



**KiK Textilien & Non-Food GmbH**

**Siemensstraße 21**

**59199 Bönen**

10. September 2015

Dear Mr. Heinz Speet and Mr. Patrick Zahn,

We, a coalition of several Pakistani and European civil society organizations, international and Pakistani trade unions, are writing to express our concerns regarding the approach of your company to the tragic consequences of the Ali Enterprises Factory Fire.

As you know, when on September 11, 2012 the Ali Enterprises Factory in Baldia Town, Karachi, Pakistan burnt down, more than 250 workers died since they were not able to leave the building. They were not able to escape the fire as the exits were blocked and windows were barred. KiK Textilien und Non-Food GmbH, the company which you have been or will be leading, has maintained a strong business relationship with Ali Enterprises since 2007 and sourced at least 70% of its production. According to statements made by former KiK-manager Dr. Michael Arretz,, the Ali Enterprises factory “grew big” though its business with Kik. (source: DER SPIEGEL magazine (Nr. 43/2012).

Directly after this man-made disaster, your company management signed an agreement with the Pakistan Institute for Labour Education and Research (PILER), under which an immediate relief payment of 1 million US Dollars was paid. In addition, under the same agreement, your management agreed to enter into negotiations regarding long-term compensation for the



victims and investment in the prevention of such fire disasters and the promotion of a labor rights agenda in Pakistan.

Your company's willingness to offer quick immediate compensation is acknowledged and appreciated by all survivors and affected families. The money has been disbursed through an independent commission at the High Court of Sindh. The negotiations on long-term compensation have, however, not moved forward satisfactorily. After your company stalled for almost two years, only in July 2014 were the negotiations resumed. PILER, the Clean Clothes Campaign, the European Center for Constitutional and Human Rights (ECCHR), and the attorneys Dr. Remo Klinger and Faisal Siddiqi were involved in the negotiations representing the interests of those affected by the fire.

In December 2014, KiK offered to pay 1000 US Dollars to each family of a deceased worker for the year 2015, which would then later be subtracted from the final sum to be determined as a result of negotiation over long-term compensation. Despite the fact that KiK was the major or even sole buyer at Ali Enterprises, KiK was not willing to clarify the amount of money it would be willing to pay at the end of the calculations of long-term compensation. Thus the families were left without any indication of whether they would actually receive further financial compensation. Also, your company has refused to offer any acknowledgement of your legal responsibility to the survivors and victims' families.

Since the tragedy, survivors and victims' families formed the Baldia Fire Affectees Association, which is assisted by the National Trade Union Federation (NTUF). This association strongly supports the position that KiK needs not only to pay the promised long-term compensation but furthermore should accept its legal responsibility and thus rejected KiK's above offer. The Association further decided to nominate 4 persons who would file a



lawsuit against KiK. They saw this as the only option for demanding justice, respect and fair compensation from your company. Similarly, PILER, which also represents the families and survivors, rejected KiK's offer for not being serious and sincere and because it was a violation of the Agreement between your management and PILER.

As you have made public your reply to the legal claim brought by one survivor and three family members of deceased workers of the Ali Enterprises factory, we equally want to respond by an appeal to

**live up to your moral and legal duty towards the victims by acknowledging your human rights responsibility!**

On several points in your legal brief, KiK underlines its commitment to the Code of Conduct and the international labor and human rights standards it represents. You write that “In this Code [of Conduct], reference is made to international conventions and recommendations in order to define certain basic principles and minimum standards to ensure the adherence to fundamental human rights in the supply chain and thus to make a contribution towards this goal”. This Code of Conduct was signed both by your management representatives and the Ali Enterprises management on 6 February 2010. As you point out, compliance with the Code of Conduct is a condition for any business relationship.

The cornerstone in ensuring that suppliers, such as Ali Enterprises, comply with this Code of Conduct is the social audits ordered by KiK. In the case of Ali Enterprises, more than 250 workers died in a factory that had been audited at least four times in the previous years. This case highlights, together with collapse of the Rana Plaza building and the fire in Tazreen, the systemic failure of commercial social audits in assuring human rights in supply chains in



general and in KiK's human rights due diligence strategy specifically. Therefore, this Code of Conduct, which is at the heart of KiK's approach to CSR, lacks any credible strategy to deal with clearly documented and persistent risks, with the resulting fatal consequences.

While KiK makes a commitment to human rights, at the same it uses insufficient mechanisms to fulfill this commitment and refuses to take responsibility for the well-being and safety of workers in its supply chain who actually make the clothes you sell. Kik is clearly failing in its corporate responsibility to respect human rights as set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

- We invite KiK to return to the table in good faith and reach an agreement to pay long-term compensation to all victims, including those victims who have filed the legal cases, without further delay.
- We call on KiK to meet its corporate responsibility to respect human rights including in its supply chains by implementing a robust human rights due diligence system to prevent and address such human rights violations.

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