

JONES SODA CO
Form 424B3
March 27, 2019

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-225049

Prospectus Supplement

(to Prospectus dated July 23, 2018)

Jones Soda Co.

Up to 11,315,000 Shares of Common Stock

This prospectus supplement supplements the prospectus, dated July 23, 2018 (the “Prospectus”), which forms a part of our Amendment No. 1 to our Registration Statement on Form S-3 on Form S-1 (Registration No. 333-225049). This prospectus supplement is being filed to update, amend and supplement the information included or incorporated by reference in the Prospectus with the information contained in Proxy Statement on Schedule 14A for our 2019 Annual Meeting of Shareholders, filed with the Securities and Exchange Commission (the “Commission”) on March 26, 2019 (the “Current Report”). Accordingly, we have attached the Proxy Statement (including exhibits) to this prospectus supplement.

The Prospectus and this prospectus supplement relates to the sale of up to 11,315,000 shares of our common stock which may be resold from time to time by the selling shareholders identified in the Prospectus. The shares of common stock covered by the Prospectus and this prospectus supplement are issuable upon the conversion of a portion or all of the convertible subordinated promissory notes (the “Convertible Notes”) issued pursuant to that certain Note Purchase Agreement dated as of March 23, 2018 among the Company and the purchasers of the Convertible Notes. We are not selling any common stock under the Prospectus and this prospectus supplement and will not receive any of the proceeds from the sale or other disposition of shares by the selling shareholders.

This prospectus supplement should be read in conjunction with the Prospectus. This prospectus supplement updates, amends and supplements the information included or incorporated by reference in the Prospectus. If there is any inconsistency between the information in the Prospectus and this prospectus supplement, you should rely on the information in this prospectus supplement.

Our common stock is listed for quotation on the OTCQB quotation system under the symbol "JSDA." The last bid price of our common stock on March 25, 2019 was \$0.47 per share.

Investing in our common stock involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" of the Prospectus, and under similar headings in any amendment or supplements to the Prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of the Prospectus or this prospectus supplement. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is March 26, 2019.

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

JONES SODA CO.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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66 S. T 206-624-3357
Hanford
St., SuiteF 206-624-6857
150
www.jonessoda.com
Seattle,
WA
98134

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

May 9, 2019

2:00 p.m.

To Jones Soda Co. Shareholders:

Notice is hereby given that the 2019 Annual Meeting of Shareholders of Jones Soda Co., a Washington corporation (the “Company”), will be held at 2:00 p.m. local time on Thursday, May 9, 2019 (the “Annual Meeting”) at the Company’s headquarters located at 66 S. Hanford St., Suite 150, Seattle, WA 98134, and via a live webcast on the Internet. Shareholders will be able, and are encouraged, to attend the Annual Meeting and vote via the live webcast at <http://www.virtualshareholdermeeting.com/JSDA2019>. Only shareholders who owned stock at the close of business on the record date, March 14, 2019, are entitled to receive notice and to vote at the Annual Meeting, or any adjournments of the Annual Meeting that may take place. At the Annual Meeting, we will ask you to:

1. elect six directors nominated by our Board of Directors;
2. ratify the appointment of Peterson Sullivan LLP as our independent registered public accounting firm for 2019;
3. approve, by non-binding vote, the compensation paid to the Company’s Named Executive Officers; and
4. transact such other business as may properly come before the meeting and any adjournments thereof.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE “FOR” THE COMPANY NOMINATED DIRECTORS DESCRIBED IN THE PROXY STATEMENT, “FOR” RATIFICATION OF THE APPOINTMENT OF PETERSON SULLIVAN LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM, AND “FOR” APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS.

Each of these items of business is more fully described in the Proxy Statement.

Internet Availability of Proxy Materials – We are furnishing proxy materials over the Internet in accordance with the Securities and Exchange Commission rules, which can be accessed at <https://www.jonessoda.com/pages/sec>. Please read the Proxy Statement for more information on this alternative, which we believe will allow us to provide shareholders with the information they need while lowering the costs of delivering the Proxy Statement and related materials and reducing the environmental impact of the Annual Meeting.

By Order of the Board of Directors,

Eric Chastain
Chief Operating Officer and Corporate Secretary
Seattle, Washington

March 26, 2019

Please note that in order to attend and vote at the Annual Meeting via live webcast, shareholders will need to access the website at www.virtualshareholdermeeting.com/JSDA2019 and input the unique 12-digit control number assigned to such shareholder, as set forth on the shareholder's proxy card or Notice of Internet Availability of Proxy Materials. Shareholders are encouraged to attend the meeting via the live webcast, as only limited seating will be available for the Annual Meeting at the Company's headquarters.

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IMPORTANT

Whether or not you expect to attend the Annual Meeting via the live webcast or in person, we urge you to vote by telephone, by internet or by marking your vote on the proxy card, signing and dating the proxy card, and returning it to us in the envelope provided at your earliest convenience. Your vote will ensure the presence of a quorum at the Annual Meeting and will save us the expense and extra work of additional solicitation. An addressed envelope, for which no postage is required if mailed in the United States, is provided for that purpose. Sending in your proxy will not prevent you from voting your shares at the Annual Meeting if you desire to do so, as your proxy is revocable at your option. Please note, however, that if a broker, bank or other nominee is the record holder of your shares and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from such broker, bank or other nominee.

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JONES SODA CO.

66 S. Hanford St., Suite 150

Seattle, WA 98134

PROXY STATEMENT

INFORMATION CONCERNING SOLICITATION AND VOTING

General

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors (the “Board”) of Jones Soda Co., a Washington corporation (the “Company”) to be voted at the 2019 Annual Meeting of Shareholders, or at any adjournment thereof (the “Annual Meeting”). The Annual Meeting will be held at 2:00 p.m. (local time) on Thursday, May 9, 2019. The Annual Meeting will be held at the headquarters of Jones Soda Co. at 66 S. Hanford St., Suite 150, Seattle, WA 98134, and via a live virtual webcast. Shareholders are encouraged to attend the Annual Meeting and vote during the meeting via live webcast at <http://www.virtualshareholdermeeting.com/JSDA2019>. The matters for consideration at the Annual Meeting are as set forth in the accompanying Notice of Annual Meeting of Shareholders.

We intend to mail a Notice of Internet Availability of Proxy Materials (the “Notice of Internet Availability”) on or about March 29, 2019, to all shareholders entitled to vote at the Annual Meeting. The Notice of Internet Availability contains instructions on how to access the Proxy Statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (the “2018 Annual Report”), including financial statements. The Notice of Internet Availability also contains a unique 12-digit control number for each shareholder, to enable such shareholder to attend and vote at the virtual webcast of the Annual Meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL SHAREHOLDER MEETING TO BE HELD ON MAY 9, 2019

The Proxy Statement and the 2018 Annual Report are available at:

<http://www.jonessoda.com/pages/sec>

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting via the webcast or in person, we urge you to vote and submit your proxy in order to ensure the presence of a quorum.

Registered holders may vote:

1. By Internet: go to www.proxyvote.com;
2. By toll-free telephone: call 1-800-690-6903; or
3. By mail: mark, sign, date and promptly mail the proxy card in the postage-paid envelope provided.

Any proxy may be revoked at any time prior to its exercise at the Annual Meeting.

Beneficial Shareholders. If your shares are held in the name of a broker, bank or other holder of record, follow the voting instructions you receive from the holder of record to vote your shares.

Voting and Outstanding Shares

Only holders of record of our common stock at the close of business on March 14, 2019 are entitled to notice and to vote at the Annual Meeting. There were 41,575,861 shares of common stock issued and outstanding on that date. Shareholders are entitled to one vote for each share of common stock held on each matter to be voted upon at the Annual Meeting. If your shares are represented by a completed and signed proxy, they will be voted in accordance with your directions. If your proxy is signed and returned without any directions given, your shares will be voted in accordance with the Board's recommendations.

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We are not aware, as of the date of this Proxy Statement, of any matters to be voted on at the Annual Meeting other than as stated in this Proxy Statement and the accompanying Notice of Annual Meeting of Shareholders. If any other matters are properly brought before the Annual Meeting, the provided proxy gives discretionary authority to the persons named in it to vote the shares in their best judgment.

If the Annual Meeting is adjourned for any reason, at any subsequent reconvening of the Annual Meeting, all proxies will be voted in the same manner as the proxies would have been voted at the original convening of the Annual Meeting, except for any proxies that have been revoked or withdrawn, notwithstanding that they may have been voted on the same or any other matter at a previous meeting.

Quorum; Approval Requirements

Under our Amended and Restated Bylaws, the presence at the Annual Meeting, in person or by proxy, of holders of record of at least 33 1/3 % of the outstanding shares of common stock constitutes a quorum at the Annual Meeting.

For Proposal 1, Election of Directors, directors are elected by a plurality of votes. Accordingly, the six nominees for election to the Board of Directors who receive the greatest number of affirmative votes cast at the Annual Meeting will be elected to the Board.

For Proposal 2, Ratification of Appointment of Independent Registered Public Accounting Firm, this matter will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.

For Proposal 3, Advisory Vote on Compensation Paid to our Named Executive Officers (the “Say on Pay” proposal), this matter will be approved if the number of votes cast in favor of the proposal exceeds the number of votes cast against the proposal.

Broadridge Financial Solutions, Inc., our registrar and transfer agent, will act as Inspector of Elections at the Annual Meeting and, in that capacity, will tabulate all votes and will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

Abstentions and Broker Non-Votes

Abstentions and broker non-votes will have no impact on the votes relating to any of the proposals because they will not represent votes cast at the Annual Meeting for the purpose of voting on such proposals. However, abstentions and broker non-votes are counted as present for purposes of determining whether a quorum is present for the transaction of business at the Annual Meeting. An abstention occurs when a shareholder withholds such shareholder’s vote by checking the “abstain” box on the proxy, or when a shareholder present at the Annual Meeting does not cast a ballot. Broker non-votes occur when a person holding shares through a bank or brokerage account does not provide instructions as to how his or her shares should be voted and the broker either does not exercise, or is not permitted to exercise, discretion to vote those shares on a particular matter. However, brokers may exercise discretion to vote shares as to which instructions are not given with respect to Proposal 2, Ratification of Appointment of Independent Registered Public Accounting Firm. Brokers may not exercise discretion to vote shares as to which instructions are not given with respect to Proposal 1, Election of Directors, or Proposal 3, the Say on Pay Proposal.

Solicitation of Proxies

Our Board of Directors is soliciting proxies pursuant to this Proxy Statement. Jennifer L. Cue, our Chief Executive Officer (“CEO”), and Eric Chastain, our Chief Operating Officer, are each named as proxies on the proxy card. We will bear the entire cost of solicitation of proxies, including preparation, assembly and mailing of the Notice of Internet

Availability and if requested, this Proxy Statement, the proxy card and any additional information furnished to shareholders. Copies of the Notice of Internet Availability will be furnished to banks, brokerage houses, fiduciaries and custodians holding shares of common stock in their names that are beneficially owned by others to forward to such beneficial owners. We may reimburse persons representing beneficial owners for their costs of forwarding the Notice of Internet Availability to such beneficial owners. Original solicitation of proxies by mail may be supplemented by telephone, email, facsimile or personal solicitation by our directors, officers or other regular employees, none of whom will be paid any additional compensation for such services.

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Revocability of Proxies

Any shareholder who executes a proxy pursuant to this solicitation retains the right to revoke it at any time before it is voted. It may be revoked by delivering to our Corporate Secretary, at or prior to the Annual Meeting, either a written notice of revocation or a duly executed proxy bearing a later date. Alternatively, it may be revoked by voting at the Annual Meeting. Attendance at the Annual Meeting will not, by itself, revoke a proxy.

PROPOSAL 1 — ELECTION OF DIRECTORS

Our Board of Directors is currently comprised of seven directors, six of which are standing for re-election. Each director elected at the Annual Meeting will hold office until the next annual meeting of shareholders or until his or her successor is duly elected and qualified or until his or her earlier death, resignation or removal. Directors are elected by a plurality of the shares voted at the Annual Meeting.

From March 23, 2018 through April 18, 2018, the Company offered subscriptions for convertible subordinated promissory notes (the “Convertible Notes”), to select accredited investors pursuant to the terms of a Note Purchase Agreement (the “Note Purchase Agreement”) and a Registration Rights Agreement (the “Registration Rights Agreement”). As a condition to the sale of the Convertible Notes and pursuant to Section 3.2 of our Amended and Restated Bylaws, the Board of Directors increased the size of the Board from six to seven members on March 23, 2018 and appointed Christopher Beach to serve as a member of the Board. Pursuant to the Note Purchase Agreement, one of the Company’s noteholders, Manatuck Hill Partners, LLC (“Manatuck”), has the right to designate two members of the Board for so long as the convertible notes issued pursuant to the Note Purchase Agreement remain outstanding, and Mr. Beach was designated to the Board by Manatuck in accordance with the terms of the Note Purchase Agreement.

Effective as of the Company’s annual meeting held on May 10, 2018 (the “2018 Annual Meeting”), two of the Company’s former directors, Matthew Kellogg and Susan Schreter, opted to not stand for re-election at the 2018 Meeting, and the size of the Board was also decreased from seven members to six members, with one vacancy remaining at that time.

On June 14, 2018, upon the recommendation of the Nominating Committee of the Board of Directors, Raymond P. Silcock was appointed as a member of the Board to fill the vacancy on the Board, with his term of office expiring at the Annual Meeting unless re-elected. Mr. Silcock was designated to the Board by Manatuck as its second and final designee to the Board of Directors in accordance with the terms of the Note Purchase Agreement.

On November 23, 2018, the Board of Directors increased the size of the Board to seven directors in accordance with Section 3.2 of the Company’s Amended and Restated Bylaws and, upon the recommendation of the Nominating Committee and in accordance with the Amended and Restated Bylaws, appointed Vanessa Walker to fill the vacancy on the Board of Directors resulting from the increase in the size of the Board.

On March 25, 2019, Richard Cautero informed the Company that he would not be standing for re-election at the Annual Meeting, and that he would resign from the Board of Directors effective May 9, 2019 due to personal reasons and time considerations. Mr. Cautero’s resignation was not the result of any disagreement between Mr. Cautero and the Company, its management, Board of Directors or any committee of the Board of Directors, or with respect to any matter relating to the Company’s operations, policies or practices. The Company expresses its gratitude to Mr. Cautero for his many valuable contributions. The size of the Board of Directors and membership of each of the Company’s committees will remain the same as the Nominating Committee searches for qualified candidates to fill Mr. Cautero’s vacancy based on the Company’s current initiatives. The Board of Directors will designate new members to the Nominating Committee and Audit Committee to replace Mr. Cautero at a later date.

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Unless otherwise directed, the persons named as proxies in the provided proxy card will vote the proxies received by them for the six nominees named below. In the event that any nominee is unable or declines to serve as a director at or prior to the time of the Annual Meeting (an event that currently is not anticipated by management), the proxies will be voted for the election of such substitute nominee as the Board of Directors may propose.

The Board of Directors recommends a vote “FOR” each of the persons nominated by the Board of Directors.

Nominees

Set forth below is biographical information for each of the six nominees as director, each of whom is currently on our Board of Directors.

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		Director	
Name	Position / Background	Age	Since
Jeffrey D. Anderson	Mr. Anderson has over 36 years of consumer products experience working for public and private companies in senior management positions. He served as CEO for 20 years and owned his own company which he successfully grew the sales and profits before selling. Mr. Anderson currently works as a Board member and Senior VP at Harbor Wholesale Foods, a large Pacific Northwest food service distributor. They supply retailer outlets like Subway and Taco Time. They also service hundreds of convenience stores and quick serve retailers. Mr. Anderson received a Bachelor of Business Administration and Master degree from the University of Iowa. Mr. Anderson has also had considerable M&A experience with over 40 acquisitions and some divestitures throughout his career. We believe Mr. Anderson is qualified to serve on our Board of Directors because of his management expertise and experience in the food industry.	71	August 2017
Christopher Beach	Mr. Beach has over 25 years of small company governance, investment and strategy experience with a consumer and business services sector concentration. Mr. Beach has been the President of Hawksbill Holdings LLLP since 2014. Mr. Beach served as director of Kleinfeld Bridal, a luxury retailer, from 2012 to 2014. From 2009 to 2012, Mr. Beach was Director of Business Development for Dycom Industries, Inc., an engineering and construction company, where he was responsible for intellectual property commercialization and other new business opportunities. From 2006 to 2011, Mr. Beach served as director of Ballantyne Strong, Inc., a provider of cinema and digital signage solutions. During his tenure, Mr. Beach was Chairman of the Compensation Committee and a member of the Audit and Nominating Committees of Ballantyne Strong, Inc. Mr. Beach was a portfolio manager and research analyst for Pequot Capital Management, a global investment partnership, from 1993 to 2002. From 1991 to 1993, Mr. Beach was a financial analyst for Salomon Brothers, a multinational investment bank. Mr. Beach received his Bachelor of Arts Degree in economics from Columbia University in 1991. Mr. Beach was designated to the Board by Manatuck as one of its designees in accordance with the terms of the Note Purchase Agreement. We believe Mr. Beach is qualified to serve on our Board of Directors because of previous public company director experience and financial acumen.	49	March 2018
Jennifer L. Cue	Ms. Cue was appointed as our President and CEO effective June 27, 2012 after joining the Board of Directors in April 2012. Ms. Cue served as Interim Chief Financial Officer of the Company from September 2011 to December 2011. She previously served in many roles with the Company, including as Chief Financial Officer and Corporate Secretary from 1997 to 2005, as Chief Operating Officer from 2002 to 2005, and as Vice President, Corporate and Financial Development from 1995 to 1997. She also previously served as a member of the Board from 1995 to 2005. During her time away from the Company from 2005 to 2011, Ms. Cue focused on strategic business consulting, private investment initiatives and financial advising. Ms. Cue holds an MBA from McGill University in Montreal and a Bachelor of Commerce from the University of British Columbia in Vancouver, British Columbia. Ms. Cue is also a Chartered Financial Analyst. We believe Ms. Cue is qualified to serve on our Board of Directors because she brings first-hand knowledge of the Company's day-to-day operations as well as an understanding of the operational, financial and strategic issues facing our Company.	55	April 2012

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Michael M. Fleming	Mr. Fleming is Chairman of our Board of Directors. Mr. Fleming is an attorney with the law firm Ryan, Swanson & Cleveland, PLLC specializing in real estate, dispute resolution, securities and environmental matters, a position he has held since January 2014. Mr. Fleming previously was an attorney with the law firm of Lane Powell PC from 2000 to 2013. Since August 2016, Mr. Fleming has also served on the Board of Eastside Distilling, a spirits company, where he is a member of the Audit, Compensation and Nominating Committees. Mr. Fleming also served on the Board of Directors of S&W Seed Co., an agricultural products company, where he served as Chairman of the Audit and Compensation Committees. Mr. Fleming has served on the Board of Directors of Big Brothers and Big Sisters of Puget Sound since 2002 and was Chairman of the Board of Directors for 2008/2009. He has also been the President and owner of Kidcentre, Inc., a company in the business of providing child care services in Seattle, Washington, since 1988. Since 1985, he has also been the President and owner of Fleming Investment Co., an investment company. Mr. Fleming holds a Bachelor of Arts degree from University of Washington and a law degree from the University of California, Hastings College of the Law. We believe Mr. Fleming is qualified to serve on our Board of Directors because his experience as President and owner of two businesses as well as his legal background contribute legal expertise in matters of business and securities law.	70	April 1997
Raymond Silcock	Mr. Silcock is an experienced chief financial officer and director. He serves as an advisory partner at Alliance Consumer Growth, a private equity firm, since 2010. Mr. Silcock previously served on the boards of directors of Pinnacle Foods Inc. (Formerly NYSE: PF from 2008 until its sale to ConAgra in 2018), Bacardi Limited, Prestige Brands Holdings Inc. (NYSE:PBH) from 2006 to 2009 and the American Italian Pasta Company (NASDAQ:AIPC) from 2006 to 2007. From 2016 to 2018, Mr. Silcock served as executive vice president and chief financial officer for CTI Foods, LLC and served as executive vice president and chief financial officer at Diamond Foods Inc. (formerly NASDAQ: DMND) from 2013 until the company was sold to SnydersLance in 2016. Mr. Silcock also served as executive vice president and chief financial officer of The Great Atlantic & Pacific Tea Company (A&P) from 2011 to 2013 and served as a management consultant and executive-in-residence for Palm Ventures, LLC from 2010 to 2012. In 2007, he was appointed executive vice president and chief financial officer of US Tobacco, LLC (formerly NYSE: UST) and served until the sale of UST to Altria in 2009. He served as executive vice president and chief financial officer of Swift & Co from 2006 until the company was sold to JBS in 2007. From 1998 until 2005, Silcock served as executive vice president and chief financial officer of Cott Corporation (NYSE: COT) and before that was chief financial officer at Delimex Holdings from 1997 to 1998. From 1979 until 1997 Silcock served in various positions of increasing responsibility at Campbell Soup Company (NYSE: CPB) culminating in vice president finance - bakery and confectionery division. Mr. Silcock holds an MBA from the Wharton School of the University of Pennsylvania and is a fellow of the Chartered Institute of Management Accountants (UK). Mr. Silcock is qualified to serve on our Board of Directors because of extensive public company executive experience and financial acumen.	69	June 2008

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Vanessa Walker	From January 2016 to October 2018, Ms. Walker served as the executive vice president of marketing and innovations at Celsius Holdings (Nasdaq: CELH), a maker of clinically proven performance drinks. From January 2008 to January 2016, Walker served as senior vice president of sales and marketing at La Croix Sparkling Water, a division of National Beverage Corp. (Nasdaq: FIZZ). Prior to her time at La Croix, Ms. Walker served in various marketing and managerial roles at other beverage brands and retailers. Walker received her MBA in International Business from Mercer University, and a BA in Arts, English and Business from Florida State University. We believe Ms. Walker is qualified to serve on our Board of Directors because of her extensive beverage industry and marketing experience.	47 November 2008
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BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Independence of the Board of Directors

The Board of Directors has determined that six of our seven current directors are “independent directors” within the meaning of the listing standards of The Nasdaq Stock Market (“NASDAQ”): Jeffrey Anderson, Christopher Beach, Richard Cautero, Michael Fleming, Raymond Silcock and Vanessa Walker. In making its independence determinations, the Board of Directors considered all relationships between any of the directors and the Company. Following the Annual Meeting, we will have six directors, of which five will be “independent directors” within the meaning of the listing standards of NASDAQ.

Board Leadership Structure and Role in Risk Oversight

The Board of Directors selects by consensus the Chairman from the directors. Michael Fleming currently serves as the Chairman of the Board. The Board of Directors does not have a specific policy on whether the roles of Chief Executive Officer and Chairman of the Board should be separate, or if the roles are separate, whether the Chairman of the Board should be selected from the non-employee directors. Currently, these roles are separate and the Chairman is a non-employee director. The Board of Directors believes that it should have discretion to determine the most appropriate leadership structure within the Board of Directors from time to time.

The Board of Directors believes having an independent Chairman of the Board is the appropriate leadership structure for the Board of Directors at this particular time. The Board of Directors believes this structure ensures a greater role for the independent directors in the oversight of the Company, as well as their active participation in setting agendas and establishing priorities and procedures for the work of the Board of Directors. The Board of Directors also believes its administration of risk oversight, as discussed below, has not affected the Board's leadership structure.

The Board of Directors oversees the risk management process, while executive management oversees and manages risk on a day-to-day operational basis. The Board of Directors receives regular reports from executive management on areas of material risk to the Company, including operational, financial, legal, regulatory and strategic risks. While the Board of Directors is ultimately responsible for risk oversight, each of the Board committees assists in fulfilling these oversight responsibilities. The Audit Committee oversees management of financial risks by identifying key areas of risk for the Company, reviewing management's policies, programs and policies to deal with risk, identifying members of management whose responsibility it is to manage risks and receiving reports from such persons. The Compensation Committee is responsible for overseeing the management of risks relating to corporate governance and the compensation of executives, employees and non-employee directors. The Nominating Committee manages risks

associated with Board composition, including the independence of Board members. The Chair of the relevant Board committee reports on its discussions to the full Board of Directors, enabling the Board of Directors and its committees to coordinate the risk oversight roles.

Board Attendance

During the 2018 fiscal year, the Board of Directors held eight meetings. Each director was in attendance at more than 75% of the meetings held of the Board of Directors and any committees on which he or she served during his or her tenure as

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a director in 2018. At each Board meeting, non-employee directors have the opportunity to, and regularly do, meet in executive session without members of management present.

We do not have a formal policy requiring director attendance at our annual meeting of shareholders; however, all directors are encouraged to attend. At the 2018 Annual Meeting, two of our directors were in attendance.

Board Meetings and Committees

Our Board of Directors has an Audit Committee, a Compensation and Governance Committee (the “Compensation Committee”) and a Nominating Committee. The membership of each committee as of March 14, 2019 is indicated below:

Director	Audit	Compensation and Governance	Nominating
Jeff Anderson		X	
Christopher Beach	X		Chair
Richard V. Cautero (1)	X		X
Michael M. Fleming		Chair	X
Raymond Silcock	Chair	X	

(1) Following the Annual Meeting, Mr. Cautero will no longer be a member of the Board of Directors, and the Board of Directors will designate new members to the Nominating Committee and Audit Committee to replace Mr. Cautero at such time.

Audit Committee

The Audit Committee represents the Board of Directors in discharging its responsibilities relating to our accounting, reporting, financial and internal control practices, and any related party transactions. Among its responsibilities, the Audit Committee: is responsible for selecting, retaining or replacing our independent auditors; reviews the scope, fees and result of their audit; reviews the independence of the auditors; reviews and approves any non-audit services and related fees; is informed of their significant audit findings and management’s responses; reviews the adequacy of the Company’s accounting and financial personnel; reviews the Company’s financial reporting processes and internal controls over financial reporting and disclosure controls and procedures, and oversees legal and regulatory compliance matters, including reviewing reviewing and approving all significant related party transactions and potential conflict of interest situations. The Audit Committee reviews the quarterly and annual financial statements and recommends their acceptance to the Board of Directors. The Audit Committee also periodically reviews, in consultation with the Compensation Committee, the Code of Conduct and the Code of Ethics, and establishes and reviews (a) procedures for receipt, retention and treatment of complaints regarding the Company’s accounting, internal controls and auditing matters; and (b) procedures for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters. The Audit Committee operates under a written charter setting forth the functions and responsibilities of the committee, which is reviewed by the committee on a periodic basis, and by the Board of Directors as appropriate. This charter is posted on the Company’s website www.jonessoda.com under the Investor Relations tab under the heading “Corporate Governance.”

During 2018, the Audit Committee initially consisted of Messrs. Anderson and Cautero until Messrs. Beach and Silcock (Chair) were appointed to the committee on August 7, 2018, at which time Mr. Anderson was no longer a member of the Audit Committee, and the Audit Committee was thereafter comprised of Messrs. Silcock, Beach and

Cautero. The Board of Directors has determined that, after consideration of all relevant factors, each of these directors qualifies as an “independent” director under applicable Securities and Exchange Commission (“SEC”) and NASDAQ rules. Following the Annual Meeting, Mr. Cautero will no longer be a member of the Board of Directors, and the Board of Directors will designate a new member to the Audit Committee to replace Mr. Cautero at such time. Each member of the Audit Committee is able to read and understand fundamental financial statements, including our consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows. Further, no member of the Audit Committee has participated in the preparation of our consolidated financial statements, or those of any of our current subsidiaries, at any time during the past three years. The Board of Directors has designated Mr. Silcock as an “audit committee financial expert” as defined under applicable SEC rules and has determined that Mr. Silcock possesses the requisite “financial sophistication” under applicable NASDAQ rules. The Audit Committee held four meetings in 2018.

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Compensation and Governance Committee

During 2018, the Compensation Committee consisted of Messrs. Fleming (Chair) and Anderson. Mr. Silcock was appointed to the committee on August 7, 2018. The Board of Directors has determined that, after consideration of all relevant factors, each of these directors qualifies as an “independent” and “non-employee” director under applicable NASDAQ and SEC rules and qualifies as an “outside director” pursuant to the Internal Revenue Code and the regulations promulgated thereunder. The Compensation Committee makes recommendations to the Board of Directors regarding the Company’s general compensation policies as well as the compensation plans and specific compensation levels for its executive officers. The Compensation