

A & L Group Inc. (ALGI)

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History of organization

ALGI (A & L Group Inc.) was founded in 1994 and is headquartered in Nyack, New York.¹ ALGI joined FLA in 1998, became certified by WRAP in 2000, certified by SAI in 2002, joined BSCI in 2005, joined SEDEX in 2008, and joined GSCP in 2013.² ALGI was recently “accredited” by ETHIC Intelligence in 2014.³ ALGI opened a branch in India in 2006 and further extended to Thailand and Latin America in 2007.⁴ Most recently, they started operations in Bangladesh and Pakistan in 2012 and Turkey and Egypt in 2013.⁵

ALGI is a for-profit company; it is assumed that the firm is privately held because shares cannot be found on the market and has its own internal profit distribution program.⁶

Purpose of the organization and services offered

ALGI’s industrial focus is on “consumer goods and retail.”⁷ The purpose of ALGI is to advance labor conditions by “enforcing responsible management systems.”⁸ ALGI may assess production sites with its own benchmarks or conduct custom inspections, depending on the client corporation.⁹ ¹⁰ ALGI also offers social following certifications and evaluations: SA8000, WRAP, BSCI, SEDEX, ETHIC Intelligence, and CTPAT.¹¹

All audit reports are reviewed by the Quality Assurance Division after each assessment. ALGI management is periodically audited (internally and externally) to assess how effectively it meets the requirements of its auditing agreements. Services provided by ALGI are overseen by an Impartiality Committee. This committee includes ALGI management, professionals from the local region, and experts from NGOs (although members are not specified, and neither is the function of the committee).¹²

ALGI also supervises and regulates a network of auditors through its Centralized Management System.¹³ Training is offered to these auditors.¹⁴

¹ [ALGI Website, "Who We Are" page](#)

² [ALGI Website, "Who We Are" page](#)

³ [ALGI Website, "Who We Are" page](#)

⁴ [ALGI Website, "Who We Are" page](#)

⁵ [ALGI Website, "Who We Are" page](#)

⁶ [ALGI Website, "Our Business Model" page](#)

⁷ [ALGI Website, Sectors Covered page](#)

⁸ [ALGI Website, "Who We Are" page](#)

⁹ [ALGI Website, Assessments page](#)

¹⁰ [Houston Chronicle, "How to Conduct a Social Compliance Audit"](#)

¹¹ [ALGI Website, Certifications page](#)

¹² [ALGI Website, "Who We Are" page](#)

¹³ [ALGI Website, "Our Business Model" page](#)

¹⁴ [ALGI Website, "Who We Are" page](#)

In addition, ALGI provides “capacity building” services to client companies.¹⁵ This includes training seminars, evaluation based on “Corporate Codes of Conduct,” risk management recommendations, and CSR strategies. Interestingly, ALGI offers “supplier training” seminars for factory management and/or workers.¹⁶ (Some of the topics for management training include domestic labor law requirements, management systems development, and required documentation. Worker training includes rights and responsibilities, code awareness, and communication skills.¹⁷) All ALGI evaluations, CSR recommendations, and training materials are kept confidential within the company.¹⁸

Members of organization

ALGI says that the members are “building a sustainable ethical culture with us”, but does not elaborate on what this means.¹⁹ ALGI does disclose a list of client corporations.²⁰ ²¹ Beyond this, ALGI does not provide information about its members or clients.

Governance

ALGI does not provide information on its governance structure other than a list of staff names on its website.²² Previous employment information of the managing directors was found on other websites.

Millagros Bello serves as Director of Operations.²³ Before working for ALGI, she served as “Cultural Director at Centro de la Fotografia,” and “Marketing Direction at Universidad Peruana de Ciencias Aplicadas.”²⁴ Silke Eidecker serves as Managing Director.²⁵ She worked for “The Seafair Group,” which is an “international logistics organization.”²⁶ Carolina Gomez serves as Project Manager.²⁷ She studied at the “London School of Economics and Political Science,” as well as Cornell. She served as “Account Executive at Newlink Communications,” “Project Manager at Fulbright Commission Colombia,” and “Human Resources Executive at Confipetrol S.A.”²⁸ Cristina Santillana serves as Communications Manager. She worked for the “US Department of State-Office of Commissary and Recreation Affairs,” as well as for SAI.²⁹

¹⁵ [ALGI Website, Capacity Building page](#)

¹⁶ [ALGI Website, Capacity Building page](#)

¹⁷ [ALGI Website, Capacity Building page](#)

¹⁸ [ALGI Website, Services Offered page](#)

¹⁹ [ETHIC Website, ALGI Presentation](#)

²⁰ [ALGI Website, Our Clients page](#)

²¹ [ETHIC Website, 2014 ALGI Presentation](#)

²² [ALGI Website, Our People page](#)

²³ [ALGI Website, Our People page](#)

²⁴ [Millagros Bello LinkedIn Profile](#)

²⁵ [ALGI Website, Our People page](#)

²⁶ [Silke Eidecker LinkedIn Profile](#)

²⁷ [ALGI Website, Our People page](#)

²⁸ [Carolina Gomez LinkedIn Profile](#)

²⁹ [Cristina Santillana LinkedIn Profile](#)

Geographical focus

ALGI oversees operations in Costa Rica, Turkey, India, Egypt, China, Bangladesh, Thailand, Pakistan, and Peru.³⁰ Their website does not indicate that they focus on any particular region. Liliana Vidal is the Country Manager of the organization in Costa Rica.³¹ Zuhail Copuroglu serves as the manager of the organization in Turkey.³² Lekha Gopal is the manager for the organization in India.³³ Ahmed Azeem leads the organization in Egypt.³⁴ Wiki Qin is the regional manager in China, and Nina Yang is the “Quality Assurance” manager in China.³⁵ Amirul Islam is the regional manager for Bangladesh.³⁶

Finances and payment for services

ALGI website mentions stakeholders, but does not go in detail about who they are.³⁷ ALGI is a for profit company that distributes 50% of its profits to staff, 10% to “non-for-profit organizations,” and 40% to investments.³⁸ ALGI’s client base consists of both brands and factories, which fund the audits.³⁹

Role the organization plays in monitoring, costs of inspection, and training of auditors

ALGI does not list requirements for inspectors, but rather states that their auditors come from a variety of backgrounds.⁴⁰ ALGI uses a “Centralized Management System” that oversees the auditors.⁴¹ Auditors are trained, but specifics are not disclosed.⁴² Auditors are assigned specific monitoring procedures depending on their training.⁴³ Presumably to maintain quality of audits, each auditor spends “no more than ⅓ of working hours per month are spent in the field” and tasks are managed by a scheduling process where the complexity of each task is taken into account and balanced out.⁴⁴

During the “Quality Control process,” the performance of auditors is evaluated. The auditors receive monthly scores that are calculated by the combining the number of “passed” or “failed” audits with client feedback.⁴⁵ The amount of audits conducted per month and the

³⁰ [ALGI Website, Our People page](#)

³¹ [ALGI Website, Our People page](#)

³² [ALGI Website, Our People page](#)

³³ [ALGI Website, Our People page](#)

³⁴ [ALGI Website, Our People page](#)

³⁵ [ALGI Website, Our People page](#)

³⁶ [ALGI Website, Our People page](#)

³⁷ [ALGI Website, Who We Are page](#)

³⁸ [ALGI Website, Our Business Model page](#)

³⁹ [ALGI Website, Our Clients page](#)

⁴⁰ [ALGI Website, Our People page](#)

⁴¹ [ALGI Website, Our Business Model page](#)

⁴² [ALGI Website, Quality Assurance page](#)

⁴³ [ALGI Website, Our Business Model page](#)

⁴⁴ [ALGI Website, Our Business Model page](#)

⁴⁵ [ALGI Website, Our Business Model page](#)

auditors' score determines the bonus they get paid. (Note that this incentivizes a larger number of audits and a larger number of passed audits.) If auditors perform poorly, their bonus will be given to an unspecified "non-for-profit organization."⁴⁶ Auditors are required to follow ISO qualification standards.⁴⁷

Standards and code of conduct

The certifications that ALGI gives to factories include SA8000, WRAP, BSCI, SEDEX, ETHIC Intelligence, and CTPAT; each is described briefly on their webpage.⁴⁸ ALGI does not have its own code of conduct.

Wage requirements

ALGI only mentions wages once publicly (on their website); while describing factory assessments, the auditors check to ensure that the factory they are inspecting abide by "Wages and Benefits Hours of Work."⁴⁹ When asked to elaborate on the firm's take on factory wages, Managing Director Silke Eidecker responded that ALGI evaluates wages of workers "against the benchmarks of different scheme or Code of Conducts" and that "[d]epending on the scheme or Code of Conduct wages are measured against local law or basic living wage." From this response, it is presumed that ALGI defers to individual Codes of Conduct on substantive issues such as wages.

Attitude towards unions, freedom of association rights, and worker input

According to a number of audit reports found online, all workers interviewed were interviewed on-site, none off-site.^{50 51 52 53} ALGI conducts interviews privately as well as in groups. ALGI also offers training in worker interviewing for corporate clients.⁵⁴

ALGI was directly implicated in a freedom of association case at the Jerzees de Honduras factory in 2008, where the factory closed due to after workers attempted to unionize.⁵⁵ After union workers brought the issue to the attention of international organizations, ALGI was called to inspect the factory to verify complaints and displayed a bias against unions; ALGI's performance was heavily criticized by labor groups. ALGI deliberately excluded the perspective of union workers. ALGI's reason for this was: "...different groups interviewed had very different versions of the events... monitors focused the evaluation toward tangible records that would

⁴⁶ [ALGI Website, Our Business Model page](#)

⁴⁷ [ETHIC Website, ALGI Presentation](#)

⁴⁸ [ALGI Website, Certifications page](#)

⁴⁹ [ALGI Website, Assessments page](#)

⁵⁰ [BSCI Audit Summary Report, Rayontex](#)

⁵¹ [BSCI Audit Summary Report, Bola Gema](#)

⁵² [SEDEX Audit Report, Shercotex](#)

⁵³ [BSCI Audit Summary Report, Bhyuan Warmtex](#)

⁵⁴ [ALGI Website, Capacity Building page](#)

⁵⁵ [Adrian Goldin's Mission Report on Jerzees de Honduras](#)

corroborate the events alleged by the union...⁵⁶ In the Jerzees de Honduras investigation, freedom of association was not mentioned in ALGI's interviews with the workers, despite the fact that the purpose of ALGI's investigation was to inspect the factory's violation of freedom of association.⁵⁷ Although ALGI states that its auditors conduct interviews with unions and worker representatives, there is evidence in the Jerzees de Honduras case that the concerns of union workers were not acknowledged. Adrian Goldin states that only a few lines in ALGI's report were dedicated to union representatives.⁵⁸

ALGI was involved in an earlier case regarding freedom of association at the El Progreso factory in Honduras in 2004. ALGI confirmed violations of freedom of association at the factory. Training on freedom of association was part of the remediation program, but Gildan closed the factory before remediation could take place.^{59 60}

Monitoring protocols

ALGI's auditing process involves first meeting with management, then observing and inspecting the factory. After this, ALGI proceeds to conduct interviews with the workers and union representatives. Then, "records are sampled and cross-referenced with other information gathered."⁶¹ At the end, a concluding meeting is held with management to notify them of any concerns and a remediation plan for violations is agreed upon.⁶² ALGI was contacted to ascertain what their actual monitoring protocols are, but response was received.

ALGI has a "terms of reference" document that it issues to clients before conducting audits.⁶³ ALGI does not disclose information regarding the set price and length of audits, but based on reports found, audits generally are conducted within a single work day and cost around \$1000.^{64 65}

ALGI does not specify whether audits are announced or unannounced. In a report of an audit that ALGI conducted for SEDEX, the inspection was "semi-announced."⁶⁶ Initial WRAP audits are "semi-announced," and ALGI gives a four week time frame from when the client informs ALGI that it is ready to be audited.⁶⁷ From BSCI audits found, the types of audits possible are full audit, re-audit, combined audit, special investigation, unannounced, and semi-announced.⁶⁸ Definitions of the types of audits are not available on the ALGI website, but descriptions of similar audits were found elsewhere. A "full audit" includes the pre-audit process (where information is gathered beforehand), opening conference with the factory, exchange of

⁵⁶ [Adrian Goldin's Mission Report on Jerzees de Honduras](#)

⁵⁷ [Adrian Goldin's Mission Report on Jerzees de Honduras](#)

⁵⁸ [Adrian Goldin's Mission Report on Jerzees de Honduras](#)

⁵⁹ [BASES case story on El Progreso in Honduras](#)

⁶⁰ [FLA Reports on the El Progreso Factory](#)

⁶¹ [ALGI Website, Assessments page](#)

⁶² [ALGI Website, Assessments page](#)

⁶³ [ALGI Terms of Reference Sample](#)

⁶⁴ [Meherz Garments Terms of Reference](#)

⁶⁵ [BSCI Audit Summary Report, Bhyuan Warmtex](#)

⁶⁶ [SEDEX Audit Report, Shercotex](#)

⁶⁷ [ALGI Terms of Reference](#)

⁶⁸ [BSCI Audit Summary Report](#)

observations between auditors examining documents and management, auditors inspecting factory conditions, and closing conference.⁶⁹ A “re-audit” consists of inspecting a company that has already undergone the full auditing process with ALGI before. A “combined audit” is when different clients are audited together.⁷⁰ A “special investigation” is when audits are conducted in response to allegations of injustice.⁷¹ An “unannounced audit” is when ALGI does not inform client when its auditors are arriving. A “semi-announced audit” is when ALGI informs the client that its auditors will arrive within a given time period after the client has informed ALGI that it is ready for inspection.⁷²

The ALGI website states that at the end of the audit, there is a “closing conference” where observations of noncompliance are discussed and all parties decide on “corrective action plans.”⁷³ In a specific example at a factory in Honduras, workers did not have a direct line of communication to report grievances, which is a violation of FLA standards. ALGI’s response, through the FLA protocols, was to publicize contact information so that all workers could communicate their concerns.⁷⁴ During the same audit, ALGI found violations of working hours and minimum age; some employees worked longer than the maximum legal hours and at least one was hired younger than the minimum legal age. ALGI’s “remediation plan” was for the factory to “establish new control” to prohibit employment of underage workers.⁷⁵ This solution does not appear concrete, as it was not specified what method was to be used to “establish new control,” but this is representative of ALGI’s response to noncompliance and construction of remediation plans.

Transparency

ALGI’s website provides a basic outline of audit procedures, but no substantial information regarding actual monitoring protocols.⁷⁶ Information regarding cost or duration of audits are likewise not made public. ALGI’s website provides a list of issues auditors address during inspection, but none of their audit information, factory lists, or statistical data are released. Some sample audits (as cited in this paper) can be found online, but not on ALGI’s website. (While ALGI keeps audits confidential, it is unclear whether audited factories are required to do so.) Information regarding ALGI’s governance and corporate structure is not found on its website; ALGI simply lists some of its staff members and their titles, but the board of directors is not made available.⁷⁷ ALGI explains how its profits are apportioned, but does not provide information about funding sources.⁷⁸

⁶⁹ [ALGI Website, Assessments page](#)

⁷⁰ [ISO Auditing Definitions](#)

⁷¹ [FLA Report on Jerzees de Honduras](#)

⁷² [ALGI Terms of Reference](#)

⁷³ [ALGI Website, Assessments page](#)

⁷⁴ [FLA Sample Audit, Honduras](#)

⁷⁵ [FLA Sample Audit, Honduras](#)

⁷⁶ [ALGI Website, Assessments page](#)

⁷⁷ [ALGI Website, Our People page](#)

⁷⁸ [ALGI Website, Our Business Model page](#)

Track record

As previously mentioned, ALGI was involved the Jerzees de Honduras case in 2008. ALGI was in charge of inspecting the factory, where workers had filed complaints that their rights of freedom of association had been infringed upon.⁷⁹ The Jerzees de Honduras factory (owned by Russell Athletic) shut down in response to the workers' attempt to unionize. The local union "Central General de Trabajadores" (CGT), issued complaints against the factory management with the Workers Rights Consortium (WRC) and the Fair Labor Association.⁸⁰ The WRC investigation concluded that Jerzees de Honduras closed due to "workers' decision to exercise their associational rights," which was against the law, and the "code of conduct" of Russell's partners.⁸¹ The WRC inspection found that there were "over 100 times in which Russell managers threatened closure as a means of punishing workers for exercising their associational rights."⁸² The FLA contracted ALGI to conduct a "social audit" to investigate.⁸³ However, ALGI concluded that the factory closed for normal business reasons unrelated to unionization. These findings were heavily criticized by NGOs and workers, which prompted the FLA to hire a third auditor, ILO expert Adrian Goldin. Goldin found that the factory closure was in violation of the workers' rights and that ALGI's audit was highly flawed for a variety of reasons, notably because it did not properly interview workers, did not retain "confidentiality," and "ignored key evidence."⁸⁴ After considerable pressure from the Workers Rights Consortium and United Students Against Sweatshops, the Jerzees de Honduras factory finally re-opened and hired all workers back. ALGI's involvement hindered efforts to protect the rights of the workers.

Jerzees de Honduras was not the first case where ALGI gave a positive assessment of a workplace that was later shown to have unsafe or abusive conditions. In December 2003, at Gildan Activewear's El Progreso factory in Honduras, management infringed upon FLA and WRC codes of conduct by firing around 100 laborers for supporting unions.⁸⁵ Workers contacted the the Maquila Solidarity Network, the Canadian Labour Congress, and the Independent Federation of Honduran Workers, who passed the complaint on the WRC and FLA.⁸⁶ ALGI was chosen by the FLA to inspect El Progreso. Complaints were raised that ALGI's audit did not include the perspectives of the regional civilians to develop a better understanding of the events at the factory.⁸⁷ When comparing the information gathered by the FLA and WRC, the WRC included more information regarding interviews and was far more "transparent" than ALGI's inspection.⁸⁸ ⁸⁹ Even with the incompleteness of their audit, ALGI found a number of violations, and Gildan, ALGI, and the FLA reached an agreement to remediate the violations. Gildan closed

⁷⁹ [Adrian Goldin's Mission Report on Jerzees de Honduras](#)

⁸⁰ [AFL-CIO Report, *Responsibility Outsourced*](#)

⁸¹ [AFL-CIO Report, *Responsibility Outsourced*](#)

⁸² [AFL-CIO Report, *Responsibility Outsourced*](#)

⁸³ [AFL-CIO Report, *Responsibility Outsourced*](#)

⁸⁴ [AFL-CIO Report, *Responsibility Outsourced*](#)

⁸⁵ [MSN Codes Memo No. 18, El Progreso](#)

⁸⁶ [MSN Codes Memo No. 18, El Progreso](#)

⁸⁷ [MSN Codes Memo No. 18, El Progreso](#)

⁸⁸ [MSN Codes Memo No. 18, El Progreso](#)

⁸⁹ [WRC Report on Findings at El Progreso](#)

the factory before remediation could take place.^{90 91} In response to the company's decision to close the factory rather than remediate violations (a blatant violation of codes of conduct and neglect of workers' rights), its FLA membership was taken under review, but Gildan was fully reinstated a year later.⁹² Thus, ALGI has displayed a pattern of ineffectively conducting audits and failing to ensure successful remediation of violations, particularly regarding freedom of association.

Unlike other auditing firms that only explicitly focus on social audits as tools for risk management, supply chain productivity, and improving businesses' bottom line, ALGI advertises a much more socially responsible approach. ALGI's motto, "Building a Sustainable Ethical Culture," accentuates their social justice-oriented language, giving the impression that "commitment to socially responsible values" is their top priority through creating a system that is "accountable in modern world practices."^{93 94} However, this investigation shows that their self-promotion is misleading. ALGI's services and practices are not notably different than other major auditing companies and their track record exposes underlying attitudes towards workers' rights that contradict their flashy advertising. ALGI shares all the same deficiencies which seem to be systematically ingrained in the third-party monitoring regime.

⁹⁰ [BASES case story on El Progreso in Honduras](#)

⁹¹ [FLA Report on the El Progreso Factory](#)

⁹² [FLA El Progreso Summary Report](#)

⁹³ [ALGI Website, Our Business Model page](#)

⁹⁴ [ALGI website, "Who We Are" page](#)