved in banking, insurance, money services – including remittance businesses in 11 countries – in addition to our food manufacturing and distribution business, and supermarkets. And this is only the beginning of the story.

This year, as we celebrate GraceKennedy's 100th anniversary (GK100) and look back at our Company's rich history, we also look forward to shaping the future together, with you, our GK Family. The best is yet to come!

GraceKennedy 100

1922-1967

1922 Grace, Kennedy & Co. Ltd. established by Dr John Grace and Fred W. Kennedy with James Moss-Solomon, Sr. as its first accountant.

1930 Luis Fred Kennedy is appointed Co-Manager with James Moss-Solomon, Sr.

1945 Luis Fred Kennedy leads the formation of Kingston Wharves Ltd.

S. Carlton Alexander is appointed Assistant General Manager.

1951 Grace, Kennedy & Co. becomes the first Jamaican company to establish free health, pension schemes and life insurance for staff.

1952 Grace, Kennedy & Co. (Canada) Ltd. established.

1960 S. Carlton Alexander is appointed Co-Managing Director with James Moss-Solomon, Sr.

1962 Grace, Kennedy (UK) Ltd. established.

1967 GraceKennedy (Trinidad) Ltd. established.

Dairy Industries (Jamaica) Ltd., a joint venture with New Zealand Dairy Board, established to manufacture cheese and other dairy products.

1976-1998

1976 S. Carlton Alexander is appointed Chairman and CEO and is instrumental in forming the Private Sector Organisation of Jamaica (PSOJ).

1979 Grace & Staff Community Development Foundation established.

1982 GraceKennedy Foundation established.

Grace, Kennedy (Belize) Ltd. established.

1986 Grace, Kennedy & Co. Ltd. is listed on the Jamaica Stock Exchange.

1989 A. Rafael Diaz is appointed Chairman & CEO.

1990 Grace, Kennedy Remittance Services Ltd. established as agents for Western Union.

1992 The James Moss-Solomon Sr. Chair in Environmental Management established at The University of the West Indies, Mona.

1993 Grace, Kennedy (Guyana) Ltd. established.

1997 New Corporate Headquarters opens at 73 Harbour Street, Kingston.

1998 GraceKennedy listed on the Trinidad & Tobago Stock Exchange.

Douglas Orane named Chairman & CEO.

2002-2015

2002 Trafalgar Commercial Bank acquired and relaunched as First Global Bank.

2007 WT (Holdings) Ltd. Group, a UK ethnic and specialty foods supplier acquired and renamed Grace Foods (UK) Ltd.

2009 GraceKennedy Financial Group (GKFG) formed.

2011 Don Wehby is appointed Group Chief Executive Officer.

2014 Prof. Hon. Gordon Shirley is appointed Chairman.

La Fe Foods is acquired, and GraceKennedy Foods (USA) LLC established.

2015 GK Value Rewards customer loyalty programme launched.

2017-2022

2017

GK ONE launched by GKFG.

Consumer Brands Ltd. acquired.

2019

GraceKennedy's new headquarters opened at 42 – 56 Harbour Street, Kingston.

2020

Key Insurance Company Limited acquired.

2021

Scotia Insurance Eastern Caribbean Limited (SIECL) is acquired and renamed GK Life Insurance Eastern Caribbean Limited (GK Life).

GraceKennedy reports its best financial performance in its 99-year history.

2022

GraceKennedy celebrates its 100th Anniversary.

FOUNDED ON **HONESTY, INTEGRITY & TRUST**

At GK, we have undoubtedly been blessed with some of the most visionary, pioneering business leaders in Jamaica's history. Starting in 1922, our founding fathers, Dr John J. Grace and Fred W. Kennedy, and our first Accountant, James Moss-Solomon Sr., laid a solid foundation for our Company, grounded in a sincere love of people, sound strategy, and powered by a dedicated team.

Luis Fred Kennedy, S. Carlton Alexander, Rafael Diaz, Douglas Orane, Don Wehby and Professor Gordon Shirley are all legendary, integral architects of our GK story. Each of these outstanding visionaries established a legacy of distinction and excellence, not only for our Company, but for our nation, embodying the mantra coined by Carlton Alexander - What is good for Jamaica, is good for GraceKennedy.

In partnership with an engaged and committed team, GK's leaders have steered our Company through countless milestones, and 100 years of success. Today, with our solid vision and a diverse and dedicated team brimming with talent, the future of our Company is bright, as we set the stage for the next generation of GK leaders.

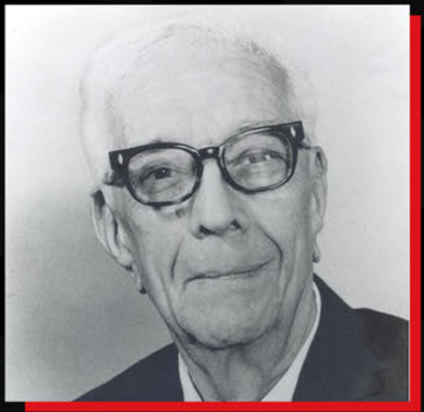
GraceKennedy 100

Dr John Grace

Dr John Grace served as Governing Director and Co-Managing Director of Grace, Kennedy & Company Limited from February 14, 1922 until his retirement in the 1940s.

Fred William Kennedy

Fred William Kennedy served as a Director and Co-Managing Director of Grace, Kennedy & Company Limited from February 15, 1922 until the time of his death in 1930.



James Moss-Solomon, Sr.

James Moss-Solomon, Sr. was appointed as the accountant of Grace, Kennedy & Company Limited on February 15, 1922. In 1930, he became Co-Manager with Luis Fred Kennedy and was appointed a Director in 1936. He retired in 1972, after spending 50 years with the Company.

Luis Fred Kennedy

Luis Fred Kennedy joined Grace, Kennedy & Company Limited in 1928. After the death of his father, Fred William Kennedy, in 1930, he became a Director and Co-Manager with James Moss-Solomon, Sr. During his tenure, Luis Fred Kennedy also served as Chair of the Executive Committee, Chairman and as a Governing Director. He retired in 1976.

S. Carlton Alexander

S. Carlton Alexander joined Grace, Kennedy & Company Limited in 1933 as a stock clerk. In 1949, he was promoted to Assistant General Manager, and was subsequently appointed a Director in 1950. In 1960, upon the partial retirement of James Moss-Solomon Sr, Mr Alexander became Co-Managing Director with Luis Fred Kennedy. By the early 1970s, he had assumed the post of Managing Director and became Chairman & CEO in 1976. He died in 1989, having served the Company over 50 years.

A. Rafael Diaz

A. Rafael Diaz joined Grace, Kennedy & Company Limited in 1969 as an accountant. He became the Financial Controller in 1973 and by 1976 was appointed Finance Director. By 1980, he rose to the position of Deputy Chairman. In 1989, following the death of Carlton Alexander, Mr Diaz was appointed Chairman & CEO. He retired as Chairman in 1998, but continued serving as a Director until 2005, after having served the Company for over 35 years.

Douglas Orane

Douglas Orane joined Grace, Kennedy & Company Limited as a corporate planner in 1981. He was appointed Group CEO in 1995. In 1998, he was appointed Chairman and held the position of Chairman & CEO until his retirement as CEO in 2011, at which point he assumed the position of Executive Chairman until 2012. He retired as a Director in 2018, having served the Company for over 37 years.

Professor Gordon Shirley

Professor Gordon Shirley was appointed a Director of GraceKennedy Limited in 1996. He has served on the Board since then, excluding a three-year period between 2004 and 2007, when he took a leave of absence to serve as Jamaica's Ambassador to the US. In 2014, Prof. Shirley was appointed as the non-executive, independent Chairman of GraceKennedy Limited. To date, he has served GraceKennedy for over 25 years.

Don Wehby

Don Wehby joined GraceKennedy Limited in 1995 as Group Finance Manager. He was appointed Deputy Finance Director and a Director in 1997. During his tenure Mr Wehby has also served as COO for the Financial Services Division, CEO of GK Investments, Group COO, Group CFO and Deputy CEO of GraceKennedy Limited.

He was appointed Group CEO in 2011, and has served GraceKennedy for over 25 years.


Grace Foods Canada Inc
Toronto
Wood-Ridge, New Jersey
GK Foods (USA) LLC & La Fe, New Jersey
GK Headquarters, 42 - 56 Harbour Street, Kingston
Miami, Florida
JAMAICA
Belize City
Jamaica
Bridgetown
Port of Spain
GK Foods Distribution Centre, St Catherine
Grace Foods, 73 Harbour Street, Kingston

THE SPIRIT OF JAMAICA **INSPIRING THE WORLD**

Although we began small, GK's leaders have had BIG dreams, and our team has put in the work to make them a reality. Our Mission to deliver the taste and experience of Jamaican and other multi-cultural foods to the world, and leading financial services to our region, is firmly on track.

Over 100 years, GK has expanded and diversified into a Global Consumer Group, transcending boundaries and surpassing expectations. As early as the 1950s, our Company had operations outside Jamaica, but it wasn't until the 1970s, as we responded to the diaspora's longing for a 'taste of home', that we began solidifying our market presence overseas.

It is a source of great pride for Jamaicans to see Grace and Grace-owned products on supermarket shelves abroad. The communities we serve around the world have come to know and love the taste of Grace. This is a source of inspiration for not only our GK team, but also for our fellow Jamaicans and Caribbean nationals around the world. The expansion of our financial services business across the English-speaking Caribbean is also a source of pride, and a key growth area for GK, as we work towards making an even greater regional impact in the future.

With operations now spanning the Caribbean, the United States, Canada, the United Kingdom and Europe, GK has become one of the most iconic representations of Brand Jamaica, worldwide.

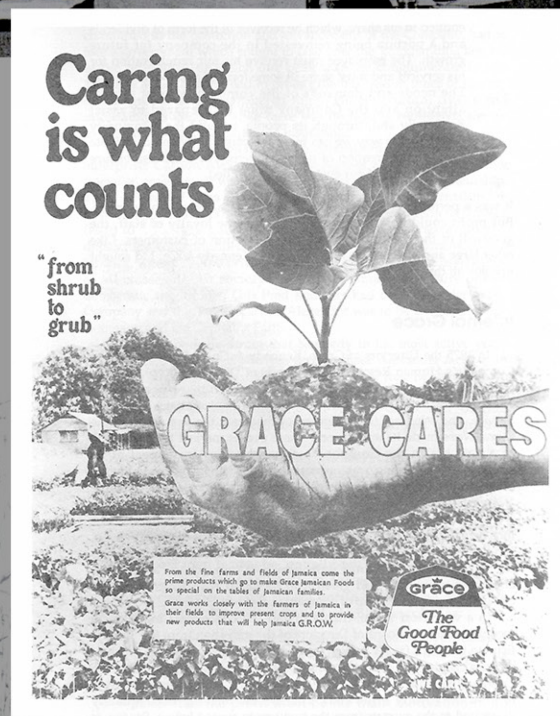
WE **CARE**

These two words have been the philosophy that has guided our Company for 100 years. At GK, as proud as we are of our products and services, we are even prouder of our ***We Care*** ethos, because it is the motivation behind everything we do for our GK Family - our team, our clients, customers, communities and country.

We support a wide range of causes and prioritize the wellbeing of our team, because we care. Our Foundations have implemented life changing initiatives in communities surrounding our operations, because we care. We have partnered with organisations in the private and public sector and civil society to deliver projects in the interest of national development, because we care.

In times when the communities we serve have faced unprecedented hardships, GK has stepped up, assisting the most vulnerable in society and those working on the frontline.

Our Company will continue to grow and change in the years to come, but two words will always remain true - ***We Care*** – it's in our DNA. It is our (not so) secret to success.



SOME OF THE HEROES **BEHIND OUR HUNDREDTH**

GK's greatest asset is not on our balance sheet – it's our people – and our amazing GK team has demonstrated that time and time again. Our Group CEO has often said that there is an undisputable correlation between employee engagement and profit, and we believe that wholeheartedly.

GK is a family. It's a place where many have built careers and raised their own families. Together, over many years, we have comforted each other in difficult times, celebrated our successes and fulfilled our dreams. We have persevered, through ups and the downs, with dedication and commitment.

The over 2000 GK team members currently working in our businesses around the world are the engine that powers our success. As we celebrate the monumental milestone of GK100, we pay tribute to the GK team, past and present, who by their hard work and dedication have helped to shape our Company. They are the heroes behind our hundredth.

Patrick Chen

Warehouse Manager
Grace Foods Canada Inc.

Employed to GraceKennedy for over 37 years

"What's not to like about working at GraceKennedy? In all the years I have worked here, the constant is the strong culture that exists in the Company, and the leadership and guidance that has helped us to navigate these last 100 years. The people I have been privileged to work with are supportive, and in this year of celebrating our 100th anniversary, I remember the past fondly and look forward with great pride and anticipation to what is to come."

Marcia Doyley

Underwriter
GK General Insurance Limited

Employed to GraceKennedy for over 29 years

"It is an honour for me to be part of a forward-thinking, supportive Group that realizes employees are its greatest asset, and to work collaboratively with my team for successful outcomes. I am also proud to know that a major strategy of continuity for GraceKennedy is service to its staff and the public."

Sharon Wellington

Accountant
GK Foods Central Finance Unit

Employed to GraceKennedy for over 34 years

"One hundred years under any circumstance is no minor feat. As with any journey, the going has not been always easy. However, the strength of the GraceKennedy Group today is a testimony of the hard work of those who were here before us, combined with those who continue to build on the foundation that was laid. I feel a sense of pride to be a part of this great Jamaican company, which continues to raise the bar and remain relevant and successful throughout the years."

Angella Powell Gayle

Facilities Information Officer
GK Executive Office

Employed to GraceKennedy for over 39 years

"It had always been my dream to work with a large successful organization and this materialized in 1981 when I began working at GraceKennedy. During my tenure, I have watched as the Company transitioned from mainly offering food items in the domestic market, to offering diverse products and services in the international marketplace. This year marks 100 years for GK and 40 years since I joined the Group. It should prove to be an exceptional year, and it will also be my final year with GK, as I retire in December. Working at this remarkable company has provided me with a wealth of experience and knowledge. Looking forward, I am confident that for GK - The best is yet to come!"

“REPPING” FOR **GRACEKENNEDY**

GK has always been aligned with outstanding Jamaicans who share our values and story - from humble beginnings to the world stage - through dedication and commitment, to excellence. In 2008 we formalized this approach, by announcing the signing of Jamaican sprinter Shelly-Ann Fraser-Pryce as our first ever GK brand ambassador.

Fourteen years later, we now have five exceptional Jamaican personalities on our roster of GK ambassadors. Since signing, Fraser-Pryce has firmly embedded herself as a member of our GK Family, and as a Olympic gold medallist and World Champion many times over. She has been joined by three other world-class Jamaican athletes, Olympic gold medallist and World Champion hurdler, Hansle Parchment (signed in 2013), five time Olympian and World Champion swimmer, Alia Atkinson (signed in 2014), and Olympic gold medallist and fellow sprinter, Briana Williams (signed in 2020), who all now ‘rep for GK.’ In 2018, our athlete ambassadors were joined by our first cultural ambassador, dancehall artiste Kemar ‘Ding Dong’ Ottey who has added an effervescence and energy to our brand that only he could.

The story of our GK Ambassadors is our story. They have made a name for themselves through hard work and determination, taking the best of Jamaica and spreading it across the globe. In this, GK’s hundredth year in operation, we salute them for always representing our Group with flair and distinction, and for their outstanding contribution to Jamaica, land we love.

“It’s always #TeamShelly with GraceKennedy, and I thank you guys so much for all the support you have given me throughout the years. I am excited to see what the future holds for both of us.”

— Shelly-Ann Fraser-Pryce, CD

“GK turns 100! What a milestone, what an accomplishment for any company in this world, and I am so grateful and honoured and humbled to be a part of this company. It’s my company, my heart’s company.”

— Kemar “Ding Dong” Ottey

“It has been an honour and pleasure to be a part of the Grace family. It is always a warm, friendly and inviting atmosphere when we come together, so working as a team comes really naturally. Massive congratulations to the GraceKennedy family on this 100-year anniversary.”

— Hansle Parchment

“You were my first sponsor, and without you I wouldn’t have gone to international meets and been able to persevere in the sport for as long as I have. It really made me feel like I was a part of the GraceKennedy Family, and that I could do my best. Happy hundredth anniversary… let’s go for 100 more!”

— Alia Atkinson, CD

“I want to wish GraceKennedy a Happy 100th Anniversary. Your contribution to the community is greatly appreciated and I wish you 100 more!”

— Briana Williams

LEFT PAGE
From top to bottom:
Kemar “Ding Dong” Ottey
Shelly-Ann Fraser-Pryce, CD
Hansle Parchment

RIGHT PAGE
From top to bottom:
Briana Williams
Alia Atkinson, CD

GRACE: THE TASTE THAT MOVES YOU FOR 100 YEARS

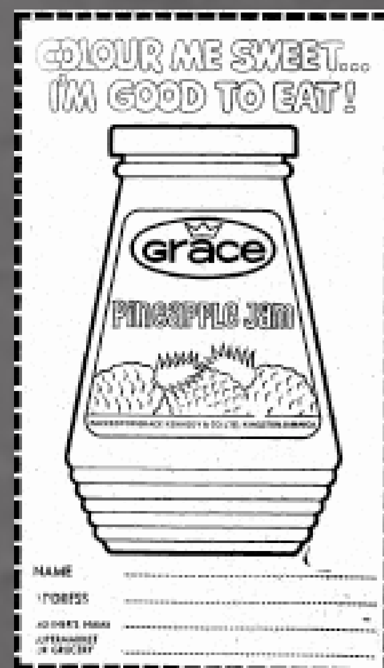
Like music, good food is universal, and for 100 years at GK, we have defined ourselves as being the good food people. With quality Grace and Grace-owned brands now lining the shelves of some of the biggest supermarket chains in North America and the UK, our products are not only sought after by Jamaicans and Caribbean nationals, but also by a diverse array of consumers with different backgrounds and cultures from around the world.

With six factories in Jamaica, and major operations in the UK (Grace Foods UK), US (Grace Foods (USA) LLC), Canada (Grace Foods Canada Inc.) and the Caribbean (Grace Foods LACA), for over a century GK has been strategically setting up our Foods business for exponential growth in key markets outside of Jamaica. In 2019, GraceKennedy further underscored our commitment to becoming a Global Consumer Group by officially opening a 125,000ft2 facility in New Jersey, USA to house our Grace/LaFe operations. The gains from this bold move have been game-changing.

GK is well-poised to continue manufacturing, distributing, and delivering the taste of Jamaican and other multi-cultural foods and flavours to the world. Our story of producing the highest quality food products will only get better, as we continue “bringing good taste to life,” tantalizing hearts and taste buds with the “taste that moves you.”

QUALITY SINCE 1922

taste that MOVES you



Scan here to take a trip down memory lane with Grace Foods


HEY KIDS...
SAMMY JAM SAYS...
ENTER THE
GRACE
JAM JAMBOREE
COMPETITION
AND WIN THESE
WONDERFUL PRIZES!


Decorate for 1937
with
ROSE-GLASSWARE
With every package of
3-MINUTE OATFLAKES
is packed an attractive piece of rose-glassware
AT ALL LEADING GROCERS.
GRACE, KENNEDY & CO: LTD.
Agents.


BJS
YOUR PROOF
OF GRACE QUALITY
Grace Fruit Nectars
Grace Tomato Ketchup
Grace Pineapple Juice
The Good Food People
BE JAMAICAN BUY JAMAICAN


THE BIGGEST
GRACE COMPETITION EVER!
Grace
FOOD
FESTIVAL
COMPETITION
$8,000
GRAND PRIZE $2,500
$1000
$600
$300

BUSINESSES TO HELP YOU LIVE A **GRACEFUL** LIFE

Under the mantra of "everyday financial optimism", over the past three years, the GraceKennedy Financial Group (GKFG) has been working to present a unified brand image and client service delivery, that is in line with the one-stop financial experience customers come to expect from our Financial Group. This metamorphosis is for the betterment of our customers, stakeholders, and team, as we make good on GK's Mission to deliver leading financial services to our region.

GKFG currently offers:

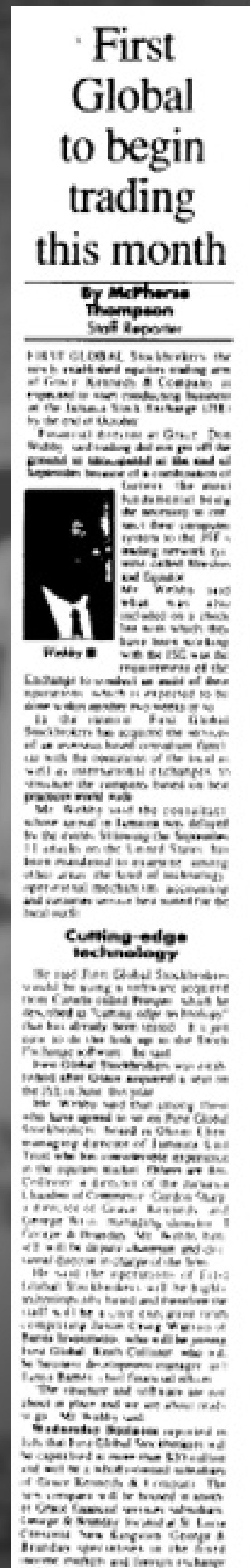
- **Banking** through First Global Bank
- **Insurance** through Allied Insurance Brokers, GK General Insurance, Key Insurance, GK Life Insurance Eastern Caribbean, GK Insurance (Eastern Caribbean) and Canopy Insurance.
- **Investment** through GK Capital Management and Signia Globe Financial Group; and
- **Money Services** through GraceKennedy Currency Trading Services (FX Trader), GraceKennedy Payment Services (Bill Express) and GraceKennedy Remittance Services (Western Union), all falling under the umbrella of the GraceKennedy Money Services (GKMS) Group.

Our financial businesses are all top-rated in their service segments, with many being household names, not only in Jamaica but across the English-speaking Caribbean.

With top-rated financial brands, GKFG seeks to achieve greater profitability, greater visibility, and an even greater client affinity by becoming an even more cohesive entity in the future. While comprised of several businesses, GKFG has a shared strategic outlook, vision and mission that empowers our customers to live gracefully and be optimistic that their financial dreams are achievable with our help.

Scan here to learn how to live a Graceful life with GKFG

GraceKennedy Financial Group



First Global to begin trading this month

By McPherse Thompson
Staff Reporter

Cutting-edge technology

GraceKennedy increases stake in Key Insurance

WEHBY: ...with a highly engaged team, the future outlook of Key is extremely positive and we expect the trend of improved financial results to continue

As part of expanding its insurance business scope, GraceKennedy Limited (GK) has acquired an additional 8.35 per cent of the now-profitable Key Insurance Limited which reported its third-consecutive quarter of profits since being acquired in March 2020.

The insurance company, which was a perennial loss-maker, executed a successful rights issue in January which saw Key raise $668 million in fresh equity capital. This move was executed through GK Capital Management Limited which acted as lead broker in the underwritten offer and spent $163.39 million to acquire the 8.35 per cent stake in Key.

GraceKennedy Financial Group Limited acquired an additional 124.5 million shares at a cost of $435.8 million to maintain their 65 per cent stake. GK owned 73.5809 per cent of Key at the end of March, which means the conglomerate has spent $1.08 billion on its Key stake over the last year.

"Since the acquisition of Key by GraceKennedy in March 2020 the company has recorded profits of $38.4 million. Also of note, as at December 2020 the company recorded two consecutive quarters of profitability notwithstanding the challenging economic climate associated with the [coronavirus] pandemic. We are extremely proud of this achievement and attribute it to the excellent contribution of the Key Insurance team and the remarkable support of our continuously expanding customer base," stated chairman of Key and chief executive officer of GK Don Wehby in an interview with the Jamaica Observer.

The Gleaner
Established 1834

GKFG launches cashless financial store

GraceKennedy Financial Group has opened up a GK One Digital Store at its corporate building in Kingston, a cashless outlet that provides financial and money services.

Transactions will be by debit or credit cards only, said GKFG, which

The services offered at GK ONE Digital include loan applications, the opening of bank accounts, insurance, bill payment, remittances, consumer loans and electronic cambio services.

Group CEO of the GraceKennedy Limited conglomerate Don Wehby says the new store forms part of the company's ongoing digital transformation programme.

GraceKennedy
GROUP

2030 VISION

In 1995, the management team of GraceKennedy (GK) announced a 25-year vision for our Company – to become a global consumer group with 60% of our revenues derived outside of Jamaica. We have made significant headway towards achieving this objective, with revenues of 46.4% being earned outside of Jamaica in 2021.

We continue to have bold ambitions. In 2020, our leadership team began collaborating to develop a new vision for our Group for the next decade, and in 2021 GK's 2030 vision was finalized.

Our 2030 vision is GK becoming the number one Caribbean brand in the world with 70% of our revenues and profits earned outside of Jamaica.

To achieve this, we will:

- Continue pursuit of our goal to list GK on an international stock exchange, as we look forward significant growth related to our geographic expansion in major food markets across USA, Canada, and the United Kingdom.
- Continue expansion of GK financial services within the English-speaking Caribbean.
- Infuse Environmental, Social, and Governance (ESG) principles into our core business strategy as we continue to positively impact our global society and enhance the financial well-being of all our stakeholders.

With a highly skilled and motivated GK team aligned to our core values - *Honesty, Integrity, and Trust* – and driven by our *We Care* ethos, we are well positioned to achieve our 2030 vision.

The best is yet to come!

HAPPY BIRTHDAY
GRACEKENNEDY!

On our 100th Anniversary on February 14, 2022, social media was abuzz with messages for the GK family. We are happy to share some of the messages we received with you!

Collette Smith, PhD
@DrCJASmith

HBD GK! 🎉 My dad would be proud to see where @GraceKennedyGrp is at today. He was far from rich, but ensured that the corned beef, ketchup, fruit punch, etc in our weekly groceries were strictly from Grace Kennedy. Prudent leadership creates #sustainable institutions.

Collette Smith, PhD @DrCJ... · 30 Jul 17
Replying to @dgwehby @GraceKennedyGrp and @everald20

I'm happy to see this progress.☀️ Family members have been customers of Grace since the days of the big Grace paper shopping bag.

Apryl
@AprylAMW

Happy 100th GraceKennedy!!!! Cheers to another 100! The best is yet to come 🙌🎊🍾🎉 @GraceKennedyGrp

7:50 AM · Feb 14, 2022 · Twitter for iPhone

Dale - The 1876... 😺🇯🇲
@Dale_Gonsalves

Replying to @GraceKennedyGrp

Happy 100th GraceKennedy, a wonderful Jamaican company.

7:18 AM · Feb 14, 2022 · Twitter for Android

J A Lowrie-Chin 🇯🇲
@LowrieChin

Happy 100th Anniversary @GraceKennedyGrp! Great company, excellent leadership. Blessings for many more amazing years @dgwehby and Team GK! 🙏❤️🙌🍾

8:57 AM · Feb 14, 2022 from Jamaica · Twitter for Android

blessgirlmika
@Kamikamanning

@GraceKennedyGrp give thanks for life. You put pot pon fya fi nuff Jamaicans worldwide.

9:53 AM · Feb 14, 2022 · Twitter for Android

Rhonz
@Rhondizzle_

Replying to @dgwehby @GraceKennedyGrp and 2 others

Happy 100th anniversary!!! 100 years down. 100 more to go! 👍

8:21 PM · Feb 14, 2022 · Twitter for iPhone

Shanni
@ShanniBudd

Replying to @gracefoods

Congrats to @GraceKennedyGrp Amazing achievement and tremendous impact locally and internationally💛💚🖤🇯🇲

7:28 PM · Feb 13, 2022 · Twitter for Android

blessgirlmika
@Kamikamanning

@GraceKennedyGrp give thanks for life. You put pot pon fya fi nuff Jamaicans worldwide.

9:53 AM · Feb 14, 2022 · Twitter for Android

Melesia Grant
#GK100 #GraceKennedyGroup #BrandJamaica👏👏

5d Like Reply Message 1
Hide

JMEA
@theJMEA_

The JMEA is proudly celebrating with our member Grace Kennedy Limited.

Congratulations on 100 years! @GraceKennedyGrp @gracefoods

#GK100 #OurStoryIsYourStory #buildingJamaica #manufacturing #exporter #brandJamaica #productivesector

3:25 PM · Feb 14, 2022 · Twitter Web App

Shanni
@ShanniBudd

Replying to @gracefoods and @GraceKennedyGrp

Happy 💯. Thank you for 'gracing' our hearts and tables with consistency, deliciousness and kindness all these years. Cheers🥂

strYker555
@strYker555

Replying to @dgwehby @GraceKennedyGrp and 2 others

One hundred years of prudent investing and making quality products. Looking forward to one more century of excellence, God willing.

Empress Yolie 🇯🇲
@jahmekyagyal

Them: Happy Valentines Day @GraceKennedyGrp #HappyGK100Day #TheBestIsYetToCome #OurStoryIsYourStory #GK100

8:44 AM · Feb 14, 2022 · Twitter for iPhone

33

Most relevant

Çäm Çäm
GK family well talented man! ❤️

2d Like Reply Message 3
Hide

Maureen Moore

Tenor

2d Like Reply Message 3
Hide

Lorie-Ann A Hibbert
Happy 100th Birthday!

32m Like Reply Message 1
Hide

You and 118 others

Most relevant

Joyful Mars
What a beautiful moment!

#GK100
#OurStoryIsYourStory💯💯💯🎉🎉🎉

1w Like Reply Hide 1

Yvonne Johnson
Congratulations and Happy anniversary Grace Kennedy enjoy your special day 🎊🎊🎉🥂a century of deliciousness 😉

1w Like Reply Hide 1

Chanalee Davis
Keep up the good quality 👍 happy anniversary 🎉

1w Like Reply Hide 1

Noreen Chambers
congratulations again on your 100th birthday ....The best in the world..

1w Like Reply Hide 1

Sylvia Smith
Happy birthday 🎊

1w Like Reply Hide 1

Venecia Plummer
Congratulations! Let the games begin for the next 100

Tenor

1w Like Reply Hide 1

Melesia Grant
#GK100
#OurStoryIsYourStory💯💯💯🎉🎉🎉

6d Like Reply Message 1
Hide

Merlin Warren
Congratulations

1w Like Reply Hide 1

Elsie Knight
Congratulations Happy Anniversary
🎈❤️🎉

1w Like Reply Hide 1

Elsie Knight
Congratulations Happy Anniversary
🎈❤️🎉

1w Like Reply Hide 1

Ricardo Smith
#GK100 🎈🍾🥂 congratulations 💯
🙏

6d Like Reply Message 1
Hide

Yvette Mcintosh

Tenor

6d Like Reply Message 1
Hide

D'Anthony Morgan
Congratulations

1w Like Reply Hide 1

Rose Marie Clarke
Congratulations Happy Anniversary

6d Like Reply Message 1

Caribbean Tunova @StephyLumZ

Happy 💯 anniversary of operations @GraceKennedyGrp . Not many Jamaican companies can boast such an accomplishment!

3:32 PM · Feb 14, 2022 from Jamaica · Twitter for iPhone

13

Most relevant

Ofrield Mckenzie
Happy Anniversary and good cheer

1w Like Reply Hide 1

Joyful Mars
Party time! Happy 100th Anniversary GK Family!

#GK100 #OurStoryIsYourStory #TheBestIsYetToCome

1w Like Reply Hide 1

Top fan
CleoKcarl Hutchinson
A Hundred Years is Upon Us.
A Hundred Years of you Working Hard
To Earn our Trust.
A Hundred Years of Ups and Downs
A Hundred Years of Growth and Innovation... See more

1w Like Reply Hide 1

Melesia Grant
Happy Anniversary!! #GK100 #OurStoryIsYourStory

1w Like Reply Hide 1

---

dingdongravers
1w 3 likes Reply

gracefoods #GK100 #OurStoryIsYourStory
1w 2 likes Reply

Reply to gracefoods...

thefreelikklecupboard Happy Happy Anniversary Great company!!
1w 1 like Reply

melesia401 #GK100 #OurStoryIsYourStory
1w 1 like Reply

gail2712 Awesome
1w 1 like Reply

steelbottom Congratulations
1w 1 like Reply

Phase 3 Productions @Phase3Prod

GK @GraceKennedyGrp Celebrates their 100th Anniversary 💯

A world class #Jamaican company

10:06 PM · Feb 15, 2022 · Twitter for iPhone

The PSOJ @thePSOJ

The PSOJ extends heartiest congratulations to our valued member @gracekennedygrp on your momentous 100th Anniversary milestone!
As a founding member of the PSOJ, we've witnessed your continued commitment to Jamaica's development.
#GK100
@dgwehby @mariamep1

3:58 PM · Feb 16, 2022 · Twitter for Android

Joyful Mars
What a celebration! #GK100 #TasteThatMovesYou

1w Like Reply Hide

Top fan
CleoKcarl Hutchinson
What a awesome performance
#GK100
#OurStoryIsYourStory

---

wayneacsmith Guh de GK! #GK100
1w 1 like Reply

janeteblack Happy century Grace
1w 1 like Reply

bannemoss Happy Birthday Grace the Good Food People 100
1w 1 like Reply

my__heaven0308 Happy 100th Anniversary GK
1w 1 like Reply

blessmichi Happy 100th Anniversary GK Family
1w 1 like Reply

gocareja Greatness
1w 1 like Reply

Tyrone Wilson @CallTyrone_W

Congratulations to @GraceKennedyGrp, an iconic Jamaican Company for 100 years of greatness. This is an inspiration to us next generation business leaders. Congrats to @dgwehby and team on this milestone. #FORWARD

Scan to watch a special GK100 message from our team

10 YEAR **STATISTICS**

	2021	2020	2019
Number of Shares (including treasury shares)	995,070	995,013	995,005
Stockholders' Equity	67,605,593	59,910,259	52,326,410
Percentage change over prior year	12.8%	14.5%	17.3%
Market Capitalisation	99,526,901	62,367,415	69,083,197
Total Borrowings	27,988,518	25,233,708	24,032,254

PROFIT AND LOSS ACCOUNT

Revenues	129,309,871	115,437,341	103,089,893
Percentage change over prior year	12.0%	12.0%	5.7%
Profit before Taxation	11,676,117	9,708,975	6,127,595
Percentage change over prior year	20.3%	58.4%	-12.0%
Profit after Taxation	8,940,309	6,856,926	5,099,916
Percentage change over prior year	30.4%	34.5%	-9.6%
Net Profit Attributable to Stockholders	8,191,519	6,218,055	4,487,389
Percentage change over prior year	31.7%	38.6%	-10.4%
Dividends paid to Stockholders	1,911,882	1,585,604	1,539,049
Percentage change over prior year	20.6%	3.0%	14.9%

IMPORTANT RATIOS

Return on Equity	12.8%	11.1%	9.3%
Profit before Taxation / Sales	9.0%	8.4%	5.9%
Profit after Taxation / Sales	6.9%	5.9%	4.9%
Dividend Payout Ratio	23.3%	25.5%	34.3%
Earnings per Stock Unit - basic ($)	8.27	6.28	4.52
Productivity per Employee (US$'000)	27.39	22.63	18.45
Number of Employees	1,984	1,934	1,828
Debt to Equity Ratio	41.4%	42.1%	45.9%
"Shareholders Equity per Stock Unit (excluding treasury shares) : JA$"	68.29	60.54	52.74
Closing Stock Price - JSE : JA$	100.02	62.68	69.43
Closing Stock Price - TTSE : TT$	6.10	3.85	3.95
Price-Earnings Ratio	12.09	9.98	15.36

2018	2017	2016	2015	2014	2013	2012
994,887	994,887	994,887	992,837	993,669	1,000,977	1,005,957
44,614,427	45,222,812	42,063,925	38,047,441	36,533,101	32,765,684	30,702,837
-1.3%	7.5%	10.6%	4.1%	11.5%	6.7%	7.3%
63,175,325	43,615,846	40,083,997	26,889,363	20,214,540	18,374,601	16,769,303
16,529,313	16,515,615	13,242,037	13,936,107	11,064,160	11,571,790	10,338,328

PROFIT AND LOSS ACCOUNT

97,544,731	92,475,652	88,267,589	79,742,230	70,839,886	67,257,502	61,340,268
5.5%	4.8%	10.7%	12.6%	5.3%	9.6%	5.4%
6,963,025	5,819,562	6,103,330	4,303,813	4,588,432	5,075,199	4,102,404
19.6%	-4.6%	41.8%	-6.2%	-9.6%	23.7%	1.7%
5,643,577	4,772,100	4,534,862	3,254,020	3,799,127	3,794,064	3,786,332
18.3%	5.2%	39.4%	-14.3%	0.1%	0.2%	26.5%
5,005,915	4,116,101	4,004,539	2,759,498	3,285,174	3,221,634	3,478,888
21.6%	2.8%	45.1%	-16.0%	2.0%	-7.4%	26.6%
1,339,783	1,121,519	1,010,423	820,030	770,239	727,660	665,937
19.5%	11.0%	23.2%	6.5%	5.9%	9.3%	34.6%

IMPORTANT RATIOS

11.1%	9.4%	10.0%	7.4%	9.5%	10.2%	11.7%
7.1%	6.3%	6.9%	5.4%	6.5%	7.5%	6.7%
5.8%	5.2%	5.1%	4.1%	5.4%	5.6%	6.2%
26.8%	27.2%	25.2%	29.7%	23.4%	22.6%	19.1%
5.05	4.15	4.04	2.78	3.30	3.22	3.47
21.74	17.01	16.46	11.80	14.19	17.48	21.13
1,789	1,894	1,940	1,996	2,080	1,827	1,850
37.0%	36.5%	31.5%	36.6%	30.3%	35.3%	33.7%
44.98	45.56	42.39	38.36	36.79	32.91	30.57
63.50	43.84	40.29	27.08	20.34	18.36	16.67
2.90	3.00	2.67	1.35	1.22	1.15	1.18
12.57	10.56	9.97	9.73	6.16	5.70	4.80

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **Annual General Meeting** of GraceKennedy Limited will be held at the GraceKennedy Headquarters, 42-56 Harbour Street, Kingston, Jamaica and electronically via an online platform which can be accessed via our website at www.gracekennedy.com on **Wednesday, 25 May 2022 at 2:00 p.m.** for the following purposes:-

1

To receive the Audited Group Accounts for the year ended 31 December 2021 and the reports of the Directors and Auditors circulated herewith.

To consider and (if thought fit) pass the following resolution: -

Resolution No. 1

"THAT the Audited Group Accounts for the year ended 31 December 2021 and the reports of the Directors and Auditors circulated with the Notice convening the meeting be and are hereby adopted."

2

To declare the interim dividends paid on 6 April 2021, 15 June 2021, 24 September 2021, and 16 December 2021 as final for the year under review.

To consider and (if thought fit) pass the following resolution: -

Resolution No. 2

"THAT as recommended by the Directors, the interim dividends paid on 6 April 2021, 15 June 2021, 24 September 2021, and 16 December 2021 be and they are hereby declared as final and no further dividend be paid in respect of the year under review."

3

To elect Directors.

The Directors retiring from office by rotation pursuant to Article 102 of the Company's Articles of Incorporation are Mrs. Gina M. Phillipps Black, Dr. Indianna D. Minto-Coy and Prof. Gordon V. Shirley who, being eligible, offer themselves for re-election.

To consider and (if thought fit) pass the following resolutions: -

Resolution No. 3 (a)

"THAT the Directors retiring by rotation and offering themselves for re-election be re-elected en bloc."

Resolution No. 3 (b)

"THAT Mrs. Gina M. Phillipps Black, Dr. Indianna D. Minto-Coy and Prof. Gordon V. Shirley be and they are hereby re-elected Directors of the Company."

4 **To fix the fees of the Directors.**

To consider and (if thought fit) pass the following resolution: -

Resolution No. 4

a) "THAT the amount shown in the Accounts of the Company for the year ended 31 December 2021 as fees of the Directors for their services as Directors be and is hereby approved."

b) "That the fees of the Directors for the year ended 31 December 2022 be fixed by the Compensation Sub-Committee, a sub-committee of the Corporate Governance & Nomination Committee of the Board of Directors."

5 **To appoint Auditors and authorise the Directors to fix the remuneration of the Auditors.**

To consider and (if thought fit) pass the following resolution: -

Resolution No. 5

"THAT PricewaterhouseCoopers, Chartered Accountants, having signified their willingness to serve, continue in office as Auditors of the Company pursuant to Section 154 of the Companies Act to hold office until the conclusion of the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

SPECIAL BUSINESS

6 **To amend the Articles of Incorporation by special resolution.**

To consider and (if thought fit) pass the following resolution:-

Resolution No. 6

"THAT pursuant to section 10 of the Companies Act, the Articles of Incorporation of the Company be altered by adding after Article 146 (c), the following Article to be numbered Article 146 (d):

d) Notwithstanding any other provision of these Articles, a notice (and any accompanying document) to be given by the Company may be given by means of posting same to the Company's website and/or the website of the Jamaica Stock Exchange and/or the Trinidad and Tobago Stock Exchange (whichever is applicable and for as long as the Company remains a listed company on either exchange) and/or the website of any other regulator or an exchange on which the Company is listed. Any notice published or document sent by this means shall include all the elements required in these Articles or any applicable law to be included in such notice.

Notice of a meeting is validly given, and a document sent, by means of a website when the Company notifies its members of the presence of the notice and/or document on the website and the website link/address to be utilized to access same is included in the notification. Where the notice is in relation to a general meeting, such notification shall (i) state that it concerns a notice of a meeting of the Company, (ii) specify the place, date, and time of the meeting, and (iii) state whether the meeting is an annual general meeting or extraordinary general meeting.

The Company shall publish such notification in a daily newspaper printed and circulated nationally and, on its website, at least 7 days before the minimum notice period required for such notice.

Where the notice and/or document is in relation to the Company's annual general meeting, the notification shall also include a statement (i) with the website link/address to be utilized to access the information required to be provided to members pursuant to section 153 of the Companies Act, and (ii) as to how a hard copy of same may be requested by any member, free of cost.

Notice given by a website shall remain available on the website throughout the period beginning with the date of the notification and ending with the conclusion of the meeting. A failure to make information available throughout the period is disregarded if (a) the information is made available on the website of the Company for part of that period, and (b) the failure is wholly attributable to circumstances that it would not be reasonable to have expected the Company to prevent or avoid.

By Order of the Board
Gail Moss-Solomon
Corporate Secretary
Dated: 4th April 2022

Any member of the Company entitled to attend and vote at this meeting is also entitled to appoint one or more proxies to attend and vote in his/her stead. Such proxies need not be members of the Company. Instruments appointing proxies (a specimen of which has been circulated to members along with the Company's Annual Report) must be deposited with the Corporate Secretary of the Company, at 73 Harbour Street, Kingston, Jamaica, not less than forty-eight (48) hours before the meeting.

Further information on how to participate in this meeting is available on our website at www.gracekennedy.com

MANAGEMENT DISCUSSION & ANALYSIS

PAGE 20 — THE FINANCIAL GLEANER, Friday, March 16, 1990

Grace means business

In any form you care to name.
The Grace, Kennedy Group is present in many sectors of the Jamaican economy.
Established in 1922 as a Merchant House, Grace, Kennedy is now a diversified Corporation.
Positioned across a wide spectrum of industrial, consumer and service industries.
Comprising five core groups.
Domestic Trading and Manufacturing, International Trading, Financial Services, Information, Transportation.

The Grace, Kennedy Group of 76 Companies maintains a positive economic outlook and is a driving force in the business of doing business in Jamaica.

Grace

GRACE, KENNEDY & CO. LTD.
Head Office: Scotia Bank Centre, Corner, Duke and Port Royal Streets, Kingston, Jamaica, West Indies.
Telephone: 932-3440. Telex: 2290. Cables: Grakenco.

MANAGEMENT DISCUSSION & ANALYSIS

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JAMAICAN TRADING GROUP

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- Align all team members with the strategy and vision
- Build expertise to support global expansion
- Align reward system with strategy and performance
- Develop effective leaders and staff at all levels through professional development
- Create an environment conducive to innovation

GROWTH & SUSTAINABILITY

- Advance digital transformation
- Grow GraceKennedy-owned brands
- Grow International Foods business
- Develop strategic partnerships
- Mobilise financial resources
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- Develop project and change management skills
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2026 – 2030

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DISCLOSURES

The management of GraceKennedy Limited is responsible for the integrity and objectivity of the information contained in the Management Discussion and Analysis (MD&A). The information presented herein, has been reviewed by the Group's Audit Committee on behalf of the Board of Directors. Management believes this information represents an objective review of the Group's past performance and future prospects.

All monetary figures are presented in Jamaican dollars, unless otherwise stated.

WHO WE ARE

GraceKennedy Limited (GKL) is a publicly listed company on the Stock Exchanges of Jamaica and the Republic of Trinidad & Tobago. The Company was founded on February 14, 1922 and is the parent company of a Group of subsidiaries operating mainly in the Food and Financial Services industries - The GraceKennedy (GK) Group. The Group's operations are structured into two Divisions:

- **Food Trading:** This includes food manufacturing through GK-owned factories and external suppliers; the distribution of Grace and Grace-owned brands in Jamaica and internationally, and the operation of retail outlets through our Jamaican supermarket chain, Hi-Lo Food Stores. The Group also manufactures and distributes third party brands in Jamaica and internationally. GK's Food Trading segment operates in Jamaica, the Caribbean, Central America, North America, and the United Kingdom (UK), and distributes products in several European countries.

- **Financial Services:** This is comprised of our commercial banking, investment banking, remittance, cambio, payment services, general, creditor life and health insurance, and insurance brokerage businesses. Our Financial Services subsidiaries operate within the English-speaking Caribbean.

PERFORMANCE MEASUREMENT

GK's Executive Committee utilises the Balanced Scorecard tool to evaluate and monitor our Group's performance. The Balanced Scorecard focuses on learning and growth, internal processes, customer, and financial objectives.

- **Learning and Growth:** Our team is critical to our success. This segment of the Balanced Scorecard monitors our relationship with our team. We monitor the retention and development of our team, as well as employee engagement.

- **Internal Processes:** The focus of this aspect of the scorecard, is increasing the efficiency of our internal business processes and strengthening risk management within the Group.

- **Customer:** Maintaining focus on our customers and consumers is a crucial aspect of our Group's strategy, and central to the delivery of our products and services. As such, we consistently monitor customer experience and service levels, to ensure that their needs are anticipated and met across all segments of our business.

- **Financial:** This aspect of the scorecard assesses how well our strategy, and its implementation and execution, have maximised shareholder value. The key metrics evaluated relate to our revenue strategy and productivity levels. We carefully monitor revenue earned through existing and new markets, our ability to translate revenue to profit, and our allocation of capital. These measures are in keeping with our long-term vision to provide investors with a competitive return on equity.

KEY EXPECTATIONS FOR 2021

STATUS REPORT

The COVID-19 pandemic continued to impact the global economy, resulting in unprecedented supply chain challenges and exponential increases in shipping costs. Throughout 2021, GK's businesses remained committed to delivering products and services of the highest standard, despite the volatile operating environment.

We continued to execute our mergers and acquisitions (M&A) strategy, adding a new brand, and a regional entity, to our Group's portfolio. We also sustained our focus on supply chain management, diversification, and remaining agile in the face of continuing global supply challenges. A summary of our 2021 status is below.

2021 REPORT CARD

GOALS	STATUS
Continuing to grow our businesses through greenfield projects, joint ventures, M&A or strategic partnerships	We continue to focus on acquisitions and leveraging strong partnerships as key aspects of our growth strategy. We are actively pursuing several opportunities to drive the growth and profitability of our business. We executed this strategy through several initiatives, including the acquisition of the 876 Spring Water brand in the first quarter of 2021. The brand has been distributed by World Brands Services (WBS) since it entered the market in 2017. This acquisition allows the Foods Division to widen its portfolio of products and strengthens GK's position in the local spring water market. GK's Manufacturing team brokered three new co-manufacturing agreements in 2021, a key initiative to support our goal of increasing production levels at our local factories. Additionally, a strategic partnership between Nestlé and Dairy Industries Jamaica Limited (DIJL) brokered in late 2020 to co-manufacture milk powder, continued to reap significant rewards, exceeding projections. In 2021, the DIJL team began producing the 120g sachets of milk powder, in addition to the 80g package which had been initially launched. M&A also continues to play a critical role in the growth of the Insurance segment of the GraceKennedy Financial Group (GKFG). Following GK's acquisition of Key Insurance in 2020, that company was able to realize a full year of turnaround performance in 2021.

GOALS	STATUS
	GK also completed its acquisition of Scotia Insurance Eastern Caribbean Limited (SIECL) in 2021, and has been rebranded as GK Life Insurance Eastern Caribbean Limited (GK Life). This acquisition has established GKFG as a major player in the creditor life and health insurance segments in the Eastern Caribbean. We look forward to prospects for further expansion in the region. GKFG's joint venture with the Musson Group, Canopy Insurance, also continues to grow its market share in the group health and life insurance sectors, driven by a positive response to its value proposition.
Bolstering our presence in the Jamaican food market by increasing our reach in various channels, executing strategic partnerships, and introducing new products.	Throughout 2021, GK's Domestic Foods Division made significant strides in increasing our reach via various channels. Efforts to improve our distribution in the down-trade and traditional channels via our Van Sales Optimisation initiative proved very successful for our Sales and Distribution segment and added a significant number of new points of sale to our roster. In addition, the channel-specific distribution deal between WBS and Nestlé which began in 2020, exceeded projections by 23%, and prior year results by 85%. The launch of Hi-Lo Food Stores' e-commerce platform also extended our reach in the market. The platform, which can be accessed via a website or mobile app, allows customers to purchase groceries and other products online, and have them delivered to locations in Jamaica. New products introduced by GK Foods Domestic in 2021 included *Grace Food Drink – Mixed Berries, Grace Dried Yellow Split Peas, and Grace Dried Seasonings – Ginger, Turmeric and Cayenne,* which have all been performing well. WBS also began distributing PopCorners and other line extensions which were well received by consumers. In the Manufacturing segment, DIJL launched three new products, "*Good2Grow Yogurt Smoothie," YO Sour Cream (light)*, and reduced sugar *"This Is Really Great Yogurt."*

GOALS	STATUS
Optimizing our Foods distribution channel in international markets through strategic investments, and additional focus on brand building, to increase earnings.	GK continued to focus on the growth of our key brands in 2021 including *Grace, La Fe* and *Nurishment.* Distribution expansion through new listings showed positive strides, with the performance of Irie Eats meal kits in the UK being particularly noteworthy.
Executing a cross-selling strategy that effectively introduces and markets our wide range of products and services across the Foods and Financial Divisions to existing and potential customers.	A GK cross-selling committee was established in 2021 to formulate a clear strategic plan for cross-selling, the execution of which will begin in 2022. Key elements of GK's cross-selling strategy include: • Developing a cross-selling culture across our Group driven by a system of rewards and incentives; • Using data and advanced data analytics to drive product development and cross-selling efforts; and • Establishing Key Performance Indicators (KPIs) to track success.
Accelerating the introduction of digital products/channels in the Financial Division to meet consumer needs.	In 2021, we continued to accelerate our Digital Transformation agenda, implementing a clear framework to expand GK's digital capabilities. This included the launch of our GK Digital Factory in the first quarter and recruitment of a team of tech experts based here in the Caribbean and globally. A new team structure has been established, which is further supported by best-in-class technology, to facilitate and encourage innovation. GK has a well-defined roadmap for the rollout of exciting digital products for GKFG, which it executed on throughout 2021. A key feature of this roadmap has been the development of the GK ONE mobile app, which provides access to the most frequently used retail products and services offered by GKFG. Plans are also in place to develop digital products for GK's Foods Division.

GOALS	STATUS
Improving the capabilities of employees through increased training, leadership development programmes and the strengthening of succession management throughout the Group.	Professional development of our team, including succession planning and management, are core initiatives for all companies across our Group. In 2021, we focused on ensuring that all GK employees accessed training opportunities, notwithstanding the challenges of the pandemic.
Strengthening the use of change management across the Group through training and certification and the application of change management principles in project management.	GK continues to invest in change management, and we consistently apply change management principles to all our major projects to ensure improved execution.

2021 FINANCIAL **PERFORMANCE**

GK realized revenues totalling J$129.3 billion in 2021, an increase of 12% over its 2020 revenues, which stood at J$115.4 billion. Profit before other income increased by J$492.1 million to J$7.3 billion, a 7.2% increase over 2020, while profit before tax (PBT) for 2021 was J$11.7 billion, a notable increase of 20.3% or J$2.0 billion when compared to 2020. Profit after tax totalled J$8.9 billion, compared to J$6.8 billion in 2020, an increase of J$2.1 billion or 30.4%.

Total assets grew by 16.4% to J$199.8 billion in 2021, while total liabilities grew by 18.3% to J$128.8 billion. Capital comprised shareholders' equity of J$67.6 billion and non-controlling interests of J$3.4 billion. Return on equity for 2021 was 12.8%, compared to 11.1% for 2020, while earnings per share improved from J$6.28 to J$8.27.

HOW WE EARNED

GK's revenue growth was driven by increased earnings from all operating segments. Our Food Trading Division realised growth, primarily due to the outstanding performance of both its Domestic and International segments, which saw double digit growth in both revenue and profitability when compared to 2020. Our Insurance segment reported strong revenue growth of 20%, followed by our Food Trading segment, recording 12% growth. Banking & Investments reported 9% growth over prior year, and our Money Services segment achieved a creditable 8% growth in revenue. Food Trading achieved a noteworthy 40% growth in pre-tax profits, followed by Insurance at 35%, and Money Services at 2%. Banking & Investments reported a decline of 9% in pre-tax profits.

WHERE WE EARNED

REVENUE BY GEOGRAPHICAL AREA (J$ MILLIONS)	2017	2018	2019	2020	2021	2021 % CONTRIBUTION TO REVENUE
Jamaica	47,657	51,777	57,413	61,635	69,272	53.6%
North America	24,023	24,801	25,760	31,490	34,324	26.5%
Europe (including the UK)	13,862	13,838	12,901	14,404	16,976	13.1%
Other Caribbean countries	6,673	6,941	6,879	7,682	8,529	6.6%
Africa	125	29	-	-	11	0.0%
Other countries	135	159	137	226	198	0.2%
Total	**92,476**	**97,545**	**103,090**	**115,437**	**129,310**	**100.0%**

GK's vision of being a Global Consumer Group includes achieving 60% of our revenue outside Jamaica. For 2021, the Group generated 46.4% of its revenue outside Jamaica. North America accounted for 26.5% of revenue, compared with 27.3% in the prior year, and grew in dollar terms. European markets, including the UK, showed growth, moving to 13.1% of total revenue in 2021, when compared with 12.5% in 2020.

STATEMENT OF FINANCIAL POSITION REVIEW

During 2021, growth in our Group's asset base was mainly attributable to an increase in cash and deposits of J$5.7 billion, as we converted improved profits to cash, and larger holdings of other liquid assets. Fixed and intangible assets also grew significantly, with capital expenditure of J$3.8 billion, due to increased investments in our manufacturing plants and our retail chain stores, as well as significant investments in information technology, including the establishment of our Digital Factory in the first quarter. The 18.3% increase in GK's liabilities was primarily due to an increase in customer deposits of J$6.5 billion, and an increase in payables totalling J$7.8 billion.

The growth in our Group's equity was largely due to net profit of J$8.2 billion for the year and other comprehensive income of J$1.4 billion, which was primarily due to foreign currency translation adjustments related to our overseas subsidiaries.

STOCKHOLDER RETURN

GK's stock price recorded a 59.6% increase on the Jamaica Stock Exchange (JSE) during 2021, closing at $100.02 on December 31, 2021 ($62.68 on December 31, 2020). This contrasts with the 2.2% growth seen in the JSE combined index for the same period and reflects the value investors have placed on our stock. In keeping with our performance, we increased our dividend pay-out during the year to J$1.9 billion or J$1.93 per share, the highest amount paid out in GK's history. A dividend payout of approximately J$1.6 billion was recorded for the previous year.

As at December 31, 2021, the GK stock traded at a price-earnings multiple of 12.09 times on the JSE, an increase from the 2020 multiple of 9.98 times. At year-end, book value per share was $68.29, and the GK stock traded at 146.5% of book value. In comparison, the GK stock traded at 104% of book value at the end of 2020.

SEGMENT **ANALYSIS**

Our Group earns in four major segments: Food Trading, Banking & Investments, Insurance and Money Services. The summary segment performance was as follows:

- Our Food Trading segment reported an increase of 40% in pre-tax profits, primarily due to growth in revenues from key products, improved gross profit margins, and the strong performance of its domestic and overseas divisions;
- Our Banking & Investments segment reported a 9% decline in pre-tax profits, mainly due to increased costs related to our investments in technology;
- Our Insurance segment reported a 35% growth in pre-tax profits, primarily due to sustained focus on strategic pillars, including proactive investment portfolio management; and
- Our Money Services segment reported growth of 2% in pre-tax profits, led by growth of digital services, combined with greater transaction volumes.

Overall, our Food Trading segment continues to generate the largest share of revenue, accounting for a consistent 79% of our total revenues over the past three years. Pre-tax profit was earned in the following proportions:

Food Trading: 47%, up from 40% in 2020;

Money Services: 34%, down from 41% in 2020;

Insurance: 12%, up from 10% in 2020;

Banking & Investments: 6%, down from 8% in 2020; and

Corporate and other: 1%, flat compared to the 1% for 2020.

FOOD **TRADING**

JAMAICAN MARKET

GK's Food Trading segment currently operates in the Jamaican market through our distribution business units, Grace Foods & Services (GFS), Consumer Brands Limited (CBL) and World Bank Services (WBS), and our retail business unit, Hi-Lo Food Stores. These businesses are supported by our Manufacturing Division, which has six factories in Jamaica: Grace Food Processors (Meats), Grace Food Processors (Canning), National Processors, Grace Agro-Processors (Hounslow), Grace Agro-Processors (Denbigh) and Dairy Industries Jamaica Limited (DIJL).

Our Jamaican food distribution business had an excellent year, evidenced by strong revenue and PBT growth, attributable to the impressive performance of key Grace-branded products such as corned beef, vienna sausages, frankfurters, sardines, and Tropical Rhythms beverages. The Caribbean Choice line also continued to perform well.

Propelled by the newly launched *Taste That Moves You* global brand campaign, GK Food's marketing division executed two major retail promotions, several new product launches and doubled down on community engagement initiatives to provide relief during the pandemic. Grace Foods remained steadfast in its promise to deliver great tasting, high quality meal solutions to Jamaican consumers through enhanced quality control and testing. Higher at-home consumption rates continued to drive the need for innovation in our digital marketing and digitization marketing capabilities. The introduction of Grace Kitchens' *"Chillin wid Grace"* and *"Cooking on the Clock"* YouTube series, represented the company's efforts to provide guidance on quick meal solutions for health-conscious, time-stretched consumers during the pandemic.

A major highlight of 2021 was the exceptional performance of Grace Foods' Brand Ambassadors, Shelly-Ann Fraser-Pryce, Hansle Parchment and Brianna Williams, who all won gold medals at the Tokyo Summer Olympics. On the heels of their success, which sparked national pride in Jamaica, the Ambassadors joined Grace Foods, their fellow GK Ambassador, dancehall artiste Ding Dong, and Tami and Wayne Mitchell, of the *Meet the Mitchells* YouTube series, to execute the *Grace, The Taste that Moves Your Christmas* campaign which recognized and rewarded Jamaica's unsung heroes.

Grace Foods' marketing communications excellence was recognized by the Caribbean Advertising Federation (CAF) again in 2021. The company received three Addy Awards from CAF, including gold awards in the Online Branded Content and Entertainment categories for *its' Chillin' wid Grace* YouTube series, and a silver award in the Single TV Spot - 60 secs+ category for its 2020 Christmas television advertisement.

In 2021, WBS recorded strong performance, realising double digit growth in revenue and triple digit growth in PBT, bolstered by the on-boarding of new customers and the increased popularity of *876 Spring Water.*

CBL also performed well, achieving double digit revenue growth over prior year. PBT was also strong, with 2021 results reflecting a double digit increase over prior year. CBL's Principal brands - *Downy, Pampers, Arie*l and *Febreeze*, continued to deliver strong growth year over year. New product introductions also assisted in driving the growth of the business, by attracting consumers in new market segments and channels, and exceeding sales projections.

GK's chain of Jamaican supermarkets, Hi-Lo Food Stores (Hi-Lo), recorded triple digit PBT growth, with locations in western parishes seeing a double digit increase in revenue compared to prior year. The relocation of the Hi-Lo Negril store was delayed due to logistical challenges associated with the pandemic. The relocation is now on track to be completed by the end of the second quarter of 2022.

A major highlight for Hi-Lo in 2021 was the launch of its e-commerce platform, Hi-Lo Online, in November. The online shopping solution, which can be accessed via www.hilofoodstoresja.com or the Hi-Lo mobile app, allows customers to purchase groceries wherever they are in the world and pay online using a debit or credit card. Shoppers can opt to collect their online order in-store or curb side, or have it delivered to their doorstep in Jamaica from any one of six Hi-Lo locations.

GK's Manufacturing Division also saw increases in revenue and PBT in 2021, with all factories reporting revenue growth over prior year. Manufacturing continued to be impacted by high inflation in the price of raw materials, as well as supply chain delays, which affected production and PBT at some factories. DIJL continued to rebound well from the pandemic, reporting double digit growth in both revenues and PBT. Grace Food Processors (Canning) successfully brokered an agreement to produce *Capri-Sun* beverages for the Bolivian market, reflecting a successful outcome of its focus on establishing strategic partnerships.

INTERNATIONAL MARKETS

GK's International Food Trading segment also delivered phenomenal results for 2021, with our USA distribution business, GraceKennedy Foods (USA) LLC (GK USA), and Grace Foods UK Limited (GF UK), achieving new milestones.

GK USA reported an improved performance over the exceptional returns it recorded in 2020, achieving budgeted revenue and significantly exceeding PBT, notwithstanding supply chain challenges and labour shortages. The Grace brand continued to report significant growth in the US, evidenced by the strong performances of *Tropical Rhythms* beverages, *Grace Ackees, Grace Jerk Seasoning,* and *Grace Coconut Water.* The success of new products, such as *Grace Peanut Punch* and *Grace Vegetable Patties,* and new channel growth through *Instacart,* aided the positive movement of top and bottom-line performance year over year. A one-off gain, associated with the conversion of a Paycheck Protection Programme loan to a grant by the US government, was also recorded. In keeping with the need arising out of restrictions related to the COVID-19 pandemic, GK USA also implemented several staff welfare programmes and increased its community outreach activities to support its stakeholders.

GF UK continued to deliver excellent results, with revenue and PBT reporting significant growth, notwithstanding the ongoing impact of Brexit, exponential increases in freight charges and labour shortages. This strong performance was partially attributable to the re-opening of the Food Services sector in the UK in the second half of 2021. Nurishment, one of our key products in the UK, continued to show promise, recording double-digit growth over prior year. The company also made positive steps towards bringing its Afro-Caribbean range to the mainstream, with the launch of *Irie Eats* meal kits in the Tesco supermarket chain. A range of Afro-Caribbean products was also successfully listed with Ocado, a major online retailer in the UK. These initiatives are consistent with our aspiration of being the dominant force in the Afro-Caribbean category and we are optimistic about continuing this momentum in 2022.

Grace Foods Canada Inc. (GFC) also ended 2021 with revenue and PBT growth over prior year. GFC continued to strengthen its relationship with numerous supermarket chains and independents, to aggressively promote its key products. New products which were launched in the Canadian market in 2021 exceeded expectations, and surpassed budgeted revenue by 33%. These included *Grace Patties, Grace Jerk Wings* and *Grace Canned Jackfruit.*

GraceKennedy Belize Limited (GK Belize) produced commendable results, reporting double digit growth in revenues and PBT over prior year. The company saw growth in Grace brands, particularly *Grace Coconut Milk* and *Grace Corned Beef.*

Grace Foods Latin America & Caribbean (GF LACA), our business unit responsible for food distribution in the rest of the Caribbean and Latin America, also reported growth in revenue for 2021, compared to prior year. Top-line growth came via new products, led by peanut punch, and dried beans, and the extension of our Halal offerings.

FINANCIAL **SERVICES**

GKFG reported growth in revenues and profits over the prior year, primarily due to the improved performance of the Insurance segment. The Group successfully completed its acquisition of Scotia Insurance Eastern Caribbean Limited (SIECL) in the third quarter of 2021, which was subsequently renamed GK Life Insurance Eastern Caribbean Limited (GK Life).

GK Life continues to offer credit protection on personal loans, residential mortgages, personal lines of credit, and personal and small business credit cards in Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

Our GK ONE network, which targets the unbanked and under-banked through the combined offering of GKFG services, including remittance, micro lending, bill payment, insurance, and commercial banking, continued its expansion efforts in 2021 with the addition of six new retail outlets across Jamaica. The development of the GK ONE mobile app was also completed in 2021 and is slated to be launched publicly in the first quarter of 2022. The app complements the GK ONE network by offering customers digital access to several GKFG services in one virtual space.

GKFG's ***Live a Graceful Life*** unified branding campaign was launched in the second quarter of 2021. The campaign harnesses synergies among GKFG companies and leverages the strength of the GK brand.

INSURANCE

GK General Insurance Company Limited (GKGI) reported robust revenue growth, which was achieved by strengthening key partnerships with its personal and commercial lines brokers. GKGI launched two new products in 2021: GKI Family Motor Insurance and GK Weather Protect. In keeping with the company's commitment to increase its digital footprint, GKGI continued to make improvements to its online platforms in 2021, resulting in a notable increase in revenue from its digital touch points. Key Insurance Limited (Key) reported excellent financial results, showing noteworthy growth in both revenue and PBT. In 2021, Key launched its web portal, which gives its customers online access to their policies.

Two new insurance products were also launched by Key during the year, KeyBiz Protect, an insurance solution for small business owners, and PPV Protect, a specialized motor insurance policy for public passenger vehicles.

Canopy Insurance Limited (Canopy), our group health and life insurance joint venture with the Musson Group, closed the year having recorded strong growth in revenue over prior year.

An increase in Canopy's group health business was the main contributor to its top-line performance. Canopy experienced high claim levels during the year, which affected profitability. The company has implemented strategies to improve performance going forward.

Allied Insurance Brokers Limited (AIB) launched its health and wellness AIB Flex Programme in February 2021, providing clients with discounted services and other benefits from various partners. AIB also continued its focus on improving customer relationships and achieved a 97% client retention rate for the year.

BANKING & INVESTMENTS

GK's commercial bank, First Global Bank Limited (FGB) delivered positive financial performance in 2021. Growth was achieved in all key areas when compared to 2020. Notably, improvements were realised in revenue, PBT, net loans and deposits. FGB also launched several new products focused on Small and Medium Sized Enterprises (SMEs) and invested in the successful upgrade and re-launch of its online banking platform, Global Access Plus. FGB continued to support its team members and customers through strong adherence to COVID-19 safety protocols, and by providing robust digital channels, as well as payment relief for customers in need.

GK Capital Management Limited (GK Capital) grew both its revenues and profits when compared with prior year. GK Capital also received the 2020 JSE Best Practices Award for Investor Relations, a testament to the excellent customer service being provided by their team. GKFG remains positive about the outlook for its Barbados-based merchant bank, SigniaGlobe Financial Group (SGFG), despite a difficult operating environment experienced in that country throughout 2021 due to COVID-19 restrictions. Revenue saw a decline over prior year, and despite prudent operating expense management and containment in interest expenses, 2021 profits were impacted by provisioning for loan losses.

MONEY SERVICES

Notwithstanding the increasingly competitive remittance environment globally, GK's Money Services segment ended the year with revenue and pre-tax profit exceeding prior year. GraceKennedy Money Services (GKMS) maintained its focus on providing innovative solutions to meet the needs of its customers. Following the launch of GKMS' Electronic Registration in Jamaica in 2020, the service was also rolled out in Guyana and Trinidad and Tobago in the second quarter of 2021. All of GKMS' main markets now allow customers to register for digital remittance services and receive funds directly to their bank accounts. As a result, GKMS saw an over 80% increase in Direct to Bank (D2B) transactions over prior year.

GKMS' continues to operate its coin processing service, Coin Exchange, in partnership with the Bank of Jamaica (BOJ). This service allows customers to redeem coins for cash at face value. GKMS is pleased with the growth experienced with this offering, as they continue to focus on addressing our customers' needs. There are currently 16 GKMS locations offering this service, with plans for further expansion in 2022.

Optimizing GKMS' internal processes remains a priority for the Group. One focus in 2021 was the modernization of the GKMS call centre, which will continue into 2022. The GKMS team also continuously invests in compliance and risk management, to ensure that robust measures are put in place to protect customers and the business from fraud, whilst being able to offer a seamless customer experience.

OUR OPERATING **ENVIRONMENT**

OUR TEAM

Any organisation's success is dependent on the contributions of its team. At GK, we strongly believe that people create value, and this resonates through our longstanding *We Care* ethos and our 2021 guiding theme, *We are Stronger Together. We Care.* It is a belief which is repeatedly referenced and reiterated by our Group CEO, that, "GraceKennedy's single most important asset cannot be found on its balance sheet. It is our people." Our Company has undoubtedly made it to 100 years due to the work and impact of our people over the past century.

In 2020, we recorded our best financial performance in history. In 2021, GraceKennedy outperformed that historic achievement, surpassing our 2020 performance. Once again, we attribute our phenomenal success to the level of engagement and determination of our people, who continued to navigate through the challenges of the pandemic.

To realise GK's objective of attracting, developing, and retaining a highly skilled and engaged workforce to support our Vision of becoming a Global Consumer Group, the Human Resources (HR) team focused and executed on the initiatives detailed below.

STRATEGIC SKILLS DEVELOPMENT & SUCCESSION MANAGEMENT

During 2021, a year which continued to be marked by ongoing challenges associated with the COVID-19 pandemic, we maintained a robust HR Strategy, continuing our focus on building the capacity of the team, and equipping our people to keep delivering strong business results. We were very intentional about developing strategic skills and creating and executing succession plans, as we believe that having a strong talent pipeline is critical to the effective operation of our business.

Using online platforms, we implemented targeted initiatives to develop the strategic skills of our team, upskilling team members through their participation in development activities, as well as shared experiences with facilitators, which enriched the learning opportunity.

Over 80% of our leaders were exposed to training, spanning the areas of agile leadership, executive project management, mentorship, negotiation, and influence, change management, career coaching, strategic thinking and planning, and surviving uncertainties using enterprise risk management (ERM). To support our Digital Transformation strategy, team members participated in training and development activities designed to strengthen our digital capabilities.

We continued to execute our suite of leadership development programmes virtually, exposing our leaders to excellent content provided by facilitators, as well as shared experiences which enriched the learning opportunity. The current cohort of our GK Diamonds programme, which targets our future leaders, spent their second year developing technical competencies, while we successfully completed another cohort of the Senior Leadership Development Programme (SLDP) and the first cohort of our Great Leaders Development Programme (GLDP). Forty mid-tier managers across the Group completed the GLDP, and 21 senior leaders completed the SLDP. We are now preparing for another intake of leaders for both programmes. A new cohort of 18 persons started the GK Supervisory Development Programme (SDP) in 2021. Over a two-year period, they will, along with 24 participants from the 2020 cohort, complete modules designed for our critical first-tier supervisors.

We also strengthened our leadership pipeline through succession management initiatives, to ensure that we have ready successors in line for key roles within the business. In this regard, focus was applied to executing on specific development initiatives identified for closure in 2021. This investment in developing our team for leadership changes, facilitated a smooth transition upon the retirement of some of our key senior leaders in 2021. We have also continued to refresh our succession plans for relevance, and on-boarded new potential successors where needed.

WORK ENVIRONMENT

Given the impact of the pandemic on the mental well-being of our employees, GK continued to play a critical role in supporting our staff during this difficult period. In 2021, this was partly done through the implementation of Groupwide mental health initiatives, which allowed our team to discuss issues surrounding mental wellness with counsellors (internal and external to GK) and certified psychologists. Our externally led ***Coping Circle sessions with Kamala McWhinney,*** were designed specifically to maintain high levels of employee engagement. We also implemented ***Keeping Connected,*** a virtual conversation series designed to replace 'water cooler chats' in the workplace that remote work has prevented. We also relaunched our Flexible Work Arrangement Policy in Jamaica, which has given our team the opportunity to apply for hybrid working arrangements.

As we managed the ongoing challenges of the pandemic and prepared for 'new normal' operations, we implemented several measures to improve the COVID-19 vaccination rate among team members.

GK staged multiple vaccination blitzes across our Group in 2021, including two Groupwide blitzes hosted in collaboration with the Private Sector Vaccination Initiative (PSVI) at our GK HQ on Harbour Street. This resulted in over 1300 participants receiving vaccinations. These blitzes were complemented by virtual information sessions with public health experts, which empowered our team with knowledge about the benefit of COVID-19 vaccination and addressed their concerns. One of these sessions was a Groupwide virtual Townhall on September 3, hosted by our Group CEO, and featuring a presentation by Dr Peter Figueroa, Professor of Public Health, Epidemiology and HIV/AIDS at the University of the West Indies (UWI). Our HR Teams and managers also had small group sessions and maintained our open-door policy for team members who wanted to discuss vaccination-related and any other issues. Our global multi-disciplinary GK COVID-19 Steering Committee continued to guide our Group's response to the pandemic, staying up to date on the latest developments and providing regular updates to our team. During the last quarter of 2021, we also introduced and began sensitizing our team on our new Infectious Disease and Viruses Policy, which became effective in early 2022.

CAREER MOBILITY & RETENTION

While there was an overall increase in the engagement score for growth opportunities in 2020, our 2021 initiatives remained focused on this important engagement and retention driver. We implemented a career mobility programme to equip employees with tools and practical guidance to chart their career paths within our Group. We received many commendations for these initiatives from our team, which we believe is an indication of the value these programmes have provided to our people.

We also developed and implemented strategies which served us well in retaining talent, as we exceeded our talent retention target for 2021.

TOTAL REWARDS

Team members were rewarded, and their contributions recognised through our incentive schemes, and formal Rewards and Recognition programmes during the year. These programmes celebrated excellence, with various awards and prizes.

EMPLOYEE ENGAGEMENT

At GK, we are very serious about employee engagement, recognizing that our people are our greatest asset. Each initiative so far mentioned, was designed in response to the feedback from our annual Employee Engagement Survey. Having been rewarded with a five-percentage point increase in our engagement score in 2020 over year prior from 66% to 71%, and notwithstanding the ongoing pandemic, we continued to challenge ourselves to do even better in 2021. Our efforts were successful, and we again exceeded our Group's target in 2021, increasing our engagement score to 72%, reflecting the positive impact and subsequent results of our initiatives. We are confident that this success was a major contributing factor to our increased revenues for 2021.

HR TECHNOLOGY

GK is committed to serving the digital lifestyles of our customers, which is evidenced by the launch of our Digital Factory and our recent release of several digital applications within the market. Similarly, we have been on a path to continually enriching our teams' experience through HR technology. In 2021, we implemented the *SAP Success Factors* Onboarding, Cross-Boarding and Off-Boarding modules in our Jamaican subsidiaries. These have significantly impacted the delivery of our HR services by simplifying, streamlining, and automating tasks, and providing personalized, experience-driven journeys for our new hires, employees who transfer to other business units, and those who leave the business. The introduction of these modules in our HR platform reinforces the positive impression we endeavour to leave with those with whom we interact.

We also implemented SuccessFactors Employee Central in our UK business. This has provided the UK team with automated HR workflows and intelligent services, to enable their management of processes, not only transactions.

In addition, the business is now able to implement business processes more smoothly across the HR domain for improved insight, strategic decision-making, and ultimately, better business performance. The UK team are now equipped with a tool which provides automated compliance with local and global regulations, visibility into the organisational structure in real time, availability of self-service features for employees, benefits management and time management, and an overall improvement in the employee's digital experience.

SPORTS

In 2021, GK's Sports, Arts & Culture department (SPARC) continued to engage the GK team through virtual events including online aerobics classes, a Christmas gospel concert and a Groupwide song and poetry competition. As in 2020, SPARC's executions in the virtual environment allowed participation from team members based outside of Jamaica, in contrast to its pre-pandemic activities, which were mostly Jamaica focused.

Following a one-year hiatus due to the COVID-19 pandemic, the ISSA/GraceKennedy Boys' and Girls' Championships for High School athletes was held at the National Stadium in Jamaica between May 11 and 15, 2021. While no spectators were allowed, the participating athletes were given the opportunity to showcase their skills to eager fans at home and abroad, who watched via live stream online and on local television in Jamaica.

OUR COMMUNITIES

Even before the term was coined in the mid-twentieth century, corporate social responsibility (CSR) was at the heart of who GK is as a company. For 100 years, GK's *We Care* ethos has meant that as a global corporate citizen, we pursue causes that are important to our staff, our customers and consumers, shareholders, and the communities and countries in which we operate, guided by our principles of ***Honesty, Integrity*** and ***Trust.***

In 2021, and in keeping with GK's 2030 vision (page 30), we officially expanded our focus on supporting the communities we serve towards the adoption of an Environment, Social and Governance (ESG)-focused business strategy. To help all our stakeholders learn more about GK's 2021 CSR activities and our new ESG agenda, we have expanded this part of our Annual Report to communicate these undertakings more comprehensively.

RISK MANAGEMENT & **INTERNAL CONTROLS**

GK has adopted a proactive and agile approach to risk management and has reaped the benefits of this strategy during the COVID-19 pandemic. During this period of extraordinary challenges, unprecedented levels of inherent risk and fluctuations have been experienced in the markets, industries, and business segments in which we operate.

The unwavering recognition of the critical value of risk management and internal controls for the success of the business by our Board of Directors and GK Executive Committee, has provided appropriate assurances. Risk assessment also assists with better decision making, as the Board and Executive operate as 'gate keepers', ensuring the continued viability of our Group. Risk boundaries are set to align with our risk appetite, strategy, values, policies, and corporate directives.

MILESTONES AND CHALLENGES

In 2021, the COVID-19 pandemic continued to present threats to the continuity of our business and the health and safety of our team. GK continued to take a proactive and multi-faceted approach to ensuring the continuity of our business, which allowed us to continue our operations with minimal disruption. Workspace capacity remained limited to 50% and team members who were able to, worked remotely. This resulted in more than 60% of our staff continuing to work from home. We also took steps to ensure that our team had access to COVID-19 vaccines as soon as they became available.

We remained proactive with the risk management activities across our Group, which included enhanced monitoring and evaluation of internal and external risks, with focus on the control indicators related to processes in our strategic business units. In collaboration with the risk team, GK's Management team demonstrated agility and focus, despite the ever-changing risk setting of supply chain exposures, and heightened health and business continuity risks.

We also assessed risks associated with GK's new ESG-focused business strategy, giving deliberate attention to achieving objectives, while reducing related risks.

One of the important exercises for the Group Risk & Compliance team in 2021, was working with our Management team to review and update GK's Risk Appetite Statement, to ensure its alignment with our strategic objectives and risk appetite for next five years - 2022 to 2026. Other key outcomes included:

- Continued re-assessment, forecasting, and modelling to manage global supply chain exposures and margins in an inflationary world economy;
- Providing support to GK's pursuit of its diversification strategy through M&A;
- Conducting quarterly assessments and reporting on concentration risk exposures;
- Conducting bi-annual assessments and reporting top risks at the business unit, divisional and Group levels;
- Conducting risk and controls assessment of infectious viruses and diseases exposures to our team and businesses, and risk response planning;
- Executing risk controls validation through GK's self-audit programme;
- Forecasting COVID-19 revenue scenarios;
- Conducting financial statement stress testing of COVID-19 implications on revenues;
- Business continuity planning and contingency management;
- Commenced the development of a Groupwide data privacy and protection programme;
- Streamlining of risk and compliance processes for greater focus and monitoring; and
- Initiation of the enterprise risk technology modernization project.

EMERGING RISK MONITORING

In 2021, the following primary emerging risks indicators were given special focus:

- Systemic impacts of the prolonged COVID-19 pandemic;
- Threats to human capital due to labour market shortages, and the impact of the pandemic on mental health;
- Risk associated with pursuit of our Digital Transformation strategy;
- Changes in international anti-money laundering standards and regulatory requirements;
- Regulatory and other global efforts to promote healthy foods and associated changes in consumer demand;
- The increasingly dynamic global political landscape;
- Climate change and the impact of extreme weather events on supply chain management;
- Reliance on technology and associated advancements enabling business continuity during the pandemic; and
- Enhanced cybersecurity and information technology security training, given the increased exposure to, and reliance on technology.

RISK MANAGEMENT FRAMEWORK

In recent years, GK's approach to management and governance of enterprise-wide risks has evolved. This began in 2012 with the launch of our ERM programme, which is focused on the implementation and enhancement of technology-supported risk management initiatives.

Through the ERM programme, GK actively identifies, analyses, mitigates, monitors, and reports, wherever possible, the identifiable or foreseeable risks inherent to our strategy and operations. We also design and implement strong internal controls to reduce these inherent risks to acceptable levels, in line with our approved risk appetite statement.

Through ERM, we report on current and emerging risks on an ongoing basis. Our approach to enterprise risk management focuses on:

- Promptly resolving internally identified risks and ensuring compliance with laws and regulations to maintain quality products and services;
- Supporting strategies to ensure effective use of resources, enabling an optimized, proactive approach to auditing, identifying and remediating compliance issues, while promoting reporting and monitoring across compliance functions;
- Enabling improved decision making, planning and prioritization through assessments of opportunities and threats; and
- Helping to drive value creation by enhancing Management's ability to respond to events that create uncertainty and/or represent a significant threat or opportunity, in a prompt, efficient and effective manner.

GK's risk governance system is based on several committees and management processes, which bring together reports on the management of risk at various levels within the organisation. Our risk governance process is supported by regular risk assessments and reviews of existing and new strategic initiatives. These consider the risk exposure and appetite of the Group, Divisions, Strategic Business Units and Strategic Support Units.

The diagram below illustrates GK's risk governance structure in operation, demonstrating the interaction between the various risk review and management committees:

ESTABLISHES RISK CULTURE AND RISK PROFILE

- Sets and Approves Risk Appetite and Risk Tolerances
- Approves Top Risks and Strategic Initiatives

EVALUATES THE EFFECTIVENESS OF RISK MANAGEMENT

- Reviews and endorses Top Risks
- Reviews and endorses risk appetite

KEY RISK OWNERS

- Identifies, assesses, quantifies, reports and manages key risks
- Reviews and approves risk registers/key controls

PROVIDE RISK OVERSIGHT

- Provide risk and controls oversight
- Ensure continued relevance of Risk Appetite Statement

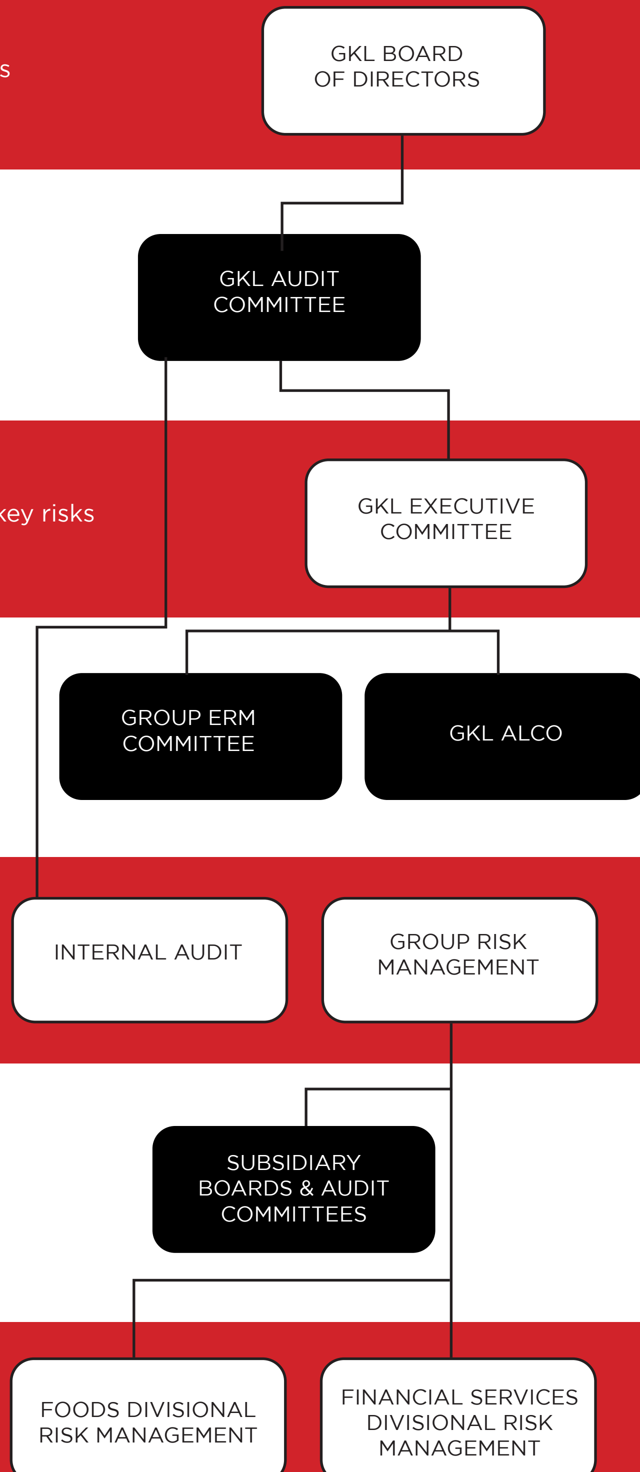
PROVIDE RISK ASSURANCE TO MANAGEMENT, AUDIT COMMITTE AND BOARD

- Collaborate with management on strategic and operational risk assessments

ENSURE ENTITY/DIVISIONAL LEVEL RISK CULTURE IS IMPLEMENTED

- Review and approve risk appetite
- Approve Top Risks and Strategic Initiatives

AID BUSINESS UNITS IN IMPLEMENTING DAY TO DAY MANAGEMENT OF KEY BUSINESS RISKS



Key components of our ERM framework are:

1. **Board-approved Risk Policy,** which governs the Risk Management Framework. It clearly outlines the responsibilities of the Board of Directors, Audit Committee and Management. In summary, the:
   - **Board of Directors** is ultimately accountable for determining our risk profile and ensuring that management has appropriate policies and internal controls in place in respect of risk management.
   - **Audit Committee** evaluates the effectiveness of our risk management processes and activities and provides assurance to Management and the Board. The Audit Committee has been charged by the Board with the responsibility for overseeing GK's Risk Management Programme, in accordance with its Terms of Reference (TOR). Our Group Internal Audit's assessment of internal controls is based on the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework, and all audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
   - **Management** is responsible for identifying, assessing, quantifying, reporting, and managing all risks within their respective lines of business. They are accountable to the Board for designing, implementing, and monitoring the risk policy, and the process of risk management and its integration into the day-to-day activities. Management ensures the alignment of business strategy with corporate culture, appetite, and policy.

2. **Our Risk Appetite Statement** defines the level of risk which we are willing to undertake and informs our decision making at all levels. It also provides a common understanding between the Board and Management, and guides risk appetite statements at the subsidiary level.

3. **Our Governance Framework** supports formal reporting by our Executives on topical risk and control issues, control self-assessments and the results of internal and external audit reports.

4. **Our Risk Assessment Reporting Standard** identifies the mandatory requirements or activities relating to risk assessment and mitigation.

5. **Our Risk Assessment Guidelines** outline how all areas of the business must identify, evaluate, manage, monitor, and report on risks on an ongoing basis, inclusive of the need for a mitigation plan for any risk rated as high or moderate.

6. **Our Self-Audit Guidelines and accompanying tool kit** have been designed to encourage the Company's business and support units, to proactively identify and act quickly on process and control weaknesses.

In 2021, elements of the ERM programme across the Group were enhanced and streamlined to realize increased consistency and effectiveness. Significant focus was placed on improving the agility of our self-audit programme to be more aligned with the dynamic nature of our business, as well as ensuring that risk and compliance reporting throughout the Group was more consistent.

KEY RISK CATEGORIES

As a conglomerate operating in the financial, food manufacturing, and selling and distribution sectors, risks impacting our Group are classified in the following high-level categories of strategic regulatory and compliance risk, operational, insurance, credit, interest rate, information technology and cyber security. A synopsis of each is captured below:

Strategic Risk

Strategic Risk is any risk which could hinder GK's ability to achieve its strategic objectives. Successful strategic risk management is therefore critical in protecting shareholder value, by ensuring the Business has properly assessed potential risks to our Group strategy and has developed an appropriate course of action to mitigate any exposure. Risk management is therefore embedded within our annual strategic planning sessions, which are conducted at both the subsidiary and Group levels. To ensure that the risk is appropriately managed, regular assessments are conducted throughout the year.

Regulatory and Compliance Risk

As a conglomerate, GK is subject to stringent regulatory and compliance obligations in both our Foods and Financial Services Divisions. As a publicly listed entity, GraceKennedy Limited has regulatory obligations to both the Jamaica and Trinidad & Tobago Stock Exchanges. Consequently, we measure, track, and report regulatory and compliance risk, which is risk where our Company could face material sanctions, fines, and penalties as a result of failure to comply with regulatory requirements. Failure to comply may result in financial losses, reputational damage, and the loss of our operating licence. Across the Group, we address these risks through the implementation of robust compliance, quality and safety programmes that require:

- Ongoing training of employees on regulatory requirements;
- Implementation of Board-approved policies, procedures and processes that address regulatory obligations, including customer, employee, agent and third-party due diligence, ongoing compliance monitoring activities and reporting to designated authorities;
- Designation of nominated officers; and
- Independent testing of our compliance programme by internal and external auditors.

Operational Risk

Operational risk arises where inadequate or failed internal processes, people and systems or external conditions are present. We address this risk by:

- Holding all employees accountable for managing the risk and internal control environment, and providing them with the mechanism to report violations of policies, procedures, and laws by way of our Whistleblowing Policy and Annual Disclosure Programme;
- Having our Internal Audit team conduct regular reviews to provide assurance that the risk and internal controls frameworks are operating effectively; and
- Establishing standards for assessing, managing, monitoring, and the reporting of risks.

Additionally, to ensure minimum disruption to business operations due to factors including natural disasters, a comprehensive Business Continuity Plan, which is revised on an ongoing basis, is in place for entities within our Group.

Insurance Risk

Insurance risks increase where there is a lack of risk diversification in the type and amount of risk and geographical location. An appropriate balance is maintained between commercial, personal and other types of policies based on the guidelines set by our Board of Directors. Insurance risk arising from our Company's insurance contracts is, however, concentrated primarily within Jamaica. Within the solvency requirements of the insurance regulators, an appropriate reinsurance programme has been established to reduce exposures in all classes of business, thereby reducing capital exposure to an acceptable level, using very highly rated international reinsurers. Our Insurance segment is also diversifying risk through regional expansion.

Credit Risk

Credit risk is the risk that GK's customers, clients, or counterparties will cause the Group financial loss, by failing to discharge their contractual obligations. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from our Group's receivables from customers, agents, and the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers, lending, and investment activities. Credit risk also presents itself in off-statement of financial position financial instruments, such as loan commitments. The level of credit risk we undertake is structured by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties, and to geographical and industry segments.

Additionally, credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose our Company to similar risks to loans, and these are mitigated by the same control policies and processes.

Interest Rate Risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose us to cash flow interest risk, whereas fixed rate instruments expose us to fair value interest risk. This risk is managed by the respective Boards of Directors of our companies establishing limits on mismatch of interest rate re-pricing, along with having an appropriate mix of fixed and variable rate instruments, managing the maturities of interest-bearing financial assets and liabilities.

Information Technology (IT) Risks

IT risk is any threat to GK's business data, critical systems, and business processes. It is the risk associated with the use, ownership, operation, involvement, influence, and adoption of IT within our organization. IT risks have the potential to damage our business value and may emanate from poor management of processes, strategic initiatives, and operational events.

IT risk in GK spans a range of business-critical areas, such as:

- **Security** - potential compromise of business data due to unauthorised access or use;
- **Availability** - inability to access mission critical IT systems and applications needed for business operations;
- **Performance** - reduced productivity due to slow or delayed access to its systems and mission critical operations; and
- **Compliance** - failure to satisfy laws and regulations governing IT driven business processes (e.g. data protection).

We manage these risks through the establishment, maintenance, and continuous update of our Enterprise Information Security Management Framework.

Cybersecurity Risk

As the pandemic has reshaped the workplace over the past two years, companies across all sectors globally have unfortunately fallen prey to cyberattacks. At GK, our focus has been on providing a flexible and secure technology platform for our team. We have been continuously improving our cybersecurity posture, with particular focus on network monitoring and authentication systems to proactively identify and respond to potential threats. To minimize any potential business disruptions associated with cybersecurity threats, emphasis has also been placed on improving our Incident Management Response Procedures.

We continue to empower our team and Board of Directors with ongoing training, cybersecurity campaigns and other information, to protect them from cyber threats at work and in their personal lives. In 2021, we shared multiple security tips and hosted a public forum on cybersecurity trends in partnership with InfoTech Research Group, an international information technology research and advisory company. We also participated in Cybersecurity Awareness Month, which is marked around the world and in Jamaica during the month of October.

There were no significant cybersecurity incidents in 2021. We will, however, continue to adapt as the security landscape changes, to ensure our security posture remains stable.

GROUP
INTERNAL AUDIT

INTERNAL CONTROLS

Management and Directors acknowledge their overall responsibility for maintaining and establishing a robust internal control framework for our Group, and for reviewing the effectiveness of controls. These controls are designed to assist in the evaluation, management, and mitigation of the risk, to ultimately achieve business objectives and provide reasonable assurance against misstatement or loss. Internal Audit reinforces the control framework by providing independent assurance that GK's risk management, governance and internal control processes are operating effectively and efficiently. This includes reviews of our information technology and security, operational and financial performance, key business, strategic and enterprise-wide risks, as well as the compliance framework of our Group.

In 2021, the COVID-19 pandemic continued to impact our Group in a variety of ways. At the core, these impacts have resulted in a comprehensive adjustment of company processes and procedures, to ensure that we continue to meet consumer and customer needs, despite massive industry disruption. In such an environment, robust internal controls have become even more critical.

As an integral part of our corporate governance structure, our Group Internal Audit Department and its activities are guided by its Charter which is reviewed annually and approved by our Board of Directors, to whom it reports independently through the Audit Committee, on the effectiveness of the governance structure and risk management framework.

Our system of internal control is based on the COSO control criteria framework and the Control Objectives for Information Technologies (COBIT). The system is designed to provide reasonable assurance that:

- Our company's control activities are effectively protecting against unnecessary risks;
- Transactions are appropriately authorised and recorded;
- Assets are safeguarded;
- Our company's control activities are
- Accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles; and
- Clear policy development and good practice for IT controls are in place throughout the Group.

Group Internal Audit's assessment of internal controls, based on COSO and COBIT, evaluates the internal control measures adopted by GK's Management, with all audits being conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. Further, Management continues to maintain these internal controls through self-audits and ongoing monitoring.

Internal Audit meets regularly with the various Subsidiary Audit Committees and Boards of Directors throughout our Group, as well as with the Group Audit Committee, to provide information on key risks identified during the audits, along with the implementation status of recommendations made. Our Group Audit Committee met four (4) times in 2021.

Our Audit Committee oversees the Internal Audit function, reviewing Internal Audit's assessment of the adequacy and effectiveness of the Group's internal controls, compliance with legal, statutory, regulatory and other requirements, and management of risk. Control issues identified through the work of the internal and external auditors are reviewed by and discussed with the Audit Committee.

The Committee, during its activities, also received reports from various members of management on significant accounting and tax, legal, regulatory, risk, fraud, and whistleblowing-related matters, as well as matters pertaining to information technology and security. The Group Audit Committee Chairman reports to the Board on all significant issues considered by the Committee.

The Terms of Reference of our Group's Audit Committee are reviewed annually and approved by the Board. The various Audit Committees of the Group have oversight responsibility for:

1. Reliability and integrity of the accounting principles and practices, financial statements and other financial reporting;
2. Internal audit functions of our Company and Group;
3. Risk management functions and processes of our Company and Group;
4. Qualification, independence and performance of the external auditors of our Company;
5. The system of internal control and procedures established by Management and reviewing their effectiveness; and
6. Our Group's compliance with legal and regulatory requirements.

Our commitment to these internal controls, ethics and integrity are reinforced through our Code of Ethics, Anti-Fraud Policy and Whistleblowing Policy and the use of our Whistleblowing Hotline. Group Internal Audit, in conjunction with Group Security, continued to promote this hotline in 2021 as a method of facilitating anonymous reporting of suspicious activities across the Group.

SIGNIFICANT ACTIVITIES AND MILESTONES

During 2021, Group Internal Audit continued to improve its quality and effectiveness with a focus on continuous improvement, greater use of technology to drive efficiency, and continued client support and relationship building. The activities in 2021 included on-going internal quality assurance, consultative and peer reviews as well as programmes of continuous education and exposure for the department.

In 2021 Internal Audit also:

- Upgraded the software platform used to manage the audit function, to more effectively track audit recommendations and management action plans to remediate audit findings.
- Formulated and agreed with the Audit Committee, the audit plan, strategy and scope of work; ensuring the annual internal audit plan is designed to assist in attaining our Group's strategic objectives;
- Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of our Group's internal control system;
- Assessed company-wide Business Continuity Management at the group and SBU levels;
- Conducted assurance reviews as well as analysed and assessed certain key business processes, and made recommendations to improve their effectiveness and efficiency;
- Provided strategic support through consultative reviews and participation in strategic planning discussions;
- Reviewed the adequacy and effectiveness of management's processes for risk management, internal control and governance;
- Provided consultative services for key projects across the Group;
- Reviewed the Internal Audit Charter for possible modification and approval by the Group Audit Committee and Board of Directors;
- Reviewed means of safeguarding our Group's assets;
- Coordinated audit efforts with and provided support to the external auditors;
- Provided consultative support to management prior to and post major system and other project implementations, to evaluate the extent to which adequate controls have been incorporated in the respective systems/ processes;
- Continued training and certification of our Group Internal Audit team;
- Facilitated rotation of staff from the business to increase knowledge and improve auditing technique;
- Increased the use of technology to improve department efficiency and widen the scope of areas reviewed; and
- Ensured the control environment remained robust while GK navigated its first pandemic.

By the end of 2021, Group Internal Audit had conducted 72 audits, with significant focus on regulatory compliance, IT governance and security, financial controls, and the general control environment.

RECAP

Throughout 2021, GK continued to execute on our Vision of becoming a Global Consumer Group. We made significant progress toward our strategic objective of delivering long-term consumer and shareholder value, which was reflected in the confidence shown by our shareholders and the increase in our stock price on the JSE from J$62.68 at the end of 2020, to J$100.02 at the close of 2021. We continued to execute on our Mission of delivering the taste and experience of Jamaican and other multi-cultural foods to the world, and leading financial services to our region, with new product launches in our international markets. We also expanded GK's Insurance business regionally, with our entry into creditor life insurance through the acquisition of SIECL, which is now rebranded as GK Life.

Notwithstanding the ongoing pandemic, in 2021, GK remained committed to providing a safe working environment for our team and reliable and consistent service for our customers. Our proactive and multi-faceted COVID-19 response continued via limited workspace capacity, our work from home protocol, vaccination blitzes and associated information sessions with public health experts, along with the regular dissemination of updates on the pandemic. We also introduced our new Infectious Diseases & Viruses Policy as an ongoing safety measure to provide a safe working environment for our team and other stakeholders. Additionally, we:

- Held weekly Executive Committee meetings to closely monitor business continuity;
- Implemented initiatives to ensure that our supply chain remained and continues to be robust and reliable;
- Effectively managed our liquidity, margins, cost containment, and cost reduction;
- Identified and acted upon opportunities in the crisis; and
- Expanded our CSR initiatives.

Our key focus areas for 2021 were pursuing growth through M&A, evidenced by the acquisition of *876 Spring Water* and SIECL. We also worked to ensure growth over prior year of GK USA, GF UK and our Grace-owned brands, and continued executing our Digital Transformation through the launch of our Digital Factory, piloting of our GK ONE mobile app, and launch of Hi-Lo Online.

We also began consolidating our Nalpro and Canning factories to improve operational efficiencies, and maintained a profitable Money Services business (GKMS), while expanding and growing digital transactions for both remittances and bill payments.

In addition to our financial successes, we strived to ensure that our GK work environment continued to be one where our team feels safe, connected, and engaged. To this end, in 2021 we facilitated Mental Health and Wellness programmes for our team members, which were supported by counsellors internal and external to GK. These and other interventions, translated into an increase in our overall employee engagement score to 72% in 2021.

RECOGNITION AND **AWARDS**

During 2021, other significant achievements included:

- GraceKennedy Limited winning the 2020 Governor General's Award for Excellence at the JSE Best Practices Awards, which honours the listed company which has consistently upheld international best practices, declaring it the overall winner of the annual JSE Best Practices Awards;
- GraceKennedy Limited tying with NCB to receive the PSOJ Corporate Governance Award in the Main Market category at the JSE Best Practices Awards for 2020 and being announced the overall winner in the Annual Report and Best Website categories, and first runner up in the Corporate Disclosure and Investor Relations category;
- GK Capital Management being declared the winner of the Investor Relations category of the Member Dealer Awards at the JSE Best Practices Awards for 2020; and
- Grace Foods LACA winning the Prime Minister's Awards for Top Large Exporter in Agriculture, Forestry & Fisheries and Top Large Export/ Trading House at the Jamaica Manufacturers and Exporters Association (JMEA) Manufacturers and Exporters (M&E) awards.

These awards demonstrate that our Group is not only performing well, but doing so in accordance with the highest standards, guidelines and best practices established by the JSE and benchmarked against our counterparts worldwide.

LOOKING **FORWARD**

FUTURE OUTLOOK

Certain statements contained in the Management Discussion & Analysis of financial condition and results of operations are forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industries, businesses, and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in other sections of this Annual Report.

KEY FOCUS AREAS FOR 2022

2022 is a momentous year for GraceKennedy as we celebrate our 100th anniversary (GK100) under the theme *Our Story is Your Story. Celebrating the Past. Shaping the Future.* As we reflect on our Company's rich history and endeavour to continue our proud tradition of delivering products and services at the highest standard, we remain supported by our core values - ***Honesty, Integrity*** *and* ***Trust***, and our outstanding GK team, while staying true to our *We Care* ethos. In this spirit, we will execute a year-long calendar of events and activities in 2022, reflecting GK100 across all brands and subsidiaries in Jamaica and overseas.

At the time of writing, the latest developments in the COVID-19 pandemic are encouraging. Nevertheless, we remain cautious in our optimism and remain agile and multi-faceted in our response to this global challenge. The global economic environment associated with the pandemic continues to be characterized by high rates of inflation and supply chain issues, and GK will continue to be very strategic in our approach.

We are also closely monitoring geopolitical developments related to Russia and Ukraine, and its resultant impact on commodity inventories, prices, and shipping costs, and are mindful of rising interest rates globally and the related impact on our businesses.

A key priority area for our business in 2022 is to ensure that our supply chain remains robust and consistent. We will also take the necessary steps to continue to effectively manage our liquidity and margins, and implement cost containment, and cost reduction strategies where necessary.

Other key business areas of focus in 2022 will be to:

1. Continue pursuing growth opportunities through M&A;
2. Improve operational efficiency through net margin growth;
3. Ensure profitability and continued revenue growth for GK USA and GF UK, and growth of the Grace-owned Brands locally and internationally;
4. Commence implementation of our SAP S/4 HANA enterprise resource planning (ERP) system upgrade with clear project timelines;
5. Consolidate GK's factories to improve operational efficiencies;
6. Improve customer experience (retail and digital channels) to grow revenue and profitability of our Money Services segment;
7. Implement a cross-selling framework to gain insights and support product development;
8. Execute our Digital Factory roadmap to achieve digital targets; and
9. Focus our HR strategy on succession planning and global mobility.

Our strategy for 2022 and beyond includes bold ambitions towards achieving our 2030 vision (page 30), which seeks to infuse ESG principles into our core business, as we contribute to a better global society and greater financial well-being. Moving forward, we will continue to align our strategic initiatives with four strategic pillars:

- Growth and Sustainability
- Customer Centricity and Innovation
- Operational Excellence
- Performance-driven Organisation

GROWTH AND SUSTAINABILITY

Our growth and sustainability focus will continue to be on Digital Transformation, the growth of Grace-owned brands, growth of our International Foods business, developing strategic partnerships, and growth and expansion of our Financial Group. A key priority for 2022 will therefore be expanding digital access to our products and services through our GK ONE mobile app. In addition, we will continue to encourage financial inclusion, by optimizing product offerings and the customer experience within the GK ONE retail network. Our Financial Group will also focus on increasing the profitability of its recent insurance acquisitions, and our Money Services' retail and digital channels.

Our Foods Division will grow the Grace and Grace-owned branded products through significant reinvestment, as well as launching new products. As an example, we recently expanded our patty manufacturing business in the US to increase the availability of Grace Patties in the North American market, starting in 2022. We will continue to focus on increasing the profitability of our GK USA and GF UK businesses. We have enhanced access to our Hi-Lo Food Stores through our new Hi-Lo Online e-commerce platform, and we will continue to drive growth by expanding our retail footprint and driving further sales through our e-commerce business.

Continuing strategic partnerships with retail stores on category management initiatives, and bolstering our marketing efforts with tailored social media marketing initiatives will also remain pivotal to our Foods distribution businesses.

While we continue to grow our business organically, we believe that inorganic growth will also play a significant role in our Group's success. To that end, our focus on M&A will continue to be very strong in 2022.

CUSTOMER CENTRICITY AND INNOVATION

GK remains committed to providing value to our valuable customers by continually offering high quality goods and services to meet their needs. As pandemic restrictions begin to ease around the world, we look forward to re-engaging directly with our loyal and valuable customers in-person where possible, as we celebrate GK's 100th anniversary together.

In 2021, we continued to deliver good taste to our consumers by launching 10 new products in our international markets.

In 2022, We will continue to reinvest in our international brands, including La Fe in the USA and Nurishment in the UK. We will also develop new products in new categories, consistent with consumer trends. Healthy food options, driven by our "Better for You" product category, will continue to be a key area of focus for our Foods Division in 2022.

In 2022, we will continue our focus on innovation by implementing a cross-selling and data intelligence framework, to support product development and gain market and customer insights. We intend to tailor our insurance products to the needs of our customers and increase penetration and usage of our soon-to-be-launched GK ONE pre-paid card to support financial inclusion. An important tenet of customer centricity is customer experience. As such, we will focus on improving customer experience across GKFG, including our Banking, Insurance, and Money Services segments.

Accessibility and convenience through all our digital offerings will also remain a key strategic pillar, as we work to meet the needs of all our customers.

OPERATIONAL EFFICIENCY

Operational efficiency through net margin growth will be a key focus for all Divisions in 2022. The major strategic initiatives for improving efficiencies in the Foods Division, will be to continue executing our National Processors and Canning factory consolidation plan and improving manufacturing output through increased export sales and insourcing, while taking advantage of co-packing and opportunities for private labelling. We will undertake a project to increase synergies across our distribution businesses and commence the implementation of a major upgrade to our Enterprise Resource Planning Systems (SAP) to improve operational efficiency. Further, a supply chain optimization project will be executed to extract additional value throughout the Foods Division both locally and internationally.

A major initiative within our Financial Group will be to pursue operational efficiency within FGB. This will see digital enablement and upgrades to branches, process redesigns, and a focus on enhancing the sales culture. Robust compliance and governance frameworks are very important internal controls which will be employed, to ensure that our Group continues to operate at international best standards.

PERFORMANCE-DRIVEN ORGANISATION

We have seen that there is a direct correlation between employee engagement and the profitability of our Company. Therefore, creating a supportive environment for highly skilled and motivated team members is critical to the success of our strategy. As our employees are our greatest asset, we will use the results of our employee engagement survey to improve our employee experience in 2022.

We will focus on succession planning by executing development plans to ensure successor readiness. We have identified strategic capabilities that will be relevant for jobs of the future and will continue to develop and strengthen our team across the Group in this regard.

We believe that digital skills will play a significant role in the growth of our organization, and as such we are excited about our Digital Institute partnership with UWI Mona. The Institute is a digital upskilling programme to train young Caribbean nationals and develop talent needed for jobs of the future. The programme will be used as a vehicle to attract and build a robust talent pool for digital roles at GK.

We will review compensation schemes and refresh our reward and recognition programmes. In support of continued remote work, we will also continue to implement employee engagement initiatives to maintain the GK culture in this hybrid work environment.

RISK MANAGEMENT & INTERNAL CONTROLS

As we move into 2022, we anticipate increased maturity of our ERM programme, supplemented by efforts to modernize the technological mechanisms supporting risk and compliance workflows. GK's risk management activities will remain proactive and agile, to support the achievement of our Company's goals for 2022 and beyond.

The focus for the Internal Audit Department in 2022 will be:

- Continuous risk assessment, and enhancing risk management and governance practices;
- Addressing key stakeholder priorities;
- Continued focus on compliance across the Group;
- Optimising internal audit processes and resources;
- Continued training of our team to meet new challenges in the environment; and
- Continued leveraging of technology.

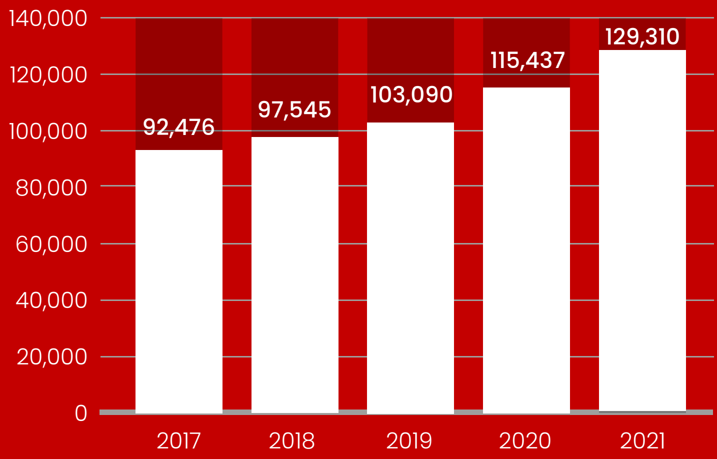
OUR COMMUNITIES

Our commitment to supporting the communities we serve around the world will remain a priority in 2022. We will continue our strong focus on CSR through the work of our Grace & Staff Community Development Foundation (Grace & Staff), GK Foundation (GKF), and our subsidiaries. In celebration of GK100, GraceKennedy aims to execute 100 CSR activities across our Group in 2022 under our *100 Acts of Grace* campaign.

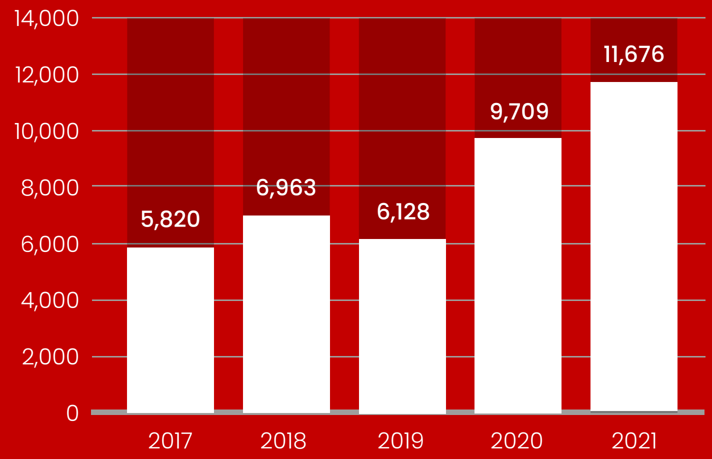
Among these activities will be Grace & Staff's initiative to assist 10 early-childhood centres with infrastructure improvements to help them secure Early Childhood Commission certification. GKF will continue its landmark pilot project with the Dutch non-profit environmental organisation, The Ocean Cleanup, to install Interceptor Barriers at the mouths of three Kingston gullies to prevent solid waste from entering the Kingston Harbour. Debris will be removed from the Interceptor Barriers by The Ocean Cleanup's Interceptor Tender, a small self-propelled barge, and transported to an offloading site for sorting and proper disposal.

In addition to our CSR activities, GK will continue our work towards the adoption of an ESG-focused business strategy (page 74). Key to this will be the development of an ESG policy and governance framework, as well as a strategic roadmap which will comprise our priorities, initiatives, targets, and timelines.

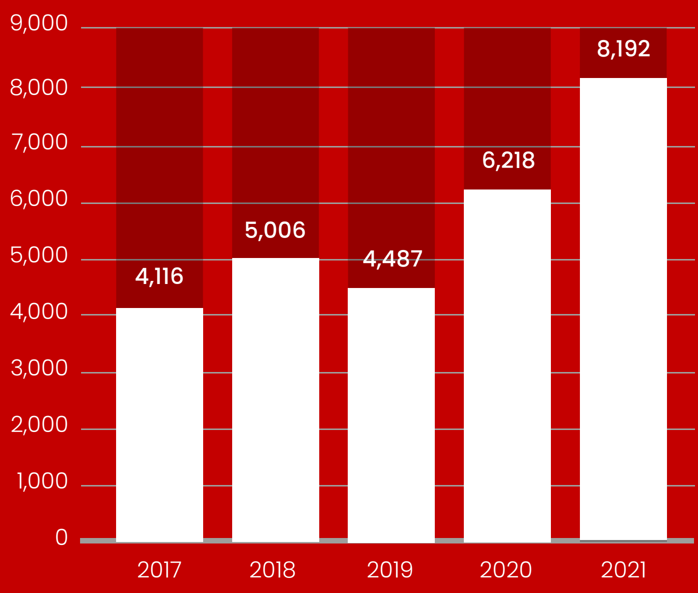
REVENUE (JA$ MILLIONS)



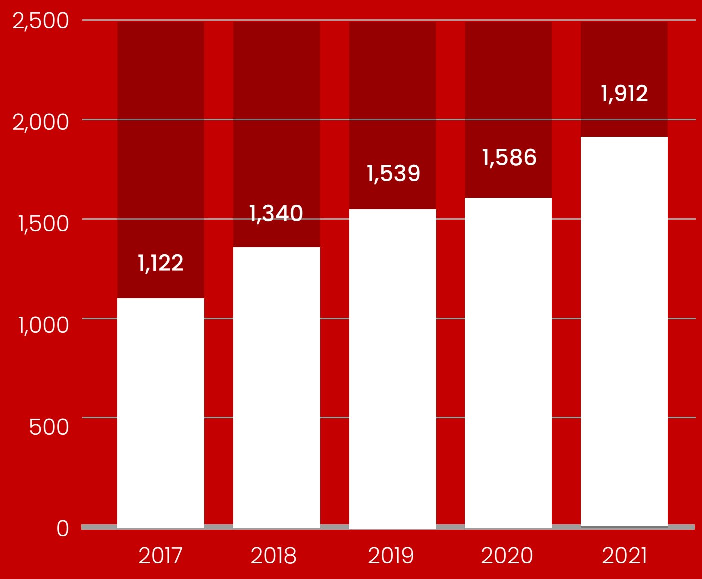
PROFIT BEFORE TAX (JA$ MILLIONS)



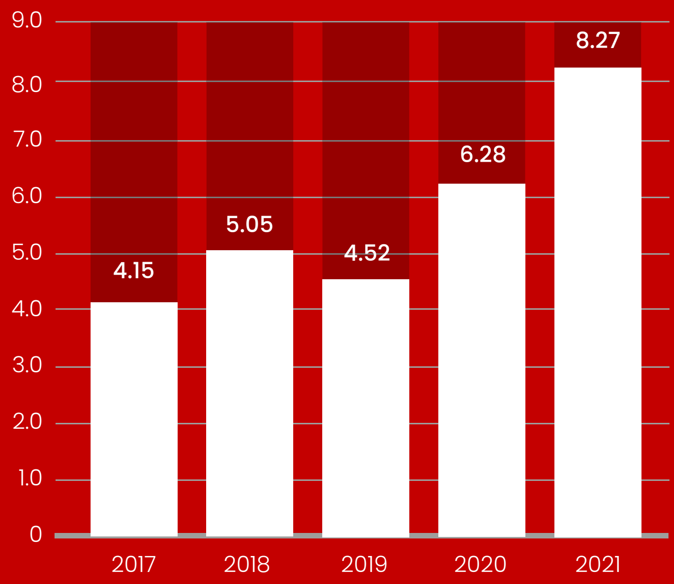
NET PROFIT ATTRIBUTABLE TO STOCKHOLDERS (JA$ MILLIONS)



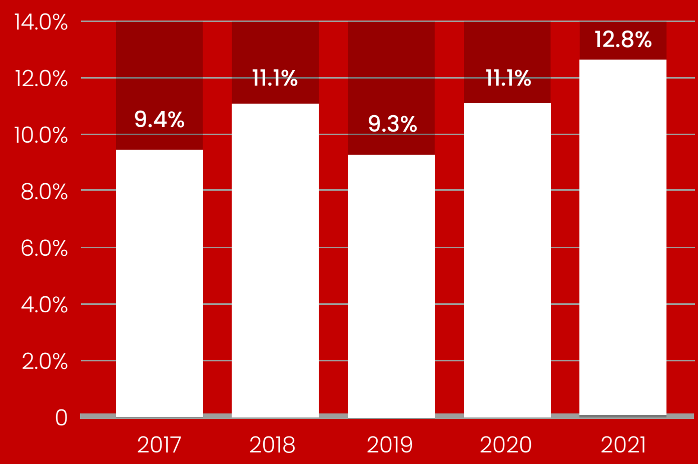
DIVIDEND (JA$ MILLIONS)



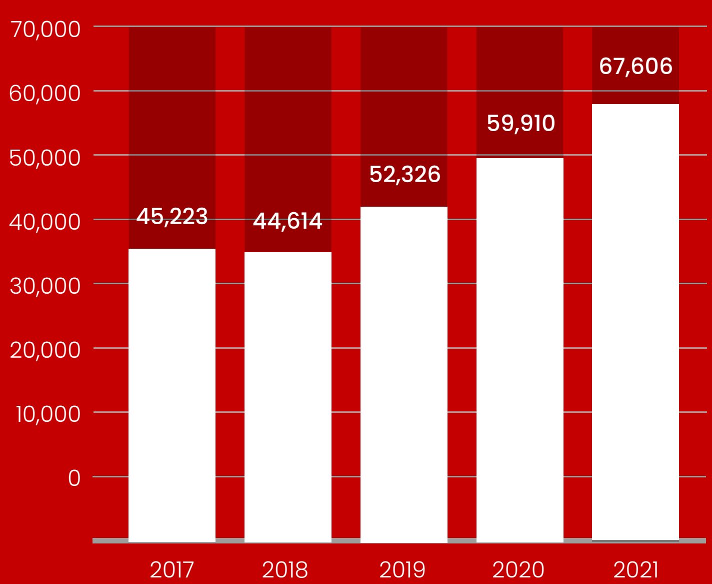
EARNING PER STOCK (J$)



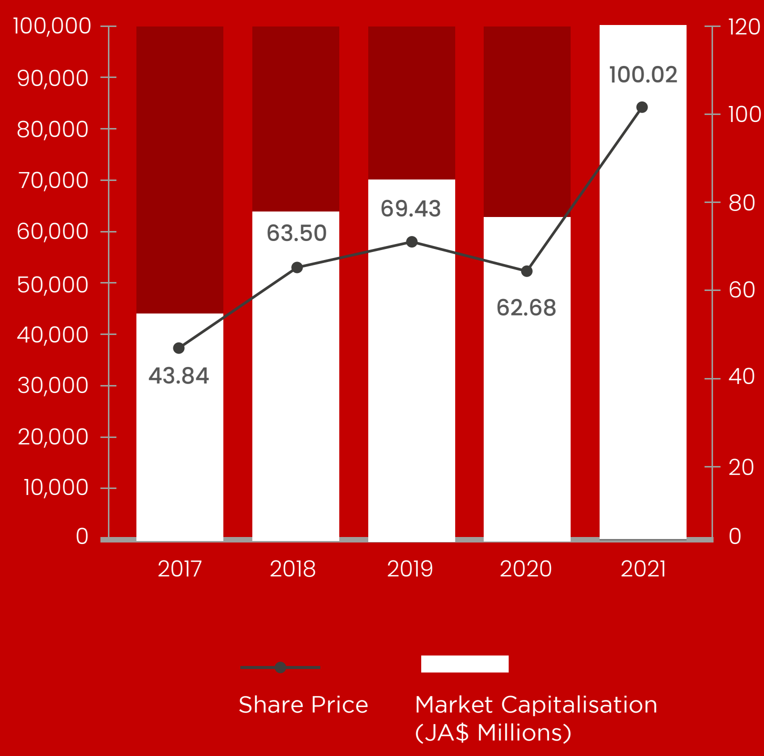
RETURN ON EQUITY



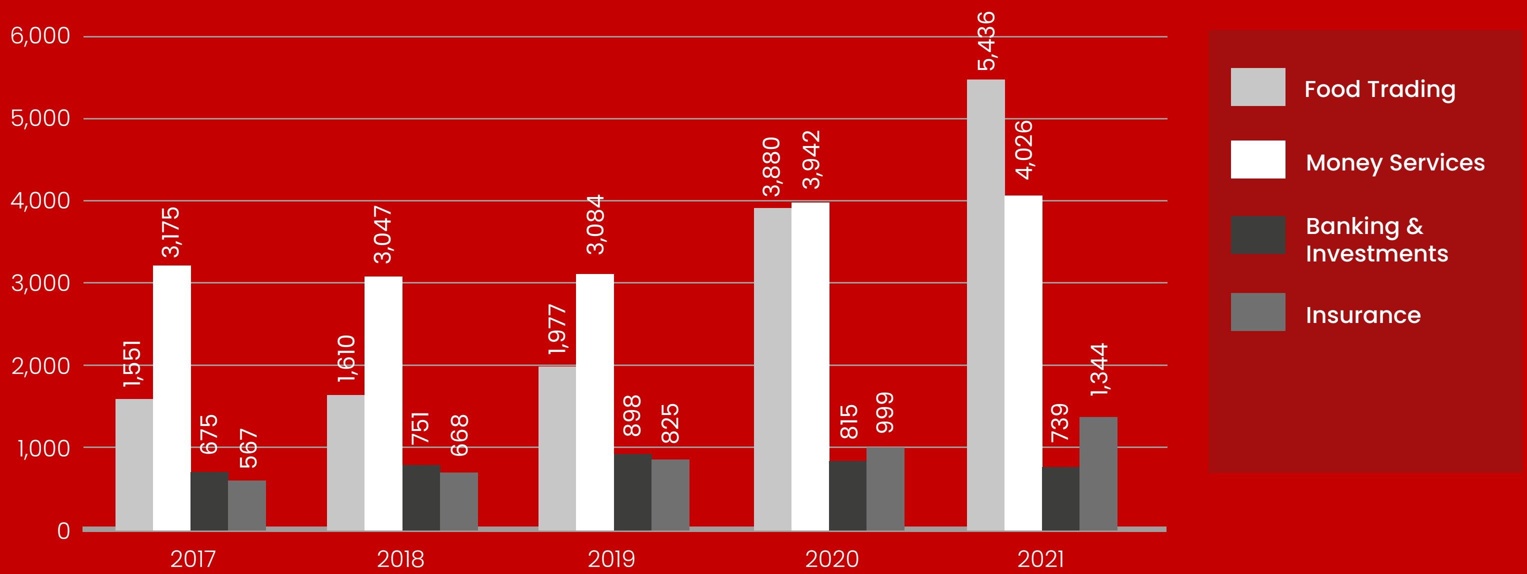
SHAREHOLDERS' EQUITY (JA$ MILLIONS)



MARKET CAPITALISATION

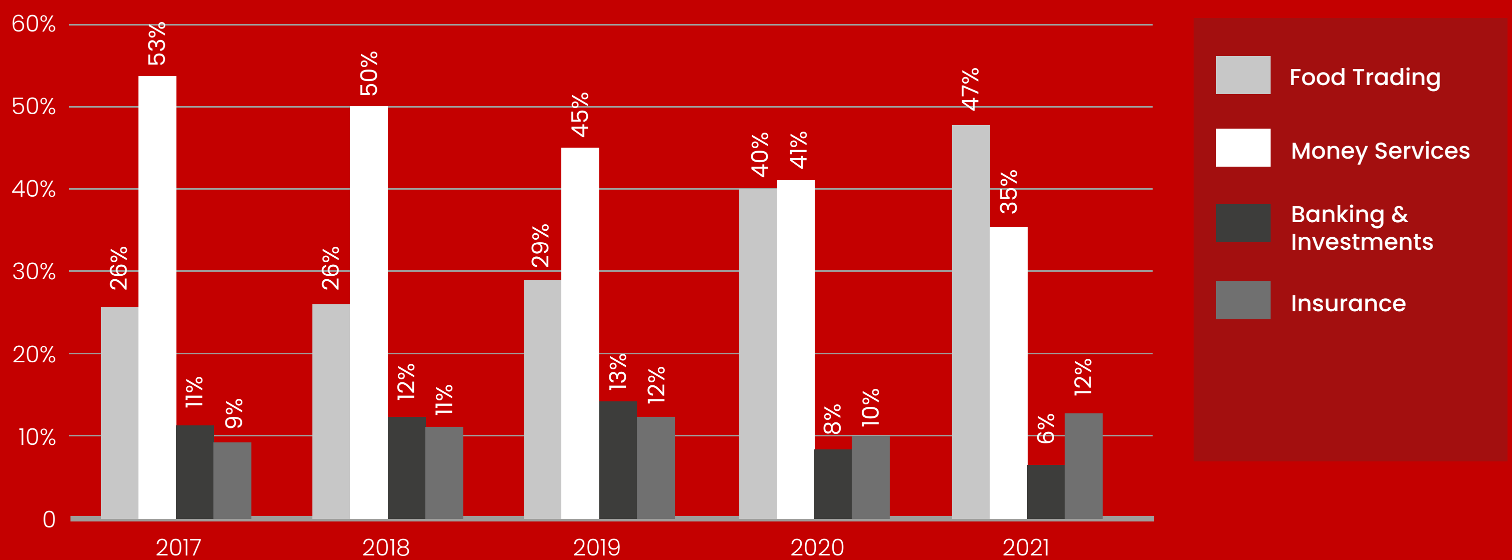


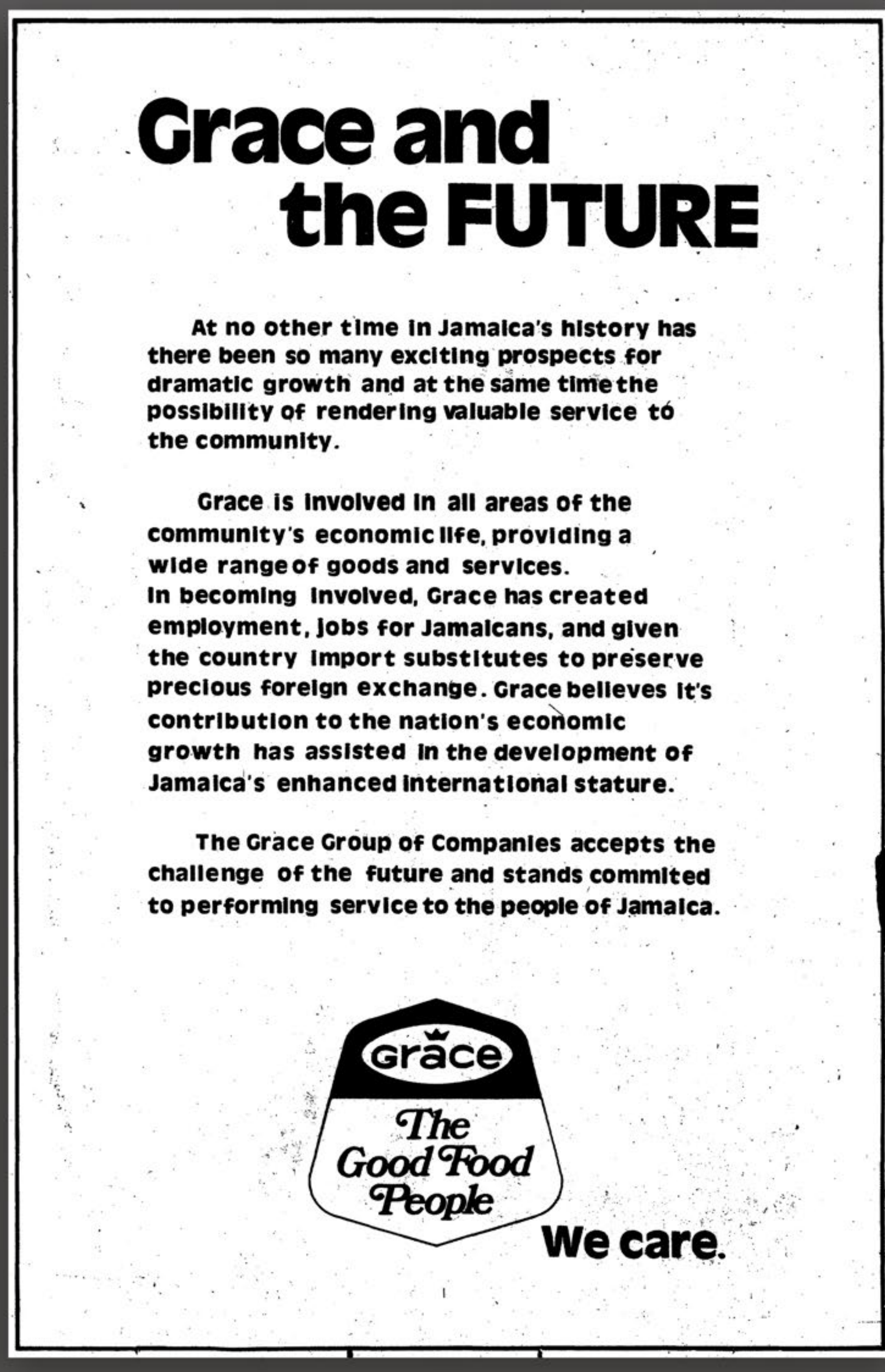
CONTRIBUTION TO PRE-TAX PROFIT BY SEGMENT (JA$ MILLIONS)



Excludes Corporate & Other Unallocated Income

CONTRIBUTION TO PRE-TAX PROFIT BY SEGMENT (%)




Grace and the FUTURE
At no other time in Jamaica's history has there been so many exciting prospects for dramatic growth and at the same time the possibility of rendering valuable service to the community.
Grace is involved in all areas of the community's economic life, providing a wide range of goods and services.
In becoming involved, Grace has created employment, jobs for Jamaicans, and given the country import substitutes to preserve precious foreign exchange. Grace believes it's contribution to the nation's economic growth has assisted in the development of Jamaica's enhanced international stature.
The Grace Group of Companies accepts the challenge of the future and stands commited to performing service to the people of Jamaica.
Grace
The Good Food People
We care.

SHAPING OUR **SUSTAINABLE FUTURE**

GraceKennedy's 2030 Vision anchors our Environmental, Social and Governance (ESG) commitments for the future. As part of our journey, we will strengthen ESG accountability and develop a structured framework for reporting our performance, aligned with international standards. Our approach to ESG is inspired by the four pillars of the International Sustainability Standards Board's sustainability disclosure draft prototype.

GOVERNANCE

Our deeply rooted tradition of being a responsible business is formalized through our Corporate Social Responsibility (CSR) Policy and is anchored by our core values – ***Honesty, Integrity***, and ***Trust.*** As part of our ESG approach, we recognize the United Nations' Sustainable Development Goals (SDGs) and the UN Global Compact's ten principles.

The GK General Counsel & Chief Corporate Secretary is our ESG Lead. Supported by a multi-disciplinary management team, the ESG Lead provides oversight of the strategic direction and development of our ESG programme. Our progress will be reported to the GK Executive Committee and the Corporate Governance & Nomination Committee of our Board of Directors, and a report will be published annually.

STRATEGY

In 2021, GK successfully formalized our 2030 vision placing an even stronger emphasis on empowering our people, alleviating hunger, and supporting financial inclusion. In 2022, we will continue to develop our ESG strategy and plan across our business.

RISK MANAGEMENT

We actively identify and monitor a wide range of business risks and commercial opportunities that may have a social, environmental, ethical, or reputational dimension.

In 2021, we strengthened our Enterprise Risk Management (ERM) programme in the context of an evolving and complex risk landscape, including working through the COVID-19 pandemic.

OUR 2021 FOCUS

Our commitment to ESG underpins all our activities across the Group. It sets out our global approach to responsible management, and forms the basis for our decision-making, which we have aligned to the SDGs.

8 DECENT WORK AND ECONOMIC GROWTH

Engaging our Diverse Talent to pursue growth, create a better life, attain wealth, and achieve common goals.

2 ZERO HUNGER

Alleviating Hunger among the most vulnerable, increasing agricultural productivity and ensuring food systems are sustainable.

1 NO POVERTY

Increasing Financial Inclusion to improve economic lives of the poor and marginalized.

3 GOOD HEALTH AND WELL-BEING

Developing Better For You Products to provide our customers with healthier options.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Promoting a Circular Economy by doing more with less, minimizing waste, and reducing, reusing and recycling materials.

13 CLIMATE ACTION

Addressing Climate Change to mitigate greenhouse gas emissions, support cleaner energy and address climate risks and opportunities.

11 SUSTAINABLE CITIES AND COMMUNITIES

Investing in Communities to create positive impacts in education, the environment and healthy lifestyles.

Scan here to view our ESG Statement

72%
Employee Engagement Score

>60%
Senior Management positions held by women

J$39 MILLION
Invested in food banks and charities to supplement nutritional needs

J$9 MILLION
Invested in the development of "Better for You" products

J$12 MILLION
Invested in projects to reduce, reuse and recycle waste

J$178 MILLION
Invested in building stronger communities

OUR 2021 PERFORMANCE

Engaging our Diverse Talent: We continued to attract and develop a diverse and inclusive workforce. As we look forward, our core values, performance-driven culture, and focus on talent will remain the cornerstones for our next phase

Alleviating Hunger: We deepened our strategic food donation partnerships, enabling students and others facing food insecurity to supplement their nutritional needs, and gave our GK team members opportunities to volunteer their efforts towards these initiatives.

Developing Better for You Products: Our focus on healthier options deepened. We increased sales, expanded product categories and enhanced the brand experience.

Increasing Financial Inclusion: We expanded our banking agency network for unbanked and underbanked individuals to improve living standards. The GK ONE combined service offering from GKFG also creates accessible and convenient options.

Promoting a Circular Economy: We continued to explore opportunities to eliminate single-use plastic, and reuse and recycle materials including cardboard, pallets, and paper. We also began working with our suppliers to encourage more responsible practices.

Addressing Climate Change: We continued to explore renewable energy alternatives. We also deepened our public-private partnerships with The Ocean Cleanup, a Dutch non-profit environmental organization, to protect ecosystem health in the Kingston Harbour.

Building Stronger Communities: As a global corporate citizen, we remained focused on meaningfully impacting society through the work of our GraceKennedy Foundation and Grace & Staff Community Development Foundation. Our community outreach and volunteerism is geared towards helping the most poor and vulnerable in our society, as well as supporting education and youth development.

JAMAICA STOCK EXCHANGE

In 2021 GK received six Best Practices Awards from the Jamaica Stock Exchange (JSE), including the ***Governor General's Award for Excellence*** which recognizes the listed company which has consistently upheld international best practices as the overall winner of the Awards.

76 CORPORATE SOCIAL RESPONSIBILITY

MAKING DRAPES at Housecraft Manufacturing Company.

Grace Kennedy grants bursary

To further demonstrate the keen interest of the private sector in Agriculture, Grace Kennedy & Co. Ltd. has awarded 19-year-old Horatio Lindsay a bursary tenable at the Jamaica School of Agriculture for a period of three years.

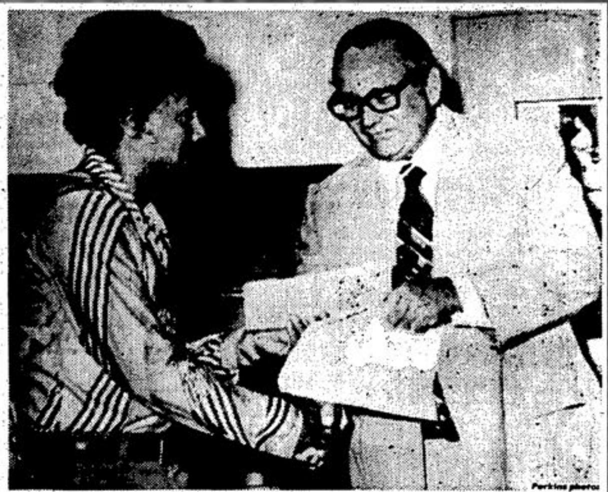
Horatio Lindsay is a past student of Kingston Technical High School where he gained creditable passes in Chemistry, Physics, Mathematics, Engineering Science and Spanish.

He was also successful in the entrance examination to the J.S.A. and was highly recommended to the J.M.A. for scholarship assistance by the Principal of that school, Mr. E. G. Roper. The Grace Kennedy bursary will provide him with much needed financial support to enable him to take up the place offered by J.S.A.

Horatio Lindsay, who will also be provided with paid work by Grace Kennedy during his holiday periods, hopes to pursue a course in the sciences — such as animal, plant or soil science — pertaining to Agriculture.

He is anxiously looking forward to a successful future in his chosen profession, as a means of making a positive contribution to his country in its drive for self-reliance.

MR. HORATIO LINDSAY



Perkins photos

GRACE KENNEDY HELPS: Mr. Carlton Alexander, Managing Director of Grace Kennedy & Co. Ltd. (right) presenting a cheque to Dr. Paul Robertson, Chairman of JAMAL Foundation to assist in the employment of holiday jobs for 20 University of the West Indies students at JAMAL. The presentation took place at JAMAL Headquarters recently.

Grace Kennedy hosts Christmas treat for Montego Bay children

WESTERN BUREAU — Most of us look forward to the Christmas season when gifts are exchanged. But due to high prices many adults, and particularly parents, often make sure that their children are aware that while Christmas is the season for giving, gifts should reflect the need for the coming year.

With this in mind, Grace Kennedy brought cheer to several children with its annual treats when a number of employees from the Montego Bay branch of Grace Kitchens headed by Mrs. Rosalee Brown, made scores of children from Maroon Town and Somerton in St. James recipients of a delicious meal at two treats on December 21 and 23.

With the back-to-school date just around the corner, they were given pencils, erasers, sharpeners and exercise books, compliments of Ribena.

According to Mrs. Brown, Grace usually funds the Christmas tree for Montego Bay, but has since felt that it was more accepted to go out in the rural areas and treat the children, therefore a wider cross section of the community would benefit. Activities for the day included bounce around in the "bounce-about", and a merry-go-round.

Member of Parliament for Somerton, Mrs. Violet Neilson, said it was a wonderful thought by Grace Kennedy to treat the kids. What makes it so good, she said, is that they have presented the gifts themselves.

This gesture, the Member of Parliament said, is part of the social development of the community. She expressed the wish to see more companies 'taking a leaf out of Grace's book'.

FILE

Holmwood fans celebrate at Champs.

GraceKennedy and Champs

A mutual partnership in nation building

Andrew Clunis
Contributor

GRACEKENNEDY stands as one of the cornerstones of Jamaica's modern development, and nowhere is this better demonstrated than in its relationship with the ISSA/GraceKennedy Boys and Girls' Athletics Championships.

It is now a flourishing 11-year-old alliance that has grown so strong that the ties seem almost permanent and unbreakable. So once again, Grace/Kennedy is giving its full support to the 107th staging of the greatest high school athletics carnival in the world.

Senior Vice-President for Operations and Marketing at GraceKennedy Money Services, Noel Greenland, said that the company is putting its money to work in an area that is contributing significantly to nation building through sports and youth development.

This year, a whopping $63 million is being spent to make Champs not just a sporting success but a model event in terms of structure and organisation.

Mr Greenland said one of the reasons GraceKennedy got involved with Champs was in order to demonstrate its contribution to nation building as a corporate citizen.

"The central philosophy came primarily because Grace recognised that for every investment in one athlete, when that athlete emerges as an international superstar, the investment would have been worth it. We believe in investing today for tomorrow. Who knows what the future holds?"

> "We want to see Champs operated in a well-managed and structured way. This is an event that has caught the attention of the world."

GREENLAND

Greenland explained that the sponsorship funds go directly to ISSA and do not include activation and marketing.

"We want to see Champs operated in a well-managed and structured way. This is an event that has caught the attention of the world. They sit and wonder how and why there is such intensity and passion and such deep interest in a high school sporting competition. We at Grace have to make sure that what they see is of a standard that speaks well for us as a country and a company."

INNOVATIVE IMPROVEMENTS

One of the major innovative improvements this year is ensuring that the diaspora can be fully engaged in the event in a proper way. The company has made it possible for persons in the tri-state area of the United States to have access to live commentary through a partnership with the RJRGleaner Communications Group.

Jamaican alumni associations all over the world get excited during the Champs season, and GraceKennedy has gone the long mile to ensure that they are able to soak in the atmosphere just as if they were inside the National Stadium. The commentary is streamed live between 1-5 p.m. Jamaica time.

To ensure wide participation, GraceKennedy Money Services ran the See Champs Live campaign in several countries, offering customers a chance to win an all-expenses paid trip to Jamaica to see the action live. The competition was executed in Antigua, Barbados, Bermuda, British Virgin Islands, Cayman, St. Kitts, St. Maarten, and the United States.

The winners will start arriving in Jamaica on Thursday and will depart on Sunday. Mr. Greenland saidthar the company has been doing this for a number of years and the level of engagement has always been very high.

In Jamaica, there was a competition which gave away Champs tickets and a 32-inch smart TV to winners.

The company recently launched its GKmpay mobile money product, which allows for domestic payments of any kind from a mobile phone. Continuing with its generosity, they will be giving Thursday and Friday Champs tickets to persons who sign up for the service.

As for Noel Greenland, a Kingston College old boy, he is hopeful that the 'Fortis' Army can topple the defending champions, Calabar. He revels in the rivalry, but he is also aware of the wild dynamics of sporting competitions and knows that any number can be played. He said: "For me, outside of wins or losses, Champs comes alive because of those two schools. So while I want a certain result, we know that the essence of heightened competition resides with those two, and we look forward to an exciting championships."

GRACE KENNEDY FOUNDATION LAUNCHED

THE GRACE KENNEDY FOUNDATION which is aimed at participating and supporting human development projects as well as programmes for the improvement of social and welfare conditions, has been launched with an initial fund of $500,000.

The Chairman and Chief Executive of the company, Grace Kennedy, Ltd., the Hon Carlton Alexander, O J., made the announcement at the National Arena last Friday, when the company honoured hundreds of its employees who have served from 10 to 49 years in the 60 year old firm

After Mr. Alexander's announcement, the guest speaker at the function, Prime Minister, the Rt. Hon. Edward Seaga, said the Government would consider the possibility of extending tax exemptions allowed to charitable foundations under the Income Tax Law, to the Grace Kennedy Foundation.

ANNOUNCING THE LAUNCHING of the Foundation, Mr. Alexander said it would participate in and support national projects aimed at the development of the human personality, improvement in social and welfare conditions and the furtherance of goals synonymous with the company's basic objectives.

Mr. Alexander also committed the firm to a positive role in the economic recovery programme of the Government.

"In our view, such recovery will come about if we show the capacity and skill to manage our limited resources to prevent unnecessary or grave dislocations in the society," he said.

"We therefore call on all institutions and leaders of the country to recognize that unity of purpose was never a more fitting creed to the survival of this country than it is today. We must collectively identify our objectives and work in harmony to achieve meaningful results."

Mr Alexander also suggested that reform of personal tax laws would provide greater motivation to individual effort through the availability of more disposable income to the individual. He asked that the Prime Minister give the matter urgent attention.

PRIME MINISTER SEAGA said the formation of the Foundation was a logical extension of Grace Kennedy's policies.

The Foundation would encourage enterprise, training and support for small business programmes, which was a logical extension of the characteristics which have emerged over the years in Grace's policy of encouraging enterprise, good staff, participation and community involvement.

Mr. Seaga said that the choice of activities were very appropriate and fitted into the Government's programme of development.

Last year the Government had concentrated on large-scale projects because of the length of time these took to start moving. However, the second year of the economic policy would involve concentration on the development of the small business sector.

Mr Seaga said that Government's policy was not only to generate new jobs, but the expansion of business activity for greater opportunity for gainful employment.

Declaring that there was "great potential" for expansion of the small-business sector, he said the National Development Bank would be funded to the extent of $10-million to $15-million for loans to the small business sector.

Mr. Seaga also said he proposed to examine the possibility of offering the Grace Kennedy Foundation tax exemption under the amendment to the Income Tax Law, which allows such exemptions to charitable organizations providing it can meet certain tests. Chairman of the function was Mr. Paul Bitter. The vote of thanks was moved by Mr. Bruce Rickards. Mrs. Seaga handed out some of the long-service awards. Mr. Alexander was given a citation in honour of his 49 years service to the company.

CORPORATE SOCIAL **RESPONSIBILITY**

Scan here to read our CSR Policy

One of the driving forces behind GraceKennedy's achievement of the monumental milestone of our 100th anniversary is the level of care we have consistently shown to all our stakeholders throughout our Company's history. GK's ***We Care*** ethos, which is embodied in our well-established programme of corporate social responsibility (CSR), has, over many decades, paved the way for the success of our business. At GK we have a deep and unwavering commitment to giving back our communities, and we do this with immense love and pride. In 2021, we continued to demonstrate our longstanding tradition of contributing to causes that improve the lives of all our stakeholders.

As we embark on establishing a policy and monitoring framework for our new Environmental, Social and Governance (ESG) agenda, the CSR work of GK's two foundations and all our subsidiaries will continue to play a critical role in our Company's success.

SUPPORTING COMMUNITIES DURING COVID-19

As the pandemic continued to impact the communities we serve around the world in 2021, GK remained dedicated to the fight against COVID-19. In keeping with our commitment to provide a safe working environment for our team members and other stakeholders, a groupwide COVID-19 vaccination campaign was launched. We hosted several vaccination blitzes across the Group, including two at our offices on Harbour Street in Kingston, which saw over 1,330 team members, their families and friends, and residents from the surrounding communities being vaccinated against COVID-19.

We also increased our support of communities through donations of care packages, and took further steps to bridge the technological divide in Jamaica by donating 213 internet-enabled devices (laptops and tablets) valued at over J$5 million to tertiary students through our GK Cares "Tools for Schools" initiative in January. In August and September, GK Foods Domestic executed a series of activities under its Taste that Moves You to Care campaign, which recognised the sterling contribution of nurses to Jamaica's COVID-19 response.

The initiative included donations of Grace products valued at over J$1.35 million to nurses working in Jamaica's public health sector. In September, GKGI celebrated its 40th anniversary through its donation of handwashing stations to 10 early childhood institutions. A grant of J$1 million was also donated by the GraceKennedy Foundation (GKF)to the Private Sector of Jamaica (PSOJ)/Ministry of Health and Wellness' COVID-19 vaccination drive.

In 2021, our subsidiaries also continued their support of the communities we serve, both at home in Jamaica and overseas, in other areas of need not directly related to the pandemic.

WE CARE AT HOME

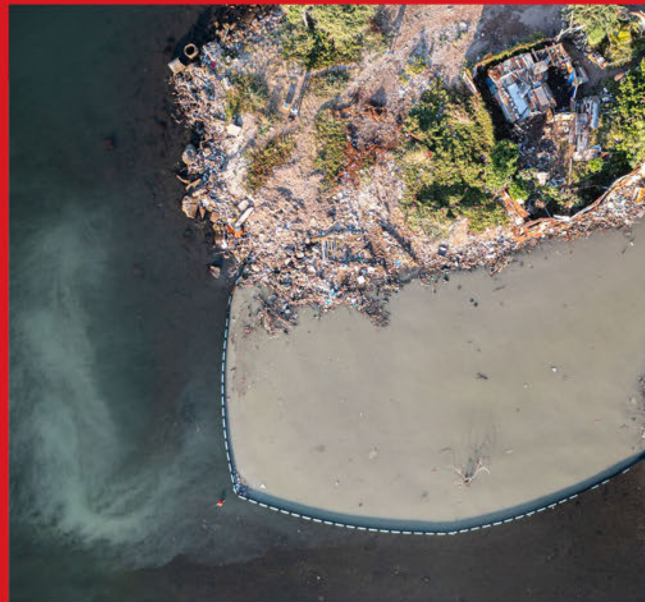
In early 2021, CBL wrapped up its End Period Poverty campaign which donated over 200,000 Always sanitary napkins to 14 schools and six women's shelters in Jamaica. For its 2021 Labour Day project in May, the Grace & Staff Community Development Foundation (Grace & Staff) partnered with GKGI and GK Capital to build a new kitchenette for the Jamaica Constabulary Force's Canine Division, which included new appliances, electrical installations, and plumbing. Through Grace & Staff, over 80 seniors and the staff of the St. Ann Infirmary also benefited from lunches and a donation of food supplies by Grace Foods.

WE CARE ABROAD

In addition to the scholarships, tuition support and bursaries offered by our Foundations to Jamaican students, Grace Foods Canada also lent its support to students of Caribbean descent in Canada in 2021 by awarding scholarships through the Council of Caribbean Associations - Canada, St. Vincent and Grenadines Association of Toronto, and the Jamaica Canadian Association.

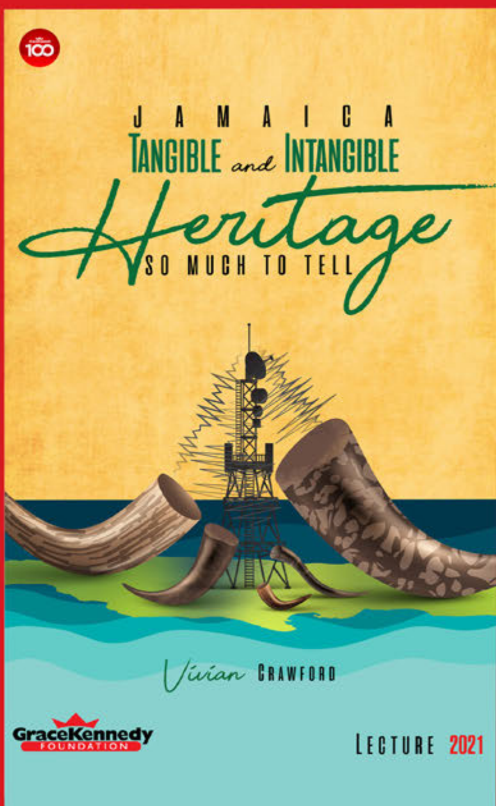
GK companies also donated over J$13 million towards the purchase and shipping of supplies to residents of St Vincent following several massive eruptions of the island's La Soufrière volcano in April, 2021.

Rachel Greenland, Marketing Manager - Insurance and Investment at GKFG, and Director of the Grace & Staff Community Development Foundation, hands out a care package to a community member during the Foundation's Christmas outreach for senior citizens in Majesty Gardens, Kingston in December 2021.



An aerial view of the Interceptor Barrier installed at the mouth of the Rae Town Gully in Kingston. The barrier is part of a pilot project being delivered by the GraceKennedy Foundation (GKF) in partnership with Dutch non-profit environmental organisation The Ocean Cleanup to prevent solid waste entering the Kingston Harbour.

GK's Corporate Communication Officer, Dionne Rhoden, and Warehouse Manager, Carlton Holness, look on while cases of Grace Saltfish, Grace Sardines and 876 Water are loaded into a shipping container at GK's Distribution Centre in St Catherine. The container was the first of three shipments sent by GK to assist in relief efforts following the eruption of St Vincent's La Soufrière volcano in April 2021.



Executive Director of the Institute of Jamaica (IOJ) Vivian Crawford, delivered GKF's annual public lecture virtually in July 2021. The lecture was titled ***Jamaica's Tangible*** and ***Intangible Heritage: So Much to Tell.***

Scan here to view the lecture:

Representatives of the Nurses Association of Jamaica (NAJ) received care packages for 100 Jamaican nurses from the GK Foods - Domestic team in September 2021

Vice-Principal, Pauline Brown Hanley (2nd left), and School Nurse Tracey McLean (2nd right) of May Day High School in Manchester were joined by Shelly-Ann Weeks (far right), Founder of the HerFlow Foundation to receive a donation of Always feminine products from Fiona Hill (far left) of Consumer Brands Limited.

GK team member, Michael Smith, gives a thumbs up after getting vaccinated against COVID-19 at the GK Vaccination Blitz on September 7, 2021

Matthew Baker was the top performing GKF Scholar for the 2020/21 academic year with a 4.09 GPA. The 2018 Rafael Diaz Merit Scholar, who is currently studying Banking & Finance and Economics at the University of the West Indies, had his scholarship renewed by GKF in 2021.

Having achieved a 4.05 GPA, Latonya Clayton, the 2019 Rafael Diaz Scholar, had her scholarship renewed by GKF in 2021. Latonya is currently studying Sociology at the University of the West Indies.

GRACEKENNEDY
FOUNDATION REPORT

Scan here to learn more about the GK Foundation's activities in 2021

The GraceKennedy Foundation (GKF) supports GraceKennedy as a corporate citizen by creating environmentally sustainable programmes, promoting healthy lifestyles, and increasing access to education. The GKF's strategy is closely aligned to Jamaica's Vision 2030 and the United Nations Sustainable Development Goals (SDGs).

ENVIRONMENT

Kingston Harbour Plastic Reduction Pilot Project

In 2021, GKF began collaborating with the international non-profit, The Ocean Cleanup, and Clean Harbours Jamaica (CHJ) Limited, to implement a pilot project aimed at preventing waste from entering the Kingston Harbour. The project is funded by the Benioff Foundation and The Ocean Cleanup. Under the project, barriers have been installed at the mouths of the Kingston Pen, Barnes and Rae Town Gullies to capture waste that would otherwise pollute the Kingston Harbour. Debris is removed from the barriers by a specially designed Interceptor Tender - a small, self-propelled barge - and transported to an offloading site for sorting and proper disposal. Phase 1 of the project is assessing the technology and processes. Phase 2 will expand the project to an additional eight gullies over an 18-month period.

The project addresses a major pollution issue which has damaged the mangroves and fisheries in the Kingston Harbour for decades. It has also fostered private-public partnerships and engaged the support of several key stakeholders. Government of Jamaica (GOJ) partners include:

The Port Authority of Jamaica (PAJ), National Environment Planning Agency (NEPA), Kingston and St Andrew Municipal Corporation (KSAMC), Urban Development Corporation (UDC), National Land Agency (NLA), National Solid Waste Management Authority (NSWMA), Office of the Prime Minister (OPM), The former Ministry of Housing, Urban Renewal, Environment and Climate Change, The Ministry of Economic Growth and Job Creation and the Jamaica Customs Agency. From the private sector, partners include the Mona GeoInformatics Institute, Recycling Partners of Jamaica (RPJ), Spectrum Roofing, JPS Foundation, and Garbage Disposal and Sanitation Systems Limited.

Community partners include the East Kingston and Port Royal Constituency Executive and the Fishers from the Rae Town Fishing Village.

The Kingston Harbour Eco-System Adaptation Measures (KHEAM) Project

The Kingston Harbour Eco-System Adaptation Measures (KHEAM) Project is a three-year pilot project which was launched by GKF in 2020, with a primary goal to restore, rehabilitate and protect the Kingston Harbour mangroves, to boost Jamaica's climate change resilience. The project is financed by the Caribbean Biodiversity Fund (CBF). To execute the project, GKF has partnered with the Mona GeoInfomatics Institute, the Centre for Marine Sciences, The University of the West Indies (UWI) Mona, and Newer Worlds Limited. GKF's role in the project is to encourage the reduction of land-based pollution entering the Kingston Harbour from communities near Barnes Gully, which runs parallel to South Camp Road in Kingston.

To date, 11 environmental wardens have been trained by GKF through the project. The wardens assist with monitoring the gullies and educating nearby communities about protecting the mangroves, proper waste management practices and recycling. Over 300 students from basic and primary schools and residents of downtown Kingston communities have also benefitted from environmental awareness training under the project. Forty-eight residents of communities near Barnes Gully and Port Royal were also trained in film and audio-visual skills in 2021 and used their new talents to produce four short films and three public service announcements about how pollution impacts their communities and the Kingston Harbour.

In 2022, film, audio, visual, and environmental awareness workshops will be expanded, and a recycling scheme will be implemented in select target communities.

Through KHEAM, partnerships have been established with the Social Development Commission (SDC), several community-based organisations, including churches and schools, the Climate Change Innovation Centre, the NSWMA, RPJ, and the Central Police Station.

James S. Moss-Solomon Snr. Chair in Environment

In 2021, the work being facilitated by the James S. Moss-Solomon Snr Chair in Environment at UWI focused on coastal interventions and Sargassum research. Chair, Professor Mona Webber, continued its partnership with the Universities of Southampton, York and Ghana, the Mona GeoInformatics Institute and UWI Cave Hill, to examine the dynamics of Sargassum seaweed, which has inundated the shores of Jamaica and other Caribbean islands in recent years. The aim of the research is to determine whether income-earning opportunities can be created from Sargassum for marginalised communities in the locations most impacted.

Prof. Webber has also been participating in a study to provide baseline data on the levels of contamination in Jamaica's mangroves, with a specific focus on heavy metals and microplastics in oysters in the Port Royal mangroves of the Kingston Harbour. Prof. Webber is also engaged in a project to measure blue carbon in Jamaica's mangroves. Blue carbon is carbon dioxide that is captured and stored in the plants and sediment of mangrove, seagrass, and salt marsh ecosystems.

Mangrove rehabilitation, coastal cleanups and the maintenance of a mangrove nursery have also been implemented by Prof. Webber through the KHEAM project, with the support of youth from Port Royal.

GraceKennedy Staff
Champion Environmental Stewardship

Encouraging GK team members to be environmental stewards has always been a priority for GKF and our plastic bottle separation at source project continued to engage the staff in 2021. Over 12,000 pounds of plastic were collected through the project in 2021. Since 2014, almost 100,000 pounds of plastic has been collected from GK subsidiaries through the initiative.

On November 13 and 14, 2021, GKF hosted its annual Beach Cleanup, which was scaled down significantly due to COVID-19 restrictions. One hundred and nine volunteers (over 60 of which were GK team members and their families) participated in cleanups of Gun Boat Beach and Buccaneer Beach, which are located along the coast of the Kingston Harbour. Over 1,900 lbs of plastic and other garbage were removed from the coastline.

PROMOTING HEALTHY LIFESTYLES

GK Campus Connect Food Bank

The GK Campus Connect Food Bank supports Jamaican tertiary students attending UWI Mona, the University of Technology (UTech), and the Edna Manley College for the Visual and Performing Arts (EMCVPA), who face food insecurity. Many of our beneficiaries rely on the food packages offered by the Food Bank, not only for themselves, but also to feed their families. In partnership with the universities listed, the Food Bank provides monthly assistance to over 100 students. Eighteen charities also benefited from grocery donations from the Food Bank in 2021.

Several GraceKennedy subsidiaries support the Food Bank, led by Grace Foods and its subsidiaries, DIJL Grace Food Processors (Meats), WBS, CBL, and GF LACA. In 2021, GKGI also donated funds from every insurance policy sold on their My Portal and GKGOnline applications to the Food Bank.

Over J$4.5 million in cash donations were also raised by GKF for the Food Bank from private donors and partners in 2021. We are grateful for the support of the VM Group and Polypet Jamaica for their cash donations, and to Derrimon Trading, who contribute food packages to the Food Bank each month.

We also extend our gratitude to the family and estate of the late Mary Ann Alexander, daughter of former Chairman & CEO, the Hon. S. Carlton Alexander, for their generous donation.

The Food Bank currently has a waiting list of 190 students. Cash donations can be made to the Food Bank online at www.ccfoodbank.com.

Support for the Jamaica Stroke Alliance (JSA)

Along with GKL, GKF provides financial, accounting, and technical support to the newly established Jamaica Stroke Alliance (JSA). In November 2021, GKF also sponsored the inaugural JSA Annual Stroke Symposium.

EDUCATION

GK Foundation Scholarships & Bursaries

In 2021, GKF granted over J$25 million in scholarships to 90 students attending the UWI Mona, UTech, EMCVPA and the Caribbean Maritime University (CMU). Our support also included the donation of 29 laptops to our GKF Scholars, who were struggling to keep up with the transition to online classes.

Through our annual Carlton Alexander Memorial Bursary Awards, 25 children of GK employees also received bursaries totalling J$1.84 million in 2021.

GK Campus Connect

The GK Campus Connect programme allows GKF scholarship recipients the opportunity to gain work experience within GK. In partnership with Group HR, a talent grid has been developed, where GKF Scholars can upload their resumes to be considered for employment and internship opportunities. GK hired six GKF scholars in 2021.

GKF Scholars are also required to complete community service hours. In response to the pandemic, in 2020, GKF established the *Ace with Grace* programme, to provide one-on-one tutoring support to students who attend Grace & Staff Homework Centres, and for the children of GK team members. In 2021, our GKF Scholars completed over 2000 volunteer hours, and over 90 students received tutoring through the programme.

The GK Digital Institute

In 2021, GK announced that it would be launching a digital upskilling programme for young Caribbean nationals. Through the programme, GKF will collaborate with GKFG to provide 10 scholarships for students in Jamaica pursuing careers in digital technology. These students will also benefit from internships in GK's Digital Factory during the summer.

2021 GraceKennedy Lecture - *Jamaica: 'Tangible and Intangible Heritage, So Much to Tell'*

In June, the GKF hosted its 33rd Annual Lecture to over 700 online participants from all over the world. The lecture featured Executive Director of the Institute of Jamaica (IOJ) and esteemed historian, Vivian Crawford, who presented on the importance of Jamaica's heritage. His lecture, entitled, "*Jamaica: Tangible and Intangible Heritage, So Much to Tell,"* received positive reviews and can be viewed on the GK YouTube channel.

In 2022, Dr Fred Kennedy, Chair of the GKF, will deliver the annual lecture, which will focus on the history of GK, in celebration of GK100 and GKF's 40th anniversary.

GRACE & STAFF COMMUNITY DEVELOPMENT **FOUNDATION REPORT**

Scan here to learn more about Grace & Staff's activities in 2021

The Grace & Staff Community Development Foundation (Grace & Staff) was established in 1979, in response to deteriorating social and economic conditions in inner city communities in downtown Kingston. As the name suggests, the Foundation is a partnership between the GraceKennedy's management and staff, to facilitate the development of the communities surrounding GK's operations and build a bridge of human care and understanding. Grace & Staff provides support in the core areas of education, community outreach and development, and volunteerism. The work of the Foundation is geared towards positively impacting the poor and most vulnerable within society.

In 2021, the Foundation's efforts focused on education and community outreach, two areas which have been significantly impacted by the COVID-19 pandemic.

EDUCATION

Tuition Support

In 2016, GK's Group CEO, Don Wehby, challenged Grace & Staff to increase tuition support numbers to at least 1000 Jamaican students in time for GK's 100th anniversary in 2022. Last year, we achieved that target ahead of schedule, offering tuition support to 1068 students.

In 2021, 65 student beneficiaries of Grace & Staff sat the Caribbean Secondary Education Certificate (CSEC) exams and received a total of 340 subject passes; 42 students sat the Caribbean Advanced Proficiency Examination (CAPE) exams and received 169 subject passes, and 21 students graduated university, with two receiving first class honours, and eight receiving upper second-class honours.

Homework Centres

Our Grace & Staff Homework Centres in Majesty Gardens and Barbican in Kingston, and Dela Vega City in Spanish Town, remained open throughout the pandemic, continuing to serve at least 110 students weekly, by using a shift system. Students used the internet services available at these centres to access online learning and receive homework assistance. We also upgraded the internet service at the Dela Vega Homework Centre to better address their needs.

Our STEM Centre hosted online classes in Chemistry, Physics and Mathematics every weekday for approximately 90 participants.

Youth Development

In February, our Grace & Staff virtual Tertiary Funding Webinar, which featured over 20 agencies sharing scholarship and bursary information, attracted over 100 participants.

Grace & Staff also hosted 20 students for a two-week summer camp, where they were engaged in lessons on robotics, artificial intelligence, art and craft, music, food science and videography. Fifteen students from our STEM Centre also registered and participated in a Tech workshop organized by "Caribbean Girls Hack," with over 100 other girls across Jamaica.

Bridging the Digital Divide

In addition to the laptops and tablets donated by GK through our "GK Cares Tools for Schools" programme in January, printers and supplies were donated by Grace & Staff to God's Little Angels Early Childhood Centre, Lakes Pen Basic School and Dela Vega Basic School, all located in Spanish Town, Jamaica. Ten internet-enabled devices were also donated to the Planning Institute of Jamaica (PIOJ) and Social Development Commission (SDC) Interagency Youth Development Training Programme for use in their capacity building activities targeted at youth aged 17-29 years.

COMMUNITY OUTREACH AND VOLUNTEERISM

Psychosocial Support

The pandemic has been characterised by significant hardship and increased mental pressure among residents of the communities we serve. This has resulted in a greater demand for psychosocial support from Grace & Staff's counselling psychologist, Dr Curtis Sweeney, who facilitated 854 counselling sessions, with 490 beneficiaries in 2021.

Community Outreach

Through grant funding from the United States Agency for International Development's (USAID) FHi360 programme, Grace & Staff launched our Youth Boost project in 2021. The initiative involves the Grace & Staff team working with 20 unattached at-risk young men from inner-city communities. The project uses cognitive behavioural therapy techniques to support the young men, providing tools to maintain positive changes in their lives.

Grace & Staff ended the year with our annual Christmas Outreach, which delivered 910 packages to seniors and students in need from six Jamaican communities - Central Kingston, Craig Town, Majesty Gardens, and Payne Avenue in Kingston, and Quarrie Hill and De La Vega in Spanish Town.

We are extremely proud of the impact of our work in 2021 and remain committed to continuing to serve our communities in the future. In 2022, we are working towards donating an additional 300 internet-enabled devices to students in need, renovating our Homework Centres, and supporting 10 early childhood institutions which need assistance obtaining Early Childhood Commission certification. We also aim to distribute 1200 care packages, grow our programmes in Jamaica's western parishes, and increase the number of students who receive tuition support from Grace & Staff by 10%.

IN MEMORY OF **JIMMY MOSS-SOLOMON**

On January 4, 2022, Chairman of Grace & Staff, James 'Jimmy' Moss-Solomon, passed away suddenly. At the time of his passing Mr Moss-Solomon was also the GKF's Executive-in-Residence at the Mona School of Business and Management (MSBM), having served in the post for nine years. He was also a Founding Director of GKF and Grace & Staff, a retired Director of GKL and member of one of the founding families of GK. The entire GK Family continues to mourn this immense loss. His legacy will live on through the work of our Foundations, which he was so passionate about.

Scan here to view our Tribute to James 'Jimmy' Moss-Solomon

LETTERS

I salute GraceKennedy

THE EDITOR, Madam:

GRACEKENNEDY GROUP Jamaica Limited, a true and time-tested Jamaican company, has over the decades consistently exhibited to the nation a genuine, efficacious framework underpinned by an abiding commitment to quality customer service coupled with superior products and services. Notably, this formidable conglomerate was the recent recipient of the Governor General's Award for Excellence at the Jamaica Stock Exchange Best Practices Awards for yet another year and shared the title of PSOJ Corporate Governance Award for 2020. Further, their devout and unwavering allegiance to nation-building and community development is exemplary and unparalleled. The philanthropic arm has over the decades appreciably invested equitably in positively shifting the fate of many lives by giving back to innumerous and diverse community-based organisations, as well as varying initiatives nationwide. This has been unquestionably pivotal in firmly deterring dysfunctional behaviour and keeping aspirations alive across varied sectors of society. As Jamaicans, we ought to salute the benevolent efforts of this steadfast establishment.

Chiefly, Senator Don Wehby and his team must be commended for their extensive foresight and proficiency in painstakingly fine-tuning a unique business model that ensures organisational equilibrium and continued success year over year. Remarkably, on the eve of its 100th birthday, it was announced by the GraceKennedy Group recently that it would be gifting shares to their over 2,000 employees to commemorate this special juncture. This is the best performance strategy any company could undertake as it's a well-known fact that when employees feel valued by their employers they are more proactive and resourceful, thus deriving customer loyalty, higher productivity levels and profitability, ensuring inevitable success and expansion. GraceKennedy has undoubtedly secured the key to assure the vitality and longevity of its brand.

Evidently, the GraceKennedy Group is committed to nothing less than excellence and will continue to bear fruitful results owing to their unceasing appetite and strategic market manoeuvres to forge ahead despite incalculable occurrences.

Based on the foregoing, I hasten to reiterate that companies should follow suit and grasp the very simple notion that the 'customer is king'. It is, however, anticipated that organisations, governmental and private, specifically service-based entities, earnestly seek to explore and adopt similar strategies that will potentially assist immensely in revamping their existing customer and service mandates to the public as it is woefully lacking across the board for many. Steve Jobs aptly stated, "Customers don't measure you on how hard you tried, they measure you on what you deliver."

TARA HENRY

BOARD OF **DIRECTORS**

As at December 31, 2021

Dr Parris A. R. Lyew-Ayee Jr.

Managing Director of the Mona GeoInformatics Institute and Senior Lecturer at The University of the West Indies, Jamaica. A member of GraceKennedy's Audit Committee, Corporate Governance & Nomination Committee, and Compensation Sub-Committee.

Dr Indianna D. Minto-Coy

Academic Director (MScs) and Senior Lecturer at the Mona School of Business & Management (MSBM) at The University of the West Indies, Jamaica. A member of GraceKennedy's Audit Committee and Corporate Governance & Nomination Committee.

Andrew R. Messado

GraceKennedy Group Chief Financial Officer. Finance and Accounting professional. Fellow of the Institute of Chartered Accountants of Jamaica (ICAJ).

Prof. Gordon V. Shirley, OJ

Chairman, GraceKennedy Limited. President & Chief Executive Officer of the Port Authority of Jamaica. Chair of GraceKennedy's Compensation Sub-Committee and Member of GraceKennedy's Corporate Governance & Nomination Committee.

Don G. Wehby, CD

GraceKennedy Group Chief Executive Officer. Fellow Chartered Accountant. Government of Jamaica Senator, Chairman of JAMPRO and New Zealand's Honorary Consul to Jamaica.

Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D

Retired bank executive, former Ontario Cabinet Minister (Canada) and a resident of Canada. A member of GraceKennedy's Audit Committee and Corporate Governance & Nomination Committee.

Gina M. Phillipps Black

Attorney-at-law and Partner in the law firm, Myers, Fletcher & Gordon. Chair of GraceKennedy's Corporate Governance & Nomination Committee.

Peter E. Williams

Retired partner of PricewaterhouseCoopers Jamaica's assurance practice and fellow of the Institute of Chartered Accountants of Jamaica (ICAJ) and Association of Chartered Certified Accountants (ACCA). Chairman of GraceKennedy's Audit Committee, a member of the Corporate Governance & Nomination Committee and Compensation Sub-Committee.

DIRECTORS & **CORPORATE DATA**

As at December 31, 2021

DIRECTORS

Prof. Gordon V. Shirley, OJ
Chairman

Don G. Wehby, CD
Group Chief Executive Officer

Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D

Dr. Parris A. R. Lyew-Ayee, Jr.

Andrew R. Messado
Group Chief Financial Officer

Dr. Indianna D. Minto-Coy

Gina M. Phillipps Black

Peter E. Williams

CORPORATE SECRETARY

Gail Moss-Solomon

ATTORNEYS

DunnCox
48 Duke Street
Kingston, Jamaica

BANKERS

- **The Bank of Nova Scotia Jamaica Limited**
- **Citibank N.A.**
- **CIBC FirstCaribbean International Bank (Jamaica) Limited**
- **First Global Bank Limited**
- **National Commercial Bank Jamaica Limited**
- **Sagicor Bank Limited**
- **JMMB Bank (Jamaica) Limited**

AUDITORS

PricewaterhouseCoopers
Scotiabank Centre, Duke Street
Kingston, Jamaica

REGISTERED OFFICE

73 Harbour Street
Kingston, Jamaica

REGISTRAR & TRANSFER OFFICE

GraceKennedy Limited
73 Harbour Street
Kingston, Jamaica

WEBSITES

www.gracekennedy.com
www.gracefoods.com

SENIOR
MANAGEMENT

EXECUTIVE **OFFICE**

As at March 1, 2022

Don Wehby
Group Chief Executive Officer

Andrew Messado
Group Chief Financial Officer

Gail Moss-Solomon
General Counsel &
Chief Corporate Secretary

Naomi Holness
Chief Human Resources Officer

Tawana Gray
Group Comptroller

Judith Chung Gordon
Group Chief Compliance Officer &
Senior Legal Counsel

Lee-Anne Bruce
Chief Audit Executive

Suzanne Nam
Head of Corporate Communications

Deidre Cousins
Chief Information Officer

Terry-Ann Graver
Head of Treasury & Corporate
Finance

Andrew Leo-Rhynie
Head of Mergers & Acquisitions

Allison Mais
Head of Strategic Planning

GRACEKENNEDY FOUNDATION

Caroline Mahfood
Chief Executive Officer

GRACE & STAFF COMMUNITY DEVELOPMENT FOUNDATION

Sandrina Davis
Chief Executive Officer

GK FOODS **DOMESTIC**

As at March 1, 2022

Frank James
Chief Executive Officer –
GK Foods Domestic

Naomi Holness
Chief Human Resource Officer, GK
Foods - Domestic
& International

Deidre Cousins
Chief Information Officer,
GK Foods - Domestic &
International

Debra Dodd
Divisional Chief Financial Officer

Zak Mars
Head of Global Sourcing &
Manufacturing

Carl Barnett
Senior General Manager -
Manufacturing

Glenise Durrant-Freckleton
Chief Supply Chain Officer

Shaun Lawson-Freeman
Senior Legal Counsel,
GK Foods
Domestic & International

GRACE FOODS LIMITED

Dave DaCosta
Managing Director

DAIRY INDUSTRIES (JAMAICA) LIMITED

Radcliffe Walker
General Manager

GRACE FOODS & SERVICES

Tamara Thompson
General Manager

GRACE FOOD PROCESSORS (CANNING) DIVISION

Andrew Wildish
General Manager

GRACE FOOD PROCESSORS (MEATS) DIVISION

Carl Barnett
General Manager

HI-LO FOOD STORES DIVISION

Cathrine Kennedy
General Manager

NATIONAL PROCESSORS DIVISION

Dave Mitchell
General Manager

WORLD BRANDS SERVICES DIVISION

Renee Nathan
General Manager

CONSUMER BRANDS LIMITED

Tamara Thompson
General Manager

GRACE AGRO PROCESSORS DIVISION

Carl Barnett
General Manager

GK FOODS **INTERNATIONAL**

As at March 1, 2022

Andrea Coy
Chief Executive Officer,
GK Foods International

Danielle Longman
Head of Planning & Strategy,
GK Foods International Business

GRACEKENNEDY FOODS (USA) LLC.

Derrick Reckord
President & CEO

Oswald Lyn
Chief Financial Officer

Ricardo Bryan
Senior Vice President –
Northern USA

David Hernandez
Senior Vice President – Brand,
Marketing & Business Development

GRACE KENNEDY (BELIZE) LIMITED

Danielle Longman
General Manager

GRACE FOODS CANADA, INC.

Nimal Amitirigala
President

Jack Zhu
Chief Financial Officer

GRACE FOODS LATIN AMERICAN AND CARIBBEAN (GF LACA)

Danielle Longman
General Manager

GRACE FOODS UK LIMITED

Andrea Coy
Managing Director

Brian Mitchell
General Manager

Kerry-Ann Lincoln
Chief Financial Officer

GK **FINANCIAL GROUP**

As at March 1, 2022

GRACEKENNEDY FINANCIAL GROUP LIMITED

Grace Burnett
Chief Executive Officer

Steven Whittingham
Chief Operating Officer

Stacie Ann Wright
Divisional Chief Financial Officer

Marcia Henry Lawrence
Chief Human Resource Officer

Nichole Case
Chief Information Officer

Kerry-Ann Heavens
Legal Counsel

ALLIED INSURANCE BROKERS LIMITED

Amanda Beepat
Managing Director

GK GENERAL INSURANCE COMPANY LIMITED

Chaluk Richards
General Manager

GK INSURANCE BROKERS LIMITED

Marie Beckford
General Manager

GK INSURANCE (EASTERN CARIBBEAN) LIMITED

Steven Whittingham
Director

FIRST GLOBAL HOLDINGS LIMITED

Grace Burnett
Chief Executive Officer

FIRST GLOBAL BANK LIMITED

Mariame Robinson
President & CEO

Radcliffe Daley
Chief Operating Officer

GK CAPITAL MANAGEMENT LIMITED

Patsy Latchman Atterbury
Managing Director

GK INVESTMENTS LIMITED

Patsy Latchman Atterbury
Managing Director

GRACEKENNEDY PAYMENT SERVICES LIMITED

Grace Burnett
President & CEO

Margaret Campbell
Chief Operating Officer

GRACEKENNEDY CURRENCY TRADING SERVICES LIMITED

Grace Burnett
President & CEO

Margaret Campbell
Chief Operating Officer

GRACEKENNEDY REMITTANCE SERVICES LIMITED

Grace Burnett
President & CEO

Margaret Campbell
Chief Operating Officer

GK **FINANCIAL GROUP**

As at March 1, 2022

GRACEKENNEDY REMITTANCE SERVICES (GUYANA) LIMITED

Troy Williams
Country Manager

GRACEKENNEDY (TRINIDAD & TOBAGO) LIMITED

Donald Edwards
Country Manager

GRACEKENNEDY MONEY SERVICES (CARIBBEAN) SRL

Grace Burnett
President & CEO

GRACEKENNEDY MONEY SERVICES (BVI) LIMITED

Dayna Bishop
Regional Manager

GRACEKENNEDY MONEY SERVICES (ANGUILLA) LIMITED

Dayna Bishop
Regional Manager

GRACEKENNEDY MONEY SERVICES (MONTSERRAT) LIMITED

Dayna Bishop
Regional Manager

GRACEKENNEDY MONEY SERVICES (ST KITTS & NEVIS) LIMITED

Dayna Bishop
Regional Manager

GRACEKENNEDY MONEY SERVICES (ST VINCENT) LIMITED

Dayna Bishop
Regional Manager

GRACEKENNEDY MONEY SERVICES (CAYMAN) LIMITED

Annalise Harewood
Regional Manager

GRACEKENNEDY MONEY SERVICES (TURKS & CAICOS) LIMITED

Annalise Harewood
Regional Manager

GRACEKENNEDY MONEY SERVICES (BAHAMAS) LIMITED

Annalise Harewood
Regional Manager

GRACEKENNEDY LIFE INSURANCE EASTERN CARIBBEAN LIMITED

Crisy Laurent
General Manager

KEY INSURANCE COMPANY LIMITED

Tammara Glaves-Hucey
General Manager

EXECUTIVE COMMITTEE

DON WEHBY
GROUP CHIEF EXECUTIVE OFFICER

ANDREW MESSADO
GROUP CHIEF FINANCIAL OFFICER

GRACE BURNETT
CHIEF EXECUTIVE OFFICER, GK FINANCIAL GROUP

ANDREA COY
CHIEF EXECUTIVE OFFICER, GK FOODS INTERNATIONAL

FRANK JAMES
CHIEF EXECUTIVE OFFICER, GK FOODS DOMESTIC

STEVEN WHITTINGHAM
CHIEF OPERATING OFFICER, GK FINANCIAL GROUP

MARIAME ROBINSON
PRESIDENT & CEO, FIRST GLOBAL BANK

NAOMI HOLNESS
CHIEF HUMAN RESOURCES OFFICER

GAIL MOSS-SOLOMON
GENERAL COUNSEL & CHIEF CORPORATE SECRETARY

ORGANISATIONAL **CHART***

GK FOODS

- Grace Foods UK Limited
- Enco Products Limited
- Funnybones Foodservice Limited
- Chadha Oriental Foods Limited
- Grace Foods Limited
- GraceKennedy Foods (USA) LLC
- GK Foods & Services Limited
- GraceKennedy (Belize) Limited
- Grace Foods Canada Inc.
- Consumer Brands Limited
- Dairy Industries (Ja.) Limited
- Grace Foods & Services
- Gray's Pepper Products Limited
- Catherine's Peak Bottling Company Limited
- Majesty Foods LLC

GK FINANCIAL GROUP

- GraceKennedy Financial Group Limited
- GraceKennedy Money Services Caribbean SRL
- GraceKennedy Remittance Services Limited
- GraceKennedy Currency Trading Services Limited
- GraceKennedy Payment Services Limited
- GraceKennedy Remittance Services (Guyana) Limited
- GraceKennedy (Trinidad & Tobago) Limited
- GraceKennedy Money Services (Anguilla) Limited
- GraceKennedy Money Services (Montserrat) Limited
- GraceKennedy Money Services (St. Kitts & Nevis) Limited
- GraceKennedy Money Services (Bahamas) Limited
- GraceKennedy Money Services (St. Vincent & The Grenadines) Limited
- GraceKennedy Money Services (BVI) Limited
- GraceKennedy Money Services (Cayman) Limited
- GraceKennedy Money Services (Turks & Caicos) Limited

- Allied Insurance Brokers Limited
- GK General Insurance Company Limited
- Key Insurance Company Limited
- GK Insurance Brokers Limited
- GK Insurance (Eastern Caribbean) Limited
- Knutsford Re
- GK Life Insurance Eastern Caribbean Limited
- First Global Holdings Limited
- First Global Bank Limited
- GK Capital Management Limited
- GK Investments Limited
- Canopy Insurance Limited
- Greenfield Media Productions Limited
- GraceKennedy Properties Limited
- Signia Globe Financial Group Inc.
- Pelican Power Limited

- CORPORATE FINANCE & ACCOUNTING
- RISK MANAGEMENT
- INTERNAL AUDIT
- INFORMATION TECHNOLOGY
- GROUP SECRETARIAT & LEGAL
- CORPORATE COMMUNICATIONS
- HUMAN RESOURCES
- MERGERS & ACQUISITIONS
- CORPORATE PLANNING & STRATEGY

GROUP CEO

BOARD OF DIRECTORS

*Excludes non-operating entities

SHAREHOLDINGS OF DIRECTORS

As at December 31, 2021

DIRECTOR	TOTAL	DIRECT	CONNECTED PARTIES	% OWNERSHIP
Don Wehby	12,607,082	10,252,475	2,354,607	1.27%
Gordon V. Shirley	676,658	676,658	-	0.07%
Andrew Messado	514,393	514,393	-	0.05%
Mary Anne Chambers	231,528	231,528	-	0.02%
Gina Phillipps Black	184,341	184,341	-	0.02%
Parris Lyew-Ayee Jr.	148,446	148,446	-	0.01%
Indianna Minto-Coy	30,226	30,226	-	0.00%
Peter Williams	4,728	4,728	-	0.00%
Total	**14,397,402**			

SHAREHOLDINGS OF EXECUTIVE COMMITTEE MEMBERS AND SENIOR OFFICERS

As at December 31, 2021

NAME	TOTAL	DIRECT	CONNECTED PARTIES	% OWNERSHIP
Don Wehby	12,607,082	10,252,475	2,354,607	1.27%
Frank A. R. James	2,736,637	2,736,637	-	0.28%
Grace Burnett	782,904	782,904	-	0.08%
Andrea Coy	724,984	724,984	-	0.07%
Andrew Messado	514,393	514,393	-	0.05%
Mariame McIntosh Robinson	667,819	224,111	443,708	0.07%
Steven Whittingham	465,423	465,423	-	0.05%
John A. Leo Rhynie	87,342	87,342	-	0.01%
Naomi Holness	58,939	58,939		0.01%
Gail Moss-Solomon	41,042	41,042	-	0.00%
Lee-Anne Bruce	3,600	3,600		0.00%
Terry-Ann Graver	1,500	1,500	-	0.00%
Allison Mais	2,804	2,804		0.00%
Judith Chung	-	-	-	0.00%
Kerry-Ann Lincoln	-	-	-	0.00%
Gerron Thomas	-	-	-	0.00%
Total	**18,694,469**			

STOCKHOLDERS' PROFILE

As at December 31, 2021

STOCKHOLDER	STOCK UNITS	%
Insurance Companies, Trust Companies & Pension Funds	325,952,831	32.76%
Private Individuals	304,039,226	30.55%
Investment Companies/Unit Trusts	159,676,732	16.05%
Others	86,235,262	8.67%
Private Companies	88,984,785	8.94%
Directors & Senior Managers	20,004,091	2.01%
Nominee Companies	9,563,599	0.96%
Public Listed Companies	612,879	0.06%
TOTAL	**995,069,405**	**100.00%**

TOP TEN (10) STOCKHOLDERS

As at December 31, 2021

	STOCKHOLDER	ORDINARY STOCK UNITS	%
1	NCB Insurance Agency and Fund Managers A/C WT109	54,412,956	5.47%
2	National Insurance Fund	46,090,036	4.63%
3	GraceKennedy Limited Pension Scheme	44,922,201	4.51%
4	Sagicor Pooled Equity Fund	41,909,796	4.21%
5	Resource in Motion Limited	33,551,869	3.37%
6	ATL Group Pension Fund Trustees Nominee Ltd.	21,952,905	2.21%
7	JCSD Trustee Services Ltd - Sigma Equity	21,135,868	2.12%
8	Douglas Orane	20,557,188	2.07%
9	Michele Marie Kennedy	18,496,716	1.86%
10	NCB Insurance Agency and Fund Managers A/C WT157	16,798,182	1.69%

DIRECTORS' REPORT

DIRECTORS' **REPORT**

For the Year ended December 31, 2021

1. The Directors are pleased to present their report for the year ended 31 December 2021 and submit herewith the Consolidated Income Statement and Consolidated Statement of Financial Position for GraceKennedy Limited and its subsidiaries as at that date.

2. OPERATING RESULTS

	$'000
Revenues	129,309,871
Profit Before Taxation	11,676,117
Net Profit After Tax	8,940,309
Net Profit After Tax Attributable to Stockholders	8,191,519

3. DIVIDENDS

The following dividends were paid during the year:

- $0.45 per ordinary stock unit was paid on 6 April 2021
- $0.45 per ordinary stock unit was paid on 15 June 2021
- $0.48 per ordinary stock unit was paid on 24 September 2021
- $0.55 per ordinary stock unit was paid on 16 December 2021

4. DIRECTORS

The Directors as at 31 December 2021 were as follows:-

Prof. Gordon V. Shirley, OJ - Chairman
Don Wehby, CD – Group Chief Executive Officer
Mary Anne V. Chambers, O. Ont., MSM
Dr. Parris A. R. Lyew-Ayee, Jr.
Andrew R. Messado – Group Chief Financial Officer
Dr. Indianna D. Minto-Coy
Gina M. Phillipps Black
Peter E. Williams

During the year under review the following were the Board changes:

- Peter E. Williams was appointed to the Board on 1 April 2021
- Everton McDonald retired from the Board on 26 May 2021
- Peter Moses retired from the Board on 13 December 2021

5. In accordance with Article 102 of the Company's Articles of Incorporation, Mrs. Gina Phillipps Black, Dr. Indianna Minto-Coy and Prof. Gordon Shirley will retire by rotation and, being eligible, offer themselves for re-election.

6. AUDITORS

Messrs. PricewaterhouseCoopers, the present Auditors, have signified their willingness to continue in office pursuant to Section 154 of the Companies Act, 2004.

7. The Directors wish to express their appreciation to the management and staff for their achievements during the year.

By Order of the Board
1 March 2022
Gordon V. Shirley, O.J.
Chairman

GROUP AUDIT
COMMITTEE REPORT

GROUP AUDIT **COMMITTEE REPORT**

For the Year ended December 31, 2021

COMPOSITION

The Group Audit Committee (the Committee) consists of four non-executive members of the Board of Directors (the Board), one of whom is a "financial expert, i.e., a person with an understanding of financial statements and applicable accounting principles and experience in preparing, auditing, analyzing or evaluating financial statements" and the others, financially literate, in accordance with the Committee's Terms of Reference (TOR). The Committee's TOR can be viewed on the Company's website at https://www.gracekennedy.com/corporate/code/.

The following changes occurred during the year:

1. Everton McDonald retired from the Board of GraceKennedy Limited and from the position of Committee Member and Chairman of the GraceKennedy Limited Audit Committee on May 26, 2021.
2. Peter E. Williams was appointed to the Board of GraceKennedy Limited on April 1, 2021, and as a member and Chairman of the GraceKennedy Limited Audit Committee with effect from May 26, 2021 (replacing Mr. Everton McDonald).
3. Peter Moses retired from the Board of GraceKennedy Limited and from the position of Committee Member of the GraceKennedy Limited Audit Committee on December 13, 2021.

We express our thanks and appreciation to Everton McDonald and Peter Moses for their years of invaluable service and outstanding contribution to the Audit Committee.

The Audit Committee Members as at March 1, 2022 are:

1. P. E. Williams (Chairman)
2. M. A. V. Chambers, O. Ont., MSM
3. Dr. P. Lyew-Ayee Jr., CD
4. Dr. I. D. Minto-Coy

MANDATE AND SCOPE

The responsibilities and activities of the Committee are governed by its TOR, which are reviewed annually by the Committee and the GraceKennedy (GK) Limited Corporate Governance & Nomination Committee (CGNC), and approved by the Board, in compliance with applicable laws, rules and regulations, including the Private Sector Organization of Jamaica's Code on Corporate Governance and the Jamaica Stock Exchange's Corporate Governance Guidelines.

The role of the Committee is to assist the Board with fulfilling its oversight responsibilities in respect of the Company and its subsidiaries in the key areas of:

- Reliability and integrity of the accounting principles, processes and practices underlying the preparation and presentation of fairly stated financial statements and other financial reporting;
- Effectiveness of the internal control, governance and risk management infrastructure, including internal audit, enterprise risk management, security and compliance with statutory and regulatory requirements; and
- Qualifications, independence and performance of the external auditors, PricewaterhouseCoopers (PwC), and approval of the scope of and fees for audit and non-audit services.

In the execution of its responsibilities, the Committee is assisted by the Chief Audit Executive (CAE), who functions as head of the Group Internal Audit Department (GIA), the Group Chief Executive Officer (CEO), the Group Chief Financial Officer (CFO), Group General Counsel and other members of management as required, all of whom have unrestricted access to the Committee.

In addition to the active support and guidance provided by PwC during Committee meetings, the Committee meets separately with PwC without any member of management being present, to ensure that issues of objectivity and disagreements with management, if any, are brought to its attention. In a similar vein, separate meetings are also held with the CAE without management being present.

The Committee has four regularly scheduled meetings per annum, and a special meeting to approve the annual Management Discussion and Analysis (MD&A).

A written report is submitted to the Board by the Committee Chair after each regular meeting, outlining the significant matters discussed and decisions taken.

The Committee has the authority to engage, at the Company's expense, external legal, accounting, and other professional expertise, when deemed necessary for the effective discharge of its responsibilities.

ACTIVITIES DURING THE YEAR

The Committee met five times as scheduled, with full attendance by all Committee members to all meetings. PwC's engagement partner and/or senior representatives of the firm attended all four regular meetings.

The COVID-19 pandemic continued to challenge the global economy and all areas of the Group's business, namely, operational, financial, security and human resources. The resulting increased risk environment and management's strategies and actions in response to the pandemic continued to be an area of focus for the Committee in its discussions with the Group CEO and other members of Executive Management. The incremental strategies and actions taken to safeguard and advance the Group's operations, continued to provide a high level of comfort to the Committee in respect of its risk oversight responsibility.

The Committee also:

- Assessed the independence, performance, and scope of the annual audit plan of PwC and recommended the firm's appointment by the stockholders and approval of its fees to the Board. As part of the assessment of PwC's independence, objectivity, relationship matters and compliance with professional ethics, the Committee reviewed communication from PwC required by ISA 260 "Communication with those Charged with Governance", a standard issued by The International Federation of Accountants and promulgated by the Institute of Chartered Accountants of Jamaica (ICAJ), confirming same.
- Reviewed internal audit reports covering financial, information technology (IT), operational and compliance audits in respect of which recommendations for improvements were made to management and the Board, which were accepted and either implemented, or are in the process of being implemented.
- Reviewed internal audit reports covering financial, information technology (IT), operational and compliance audits in respect of which recommendations for improvements were made to management and the Board, which were accepted and either implemented, or are in the process of being implemented.
- Reviewed management letters from PwC relating to internal control issues and findings and noted management's action plans to address them.
- Received and scrutinized reports from management on significant tax, legal, regulatory, enterprise risk, IT, security, fraud, and whistle-blowing related matters.
- Considered the involvement of GIA in special management requests for operational reviews and new projects and the outcome of such activities. In reviewing these special matters, the Committee received assurance from the CAE that the independence and objectivity of GIA were maintained.
- Carried out the annual assessment of the performance of the CAE and reviewed and approved GIA's TOR.

- Reviewed the composition, duties and responsibilities of regulated subsidiaries' audit committees and significant findings from their meetings. The Committee examined and discussed half yearly reporting on significant internal control and other matters by the Chairs of these audit committees, as part of its oversight of such subsidiaries' audit matters.
- Reviewed, and after consultation with management and PwC, recommended to the Board, unaudited quarterly financial statements and the 2021 audited annual financial statements for its approval and release to stockholders. Overall, the Committee was satisfied that the financial statements fully complied with International Financial Reporting Standards.
- Received updates from management and the auditors on the implementation of IFRS 17 – Insurance Contracts, which is effective for periods beginning on or after 1 January 2022.

CONTINUING EDUCATION

In keeping with the Committee's mandate and focus on continuing education, members of the Group's audit committees participated in GK's Annual Directors and Management Training Workshops, which were held virtually. Topics covered included Zooming into 2021 - the Rise of the Virtual Boardroom, The GraceKennedy Limited Mergers & Acquisitions Process and the Role of the Board, Cybersecurity Overview, Anti-money Laundering and Counter Terrorism Financing, IFRS 17 – Insurance Contracts, Corporate Social Responsibility: Matching Profit & Purpose, and Industrial Relations – Issues & Perspectives.

Peter E. Williams
Chair, on behalf of the Audit Committee

CORPORATE GOVERNANCE

& NOMINATION COMMITTEE REPORT

CORPORATE GOVERNANCE & NOMINATION COMMITTEE REPORT

For the Year ended December 31, 2021

Our Aim is Excellence in Corporate Governance

OUR BOARD OF DIRECTORS - COMPOSITION, ROLE AND RESPONSIBILITIES

The Board of Directors of GraceKennedy (GK) Limited has developed a structure that it considers necessary to provide entrepreneurial leadership to the Company, while fulfilling its legal obligations. The Board provides strategic guidance to the Group, oversees the implementation of strategic objectives and monitors Management's performance against agreed key objectives. This is all done within a framework of prudent and effective controls, which enables enterprise-wide risks to be assessed and managed.

The Board of Directors' formal Terms of Reference (TOR), and our Corporate Governance Code set out the composition, role and responsibilities of the Company's Board.

Scan here to view our Corporate Governance Code

At the start of 2021, the Board comprised of nine Directors — six males and three females, aligning with the minimum gender requirement for the Board of 30% males and 30% females — set out in our Corporate Governance Code. In reviewing the Board's composition, the Corporate Governance & Nomination Committee (CGNC), in addition to the required skills and competencies, also considers age, gender and jurisdiction of residence.

During the year, Directors Everton McDonald and Peter Moses retired from the Board. We thank each of them for their significant contribution to the Board and the Committees on which they served. Peter Williams was appointed as a non-executive Director of the Board during the year and as the Audit Committee Chairman following the retirement of his predecessor, Everton McDonald.

The CGNC considers the Board to be of sufficient size and diversity, with skills and experience appropriate to allow it to properly exercise its role and add value to the Company. The Committee is of the view that anticipated changes to the composition of the Board and its Committees can be managed without undue disruption. Notwithstanding this, the Committee is always looking at ways to refresh and expand existing competencies, and improve Board diversity and strength.

The table on the following page provides information on the academic qualifications, relevant expertise, and skills of each Director. It also indicates the Committees/Sub-Committees on which they served during the reporting period.

DIRECTOR	ACADEMIC QUALIFICATION	EXPERTISE	COMMITTEE/SUB-COMMITTEE
Prof. Gordon V. Shirley, OJ	Doctorate in Business Administration (Operations Management) (DBA) MSc. Business Administration (Operations & Finance) (MBA) BSc. Mechanical Engineering	Technology Product/Service	Corporate Governance & Nomination Committee Member Compensation Sub-Committee Chairman Audit Committee (Invitee)
Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D	B.A. (Hons.) (with majors in Commerce & Political Science) Executive Management Programme Fellow of the Institute of Canada Bankers (Hons.) Chartered Director (C.Dir.), The Director's College, McMaster University & The Conference Board of Canada	Banking, Technology, Corporate Governance	Audit Committee Member Corporate Governance & Nomination Committee Member
Dr. Parris A.R. Lyew-Ayee, Jr	D.Phil., University of Oxford (Geography), BSc. (1st Class Hons.) Earth Sciences	Technology, Data Analytics	Audit Committee Member Corporate Governance & Nomination Committee Member Compensation Sub-Committee Member
Everton L. McDonald, OD *	BSc. Economics Fellow Chartered Accountant (FCA)	Service Expertise-Audit-internal & external, Finance, Risk, Corporate Governance	Audit Committee Chairman Corporate Governance & Nomination Committee Member Compensation Sub-Committee Member
Andrew R. Messado	MSc. Accounting (Distinction), BSc. Accounting (1st Class Hons.) Fellow Chartered Accountant (FCA)	Accounting, Finance	Accounting, Finance
Dr. Indianna D. Minto-Coy	PhD., London School of Economics & Political Science, MSc. (Government), BSc. (Public Administration & International Relations)	Diasporas, Migration, Entrepreneurship, Corporate Governance	Audit Committee Member Corporate Governance & Nomination Committee Member

DIRECTOR	ACADEMIC QUALIFICATION	EXPERTISE	COMMITTEE/SUB-COMMITTEE
Peter H. Moses, OJ, CD*	BSc. Economics	Banking	Corporate Governance & Nomination Committee Member Audit Committee (Invitee)
Gina M. Phillipps Black	Bachelor of Laws, (LLB) Certificate of Legal Education (CLE)	Legal, Corporate Governance	Corporate Governance & Nomination Committee Chairman Audit Committee (Invitee)
Don Wehby, CD	MSc., BSc. (Hons.) Accounting Fellow Chartered Accountant (FCA)	Accounting, Finance	n/a
Peter E. Williams**	B.A. (Hons.), History and Political Science Fellow of the Association of Chartered Certified Accountants (UK) and Institute of Chartered Accountants of Jamaica (ICAJ)	Accounting, Finance	Audit Committee Chairman Corporate Governance & Nomination Committee Member Compensation Sub-Committee Member

* Director who retired from the Board during 2021.
** Director who was appointed to the Board during 2021.

INDEPENDENCE

Our Corporate Governance Code sets out the basis upon which a Director may be considered independent. The Director must not have any interest, position, affiliation or relationship that might influence or reasonably be perceived to influence, in a material respect, his or her capacity to bring independent judgement to bear on issues before the Board. He or she must act in the Company's best interest. More than half of the Board during the period, excluding the Chairman, was comprised of non-executive Directors, and all except one of the non-executive Directors was determined by the Board to be independent. All non-executive Directors are members of the CGNC.

The Company expects Directors to act in a manner that extends beyond strict legal compliance. Directors are required to avoid conflicts of interest, and where those cannot be avoided, disclosure is to be made to the Committee, Board, or Chairman at the earliest opportunity so that appropriate steps can be taken to manage that conflict.

To assist the Board in its assessment of whether a Director may continue to be considered independent, each Director is required to submit an annual declaration of their interests and potential areas of conflict, which may adversely affect their ability to effectively carry out their role and fulfil their duties to the Company. Directors are also obliged to provide, in a timely manner, updates relating to changes to the information in their declaration or status that may directly, or indirectly affect their independence. They are also obligated to provide information relating to any significant changes in demands on the Director's time.

The CGNC and the Board review these declarations and other information available to it, in determining whether a Director may be considered, on an ongoing basis, to be independent. During 2021, having considered the declarations made by each Director, any potential conflicts of interest, and any other information that may have been available to the CGNC and the Board, seven of the ten directors who served on the Board during the year were deemed independent Directors. The Directors considered independent were:

- Prof. Gordon V. Shirley, OJ
- Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D
- Dr. Parris A. R. Lyew-Ayee, Jr
- Everton L. McDonald, OD
- Dr. Indianna D. Minto-Coy
- Gina M. Phillipps Black
- Peter E. Williams

The GK Group CEO, Don Wehby and Group CFO, Andrew Messado, serve as the two executive Directors on the Board.

The ongoing assessment of Directors' independence is a critical component of our governance framework, as our non-executive Directors are expected to objectively monitor the Company's key performance indicators and challenge management's implementation of the Board's approved strategy. The Board's ability to independently challenge management and provide advice on strategic matters is a critical factor in the assessment of the Board's effectiveness.

Having a majority of non-executive, independent Directors on the Board, promotes increased transparency and accountability. Independent Directors are encouraged to, and do, constructively challenge and help develop proposals on strategy, and scrutinise the performance of management in meeting agreed goals and objectives. The non-executive, independent Directors, oversee the maintenance of the integrity of financial information, to ensure that financial controls and systems of risk management are relevant and robust.

Non-executive Directors have opportunities for open and frank discussion in private sessions without management. These are structured, and are generally held immediately following the end of each Board meeting. These private discussions are led by the Chairman, and non-executive Directors may raise any matter, whether arising from that meeting or otherwise.

CGNC meetings are structured, beginning with a private members session, during which the non-executive Directors discuss governance matters. This meeting is followed by a private members session with the Group CEO. This session provides the Group CEO with an opportunity to raise matters that should be discussed, without other executives or members of the management team present, or before raising them at the Board meeting. The Group CEO is also presented with the opportunity to privately raise matters and/or seek guidance from the CGNC on areas of key performance and execution of strategic objectives. The structure of all these meetings provides additional opportunities for transparent, open discussion.

THE CHAIRMAN

For almost a decade the role of Chairman and CEO of GraceKennedy Limited has been separated into two distinct roles.

Professor Gordon Shirley was appointed as the first independent, non executive Chairman of GK, and he continues to hold this position. In this capacity, Professor Shirley is responsible for the leadership of the Board, setting its agenda with the Company's Secretary, and ensuring the Board's effectiveness in all aspects of its role.

The Chairman ensures effective communication between the Board and the Company's management and shareholders, through the provision of accurate, timely and clear information. The Chairman also ensures that there is constructive discussion among the non-executive Directors, and between executive and non-executive Directors.

COMPANY SECRETARY

The Company Secretary is an officer of the Company who provides support to the Board - in particular, the Chairman - on governance-related matters, and ensures that the Board receives timely information from Management and accurately records the decisions that have been taken by the Board and the CGNC. The position of Company Secretary is now held by Mrs Gail Moss-Solomon, who is also an attorney-at-law.

The Company Secretary ensures that the Board complies with governance procedures and policies, as well as its legal, regulatory and financial obligations. Directors have access to the impartial advice and services of the Company Secretary. The Company Secretary onboards new Directors, and importantly, facilitates the continuous development of Directors' skills through training and development opportunities, through the scheduled Annual Directors' Training, as well as, ad hoc and sector specific training events with trainers in and outside Jamaica.

The Company Secretary is responsible for the filing of statutory documents and communicating with regulatory bodies, including the Jamaica and Trinidad & Tobago Stock Exchanges, on which the Company is listed, the Financial Services Commission of Jamaica, and the Trinidad & Tobago Securities Exchange Commission.

BOARD MEETINGS AND ATTENDANCE

Our Corporate Governance Code requires the Board to meet at least quarterly to discharge its duties effectively and in a timely manner. Board meetings are scheduled in advance. During the year, the Board met five times. Additionally, the Board, and CGNC have ad-hoc special meetings outside of the scheduled meetings. These meetings are usually called at short notice, to discuss specific matters.

The agenda for Board meetings is prepared based on a Standing Agenda of matters for the Board to consider during the year. The Standing Agenda is reviewed and approved annually by the Board. Under the guidance of the Chairman, the Board meetings are structured to allow for sufficient time to be spent setting the Company's strategic aims, and the monitoring of their implementation, and achievement.

The Company Secretary prepares the meeting Agenda and documents, and circulates them at least one week ahead of the scheduled meetings. Board members are required to attend Board and assigned Board committee meetings, and to prepare for and participate actively in those meetings. The CGNC is pleased to report that attendance of the Company's Directors at Board and Committee meetings continues to be outstanding, demonstrating their commitment to their duties and responsibilities as Directors of the Board.

Names of Directors	Executive (E)/Non-Executive(NE)	Board*	Corporate Governance & Nomination Committee*	Audit Committee*	Compensation Sub-Committee	Dates of Appointment to Board
Prof. Gordon V. Shirley, OJ	NE	5/5	4/4	N/A	2/2	30-May-96
Mary Anne V. Chambers, O.Ont., M.S.M., Hon LL.D	NE	5/5	4/4	5/5	N/A	26-May-11
Dr. Parris A. R. Lyew-Ayee, Jr	NE	5/5	4/4	5/5	2/2	06-Mar-13
Everton L. McDonald, OD (Retired from Board on May 26, 2021)	NE	2/5	2/4	3/5	1/2	26-May-11
Andrew R. Messado	E	5/5	N/A	N/A	N/A	01-Apr-19
Indianna D. Minto-Coy	NE	5/5	4/4	5/5	N/A	26-Jun-18
Peter H. Moses, OJ, CD (Retired from Board on December 13, 2021)	NE	5/5	4/4	5/5	N/A	26-Jun-18
Gina M. Phillipps Black	NE	5/5	4/4	N/A	N/A	08-Feb-12
Don Wehby, CD	E	5/5	N/A	N/A	N/A	05-Oct-09
Peter E. Williams (Appointed to Audit Committee on May 26, 2021) (Appointed to Corporate Governance & Nomination Committee and Compensation Sub-Committee May 13, 2021)	NE	4/5	2/4	2/5	1/2	1-Apr-21

* Includes Ad-Hoc Special meetings

The CGNC also reviewed the Directors' attendance schedule for key operating companies in the Group, and considered whether the attendance record of any Director should be of concern or require further enquiry, or action.

OUR BOARD COMMITTEES

The Company has established committees and sub-committees, as well as ad-hoc committees constituted from time to time, which have the authority to carry out specific functions of the Board. These committees are set up so that a small subset of the Board, with or without management members, may focus on a specific issue. This ensures that appropriate attention is paid to the specific issue, and facilitates sound and timely decision-making by the Board. In keeping with good governance principles, the decisions of the committees and sub-committees are reported directly or ultimately to the Board and, where the Board requires, ratified by the Board to have effect.

The committees include the CGNC, the Audit Committee, and the Banking Committee. There is also the Compensation Sub-Committee, which is a permanent sub-committee of the CGNC. During 2021, the Chair of the CGNC was Gina Phillipps Black. The Audit Committee was chaired by Everton McDonald up until his retirement and on his retirement, Peter Williams assumed this role. The Compensation Sub-Committee was chaired by the Chairman of the Board, Prof. Gordon Shirley.

During the year, committees reviewed their terms of reference and recommended revisions to the Board for approval. The Board also reviewed and revised its own terms of reference, which may be viewed on the Company's website. The committees and Board took into consideration relevant legislation, rules and regulations, as well as international best practices, when reviewing their terms of reference.

Scan here to view our TOR for Directors

THE PROCESS FOR THE NOMINATION AND APPOINTMENT OF NEW DIRECTORS AND THEIR ORIENTATION

The Company has a policy that governs the nomination, selection and appointment of new Directors across the Group. The CGNC uses a 'skills competency matrix' and the outcomes of the Board's evaluations to identify and fill existing or potential skill gaps. The Committee also factors into its deliberations, the need for diversity in gender, academic qualifications, technical expertise and age, all of which are important considerations as we seek to enhance the Board's strength and effectiveness.

When a nominee for the position of a non-executive Director is identified, the CGNC considers the nomination and makes a recommendation to the GK Board. The nominee's qualifications, experience and background, as well as a due diligence report are considered by the Board and CGNC in arriving at a decision. Before the nomination process is completed, the Secretary must confirm to the Committee that the due diligence checks undertaken did not uncover any adverse findings which would affect the nominee's suitability for appointment.

The Chairman, the Group CEO and the Chair of the CGNC will also interview the nominee. The interview covers any area of potential conflict of interest, considerations that may impact the independence of the nominee and whether the nominee is able to devote the time necessary to prepare in advance, and to attend Board and, where applicable, committee meetings. The Chairman, Group CEO, and the CGNC Chair conducted several of these interviews during the period covered by this report.

The appointment of Executives to Boards in the Group, with the exception of the Divisional Boards, continues to be made by the Group CEO, in consultation with the Executive Committee. The process of appointments of Executives to the Divisional Boards follows the same procedure as that for non-executive Directors.

The re-election of a retiring Director who is eligible for election, is subject to satisfactory Board performance. The CGNC and Board consider the performance of a Director who is eligible for re-election, among other factors such as required proficiencies, time availability, and considerations upon which their independence is determined. The Board does not currently have fixed tenure limits for non-executive Directors, other than as provided in the Company's Articles.

The Board satisfies itself that plans are in place for orderly succession to the Board. In doing so, it also ensures that there is always an appropriate balance of skills and experience, while bringing new members on the Board.

During the year, the CGNC also considered term limits for subsidiary Boards. In doing so, the CGNC took account of international best practices, and the desire to ensure proper succession planning. A decision was taken to implement a policy on term limits for subsidiary Board Directors. Under the current policy, a subsidiary Board Director can serve for three terms of three years each, and a maximum term/term limit of nine years on that Board.

ORIENTATION OF NEW DIRECTORS

New Directors participate in a comprehensive induction to the Company's affairs upon joining the Board. This process commences with a formal letter of appointment and Board package, containing key terms and conditions of the appointment, the Company's Code of Ethics, statements of the Director's duties, rights and responsibilities, a confirmation of the time commitment envisaged, and the Board's expectations regarding involvement with committee work.

A clear understanding of the Company's business, vision and values, and strategic, operational, financial, compliance and risk management outlook are required for a Director to properly discharge his or her duties. For this reason, during the introduction and induction period, the new non-executive Director is exposed to the Company and its businesses through the provision of business and financial information, as well as the convening of one-on-one meetings with members of the senior management team, where additional information and clarification are then provided. The CGNC has directed that this should also include a session on the Group's financials, given their complexity. The complex nature of the Company's financials is due to the geographical spread and diversity of the Group's operations, as well as reporting requirements for several subsidiaries within various business segments.

Directors' Liability Insurance cover is currently in place for Directors of the Company and its subsidiaries, and this is renewed annually. Each year, Directors of the Group are provided with confirmation that this insurance cover is in place.

SUCCESSION PLANNING

The CGNC continued discussions with respect to the Board's composition, given its mandate to ensure orderly succession planning, and the maintenance of an appropriate balance of skills and experience among Directors. During the period, the CGNC also reviewed the composition of subsidiary Boards, which involved a review of the skillset, experience, age and number of independent Directors. During this process in 2021, the CGNC identified some Boards which could be strengthened, and recommendations for appointments of Directors were made to the Chairs of those Boards.

The Committee also considered information presented on the composition of the subsidiary Boards for the purpose of ensuring independent oversight, compliance with regulatory requirements, and in order to take a proactive approach to Board composition and succession planning from the Group level perspective. The approach to, and requirement for independent non-executive Directors, is promoted and replicated across the Group, at the subsidiary Board level.

TRAINING AND DEVELOPMENT

Directors are required to continuously update and refresh their skills and knowledge to fully and effectively discharge their duties. The CGNC is responsible for ensuring appropriate Board orientation, training, and development activities for the Directors of the Group. GK tangibly demonstrates its commitment to, and expectation of appropriate corporate decision-making practices, by its approach to training for Directors, Executive Management, and staff, in technical and legal matters, as well as those relating to corporate culture and ethics.

Additionally, Directors are advised that they are expected to communicate with the CGNC regarding any continuing professional education and development that is, or may be considered desirable for the proper discharge of their duties and the Group's success. This is also one of the matters raised in the discussions held among the Chairman, CGNC Chair and a Director in one-on-one discussions following Board Evaluations. Directors receive training on appointment and thereafter, at least annually, on a wide variety of matters.

GK's Annual Director's Training Workshop continued in a virtual format during 2021, as a result of COVID-19 restrictions in jurisdictions where our businesses are located, and our concern for the health and safety of our Directors and staff. Reports on attendance at training using this virtual format indicates wider participation and continued support for these sessions that allow participants and presenters to join from locations anywhere across the globe. In 2021, one hundred percent (100%) of the GraceKennedy Board Directors and over 100 Directors and Senior Managers across the Group attended the four sessions held during the year. The areas covered during the sessions were as follows:

- The GK Mergers & Acquisitions Process and the Role of the Board
- Zooming into 2021 - The Rise of the Virtual Boardroom
- Anti-money Laundering and Counter Terrorism Financing
- Cybersecurity Overview
- Corporate Social Responsibility: Matching Profit & Purpose
- IFRS 17 Insurance Contracts
- The Long Road to Recovery - Industrial Relations Issues Affecting the Workplace

Apart from the annually scheduled Directors' Training, the Committee and its members regularly share research, articles, presentations, and briefings on topics that are pertinent to, or considered to have the potential to impact the Company's businesses, operations, customers, or staff.

Subsidiary Boards also engaged in sector-specific training during the year, and provided reports to the CGNC on the areas covered. Some of these included:

- The Financial Holding Company Regime: Implications for the GraceKennedy Financial Group
- Fundamentals of Insurance Accounting
- Economic Substance Legislation in St. Lucia
- Global Sustainability

In addition to the Annual Directors' Training, Managers and Executives across the Group received training during 2021 in areas related to the business and their roles, including:

- Leadership
- Digital Marketing
- Project Management
- Change Management
- International Financial Reporting Standards

GK's philosophies and principles, which were being documented over several years were formalised in its Code of Ethics & Guidelines for Business Conduct, and published in 2005. GK's reputation as a leader in good corporate governance has always been founded on the principles and standards by which GK, its Directors, employees, and agents are expected to operate, as set out in the Code. Our commitment to our core principles of ***Honesty, Integrity,*** and ***Trust,*** flows through our culture, strategic objectives, systems, and structures, and has engendered the confidence of our customers, partners, other stakeholders, and the communities in which we operate.

Employees and Directors are provided with a copy of the Code on employment or appointment. On an annual basis, employees and Directors are required to confirm that they were compliant with the Code during the previous year. A report is delivered to the CGNC on any employee or Director who has not delivered this confirmation as required, and the appropriate steps are taken to ensure compliance.

Compliance with the Code is an important matter, and failure to comply is deserving of careful consideration by the CGNC. Infractions under the Code may result in disciplinary action in the case of employees, and Directors may be required to relinquish their roles as Directors. Any breaches or potential breaches of the Code must also be reported.

Since the first Code was published in 2005, it has undergone several revisions, going beyond strict compliance with legal obligations. The updates are in line with current best practices. The review of the Code continued during 2021, and an updated Code is expected to be launched during 2022, as the Company celebrates its 100th anniversary, a fitting milestone to reaffirm GK's commitment to effective corporate governance for the next 100 years.

OUR POLICIES

Apart from the Code of Ethics, GK has developed several other policies to guide and determine business conduct and practice, protect business interests, mitigate risks, and ensure compliance with applicable laws and regulations. These policies are grouped into discrete areas such as Human Resources, Finance, Audit, Legal and Risk.

GK launched its GK Master Policy site in 2006. The site, which is located on the GK staff intranet, was the culmination of months of work to bring together the policies of our Group into one easily accessible location, allowing for greater transparency, accountability and improved governance.

Scan here to view our
Code of Ethics

The Board understands the importance of enterprise risk management, risk mitigation, compliance standards and their application. A formal Delegation of Authority policy is in force, and the Board approves and monitors delegations to and by the Group CEO, to senior management. This monitoring assists the Group CEO and the Board in ensuring that strategic decisions reflect good governance, and that the principles laid out in the Company's Code of Ethics are honoured.

Our employees are important stakeholders in our corporate governance framework, and this is affirmed through the application of our Code of Ethics and policies related to safety and welfare, such as our Corporate Social Responsibility, Flexible Work Arrangement, and Community Involvement Policies. Following consultation with employees and leading and internally respected doctors, the Company undertook the staging of a series of vaccination blitzes, including two at our offices at Harbour Street, in Kingston, where our staff members, their families, friends and residents of surrounding communities were given the opportunity to receive COVID-19 vaccines. In the second half of 2021, the Company began drafting an Infectious Diseases & Viruses Policy, following research, feedback and consultation with staff and other stakeholders about the need to respond to the COVID-19 pandemic, which has threatened the health and safety of people all over the world. The Policy was implemented in January, 2022.

As we continue along our path of excellence in corporate governance, we conducted a comprehensive review and updated the GK Corporate Governance Code, to reflect recent best practice developments. The revised Corporate Governance Code was launched in 2021 and can be found on our website.

Scan here to view our
Corporate Governance Code

The Group's Whistleblowing Policy protects persons who, in good faith, report actual or perceived breaches, irregularities or wrongdoing within the Group. The Policy has been made available to stakeholders on our website.

GK is committed to a reliable process through which breaches, irregularities or concerns over any wrongdoing occurring within the Group may be reported. All employees are responsible for reporting to the Company breaches and suspected breaches of the Code of Ethics or the Company's policies, and any serious weakness or deficiency in its policies, procedures, or controls. The Whistleblowing Policy provides that employees should generally make reports by using the usual chain of communication - that is, to their immediate supervisor. Failing that, the employee can then make reports to the supervisor's supervisor, and so on up to the Group CEO. If an employee is not comfortable using the usual chain of communication, he or she may make the report directly to other members of senior management identified in the policy. Additionally, the policy also affords one the availability of a Whistleblowing hotline, to make a report. This hotline is administered by an independent external provider, and reports can be made without fear of loss of job or other reprisals. Periodically, reports are received by the Chairman, Group CEO and Board, as may be appropriate in the circumstances of each case regarding whistleblowing matters. All reports are to be handled promptly and investigated fairly, without regard to alleged wrongdoer's length of service, position/title, or relationship to the other Company employees or the Company. Throughout the Group, management is required to fully support and cooperate with any investigation into a report received through the whistleblowing process.

Scan here to view our
Whistle Blowing Policy

BOARD EVALUATIONS

A formal evaluation of the Board's performance, and that of its committees, is undertaken annually. The evaluation is currently conducted by the Group's Business Intelligence Unit and is administered electronically using an online survey tool. Every other year, the evaluation is extended to cover self and peer evaluation of each Director. The full format conducted in alternate years, therefore, involves an assessment of the GK Board, a self-assessment of the individual Board Member and a peer assessment of Board Members. The self and peer assessments solicit responses with respect to the overall performance of the Board Member, such as skills and attributes, preparedness and participation in meetings, effectiveness, and understanding of the Board Member's responsibilities. The short format evaluation places less emphasis on the peer review and more emphasis on the Board's overall performance and dynamics, captured by questions related to Board structure, culture, content and analysis, Board conduct and the monitoring of risks and trends.

Every four years, the evaluation of the Board is conducted by an external facilitator. The first such facilitation, led by an international management consulting company, took place in 2020. The next evaluation of this nature will be conducted in 2024.

The one-on-one discussions with Directors following Board evaluations is led by the Chairman. The Chair of the CGNC leads the one-on-one discussion with the Board's Chairman on his performance evaluation and is joined by the Chairman of the Audit Committee for the relevant period.

Before proposing re-election of a Director, the Chairman confirms that as a result of performance evaluation and other information, the Board is satisfied that the non-executive Director continues to be eligible, contribute effectively and demonstrate commitment to the role. The evaluation is therefore important, but is not the only measurement in determining a Director's contribution and effectiveness. The tool also helps the CGNC to determine what areas may be appropriate for training in the ensuing year.

The CGNC also received reports from Chairs of subsidiary Boards which are considered key operating subsidiaries, on the results of the evaluations of those Boards. The report highlights the key findings of the evaluation, including the strengths and weaknesses of the Boards, and notes the areas agreed upon by the Board for implementation, to improve any weaknesses that may have been identified.

The Audit Committees of regulated entities within the Group are also evaluated every two years.

COMMUNICATION

Management is required to provide regular and timely updates to enable the Board to discharge its duties effectively. Directors may request additional information where necessary and have access to Management for this purpose.

There is open, clear, and constructive dialogue between the Company and its shareholders and stakeholders. The CGNC ensures that shareholders have an opportunity to make the Board aware of their views, issues and concerns, and to understand the Company's strategy, operations and performance.

The Annual General Meeting (AGM) continues to be an important forum for shareholders to engage with Management and the Directors, to get an understanding of various aspects of the Group's operations. Due to the COVID-19 pandemic and subsequent restrictions placed on public gatherings, the AGM was held, for the first time, in a hybrid format, i.e. in-person and virtually. Shareholders attended virtually from several countries, and had the opportunity to vote electronically on resolutions, and have their questions asked and answered live or following the meeting. Over two hundred (200) persons were in attendance, including all GK Directors. As we embrace the future and utilise technology as a tool to facilitate governance, the hybrid format AGM will continue, to facilitate wider shareholder participation and engagement. The shareholders of the Company passed a special resolution at the 2021 AGM to amend the Company's articles to allow for hybrid and virtual general meetings. The amended articles can be found on the Company's website at https://www.gracekennedy.com/corporate/code/articles-of-incorporation/.

The minutes of our AGM, a record of the questions asked, and responses provided were produced, and are made available to shareholders on the Company's website. They will also be available at the next AGM. Shareholders may also request a copy of the minutes by sending an email to gracekennedy@gkco.com. The copy will then be emailed to the shareholder or may be collected in hard copy from the Company's Head Office in Jamaica. A video recording of the AGM is also available online on the GK's YouTube channel.

The Company uses several other channels to actively keep shareholders and stakeholders informed, including Company websites, social media and print platforms of the Company and its subsidiaries. Material or significant developments are communicated by way of Stock Exchange announcements and press releases published in the daily newspapers circulating in Jamaica and Trinidad & Tobago. Press releases are also posted on the Company's website at: https://www.gracekennedy.com/mediacenter-press/.

At quarterly Investor Briefings, the Group CEO and the Group CFO discuss recent financial statements, updating shareholders and stakeholders on developments within the Group. These briefings take the form of online meetings, and are open to the public, allowing anyone access via a live internet stream. Questions may be submitted to the Group CEO via email before or during the briefing. Responses are usually provided during the live briefing. Notice of these briefings are posted on the Jamaica and Trinidad and Tobago Stock Exchanges' websites and the Company's websites.

The Company also publishes interim and full year results, as well as this Annual Report and accompanying financial statements. Shareholders have direct access to the Company's Registrar and may reach out with questions to our dedicated investor relations email address at gkinvestor@gkco.com.

AN EFFECTIVE RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

Good governance and effective risk management go hand-in-hand. The Company's structured enterprise-wide approach to risk management requires the identification, mitigation and management of risks, and the Company's business continuity plan, to cover business interruption, however caused.

Our strong risk management and internal controls are monitored by the Group Chief Compliance Officer & Senior Legal Counsel , who provides reports to the Board through the Audit Committee. These reports provide the Board with information on the informed decision-making processes, efficient allocation of resources, ongoing evaluation of risks and uncertainties facing the Company, and the strategic steps taken to manage and mitigate those risks with sound risk management and internal control systems. During the year, the Board reviewed the Group's Risk Appetite Statement and approved the Group's Top Risk for 2022.

The Group CEO submits a formal report to the Board five times per year. These reports aim to keep the Board informed on material developments within the Group, including a section on significant unplanned events which may not otherwise be reported on in the usual format.

COMPENSATION SUB-COMMITTEE REPORT

The Compensation Sub-Committee (CSC) is a subcommittee of the CGNC comprised of independent non-executive Directors.

The Sub-Committee discharges the CGNC's duties relating to the total compensation of the Group CEO, Senior Executives, and the remuneration of the non-executive Directors of GK and its subsidiaries. Decisions taken by the CSC regarding compensation must support the business objectives of the Group, competitive practice, and all applicable rules and regulations.

The CSC is guided by the Company's Corporate Governance Code which states that the levels of remuneration of a company's executives and Board members should be sufficient to attract, retain and motivate persons of the quality required to run the company successfully.

EXECUTIVE COMPENSATION

The Sub-Committee considers the total compensation of all levels of employees within the Group and the remuneration and related policies, in order to provide an appropriate context for making decisions regarding the compensation of employees at the Senior Executive level. In keeping with this mandate, during 2021, the Sub-Committee reviewed and made recommendations regarding the total compensation of the Group CEO, and Senior Executives and assessed the performance of the Group CEO for the previous year against stated objectives.

Recommendations are made by the CSC to the CGNC and the Board with respect to incentive compensation and equity-based incentive plans that require shareholder approval. The CSC also governs the Company's shareholder-approved award and options plan(s), including stock options granted to employees and Directors of the Company and the Group. GK's Board of Directors has implemented equity-based compensation and incentive schemes with the approval of the shareholders in the general meeting, the most recent being the Long-Term Incentive (LTI) Scheme for Executives and Key Employees.

The LTI Scheme's purpose and objectives are to:

- Attract and retain leaders of the highest calibre;
- Drive Executive performance towards the achievement of key Company objectives;
- Enhance alignment between GraceKennedy's long-term strategy and shareholder value;
- Determine the level of Executive pay at risk; and
- Implement a long-term incentive plan which reflects global best practices.

During the year, the Sub-Committee considered the goals and targets under the LTI Scheme for 2022 and the LTI allocations for 2022.

In addition to the LTI Scheme, the Company has in place multiple performance-based incentive schemes, which reward employees' achievements on a monthly, quarterly, or annual basis. These incentive-based plans reward staff based on a combination of the Company's performance compared to its budget and prior year results, as well as the employees' performance on jointly agreed and quantifiable individual objectives.

DIRECTORS' COMPENSATION

In setting the fees for the non-executive Directors of the Board for 2022, the CSC considered the recommendations made by the Group CEO and the Group CFO. This is in keeping with the authority delegated to the CSC by the shareholders at the Company's general meeting.

The fees paid to non-executive Directors in 2021 are reflected in the table below. In addition to these fees, each non-executive Director was granted, in respect of the year 2021, a pro-rated amount, of J$847,439, which the net amount after tax was used exclusively to purchase GK shares on the open market in the name of the Director. All transaction costs associated with the purchase of the shares are borne by the individual Director. Executives who serve on Boards within the Group do not receive fees for services performed in this capacity.

BOARD FEES (2021) (Payable to Non-Executive Directors only)	
ANNUAL RETAINERS	
All Directors	$2,077,800
Additional Retainer Board Chair	$3,601,040
Additional Retainer Corporate Governance & Nomination Committee Chair	$456,130
Additional Retainer Audit Committee Chair	$1,200,350
Additional Retainer Compensation Sub-Committee Chair	$304,060
PER MEETING ATTENDANCE FEES	
Board meetings	None
Audit Committee meetings	$173,840
Other Committee meetings	$57,950

The CSC reviews its terms of reference on an annual basis, and makes recommendations to the CGNC for approval, as may be required, to ensure the CSC's mandate, duties and responsibilities are in line with international best practices and regulatory requirements on compensation and corporate governance.

The CSC held both scheduled meetings during 2021 to conduct the business of the sub-committee.

At the start of the year, the members of the sub-committee were Directors, Prof. Gordon Shirley (Chairman), Everton McDonald and Dr. Parris Lyew-Ayee, Jr. During the year, committee member, Everton McDonald retired from the Board and this sub-committee. Mr Peter Williams was appointed to the sub-committee following Mr McDonald's retirement. The CSC thanks Mr McDonald for his service in furthering the work of the sub-committee.

RECOGNITION

As GK marks 100 years of excellence in governance and looks forward to building on the work of our founding fathers, we reflect with pride on the awards we received during the reporting period. We were the proud winner of the 2020 Governor General's Award for Excellence at the Jamaica Stock Exchange (JSE) Best Practices Awards. This is considered the most prestigious and coveted award, given to the overall winner of the JSE Best Practices Awards, and most importantly, to the company that maintains international Best Practices.

We were also pleased to be declared the winner in the following categories:

- The Annual Report Award, given to encourage publicly listed companies to produce clearer, more reader-friendly annual reports, and to provide greater insight into the Company's financial affairs, governance practices and business activities; and
- The Website Award based on the quality and efficiency of the dissemination of information to the investing public via the website.

The Company was also first runner up in the Corporate Disclosure and Investor Relations category and the joint winner of the PSOJ/JSE Corporate Governance Award, which recognizes companies that demonstrate and practice outstanding corporate governance. One of the Company's subsidiaries, GK Capital Management Limited, won the Investor Relations Category, as the Member Dealer that consistently exceeds customers' expectations by providing excellent customer service. These awards demonstrate that GK is performing in accordance with the highest standards and best practices set by the JSE, and as informed by global standards.

WE CARE

GK has a history of being acutely aware of its impact and influence, particularly in the communities in and from which it conducts business. The Company seeks to enhance and invest in the lives of stakeholders in those communities, promote ethical conduct and is viewed as a responsible corporate citizen.

Throughout 2021, GK remained focused on improving the lives of people in the communities we serve around the world, in keeping with our CSR policy (see page 78).

As many continued to face the difficulties associated with COVID-19 locally and globally, corporate social responsibility remained a priority for our Group. We increased our support of the communities we serve around the world in various ways, including through donations of care packages. Our support was also demonstrated through the numerous corporate social responsibility activities carried out by the companies across the Group and our two Foundations. Further details of our 2021 CSR activities can be found on pages 76 to 84.

We thank our staff, Directors, business partners, shareholders, customers and other stakeholders for the role they have played in the outstanding achievements, as we celebrate our past and look forward to shaping the future, and to building an ever-stronger GK, guided always by our core principles: ***Honesty, Integrity*** and ***Trust***.

Gina Phillipps Black
Chair, on behalf of the Corporate Governance & Nomination Committee

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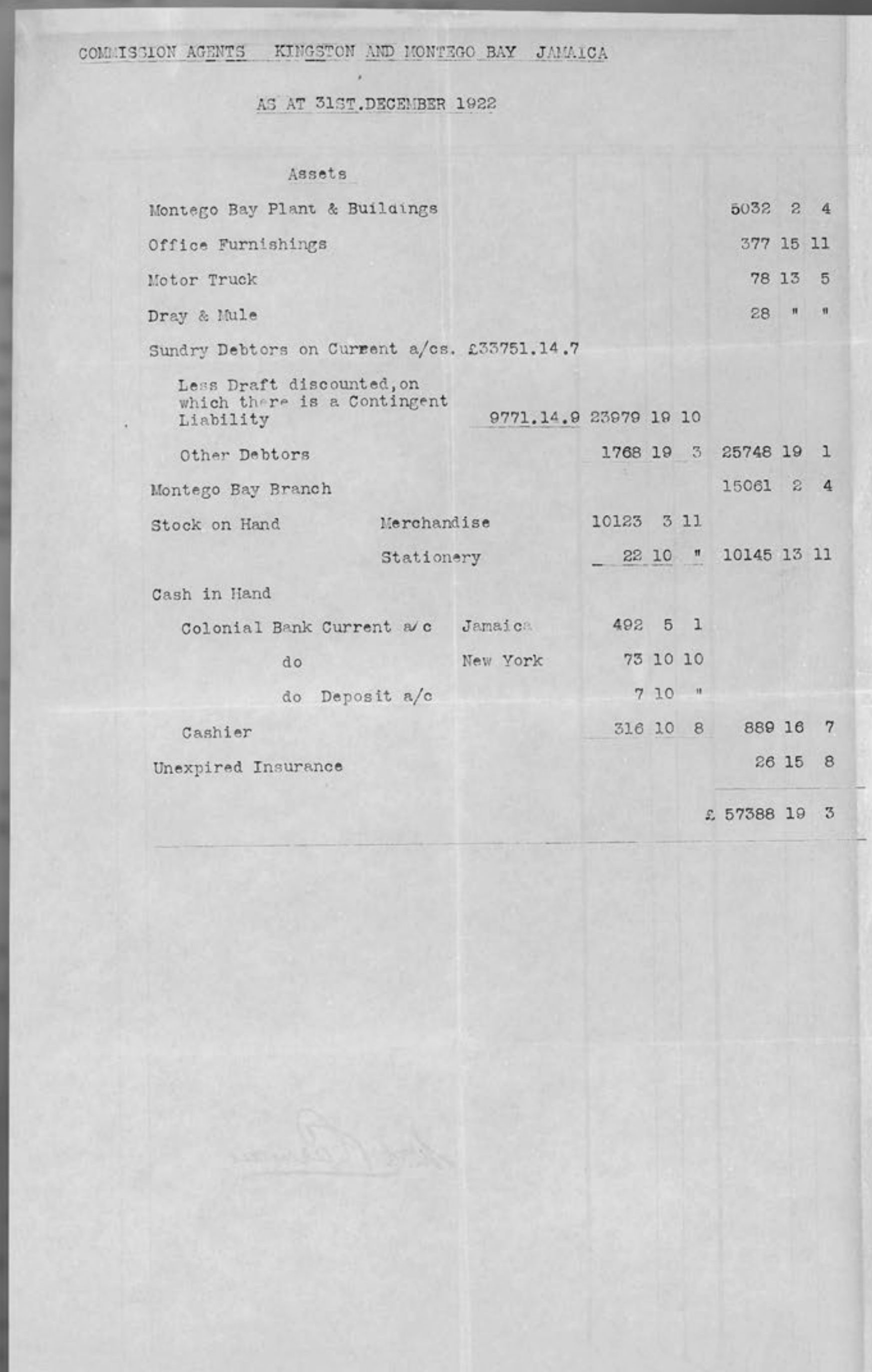

COMMISSION AGENTS KINGSTON AND MONTEGO BAY JAMAICA

AS AT 31ST.DECEMBER 1922

Assets

Montego Bay Plant & Buildings				5032 2 4
Office Furnishings				377 15 11
Motor Truck				78 13 5
Dray & Mule				28 " "
Sundry Debtors on Current a/cs. £33751.14.7				
Less Draft discounted, on which there is a Contingent Liability		9771.14.9	23979 19 10	
Other Debtors			1768 19 3	25748 19 1
Montego Bay Branch				15061 2 4
Stock on Hand	Merchandise		10123 3 11	
	Stationery		22 10 "	10145 13 11
Cash in Hand				
Colonial Bank Current a/c	Jamaica		492 5 1	
do	New York		73 10 10	
do Deposit a/c			7 10 "	
Cashier			316 10 8	889 16 7
Unexpired Insurance				26 15 8
				£ 57388 19 3

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31 DECEMBER 2021

Independent auditor's report

To the Members of GraceKennedy Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of GraceKennedy Limited (the Company) and its subsidiaries (together 'the Group') and the stand-alone financial position of the Company as at 31 December 2021, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 31 December 2021;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 31 December 2021;
- the company income statement for the year then ended;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: 876) 922 7581, www.pwc.com/jm

L.A. McKnight B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industries in which the Group operates.

In assessing the risk of material misstatement to the Group's consolidated financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the consolidated financial statements, we designed and performed audit procedures over various components. The Group comprised 47 reporting components, of which we selected 25 components, which represent the principal business units within the Group and covered entities within Jamaica, Barbados, Bahamas, Trinidad and Tobago, Eastern Caribbean Countries, Canada, the United Kingdom, the United States of America and Guyana.

Of the 25 components selected, we performed an audit of the complete financial information of 12 components ("full scope components") which were selected based on their size, risk characteristics or both. For the remaining 13 components ("specific scope components"), we performed audit procedures on specific accounts and or specified procedures within that component that we considered had the potential for the greatest impact on the significant accounts in the consolidated financial statements, either due to the size of these accounts or their risk profile.

In relation to the remaining components, none of which are individually greater than 2% of the Group's profit before tax, we performed other procedures, including analytical review procedures and testing of consolidation journals, intercompany eliminations and foreign currency translation recalculations to respond to any potential risks of material misstatement to the Group's consolidated financial statements.

For components that are in scope of the Group audit, we used component auditors from PwC network firms and non-PwC firms who are familiar with the local laws and regulations to perform this audit work. Throughout the audit we had regular meetings and correspondence with management and component auditor teams to follow up on progress of work for all components. The Group engagement team reviewed workpapers relating to the audit approach and findings of the component auditors.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations – intangible assets (Group) *Refer to notes 2(b), 4(ix) and 39 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* On 31 July 2021, the Group acquired 100% of the share capital of Scotia Insurance Eastern Caribbean Limited. Management assessed that the acquisition qualified as a business combination resulting in recognition of a bargain gain in the amount of $593.5 million. Valuations of identifiable net assets acquired were performed as part of the Purchase Price Allocation (PPA) which resulted in the Group recognising licences and exclusive agency agreement intangibles assets in the amount of $190.6 million and $894.4 million respectively. We focused on this area due to the significance of the intangible assets identified and due to the nature of business combinations, the accounting requirements of which can be complex and require management to exercise judgement in determining certain estimates. The most significant is the determination of the PPA. Management engaged external experts to assist with the determination of the PPA which encompassed: Identifying and estimating the fair value of intangible assets acquired. The determination, of fair value involves significant areas of judgement, which is based on the inputs and assumptions in the model, such as business growth rates, attrition rate, future margins and discount rates.	Our approach to addressing the matter, with the assistance of our specialists, involved the following procedures, amongst others: ● Read the share purchase agreement and evaluated the appropriateness of the accounting for the acquisition as a business combination against management's accounting policies and the applicable accounting standards. ● Held discussions with management to understand and evaluate their basis for determining assumptions. ● Evaluated the application of the valuation methodologies utilised to derive the fair value of the identified intangible assets. ● Tested the reasonableness of valuation assumptions and inputs by: ● Corroborating the key variables, being the business growth rates, attrition rate, future margins, commissions paid and discount rates, to historic and prospective financial, industry and economic information, taking into consideration our knowledge of the Group and its industries; ● Where relevant, considered third party sources and challenged management's future revenue estimates considering changes in the market or actions by competitors. ● Assessed the competence and capability of management's valuation expert. ● Performed scenario analysis testing by varying the growth rate, attrition rate and commission paid and the associated impact on the discounted cash flows as it pertained to the exclusive agency agreement. ● Recalculated the bargain gain being the difference between the total net consideration paid and the fair value of the net assets acquired for mathematical accuracy. Based on the audit procedures performed, management's accounting, judgements and estimates relating valuation of intangible assets were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of incurred but not reported (IBNR) claims for property & casualty contracts (Group) *Refer to notes 2(r), 4(iv) and 17 to the consolidated and stand-alone financial statements for disclosures of related accounting policies and balances.* As at 31 December 2021, total insurance reserves amounted to $10.8 billion which includes IBNR reserves of $1.1 billion or 0.9% of total liabilities. The methodologies and assumptions utilized to develop IBNR reserves involve a significant degree of judgement. The liabilities are based on the best-estimate ultimate cost of all claims incurred but not settled at a given date, whether reported or not, together with the related claims handling costs. There is generally less information available in relation to these claims, which can result in variability between initial estimates and final settlement. A range of methods may be used to determine these provisions. Management uses qualified external actuaries to assist in determining the valuation of IBNR claims. We focused on this area because there are a number of explicit and implicit assumptions relating to the expected settlement amount and settlement patterns of claims underlying these methods and the values determined are subject to complex calculations.	Our approach to addressing the matter, with the assistance of our actuarial expert, involved the following procedures, amongst others: ● Tested the completeness, accuracy and reliability of the underlying data utilized by management, and their external actuarial experts to support the actuarial valuation. ● Performed a methods and assumptions analysis of the actuarial valuation prepared by the Group's actuary. ● Evaluated the assumptions used by management and assessed the methodologies used for appropriateness and consistency with established actuarial practice and methodologies used in the prior year. The results of our procedures indicated that significant estimates and assumptions used by management were not unreasonable, and that the methodologies used were actuarially established, accepted and appropriate in the circumstance and consistent with prior years.

Key audit matter	How our audit addressed the key audit matter
IFRS 9 'Financial Instruments" – Probabilities of Default, Forward Looking Information and Significant Increase in Credit Risk (Group) *See notes 2(h), 3c(i), 4(viii), 6 and 9 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.* As at 31 December 2021, the Group's loans and advances totalled $33.3 billion. The Group's investment securities measured at amortised cost and fair value through other comprehensive income (FVOCI) totalled $47.9 billion. In aggregate, the above exposures represent 41% of total assets at the reporting date. The resultant impairment recorded under the expected credit loss (ECL) impairment model amounted to $1.6 billion for loans and advances and $336.4 million for debt securities. In assessing impairment, IFRS 9 prescribes a forward looking ECL impairment model which takes into account reasonable and supportable forward looking information as well as probabilities of default (PD). PDs represent the likelihood of a borrower defaulting on its obligation over the next twelve months or over the remaining lifetime of the obligation. The twelve month and lifetime PDs are determined differently for loans and investments. For loans and advances, management developed PDs based on the Group's specific historical default rates for each industry classification. In performing historical analyses, management identified economic variables impacting credit risk and ECLs for each portfolio. For investment securities, which include debt securities comprising sovereign and corporate securities, PDs are developed by reference to external data collated by Standard & Poor's (S&P) with adjustments for industry and country specific risks, where appropriate. The ongoing economic impact of COVID-19 resulted in a significant increase in credit risk (SICR) for a number of borrowers who migrated from Stage 1 to Stage 2 based on an assessment of the industry in which the borrower operates and other relevant factors. In the event of a SICR, an allowance (or provision) is required for ECL resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).	Our approach to addressing the matter, with the assistance of our valuation specialist, involved the following procedures, amongst others: ● Updated our understanding of management's ECL model including any changes to source data and assumptions. ● Tested the completeness of all loans and advances and debt securities to determine whether all items were included in the ECL models by agreeing the models to detailed loans and securities listings. ● Evaluated the reasonableness of management's judgements pertaining to PD, SICR and forward looking information, including macroeconomic factors, impacting the weighting of the scenarios due to the negative impact of COVID-19 as follows: **Loans and advances** PD: ● Tested the critical data fields used in the ECL model for the PD determination, such as default date, effective interest rate, write-off data, and loan type by tracing data back to source documents. ● Reperformed the calculation of days past due, a key data input into the PD parameter, in the Group's banking system on a sample basis. SICR: ● Evaluated staging of loans and advances by identifying the industries severely impacted by the pandemic. This included industries affected by restrictions imposed by governments in countries where the Group operates. ● Evaluated whether the loans of borrowers from these industries migrated to Stage 2 where appropriate.

Key audit matter	How our audit addressed the key audit matter
The estimation and application of forward looking information requires significant judgement. Stage 1 and Stage 2 credit loss allowances are modelled based on the macroeconomic variables (or changes in macroeconomic variables) which most closely correlate with credit losses in the relevant portfolio. Each macroeconomic scenario used in the ECL calculation incorporates forecasts of the relevant macroeconomic variables. The estimation of ECL in Stage 1 and Stage 2 is a discounted, probability-weighted estimate that considers a minimum of three future macroeconomic scenarios. The base case scenario is based on macroeconomic forecasts which are publicly available. Upside and downside scenarios are set relative to the base case scenario based on reasonably possible alternative macroeconomic conditions. Additional adjustments to the base, best case and worst case scenario weightings were required as a result of the COVID-19 pandemic. We focused on this area due to the impact of COVID-19 on credit risk, the complexity of the techniques used to determine PDs and identify SICR, and the number of significant judgements made by management regarding possible future economic scenarios as it pertains to debt securities and loans and advances.	**Debt Securities** PD: ● Tested the critical data fields used in the ECL model, such as the maturity date, amortised cost, accrued interest, credit rating and interest rate by tracing data back to relevant source documents. ● Agreed the credit ratings and historic default rates used to calculate the PDs on a sample basis, to external sources such as external rating agencies. SICR: ● Tested, on a sample basis, the accuracy of the initial credit risk and the credit risk at the reporting date using rating agency definitions of 'investment grade' and evaluated the appropriateness of the group classification of debt securities as Stage 2. ● Performed an independent qualitative assessment for a sample of borrowers to determine if there was any adverse public information affecting the criteria used to perform the staging. ● Inspected the financial statements of a sample of borrowers to determine if there was any significant downturn in financial performance before and during the pandemic. This aided in assessing the staging for borrowers, particularly for those who requested forbearance as a result of COVID-19. **Forward Looking Information (Loans and advances and Debt securities):** ● Assessed the reasonableness of the Group's methodology for determining economic scenarios including the appropriateness of the Gross Domestic Product and unemployment rate economic factors utilised by management. ● Evaluated the reasonableness of the increase in the weighting used for the worst case scenario by agreeing the forward looking economic information to external sources published or pronounced by reputable third parties. ● Sensitized the probability weightings used in the ECL calculation. The results of our procedures indicated that the assumptions used by management for determining the probabilities of default, significant increase in credit risk and forward looking information were not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Goodwill impairment for the United States of America (USA) operations (Group)	
Refer to notes 2(g), 4(i) and 11 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances.	
The total carrying value of goodwill as at 31 December 2021 is $1.9 billion of which $1.15 billion relates to the USA operations. In accordance with IAS 36, 'Impairment of Assets', management performed an annual goodwill impairment assessment to determine whether the carrying value exceeded the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated and is therefore impaired at the reporting date. Goodwill relating to the recoverable amount of a CGU is calculated as the higher of the value-in-use and fair value less costs of disposal. Management determined the recoverable amount by reference to value-in-use which is based on discounted cash flow projections over which management makes significant judgements on key inputs. As a result of the assessment, management determined there was no impairment as at 31 December 2021. We focused on this area as the goodwill impairment assessment requires significant management judgement and estimation, is sensitive to changes in key assumptions and due to the challenges involved in determining the impact of COVID-19 on those key assumptions. The key assumptions were assessed by management as being: ● Revenue growth rate; ● Discount rate; ● Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA) to revenue; and ● Capital expenditure to revenue.	Our approach to addressing the matter, with the assistance of our valuation expert, involved the following procedures, amongst others: ● Updated our understanding of management's approach to performing their annual impairment assessment. This included the process by which management's key assumptions and methodologies were developed and assessing their appropriateness. ● Compared previous forecasts to actual results in order to assess the performance of the business and the extent to which reliance could be placed on management's ability to forecast. ● Tested the key assumptions, including the impact of COVID-19 on those key assumptions as follows: ● Evaluated the revenue growth rate and the discount rate against valuations of similar companies. ● Evaluated the EBITDA and capital expenditure to revenue assumptions against internal and relevant externally derived data, where available. ● Tested the calculations for mathematical accuracy and assessed the sensitivity of the calculations by varying the key assumptions and adjustments within management's cash flow forecast. The results of our procedures indicated management's determination that goodwill was not impaired at the reporting date was not unreasonable.

Key audit matter	How our audit addressed the key audit matter
Valuation of the defined benefit pension scheme and other post-employment obligations (Group and Company) *Refer to notes 2(m), 4(iii) and 14 to the consolidated and stand-alone financial statements for disclosures of related accounting policies, judgements, estimates and balances.* The Group has a defined benefit pension scheme and other post-employment obligations, which are significant in the context of the overall statements of financial position of the Group and Company. Pension scheme obligations totalled $35.1 billion for the Group and Company at 31 December 2021. The pension scheme obligations are included as part of net pension asset of $7.1 billion on the respective statements of financial position. Other post-employment obligations amounted to $6.8 billion and $3.2 billion for the Group and Company respectively. We focused on this area as the valuation of the defined benefit pension liabilities and other post-employment obligations requires significant levels of judgement and technical expertise in determining appropriate assumptions as well as the impact of COVID-19 on the key assumptions. A number of the key assumptions can have a material impact on the calculation of the liabilities and obligations including: ● salary increases; ● inflation rates; ● pension increases; ● discount rates; and ● mortality rates. Management uses external actuaries to assist in determining these assumptions and in valuing the defined benefit pension scheme and other post-employment obligations.	Our approach to assessing the matter, with the assistance of our expert, involved the following procedures, amongst others: ● Evaluated management's assumptions made in relation to the valuations of the defined benefit pension scheme and other post-employment obligations and the assumptions relating to salary increases, pension increases and mortality rates by comparing them to national and industry statistics and averages. ● Agreed the discount and inflation rates used in the valuation of the pension scheme and other post-employment obligations to those issued by the Institute of Chartered Accountants of Jamaica and targets set by the Bank of Jamaica. ● Performed inquiries with management and management's external actuary and evaluated the key economic assumptions used, including the impact of COVID-19, in the calculation of the liability. ● Tested the completeness and accuracy of data extracted and supplied to the Group's actuary, which is used for the actuarial calculations. Based on the audit evidence obtained, we determined that the available audit evidence supported the data and assumptions used by management in the actuarial valuations.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and stand-alone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and stand-alone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group and Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and stand-alone financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and stand-alone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group or Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and stand-alone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and stand-alone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Paul Williams.

PricewaterhouseCoopers

Chartered Accountants
1 March 2022
Kingston, Jamaica

GraceKennedy Limited
Consolidated Statement of Financial Position
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Assets			
Cash and deposits	5	30,036,681	24,331,106
Investment securities	6	40,479,250	33,513,948
Pledged assets	6	9,361,518	7,610,387
Receivables	7	20,183,748	16,871,439
Inventories	8	19,228,919	14,433,135
Loans receivable	9	33,322,490	31,250,331
Taxation recoverable		1,063,158	767,669
Investments in associates and joint ventures	10	4,524,211	4,118,824
Investment properties	38	765,900	925,734
Intangible assets	11	6,176,933	4,411,466
Fixed assets	12	26,223,419	25,560,044
Deferred tax assets	13	1,332,769	1,060,528
Pension plan asset	14	7,097,995	6,841,372
Total Assets		**199,796,991**	**171,695,983**
Liabilities			
Deposits		48,143,926	41,611,220
Securities sold under agreements to repurchase		7,249,565	4,968,483
Bank and other loans	15	27,988,518	25,233,708
Payables	17	36,019,373	28,211,841
Taxation		789,425	1,077,285
Provisions	18	48,303	42,602
Deferred tax liabilities	13	1,783,144	1,822,238
Other post-employment obligations	14	6,768,762	5,949,279
Total Liabilities		**128,791,016**	**108,916,656**
Equity			
Capital and reserves attributable to the company's owners			
Share capital	19	284,387	305,493
Capital and fair value reserves	20	7,409,599	7,789,066
Retained earnings		50,318,566	44,096,867
Banking reserves	21	3,920,711	3,620,711
Other reserves	22	5,672,330	4,098,122
		67,605,593	59,910,259
Non-Controlling interests	23	3,400,382	2,869,068
Total Equity		**71,005,975**	**62,779,327**
Total Equity and Liabilities		**199,796,991**	**171,695,983**

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Gordon Shirley — Chairman

Donald Wehby — Group Chief Executive Officer

GraceKennedy Limited

Consolidated Income Statement

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue from products and services		124,691,238	111,064,222
Interest revenue		4,618,633	4,373,119
Revenues	25	129,309,871	115,437,341
Direct and operating expenses		(121,572,171)	(108,109,929)
Net impairment losses on financial assets		(441,642)	(523,486)
Expenses	26	(122,013,813)	(108,633,415)
Profit before Other income		7,296,058	6,803,926
Other income	27	4,605,528	3,024,608
Profit from Operations		11,901,586	9,828,534
Interest income – non-financial services		586,292	467,866
Interest expense – non-financial services		(1,226,672)	(1,130,957)
Share of results of associates and joint ventures	10	414,911	543,532
Profit before Taxation		11,676,117	9,708,975
Taxation	29	(2,735,808)	(2,852,049)
NET PROFIT		8,940,309	6,856,926
Attributable to:			
Owners of GraceKennedy Limited	30	8,191,519	6,218,055
Non-Controlling interests	23	748,790	638,871
		8,940,309	6,856,926

		$	$
Earnings per Stock Unit for profit attributable to the owners of the company during the year:	32		
Basic		8.27	6.28
Diluted		8.21	6.26

GraceKennedy Limited

Consolidated Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Profit for the year		8,940,309	6,856,926
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Gains on revaluation of land and buildings		34,531	656,138
Changes in fair value of equity instruments at fair value through other comprehensive income		(64,871)	(260,167)
Remeasurements of post-employment benefit obligations		260,785	1,247,533
Share of other comprehensive income of associates and joint ventures		(12,739)	80,936
		217,706	1,724,440
Items that may be subsequently reclassified to profit or loss:			
Foreign currency translation adjustments		1,394,327	1,041,404
Changes in fair value of debt instruments at fair value through other comprehensive income		(326,249)	201,801
Share of other comprehensive income of associates and joint ventures		153,254	114,911
		1,221,332	1,358,116
Other comprehensive income for the year, net of tax		1,439,038	3,082,556
Total comprehensive income for the year		10,379,347	9,939,482
Attributable to:			
Owners of GraceKennedy Limited		9,567,406	9,236,355
Non-Controlling interests	23	811,941	703,127
		10,379,347	9,939,482

GraceKennedy Limited

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

		Attributable to Owners of the Parent						Non-Controlling Interest	Total Equity
	Note	Number of Stock Units '000	Share Capital $'000	Capital and Fair Value Reserves $'000	Retained Earnings $'000	Banking Reserves $'000	Other Reserves $'000	$'000	$'000
Balance at 1 January 2020		992,106	457,170	7,234,527	38,501,844	3,220,711	2,912,158	2,385,277	54,711,687
Profit for the year		-	-	-	6,218,055	-	-	638,871	6,856,926
Other comprehensive income for the year		-	-	657,256	1,247,385	-	1,113,659	64,256	3,082,556
Total comprehensive income for 2020		-	-	657,256	7,465,440	-	1,113,659	703,127	9,939,482
Transactions with owners:									
Issue of shares	19 (a)	8	340	-	-	-	-	-	340
Sale of treasury shares	19 (b)	92	5,333	-	-	-	-	-	5,333
Purchase of treasury shares	19 (b)	(3,545)	(216,811)	-	-	-	-	-	(216,811)
Share-based payments:									
Value of services received	19 (e)	-	-	-	-	-	171,781	1,546	173,327
Exercised		-	-	-	-	-	(27,711)	(88)	(27,799)
Transfer of treasury shares to employees	19 (b)	1,000	59,461	12,470	-	-	(71,765)	(166)	-
Increase in non-controlling interests on acquisition of subsidiary	23	-	-	-	-	-	-	170,092	170,092
Dividends paid by subsidiaries to non-controlling interests	23	-	-	-	-	-	-	(390,720)	(390,720)
Dividends paid	31	-	-	-	(1,585,604)	-	-	-	(1,585,604)
Total transactions with owners		(2,445)	(151,677)	12,470	(1,585,604)	-	72,305	(219,336)	(1,871,842)
Transfers between reserves:									
From capital reserves		-	-	(115,187)	115,187	-	-	-	-
To banking reserves		-	-	-	(400,000)	400,000	-	-	-
Balance at 31 December 2020		989,661	305,493	7,789,066	44,096,867	3,620,711	4,098,122	2,869,068	62,779,327
Profit for the year		-	-	-	8,191,519	-	-	748,790	8,940,309
Other comprehensive income for the year		-	-	(360,674)	259,354	-	1,477,207	63,151	1,439,038
Total comprehensive income for 2021		-	-	(360,674)	8,450,873	-	1,477,207	811,941	10,379,347
Transactions with owners:									
Issue of shares	19 (a)	15	737	-	-	-	-	-	737
Purchase of treasury shares	19 (b)	(1,000)	(101,738)	-	-	-	-	-	(101,738)
Share-based payments:									
Value of services received	19 (e)	-	-	-	-	-	231,560	1,672	233,232
Exercised		-	-	-	-	-	(29,145)	(144)	(29,289)
Transfer of shares to employees	19 (a)	42	2,229	-	-	-	(2,229)	-	-
Transfer of treasury shares to employees	19 (b)	1,291	77,666	25,795	-	-	(103,185)	(276)	-
Increase in non-controlling interests	23	-	-	-	-	-	-	83,216	83,216
Transfer of non-controlling interests	23	-	-	(61,880)	-	-	-	61,880	-
Dividends paid by subsidiaries to non-controlling interests	23	-	-	-	-	-	-	(426,975)	(426,975)
Dividends paid	31	-	-	-	(1,911,882)	-	-	-	(1,911,882)
Total transactions with owners		348	(21,106)	(36,085)	(1,911,882)	-	97,001	(280,627)	(2,152,699)
Transfers between reserves:									
To capital reserves		-	-	17,292	(17,292)	-	-	-	-
To banking reserves		-	-	-	(300,000)	300,000	-	-	-
Balance at 31 December 2021		990,009	284,387	7,409,599	50,318,566	3,920,711	5,672,330	3,400,382	71,005,975

GraceKennedy Limited
Consolidated Statement of Cash Flows
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
SOURCES/(USES) OF CASH:			
Operating Activities	33	17,067,182	13,884,563
Financing Activities			
Loans received		18,547,509	10,791,178
Loans repaid		(18,577,169)	(11,676,657)
Proceeds from issue of shares to non-controlling interests	23	83,216	-
Dividends paid by subsidiary to non-controlling interests	23	(426,975)	(390,720)
Purchase of treasury shares	19	(101,738)	(216,811)
Sale of treasury shares	19	-	5,333
Issue of shares	19	737	340
Exercise of share based payments	19	(29,289)	(27,799)
Interest paid – non financial services		(1,201,353)	(1,140,270)
Dividends	31	(1,911,882)	(1,585,604)
		(3,616,944)	(4,241,010)
Investing Activities			
Additions to fixed assets[(a)]	12	(1,721,591)	(1,573,741)
Proceeds from disposal of fixed assets		40,592	82,235
Proceeds from disposal of assets held for sale		-	292,977
Additions to investments		(16,083,699)	(9,527,145)
Cash (outflow)/inflow on acquisition of subsidiary	39	(267,088)	176,840
Cash outflow on purchase of interest in associates and joint ventures		(95,000)	(107,500)
Proceeds from sale of investments		9,062,372	9,887,406
Additions to intangibles	11	(1,145,004)	(376,306)
Interest received – non financial services		565,900	432,256
		(9,643,518)	(712,978)
Increase in cash and cash equivalents		3,806,720	8,930,575
Cash and cash equivalents at beginning of year		23,319,788	13,858,915
Exchange and translation gains on net foreign cash balances		784,673	530,298
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	27,911,181	23,319,788

The principal non-cash transactions include:

(a) Acquisition of right-of-use asset of $923,680,000 (2020: $971,148,000), (Note 12).

GraceKennedy Limited
Company Statement of Financial Position
31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Assets			
Cash and deposits	5	3,200,012	5,403,813
Investment securities	6	8,165,151	6,878,116
Receivables	7	1,847,721	1,551,680
Inventories	8	5,222,211	2,630,884
Loans receivable	9	2,947,137	2,469,965
Subsidiaries	35	1,716,883	1,424,243
Taxation recoverable		141,881	-
Investments in associates	10	574,698	574,698
Investments in subsidiaries		19,117,773	18,017,773
Intangible assets	11	357,290	290,731
Fixed assets	12	3,087,679	3,290,308
Pension plan asset	14	7,097,995	6,841,372
Total Assets		**53,476,431**	**49,373,583**
Liabilities			
Bank and other loans	15	11,077,468	8,675,862
Payables	17	4,073,741	3,097,157
Subsidiaries	35	3,587,877	4,337,422
Taxation		-	103,721
Deferred tax liabilities	13	905,826	813,688
Other post-employment obligations	14	3,173,684	2,886,721
Total Liabilities		**22,818,596**	**19,914,571**
Equity			
Share capital	19	284,387	305,493
Capital and fair value reserves	20	332,078	262,355
Retained earnings		29,830,405	28,742,340
Other reserves	22	210,965	148,824
Total Equity		**30,657,835**	**29,459,012**
Total Equity and Liabilities		**53,476,431**	**49,373,583**

Approved for issue by the Board of Directors on 1 March 2022 and signed on its behalf by:

Gordon Shirley — Chairman

Donald Wehby — Group Chief Executive Officer

GraceKennedy Limited

Company Income Statement

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
Revenue	25	25,282,019	23,005,986
Cost of goods sold		(19,074,724)	(17,297,284)
Gross Profit		6,207,295	5,708,702
Other income	27	6,404,241	6,118,282
Administration expenses		(9,855,266)	(8,985,882)
Net impairment losses on financial assets		(11,128)	(79,902)
Profit from Operations		2,745,142	2,761,200
Interest income		693,562	620,135
Interest expense		(548,453)	(489,614)
Profit before Taxation		2,890,251	2,891,721
Taxation	29	(217,612)	(207,433)
NET PROFIT	30	**2,672,639**	**2,684,288**

GraceKennedy Limited

Company Statement of Comprehensive Income

Year ended 31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

	2021 $'000	2020 $'000
Profit for the year	2,672,639	2,684,288
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Gains on revaluation of land and buildings	-	11,918
Changes in fair value of equity instruments at fair value through other comprehensive income	43,928	(3,467)
Remeasurements of post-employment benefit obligations	327,308	1,001,874
Other comprehensive income for the year, net of tax	371,236	1,010,325
Total comprehensive income for the year	3,043,875	3,694,613

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 29.

GraceKennedy Limited
Company Statement of Changes in Equity
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	Number of Stock Units '000	Share Capital $'000	Capital and Fair Value Reserves $'000	Retained Earnings $'000	Other Reserves $'000	Total $'000
Balance at 1 January 2020		992,106	457,170	241,434	26,641,782	98,469	27,438,855
Profit for the year		-	-	-	2,684,288	-	2,684,288
Other comprehensive income for the year		-	-	8,451	1,001,874	-	1,010,325
Total comprehensive income for 2020		-	-	8,451	3,686,162	-	3,694,613
Transactions with owners:							
Issue of shares	19 (a)	8	340	-	-	-	340
Sale of treasury shares	19 (b)	92	5,333	-	-	-	5,333
Purchase of treasury shares	19 (b)	(3,545)	(216,811)	-	-	-	(216,811)
Share-based payments:							
Value of services received	22	-	-	-	-	121,988	121,988
Exercised		-	-	-	-	(13,485)	(13,485)
Transfer of treasury shares to employees	19 (b)	1,000	59,461	12,470	-	(58,148)	13,783
Dividends paid	31	-	-	-	(1,585,604)	-	(1,585,604)
Total transactions with owners		(2,445)	(151,677)	12,470	(1,585,604)	50,355	(1,674,456)
Balance at 31 December 2020		989,661	305,493	262,355	28,742,340	148,824	29,459,012
Profit for the year		-	-	-	2,672,639	-	2,672,639
Other comprehensive income for the year		-	-	43,928	327,308	-	371,236
Total comprehensive income for 2021		-	-	43,928	2,999,947	-	3,043,875
Transactions with owners:							
Issue of shares	19 (a)	15	737	-	-	-	737
Purchase of treasury shares	19 (b)	(1,000)	(101,738)	-	-	-	(101,738)
Share-based payments:							
Value of services received	22	-	-	-	-	160,174	160,174
Exercised		-	-	-	-	(19,549)	(19,549)
Transfer of shares to employees	19 (a)	42	2,229	-	-	(2,229)	-
Transfer of treasury shares to employees	19 (b)	1,291	77,666	25,795	-	(76,255)	27,206
Dividends paid	31	-	-	-	(1,911,882)	-	(1,911,882)
Total transactions with owners		348	(21,106)	25,795	(1,911,882)	62,141	(1,845,052)
Balance at 31 December 2021		990,009	284,387	332,078	29,830,405	210,965	30,657,835

GraceKennedy Limited
Company Statement of Cash Flows
Year ended 31 December 2021
(expressed in Jamaican dollars unless otherwise indicated)

	Note	2021 $'000	2020 $'000
SOURCES/(USES) OF CASH:			
Operating Activities	33	(12,193)	5,352,421
Financing Activities			
Loans received		11,510,344	5,320,777
Loans repaid		(10,318,191)	(5,462,741)
Purchase of treasury shares	19	(101,738)	(216,811)
Sale of treasury shares	19	-	5,333
Issue of shares	19	737	340
Exercise of share based payments	19	(19,549)	(13,485)
Interest paid		(522,271)	(502,824)
Dividends	31	(1,911,882)	(1,585,604)
		(1,362,550)	(2,455,015)
Investing Activities			
Additions to fixed assets[a]	12	(209,723)	(157,829)
Proceeds from disposal of fixed assets		7,594	8,446
Additions to investments		(2,307,097)	(1,069,378)
Loans receivable, net		(477,172)	(373,761)
Proceeds from sale of investments		1,487,907	1,268,358
Investment in subsidiary		(1,100,000)	-
Additions to intangibles	11	(164,511)	(99,271)
Interest received		673,171	584,526
		(2,089,831)	161,091
(Decrease)/increase in cash and cash equivalents		(3,464,574)	3,058,497
Cash and cash equivalents at beginning of year		5,095,208	2,005,293
Exchange and translation gains on net foreign cash balances		23,697	31,418
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	1,654,331	5,095,208

The principal non-cash transactions include:

[a] Acquisition of right-of-use assets of $1,457,000 (2020: $116,640,000), (Note 12).

1. Identification

GraceKennedy Limited (the company) is a company limited by shares, incorporated and domiciled in Jamaica. The registered office of the company is located at 73 Harbour Street, Kingston, Jamaica.

The company is a publicly listed company having its primary listing on the Jamaica Stock Exchange, with further listing on the Trinidad and Tobago Stock Exchange.

The Group is organised into two divisions namely, GK Foods and GK Financial Group. The GK Foods division comprises all the food related companies while the GK Financial Group division comprises all the financial services companies in the Group. For the purpose of segment reporting the Group reports its results under the four segments described below.

The principal activities of the company, its subsidiaries, associates and joint ventures (the Group) are as follows:

Food Trading -
Merchandising of general goods and food products, both locally and internationally; processing and distribution of food products; and the operation of a chain of supermarkets.

Banking and Investments -
Commercial banking; stock brokerage; corporate finance; advisory services; and lease financing.

Insurance -
General insurance, health insurance, creditor life insurance and insurance brokerage.

Money Services -
Operation of money transfer services, cambio operations and bill payment services.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied for all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention as modified by the revaluation of certain fixed and financial assets, investment properties and financial liabilities.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, amendments and interpretations to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, amendments and interpretations and has put into effect the following, which are immediately relevant to its operations.

- Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest rate benchmark reform – Phase 2. The Phase 2 amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The Phase 2 amendments provide additional temporary reliefs from applying specific IAS 39 and IFRS 9 hedge accounting requirements to hedging relationships directly affected by IBOR reform.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

At the date of authorisation of these financial statements a number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendment to IFRS 16, 'Leases' – COVID-19 related rent concessions Extension of the practical expedient (effective for annual periods beginning on or after 1 April 2021). As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. In May 2020, the IASB published an amendment to IFRS 16 that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. On 31 March 2021, the IASB published an additional amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022. Lessees can select to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. The Group is currently assessing the impact of this amendment.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

- Amendment to IAS 16, 'Property, plant and equipment' (effective for annual periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The Group is currently assessing the impact of this amendment.

- Amendments to IFRS 3, 'Business combinations' (effective for annual periods beginning on or after 1 January 2022). Minor amendments were made to update the references to the Conceptual Framework for Financial Reporting and add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The Group will apply these amendments to future transactions.

- Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for annual periods beginning on or after 1 January 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The Group is currently assessing the impact of these amendments.

- Annual improvements to IFRSs 2018 – 2020 cycles (effective for annual periods beginning on or after 1 January 2022). These amendments include minor changes to the following standards:
  - IFRS 9, 'Financial instruments'
  - IFRS 16, 'Leases'
  - IFRS 1, 'First-time adoption of International Financial Reporting Standards
  - IAS 41, 'Agriculture'

- Amendments to IAS 1, Practice statement 2 and IAS 8 (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group is currently assessing the impact of these amendments.

- Amendment to IAS 12 – deferred tax related to assets and liabilities arising from a single transaction (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. The Group is currently assessing the impact of this amendment.

- IFRS 17, 'Insurance contracts' (effective for annual periods beginning on or after 1 January 2023). This standard was issued as replacement for IFRS 4 'Insurance contracts' and requires a current measurement model where estimates are re-measured each reporting period. The standard allows a choice between recognising changes in discount rates either in the income statement or directly in other comprehensive income. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for short duration contracts. The Group is currently assessing the impact of this standard.

  Amendments to IAS 1, 'Presentation of financial statements' (effective for accounting periods starting not earlier than 1 January 2024). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. Note that the IASB has issued a new exposure draft proposing changes to this amendment. The Group is currently assessing the impact of these amendments.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of holdings of other shareholders give the Group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Entity	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by the parent company %	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests %
Consumer Brands Limited	Jamaica	General goods distributor	100	100	-
GK Investments Limited and its subsidiary –	Jamaica	Lease financing	100	100	-
Greenfield Media Productions Limited	Jamaica	Media rights holder	-	55	45
GraceKennedy Financial Group Limited and its subsidiaries –	Jamaica	Holding company	100	100	-
Allied Insurance Brokers Limited	Jamaica	Insurance brokerage	-	100	-
GK General Insurance Company Limited	Jamaica	General insurance	-	100	-
GraceKennedy Money Services Caribbean SRL and its subsidiary –	Barbados	Holding company	-	75	25
GraceKennedy Remittance Services Limited and its subsidiaries –	Jamaica	Money services	-	75	25
Grace Kennedy Currency Trading Services Limited	Jamaica	Money services	-	75	25
GraceKennedy Payment Services Limited	Jamaica	Money services	-	75	25
GraceKennedy Money Services (Anguilla) Limited	Anguilla	Money services	-	75	25
GraceKennedy Money Services (Antigua & Barbuda) Limited	Antigua & Barbuda	Money services	-	75	25
GraceKennedy Money Services (Bahamas) Limited	Bahamas	Money services	-	75	25
GraceKennedy Money Services (Montserrat) Limited	Montserrat	Money services	-	75	25
GraceKennedy Money Services (St. Kitts & Nevis) Limited	St. Kitts & Nevis	Money services	-	75	25
GraceKennedy Money Services (St. Vincent and the Grenadines) Limited	St. Vincent and the Grenadines	Money services	-	75	25
GraceKennedy Money Services (BVI) Limited	British Virgin Islands	Money services	-	75	25
GraceKennedy Money Services (Cayman) Limited	Cayman Islands	Money services	-	75	25
GraceKennedy Money Services (Turks & Caicos Islands) Limited	Turks & Caicos Islands	Money services	-	75	25
Grace, Kennedy Remittance Services (Guyana) Limited	Guyana	Money services	-	75	25
GraceKennedy (Trinidad & Tobago) Limited	Trinidad and Tobago	Money services	-	75	25
GK Insurance (Eastern Caribbean) Limited	St. Lucia	General insurance	-	89.3	10.7
GK Insurance Brokers Limited	Turks & Caicos	Insurance brokerage	-	100	-
GK Life Insurance Eastern Caribbean Limited	St. Lucia	Creditor life insurance	-	100	-
Key Insurance Company Limited	Jamaica	General insurance	-	73.2	26.8
Knutsford Re	Turks & Caicos	Insurance	-	100	-
First Global Holdings Limited and its subsidiaries –	Jamaica	Holding company	25	100	-
First Global Bank Limited	Jamaica	Banking	-	100	-
GK Capital Management Limited	Jamaica	Investment manager	-	100	-
GraceKennedy Properties Limited	Jamaica	Property rental	-	100	-
GK Foods & Services Limited	Jamaica	Food trading	100	100	-
International Communications Limited	Jamaica	Dormant	100	100	-

(expressed in Jamaican dollars unless otherwise indicated)

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Entity	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares held by the parent company %	Proportion of ordinary shares held by the Group %	Proportion of ordinary shares held by non-controlling interests %
Grace Foods Limited	St. Lucia	Brand owner	100	100	-
GraceKennedy (Belize) Limited	Belize	Food trading	100	100	-
Grace Foods Canada Inc.	Canada	Food trading	100	100	-
Grace Kennedy (Guyana) Limited	Guyana	Dormant	100	100	-
Grace Kennedy (USA) Inc. and its subsidiary –	USA	Food trading	100	100	-
Grace Foods (USA) Inc. and its subsidiary –	USA	Food trading	-	100	-
GraceKennedy Foods (USA) LLC	USA	Food trading	-	100	-
GraceKennedy (St. Lucia) Limited and its subsidiary –	St. Lucia	Holding company	100	100	-
GK Foods (UK) Limited and its subsidiaries –	United Kingdom (UK)	Food trading	-	100	-
Grace Foods UK Limited	UK	Food trading	-	100	-
Enco Products Limited	UK	Food trading	-	100	-
Funnybones Foodservice Limited	UK	Food trading	-	100	-
Chadha Oriental Foods Limited	UK	Food trading	-	100	-
GraceKennedy Ghana Limited	Ghana	Food trading	-	100	-
GK Foods Limited	Nigeria	Food trading	-	100	-

The special purpose entity consolidated is the company's employee investment trust.

During the year, the Group acquired 100% of the share capital of GK Life Insurance Eastern Caribbean Limited (formerly Scotia Insurance Eastern Caribbean Limited) (Note 39).

In 2021, the Group purchased additional shares in Key Insurance Company Limited, by way of a renounceable rights issue. As a result of some of the existing shareholders not exercising their rights, the Group purchased additional shares in excess of its existing proportionate share, resulting in an increase in the Group's shareholding from 65.2% to 73.2% (Note 23).

During the year, GK Mutual Funds Limited was formed but has not yet been capitalised and is expected to commence operations in 2022.

The Group liquidated Grace Foods International Limited in the prior year.

2. Significant Accounting Policies (Continued)

(c) Associates and Joint Ventures

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Joint ventures are entities over which the Group has joint control and has rights to the net assets of the investment. Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investee after the date of acquisition. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss.

If the ownership interest in an associate or joint venture is reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of its associates' and joint ventures' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the entity.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the entity and its carrying value and recognises the amount adjacent to 'share of results of associates and joint ventures' in the income statement.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates and joint ventures are recognised in the income statement.

In the company's statement of financial position, investment in associates and joint ventures is shown at cost.

The Group's associates and joint ventures are as follows:

Entity	Financial Reporting Year-end	Country of Incorporation	Nature of Business	Nature of Relationship	Group's Percentage Interest	
					2021	2020
Canopy Insurance Limited	31 December	Jamaica	Financial	Joint Venture	50.0	50.0
Catherine's Peak Bottling Company Limited	31 March	Jamaica	Food trading	Associate	35.0	35.0
CSGK Finance Holdings Limited	31 December	Barbados	Banking	Associate	40.0	40.0
Dairy Industries (Jamaica) Limited	31 December	Jamaica	Food trading	Associate	50.0	50.0
Gray's Pepper Products Limited	31 December	Jamaica	Food trading	Associate	33.3	33.3
Majesty Foods LLC	31 December	USA	Food trading	Associate	49.0	49.0
Pelican Power Limited	31 December	Jamaica	Investment/ Energy	Joint Venture	50.0	50.0
Telecommunications Alliance Limited	31 December	Jamaica	Dormant	Associate	49.0	49.0

The results of associates and joint ventures with financial reporting year-ends that are different from the Group are determined by prorating the results for the audited period as well as the period covered by management accounts to ensure that a year's result is accounted for where applicable.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

(e) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is the company's functional and presentation currency.

2. Significant Accounting Policies (Continued)

(e) Foreign currency translation (continued)

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement in other income.

Foreign exchange gains and losses are presented in the income statement within 'other income'.

Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in the amortised cost are recognised in the income statement, and other changes in the carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

Group companies
The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) all resulting exchange differences are recognised in other comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) Fixed assets
All fixed assets are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation based on biennial valuations by external independent valuers, less subsequent depreciation of buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount. All other fixed assets are carried at cost less accumulated depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

Increases in carrying amounts arising on revaluation are credited to other comprehensive income and shown in capital reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against capital reserves directly in equity; all other decreases are charged to the income statement.

Depreciation is calculated on the straight line basis to allocate assets' cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Freehold buildings and leasehold buildings and improvements	10 - 65 years
Plant and machinery	5 - 20 years
Equipment, furniture and fixtures	5 - 10 years
Computer equipment	3 - 5 years
Vehicles	5 years

Land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

2. Significant Accounting Policies (Continued)

(f) Fixed assets (continued)

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of fixed assets are determined by reference to their carrying amount and are taken into account in determining profit. When revalued assets are sold, the amounts included in capital and fair value reserves are transferred to retained earnings.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(g) Intangible assets

Goodwill
Goodwill is recorded at cost and represents the excess of the value of consideration paid over the Group's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree. Goodwill is considered an indefinite life intangible asset and is not amortised. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are recognised in the income statement under expenses and are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Computer software
Acquired computer software licences are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of the software, which ranges from 3 to 5 years.

Policy contracts
Policy contracts are amortised over their estimated useful life which is 15 years and are carried at cost less accumulated amortisation. The cost of policy contracts comprises its purchase price and professional fees directly attributed to acquiring the asset.

Brands
Brands are recorded at cost and represent the value of the consideration paid to acquire several well established and recognised beverage and ethnic food brands. These costs are amortised over the estimated useful life of the brands, which ranges from 5 to 20 years.

Customer relationships
Customer relationships are recorded at cost and represent the value of the consideration paid to acquire customer contracts and the related customer relationships with several outlet operators and insurance clients. These costs are amortised over the estimated useful life of the relationships, which is between 5 to 15 years.

Supplier relationships
Supplier relationships are recorded at cost and represent the value of the consideration paid to acquire rights to distribute consumer products in specified locations. These costs are amortised over the estimated useful life of the relationships, which is between 10 to 12 years.

Bancassurance agreements
Bancassurance agreements are recorded at cost and represent the value of the consideration paid to acquire the rights to have insurance products sold using banking distribution channels. These costs are amortised over the estimated useful life of the agreements, which is
10 years.

Licences
Licences are recorded at cost and represent the value of the consideration paid to acquire the rights to operate under the regulatory framework in territories where registered. Licences are usually considered an indefinite life intangible asset so it will not require any annual amortisation. However, it will be subject to annual impairment testing.

2. Significant Accounting Policies (Continued)

(h) Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss)
- those to be measured at amortised cost.

The classification depends on the business model used for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). Equity instruments held for trading are measured at fair value through profit or loss (FVPL).

The Group reclassifies debt investments only when its business model for managing those assets changes.

Measurement

Debt instruments
Measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into three measurement categories:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Changes in fair value are taken through OCI. The recognition of interest income and impairment gains or losses are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in the income statement using the effective interest rate method. Impairment losses are presented as a separate line item in the income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is measured at FVPL is recognised in profit or loss in the period in which it arises.

Equity instruments
The Group measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in the income statement.

Impairment

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets classified at amortised cost, debt instruments measured at FVOCI, lease receivables, loan commitments and certain financial guarantee contracts.

Application of the General Model
The Group has applied the 'general model' as required under IFRS 9 for debt instruments other than trade receivables. Under this model, the Group is required to assess on a forward-looking basis the ECL associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The ECL will be recognised in profit or loss before a loss event has occurred. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The probability-weighted outcome considers multiple scenarios based on reasonable and supportable forecasts. Under current guidance, impairment amount represents the single best outcome; the time value of money; and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2. Significant Accounting Policies (Continued)

(h) Financial assets (continued)

ECL is calculated by multiplying the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD).

The impairment model uses a three-stage approach based on the extent of credit deterioration since origination:

Stage 1 – 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since origination and are not credit impaired. The ECL will be computed using a 12-month PD that represents the probability of default occurring over the next 12 months.

Stage 2 – When a financial asset experiences a significant increase in credit risk subsequent to origination but is not credit impaired, it is considered to be in Stage 2. This requires the computation of ECL based on lifetime PD that represents the probability of default occurring over the remaining estimated life of the financial asset. Provisions are higher in this stage because of an increase in risk and the impact of a longer time horizon being considered compared to 12 months in Stage 1.

Stage 3 – Financial assets that have an objective evidence of impairment will be included in this stage. Similar to Stage 2, the allowance for credit losses will continue to capture the lifetime ECL.

The Group uses judgement when considering the following factors that affect the determination of impairment:

Assessment of Significant Increase in Credit Risk

The assessment of a significant increase in credit risk is done on a relative basis. To assess whether the credit risk on a financial asset has increased significantly since origination, the Group compares the risk of default occurring over the expected life of the financial asset at the reporting date to the corresponding risk of default at origination, using key risk indicators that are used in the Group's existing risk management processes. At each reporting date, the assessment of a change in credit risk will be individually assessed for those considered individually significant and at the segment level for retail exposures. This assessment is symmetrical in nature, allowing credit risk of financial assets to move back to Stage 1 if the increase in credit risk since origination has reduced and is no longer deemed to be significant.

Macroeconomic Factors, Forward Looking Information and Multiple Scenarios

The Group applies an unbiased and probability weighted estimate of credit losses by evaluating a range of possible outcomes that incorporates forecasts of future economic conditions.

Macroeconomic factors and forward looking information are incorporated into the measurement of ECL as well as the determination of whether there has been a significant increase in credit risk since origination. Measurement of ECLs at each reporting period reflect reasonable and supportable information at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses three scenarios that are probability weighted to determine ECL.

Expected Life

When measuring ECL, the Group considers the maximum contractual period over which the Group is exposed to credit risk. All contractual terms are considered when determining the expected life, including prepayment options and extension and rollover options. For certain revolving credit facilities that do not have a fixed maturity, the expected life is estimated based on the period over which the Group is exposed to credit risk and where the credit losses would not be mitigated by management actions.

Application of the Simplified Approach

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires that the impairment provision is measured at initial recognition and throughout the life of the receivables using a lifetime ECL. As a practical expedient, a provision matrix is utilised in determining the lifetime ECLs for trade receivables.

The lifetime ECLs are determined by taking into consideration historical rates of default for each segment of aged receivables as well as the estimated impact of forward looking information.

2. Significant Accounting Policies (Continued)

(i) Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, bonds, interest rates, foreign exchange, credit spreads, commodities or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The Group transacts derivatives to manage its own exposure to foreign exchange risk and interest rate risk.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each statement of financial position date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Assets and liabilities are set off where the contracts are with the same counterparty, a legal right of set off exists and the cash flows are intended to be settled on a net basis.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

Gains and losses from the changes in the fair value of derivatives are included in the income statement.

(j) Investments in subsidiaries

Investments in subsidiaries are stated at cost.

(k) Impairment of non-financial assets

Fixed assets and other assets, excluding goodwill, are reviewed for impairment losses at least annually and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

(l) Income taxes

Taxation expense in the income statement comprises current and deferred tax charges.

Current tax charges are based on taxable profit for the year, which differs from the profit before tax reported because it excludes items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted or substantively enacted at statement of financial position date in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted or substantively enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Investment tax credits are benefits received for investments in specific qualifying assets related to capitalised expenditure. Any portion of these tax credits which are received but not fully utilised in the same year are carried forward for offset against future taxes and are recognised similarly to unused tax credits as a deferred tax asset.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is charged or credited in the income statement, except where it relates to items charged or credited to other comprehensive income or equity, in which case, deferred tax is also dealt with in other comprehensive income or equity.

2. Significant Accounting Policies (Continued)

(m) Employee benefits

Pension obligations
The Group participates in a defined contribution plan whereby it pays contributions to a privately administered fund. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and are included in staff costs.

Pension plan assets
The Group also operates a defined benefit plan. The scheme is generally funded through payments to a trustee-administered fund as determined by periodic actuarial calculations. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The asset or liability in respect of defined benefit pension plans is the difference between the present value of the defined benefit obligation at the statement of financial position date and the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using interest rates of Government securities which have terms to maturity approximating the terms of the related liability.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in staff costs within expenses in the income statement.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

For defined contribution plans, the Group pays contributions to privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Other post-employment obligations
Some Group companies provide post-employment health care benefits, group life, gratuity and supplementary plans for their retirees. The entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

Equity compensation benefits
The Group operates equity-settled, share-based compensation plans. Directors, senior executives, management and key employees are awarded stock options and/or restricted stock grants. The fair value of the employee services received in exchange for the grant of the options or restricted units is recognised as an expense. The total amount expensed over the vesting period is determined by reference to the fair value of the options or restricted units granted, excluding the impact of non-market vesting conditions. When options are exercised or restricted units are vested, the proceeds received net of any transaction costs or the value transferred are credited to share capital.

Termination benefits
Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after statement of financial position date are discounted to present value.

2. Significant Accounting Policies (Continued)

(m) Employee benefits (continued)

Incentive plans
The Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's owners after certain adjustments. The Group recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

(n) Inventories
Inventories are stated at the lower of average cost and net realisable value. In the case of the company, cost represents invoiced cost plus direct inventory-related expenses. For the subsidiaries, costs are determined by methods and bases appropriate to their operations. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

(o) Trade and insurance receivables
Trade and insurance receivables are carried at original invoice amount (which represents fair value) less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement. Impairment testing of trade receivables is described in Note 3.

(p) Cash and cash equivalents
Cash and cash equivalents are carried on the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within bank and other loans on the statement of financial position.

(q) Payables
Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Payables are initially recognised at fair value and subsequently stated at amortised cost.

(r) Insurance business provisions

Claims outstanding
Provision is made to cover the estimated cost of settling claims arising out of events which have occurred by the statement of financial position date, including claims incurred but not reported, less amounts already paid in respect of these claims. Provision for reported claims is based on individual case estimates.

Insurance reserves
Provision is made for that proportion of premiums written in respect of risks to be borne subsequent to the year-end under contracts of insurance entered into on or before the statement of financial position date. Provision is also made to cover the estimated amounts in excess of unearned premiums required to meet future claims and expenses on business in force.

Reinsurance ceded
The insurance subsidiary cedes insurance premiums and risk in the normal course of business in order to limit the potential for losses arising from longer exposures. Reinsurance does not relieve the originating insurer of its liability. Reinsurance assets include the balances due from both insurance and reinsurance companies for paid and unpaid losses and loss adjustment expenses and ceded unearned premiums. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Reinsurance is recorded gross in the statement of financial position unless the right of offset exists.

Deferred policy acquisition costs
The costs of acquiring and renewing insurance contracts, including commissions, underwriting and policy issue expenses, which vary with and are directly related to the contracts, are deferred over the unexpired period of risk carried. Deferred policy acquisition costs are subject to recoverability testing at the time of policy issue and at the end of each accounting period.

2. Significant Accounting Policies (Continued)

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed; for example, under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(t) Deposits

Deposits are recognised initially at the nominal amount when funds are received. Deposits are subsequently stated at amortised cost using the effective yield method.

(u) Securities purchased/sold under resale/repurchase agreements

The purchase and sale of securities under resale and repurchase agreements are treated as collateralised lending and borrowing transactions. The related interest income and expense are recorded on the accrual basis.

(v) Borrowings

Bank loans and overdrafts are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

(w) Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(x) Leases

As lessee

The Group leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index or a rate
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2. Significant Accounting Policies (Continued)

(x) Leases (continued)

Some equipment and motor vehicle leases contain variable lease payment terms that are linked to usage. These payments are excluded from the measurement of the lease liability and are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use land and buildings held by the Group.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

As lessor
When assets are sold under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned income. Lease income is recognised over the term of the lease so as to reflect a constant periodic rate of return.

2. Significant Accounting Policies (Continued)

(y) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's owners until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received (net of any directly attributable incremental transaction costs and the related income tax effects) is included in equity attributable to the company's owners.

(z) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of General Consumption Tax or applicable sales tax, returns, rebates and discounts and after eliminating sales within the Group.

Sales of goods and services

Revenue is recognised as performance obligations are satisfied, that is, over time or at a point in time. Where a customer contract contains multiple performance obligations, the transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer

Certain contracts with customers provide a right of return, free goods, volume discounts, rebates and other incentives. Accumulated experience is used to estimate and provide for customer returns and sales incentives using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability, representing amounts payable to customers, is recognised for expected returns and sales incentives. Where customer contracts entitle customers to free goods, revenue is allocated to each performance obligation, including free goods, and recognised as the performance obligations are satisfied. Contract liabilities are included in 'payables' on the statement of financial position.

Sale of goods and services – customer loyalty programme

The Group operates loyalty programmes where customers accumulate points for purchases made which entitle them to goods or services in the future. The consideration received from the sale of goods and services is allocated to the loyalty points and related goods and services using the residual value method. In its capacity as an agent, the Group recognises commission income, being the net of the consideration allocated to the loyalty points and the amounts payable to third parties with primary responsibility for satisfying the performance obligations in respect of awards. A financial liability is recognised in respect of amounts payable to third parties and no breakage is considered. The financial liability is included in 'payables' in the statement of financial position.

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Dividend income

Dividend income is recognised when the right to receive payment is established.

Fees and commissions

Fees and commissions, shown in other income, represent various transaction costs and service fees charged to customers. These are recognised on an accrual basis.

2. Significant Accounting Policies (Continued)

(aa) Dividends

Dividends are recorded as a deduction from equity in the period in which they are approved.

(ab) Investment properties

Investment properties, principally comprising land and buildings, are held for long-term rental yields and capital appreciation and are treated as long-term investments. They are measured initially at cost, including related transaction costs and are subsequently carried at fair value.

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to income during the financial period in which they are incurred. Fair value gains or losses are recorded in income.

(ac) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

3. Insurance and Financial Risk Management

The Group's activities expose it to a variety of insurance and financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the Group's risk management framework. It provides policies for overall risk management, as well as principles and procedures covering the specific areas of risk. The Board has established committees/departments for managing and monitoring risks, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk, as follows:

(i) Audit Committee

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Group Risk Management and Internal Audit. Group Risk Management establishes a framework within which the opportunities and risks affecting the Group may be measured, assessed, and effectively controlled. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(ii) Corporate Governance Committee

The Corporate Governance Committee assists the Board in enhancing the Group's system of corporate governance by establishing, monitoring and reviewing the principles of good governance with which the Group and its directors will comply. The Committee promotes high standards of corporate governance based on the principles of openness, integrity and accountability taking into account the Group's existing legal and regulatory requirements. It establishes such procedures, policies and codes of conduct to meet these aims as it considers appropriate. Qualified individuals are identified and recommended by the Board to become members. It also leads the Board of Directors in its annual review of the Board's performance.

(iii) Asset and Liability Committees/Investment Committees

The Asset and Liability Committees (ALCOs) and Investment Committees are management committees responsible for monitoring and formulating investment portfolios and investment strategies within the Insurance, Banking and Investment, and Corporate divisions. The ALCOs are also responsible for monitoring adherence to trading limits, policies and procedures that are established to ensure that there is adequate liquidity as well as monitoring and measuring capital adequacy for regulatory and business requirements. To discharge these responsibilities, the ALCOs establish asset and liability pricing policies to protect the liquidity structure as well as assesses the probability of various liquidity shocks and interest rate scenarios. They also establish and monitor relevant liquidity ratios and statement of financial position targets. Overall, the Committees ensure compliance with the policies related to the management of liquidity risk, interest rate risk, and foreign exchange risk.

(iv) Corporate Finance Department

The Corporate Finance Department is responsible for managing the Group's assets and liabilities and the overall capital structure. It is also primarily responsible for the funding and liquidity risks of the Group. Corporate Finance identifies, evaluates and manages financial risks in close co-operation with the Group's operating business units.

The most important types of risk are insurance risk, reinsurance risk, credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

3. Insurance and Financial Risk Management (Continued)

(a) Insurance risk

The Group issues contracts that transfer insurance risk. This section summarises the risk and the way it is managed by the Group.

Insurance risk for the Group attributable to policies sold by its general and life insurance underwriting subsidiaries, is borne by those subsidiaries. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore, unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the Group faces under its insurance contracts is that the actual claim payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the level established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected across the board by a change in any subset of the portfolio. The Group has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome.

Factors that increase insurance risk include lack of risk diversification in terms of type and amount of risk and geographical location.

Management maintains an appropriate balance between commercial and personal policies and type of policies based on guidelines set by the Board of Directors. Insurance risk arising from the Group's insurance contracts is, however, concentrated within Jamaica.

The Group has the right to re-price the risk on renewal. It also has the ability to impose deductibles and reject fraudulent claims. Where applicable, for general insurance contracts are underwritten by reference to the commercial replacement value of the properties or other assets and contents insured. Claims payment limits are always included to cap the amount payable on occurrence of the insured event. Cost of rebuilding properties, of replacement or indemnity for other assets and contents and time taken to restart operations for business interruption are the key factors that influence the level of claims under these policies.

Management sets policy and retention limits based on guidelines set by the Board of Directors of the subsidiaries. The policy limit and maximum net retention of any one risk for each class of general insurance per customer for the year are as follows:

	2021		2020	
	Policy Limit	**Maximum Net Retention**	**Policy Limit**	**Maximum Net Retention**
	$'000	**$'000**	**$'000**	**$'000**
Commercial property:				
Fire and consequential loss	1,539,200	12,314	1,417,090	11,337
Boiler and machinery	923,520	6,926	701,460	6,377
Engineering	1,231,360	9,235	935,279	8,503
Burglary, money and goods in transit	38,480	38,480	35,427	35,427
Glass and other	38,480	38,480	35,427	35,427
Liability	461,760	46,176	425,127	42,513
Marine, aviation and transport	92,352	4,618	85,025	4,251
Motor	60,000	15,000	60,000	15,000
Pecuniary loss:				
Fidelity	38,480	38,480	35,427	35,427
Surety/Bonds	230,880	46,176	212,564	42,513
Personal accident	38,480	38,480	35,427	35,427
Personal property	1,539,200	12,314	1,417,090	11,337

3. Insurance and Financial Risk Management (Continued)

(a) Insurance risk (continued)

Sensitivity Analysis of Actuarial Liabilities

The determination of actuarial liabilities is sensitive to a number of assumptions, and changes in those assumptions could have a significant effect on the valuation results. These factors are discussed below.

Actuarial Assumptions

(i) In applying the noted methodologies, the following assumptions were made:

- Claims inflation has remained relatively constant and there have been no material legislative changes in the Jamaican civil justice system that would cause claim inflation to increase dramatically.
- There is no latent environmental or asbestos exposure embedded in the loss history.
- The case reserving and claim payments rates have and will remain relatively constant.
- The overall development of claims costs gross of reinsurance is not materially different from the development of claims costs net of reinsurance. This assumption is supported by:
  - The majority of the reinsurance program consists of proportional reinsurance agreements.
  - The non-proportional reinsurance agreements consist primarily of high attachment points.
- Claims are expressed at their estimated ultimate undiscounted value, in accordance with the requirement of the insurance regulations.

(ii) Provision for adverse deviation assumptions

The basic assumptions made in establishing insurance reserves are best estimates for a range of possible outcomes. To recognise the uncertainty in establishing these best estimates, to allow for possible deterioration in experience and to provide greater comfort that the reserves are adequate to pay future benefits, the appointed actuary is required to include a margin for adverse deviation in each assumption.

Reserves have been calculated on an undiscounted basis as well as on a discounted basis with a risk load added in. Where the undiscounted reserve was larger than the discounted reserve including the calculated provision for adverse deviation, the undiscounted amount was chosen. This assumes that holding reserves at an undiscounted amount includes an implicit risk load.

(iii) Scenario testing

The two major assumptions that determine reserve levels are:

- The selection of a-priori loss ratios within the Bornhuetter-Ferguson methods (Note 4).
- The selection of loss development factors.

These factors have been stochastically modelled using various confidence intervals to determine the impact on the net reserves. The net reserves of $3,888,586,000 were determined at the 50% confidence interval. Had the confidence interval increased/(decreased) by 10%, the net reserves would increase/(decrease) by $142,000,000/($142,000,000).

Development Claim Liabilities

In addition to sensitivity analysis, the development of insurance liabilities provides a measure of the Group's ability to estimate the ultimate value of claims. The table below illustrates how the Group's estimate of the ultimate claims liability for accident years 2012 - 2020 has changed at successive year-ends, up to 2021. Updated unpaid claims and adjustment expenses (UCAE) and claims incurred but not reported (IBNR) estimates in each successive year, as well as amounts paid to date are used to derive the revised amounts for the ultimate claims liability for each accident year, used in the development calculations.

GraceKennedy Limited

Notes to the Financial Statements

31 December 2021

(expressed in Jamaican dollars unless otherwise indicated)

3. **Insurance and Financial Risk Management (Continued)**

(a) **Insurance risk (continued)**

Development Claim Liabilities (continued)

		2012 & prior $'000	2013 $'000	2013 & prior $'000	2014 $'000	2014 & prior $'000	2015 $'000	2015 & prior $'000	2016 $'000	2016 & prior $'000	2017 $'000	2017 & prior $'000	2018 $'000	2018 & prior $'000	2019 $'000	2019 & prior $'000	2020 $'000	2020 & prior $'000	2021 $'000	2021 & prior $'000
2012	UCAE, end of year	2,207,106																		
	IBNR, end of year	195,675																		
2013	Paid during year	847,995	697,480	1,545,475																
	UCAE, end of year	1,893,097	890,399	2,783,496																
	IBNR, end of year	46,126	159,518	205,644																
	Ratio: excess (deficiency)	(16.00%)																		
2014	Paid during year	504,022	471,818	975,840	643,916	1,619,756														
	UCAE, end of year	1,412,418	594,104	2,006,522	702,245	2,708,767														
	IBNR, end of year	21,648	38,244	59,892	155,083	214,975														
	Ratio: excess (deficiency)	(15.95%)		(1.78%)																
2015	Paid during year	345,381	135,138	480,519	340,475	820,994	703,166	1,524,160												
	UCAE, end of year	931,848	475,134	1,406,982	420,209	1,827,191	761,940	2,589,131												
	IBNR, end of year	(17,297)	(252)	(17,549)	37,685	20,136	251,204	271,340												
	Ratio: excess (deficiency)	(8.71%)		4.80%		8.74%														
2016	Paid during year	185,161	87,983	273,144	132,745	405,889	430,232	836,121	748,411	1,584,532										
	UCAE, end of year	651,585	355,146	1,006,731	326,374	1,333,105	456,452	1,789,557	830,965	2,620,522										
	IBNR, end of year	87,285	(2,974)	84,311	(13,925)	70,386	76,001	146,387	132,847	279,234										
	Ratio: excess (deficiency)	(9.10%)		5.64%		10.03%		3.09%												
2017	Paid during year	188,022	51,189	239,211	68,162	307,373	142,519	449,892	482,860	932,752	1,050,52	1,983,275								
	UCAE, end of year	357,801	277,569	635,370	233,345	868,715	314,020	1,182,735	464,004	1,646,739	1,006,65	2,653,390								
	IBNR, end of year	110,359	2,646	113,005	(11,443)	101,562	28,314	129,876	29,172	159,048	162,171	321,219								
	Ratio: excess (deficiency)	(5.66%)		9.10%		14.34%		9.15%		5.56%										
2018	Paid during year	63,643	37,444	101,087	46,147	147,234	75,878	223,112	141,871	364,983	869,399	1,234,382	1,185,81	2,420,192						
	UCAE, end of year	317,554	203,147	520,701	170,598	691,299	246,500	937,799	362,343	1,300,142	473,878	1,774,020	1,083,95	2,857,977						
	IBNR, end of year	96,625	4,322	100,947	(8,078)	92,869	31,317	124,186	(5,208)	118,978	53,171	172,149	252,342	424,491						
	Ratio: excess (deficiency)	(6.06%)		9.96%		15.67%		10.12%		6.31%		(6.92%)								
2019	Paid during year	51,767	27,103	78,870	17,880	96,750	49,156	145,906	108,846	254,752	396,216	650,968	781,411	1,432,379	1,262,97	2,695,353				
	UCAE, end of year	261,277	126,491	387,768	144,264	532,032	217,887	749,919	318,831	1,068,750	418,547	1,487,297	754,647	2,241,944	579,972	2,821,916				
	IBNR, end of year	153,865	21,203	175,068	(20,513)	154,555	22,267	176,822	(26,824)	149,998	(22,106)	127,892	121,824	249,716	199,756	449,472				
	Ratio: excess (deficiency)	(8.26%)		9.29%		15.70%		9.74%		4.43%		(17.68%)		(19.55%)						
2020	Paid during year	1,775	61,695	63,470	26,955	90,425	30,884	121,309	35,243	156,552	84,456	241,008	163,473	404,481	806,330	1,210,811	1,095,282	2,306,093		
	UCAE, end of year	222,658	102,739	325,397	94,936	420,333	186,270	606,603	268,596	875,199	341,766	1,216,965	511,851	1,728,816	687,394	2,416,210	1,098,202	3,514,412		
	IBNR, end of year	7,529	9	7,538	(886)	6,652	(33,105)	(26,453)	(38,854)	(65,307)	(20,735)	(86,042)	25,279	(60,763)	150,679	89,916	628,925	718,841		
	Ratio: excess (deficiency)	(0.63%)		14.86%		21.48%		17.62%		13.13%		(9.50%)		(6.78%)		(13.62%)				
2021	Paid during year	23,175	4,805	27,980	13,809	41,789	19,029	60,818	30,082	90,900	66,528	157,428	100,539	257,967	203,973	461,940	754,285	1,216,225	1,209,781	2,426,006
	UCAE, end of year	160,964	93,447	254,411	70,149	324,560	109,702	434,262	197,388	631,650	244,803	876,453	351,619	1,228,072	403,516	1,631,588	486,906	2,118,494	1,371,479	3,489,973
	IBNR, end of year	551	(770)	(219)	(1,483)	(1,702)	(2,505)	(4,207)	(46,105)	(50,312)	(60,014)	(110,326)	(61,228)	(171,554)	(43,735)	(215,289)	36,169	(179,120)	577,733	398,613
	Ratio: excess (deficiency)	1.26%	7.63%	16.55%	16.62%	23.61%	15.62%	20.74%	1.41%	17.88%	(37.01%)	(2.53%)	0.04%	3.99%	(75.71%)	5.57%	26.04%	25.46%		

3. Insurance and Financial Risk Management (Continued)

(b) Reinsurance risk

To limit its exposure to potential loss on an insurance policy, the insurer may cede certain levels of risk to a reinsurer. The Group selects reinsurers which have established capability to meet their contractual obligations and which generally have high credit ratings. The credit ratings of reinsurers are monitored.

Retention limits represent the level of risk retained by the insurer. Coverage in excess of these limits is ceded to reinsurers up to the treaty limit. The retention programmes used by the Group are summarised below:

a) The retention limit or maximum exposure on insurance policies under the reinsurance treaties range between $4,618,000 and $46,176,000 (2020: $4,251,000 and $42,513,000).
b) The Group utilises reinsurance treaties to reduce its net retained risk. The risk is spread over several reinsurers all of whom are AM Best or S&P rated at A or better.
c) Excess of loss reinsurance is also purchased to cover the retained risk in the event of a catastrophe as well as for large motor losses.
d) The amount of reinsurance recoveries recognised during the period is as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Property	106,595	764,971
Motor	131,312	37,794
Marine	7,712	778
Liability	8,288	28,817
Pecuniary loss	3,606	6,501
Accident	(4,041)	1,095
	253,472	839,956

(c) Financial risk

The Group is exposed to financial risk through its financial assets, reinsurance assets and insurance liabilities. The most important components of this financial risk are credit risk, cash flow risk and market risk (interest rate risk and currency risk).

These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements. The risks that the Group primarily faces due to the nature of its investments and liabilities are interest rate risk and currency risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) Credit risk

The Group takes on exposure to credit risk, which is the risk that its customers, clients or counterparties will cause a financial loss for the Group by failing to discharge their contractual obligations. Credit exposures arise principally from the Group's receivables from customers, principals, agents, the amounts due from reinsurers, amounts due from insurance contract holders and insurance brokers, investments, lending activities and loan commitments arising from such lending activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or groups of related counterparties and to geographical and industry segments.

Credit-related commitment risks arise from guarantees which may require payment on behalf of customers. Such payments are collected from customers based on the terms of the letters of credit. They expose the Group to similar risks to loans and these are mitigated by the same control policies and processes.

Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded in the statement of financial position.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Credit review process

The Group has established a credit quality review process and has credit policies and procedures which require regular analysis of the ability of borrowers and other counterparties to meet interest, capital and other repayment obligations.

(a) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The credit policy states that each customer must be analysed individually for creditworthiness prior to the Group offering them a credit facility. Customers may be required to provide a banker's guarantee and credit limits are assigned to each customer. These limits are reviewed at least twice per year. The Group has procedures in place to restrict customer orders if the order will exceed their credit limits. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis.

Customer credit risks are monitored according to credit characteristics such as whether it is an individual or company, geographic location, industry, ageing profile, and previous financial difficulties. Special negotiated arrangements may extend the credit period to a maximum of 3 months. Trade and other receivables relate mainly to the Group's retail and direct customers. The Group's average credit period for the sale of goods is 1 month.

(b) Loans and leases receivable

The Group assesses the probability of default of individual counterparties using internal ratings. Customers of the Group are segmented into four rating classes. The Group's rating scale, which is shown below, reflects the range of default probabilities defined for each rating class.

Group's internal rating scale:

Group's rating	**Description of the grade**	
1	Low risk	– Excellent credit history
2	Standard risk	– Generally abides by credit terms
3	Past due	– Late paying with increased credit risk
4	Credit impaired	– Default

Exposure to credit risk is managed in part by obtaining collateral and corporate and personal guarantees. Counterparty limits are established by the use of a credit classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process allows the Group to assess the potential loss as a result of the risk to which it is exposed and take corrective action.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

(c) Reinsurance

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim for any reason, the Group remains liable for the payment to the policyholder. The creditworthiness of reinsurers is considered on an annual basis by reviewing their financial strength prior to finalisation of any contract. The insurance subsidiaries' Risk and Reinsurance Department assesses the creditworthiness of all reinsurers and intermediaries by reviewing credit grades provided by rating agencies and other publicly available financial information.

(d) Premium and other receivables

The respective credit committees within the Group examine the payment history of significant contract holders with whom they conduct regular business. Management information reported to the Group includes details of provisions for impairment on loans and receivables and subsequent write-offs. Internal Audit makes regular reviews to assess the degree of compliance with the Group procedures on credit. Exposures to individual policyholders and groups of policyholders are collected within the on-going monitoring of the controls associated with regulatory solvency. Where there exists significant exposure to individual policyholders, or homogenous groups of policyholders, a financial analysis is carried out by the insurance subsidiaries' Risk and Reinsurance Department.

(e) Investments

External rating agency credit grades are used to assess credit quality. These published grades are continuously monitored and updated. Default probabilities and recovery rates are assigned as published by the rating agency.

The Group limits its exposure to credit risk arising from investments by adhering to the investment counterparty limits as approved by the ALCOs. Counterparty limits are reviewed and updated periodically.

Impairment of Financial Assets

The Group has four types of financial assets that are subject to the expected credit loss model:

- Trade and premium receivables
- Loans and leases receivable
- Debt investments carried at amortised cost, and
- Debt investments carried at FVOCI.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, all bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions and the identified impairment loss was immaterial.

Trade and premium receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for these assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Trade and premium receivables **(continued)**

Maximum exposure to credit risk

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Standard risk	12,534,430	9,533,952	1,489,766	1,265,937
Past due	3,336,787	3,228,124	120,623	52,270
Credit impaired	948,388	945,193	217,091	212,136
Gross carrying amount	16,819,605	13,707,269	1,827,480	1,530,343
Loss allowance	(797,314)	(830,332)	(88,586)	(96,177)
Carrying amount	16,022,291	12,876,937	1,738,894	1,434,166

Loss allowance

The loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade and premium receivables:

	Group					
	at 31 December 2021			**at 31 December 2020**		
	Gross carrying amount $'000	**Loss allowance $'000**	**Expected loss rate**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Expected loss rate**
Less than 1 month	9,922,566	98,497	0.99%	7,367,547	75,146	1.02%
Within 1 to 3 months	4,311,296	98,250	2.28%	3,706,649	108,649	2.93%
Over 3 months	2,585,743	600,567	23.23%	2,633,073	646,537	24.55%
	16,819,605	797,314		13,707,269	830,332	

	Company					
	at 31 December 2021			**at 31 December 2020**		
	Gross carrying amount $'000	**Loss allowance $'000**	**Expected loss rate**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Expected loss rate**
Less than 1 month	1,067,923	1,981	0.19%	903,121	1,590	0.18%
Within 1 to 3 months	562,203	1,599	0.28%	433,853	1,498	0.35%
Over 3 months	197,354	85,006	43.07%	193,369	93,089	48.14%
	1,827,480	88,586		1,530,343	96,177	

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit Risk (continued)

Trade and premium receivables (continued)

Loss allowance (continued)

The movement on the loss allowances for trade and premium receivables is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	830,332	812,469	96,177	92,623
Acquisition of subsidiary	-	87,894	-	-
Movement on loss allowance recognised in income statement during the year	181,592	282,729	33,856	35,640
Receivables written off during the year as uncollectible	(126,087)	(112,659)	(22,335)	(5,817)
Unused amount reversed	(88,523)	(240,101)	(19,112)	(26,269)
At 31 December	797,314	830,332	88,586	96,177

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, failure to make contractual payments for a period greater than two years, and alternative methods of debt collection have been exhausted.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited in other income.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (including loan commitments and guarantees)
The Group applies the 'three stage' model under IFRS 9 in measuring the expected credit losses on loans and leases, and makes estimations about likelihood of defaults occurring, associated loss ratios, changes in market conditions, and expected future cash flows. This is measured using the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD) for a portfolio of assets.

- Probability of Default - This represents the likelihood of a borrower defaulting on its financial obligation either over the next 12 months (12 month PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- Exposure at Default - This represents the expected balance at default, taking into account the repayment of principal and interest from the statement of financial position date to the default event together with any expected drawdowns of committed facilities.
- Loss Given Default – The LGD represents expected losses on the EAD given the event of default, taking into account the mitigating effect of collateral value at the time it is expected to be realised and also the time value of money.

The 'three stage' model is used to categorise financial assets according to credit quality as follows:

- Stage 1 – financial assets that are not credit impaired on initial recognition or are deemed to have low credit risk. These assets generally abide by the contractual credit terms. The ECL is measured using a 12 month PD, which represents the probability that the financial asset will default within the next 12 months.
- Stage 2 – financial assets with a significant increase in credit risk (SICR) since initial recognition, but are not credit impaired. The ECL is measured using a lifetime PD.
- Stage 3 – credit impaired financial assets. The ECL is measured using a lifetime PD.

Transfer between stages
Financial assets can be transferred between the different categories depending on their relative increase in credit risk since initial recognition. Financial instruments are transferred out of stage 2 if their credit risk is no longer considered to be significantly increased since initial recognition. Financial instruments are transferred out of stage 3 when they no longer exhibit any evidence of credit impairment. This assessment is done on a case-by-case basis.

The Group considers forward looking information in determining the PDs of financial assets. Forward looking information having significant impact on the ECL is described in further detail under that heading.

Significant Increase in Credit Risk (SICR)
The Group considers a financial asset to have experienced a significant increase in credit risk when one or more of the following qualitative or backstop criteria have been met:

Qualitative Criteria

- Deterioration in the Borrower's Risk Rating (BRR) below established threshold
- Material misrepresentation or inaccurate warranty
- Failure to comply with provisions of any statute under which the borrower conducts business
- Borrower enters into a scheme of arrangement
- Actual or expected restructuring
- Previous arrears in excess of 60 days within the last six months
- Early signs of cash flow/liquidity problems
- Expected significant adverse change in operating results of the borrower

However, the assessment of significant increase in credit risk and the above criteria will differ for different types of lending arrangements.

Loan commitments are assessed along with the category of loan the Group is committed to provide.

The assessment of SICR is performed for individual loans, taking into consideration the sector grouping of the individual exposures, and incorporates forward-looking information. This assessment is performed on a quarterly basis.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Significant Increase in Credit Risk (continued)

Backstop
Irrespective of the above qualitative assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. The Group has monitoring procedures in place to assess whether the criteria used to identify SICR continues to be appropriate.

The Group utilised the low credit risk exemption for financial assets.

Credit Impaired Assets
The Group defines a financial instrument as credit impaired, when it meets one or more of the following criteria:

Quantitative criteria
The borrower is more than 90 days past due on its contractual payments.

Qualitative criteria
The borrower meets unlikeliness to pay criteria as outlined below, which indicates the borrower is in significant financial difficulty:

- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position; and
- Concessions have been made by the lender relating to the borrower's financial difficulty.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of 'credit impaired' used for internal credit risk management purposes.

Measuring the ECL – Inputs, Assumptions and Estimation Techniques
The ECL is determined by projecting the PD, LGD, and EAD, which are multiplied together and discounted back to the reporting date. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12 month PD is calculated by observing the rate of historical default within the first year of a portfolio of loans, and adjusted for the expected impact of forward looking economic information.

The lifetime PD is calculated by observing the rate of historical default over the life of a portfolio of loans, and adjusted for the impact of forward looking economic information.

The EAD for amortising and bullet repayment loans is based on the contractual repayments over a 12 month or lifetime basis.

The EAD for revolving products, such as credit cards, revolving loans and overdrafts is estimated by taking the current drawn balance and the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilization band, based on analysis of the Group's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. For secured products, this is primarily based on collateral type and projected collateral values, historical discounts to market/book values due to forced sales, time to repossession and recovery costs observed.

Forward looking economic information is also included in determining the 12-month and lifetime EAD and LGD.

Forward Looking Information
The assessment of SICR and the calculation of ECL both incorporate forward-looking information that is available without undue cost or effort. The Group uses external information including economic data and forecasts published by governmental bodies and the central bank. The information published however does not cover the Group's credit risk exposure period and judgement was applied when incorporating these forecasts into our models. The Group started with historical data of approximately 3 years in which a relationship between macro-economic indicators and default rates was developed. Judgement was applied in cases where a strong relationship between these key economic variables and expected credit losses was not identified based on the historical data used.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Forward Looking Information (continued)
These economic variables and their associated impact on the PD, EAD and LGD vary by financial asset. Forecasts of these economic variables are reviewed on a quarterly basis. The impact of these economic variables on the PD, EAD and LGD has been determined by performing statistical regression analysis to understand the impact changes in these variables have had historically on default rates and on the components of LGD and EAD.

In addition to the base economic scenario, the Group also assesses other possible scenarios along with scenario weightings. The Group uses a total of three scenarios for each portfolio of loans (base, upside, downside). The scenario weightings are determined using judgment. The base case is the single most-likely expected outcome. The Group measures ECL as a probability weighted ECL.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The most significant period end assumptions used in determining the ECL as at the reporting date are set out below.

Economic factor	Scenarios	Range
Gross Domestic Product (GDP)	Base	-10% to 0.6%
	Upside	-8% to 2.6%
	Downside	-12% to -1.4%
Unemployment Rate	Base	7% to 14%
	Upside	5% to 12%
	Downside	9% to 16%

The underlying models and their calibration, including how they react to forward-looking economic conditions was based on how the relationship of the Group's existing portfolio to these variables and remains subject to review and refinement as the Group builds data

Other forward-looking considerations not otherwise incorporated within the above scenarios, such as the impact of any regulatory, legislative or political changes, have also been considered, but are not deemed to have a material impact and therefore no adjustment has been made to the ECL for such factors. This is reviewed and monitored for appropriateness on a quarterly basis.

Sensitivity Analysis
Forward looking indicators having the most significant impact on the ECL are GDP growth and unemployment rate. Set out below are the changes to the ECL as at 31 December 2021 that would result from reasonably possible changes in these parameters from the actual assumptions used in the Group's economic variable assumptions.

Forward Looking Indicator	Change in basis points:	Effect on ECL $'000	Forward Looking Indicator	Change in basis points:	Effect on ECL $'000
GDP growth	+ 100bp	9,403	Unemployment rate	+ 100bp	(72)
GDP growth	- 100bp	(9,403)	Unemployment rate	- 100bp	72

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Portfolio Segmentation
Expected credit loss provisions are modelled on a collective basis, by grouping exposures on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous. In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Group has considered benchmarking internal/external supplementary data to use for modelling purposes.

Exposures are grouped according to product type (term loans, overdrafts, credit cards, revolvers, guarantees and loan commitments) and industry (for example, manufacturing and distribution, tourism, personal loans).

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Credit Risk team.

Stage 3 loans are assessed on an individual basis for impairment.

Maximum Exposure to Credit Risk
The Group measures ECL considering the risk of default over the maximum contractual period (including extension options) over which it is exposed to credit risk and not a longer period, even if contract extension or renewal is common business practice. However, for financial assets such as credit cards, revolving credit facilities and overdraft facilities that include both a loan and an undrawn commitment component, the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the Group's exposure to credit losses to the contractual notice period. For such financial assets the Group measures ECL over the period that it is exposed to the credit risk and ECL would not be mitigated by credit risk management actions, even if that period extends beyond the maximum contractual period. These financial assets do not have a fixed term or repayment structure and have a short contractual cancellation period. However, the Group does not enforce in the normal day-to-day management the contractual right to cancel these financial assets. This is because these financial assets are managed on a collective basis and are canceled only when the Group becomes aware of an increase in credit risk at the facility level. This longer period is estimated taking into account the credit risk management actions that the Group expects to take to mitigate ECL.

The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	Group			
	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
Low risk	11,748	-	-	11,748
Standard risk	21,488,099	8,148,881	-	29,636,980
Past due	1,937,821	1,956,726	-	3,894,547
Credit impaired	-	-	1,345,995	1,345,995
Gross carrying amount	23,437,668	10,105,607	1,345,995	34,889,270
Loss allowance	(323,571)	(575,698)	(667,511)	(1,566,780)
Carrying amount	23,114,097	9,529,909	678,484	33,322,490

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and leases (continued)

	Group			
	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Low risk	10,735	-	-	10,735
Standard risk	20,093,197	7,125,653	-	27,218,850
Past due	2,146,659	2,077,650	-	4,224,309
Credit impaired	-	-	1,130,735	1,130,735
Gross carrying amount	22,250,591	9,203,303	1,130,735	32,584,629
Loss allowance	(312,239)	(399,579)	(622,480)	(1,334,298)
Carrying amount	21,938,352	8,803,724	508,255	31,250,331

Collateral and other credit enhancements
The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on the acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process. This assessment is reviewed periodically. The principal collateral types for loans and advances are:

- Mortgages over residential and commercial properties
- Charges over business assets such as premises, inventory and accounts receivable
- Charges and hypothecations over deposit balances and financial instruments such as debt securities and equities

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

Collateral and other credit enhancements (continued)
The Group also obtains guarantees from parent companies for loans to their subsidiaries and from individual owners for loans to their companies.

Collateral held as security for financial assets other than loans and advances depends on the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of reverse repurchase agreements which are secured by portfolios of financial instruments.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement, and monitors the market value of collateral held during its annual reviews of individual credit facilities as well as during its review of the adequacy of the provision for credit losses.

The fair value of collateral held in respect of credit impaired financial assets is $1,450,519,000 (2020: $1,193,639,000).

Loss Allowance
The loss allowance recognised in the period is impacted by a variety of factors. The following tables explain the changes in the loss allowance between the beginning and the end of the annual period due to these factors:

	Group			
	2021			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	$'000	$'000	$'000	$'000
At 1 January	312,239	399,579	622,480	1,334,298
Movements with income statement impact:				
Transfers:				
Transfer from Stage 1 to Stage 2	(12,365)	40,919	-	28,554
Transfer from Stage 1 to Stage 3	(20)	-	1,202	1,182
Transfer from Stage 2 to Stage 1	1,539	(3,417)	-	(1,878)
Transfer from Stage 2 to Stage 3	-	(6,490)	34,913	28,423
New financial assets originated	84,667	10,880	-	95,547
Changes in PDs/LGDs/EADs	(2,869)	154,253	27,577	178,961
Financial assets derecognised during the period	(59,620)	(20,026)	(18,661)	(98,307)
Total net income statement charge	11,332	176,119	45,031	232,482
At 31 December	323,571	575,698	667,511	1,566,780

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases (continued)

	Group			
	2020			
	Stage 1 12-month ECL	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	272,128	391,899	443,943	1,107,970
Movements with income statement impact:				
Transfers:				
Transfer from Stage 1 to Stage 2	(19,134)	114,258	-	95,124
Transfer from Stage 1 to Stage 3	(1,363)	-	23,962	22,599
Transfer from Stage 2 to Stage 1	865	(1,595)	-	(730)
Transfer from Stage 2 to Stage 3	-	(3,664)	24,900	21,236
New financial assets originated	64,764	9,671	-	74,435
Changes in PDs/LGDs/EADs	42,830	(84,756)	147,569	105,643
Financial assets derecognised during the period	(44,465)	(26,234)	(36,556)	(107,255)
Total net income statement charge	43,497	7,680	159,875	211,052
Other movements:				
Write-offs	(3,386)	-	18,662	15,276
At 31 December	312,239	399,579	622,480	1,334,298

Loans and leases are written off, in whole or in part, when the Group has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity, and where the Group's recovery method is foreclosing on collateral, and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Group may write off account balances that are still subject the enforcement activity, based on a reasonable expectation of amounts recoverable. The outstanding contractual amounts of such assets written off during the year was $Nil (2020: $15,276,000).

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Loans and Leases, Premium and Trade receivables

The following table summarises the Group's and company's credit exposure for loans and leases, premium and trade receivables at their carrying amounts, as categorised by the customer sector:

	Group		Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Public sector	104,748	114,965	-	-
Professional and other services	4,624,059	5,600,043	-	-
Personal	14,190,957	13,257,183	58,216	67,919
Agriculture, fishing and mining	1,867,454	1,502,262	-	-
Construction and real estate	2,429,945	1,640,707	-	-
Electricity, gas and water	2,235,419	2,388,667	-	-
Distribution	3,564,614	3,481,333	642,679	1,014,338
Manufacturing	3,239,019	1,990,515	1,601,258	1,200,000
Transportation	1,327,257	1,477,383	-	-
Tourism and entertainment	2,412,406	2,333,165	208,410	157,396
Financial and other money services	2,268,594	1,625,038	638,310	191,349
Brokers and agents	2,298,752	1,820,169	-	-
Reinsurers and coinsurers	2,155,757	1,143,344	-	-
Supermarket chains	3,580,723	2,822,490	497,627	390,184
Wholesalers	1,556,316	1,435,406	462,154	348,413
Retail and direct customers	2,421,589	1,938,264	496,589	444,668
Other	1,064,499	1,315,375	159,889	181,110
	51,342,108	45,886,309	4,765,132	3,995,377
Loss allowance	(2,364,094)	(2,164,630)	(88,586)	(96,177)
	48,978,014	43,721,679	4,676,546	3,899,200
Interest receivable	366,767	405,589	9,485	4,931
	49,344,781	44,127,268	4,686,031	3,904,131

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Debt Investments

The Group uses external credit ratings as published by established rating agencies in its assessment of the probability of default on debt investments. The PDs and LGDs for government and corporate bonds have been developed by the rating agencies based on statistics on the default, loss and rating transition experience of government and corporate bond issuers. The loss allowance on debt investments carried at amortised cost and FVOCI is measured using lifetime PDs. The credit ratings and associated PDs are reviewed and updated on quarterly basis.

Based on available credit ratings for sovereign and corporate debts, the debt securities were classified in stage 2 as they were below investment grade as defined by reputable rating agencies.

Maximum exposure to credit risk

The following table summarises the Group's and company's credit exposure for debt investments at their carrying amounts, as categorised by issuer:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Government of Jamaica:				
At amortised cost	9,757,313	8,395,924	3,106,876	2,679,904
At fair value through other comprehensive income	7,572,896	6,798,108	-	-
Corporate:				
At amortised cost	10,612,752	9,674,162	3,097,321	2,614,007
At fair value through other comprehensive income	1,797,204	1,955,862	-	-
Other government:				
At amortised cost	246,094	350,421	-	-
At fair value through other comprehensive income	701,938	746,906	-	-
Bank of Jamaica	9,218,584	7,420,809	-	-
Other	7,976,383	4,069,935	1,823,941	1,505,764
	47,883,164	39,412,127	8,028,138	6,799,675

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(i) Credit risk (continued)

Debt Investments (continued)

Debt investments at amortised cost

The movement on the loss allowance is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	216,757	200,465	51,878	47,913
Loss allowance recognised in income statement	20,490	16,292	-	3,965
Unused amounts reversed	(4,503)	-	(4,879)	-
At 31 December	232,744	216,757	46,999	51,878

Debt investments at FVOCI

The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

The movement on the loss allowance is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	96,770	88,128	-	-
Loss allowance recognised in income statement	6,933	8,642	-	-
At 31 December	103,703	96,770	-	-

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group through the ALCOs and treasury departments, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure funding if required.

(ii) Maintaining a portfolio of highly marketable and diverse assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;

(iii) Maintaining committed lines of credit;

(iv) Optimising cash returns on investment;

(v) Monitoring statement of financial position liquidity ratios against internal and regulatory requirements. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities;

(vi) Managing the concentration and profile of debt maturities.

Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month, respectively, as these are key periods for liquidity management. The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities are fundamental to the management of the Group. It is unusual for companies ever to be completely matched since business transacted is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of loss.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial liabilities cash flows

The table below presents the undiscounted cash flows payable (both interest and principal cash flows) of the Group's and company's financial liabilities based on contractual repayment obligations. The Group expects that many customers will not request repayment on the earliest date the Group could be required to pay.

	Group				
	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 31 December 2021:					
Deposits	38,893,796	9,342,652	32,271	-	48,268,719
Securities sold under agreements to repurchase	3,395,751	3,890,313	-	-	7,286,064
Bank and other loans	7,387,051	6,480,573	10,833,027	6,990,254	31,690,905
Trade and other payables	29,141,539	1,876,286	-	-	31,017,825
Total financial liabilities					
(contractual dates)	78,818,137	21,589,824	10,865,298	6,990,254	118,263,513

	Group				
	1 to 3 Months $'000	3 to 12 Months $'000	1 to 5 Years $'000	Over 5 Years $'000	Total $'000
As at 31 December 2020:					
Deposits	36,327,626	5,405,511	12,387	-	41,745,524
Securities sold under agreements to repurchase	2,614,192	2,355,741	-	-	4,969,933
Bank and other loans	6,024,408	6,492,860	12,281,757	5,207,685	30,006,710
Trade and other payables	16,079,621	7,776,787	-	-	23,856,408
Total financial liabilities					
(contractual dates)	61,045,847	22,030,899	12,294,144	5,207,685	100,578,575

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Financial liabilities cash flows (continued)

	Company				
	1 to 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
As at 31 December 2021:					
Bank and other loans	3,141,225	2,398,361	2,821,606	3,608,731	11,969,923
Trade and other payables	4,073,741	-	-	-	4,073,741
Subsidiaries	3,587,877	-	-	-	3,587,877
Total financial liabilities (contractual dates)	10,802,843	2,398,361	2,821,606	3,608,731	19,631,541

	Company				
	1 to 3 Months $'000	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
As at 31 December 2020:					
Bank and other loans	1,983,708	2,567,532	1,520,422	2,909,003	8,980,665
Trade and other payables	3,097,157	-	-	-	3,097,157
Subsidiaries	4,337,422	-	-	-	4,337,422
Total financial liabilities (contractual dates)	9,418,287	2,567,532	1,520,422	2,909,003	16,415,244

The assets available to meet all of the liabilities and to cover outstanding loan commitments include: cash, Central Bank balances, items in the course of collection, investment securities and other eligible bills, loans and advances to banks, and loans and advances to customers. In the normal course of business, a proportion of customer loans contractually repayable within one year will be extended. In addition, debt securities and treasury and other bills have been pledged to secure liabilities. The Group is also able to meet unexpected net cash outflows by selling securities and accessing additional funding sources from other financing institutions. The Group and the company have the following undrawn committed borrowing facilities:

	Group		Company	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Floating rate –				
Expiring within one year	11,051,803	13,681,403	4,849,684	5,346,658

The facilities expiring within one year are annual facilities subject to review at various dates during the subsequent year. The other facilities have been arranged to help finance the Group's activities.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(ii) Liquidity risk (continued)

Off-statement of financial position items

The table below shows the contractual expiry periods of the Group's contingent liabilities and commitments.

	Group			
	No Later Than 1 Year $'000	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Total $'000**
As at 31 December 2021:				
Loan commitments	1,855,705	-	-	1,855,705
Guarantees, acceptances and other financial facilities	209,379	-	-	209,379
Capital commitments	372,170	-	-	372,170
	2,437,254	-	-	2,437,254
As at 31 December 2020:				
Loan commitments	1,118,227	-	-	1,118,227
Guarantees, acceptances and other financial facilities	187,650	-	-	187,650
Capital commitments	267,595	-	-	267,595
	1,573,472	-	-	1,573,472

(iii) Market risk

The Group takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the research and treasury departments which carry out extensive research and monitor the price movement of financial assets on the local and international markets. Market risk exposures are measured using sensitivity analysis.

Currency risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Canadian dollar, UK pound and the Euro.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding foreign currency balances.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentrations of currency risk

The table below summarises the Group and company exposure to foreign currency exchange rate risk at 31 December.

	Group						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2021:							
Financial Assets							
Cash and deposits	19,273,206	6,762,295	319,684	131,570	106,695	3,443,231	30,036,681
Investment securities and pledged assets	18,541,021	30,172,044	44,874	20,043	-	1,062,786	49,840,768
Trade and other receivables	7,604,662	4,556,294	2,016,898	780,562	90,900	972,975	16,022,291
Loans receivable	28,052,879	5,259,682	-	-	-	9,929	33,322,490
Total financial assets	73,471,768	46,750,315	2,381,456	932,175	197,595	5,488,921	129,222,230
Financial Liabilities							
Deposits	24,781,240	22,818,283	297,088	129,037	118,278	-	48,143,926
Securities sold under agreements to repurchase	3,343,312	3,906,253	-	-	-	-	7,249,565
Bank and other loans	18,279,598	7,042,430	1,730,216	671,390	-	264,884	27,988,518
Trade and other payables	15,279,227	11,802,698	1,701,340	762,618	341,615	1,130,327	31,017,825
Total financial liabilities	61,683,377	45,569,664	3,728,644	1,563,045	459,893	1,395,211	114,399,834
Net financial position	11,788,391	1,180,651	(1,347,188)	(630,870)	(262,298)	4,093,710	14,822,396

	Group						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2020:							
Financial Assets							
Cash and deposits	15,017,714	6,071,275	255,973	86,795	64,343	2,835,006	24,331,106
Investment securities and pledged assets	14,116,035	26,543,603	34,855	13,977	-	415,865	41,124,335
Trade and other receivables	5,235,257	4,102,835	1,659,900	813,607	176,181	889,157	12,876,937
Loans receivable	26,040,041	5,200,956	-	-	-	9,334	31,250,331
Total financial assets	60,409,047	41,918,669	1,950,728	914,379	240,524	4,149,362	109,582,709
Financial Liabilities							
Deposits	22,509,687	18,687,904	249,516	98,790	65,323	-	41,611,220
Securities sold under agreements to repurchase	1,099,535	3,868,948	-	-	-	-	4,968,483
Bank and other loans	15,134,644	7,642,497	1,609,039	541,709	-	305,819	25,233,708
Trade and other payables	12,870,182	6,888,393	1,458,899	833,961	747,336	1,057,637	23,856,408
Total financial liabilities	51,614,048	37,087,742	3,317,454	1,474,460	812,659	1,363,456	95,669,819
Net financial position	8,794,999	4,830,927	(1,366,726)	(560,081)	(572,135)	2,785,906	13,912,890

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Currency risk (continued)

Concentrations of currency risk (continued)

	Company						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2021:							
Financial Assets							
Cash and deposits	3,111,348	88,664	-	-	-	-	3,200,012
Investment securities	2,744,434	5,420,717	-	-	-	-	8,165,151
Trade and other receivables	1,704,549	34,345	-	-	-	-	1,738,894
Subsidiaries	1,258,226	458,657	-	-	-	-	1,716,883
Loans receivable	2,224,246	722,891	-	-	-	-	2,947,137
Total financial assets	11,042,803	6,725,274	-	-	-	-	17,768,077
Financial Liabilities							
Bank and other loans	9,177,251	1,900,217	-	-	-	-	11,077,468
Trade and other payables	2,380,955	1,689,179	-	-	3,607	-	4,073,741
Subsidiaries	3,424,487	88,911	67,995	6,484	-	-	3,587,877
Total financial liabilities	14,982,693	3,678,307	67,995	6,484	3,607	-	18,739,086
Net financial position	(3,939,890)	3,046,967	(67,995)	(6,484)	(3,607)	-	(971,009)

	Company						
	Jamaican$ J$'000	**US$ J$'000**	**GBP J$'000**	**CAN$ J$'000**	**EURO J$'000**	**Other J$'000**	**Total J$'000**
As at 31 December 2020:							
Financial Assets							
Cash and deposits	5,056,419	347,394	-	-	-	-	5,403,813
Investment securities	1,849,093	5,029,023	-	-	-	-	6,878,116
Trade and other receivables	1,416,666	17,500	-	-	-	-	1,434,166
Subsidiaries	938,191	485,162	248	642	-	-	1,424,243
Loans receivable	2,307,200	162,765	-	-	-	-	2,469,965
Total financial assets	11,567,569	6,041,844	248	642	-	-	17,610,303
Financial Liabilities							
Bank and other loans	6,675,468	2,000,394	-	-	-	-	8,675,862
Trade and other payables	2,511,477	585,306	-	12	362	-	3,097,157
Subsidiaries	4,217,860	57,424	61,880	258	-	-	4,337,422
Total financial liabilities	13,404,805	2,643,124	61,880	270	362	-	16,110,441
Net financial position	(1,837,236)	3,398,720	(61,632)	372	(362)	-	1,499,862

3. **Insurance and Financial Risk Management (Continued)**

(c) **Financial risk (continued)**

(iii) **Market risk (continued)**

Currency risk (continued)

Foreign currency sensitivity

The following tables indicate the currencies to which the Group and company had significant exposure on its monetary assets and liabilities and its forecast cash flows. The change in currency rates below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents the changes in carrying amounts of outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 8% increase (2020: 6%) and a 2% decrease (2020: 2%) in foreign currency rates to arrive at the corresponding impact on profit. The sensitivity analysis includes cash and deposits, investment securities, receivables, loans receivable, deposits, securities sold under agreements to repurchase, bank and other loans, and payables. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, variables had to be assessed on an individual basis.

	Group			
	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Taxation 2020 $'000
Currency:				
USD	+8%	239,112	+6%	444,549
GBP	+8%	3,035	+6%	1,924
CAN	+8%	1,016	+6%	(360)
EURO	+8%	(8,756)	+6%	(367)
USD	-2%	(59,778)	-2%	(148,183)
GBP	-2%	(759)	-2%	(641)
CAN	-2%	(254)	-2%	120
EURO	-2%	2,189	-2%	122

	Company			
	% Change in Currency Rate 2021	Effect on Profit before Taxation 2021 $'000	% Change in Currency Rate 2020	Effect on Profit before Taxation 2020 $'000
Currency:				
USD	+8%	249,320	+6%	207,122
GBP	+8%	(5,440)	+6%	(3,697)
CAN	+8%	(519)	+6%	22
EURO	+8%	(279)	+6%	(21)
USD	-2%	(62,330)	-2%	(69,041)
GBP	-2%	1,360	-2%	1,232
CAN	-2%	130	-2%	(7)
EURO	-2%	70	-2%	7

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group manages interest rate risk by maintaining an appropriate mix of fixed and variable rate instruments and also manages the maturities of interest bearing financial assets and liabilities. The respective boards within the Group set limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored by the ALCOs and Investment Committees.

The following tables summarise the Group's and the company's exposure to interest rate risk. It includes the Group and company financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2021:							
Assets							
Cash and deposits	14,277,752	3,485,838	-	-	-	12,273,091	30,036,681
Investment securities and pledged assets	6,585,318	3,877,073	5,638,374	19,142,475	7,814,537	6,782,991	49,840,768
Loans receivable	2,772,372	1,490,374	1,777,035	10,119,237	17,086,946	76,526	33,322,490
Trade and other receivables	-	-	-	-	-	16,022,291	16,022,291
Total financial assets	23,635,442	8,853,285	7,415,409	29,261,712	24,901,483	35,154,899	129,222,230
Liabilities							
Deposits	32,832,115	5,967,999	9,313,205	30,607	-	-	48,143,926
Securities sold under agreements to repurchase	3,074,709	295,058	3,879,798	-	-	-	7,249,565
Bank loans	3,854,649	6,893,968	3,785,482	5,046,716	8,407,703	-	27,988,518
Trade payables	-	-	-	-	-	31,017,825	31,017,825
Total financial liabilities	39,761,473	13,157,025	16,978,485	5,077,323	8,407,703	31,017,825	114,399,834
Total interest repricing gap	(16,126,031)	(4,303,740)	(9,563,076)	24,184,389	16,493,780	4,137,074	14,822,396

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	Group						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2020:							
Assets							
Cash and deposits	11,262,109	3,761,664	-	-	-	9,307,333	24,331,106
Investment securities and pledged assets	1,907,663	3,184,537	4,332,947	16,766,212	8,913,518	6,019,458	41,124,335
Loans receivable	2,628,419	667,792	957,042	10,926,520	15,985,836	84,722	31,250,331
Trade and other receivables	-	-	-	-	-	12,876,937	12,876,937
Total financial assets	15,798,191	7,613,993	5,289,989	27,692,732	24,899,354	28,288,450	109,582,709
Liabilities							
Deposits	29,256,079	6,995,515	5,347,287	12,339	-	-	41,611,220
Securities sold under agreements to repurchase	1,066,533	1,546,242	2,355,708	-	-	-	4,968,483
Bank loans	2,097,678	2,992,482	6,417,951	4,972,744	8,752,853	-	25,233,708
Trade payables	-	-	-	-	-	23,856,408	23,856,408
Total financial liabilities	32,420,290	11,534,239	14,120,946	4,985,083	8,752,853	23,856,408	95,669,819
Total interest repricing gap	(16,622,099)	(3,920,246)	(8,830,957)	22,707,649	16,146,501	4,432,042	13,912,890

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

	Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2021:							
Assets							
Cash and deposits	-	2,041,014	-	-	-	1,158,998	3,200,012
Investment securities	-	2,140,994	2,533,594	1,241,476	1,948,909	300,178	8,165,151
Loans receivable	-	76,961	2,110,332	345,823	-	414,021	2,947,137
Trade and other receivables	-	-	-	-	-	1,738,894	1,738,894
Subsidiaries	-	-	-	-	-	1,716,883	1,716,883
Total financial assets	-	4,258,969	4,643,926	1,587,299	1,948,909	5,328,974	17,768,077
Liabilities							
Bank loans	2,758,098	4,834,560	774,354	-	2,710,456	-	11,077,468
Trade payables	-	-	-	-	-	4,073,741	4,073,741
Subsidiaries	-	-	-	-	-	3,587,877	3,587,877
Total financial liabilities	2,758,098	4,834,560	774,354	-	2,710,456	7,661,618	18,739,086
Total interest repricing gap	(2,758,098)	(575,591)	3,869,572	1,587,299	(761,547)	(2,332,644)	(971,009)

	Company						
	Within 1 Month $'000	**1 to 3 Months $'000**	**3 to 12 Months $'000**	**1 to 5 Years $'000**	**Over 5 Years $'000**	**Non-rate Sensitive $'000**	**Total $'000**
At 31 December 2020:							
Assets							
Cash and deposits	703,479	2,541,843	-	-	-	2,158,491	5,403,813
Investment securities	-	1,288,379	1,463,942	2,703,540	1,220,964	201,291	6,878,116
Loans receivable	-	68,334	2,328,780	-	-	72,851	2,469,965
Trade and other receivables	-	-	-	-	-	1,434,166	1,434,166
Subsidiaries	-	-	-	-	-	1,424,243	1,424,243
Total financial assets	703,479	3,898,556	3,792,722	2,703,540	1,220,964	5,291,042	17,610,303
Liabilities							
Bank loans	1,111,063	1,869,000	2,787,922	-	2,907,877	-	8,675,862
Trade payables	-	-	-	-	-	3,097,157	3,097,157
Subsidiaries	-	-	-	-	-	4,337,422	4,337,422
Total financial liabilities	1,111,063	1,869,000	2,787,922	-	2,907,877	7,434,579	16,110,441
Total interest repricing gap	(407,584)	2,029,556	1,004,800	2,703,540	(1,686,913)	(2,143,537)	1,499,862

3. Insurance and Financial Risk Management (Continued)

(c) Financial risk (continued)

(iii) Market risk (continued)

Interest rate risk (continued)

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's and company's income statement and equity.

The Group's interest rate risk arises from investment securities, loans receivable, customers' deposits, securities sold under repurchase agreements and borrowings. The sensitivity of the profit or loss is the effect of the assumed changes in interest rates on net income based on floating rate financial assets and floating rate liabilities. The sensitivity of equity is calculated by revaluing fixed rate FVOCI financial assets for the effects of the assumed changes in interest rates combined with the effect on net profit. The correlation of variables will have a significant effect in determining the ultimate impact on market risk, but to demonstrate the impact, each variable has to be evaluated on an individual basis.

Group

Change in basis points: 2021 JMD / USD	Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000	Change in basis points: 2020 JMD / USD	Effect on Profit before Taxation 2020 $'000	Effect on Other Components of Equity 2020 $'000
-50 / -100	248,656	(147,122)	-100 / -100	168,978	490,976
+300 / 100	(208,366)	269,829	+100 / +100	(168,978)	(515,954)

Company

Change in basis points: 2021 JMD / USD	Effect on Profit before Taxation 2021 $'000	Effect on Other Components of Equity 2021 $'000	Change in basis points: 2020 JMD / USD	Effect on Profit before Taxation 2020 $'000	Effect on Other Components of Equity 2020 $'000
-50 / -100	2,652	-	-100 / -100	345	-
+300 / 100	(4,279)	-	+100 / +100	(345)	-

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity price risk because of equity investments held and classified on the statement of financial position as either FVOCI or at fair value through profit or loss. The Group manages its price risk by trading these instruments when appropriate to reduce the impact of any adverse price fluctuations.

The impact of a +5%/-5% (2020: +5%/-10%) change in the quoted prices for these equities would be an increase/decrease in the carrying value of +$37,332,000/-$37,332,000 (2020: +$27,076,000/-$54,152,000) in income and +$60,109,000/-$60,109,000 (2020: +$58,110,000/-$116,219,000) in other comprehensive income.

3. Insurance and Financial Risk Management (Continued)

(d) Capital management

Insurance subsidiaries

The insurance subsidiaries' objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the insurance markets within which the companies operate;

(ii) To safeguard their ability to continue as going concerns so that they can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of business.

Capital adequacy is managed and monitored at the insurance subsidiaries' level by management, the Audit Committee and the Board of Directors. In addition, the companies seek to maintain internal capital adequacy at levels higher than the minimum level of regulatory capital required.

The primary measure used to assess capital adequacy for the Jamaican based general insurance subsidiary is the Minimum Capital Test (MCT). This information is required to be filed with the Financial Services Commission (FSC) on an annual basis. The minimum standard recommended by the regulators for companies is a MCT of 250% (2020: 250%).

In relation to the Eastern Caribbean general insurance subsidiary The subsidiary manages its capital on the basis of 150% of its minimum regulatory capital position. Management considers the quantitative threshold of 150% sufficient to maximise shareholders' return and to support the capital required. The minimum required regulatory capital held by the subsidiary is XCD 750,000 (2020: XCD 750,000).

The banking and investment subsidiaries

The banking and investment subsidiaries' objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are:

(i) To comply with the capital requirements set by the regulators of the banking and investment markets where the entities within the Group operate;

(ii) To safeguard their ability to continue as going concerns so that they can continue to provide returns for stockholders and benefits for other stakeholders; and

(iii) To maintain a strong capital base to support the development of business.

Capital adequacy and the use of regulatory capital are monitored monthly by management and the required information is filed monthly with the Bank of Jamaica (BOJ) and the FSC.

The BOJ requires the banking entity to:

(i) Hold the minimum level of regulatory capital as a percentage of total assets of 8%; and
(ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

The FSC requires the investment services entity to:

(i) Hold the minimum level of regulatory capital as a percentage of total assets of 6%; and
(ii) Maintain a ratio of total regulatory capital to risk-weighted assets at or above 10%.

The regulatory capital as managed by the subsidiaries' ALCOs is divided into two tiers:

(i) Tier 1 capital: share capital, retained earnings and reserves created by appropriations of retained earnings. The book value of goodwill and negative fair value reserves are deducted in arriving at Tier 1 capital; and

(ii) Tier 2 capital: general provisions for loan losses on assets limited to 1.25% of risk-weighted assets.

Risk-weighted assets are measured by means of a hierarchy of risk weights classified according to the nature of and reflecting an estimate of credit, market and other risks associated with each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-statement of financial position exposure, with some adjustments to reflect the more contingent nature of the potential losses.

The Group complied with the regulatory capital requirements to which it is subjected.

3. Insurance and Financial Risk Management (Continued)

(d) Capital management (continued)

Companies not requiring external regulatory capital requirements

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on equity, which the Group defines as net profit attributable to owners of the company divided by total owners' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to equity owners.

The Group monitors capital on the basis of the debt to equity ratio. This ratio is calculated as debt divided by owners' equity. Debt is calculated as total borrowings as shown in the consolidated statement of financial position. Owners' equity is calculated as capital and reserves attributable to the company's owners as shown in the consolidated statement of financial position.

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain a debt to equity ratio not exceeding 100%. The debt to equity ratios at 31 December 2021 and 2020 were as follows:

	Group	
	2021	**2020**
	$'000	**$'000**
Total borrowings (Note 15)	27,988,518	25,233,708
Owners' equity	67,605,593	59,910,259
Gearing ratio	41.4%	42.1%

There were no changes to the Group's approach to capital management during the year.

The parent company complied with all externally imposed capital requirements to which it is subjected.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2 (g). The assessment of goodwill impairment involves the determination of the value in use. Determination of value in use involves the estimation of future cash flows from the business taking into consideration the growth rates, inflation rates and the discount rates. Any changes in these variables would impact the value in use calculations. A 1% increase in the discount rate would result in a reduction in the value in use by $2,959,519,000, which would not result in an impairment of goodwill.

(ii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The Group has recognised deferred tax assets on tax losses carried forward as it anticipates making future taxable income to offset these losses.

(iii) Pension plan assets and post-employment obligations

The cost of these benefits and the present value of the pension and the other post-employment liabilities depend on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net periodic cost (income) for pension and post-employment benefits include the expected long-term rate of return on the relevant plan assets, the discount rate and, in the case of the post-employment medical benefits, the expected rate of increase in medical costs. Any changes in these assumptions will impact the net periodic cost (income) recorded for pension and post-employment benefits and may affect planned funding of the pension plans. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The appropriate discount rate is determined at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-employment benefit obligations. In determining the appropriate discount rate, the interest rate of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid are considered, and that have terms to maturity approximating the terms of the related pension liability. The expected rate of increase of medical costs has been determined by comparing the historical relationship of the actual medical cost increases with the rate of inflation in the respective economies. Other key assumptions for the pension and post-employment benefits cost and credits are based in part on current market conditions.

(iv) Liabilities arising from claims made under insurance contracts

General Insurance
The determination of the liabilities under insurance contracts represents the liability for future claims payable by the insurance subsidiaries based on contracts for the insurance business in force at the statement of financial position date using several methods, including the Paid Loss Development method, the Incurred Loss Development method, the Bornhuetter-Ferguson Paid Loss method, the Bornhuetter-Ferguson Incurred Loss method and the Frequency-Severity method. These liabilities represent the amount of future premiums that will, in the opinion of the actuary, be sufficient to pay future claims relating to contracts of insurance in force, as well as meet the other expenses incurred in connection with such contracts. A margin for risk or uncertainty (adverse deviations) in these assumptions is added to the liability. The assumptions are examined each year in order to determine their validity in light of current best estimates or to reflect emerging trends in the insurance subsidiaries' experience.

Claims are analysed separately between those arising from damage to insured property and consequential losses. Claims arising from damage to insured property can be estimated with greater reliability, and the insurance subsidiaries' estimation processes reflect all the factors that influence the amount and timing of cash flows from these contracts. The shorter settlement period for these claims allows the insurance subsidiaries to achieve a higher degree of certainty about the estimated cost of claims, and relatively little IBNR is held at year-end. However, the longer time needed to assess the emergence of claims arising from consequential losses makes the estimation process more uncertain for these claims.

Life Insurance
The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the appointed actuary. Estimates are made regarding the expected number of claims for each of the years in which the Group is exposed to risk. These estimates are based on standard industry and international mortality and morbidity tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the insurance subsidiary's own experience. The estimated number of claims determines the value of the benefit payments and the value of the valuation premiums.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

Key sources of estimation uncertainty (continued)

(v) Investment properties

Investment properties are carried in the statement of financial position at market value. The Group uses independent qualified property appraisers to value its investment properties annually, generally using the income approach. This approach takes into consideration various assumptions and factors including; the level of current and future occupancy, the rate of annual rent increases, the rate of inflation of direct expenses, the appropriate discount rate, and the current condition of the properties together with an estimate of future maintenance and capital expenditures. Reference is also made to recent comparable sales. A change in any of these assumptions and factors could have a significant impact on the valuation of investment properties.

(vi) Land and buildings

Freehold land and buildings are carried in the statement of financial position at fair value, with changes in fair value being recognised in ‘capital and fair value reserve’ through other comprehensive income. The Group uses independent qualified property appraisers to value its land and buildings bi-annually. Those fair values were derived using:

- The sales comparison approach, which references market-based evidence, using comparable prices adjusted for specific market factors such as nature, location and condition of the property. The most significant input into this valuation approach is price per square foot. Significant increases (decreases) in estimated price per square foot in isolation would result in a significantly higher (lower) fair value.

- The cost approach using observable inputs. The external valuers have determined these inputs based on the size, age and condition of the land and buildings and the state of the economy.

(vii) Fair value of financial instruments

In the absence of quoted market prices, the fair values of a significant portion of the Group’s financial instruments were determined using generally accepted alternative methods. The values derived from applying these methods are significantly affected by the underlying assumptions used concerning both the amounts and timing of future cash flows and the discount rates. Considerable judgement is required in interpreting market data to arrive at estimates of fair values. Consequently, the estimates arrived at may be significantly different from the actual price of the instruments in an arm’s length transaction.

(viii) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI requires the use of complex models and significant assumptions about future economic conditions and credit behaviour such as the likelihood of customers defaulting and the resulting losses.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk
- Choosing appropriate models and assumptions for the measurement of ECL
- Establishing the number and relative weightings of forward-looking scenarios
- Establishing groups of similar financial assets for the purpose of measuring ECL

Further details about judgements and estimates made by the Group in the above areas is set out in Notes 2 (h) and 3 (c) (i).

(ix) Business combinations

Business combinations are accounted for using the acquisition method. The Group determines the identifiable assets and liabilities using the Purchase Price Allocation method. Under this method, the Group makes estimates about future cash flows which are derived based on factors such as revenue growth, future margins, attrition rates, and discount rates in determining the fair values of the identifiable intangible assets. A similar approach to determine the identifiable assets and liabilities is used for associates and joint ventures.

5. Cash and Deposits

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	24,134,264	17,292,691	1,171,343	2,861,970
Deposits	5,902,417	7,038,415	2,028,669	2,541,843
	30,036,681	24,331,106	3,200,012	5,403,813

Included in deposits is interest receivable of $44,240,000 (2020: $47,255,000) and $14,182,000 (2020: $11,642,000) for the Group and company, respectively. The weighted average effective interest rate on deposits was 3.29% (2020: 3.35%) and 5.54% (2020: 4.02%) for the Group and company, respectively, and these deposits have an average maturity of under 3 months.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and in hand	24,134,264	17,292,691	1,171,343	2,861,970
Deposits	5,902,417	7,038,415	2,028,669	2,541,843
	30,036,681	24,331,106	3,200,012	5,403,813
Bank overdrafts (Note 15)	(2,125,500)	(1,011,318)	(1,545,681)	(308,605)
	27,911,181	23,319,788	1,654,331	5,095,208

6. Investment Securities and Pledged Assets

(a) Investment securities

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At amortised cost:				
Bank of Jamaica	9,218,584	7,420,809	-	-
Government of Jamaica securities	9,757,313	8,395,924	3,106,876	2,679,904
Foreign government securities	246,094	350,421	-	-
Corporate bonds	10,612,752	9,674,162	3,097,321	2,614,007
Other debt securities	7,973,589	4,069,935	1,823,941	1,505,764
Other	5,638	5,355	335	335
	37,813,970	29,916,606	8,028,473	6,800,010
At fair value through other comprehensive income:				
Quoted equities	1,202,183	1,162,192	136,678	78,106
Government of Jamaica securities	7,572,896	6,798,108	-	-
Foreign government securities	701,938	746,906	-	-
Corporate bonds	1,797,204	1,955,862	-	-
Other debt securities	2,794	-	-	-
Other	3,144	3,144	-	-
	11,280,159	10,666,212	136,678	78,106
At fair value through profit or loss:				
Quoted equities	746,639	541,517	-	-
	746,639	541,517	-	-
Total	49,840,768	41,124,335	8,165,151	6,878,116
Less: Pledged assets (Note 6b)	(9,361,518)	(7,610,387)	-	-
Investment securities in the statement of financial position	40,479,250	33,513,948	8,165,151	6,878,116

Included in investment securities is interest receivable of $472,882,000 (2020: $389,342,000) and $155,524,000 (2020: $135,161,000) for the Group and the company respectively.

The effective interest rate on the investment securities for the Group and company are 5.70% (2020: 6.10%) and 6.79% (2020: 6.63%), respectively.

Included in investment securities for the Group is $9,952,412,000 (2020: $9,530,589,000) and company $4,709,202,000 (2020: $1,624,911,000) which matures within the next 12 months.

Included in Bank of Jamaica securities is $4,792,937,000 (2020: $4,022,709,000) held at the Bank of Jamaica under Section 43 of the Banking Services Act, 2018, which requires that every licensee maintains a cash reserve with the Bank of Jamaica. A prescribed minimum of 19% (2020: 19%) of Jamaica dollar currency deposits liabilities and 27% (2020: 27%) of foreign currency deposit liabilities is required to be maintained as cash reserves by the bank in liquid assets of which 5% (2020: 5%) must be maintained as cash reserves for Jamaican dollar currency and 13% (2020: 13%) for foreign currency cash reserves. No portion of the cash reserve is available for investment, lending or other use by the Group or the banking subsidiary.

6. Investment Securities and Pledged Assets (Continued)

(b) Pledged assets

Assets are pledged as collateral under repurchase agreements with other financial institutions and for security relating to overdraft and other facilities with other financial institutions and the Bank of Jamaica.

	Group			
	Asset		Related Liability	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Total in the statement of financial position (Note 6a)	9,361,518	7,610,387	7,158,284	6,790,021

There were no pledged assets in relation to the company.

Of the assets pledged as security, the following represents the total for those assets pledged for which the transferee has the right by contract or custom to sell or repledge the collateral.

	Group	
	2021 $'000	2020 $'000
Pledged assets with right to sell or repledge	9,361,518	7,610,387

(c) Investments in financial assets designated at fair value through other comprehensive income

The Group has designated at FVOCI investments in a portfolio of equity securities issued by the following exchanges:

- Jamaica Stock Exchange
- Trinidad & Tobago Stock Exchange

The Group chose this presentation alternative because the investments were made for strategic purposes rather than with a view to profit on a subsequent sale, and there are no plans to dispose of these investments in the short or medium term.

The fair value of these investments is $1,202,183,000 and $136,678,000 for the Group and company respectively as at 31 December 2021. Dividends of $14,663,000 and $740,000 were recognised during the year for the Group and company respectively. There were no transfers of the cumulative gain within equity during the year.

For debt investments at FVOCI, the Group recognised net gains of $143,694,000 in the income statement during the year, being reclassified from other comprehensive income on sale.

7. Receivables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables, less provision for impairment	10,793,496	8,889,177	1,649,882	1,384,924
Insurance receivables, less provision for impairment	3,920,374	2,806,559	-	-
Reinsurers' portion of unearned premiums	1,942,376	1,694,851	-	-
Deferred policy acquisition costs	461,888	401,559	-	-
Receivable from associates and joint ventures (Note 35e)	24,757	16,107	22,514	14,522
Prepayments	1,757,193	1,898,092	108,827	117,514
Other receivables	1,283,664	1,165,094	66,498	34,720
	20,183,748	16,871,439	1,847,721	1,551,680

The fair values of trade and other receivables approximate carrying values. All receivable balances are due within the next 12 months.

8. Inventories

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Raw materials and spares	1,397,285	1,061,600	-	-
Finished goods	1,578,216	1,526,768	-	-
Merchandise	12,319,900	10,006,156	3,241,605	1,935,872
Goods in transit	3,933,518	1,838,611	1,980,606	695,012
	19,228,919	14,433,135	5,222,211	2,630,884

The inventory write-down recognised as an expense amounted to $321,729,000 (2020: $289,134,000) and $187,065,000 (2020: $158,363,000) for the Group and the company respectively.

9. Loans Receivable

(a) Loans receivable comprise:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Finance leases, less deferred profit	65,765	63,576	-	-
Loans and receivables:				
Loans to subsidiaries (Note 35e)	-	-	2,888,921	2,402,046
Loans to associates and joint ventures (Note 35e)	482,848	-	-	-
Loans to others	32,773,877	31,186,755	58,216	67,919
	33,322,490	31,250,331	2,947,137	2,469,965

Loans receivable are due within 10 years from the statement of financial position date.

Included in loans receivable is interest receivable of $366,767,000 (2020: $405,589,000) and $9,485,000 (2020: $4,931,000) for the Group and company, respectively.

Included in loans receivable is $7,967,497,000 (2020: $4,444,019,000) and $2,336,875,000 (2020: $1,910,087,000) which matures in the next 12 months for the Group and the company respectively.

9. Loans Receivable (Continued)

(b) Finance lease receivables:

	Group	
	2021	**2020**
	$'000	**$'000**
Gross receivables from finance leases:		
Not later than 1 year	34,514	30,906
Later than 1 year and not later than 5 years	40,133	40,932
	74,647	71,838
Unearned future finance income on finance leases	(8,882)	(8,262)
Net investment in finance leases	65,765	63,576
The net investment in finance leases is analysed as follows:		
Not later than 1 year	28,985	26,405
Later than 1 year and not later than 5 years	36,780	37,171
Total	65,765	63,576

10. Investments in Associates and Joint Ventures

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At beginning of year	4,118,824	3,511,934	574,698	574,698
Amounts recognised in the income statement	414,911	543,532	-	-
Amounts recognised in other comprehensive income	140,515	195,847	-	-
Dividends paid	(245,039)	(239,989)	-	-
Additions	95,000	107,500	-	-
Amounts recognised in the statement of financial position	4,524,211	4,118,824	574,698	574,698

	Group	
	2021	2020
	$'000	$'000
Dairy Industries (Jamaica) Limited	1,454,729	1,355,149
CSGK Finance Holdings Limited	1,599,963	1,387,832
Catherine's Peak Bottling Company Limited	590,449	586,735
Canopy Insurance Limited	233,942	224,516
Immaterial associated companies	645,128	564,592
Amounts recognised in the statement of financial position	4,524,211	4,118,824

Dairy Industries (Jamaica) Limited (DIJL), CSGK Finance Holdings Limited (CSGK), Catherine's Peak Bottling Company Limited (CPBC), and Canopy Insurance Limited (CIL) in the opinion of the directors, are material to the Group.

DIJL has share capital consisting solely of ordinary shares, which are partially owned by the Group and held directly by the parent company. The Group owns 50% of the share capital in DIJL. DIJL is one of the main manufacturers of dairy products such as cheese and yogurt, within Jamaica; and sells its products mainly through distributors including to companies within the Group.

CSGK has share capital consisting solely of ordinary shares, which are held indirectly by the parent company through a banking and investment subsidiary. The Group owns 40% of the share capital in CSGK. CSGK is a finance company whose principal activities, through its wholly owned subsidiary Signia Financial Group Inc., are the provision of term finance, motor vehicle leasing, acceptance of deposits, foreign exchange dealing and stock broking.

CPBC has share capital consisting solely of ordinary shares, which are partially owned by the Group and held directly by the parent company. The Group owns 35% of the share capital in CPBC. CPBC is one of the main bottlers of spring water within Jamaica; and sells its products mainly through distributors including to companies within the Group.

CIL has share capital consisting solely of ordinary shares, which are held indirectly by the parent company through a banking and investment subsidiary. The Group owns 50% of the share capital in CIL. CIL provides group life and group health insurance services.

DIJL, CSGK, CPBC and CIL are private companies and there are no quoted market prices available for the shares.

There are no contingent liabilities relating to the Group's interest in DIJL, CSGK, CPBC and CIL and the Group's other associates.

10. Investments in Associates and Joint Ventures (Continued)

The summarised information for DIJL, CSGK, CPBC and CIL that was accounted for using the equity method for the years ended 31 December 2021 and 31 December 2020 is as follows:

Summarised statement of financial position

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Cash and cash equivalents	291,089	77,937	4,056,080	2,965,800
Other current assets (excluding cash)	2,316,004	2,475,664	6,216,004	6,104,087
Total current net assets	2,607,093	2,553,601	10,272,084	9,069,887
Financial liabilities (excluding trade payables)	98,060	113,336	15,663,592	15,337,834
Other current liabilities (including trade payables)	378,609	551,026	1,218,852	1,293,088
Total current liabilities	476,669	664,362	16,882,444	16,630,922
Non-current				
Assets	1,127,811	1,168,770	21,193,561	19,864,930
Liabilities	348,778	347,711	10,583,293	8,834,316
Net assets	2,909,457	2,710,298	3,999,908	3,469,579

	Catherine's Peak Bottling Company Limited		Canopy Insurance Limited	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current				
Cash and cash equivalents	138,235	143,061	179,427	92,783
Other current assets (excluding cash)	175,532	251,754	1,351,360	146,068
Total current net assets	313,767	394,815	1,530,787	238,851
Financial liabilities (excluding trade payables)	21,508	37,787	1,593,728	336,734
Other current liabilities (including trade payables)	121,264	166,164	-	-
Total current liabilities	142,772	203,951	1,593,728	336,734
Non-current				
Assets	381,541	343,962	546,535	546,916
Liabilities	289,935	282,838	15,709	-
Net assets	262,601	251,988	467,885	449,033

10. Investments in Associates and Joint Ventures (Continued)

Summarised income statement

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	4,334,077	3,802,198	2,104,635	2,165,707
Depreciation	(78,418)	(59,688)	(62,997)	(65,409)
Interest income - non-financial services	21,664	17,501	-	-
Interest expense - non-financial services	(10,284)	(12,766)	-	-
Profit before income tax	836,691	714,345	231,609	400,413
Taxation expense	(212,053)	(186,125)	12,184	(17,302)
Profit after tax	624,638	528,220	243,793	383,111
Other comprehensive income	(25,479)	105,883	286,536	214,642
Total comprehensive income	599,159	634,103	530,329	597,753
Dividends received by the Group from associates	200,000	200,000	-	-

	Catherine's Peak Bottling Company Limited		Canopy Insurance Limited	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Revenue	1,183,026	1,202,713	2,411,725	1,439,270
Depreciation	(32,966)	(95,520)	(27,783)	(22,323)
Interest income - non-financial services	224	9,850	7,814	9,080
Interest expense - non-financial services	(27,139)	(14,553)	-	-
Profit/(loss) before income tax	147,018	200,129	(225,095)	(71,202)
Taxation expense	(55,634)	(46,117)	53,947	68,592
Profit/(loss) after tax	91,384	154,012	(171,148)	(2,610)
Total comprehensive income	91,384	154,012	(171,148)	(2,610)
Dividends received by the Group from associates	28,270	38,592	-	-

10. Investments in Associates and Joint Ventures (Continued)

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates and joint ventures

	Dairy Industries (Jamaica) Limited		CSGK Finance Holdings Limited	
	2021	2020	2021	2020
Summarised financial information	**$'000**	**$'000**	**$'000**	**$'000**
Opening net assets at 1 January	2,710,298	2,476,195	3,469,579	2,871,826
Profit for the period	624,638	528,220	243,793	383,111
Other comprehensive income	(25,479)	105,883	286,536	214,642
Dividends paid	(400,000)	(400,000)	-	-
Closing net assets	2,909,457	2,710,298	3,999,908	3,469,579
Interest in associates (%)	50	50	40	40
Interest in associates (J$)	1,454,729	1,355,149	1,599,963	1,387,832
Carrying value	1,454,729	1,355,149	1,599,963	1,387,832

	Catherine's Peak Bottling Company Limited		Canopy Insurance Limited	
	2021	2020	2021	2020
Summarised financial information	**$'000**	**$'000**	**$'000**	**$'000**
Opening net assets at 1 January	251,988	208,239	449,033	241,643
Profit/(loss) for the period	91,384	154,012	(171,148)	(2,610)
Additional investment	-	-	190,000	210,000
Dividends paid	(80,771)	(110,263)	-	-
Closing net assets	262,601	251,988	467,885	449,033
Interest in associates and joint ventures (%)	35	35	50	50
Interest in associates and joint ventures (J$)	91,910	88,196	233,942	224,516
Intangible assets	498,539	498,539	-	-
Carrying value	590,449	586,735	233,942	224,516

Intangible assets related to the investment in Catherine's Peak Bottling Company Limited include the entity's brand and customer relationships with estimated useful lives of 15 years and 10 years respectively, as well as goodwill.

The amounts recognised in total comprehensive income in respect of immaterial associates are as follows:

	Group	
	2021	2020
	$'000	$'000
Profit	58,665	73,579
Other comprehensive income	38,641	57,048
Total comprehensive income	97,306	130,627

11. Intangible Assets

	Brands, Customer and Supplier Relationships $'000	Goodwill $'000	Computer Software $'000	Policy Contracts $'000	Total $'000
			Group		
Cost					
At 1 January 2020	3,482,511	1,775,183	3,880,708	632,788	9,771,190
Additions	-	-	376,306	-	376,306
Acquisition through business combination (Note 39)	138,000	171,937	18,463	47,000	375,400
Retirement of asset	-	-	(156,950)	(26,214)	(183,164)
Exchange differences	181,304	136,738	9,193	-	327,235
At 31 December 2020	3,801,815	2,083,858	4,127,720	653,574	10,666,967
Additions	559,684	-	585,320	-	1,145,004
Acquisition through business combination (Note 39)	1,085,001	-	-	-	1,085,001
Retirement of asset	-	-	(17,881)	-	(17,881)
Exchange differences	188,615	143,382	10,788	-	342,785
At 31 December 2021	5,635,115	2,227,240	4,705,947	653,574	13,221,876
Accumulated Amortisation					
At 1 January 2020	1,854,366	308,489	3,038,838	556,552	5,758,245
Acquisition through business combination (Note 39)	-	-	14,478	-	14,478
Amortisation charge for the year	234,252	-	264,289	48,314	546,855
Impairment charge	-	-	3,722	26,214	29,936
Retirement of asset	-	-	(156,950)	(26,214)	(183,164)
Exchange differences	80,126	-	9,025	-	89,151
At 31 December 2020	2,168,744	308,489	3,173,402	604,866	6,255,501
Amortisation charge for the year	311,434	-	347,673	11,084	670,191
Impairment charge	-	16,854	-	-	16,854
Retirement of asset	-	-	(17,881)	-	(17,881)
Exchange differences	109,543	-	10,735	-	120,278
At 31 December 2021	2,589,721	325,343	3,513,929	615,950	7,044,943
Net Book Amount					
31 December 2021	3,045,394	1,901,897	1,192,018	37,624	6,176,933
31 December 2020	1,633,071	1,775,369	954,318	48,708	4,411,466

Impairment tests for goodwill
The Group determines whether goodwill is impaired at least on an annual basis or when events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the recoverable amount of the cash generating unit (CGU) to which the goodwill is allocated. The recoverable amount is usually determined by reference to the value in use. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose an appropriate discount rate in order to calculate the present value of those future cash flows.

11. Intangible Assets (Continued)

The allocation of goodwill to the Group's cash generating units (CGUs) identified according to segment is as follows:

	2021 $'000	2020 $'000
Food Trading		
- Jamaica operations	-	16,854
- United Kingdom operations	578,951	526,882
- United States operations	1,151,009	1,059,696
Insurance		
- Jamaica operations	171,937	171,937
	1,901,897	1,775,369

For the year ended 31 December 2021, management tested the goodwill allocated to all the CGUs for impairment.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the industry in which the CGU operates.

Key assumptions used for value in use calculations:

	Revenue Growth Rate	EBITDA to Revenue	Capital Expenditure to Revenue	Discount Rate
Food Trading				
- Jamaica operations	7.43%	-2.01%	0.17%	14.59%
- United Kingdom operations	5.48%	5.69%	1.18%	10.00%
- United States operations	5.58%	5.59%	1.15%	11.12%
Insurance				
- Jamaica operations	9.66%	4.56%	0.49%	16.00%

	Computer Software $'000
	Company
Cost	
At 1 January 2020	1,250,743
Additions	99,271
Retirement of asset	(116,464)
At 31 December 2020	1,233,550
Additions	164,511
Retirement of asset	(10,983)
At 31 December 2021	1,387,078
Accumulated Amortisation	
At 1 January 2020	965,128
Amortisation charge for the year	94,155
Retirement of asset	(116,464)
At 31 December 2020	942,819
Amortisation charge for the year	97,952
Retirement of asset	(10,983)
At 31 December 2021	1,029,788
Net Book Amount	
31 December 2021	357,290
31 December 2020	290,731

12. Fixed Assets

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Plant, Equipment, Fixtures & Vehicles $'000	Right-of-Use Assets [a] $'000	Capital Work in Progress $'000	Total $'000
			Group			
Cost						
At 1 January 2020	10,210,943	2,995,569	9,535,521	9,692,073	715,446	33,149,552
Additions	232,525	63,048	800,114	971,148	478,054	2,544,889
Acquisition through business combination (Note 39)	191,049	24,623	118,326	30,533	-	364,531
Revaluation adjustment	434,333	-	-	-	-	434,333
Transfers	325,305	75,055	388,645	-	(789,005)	-
Disposals	-	(146,016)	(392,376)	(92,617)	(16,032)	(647,041)
Exchange differences	61,088	89,011	175,958	498,824	118	824,999
At 31 December 2020	11,455,243	3,101,290	10,626,188	11,099,961	388,581	36,671,263
Additions	56,694	72,858	668,836	923,680	923,203	2,645,271
Acquisition through business combination (Note 39)	-	-	-	11,254	-	11,254
Revaluation adjustment	20,469	-	-	-	-	20,469
Transfers	129,094	31,930	593,976	-	(755,000)	-
Transfer from investment properties (Note 38)	226,734	-	-	-	-	226,734
Disposals	(1,753)	(43,940)	(616,512)	(140,438)	(6,058)	(808,701)
Exchange differences	90,516	96,817	186,114	572,361	192	946,000
At 31 December 2021	11,976,997	3,258,955	11,458,602	12,466,818	550,918	39,712,290
Accumulated Depreciation						
At 1 January 2020	168,675	1,446,226	6,103,061	1,357,265	-	9,075,227
Acquisition through business combination (Note 39)	12,060	20,853	79,556	15,534	-	128,003
Charge for the year	206,606	245,702	895,655	1,289,794	-	2,637,757
Revaluation adjustment	(387,430)	-	-	-	-	(387,430)
On disposals	-	(145,870)	(360,569)	(69,391)	-	(575,830)
Exchange differences	83	34,334	121,349	77,726	-	233,492
At 31 December 2020	(6)	1,601,245	6,839,052	2,670,928	-	11,111,219
Acquisition through business combination (Note 39)	-	-	-	7,125	-	7,125
Charge for the year	219,231	222,998	967,473	1,394,530	-	2,804,232
On disposals	(407)	(38,523)	(592,791)	(129,662)	-	(761,383)
Exchange differences	169	39,272	130,995	157,242	-	327,678
At 31 December 2021	218,987	1,824,992	7,344,729	4,100,163	-	13,488,871
Net Book Amount						
31 December 2021	11,758,010	1,433,963	4,113,873	8,366,655	550,918	26,223,419
31 December 2020	11,455,249	1,500,045	3,787,136	8,429,033	388,581	25,560,044

[a] The categorisation of the right-of-use assets is detailed in Note 16.

12. Fixed Assets (Continued)

	Freehold Land and Buildings $'000	Leasehold Buildings and Improvements $'000	Plant, Equipment, Fixtures & Vehicles $'000	Right-of-Use Assets [(a)] $'000	Capital Work in Progress $'000	Total $'000
			Company			
Cost						
At 1 January 2020	82,000	104,827	1,000,019	3,314,022	29,379	4,530,247
Additions	-	-	157,829	116,640	-	274,469
Revaluation adjustment	12,000	-	-	-	-	12,000
Transfers	-	-	25,031	-	(25,031)	-
Disposals	-	-	(102,926)	(5,718)	(4,348)	(112,992)
At 31 December 2020	94,000	104,827	1,079,953	3,424,944	-	4,703,724
Additions	-	11,371	197,562	1,457	790	211,180
Disposals	-	(8,686)	(149,653)	(44,490)	-	(202,829)
At 31 December 2021	94,000	107,512	1,127,862	3,381,911	790	4,712,075
Accumulated Depreciation						
At 1 January 2020	1,588	90,521	640,399	395,474	-	1,127,982
Charge for the year	1,587	2,051	102,658	289,035	-	395,331
Revaluation adjustment	(3,175)	-	-	-	-	(3,175)
On disposals	-	-	(102,924)	(3,798)	-	(106,722)
At 31 December 2020	-	92,572	640,133	680,711	-	1,413,416
Charge for the year	1,800	3,051	125,834	281,445	-	412,130
On disposals	-	(7,713)	(148,944)	(44,493)	-	(201,150)
At 31 December 2021	1,800	87,910	617,023	917,663	-	1,624,396
Net Book Amount						
31 December 2021	92,200	19,602	510,839	2,464,248	790	3,087,679
31 December 2020	94,000	12,255	439,820	2,744,233	-	3,290,308

[(a)] The categorisation of the right-of-use assets is detailed in Note 16.

12. Fixed Assets (Continued)

(a) If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cost	9,295,523	8,795,021	44,660	44,660
Accumulated depreciation	1,096,150	927,739	16,382	15,266
Net Book Amount	8,199,373	7,867,282	28,278	29,394

(b) The Group's land and buildings were revalued during 2020 by independent valuers. The valuations were done on the basis of open market value, with the exception of the Distribution Centre and Group Headquarters, for which recent market transactions are not available due to the specialised nature of the assets. The revaluation surpluses, net of applicable deferred income taxes, were credited to the capital and fair value reserves in equity (Note 20).

(c) In 2021 an investment property (Note 38) was transferred to land and buildings and is now occupied by the Group.

13. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using principal tax rates of 25% for unregulated companies and 33 ⅓% for regulated companies.

The movement on the deferred income tax account is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At beginning of year	(761,710)	(417,525)	(813,688)	(628,399)
Acquisition through business combinations (Note 39)	-	393,829	-	-
Income statement credit/(charge) (Note 29)	193,455	(156,915)	31,608	150,770
Tax credit/(charge) relating to components of other comprehensive income (Note 29)	124,535	(576,402)	(123,746)	(336,059)
Exchange differences	(6,655)	(4,697)	-	-
At end of year	(450,375)	(761,710)	(905,826)	(813,688)

13. Deferred Income Taxes (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable profits is probable. Subject to agreement with the taxation administration in the relevant jurisdictions, the Group has recognised tax losses of $1,948,802,000 (2020: $1,799,939,000) and recognised tax credits of $212,907,000 (2020: $212,907,000) to carry forward indefinitely against future taxable income. The Group also has unrecognised tax losses of $Nil (2020: $938,954,000) in respect of some subsidiaries.

Deferred income tax liabilities of $1,006,812,000 (2020: $540,693,000) have not been established for the withholding taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are permanently reinvested; such unremitted earnings totalled $4,027,248,000 (2020: $2,162,774,000).

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the period is as follows:

	Group					
Deferred tax liabilities	**Fixed Assets $'000**	**Fair Value Gains $'000**	**Unrealised Foreign Exchange Gains $'000**	**Pension Plan Assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2020	583,338	887,945	14,372	1,455,387	491,380	3,432,422
Acquisition through business combinations	32,325	-	-	-	1,124	33,449
Charged/(credited) to the income statement	145,819	(49,703)	16,158	(65,544)	3,900	50,630
Charged/(credited) to other comprehensive income	165,626	(22,904)	-	320,500	-	463,222
Exchange differences	1,221	-	-	-	6,809	8,030
At 31 December 2020	928,329	815,338	30,530	1,710,343	503,213	3,987,753
Charged/(credited) to the income statement	8,888	34,262	105,294	(63,939)	(8,616)	75,889
(Credited)/charged to other comprehensive income	(14,062)	(189,513)	-	128,095	-	(75,480)
Exchange differences	5,746	-	-	-	6,298	12,044
At 31 December 2021	928,901	660,087	135,824	1,774,499	500,895	4,000,206

Deferred tax assets	**Fixed Assets $'000**	**Fair Value Losses $'000**	**Unutilised Tax Losses and Credits $'000**	**Employee Benefit Obligations $'000**	**Other $'000**	**Total $'000**
At 1 January 2020	309,327	-	834,825	1,563,416	307,329	3,014,897
Acquisition through business combinations	1,302	-	425,886	-	90	427,278
Credited/(charged) to the income statement	70,222	-	(473,548)	152,928	144,113	(106,285)
Charged to other comprehensive income	-	-	-	(113,180)	-	(113,180)
Exchange differences	579	-	792	-	1,962	3,333
At 31 December 2020	381,430	-	787,955	1,603,164	453,494	3,226,043
Credited/(charged) to the income statement	82,919	-	7,274	179,715	(564)	269,344
Credited to other comprehensive income	-	-	-	49,055	-	49,055
Exchange differences	1,084	-	2,151	-	2,154	5,389
At 31 December 2021	465,433	-	797,380	1,831,934	455,084	3,549,831

13. Deferred Income Taxes (Continued)

	Company					
Deferred tax liabilities	**Fixed Assets $'000**	**Fair Value Gains $'000**	**Unrealised Foreign Exchange Gains $'000**	**Pension Plan Assets $'000**	**Other $'000**	**Total $'000**
At 1 January 2020	9,911	8,135	-	1,455,387	15,214	1,488,647
Charged/(credited) to the income statement	20,341	-	-	(65,542)	(3,901)	(49,102)
Charged/(credited) to other comprehensive income	3,257	(1,155)	-	320,498	-	322,600
At 31 December 2020	33,509	6,980	-	1,710,343	11,313	1,762,145
Charged/(credited) to the income statement	7,404	-	86,321	(63,939)	8,113	37,899
Charged to other comprehensive income	-	14,643	-	128,095	-	142,738
At 31 December 2021	40,913	21,623	86,321	1,774,499	19,426	1,942,782

Deferred tax assets	**Fixed Assets $'000**	**Fair Value Losses $'000**	**Unutilised Tax Losses and Credits $'000**	**Employee Benefit Obligations $'000**	**Other $'000**	**Total $'000**
At 1 January 2020	66,883	-	-	692,086	101,279	860,248
Credited to the income statement	26,480	-	-	43,053	32,135	101,668
Charged to other comprehensive income	-	-	-	(13,459)	-	(13,459)
At 31 December 2020	93,363	-	-	721,680	133,414	948,457
Credited to the income statement	9,629	-	-	52,749	7,129	69,507
Credited to other comprehensive income	-	-	-	18,992	-	18,992
At 31 December 2021	102,992	-	-	793,421	140,543	1,036,956

13. Deferred Income Taxes (Continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated statement of financial position:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred tax assets	1,332,769	1,060,528	-	-
Deferred tax liabilities	(1,783,144)	(1,822,238)	(905,826)	(813,688)
	(450,375)	(761,710)	(905,826)	(813,688)
The gross amounts shown in the above tables include the following:				
Deferred tax assets:				
Deferred tax assets to be recovered after more than 12 months	3,094,747	2,772,549	896,413	815,043
Deferred tax assets to be recovered within 12 months	455,084	453,494	140,543	133,414
	3,549,831	3,226,043	1,036,956	948,457
Deferred tax liabilities:				
Deferred tax liabilities to be settled after more than 12 months	(2,703,400)	(2,638,672)	(1,815,412)	(1,743,852)
Deferred tax liabilities to be settled within 12 months	(1,296,806)	(1,349,081)	(127,370)	(18,293)
	(4,000,206)	(3,987,753)	(1,942,782)	(1,762,145)
Deferred tax liabilities net	(450,375)	(761,710)	(905,826)	(813,688)

14. Pensions and Other Post-Employment Obligations

The Group has both defined contribution pension schemes and a defined benefit pension scheme.

Defined contribution schemes
The defined contribution pension scheme is open to Jamaican based employees hired on or after 1 April 2010. Employees contribute 5% of pensionable earnings with the option to contribute an additional voluntary contribution of 5%. The employer contributions are currently set at 10%. The Group also has other defined contribution schemes open to employees of its foreign subsidiaries which are operated in those countries. The Group's and company's contributions for the year were $540,568,000 (2020: $452,662,000) and $129,308,000 (2020: $104,211,000) respectively.

Defined benefit scheme
The Group's defined benefit pension scheme, which commenced on 1 January 1975, is funded by employee contributions at 5% of salary with the option to contribute an additional 14.5%, and employer contributions at 0.02%, as recommended by independent actuaries. The last valuation was carried out at 31 December 2019. Pension at normal retirement age is based on 2% per year of pensionable service of the average of the highest three years' annual salary during the last ten years of service. This scheme was closed to new members as at 31 March 2010.

The Board of Trustees of the pension fund is comprised of representatives from both the employer and members of the plan. The Board of Trustees of the pension fund is required by law to act in the interest of the fund and all relevant stakeholders. The Board of Trustees of the fund is responsible for the investment policy with regard to the assets of the fund. The funds are managed by Proven Fund Managers Limited.

In the event of a plan surplus the Group is able to take a contribution holiday, while a funding deficiency will require the Group to make additional contributions to adequately fund the plan.

14. Pension and Other Post-Employment Obligations (Continued)

Pension benefits

The amounts recognised in the statement of financial position are determined as follows:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Present value of funded obligations	35,148,107	31,778,461
Fair value of plan assets	(42,246,102)	(38,619,833)
	(7,097,995)	(6,841,372)
Asset in the statement of financial position	(7,097,995)	(6,841,372)

The movement in the defined benefit obligation over the year is as follows:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Beginning of year	31,778,461	27,533,392
Current service cost	767,845	592,967
Interest cost	2,816,802	2,033,728
	3,584,647	2,626,695
Remeasurements -		
Gain from change in demographic assumptions	-	(1,618,767)
Loss from change in financial assumptions	233,456	2,618,090
Experience losses	323,068	1,252,416
	556,524	2,251,739
Members' contributions	286,309	243,379
Benefits paid	(1,057,834)	(876,744)
End of year	35,148,107	31,778,461

14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)
The movement in the fair value of plan assets for the year is as follows:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Beginning of year	38,619,833	40,296,662
Interest income on plan assets	3,438,936	2,987,678
Return on plan assets, excluding amounts included in interest income	1,068,902	(3,928,614)
Members' contributions	286,309	243,379
Employers' contributions	602	553
Benefits paid	(1,057,834)	(876,744)
Administration costs	(110,646)	(103,081)
End of year	42,246,102	38,619,833

The amounts recognised in the income statement are as follows:

	Group and Company	
	2021	**2020**
	$'000	**$'000**
Current service cost	767,845	592,967
Interest income (net)	(622,134)	(433,321)
Administration costs	110,646	103,081
Total, included in staff costs (Note 28)	256,357	262,727

As at the last valuation date, the present value of the defined benefit obligation was comprised of approximately $19,228,731,000 (2020: $16,846,838,000) relating to active employees, $3,720,468,000 (2020: $3,774,432,000) relating to deferred members and $12,198,908,000 (2020: $11,157,191,000) relating to members in retirement.

14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

The plan assets are comprised of:

	Group and Company			
	2021		2020	
	$'000	%	$'000	%
Equity	18,121,790	43%	16,471,528	43%
Debt	4,237,124	10%	6,159,803	16%
Real estate	4,808,522	11%	3,808,670	10%
Government securities	13,787,196	33%	9,882,158	25%
Other	1,291,470	3%	2,297,674	6%
	42,246,102	100%	38,619,833	100%

The pension plan assets include the company's ordinary stock units with a fair value of $4,514,681,000 (2020: $2,875,021,000) and buildings occupied by Group companies with fair values of $1,400,021,000 (2020: $1,412,311,000).

The benefit that the company derives from the surplus of the pension plan is limited to the extent of the reduction in future contributions that it will make to the pension scheme.

Expected contributions by the Group to the post-employment scheme for the year ending 31 December 2022 are $601,000. The actual return on plan assets was $4,507,838,000 (2020: -$940,936,000).

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	8.0%	9.0%
Long term inflation rate	5.0%	6.0%
Future salary increases	6.5%	7.5%
Future pension increases	5.0%	6.0%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 60 on the statement of financial position date is as follows:

	2021	2020
Male	25.00	25.00
Female	27.30	27.30

(expressed in Jamaican dollars unless otherwise indicated)

14. Pensions and Other Post-Employment Obligations (Continued)

Pension benefits (continued)

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

		Group and Company					
		Impact on post-employment obligations					
	Change in Assumption	Increase in Assumption			Decrease in Assumption		
			2021	2020		2021	2020
Discount rate	1%	Decrease by	14.3%	14.4%	Increase by	18.3%	18.5%
Future salary increases	1%	Increase by	4.0%	4.2%	Decrease by	3.6%	3.7%
Expected pension increase	1%	Increase by	12.8%	12.8%	Decrease by	10.6%	10.6%

	Group and Company					
	Impact on post-employment obligations					
	Increase in Assumption by One Year			Decrease in Assumption by One Year		
		2021	2020		2021	2020
Life expectancy	Increase by	2.7%	2.6%	Decrease by	2.8%	2.7%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

Other post-employment obligations

The Group operates a number of post-employment benefit schemes, principally in Jamaica. The benefits covered under the schemes include group life, insured and self-insured health care, gratuity and other supplementary plans. Funds are not built up to cover the obligations under these retirement benefit schemes. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes.

In addition to the assumptions used for the pension schemes, the main actuarial assumption is a long term increase in health costs of 6.0% per year (2020: 7.0% per year).

14. Pensions and Other Post-Employment Obligations (Continued)

Other post-employment obligations (continued)

The amounts recognised in the statement of financial position were determined as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Present value of unfunded obligations	6,768,762	5,949,279	3,173,684	2,886,721

Movement in the defined benefit obligation is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of year	5,949,279	5,799,526	2,886,721	2,768,342
Current service cost	288,712	294,472	87,830	89,802
Interest cost	526,781	428,784	253,981	203,614
Past service cost - vested benefits	5,705	(6,389)	(11,926)	3,131
	821,198	716,867	329,885	296,547
Remeasurements -				
Loss/(gain) from change in demographic assumptions	10,903	(119,776)	(3,883)	(22,209)
Loss/(gain) from change in financial assumptions	183,115	(433,809)	103,171	(184,775)
Experience (gains)/losses	(21,465)	154,369	(23,320)	153,148
	172,553	(399,216)	75,968	(53,836)
Benefits paid	(174,268)	(167,898)	(118,890)	(124,332)
End of year	6,768,762	5,949,279	3,173,684	2,886,721

The amounts recognised in the income statement were as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current service cost	288,712	294,472	87,830	89,802
Interest cost	526,781	428,784	253,981	203,614
Past service cost	5,705	(6,389)	(11,926)	3,131
Total included in staff costs (Note 28)	821,198	716,867	329,885	296,547

The total charge was included in administration expenses.

14. Pensions and Other Post-Employment Obligations (Continued)

Other post-employment obligations (continued)

The composition of the liability recognised in relation to the other post-employment obligations in the statement of financial position is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Gratuity Plan	1,107,248	941,921	613,702	541,814
Group Life Plan	2,017,501	1,576,445	993,481	811,572
Insured Group Health	2,303,705	1,983,153	794,828	701,045
Self Insured Health Plan	831,264	951,784	381,170	445,062
Supplementary Pension Plan	509,044	495,976	390,503	387,228
Liability in the statement of financial position	6,768,762	5,949,279	3,173,684	2,886,721

The sensitivity of the post-employment medical benefits to changes in the principal assumptions is:

		Group					
		Impact on post-employment obligations					
	Change in Assumption	**Increase in Assumption**			**Decrease in Assumption**		
			2021	**2020**		**2021**	**2020**
Discount rate	1%	Decrease by	15.1%	14.9%	Increase by	19.7%	19.3%
Medical inflation rate	1%	Increase by	19.9%	19.6%	Decrease by	15.5%	15.3%

		Company					
		Impact on post-employment obligations					
	Change in Assumption	**Increase in Assumption**			**Decrease in Assumption**		
			2021	**2020**		**2021**	**2020**
Discount rate	1%	Decrease by	13.6%	13.5%	Increase by	17.4%	17.1%
Medical inflation rate	1%	Increase by	17.7%	17.3%	Decrease by	14.0%	13.8%

Risks associated with pension plans and post-employment plans

Through its defined benefit pension plan and other post-employment benefits, the Group is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields; if plan assets underperform this yield, this will create a deficit.

As the plan matures, the Group intends to reduce the level of investment risk by investing more in assets that better match the liabilities. This process includes monitoring and rebalancing the asset classes and the maturity profile of assets within these classes. The Government bonds largely represent investments in Government of Jamaica securities.

However, the Group believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of the Group's long term strategy to manage the plan efficiently.

(expressed in Jamaican dollars unless otherwise indicated)

14. Pensions and Other Post-Employment Obligations (Continued)

Risks associated with pension plans and post-employment plans (continued)

Changes in bond yields

A decrease in Government of Jamaica bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk

Higher inflation will lead to higher liabilities in the event that discretionary pension increases are granted. The majority of the plan's assets are either unaffected by (fixed interest securities) or loosely correlated with (equities) inflation, meaning that an increase in inflation has the potential to reduce the surplus or create a deficit.

Life expectancy

The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant, where inflationary increases result in higher sensitivity to changes in life expectancy.

The Board of Trustees is ultimately responsible for the establishment and oversight of the plan's risk management framework, including monitoring the overall risk management process, as well as approving policies covering specific areas, such as limits for specific asset classes, foreign exchange risk, credit risk and investment of excess liquidity. The Board is responsible for monitoring the investment portfolio and investment strategies for the plan. A large portion of assets in 2021 consists of money market instruments, bonds and equities.

Funding levels are monitored on an annual basis and the current agreed contribution rate by the Group is 0.02% of pensionable salaries. The next triennial valuation is due to be completed for the plan's financial position as at 31 December 2022. The Group considers that the contribution rates set at the last valuation date to be sufficient to prevent a deficit. Regular contributions, which are based on service costs, will be assessed following the upcoming valuation to determine if any increase is required.

The average duration of the post-employment obligations is as follows:

Plans	Years
Gratuity Plan	8.3
Group Life Plan	21.1
Insured Group Health	21.1
Pension Plan	17.4
Self Insured Health Plan	11.5
Superannuation Plan	7.2

15. Bank and Other Loans

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Secured on assets	5,828,286	6,533,477	-	-
Unsecured	22,160,232	18,700,231	11,077,468	8,675,862
	27,988,518	25,233,708	11,077,468	8,675,862

(a) Unsecured loans of subsidiaries are supported by letters of comfort from the parent company. Interest rates on these loans range between 2.1% - 7.0% (2020: 1.6% - 7.2%).

(b) Bank and other loans comprise:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Bank overdrafts (Note 5)	2,125,500	1,011,318	1,545,681	308,605
Bank borrowings	12,097,975	9,846,994	6,365,105	4,722,078
Lease liabilities (Note 16)	9,144,245	9,037,559	2,674,634	2,895,174
Other loans	4,620,798	5,337,837	492,048	750,005
Total borrowings	27,988,518	25,233,708	11,077,468	8,675,862

Certain bank borrowings are secured on the assets of subsidiaries that have the loans. All other borrowings are unsecured. Included in bank borrowings and other loans is interest payable of $151,812,000 (2020: $75,117,000) and $36,814,000 (2020: $10,639,000) for the Group and the company, respectively.

Included in bank borrowings and other loans is $11,943,683,000 (2020: $10,230,234,000) and $5,269,375,000 (2020: $4,262,011,000) for the Group and the company respectively, which matures in the next 12 months.

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.08% (2020: 5.51%) and are within level 2 of the fair value hierarchy.

16. Leases

(a) Amounts recognised in the statement of financial position

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Properties	7,873,326	7,873,135	2,464,248	2,744,233
Equipment	197,064	207,151	-	-
Motor vehicles	296,265	348,747	-	-
Total right-of-use assets	8,366,655	8,429,033	2,464,248	2,744,233
Current	1,176,509	1,059,538	227,984	215,144
Non-current	7,967,736	7,978,021	2,446,650	2,680,030
Total lease liabilities	9,144,245	9,037,559	2,674,634	2,895,174

Additions to the right-of-use assets were $923,680,000 (2020: $971,148,000) and $1,457,000 (2020: $116,640,000) for the Group and company respectively.

(b) Amounts recognised in the income statement

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation charge of right-of-use assets				
Properties	1,236,027	1,027,266	281,445	289,035
Equipment	54,005	105,346	-	-
Motor vehicles	104,498	157,182	-	-
	1,394,530	1,289,794	281,445	289,035
Interest expense	492,064	439,237	168,448	181,893
Expense relating to short term leases	24,965	40,144	13,619	12,785

The total cash outflow for leases was $1,334,023,000 (2020: $921,501,000) and $404,064,000 (2020: $410,170,000) for the Group and company respectively.

(c) Extension and termination options

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of office space, warehouses and retail stores, the following factors are normally the most relevant:

- The existence of significant penalties to terminate (or not extend)
- The existence of leasehold improvements that are expected to have a significant remaining value
- Other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

Most extension options in equipment and vehicle leases have not been included in the lease liability, because the Group could replace the assets without significant cost or business disruption.

As at 31 December 2021, potential undiscounted future cash outflows of $4,551,860,000 (2020: $4,209,993,000) have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

17. Payables

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade payables	9,348,455	5,524,013	1,708,640	803,494
Insurance payables	2,747,728	2,000,864	-	-
Insurance reserves (a)	10,789,640	9,503,509	-	-
Payable to associates (Note 35 (e))	375,155	328,923	112,881	145,570
Accruals	5,358,315	4,466,552	1,262,209	1,244,153
Customer loyalty programme	384,088	386,951	207,602	190,475
Contract liabilities	617,271	569,364	4,923	3,343
Other payables	6,398,721	5,431,665	777,486	710,122
	36,019,373	28,211,841	4,073,741	3,097,157

All payables balances are due within the next 12 months.

(a) Insurance reserves:

	Group	
	2021	2020
	$'000	$'000
Gross –		
Claims outstanding	4,660,200	4,296,531
Provision for claims, IBNR & UCAE	1,127,892	851,545
Unearned premiums	4,581,972	4,000,924
Unearned commissions	419,576	354,509
	10,789,640	9,503,509

18. Provisions

Provisions comprise restoration costs as follows:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At beginning of year	42,602	37,779	-	-
Additional provisions	2,029	1,790	-	-
Exchange differences	3,672	3,033	-	-
At end of year	48,303	42,602	-	-

This relates to the present value of the expected restoration costs to be incurred on the expiring of a lease of property by one of the food trading subsidiaries. The lease will expire in 2034.

19. Share Capital

	Group and Company			
	2021 Units ('000)	2020 Units ('000)	2021 $'000	2020 $'000
Authorised -				
Ordinary shares	1,200,000	1,200,000		
Issued and fully paid -				
Ordinary stock units	995,070	995,013	630,314	627,348
Treasury shares	(5,061)	(5,352)	(345,927)	(321,855)
Issued and outstanding	990,009	989,661	284,387	305,493

(a) During the year, the company issued 15,000 (2020: 8,000) shares to its employees for cash of $737,000 (2020: $340,000) and transferred 42,000 (2020: Nil) units to employees at a fair value of $2,229,000 (2020: $Nil). The shares were issued under the Long Term Incentive (LTI) Scheme.

(b) During the year, the company through its employee investment trust sold Nil (2020: 92,000) units of its own shares at a fair value of $Nil (2020: $5,333,000), purchased 1,000,000 (2020: 3,545,000) units at a fair value of $101,738,000 (2020: $216,811,000) and transferred 1,291,000 (2020: 1,000,000) units to employees at a fair value of $103,461,000 (2020: $71,931,000). The total number of treasury shares held by the company at the end of the year was 5,061,000 (2020: 5,352,000) at a cost of $345,927,000 (2020: $321,855,000).

(c) In 2016, the company commenced operating an LTI Scheme administered by a committee of the Group's Board of Directors. The scheme is governed by the provisions of the 2009 Stock Offer Plan and includes the offer of restricted stock grants and stock options to executive directors and other senior executives. Participating executives are eligible to receive awards of restricted stock grants once certain predetermined Group performance objectives are met. These awards are earned annually following achievement of the performance objectives and are subject to a two year holding period from the end of the performance year after which the stock grants will vest and the executive will be entitled to receive the stock units. The stock option portion of the LTI Scheme is granted annually and vesting is dependent on a time-based criterion.

The following allocation of stock options were made to executive directors and other senior executives:

	25 Feb. 2021	27 Feb. 2020	25 Jun. 2019	10 May 2018	11 May 2017	12 May 2016
Number of shares	3,835,373	3,786,693	1,650,497	1,759,004	1,967,156	2,551,665
Subscription price	$79.52	$67.79	$61.72	$47.77	$42.09	$28.00

The subscription price that the options were granted at is the weighted average price of the company's shares on the Jamaica Stock Exchange for the previous three days prior to the grant date. The total of the grant to each executive director and other senior executive will fully vest on the third anniversary of the grant. After vesting executives will have up to five years to exercise the stock options.

19. Share Capital (Continued)

(c) Long Term Incentive Scheme (continued)

	2021 Offer	2020 Offer	2019 Offer	2018 Offer	2017 Offer	2016 Offer	Total
					2021		
Movement on this option:	’000	’000	’000	’000	’000	’000	’000
At 1 January	-	3,751	1,650	1,474	833	352	8,060
Granted	3,835	-	-	-	-	-	3,835
Exercised	-	-	(51)	(700)	(143)	(83)	(977)
At 31 December	3,835	3,751	1,599	774	690	269	10,918

	2020 Offer	2019 Offer	2018 Offer	2017 Offer	2016 Offer	Total
				2020		
Movement on this option:	’000	’000	’000	’000	’000	’000
At 1 January	-	1,650	1,509	1,620	594	5,373
Granted	3,787	-	-	-	-	3,787
Exercised	-	-	(35)	(787)	(242)	(1,064)
Forfeited	(36)	-	-	-	-	(36)
At 31 December	3,751	1,650	1,474	833	352	8,060

(d) Movements in the number of share options outstanding and their related weighted average exercise price are as follows:

	2021		2020	
Movement on this option:	Average exercise price in $ per share	Options ’000	Average exercise price in $ per share	Options ’000
At 1 January	58.49	8,060	48.16	5,373
Granted	79.52	3,835	67.79	3,787
Exercised	46.00	(977)	39.07	(1,064)
Forfeited	-	-	67.79	(36)
At 31 December	67.00	10,918	58.49	8,060

Shares totalling 3,332,000 (2020: 2,711,000) are exercisable at the statement of financial position date.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

		2021	2020
	Exercise price in $ per share	Options ’000	Options ’000
2023	28.00	269	352
2024	42.09	690	833
2025	47.77	774	1,474
2026	61.72	1,599	1,650
2027	67.79	3,751	3,751
2028	79.52	3,835	-
		10,918	8,060

19. Share Capital (Continued)

(e) The fair value of options granted determined using the Black-Scholes valuation model was $264,797,000. The significant inputs into the model were the weighted average share prices and exercise prices ranging from $28.00 to $79.52 at the grant dates, standard deviation of expected share price returns ranging from 24.5% to 29.3%, option life of eight years and risk-free interest rates ranging between 1.45% to 6.40%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the term of the options. The fair value of potential restricted stock grants to be earned is $667,001,000 and the fair value of restricted stock grants earned and vested is $169,380,000.

The expense recognised in the income statement for share-based payments was $233,232,000 (2020: $173,327,000).

20. Capital and Fair Value Reserves

	Group							
	Capital Reserve	Loan Loss Reserve	Fair Value Reserves	Total	Capital Reserve	Loan Loss Reserve	Fair Value Reserves	Total
	2021				2020			
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Realised gains on disposal of assets	120,071	-	-	120,071	102,738	-	-	102,738
Capital distributions received	46,164	-	-	46,164	46,164	-	-	46,164
Realised gain on sale of shares	188,128	-	-	188,128	162,332	-	-	162,332
Profits capitalised by Group companies	1,974,513	-	-	1,974,513	2,034,599	-	-	2,034,599
Unrealised surplus on the revaluation of fixed assets, net of deferred taxes	-	-	3,781,510	3,781,510	-	-	3,752,441	3,752,441
Fair value gains, net of deferred taxes	-	-	1,018,459	1,018,459	-	-	1,408,203	1,408,203
Loan loss reserve	-	235,033	-	235,033	-	235,074	-	235,074
Catastrophe reserve	12,270	-	-	12,270	12,270	-	-	12,270
Other	33,451	-	-	33,451	35,245	-	-	35,245
	2,374,597	235,033	4,799,969	7,409,599	2,393,348	235,074	5,160,644	7,789,066

	Company					
	Capital Reserve	Fair Value Reserves	Total	Capital Reserve	Fair Value Reserves	Total
	2021			2020		
	$'000	$'000	$'000	$'000	$'000	$'000
Capital distributions received	24,507	-	24,507	24,507	-	24,507
Unrealised surplus on the revaluation of fixed assets, net of deferred taxes	-	53,946	53,946	-	53,946	53,946
Fair value gains, net of deferred taxes	-	253,625	253,625	-	183,902	183,902
	24,507	307,571	332,078	24,507	237,848	262,355

21. Banking Reserves

Banking reserves represent both those reserves required to be maintained by the banking subsidiary, First Global Bank Limited (FGB), in compliance with the Jamaica Banking Services Act; as well as additional reserves that the Banking Services Act permits FGB to transfer from net profit to constitute part of its capital base for purposes of determining the maximum level of deposit liabilities and lending to customers.

22. Other Reserves

	Group			Company
	Foreign Currency Translation	Share-based Payments	Total	Share-based Payments
	$'000	$'000	$'000	$'000
At 1 January 2020	2,697,919	214,239	2,912,158	98,469
Equity holders' share of other comprehensive income	1,113,659	-	1,113,659	-
Share-based payment expense	-	171,781	171,781	121,988
Transfer of treasury shares to employees	-	(71,765)	(71,765)	(58,148)
Exercised directly through equity	-	(27,711)	(27,711)	(13,485)
At 31 December 2020	3,811,578	286,544	4,098,122	148,824
Equity holders' share of other comprehensive income	1,477,207	-	1,477,207	-
Share-based payment expense	-	231,560	231,560	160,174
Transfer of treasury shares to employees	-	(103,185)	(103,185)	(76,255)
Exercised directly through equity	-	(29,145)	(29,145)	(19,549)
Transfer of shares to employees	-	(2,229)	(2,229)	(2,229)
At 31 December 2021	5,288,785	383,545	5,672,330	210,965

(a) The reserve for foreign currency translation represents foreign exchange differences arising on translation of the Group's foreign operations to the presentation currency, Jamaican dollars.

(b) The reserve for share-based payments represents stock options and restricted stock units granted under the various equity compensation plans as described in Note 19.

23. Non-Controlling Interests

	2021	2020
	$'000	$'000
Beginning of year	2,869,068	2,385,277
Share of total comprehensive income:		
Share of net profit of subsidiaries	748,790	638,871
Revaluation surplus	-	17,470
Remeasurement of post-employment benefit obligations	(5,847)	7,136
Other	68,998	39,650
	811,941	703,127
Addition of non-controlling interest (Note 39)	83,216	170,092
Transfer of non-controlling interest	61,880	-
Employee share option scheme: value of services received	1,672	1,546
Share-based payments exercised	(144)	(88)
Transfer of treasury shares to employees	(276)	(166)
Dividends paid	(426,975)	(390,720)
End of year	3,400,382	2,869,068

23. Non-Controlling Interests (Continued)

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

The total non-controlling interest for the period is $3,400,382,000 of which $3,002,398,000 is for GraceKennedy Money Services Caribbean SRL. The non-controlling interest in respect of other subsidiaries is not material.

In 2021, the Group increased its shareholdings in Key Insurance Company Limited from 65.2% to 73.2% by way of a renounceable rights issue through the purchase of additional shares in excess of its existing proportionate share. This rights issue had the effect of increasing the overall capital of Key Insurance Company Limited and resulted in an increase of non-controlling interests shown in the table above as an increase of $83,216,000 and transfer of $61,880,000.

Summarised financial information on subsidiaries with material non-controlling interests.

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarised statement of financial position

	GraceKennedy Money Services Caribbean SRL	
	2021	**2020**
	$'000	**$'000**
Current		
Assets	13,793,798	10,776,700
Liabilities	(4,097,649)	(2,151,627)
Total current net assets	9,696,149	8,625,073
Non-current		
Assets	4,546,181	4,543,605
Liabilities	(2,232,740)	(2,474,163)
Total non-current net assets	2,313,441	2,069,442
Net assets	12,009,590	10,694,515

23. Non-Controlling Interests (Continued)

Summarised income statement

	GraceKennedy Money Services Caribbean SRL	
	2021	**2020**
	$'000	**$'000**
Revenue	9,668,489	9,007,889
Profit before income tax	3,979,746	3,995,164
Taxation expense	(1,155,349)	(1,302,326)
Profit after tax	2,824,397	2,692,838
Other comprehensive income	244,276	185,154
Total comprehensive income	3,068,673	2,877,992
Total comprehensive income allocated to non-controlling interest	767,168	719,498
Dividends paid to non-controlling interest	(425,789)	(390,720)

Summarised cash flows

	GraceKennedy Money Services Caribbean SRL	
	2021	**2020**
	$'000	**$'000**
Cash flows from operating activities		
Cash generated from operations	5,680,672	3,439,389
Interest paid	(137,392)	(133,911)
Income tax paid	(1,579,413)	(748,054)
Net cash generated from operating activities	3,963,867	2,557,424
Net cash used in investing activities	(249,425)	(447,353)
Net cash used in financing activities	(1,847,527)	(1,608,385)
Net increase in cash and cash equivalents	1,866,915	501,686
Cash and cash equivalents at the beginning of year	7,247,580	6,579,835
Exchange gains on cash and cash equivalents	240,143	166,059
Cash and cash equivalents at end of year	9,354,638	7,247,580

The information above represents amounts before intercompany eliminations.

24. Segment Information

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Group has four reportable segments which are based on the different types of products and services that it offers. These products and services are described in its principal activities (Note 1). The reportable segments derive their revenue primarily from food trading and financial services. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies (Note 2). The Group evaluates performance on the basis of profit or loss before tax expense not including post-employment benefits, share-based payments and net corporate central office costs which are shown in unallocated amounts. Segment information also excludes discontinued operations.

The segment information provided to management for the reportable segments is as follows:

Operating segments

	2021					
	Food Trading	**Banking & Investments**	**Insurance**	**Money Services**	**Unallocated/ Elimination**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
REVENUE						
External sales	101,559,341	6,856,787	11,225,254	9,668,489	-	129,309,871
Inter-segment sales	220,739	284,179	652,041	-	(1,156,959)	-
Total Revenue	101,780,080	7,140,966	11,877,295	9,668,489	(1,156,959)	129,309,871
Operating results	5,752,532	672,785	1,419,638	4,132,283	81,540	12,058,778
Unallocated expense	-	-	-	-	(157,192)	(157,192)
Profit from operations	-	-	-	-	-	11,901,586
Finance income	13,487	9,555	33,131	22,146	507,973	586,292
Finance expense	(696,228)	(77,102)	(23,200)	(129,038)	(301,104)	(1,226,672)
Share of results of associates and joint ventures	366,477	134,008	(85,574)	-	-	414,911
Profit before taxation	5,436,268	739,246	1,343,995	4,025,391	131,217	11,676,117
Taxation						(2,735,808)
Net Profit						8,940,309
Operating assets	67,803,929	83,537,143	26,155,692	17,585,423	(9,303,329)	185,778,858
Investment in associates and joint ventures	2,309,586	1,970,550	233,942	10,133	-	4,524,211
Unallocated assets	-	-	-	-	9,493,922	9,493,922
Total assets	70,113,515	85,507,693	26,389,634	17,595,556	190,593	199,796,991
Operating liabilities	35,481,494	71,703,886	15,856,697	5,737,028	(9,329,420)	119,449,685
Unallocated liabilities	-	-	-	-	9,341,331	9,341,331
Total liabilities	35,481,494	71,703,886	15,856,697	5,737,028	11,911	128,791,016
Other segment items						
Additions to non-current assets [(b)]	2,874,875	583,249	71,500	260,651	-	3,790,275
Depreciation	(2,096,544)	(306,433)	(122,873)	(278,382)	-	(2,804,232)
Amortisation	(340,628)	(166,528)	(120,445)	(42,590)	-	(670,191)
Impairment	(16,854)	-	-	-	-	(16,854)

24. Segment Information (Continued)

Operating segments (continued)

	2020					
	Food Trading	**Banking & Investments**	**Insurance**	**Money Services**	**Unallocated/ Elimination**	**Group**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
REVENUE						
External sales	90,826,927	6,313,420	9,337,685	8,959,309	-	115,437,341
Inter-segment sales	217,182	72,468	603,134	-	(892,784)	-
Total Revenue	91,044,109	6,385,888	9,940,819	8,959,309	(892,784)	115,437,341
Operating results	4,259,896	697,960	982,549	4,051,206	58,881	10,050,492
Unallocated expense	-	-	-	-	(221,958)	(221,958)
Profit from operations	-	-	-	-	-	9,828,534
Finance income	9,073	9,879	26,350	24,381	398,183	467,866
Finance expense	(750,783)	(75,084)	(8,769)	(133,636)	(162,685)	(1,130,957)
Share of results of associates and joint ventures	362,136	182,701	(1,305)	-	-	543,532
Profit before taxation	3,880,322	815,456	998,825	3,941,951	72,421	9,708,975
Taxation						(2,852,049)
Net Profit						6,856,926
Operating assets	60,827,519	71,352,829	20,476,911	14,475,450	(8,225,119)	158,907,590
Investment in associates and joint ventures	2,178,355	1,705,820	224,516	10,133	-	4,118,824
Unallocated assets	-	-	-	-	8,669,569	8,669,569
Total assets	63,005,874	73,058,649	20,701,427	14,485,583	444,450	171,695,983
Operating liabilities	31,942,531	59,361,129	13,315,311	3,659,921	(8,211,038)	100,067,854
Unallocated liabilities	-	-	-	-	8,848,802	8,848,802
Total liabilities	31,942,531	59,361,129	13,315,311	3,659,921	637,764	108,916,656
Other segment items						
Additions to non-current assets [b]	1,851,428	553,084	41,648	475,035	-	2,921,195
Depreciation	(1,953,609)	(307,640)	(124,546)	(251,962)	-	(2,637,757)
Amortisation	(303,968)	(66,357)	(110,917)	(65,613)	-	(546,855)
Impairment	(3,722)	-	(26,214)	-	-	(29,936)

24. Segment Information (Continued)

Operating segments (continued)

The profit or loss, assets and liabilities for reportable segments are reconciled to the totals for profit or loss, assets and liabilities as follows:

	Profit before Taxation		Assets		Liabilities	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total for reportable segments	11,544,900	9,636,554	199,606,398	171,251,533	128,779,105	108,278,892
Inter-segment eliminations	-	-	(9,303,329)	(8,225,119)	(9,329,420)	(8,211,038)
Unallocated amounts:						
Corporate central office results	1,267,134	1,056,891	-	-	-	-
Post-employment benefits	(902,685)	(811,143)	-	-	-	-
Share-based payments	(233,232)	(173,327)	-	-	-	-
Taxation recoverable	-	-	1,063,158	767,669	-	-
Deferred tax assets	-	-	1,332,769	1,060,528	-	-
Pension plan asset	-	-	7,097,995	6,841,372	-	-
Taxation	-	-	-	-	789,425	1,077,285
Deferred tax liabilities	-	-	-	-	1,783,144	1,822,238
Other post-employment obligations	-	-	-	-	6,768,762	5,949,279
Total unallocated	131,217	72,421	9,493,922	8,669,569	9,341,331	8,848,802
Total per financial statements	11,676,117	9,708,975	199,796,991	171,695,983	128,791,016	108,916,656

Geographical information

	Revenue [(a)]		Non-current Assets [(b)]	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Jamaica	69,271,855	61,635,395	24,089,973	23,657,554
United Kingdom	15,970,404	13,081,436	2,425,492	2,394,042
United States of America	25,292,724	23,653,182	6,966,429	6,875,221
Canada	9,030,784	7,836,764	541,986	167,054
Other Caribbean countries	8,529,349	7,682,177	3,666,583	1,922,197
Other European countries	1,005,123	1,322,933	-	-
Africa	11,293	-	-	-
Other countries	198,339	225,454	-	-
Total	129,309,871	115,437,341	37,690,463	35,016,068

[(a)] Revenue is attributed to countries on the basis of the customer's location.

[(b)] For the purposes of segment information, non-current assets exclude financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts, as well as discontinued operations.

25. Revenues

Revenues can be disaggregated as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Timing of revenue recognition –				
Goods transferred at a point in time	101,559,341	90,826,927	25,282,019	23,005,986
Services transferred at a point in time	13,798,470	12,500,256	-	-
Services transferred over time	139,321	124,481	-	-
Revenue from insurance contracts	9,194,106	7,612,558	-	-
Interest revenue –				
Interest income on investments	1,176,195	1,099,227	-	-
Interest income on loans receivable	3,442,438	3,273,892	-	-
	129,309,871	115,437,341	25,282,019	23,005,986

26. Expense by Nature

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Auditors' remuneration	288,811	254,062	29,224	27,011
Advertising and marketing	3,381,068	3,040,891	1,189,216	1,154,100
Amortisation of intangibles	670,191	546,855	97,952	94,155
Commissions and other money services costs	1,521,005	1,461,679	-	-
Cost of inventory recognised as expense	68,608,641	61,032,303	18,386,675	16,695,890
Depreciation	2,804,232	2,637,757	412,130	395,331
Impairment	16,854	29,936	-	-
Impairment losses on financial assets (net)	441,642	523,486	11,128	79,902
Information technology	1,594,574	1,331,051	599,894	456,902
Insurance	1,089,478	1,019,698	165,371	145,362
Interest expense and other financial services expenses	8,508,006	7,015,734	-	-
Legal, professional and other fees	4,803,476	4,289,633	1,234,275	1,017,180
Occupancy costs	3,065,011	2,656,714	306,009	271,984
Repairs and maintenance expenditure	1,113,176	1,083,355	45,254	57,745
Staff costs (Note 28)	19,559,695	17,714,679	5,514,378	5,124,713
Transportation	2,288,726	1,929,222	568,327	496,967
Other expenses	2,259,227	2,066,360	381,285	345,826
	122,013,813	108,633,415	28,941,118	26,363,068

27. Other Income

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income	37,466	45,480	1,930,628	1,855,510
Net foreign exchange gains	1,409,755	1,427,333	525,537	627,763
Change in fair value of investment properties	66,900	60,584	-	-
Change in value of investments – fair value through profit or loss	51,373	(206,796)	-	-
Gain on acquisition of subsidiary (Note 39)	593,535	-	-	-
Gain/(loss) on disposal of investments	48,307	24,814	(3,500)	115,174
(Loss)/gain on disposal of fixed assets	(6,726)	11,024	5,915	2,176
Loss on disposal of assets held for sale	-	(10,901)	-	-
Fees and commissions	1,196,406	806,197	3,873,882	3,432,760
Interest income	388,171	307,991	-	-
Rebates, reimbursements and recoveries	153,248	216,968	61,033	79,749
Rent	232,970	212,402	-	-
Miscellaneous	434,123	129,512	10,746	5,150
	4,605,528	3,024,608	6,404,241	6,118,282

28. Staff Costs

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Wages and salaries	14,024,075	12,880,043	3,628,609	3,484,321
Pension (Note 14)	256,357	262,727	256,357	262,727
Pension contributions to defined contribution scheme (Note 14)	540,568	452,662	129,308	104,211
Other post-employment benefits (Note 14)	821,198	716,867	329,885	296,547
Share-based payments	233,232	173,327	160,174	121,988
Statutory contributions	1,351,546	1,163,103	395,918	340,172
Other costs	2,332,719	2,065,950	614,127	514,747
	19,559,695	17,714,679	5,514,378	5,124,713

29. Taxation

Taxation is based on the profit for the year adjusted for taxation purposes:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current tax	2,886,470	2,312,298	249,220	358,203
Adjustment to prior year provision	42,793	382,836	-	-
Deferred tax (Note 13)	(193,455)	156,915	(31,608)	(150,770)
	2,735,808	2,852,049	217,612	207,433

The tax on the Group's and company's profit before tax differs from the theoretical amount that would arise using the tax rate of the home country of the company as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Profit before tax	11,676,117	9,708,975	2,890,251	2,891,721
Tax calculated at a tax rate of 25%	2,919,029	2,427,244	722,563	722,930
Adjusted for the effects of:				
Different tax rates in other countries	(111,319)	(5,113)	-	-
Different tax rate of regulated Jamaican companies	451,139	501,669	-	-
Income not subject to tax	(411,814)	(286,846)	(529,142)	(528,672)
Expenses not deductible for tax purposes	366,586	230,141	17,271	22,163
Adjustment to prior year provision	42,793	382,836	-	-
Share of profits of associates and joint ventures included net of tax	(103,728)	(135,883)	-	-
Recognition/utilisation of previously unrecognised tax losses	(417,018)	(211,967)	-	-
Urban renewal tax credit	-	(49,920)	-	-
Other	140	(112)	6,920	(8,988)
Tax expense	2,735,808	2,852,049	217,612	207,433

29. Taxation (Continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Group					
	2021			2020		
	Before tax	Tax charge	After tax	Before tax	Tax (charge)/ credit	After tax
	$'000	$'000	$'000	$'000	$'000	$'000
Items that will not be reclassified to profit or loss:						
Revaluation surplus	20,469	14,062	34,531	821,764	(165,626)	656,138
Fair value losses	(104,628)	39,757	(64,871)	(389,673)	129,506	(260,167)
Remeasurements of post-employment benefit obligations	339,825	(79,040)	260,785	1,681,213	(433,680)	1,247,533
Share of other comprehensive income of associates and joint ventures	(12,739)	-	(12,739)	80,936	-	80,936
	242,927	(25,221)	217,706	2,194,240	(469,800)	1,724,440
Items that may be subsequently reclassified to profit or loss:						
Foreign currency translation adjustments	1,394,327	-	1,394,327	1,041,404	-	1,041,404
Fair value (losses)/gains	(476,005)	149,756	(326,249)	308,403	(106,602)	201,801
Share of other comprehensive income of associates and joint ventures	153,254	-	153,254	114,911	-	114,911
	1,071,576	149,756	1,221,332	1,464,718	(106,602)	1,358,116
Other comprehensive income	1,314,503	124,535	1,439,038	3,658,958	(576,402)	3,082,556
Deferred tax (Note 13)	-	124,535	-	-	(576,402)	-

	Company					
	2021			2020		
	Before tax	Tax charge	After tax	Before tax	Tax credit/ (charge)	After tax
	$'000	$'000	$'000	$'000	$'000	$'000
Items that will not be reclassified to profit or loss:						
Revaluation surplus	-	-	-	15,175	(3,257)	11,918
Fair value gains/(losses)	58,571	(14,643)	43,928	(4,623)	1,156	(3,467)
Remeasurements of post-employment benefit obligations	436,411	(109,103)	327,308	1,335,832	(333,958)	1,001,874
Other comprehensive income	494,982	(123,746)	371,236	1,346,384	(336,059)	1,010,325
Deferred tax (Note 13)	-	(123,746)	-	-	(336,059)	-

29. Taxation (Continued)

(a) By letter dated 17 May 2018, the Guyana Revenue Authority (GRA) indicated that GraceKennedy Remittance Services Guyana ('GKRS Guyana') was "incorrectly" classified as a non-commercial company rather than a commercial company. Based on this, the GRA asserted that GKRS Guyana had wrongly paid corporation taxes at the lower non-commercial company rate. GKRS Guyana's tax liability for the period 2010 to 2016 was assessed by the GRA to be the equivalent of J$253,718,000, excluding penalties and interest if applicable (the "Retroactive Sum").

GKRS Guyana lodged objections to the GRA's assessment on the basis that the GRA wrongly assessed GKRS Guyana as a commercial company and that GKRS Guyana had filed (and the GRA had accepted), returns for a period of over 20 years as a non-commercial company. By letter dated 26 September 2018, received on 4 October 2018, the GRA indicated that it would maintain its assessments despite the objection.

GKRS Guyana filed an appeal on 26 October 2018 and defence in response was filed by the GRA on 21 December 2018. Oral submissions were heard in chambers before the Judge on 27 March 2019 and on 8 July 2019, the court ruled in favour of GKRS Guyana; setting aside the decision by the GRA to reclassify the company as a commercial company and therefore reversing the decision by GRA to impose corporation tax at the commercial rate.

The GRA was granted permission to file an appeal at a hearing held on 27 November 2019. The appeal was filed to the Full Court of the Supreme Court of Guyana and a cross-appeal was filed on behalf of GKRS Guyana. Submissions were filed by both parties and the matter was adjourned to 7 July 2020 for a ruling.

On 20 July 2020, the Full Court delivered its ruling, finding in favour of the GRA in respect of years of income 2010 to 2016. The effect of this ruling was to reverse the earlier decision of the single judge of the Supreme Court and affirm the GRA's stance that GRKS Guyana is liable to pay the Retroactive Sum.

GKRS Guyana, has on the advice of local counsel, appealed the judgment of the Full Court to the Court of Appeal of Guyana. The grounds for appeal include a specific failure of the GRA to explain why it departed from the customary treatment of GKRS Guyana and why it should be stripped of its legitimate expectation to be treated as a non-commercial company for the purposes of Guyanese tax assessment. Counsel for GKRS Guyana has advised that the appeal has significant merit and a date for the hearing of the appeal is being awaited. Notwithstanding that GKRS Guyana is considered to have a strong basis for appeal, having regard to the present ruling, a provision for the assessment was recorded by the Group in 2020.

30. Net Profit Attributable to the Owners of GraceKennedy Limited

Dealt with as follows in the financial statements of:

	2021 $'000	2020 $'000
The company	2,672,639	2,684,288
Intra-group dividends, gain on disposal of subsidiaries within the Group and other eliminations on consolidation	(1,929,304)	(1,968,193)
Adjusted company profit	743,335	716,095
The subsidiaries	7,033,273	4,958,428
The associates and joint ventures	414,911	543,532
	8,191,519	6,218,055

31. Dividends

	2021 $'000	2020 $'000
Paid,		
Interim – 45 cents per stock unit (2020 : 40 cents)	445,827	396,905
Interim – 45 cents per stock unit (2020 : 25 cents)	445,828	247,863
Interim – 48 cents per stock unit (2020 : 40 cents)	475,607	396,154
Final – 55 cents per stock unit (2020 : 55 cents)	544,620	544,682
	1,911,882	1,585,604

32. Earnings Per Stock Unit

Basic earnings per stock unit is calculated by dividing the net profit attributable to owners by the weighted average number of ordinary stock units outstanding during the year.

	2021	2020
Net profit attributable to owners ($'000)	8,191,519	6,218,055
Weighted average number of stock units outstanding ('000)	989,977	989,655
Basic earnings per stock unit ($)	8.27	6.28

The diluted earnings per stock unit is calculated by adjusting the weighted average number of ordinary stock units outstanding to assume conversion of all dilutive potential ordinary stock units.

(a) 3,236,000 (2020: 2,476,000) ordinary stock units for the full year in respect of stock options for directors.

(b) 7,682,000 (2020: 5,584,000) ordinary stock units for the full year in respect of the stock options for managers.

(c) 5,380,000 (2020: 2,999,000) ordinary stock units for the full year in respect of the restricted stock grants earned.

	2021	2020
Net profit attributable to owners ($'000)	8,191,519	6,218,055
Weighted average number of stock units outstanding ('000)	989,977	989,655
Adjustment for share options and restricted stock grants ('000)	8,268	3,750
	998,245	993,405
Diluted earnings per stock unit ($)	8.21	6.26

33. Cash Flows from Operating Activities

Reconciliation of net profit to cash generated from operating activities:

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**$'000**	**$'000**	**$'000**	**$'000**
Net profit		8,940,309	6,856,926	2,672,639	2,684,288
Items not affecting cash:					
Depreciation	12	2,804,232	2,637,757	412,130	395,331
Amortisation	11	670,191	546,855	97,952	94,155
Impairment charge		16,854	29,936	-	-
Change in value of investment properties		(66,900)	(60,584)	-	-
Change in value of investments		(51,373)	206,796	-	-
Loss/(gain) on disposal of fixed assets		6,726	(11,024)	(5,915)	(2,176)
Loss on disposal of assets held for sale		-	10,901	-	-
(Gain)/loss on disposal of investments		(48,307)	(24,814)	3,500	(115,174)
Gain on acquisition of subsidiary		(593,535)	-	-	-
Share-based payments	19	233,232	173,327	160,174	121,988
Exchange gain on foreign balances		(282,949)	(239,956)	(386,961)	(329,587)
Interest income – non financial services		(586,292)	(467,866)	(693,562)	(620,135)
Interest income – financial services		(5,006,804)	(4,681,110)	-	-
Interest expense – non financial services		1,226,672	1,130,957	548,453	489,614
Interest expense – financial services		765,004	665,499	-	-
Taxation expense	29	2,735,808	2,852,049	217,612	207,433
Unremitted equity income in associates and joint ventures		(169,872)	(303,543)	-	-
Pension plan surplus		255,755	262,174	255,755	262,174
Other post-employment obligations		646,930	548,969	210,995	172,214
		11,495,681	10,133,249	3,492,772	3,360,125
Changes in working capital components:					
Inventories		(4,795,785)	(1,117,979)	(2,591,326)	133,218
Receivables		(3,310,480)	936,254	(294,239)	114,223
Loans receivable, net		(1,677,522)	139,638	-	-
Payables		7,146,910	129,810	917,607	337,821
Deposits		4,767,294	4,403,367	-	-
Securities sold under repurchase agreements		1,942,665	(3,311,722)	-	-
Subsidiaries		-	-	(1,042,185)	1,462,507
Provisions		5,700	4,823	-	-
Total provided by operating activities		15,574,463	11,317,440	482,629	5,407,894

33. Cash Flows from Operating Activities (Continued)

Reconciliation of net profit to cash generated from operating activities (continued):

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash provided by operating activities	15,574,463	11,317,440	482,629	5,407,894
Interest received – financial services	4,982,477	4,521,288	-	-
Interest paid – financial services	(679,883)	(622,604)	-	-
Translation gains	702,732	516,722	-	-
Taxation paid	(3,512,607)	(1,848,283)	(494,822)	(55,473)
Net cash provided by/(used in) operating activities	17,067,182	13,884,563	(12,193)	5,352,421

Reconciliation of movements of liabilities to cash flows arising from financing activities:

Amounts represent bank and other loans, excluding bank overdrafts

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
At 1 January	24,222,390	23,263,991	8,367,257	8,423,479
Lease liability to acquire right-of-use asset	923,680	971,148	1,457	116,640
On acquisition through business combination (Note 39)	-	16,440	-	-
Loans received	18,547,509	10,791,178	11,510,344	5,320,777
Loans repaid	(18,577,169)	(11,676,657)	(10,318,191)	(5,462,741)
Foreign exchange adjustments	669,914	845,668	(28,055)	(3,905)
Net interest movements	76,694	10,622	(1,025)	(26,993)
At 31 December	25,863,018	24,222,390	9,531,787	8,367,257

34. Contingent Liabilities

(a) On 20 December 2021, the Board of Inland Revenue in Trinidad and Tobago (Board) raised an assessment on a subsidiary in Trinidad & Tobago for additional corporation tax for income year 2015 for an equivalent of J$418,478,000, inclusive of interest, if applicable. Subsequent to the year-end, the subsidiary filed an objection to the Board.

The main grounds of the assessment and subsequent objection relates to disallowing certain realised losses on the basis that it was unable to verify aspects of the underlying asset. As part of its objection, the subsidiary has provided documentary evidence to the Board, which are from multiple third party independent sources, to confirm the substance and validity of the deduction.

The subsidiary is of the strong view that the decision will be favourable and expects the most likely outcome will be that the assessment is withdrawn. On this basis, no provision has been recorded.

(b) The company established a standby letter of credit for the equivalent of $230,880,000 in favour of the lessors for a warehouse utilised by a food trading subsidiary. The facility is priced at 2% per annum and expires after 1 year with an option to renew annually.

(c) Various companies in the Group are involved in certain legal proceedings incidental to the normal conduct of business. The management of these companies believes that none of these proceedings, individually or in aggregate, will have a material effect on the Group.

35. Related Party Transactions and Balances

The following transactions were carried out with related parties:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
(a) Sales of goods and services				
Sales of goods	5,369	3,168	581,225	542,447
Sales of services	170,649	114,218	3,017,614	2,830,232
(b) Purchase of goods and services				
Purchases of goods	6,088,911	5,488,372	11,025,949	9,892,038
Purchases of services	395,453	357,048	805,037	757,040
(c) Interest				
Interest income	26,671	6,995	147,979	179,107
Interest expense	24,745	19,985	190,669	203,669

Dividends received by the company from subsidiaries and associates were $1,701,034,000 (2020: $1,614,427,000) and $228,270,000 (2020: $238,592,000) respectively.

(d) Transactions with key management

Key management includes directors (executive and non-executive) and members of the Executive Committee

The compensation of key management for services is shown below:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Salaries and other short-term employee benefits	747,239	583,891	542,604	421,213
Fees paid to directors	41,172	37,921	32,665	30,191
Post-employment benefits	84,155	64,875	77,662	59,463
Share-based payments	159,617	117,333	128,306	96,139
	1,032,183	804,020	781,237	607,006

The following amounts are in respect of directors' emoluments:

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Fees	41,172	37,921	32,665	30,191
Management remuneration	222,575	152,585	222,575	152,585
Consultancy services	18,000	18,000	18,000	18,000
Share-based payments	33,685	23,075	33,685	23,075
	315,432	231,581	306,925	223,851

35. Related Party Transactions and Balances (Continued)

(d) Transactions with key management (continued)

Transactions with directors and other key management personnel (and their families)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Sale of goods and services –				
Sales of goods	1,139	1,025	679	570
Sales of services	3,699	3,027	-	-
Purchase of goods and services –				
Purchase of services	4,040	1,706	4,040	1,706
Interest earned and incurred –				
Interest income	11,052	1,899	-	-
Interest expense	6,474	4,578	-	-

(e) Year-end balances with related parties

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Cash and deposits with subsidiaries	-	-	952,877	1,734,513
Investment securities with subsidiaries	-	-	299,666	177,583
Receivable from subsidiaries	-	-	1,716,883	1,424,243
Receivable from associates and joint ventures (Note 7)	24,757	16,107	22,514	14,522
Loans receivable from subsidiaries (Note 9)	-	-	2,888,921	2,402,046
Loans receivable from associates and joint ventures (Note 9)	482,848	-	-	-
Payable to subsidiaries	-	-	3,587,877	4,337,422
Payable to associates and joint ventures (Note 17)	375,155	328,923	112,881	145,570
Loans & leases payable to subsidiaries	-	-	2,529,533	2,712,076
Deposits payable to associates and joint ventures	115,628	1,117,060	-	-

(f) Loans to related parties

Loans receivable from subsidiaries are repayable in the years 2022 - 2025 and bear interest at 2.5% - 6.5% (2020: 2.5% - 6.75%). No provision was required in 2021 and 2020 for loans made to subsidiaries.

35. Related Party Transactions and Balances (Continued)

(f) Loans to related parties (continued)

	Company	
	2021	**2020**
	$'000	**$'000**
Loans to subsidiaries:		
At 1 January	2,402,046	1,981,257
Loans advanced during the year	1,075,761	1,599,024
Loan repayments received	(631,217)	(1,190,838)
Exchange differences	32,846	22,505
Interest charged	117,772	109,243
Interest received	(108,287)	(119,145)
At 31 December	2,888,921	2,402,046

(g) Year end balances with directors and other key management

Balances with directors and other key management personnel (and their families)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Receivables	5,221	1,044	125	169
Loans receivable	224,134	146,311	38,766	45,227
Payables	5,035	31,475	-	-
Loans payable	20,187	22,585	-	-
Deposits payable	460,288	292,345	-	-

(h) Loans to directors and other key management

The loans receivable attract interest at rates ranging between 0% - 10.76% (2020: 0% - 12.5%) and are repayable in the years 2022 - 2045. These loans are secured and are made on terms similar to those offered to other employees. No provision was required in 2021 and 2020 for the loans made to directors and senior managers.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Loans to directors and other key management:				
At 1 January	146,311	123,732	45,227	51,688
Loans advanced during the year	94,277	31,328	-	-
Loan repayments received	(17,036)	(8,749)	(6,461)	(6,461)
Interest charged	11,052	1,899	-	-
Interest received	(10,470)	(1,899)	-	-
At 31 December	224,134	146,311	38,766	45,227

(i) Share options granted to directors

The outstanding number of share options granted to the directors of the company at the end of the year was 3,236,000 (2020: 2,476,000).

36. Fair Values Estimation

Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following tables provide an analysis of the Group's and company's financial instruments held as at 31 December that, subsequent to initial recognition, are measured at fair value. The financial instruments are grouped into levels 1 to 3 based on the degree to which the fair values are observable, as follows:

- Level 1 includes those instruments which are measured based on quoted prices in active markets for identical assets or liabilities.
- Level 2 includes those instruments which are measured using inputs other than quoted prices within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 includes those instruments which are measured using valuation techniques that include inputs for the instrument that are not based on observable market data (unobservable inputs).

	Group			
	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	1,202,183	-	-	1,202,183
Government of Jamaica securities	-	7,572,896	-	7,572,896
Foreign governments	-	701,938	-	701,938
Corporate bonds	-	1,797,204	-	1,797,204
Other debt securities	-	2,794	-	2,794
Other	3,144	-	-	3,144
Financial assets at fair value through profit or loss:				
Quoted equities	746,639	-	-	746,639
Total Assets	1,951,966	10,074,832	-	12,026,798

36. Fair Values Estimation (Continued)

Financial Instruments (continued)

	Group			
	2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	1,162,192	-	-	1,162,192
Government of Jamaica securities	-	6,798,108	-	6,798,108
Foreign governments	-	746,906	-	746,906
Corporate bonds	-	1,955,862	-	1,955,862
Other	1,530	1,614	-	3,144
Financial assets at fair value through profit or loss:				
Quoted equities	541,517	-	-	541,517
Total Assets	1,705,239	9,502,490	-	11,207,729

	Company			
	2021			
	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	136,678	-	-	136,678
Total Assets	136,678	-	-	136,678

36. Fair Values Estimation (Continued)

Financial Instruments (continued)

	Company			
	2020			
	Level 1 $'000	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through other comprehensive income:				
Quoted equities	78,106	-	-	78,106
Total Assets	78,106	-	-	78,106

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity investments listed on a public stock exchange classified as either fair value through other comprehensive income or fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the statement of financial position date, with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Note that all of the resulting fair value estimates are included in level 2.

36. Fair Values Estimation (Continued)

Fair Value of Land and Buildings and Investment Properties

An independent valuation of the Group's land and buildings was performed by valuers to determine the fair value of the land and buildings as at 31 December 2020. The revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'capital and fair value reserves' in shareholders' equity (Note 20). The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Land and buildings and investment properties are classified as level 3. The valuations have been performed using the sales comparison and income approaches for all properties except the Distribution Centre and Group Headquarters, which is valued using the cost approach.

The carrying value of land and buildings classified as level 3 is $11,758,010,000 (2020: $11,455,249,000) and $92,200,000 (2020: $94,000,000) for the Group and company respectively.

The carrying value of investment properties classified as level 3 is $765,900,000 (2020: $925,734,000).

Reconciliation of the opening and closing balances of the Group's land and buildings:

	Group headquarters	Distribution center	Other land and buildings	Total
			2021	
	$'000	$'000	$'000	$'000
At 1 January 2020	-	4,363,461	5,678,807	10,042,268
Transfers to/from Level 3	3,039,485	-	(3,039,485)	-
Acquisition of subsidiary	-	-	178,989	178,989
Additions and transfers in	149,762	47,152	360,916	557,830
Revaluation adjustment	70,093	312,020	439,650	821,763
Depreciation	(62,140)	(112,633)	(31,833)	(206,606)
Translation adjustment	-	-	61,005	61,005
At 31 December 2020	3,197,200	4,610,000	3,648,049	11,455,249
Additions and transfers in	13,362	109,318	63,108	185,788
Revaluation adjustment	-	-	20,469	20,469
Disposals and transfers out	-	-	225,388	225,388
Depreciation	(66,297)	(116,008)	(36,926)	(219,231)
Translation adjustment	-	-	90,347	90,347
At 31 December 2021	3,144,265	4,603,310	4,010,435	11,758,010

(expressed in Jamaican dollars unless otherwise indicated)

36. Fair Values Estimation (Continued)

Fair Value of Land and Buildings and Investment Properties (continued)

A reconciliation of the opening and closing balances for the company's land and buildings and the Group's investment properties are disclosed in Notes 12 and 38 respectively.

Valuation processes of the Group

On a biennial basis, the Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings. The most recent valuations were performed as at 31 December 2020. The Group engages external, independent and qualified valuers to determine the fair value of its investment properties on an annual basis.

Sales Comparison Approach

There have been a limited number of similar sales in the local market, and consequently the sales comparison approach incorporates unobservable inputs which in the valuator's judgement reflects suitable adjustments regarding size, age, condition, time of sale, quality of land and buildings and improvements. The most significant input into this valuation is the price per square foot. The higher the price per square foot the higher the fair value.

Income Approach

The projected net income of the subject properties are discounted using an appropriate capitalisation rate. The most significant inputs to this valuation are the rental rate per square foot and the capitalisation rate. Rental rates of the subject properties are adjusted to reflect the market rent for properties of similar size, location and condition. The higher the rental rate per square foot the higher the fair value. The higher the capitalisation rate the lower the fair value. The average rent per square foot ranges between $600 to $650 and the capitalisation rate ranges between 8% - 9%.

Cost Approach

The fair values of the Distribution Centre and Group Headquarters amounting to $4,603,310,000 (2020: $4,610,000,000) and $3,144,265,000 (2020: $3,197,200,000) have been determined using the cost approach due to specialised nature of the assets. The key inputs into this valuation are shown in the table below.

Unobservable inputs	Range of unobservable inputs - Distribution Centre	Range of unobservable inputs - Group Headquarters	Relationship of unobservable inputs
Certified costs of construction as at date of completion of property	US$21,500,000 - US$22,000,000	J$2,997,445,000	The higher the costs of construction the higher the fair value
Rate of increase in construction costs from date of last valuation	2021: 5% -10% 2020: 5% - 10%	2021: 4% -5% 2020: 4% -5%	The higher the rate of increase in construction costs the higher the fair value
Professional fees - architects, quantity surveyors, engineers	2021: 7% 2020: 7%	2021: 7% 2020: 7%	The higher the professional fees the higher the fair value
Interest cost	2021: 15% 2020: 15%	2021: 15% 2021: 15%	The higher the interest cost the higher the fair value
Estimated profit margin required by developer	2021: 5.5% 2020: 5.5%	2021: 5.5% 2020: 5.5%	The higher the developer's profit the higher the fair value
Rate of obsolescence	2021: 14% 2020: 14%	2021: 10% 2020: 10%	The higher the rate of obsolescence the lower the fair value

37. Financial Instruments by Category

	Group			
	Assets at amortised cost $'000	**Assets at fair value through profit or loss $'000**	**Assets at fair value through other comprehensive income $'000**	**Total $'000**
At 31 December 2021:				
Cash and deposits	30,036,681	-	-	30,036,681
Investment securities and pledged assets	37,813,970	746,639	11,280,159	49,840,768
Loans receivable	33,322,490	-	-	33,322,490
Trade and other receivables	16,022,291	-	-	16,022,291
Total financial assets	117,195,432	746,639	11,280,159	129,222,230

	Group			
	Assets at amortised cost $'000	**Assets at fair value through profit or loss $'000**	**Assets at fair value through other comprehensive income $'000**	**Total $'000**
At 31 December 2020:				
Cash and deposits	24,331,106	-	-	24,331,106
Investment securities and pledged assets	29,916,606	541,517	10,666,212	41,124,335
Loans receivable	31,250,331	-	-	31,250,331
Trade and other receivables	12,876,937	-	-	12,876,937
Total financial assets	98,374,980	541,517	10,666,212	109,582,709

	Group
	Other financial liabilities at amortised cost $'000
At 31 December 2021:	
Deposits	48,143,926
Securities sold under agreements to repurchase	7,249,565
Bank and other loans	27,988,518
Trade and other payables	31,017,825
Total financial liabilities	114,399,834

37. **Financial Instruments by Category (Continued)**

	Group
	Other financial liabilities at amortised cost
	$'000
At 31 December 2020:	
Deposits	41,611,220
Securities sold under agreements to repurchase	4,968,483
Bank and other loans	25,233,708
Trade and other payables	23,856,408
Total financial liabilities	95,669,819

	Company		
	Assets at amortised cost	Assets at fair value through other comprehensive income	Total
	$'000	$'000	$'000
At 31 December 2021:			
Cash and deposits	3,200,012	-	3,200,012
Investment securities and pledged assets	8,028,473	136,678	8,165,151
Loans receivable	2,947,137	-	2,947,137
Trade and other receivables	1,738,894	-	1,738,894
Subsidiaries	1,716,883	-	1,716,883
Total financial assets	17,631,399	136,678	17,768,077

	Company		
	Assets at amortised cost	Assets at fair value through other comprehensive income	Total
	$'000	$'000	$'000
At 31 December 2020:			
Cash and deposits	5,403,813	-	5,403,813
Investment securities and pledged assets	6,800,010	78,106	6,878,116
Loans receivable	2,469,965	-	2,469,965
Trade and other receivables	1,434,166	-	1,434,166
Subsidiaries	1,424,243	-	1,424,243
Total financial assets	17,532,197	78,106	17,610,303

37. Financial Instruments by Category (Continued)

	Company
	Other financial liabilities at amortised cost
	$'000
At 31 December 2021:	
Bank and other loans	11,077,468
Trade and other payables	4,073,741
Subsidiaries	3,587,877
Total financial liabilities	18,739,086

	Company
	Other financial liabilities at amortised cost
	$'000
At 31 December 2020:	
Bank and other loans	8,675,862
Trade and other payables	3,097,157
Subsidiaries	4,337,422
Total financial liabilities	16,110,441

38. Investment Properties

	Group	
	2021	**2020**
	$'000	**$'000**
At 1 January	925,734	665,000
Acquisitions through business combinations (Note 39)	-	200,150
Change in fair value	66,900	60,584
Transfer to fixed assets (Note 12)	(226,734)	-
At 31 December	765,900	925,734

The following amounts have been recognised in the income statement:

	Group	
	2021	**2020**
	$'000	**$'000**
Rental income arising from investment properties	50,991	40,938
Direct operating expenses arising from investment properties	17,570	25,669

Investment properties comprise commercial properties that are leased to third parties.

39. Business Combinations

On 31 July 2021, the Group acquired 100.0% of the share capital of Scotia Insurance Eastern Caribbean Limited (the company), which is domiciled in St. Lucia and licensed to conduct ordinary long term insurance and personal accident insurance. The company currently conducts creditor life insurance business and operates within the territories of Anguilla, Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines.

The company subsequently changed its name to GK Life Insurance Eastern Caribbean Limited (GK Life).

The purchase consideration on the date of acquisition comprised an initial payment of $637,778,000 and contingent consideration of $476,933,000. The contingent consideration is dependent on the relative achievement of a gross premium income target over a period ending 31 October 2022 and is payable once the target is satisfied.

The fair value of insurance and other receivables on acquisition date was $1,829,000.

GK Life contributed revenue of $244,057,000 and profit after tax of $93,458,000 to the Group since being acquired.

Had the business been consolidated from 1 January 2021, the consolidated income statement would show pro-forma revenue of $129,682,602,000 and profit after tax of $9,153,539,000. The amounts have been calculated by adjusting the results of the subsidiary to reflect the additional amortisation that would have been charged assuming the fair value adjustments to intangible assets had applied from 1 January 2021, together with the consequential tax effects.

A gain of $593,535,000 was realised on the acquisition due to the value of intangible assets acquired, being insurance licenses and Bancassurance Agreement, exceeding the premium paid above book value. A significant factor contributing to the gain was the basis of the business outlook reflecting the vendor's plan to exit the specific markets. The gain is shown in other income (Note 27) in the income statement.

Acquisition-related costs of $24,747,000 have been charged to administration expenses in the consolidated income statement for the year ended 31 December 2021.

The following table summarises the purchase consideration, net assets acquired and gain on acquisition:

	31 July 2021 $'000
Purchase consideration:	
Cash paid on date of acquisition	637,778
Balance due on contingent consideration	476,933
Total purchase consideration	1,114,711
Assets and liabilities arising from the acquisition:	
Cash and cash equivalents	370,690
Fixed assets (Note 12)	4,129
Licences (included in intangibles) (Note 11)	190,556
Bancassurance agreements (included in intangibles) (Note 11)	894,445
Investment securities	430,286
Insurance and other receivables	1,829
Insurance and other payables	(12,048)
Insurance reserves	(118,095)
Taxation payable	(53,546)
Fair value of net assets acquired	1,708,246
Gain on acquisition of subsidiary (Note 27)	(593,535)
Purchase consideration settled in cash	637,778
Cash and cash equivalents in business acquired	(370,690)
Cash outflow on acquisition	267,088

39. Business Combinations (Continued)

In the prior year, the Group acquired 65.2% of the share capital of Key Insurance Company Limited, a general insurance entity which underwrites motor, property and casualty insurance in Jamaica.

	$'000
Total consideration	490,616
Fair value of net assets acquired	(488,771)
Non-controlling interest (Note 23)	170,092
Goodwill (Note 11)	171,937
Purchase consideration settled in cash	490,616
Cash and cash equivalents in business acquired	(667,456)
Cash inflow at end of year	(176,840)

40. Subsequent Events

(a) On 12 January 2022, the Group acquired an additional 10% of the share capital of Barbadian company, CSGK Finance Holdings Limited, for a purchase consideration of $401 million. The company, which operates through its wholly owned subsidiary SigniaGlobe Financial Group Inc., engages in lending, motor vehicle leasing and the acceptance of deposits, and is also an authorised foreign exchange dealer and licensed stock broker. The share purchase brings the Group's total shareholdings in the company to 50%, having previously held 40% of the share capital since 2003.

(b) On 14 February 2022, the Group made an employee stock offer to its staff to commemorate the Group's 100th anniversary in business. The offer allows permanent staff and certain other direct hires to purchase up to 2,000 stock units at a 25% discount on the market price as at 31 January 2022 and receive 100 shares as a grant when a minimum of 1,000 stock units are purchased. The offer will close on 31 March 2022.

(c) On 1 March 2022, the Board of Directors approved an interim dividend in respect of 2022 of 48 cents per ordinary stock unit. The dividend is payable on 8 April 2022 to shareholders on record as at 18 March 2022.

41. Impact of Covid-19

As a result of the Covid-19 pandemic, the Group continues to be exposed to an elevated level of credit risk, liquidity risk, foreign currency risk, and price risk, with the most significant exposures relating to credit and price risk. The Group has also experienced an elevated level of supply chain risk during the period.

The nature and extent of the impact on the Group's financial position, results and cash flows continues to evolve given the rapid pace of change and the elevated level of uncertainty.

The Group continues to actively monitor and manage the identified risks through its Executive Management and Covid-19 Committees. In response to the specific financial risks identified, the Group has employed several measures, including robust monitoring of the loans receivable portfolio, managing investment portfolio positions, maintaining adequate safety stock levels and establishing alternative supplier relationships.

GraceKennedy GROUP

FORM OF PROXY

I/We...
of..
being a member/members of **GraceKennedy Limited** hereby appoint ....
....of..
or failing him/her..
of ....
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on **Wednesday, 25 May 2022 at 2:00 p.m. at GraceKennedy Headquarters, 42-56 Harbour Street, Kingston, Jamaica** and/or electronically via an online platform which can be accessed via our website at www.gracekennedy.com and at any adjournment thereof.

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3A		
RESOLUTION 3B		
RESOLUTION 4		
RESOLUTION 5		
RESOLUTION 6		

Unless otherwise instructed, the proxy will vote or abstain from voting as he/she thinks fit.

Dated this .... day of 2022

....
Signature

....
Signature

....
Signature

Place Stamp Here

J$100

Note:

1. In the case of a body corporate, this form should be executed under seal in accordance with the company's Articles.
2. To be valid this proxy must be deposited with the Corporate Secretary of the Company at 73 HARBOUR STREET, KINGSTON, JAMAICA not less 48 hours before the time appointed for holding the Meeting. A Proxy need not be a member of the Company.
3. This form of proxy should bear stamp duty of $100. Adhesive stamps are to be cancelled by the person signing the proxy.

GraceKennedy
GROUP

GRACEKENNEDY LIMITED

42 - 56 Harbour Street, Kingston
Jamaica | West Indies
1 (876) 922-3440
www.gracekennedy.com