

*To the representatives of National Trade Union Federation
Pakistan Institute for Labour Education and Research
Clean Clothes Campaign
European Center for Constitutional and Human Rights
IndustriALL Global Union / Medico International / UNI Global Union*



KiK Textilien und Non-Food GmbH • Postfach 1243 • 59194 Bönen

Bönen, 21.09.2015

Dear Mr. Mansoor,
Dear Mr. Ali,
Dear Mrs. Zeldenrust,
Dear Mrs. Dr. Saage-Maaß,
Dear Mr. Raina,
Dear Mr. Seibert,
Dear Mrs. Boessiger,

We refer to your letter dated September 10, 2015, in which you describe your concerns regarding the approach of our company with respect to the tragic consequences of the factory fire at Ali Enterprises in September 2012. At several occasions, we have already expressed our regret and compassion for the victims and survivors.

We may once again draw attention to the fact that KiK was the first party to provide substantial financial support immediately after the incident. In a non-bureaucratic procedure, KiK has made available assistance for the victims amounting to one million US dollar. In addition, KiK has approached PILER to deal with the situation on the ground independently. The parties have agreed to act in KiK's sense and continue negotiations with all involved stakeholders. This was supposed to happen with regard to the participation of the government, the employer, the audit institutes and other possible buyers of Ali Enterprises. To our knowledge, in the meantime, some of these parties have made payments to the victims and their families as well.

From our point of view, it is important to note:

- 1) In the agreement you mentioned, KiK has declared its readiness to enter into a dialogue with the Clean Clothes Campaign, PILER and other Pakistani labour rights bodies as well as with representatives of export, employer and government associations to work out the final compensation and aid package for the victims.



- 2) Instead of opening negotiations with all parties, PILER has only called on KiK to pay a million lump sum for long-term compensation. We have asked several times for the calculation basis of such a claim, however, there was no willingness to do so until today. In addition, we have asked to provide transparency about the allocation of the disbursed funds and again, have not received anything so far.
- 3) It was KiK that proposed to apply the same calculation principles as in the case of the Rana Plaza incident, which have been created by the International Labor Organization (ILO) and in accordance with ILO Convention „C 121 Employment Injury Benefits“. The application of these principles, which your organizations have expressively supported and helped to create, offers the opportunity to break down each family situation and provide individual assistance. We therefore do not understand why these basic principles should not be applied in this case. The only explanation we received so far was that it would take too long to organize such a procedure and that the victims, which have received payments by other parties, could not wait a long time to receive their money.
- 4) Hence, KiK offered to pay an average Pakistani annual salary to each family, notwithstanding the individual situation, to help bridge the gap caused by such investigations. These are the 1,000 USD per family you mentioned. These were meant as an intermediate offer to prevent any hardships resulting from the waiting period. However, you, arguing that it was not clear how much would be paid in the end, rejected this offer.
- 5) At various points in your letter, you claim that KiK is legally responsible for the tragedy. This, however, is wrong. As was laid out in the expert legal opinion of a trained Pakistani lawyer in the present court proceedings in Dortmund, there is no such legal responsibility. KiK did what was appropriate under the given circumstances. We are convinced that the court in Dortmund will come to the same conclusion after assessing the relevant facts. We welcome the opportunity for a judicial examination to dispel the charges once and for all.

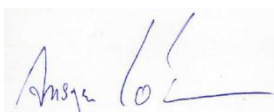


- 6) Nonetheless, KiK was ready to begin the investigation process with PILER as laid down in the agreement to finalize the process of compensation payments. We have never denied this. KiK has also always been ready to pay 250,000 US dollar to local labor organizations and labor support groups and has indeed already made respective budget reservations for this purpose. It was PILER's contractual obligation to point out such organizations until the end of 2013. PILER has done nothing to meet its obligation, which is why KiK has decided to use the money for self-initiated workers fire prevention trainings in Pakistani factories producing on behalf of KiK.
- 7) The incident happened in 2012. In the last couple of years, the experience and the possibilities to implement and execute human rights and labor standards in supply chains have vastly increased. There are many political and practical discussions about this and everybody knows that there are no universal patent solutions in this case. KiK is actively engaged in these discussions and monitors very closely what can be improved to increase the effectiveness. You know well, that this process takes time and not everything can be done at once.


At the end of your letter, you invite KiK to return to the negotiation table. However, we did not leave it. Out of respect towards a German court, however, we should all now await its ruling.

Yours sincerely,

KiK Textilien und Non-Food GmbH



Ansgar Lohmann



Britta Schrage-Oliva