

9 September 2016

Arrangement for the settlement of the funding gap for the compensation to be delivered to the victims of the fire at the Ali Enterprises In Baldia, Pakistan on 11 September 2012

(herein after referred to as the Agreement)

KiK Textilien und Non-food GmbH (Bönen, Germany), Stichting Clean Clothes Campaign (Amsterdam, The Netherlands), IndustriALL Global Union (Geneva, Switzerland) and the International Labour Organization represented by the International Labour Office (ILO, Geneva, Switzerland) (herein after referred to as the Parties),

having been convened by the ILO, take note of the Pakistani legislation concerning employment injury and the substance of the Agreement reached between KiK and PILER dated 21 December 2012 for the compensation of the victims of the fire accident of the Ali Enterprises (Baldia) on 11 September 2012, as explained in the ILO report annexed to this Agreement, and agree to refer to the requirements of ILO Employment Injury Benefits Convention, 1964 [Schedule I amended in 1980] (No. 121) (hereafter referred as C.121) as a basis.

The Parties have reached common agreement regarding the funding gap between compensation under C 121 and national statutory compensation systems as of 1 January 2017 to cover the benefits for loss of earnings, medical and allied care and rehabilitation as well as the margin for estimated cost fluctuations. The funding gap (including margin) as of 1 January 2017 is determined as appears in the ILO report annexed to this Agreement. It is set at five million one hundred fifty thousand United States dollars (5.15 million USD), including a margin of two hundred fifty thousand United States dollars (0.25 million USD) but not including the additional delivery, administration and oversight mechanism costs as referred to in the ILO report annexed to this Agreement. KiK agree to voluntarily take on this funding gap in full, and in exclusion of previous payments.

The parties agree herewith that once the payment of the referred sum is made to the ILO or a body determined by the ILO, KiK has fulfilled all its obligations under this Agreement.

The disbursement of the amount to each victim will be dependent on each of them signing a waiver in the favour of KiK.

The Parties understand that the statutory entitlements of victims and their legal dependant survivors must be duly and fully paid to the beneficiaries according to the Sindh Employees' Social Security Act, 2016, retroactive to 11 September 2012. The Parties assume that the Sindh Employees' Social Security Institution and the relevant Pakistani authorities fulfil their obligations irrespective and without consequences for this Agreement.

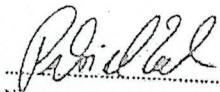
The implementation, administration and governance of this Agreement will be further developed in a process facilitated by the ILO in accordance with its applicable rules and procedures and subject to the necessary resources being made available to the ILO. The process will involve close consultation with relevant constituents and stakeholders, recognizing also the supervisory role of the Sindh High Court in the national delivery process of the compensation to the victims of the Ali Enterprises fire foreseen under this Agreement.

R LG



Signed by the authorized representatives of the Parties:

For Kik Textilien und Non-food GmbH



Name: Patrick Zahn

Title: CEO

Date: 09.09.2016

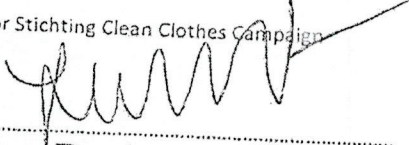


Name: Ansgar Lehmann

Title: Head of CSR department

Date: 05.05.2016

For Stichting Clean Clothes Campaign



Name: Ineke Zeldenruff

Title: International Coordinator

Date: 09-09-2016

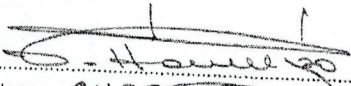
For IndustriALL Global Union

Name:

Title:

Date:

For the International Labour Organization



Name: GILBERT F. HOANGBO

Title: Deputy Director General  
Field Operations & Partnership

Date: 09.09.2016