

Dear Ben,

Greetings from ALGI and thanks for contacting us in this matter. We would like to clarify some errors and make some observations about the case that we believe can strengthen your understanding of the case and therefore your publication.

1. Regarding the claims on our website about “transparency and confidentiality”, this refers to our services, meaning that our reporting is transparent, and the information collected is maintained within the participating parties according data protection protocols. This has nothing to do with our internal financial records or internal information. That part of the business is evaluated few times a year by external independent bodies as part of our accreditations systems.
2. Regarding the assessment to the Russell facility:

- a. This assessment was organized 11 years ago by the FLA, in November 2008 not in 2012 as you report. It is noteworthy that this same year more than 25 companies closed in Honduras.
- b. As you said, FLA selected us as the auditing firm in this case for very clear reasons: We had previously done multiple audits focusing on FOA violations and we had successfully obtained objective evidence that some companies had violated FOA standards. This is cited by the FLA as “strong records” on the FOA subject. It is important to mention that the auditing techniques used in the past audits as much as the one in question, the methodology used for interviews remained the same. We find very odd, to have different opinions on the process, when the methodology is systemic.
- c. At this particular case of Russell Athletics in Honduras, despite many efforts and application of multiple techniques, it was impossible for us to detect objective evidence to conclude a union-busting practice by the enterprise. We reviewed payroll, contracts, dismissal records, hiring and firing procedures, minutes of committees, and repeatedly interviewed 6 management representatives. We also interviewed 77 workers on-site and off-site. We also did off-site interviews to Confederación General de Trabajadores (CGT) delegate, union workers, the Regional Director of Ministry of Labor at San Pedro Sula, the Regional Supervisor and a labor inspector.

Despite our efforts, our conclusion only showed objective evidence for financial conditions that lead to the closure of the factory. This finding was seconded by an additional financial audit by the FLA, that also concluded that the closure followed economic reasons.

- d. What is probably most important to understand is that auditing companies are mandated to follow ISO 17021 standards, with a procedure where it is paramount to base findings on 4.2 Impartiality
4.2.3 To obtain and maintain confidence, it is essential that a certification body's decisions be based on **objective evidence** of conformity (or nonconformity) obtained by the certification body, and that its decisions are not influenced by other interests or by other parties.”

In short, our process was followed as per the ISO standards and as per FLA’s Terms of Reference. But according to our mandated rules of engagement, the evidence in this particular case did not point to a violation of FOA.

We would like to finish by saying that then and now our strong sense of professionalism, respect for the standards and impartiality makes of our record to be strong.

Best Regards,

Carolina Gomez

ALGI Compliance Manager