



FMF FOODS LIMITED.

The Right
Choice

(Formerly Flour Mills of Fiji Limited)

SUBSIDIARY COMPANIES

ATLANTIC & PACIFIC PACKAGING COMPANY LTD, THE RICE COMPANY OF FIJI LTD
BISCUIT COMPANY OF (FIJI) LIMITED, PEA INDUSTRIES LIMITED, DHF LIMITED
FMF SNAX LIMITED, FMF INVESTMENT COMPANY LIMITED

P.O.BOX 977, LEONIDAS STREET, WALU BAY, SUVA.

☎: 3301 188 / 📠: 3300 944.

18th September 2012

Deputy Assistant U.S. Trade Representative
Chairman, GSP Subcommittee of the Trade Policy Staff Committee
Office of the U.S. Trade Representative
600 17th St NW
Suite 800
Washington, DC 20508
USA

Attention: Mr. William D. Jackson

Dear Sir,

Re: Letter of Support for Fiji

1. **Location of company** – Leonidas Street, Walu Bay, Suva, Fiji Islands.
2. **Ownership of company** - Public listed Company Listed on South Pacific Stock Exchange, Fiji.
3. **How long the company has been operating in Fiji** - Business has been in operation since 1973.
4. **Number of employees, existence of unions, and union membership as a percentage of all company employees:**
 - Number of employees - 900 workers.
 - Existing union – National Union of Factory and Commercial Workers.
 - Union Membership – 279 workers i.e. 31%.
5. **Terms and conditions of employees' work** – Based on Master Collective Agreement (FMF and Union), Employment Relations Promulgation 2007 and Wages Council Orders, Occupational Health and Safety at Work Act 1996 and its Regulations.
6. **Industrial relations – employers and workers** – Based on provisions of the Master Collective Agreement, Employment Relations Promulgation 2007,

7. Benefits for workers:

- Annual Leave – 12 days.
- Sick Leave – 10 days.
- Bereavement Leave – 3 days.
- Provision for Long Service Leave.
- Provision for Leave without Pay.
- Provision for Study Leave.
- Un-availed Sick Leave en-cashment at the end of each year.
- Provision for Maternity Leave of 84 days to female employees.
- Payment of overtime as provided in Law.
- Provision of meal money as provided in Law where overtime work is involved.
- Company's contribution of 8% of the wages to their Fiji Provident Fund Account.

8. Percentage of women employees - 77/900 workers i.e. 8.5%.

9. Company Policies and Procedures:

- Zero Tolerance Policy on Sexual Harassment.
- Zero tolerance in discrimination.
- FMF is an Equal Employment Opportunity Employer.

10. Company's social obligations:

The FMF Group has established a long standing record of supporting its community through participation and sponsorship of charity and charitable organizations, sponsorship and development of sports, sporting activities, sporting personalities, education and other relevant activities that add value to society. Through its umbrella brand FMF, many of its subsidiary companies has sponsored and contributed to a variety of events ranging from FMF Chow Games, FMF Spellwell, FMF IQ Active, FMF Chow Kaji Rugby, Fun Run and to some of the teams that participated in the 2009 South Pacific Mini Games in Cook Islands and more recently the Pacific Games in Noumea, New Caledonia. FMF Group believes that in a small country like Fiji, corporations have a large and significant role to play in financing non-commercial activities, so vital for societal development. FMF has always been at the forefront of nation building. FMF Group's corporate goals harmonize with national goals, e.g., import substitution, export enhancement, encouragement to local primary producers (farm sector), renewable energy (bio-diesel) etc.

11. Economic benefit to Fiji's workers, to the Fijian economy, and to the local community as a result of the company's presence in Fiji:

FMF Group has created a thriving and exponentially growing Export Business out of a non-traditional products (Flour, Biscuits, Noodles, Potato Chips) where it has no natural advantages, in that BCF relies fully on imported raw materials and packaging. Robust strategy and impeccable execution by FMF's Management Team have enabled this. One of the subsidiaries of FMF which is Biscuit Company of (Fiji) Limited that actively exports biscuits to USA is one of the few companies in Fiji that has actually created valuable jobs during the past few tough years when most companies have struggled to even retain existing ones. It has added 200 new jobs in 2010-2011 (60% increase). FMF Group has consciously refrained from automating its packing process, considering the impact of automation in a country where jobs are already scarce. As good Corporate Citizens, we fully recognize that unless the community wins with you, you cannot win alone hence we have been continually re-investing into our business thereby creating better opportunities for all its stakeholders. The value of our Exports in correcting Fiji's imbalance in Trade Account can hardly be over-emphasized.

We as a manufacturer (vis-à-vis Reseller) with an investment in excess of FJ\$130 million, are more committed to the Society. We cannot easily dismantle the establishment as easily as a Reseller can, in this economy. Having established a bond, we are more committed to the continuous improvement of the economic development in this country.

We are a multi million dollar establishment contributing huge amounts to the National Exchequer by way of Value Added Tax (VAT) on sales, Customs Duty, Income Tax, FNPF, Rates and Taxes, etc, All these are in the range of FJ\$16 million annually.

Our electricity and water bills amount to FJ\$6.3 million annually.

Our products have been widely accepted in Australia, New Zealand and the South Pacific Territories. Our Export Sales for financial year 2010 – 2011 reached FJ\$90 million in these territories. This foreign exchange earning is the need of the day for our country.

12. Experiences with negotiating and/or working with the union(s) representing the company's employees:

- A fully fledged Human Resources Division to manage the human resources of the Group and deal with industrial relations matters in consultation with the Union based on the principles of Equity, Justice and good faith.
- Occupational Health and safety issues are managed by appointed or nominated OHS Representatives and committees by the workers.

13. Any comments on Fiji's labor laws – compliance with:

- Employment Relations Promulgation 2007
- Wages Council Orders, Occupational Health
- Safety at Work Act 1996 and its Regulations
- Environment Act

14. Perceived impacts of Fiji's loss of duty-free entry of its exports into the U.S. market, if Fiji were no longer eligible for the Generalized System of Preferences (GSP):

We have successfully competed to position our biscuit and flour products through quality and competitive prices against competing products from other developed countries and today we have been able to achieve a "true pacific brand" in USA . Should the GSP provision be withdrawn this would largely impact our price niche in the US mass retail market which will impact on our competitiveness hence the export volume. Given that most export commodities are highly price sensitive, suspension of GSP Scheme may even totally exit us from the USA market.

Other Additional comments:

Our production facility is top class and compares with very good Australian and New Zealand food processing units. This ensures that our overseas customers are very confident of our hygiene standards and Good Manufacturing Practices. Technological advancement is one of the important enablers that have brought FMF Group to where it is today. Our Company is ISO 9001: 2000, HACCP & SQF Level 3 certified. Please feel free to visit our website www.fmf.com.fj

15. Describe any experience the company has had in contacts with the Ministry of Labour or other governmental representatives as part of labour interactions, problem-solving, etc.?

- The Company employs a couple of Ex-Ministry of Labour Staff to manage the human resources with the view to ensure compliance of all Labour Laws to the satisfaction of Labour Department/ Ministry and to foster a harmonious working relationship with the Ministry.

Yours faithfully,



Anuj K. Patel
Group General Manager
FMF FOODS LIMITED