

## Statement regarding the “Report”: “State of Corruption” by the EIA

Since more and more questions and rumors are reaching us on the EIA report „State of corruption“, we would like to comment on the accuses brought up directly towards Alfred Neumann and, particularly, on the statement by Steffi Lemke (MP, Bündnis 90’ Die Grünen) based on the EIA report.

### *State of Corruption p. 28 – 29*

#### Quote in Report

"Alfred Neumann (...) recently supplied the wood to the (...) Gorch Fock. "

"A-Fu produced the business card of Alfred Neumann’s principle teak buyer, Peter Eick, but when asked if he was still a customer said: “He knows the Shadow President. Peter was introduced by Mr Xu.”"

He said Peter Eick had purchased "a few thousand tonnes" of teak logs directly from Cheng Pui Chee in 2013, making a lot of money in the process

In July 2018, EIA investigators saw a consignment of teak smuggled from Myanmar to China at Yuli Wood, which Yuli’s staff said would be sent from China to Koh’s firm in Malaysia (SCK Wooden Industries, affiliated with Timberlux Snd Bhd) before Koh sent it on to Peter Eick in Germany.

#### Remarks by Alfred Neumann GmbH & Co. KG

The phrase "the wood" emphasizes that we supplied the whole volume of timber needed.

In fact, we only supplied parts of the total volume to a subcontractor.

Here the EIA states itself, that we are no longer customers of Taiwan companies since it is not possible anymore to export round logs out of Myanmar. Until 2015, we only bought from sources in Taiwan, because they were the only suppliers exclusively purchasing logs with documents from Yangon port, not from China. Only that way, we as Alfred Neumann, would have been able to trace back the whole chain of custody for our due diligence to be in compliance with EUTR.

We bought a total of ~220 tons of teak round logs in 2013, so not even 10% of the amount claimed in the report. The EIA could have found out very easily as we have to declare exact import numbers to the state of Germany.

All our cargos can be traced back to the harbor of Yangon at some point, as we are aware, also in our due diligence, that the only possibility to receive legal timber is from Yangon port. Accusing us to be in possession of material from China is not only simply a lie, it also does harm to our reputation.

*Teak-Timber: Network of organized crime by Steffi Lemke, Bündnis 90 Grüne*

Quote

“The detailed research regarding Teak from Myanmar are revealing most likely a network of organized crime. It is stunning, that now also the German Defense Department, with its Gorch Fock, is playing a role. The Teak for the Gorch Fock must be considered illegal and is originally – according to the researches – from organized crime. This Import is breaking all German and European laws. It is scandalous that the Defense Department still wants to use this timber. By using those stolen goods, the Ministry is creating a catastrophic precedence case (...)

While the main part of the illegal teak is placed on the market in China, India and Thailand, the EIA has been also capable of proving that a significant part of that illegal timber is going to the US, and through Italy to Europe, mainly for the Luxury- Yacht sector.

The Research shows that also a German company imported this teak to Germany – for the cause of the Gorch Fock, the German Navy sailing boat.

At this time, no teak of Myanmar is capable of being in compliance with EUTR.

Remark

The report is not detailed at all. Most of its accusations are assumptions, based on quotes from people we either don't know, or did not talk/ received goods from for a long time. If they have been suppliers once, then always according to **current** law by time of import. Also, we do have different suppliers despite the companies mentioned in the report. How can Mrs. Lemke assume that the material for the Gorch Fock is from organized crime, without having seen the documents, ever? The timber for the Gorch Fock being supplied by us has been checked by our CA, the BLE, and considered as usable, as a different level of law implementation prevailed at principle at the time of import. Therefore it is simply a false statement, saying that "this" timber is breaking all laws. And the term "stolen goods" is simply a lie, as the report does not link any shipment to the EU with a proven illegal action in Myanmar. It generalizes fraud in a system and assumes that everything from this system hence can barely be legal. Quite scandalous for a MP, representing the people of Germany, where we belong to.

This is false, as the research does NOT give a single evidence for illegal timber being shipped to the EU.

The import for the Gorch Fock timber accrued several years ago. Not even the report of EIA is claiming, that the timber mentioned in the report is for the Gorch Fock.

Parts of the guideline of EUTR give the national competent authorities independent scope to decide whether the due diligence of an importer is enough to lower the risk of importing illegal material. Over the last few years, new timber certification and verification systems have been introduced in Myanmar, and Due Diligence systems have been implemented by importers. Certain EU Competent Authorities have confirmed that Myanmar teak imported under these systems does meet EU regulatory requirements. To claim that all timber from Myanmar is illegal is therefore false.

All the EIA's accusation in the report are not based on facts, rather on quotes being pulled out of context from questionable interviews. None of those assumptions have been double checked or attempted to be backed up with real facts. Recent times have seen changes in legislation, tougher regulation and changes on both sides – within the EU but also within Myanmar, a country which is making beautiful progress towards a reliable, democratic state...

A whole industry, the ship building industry, with its ship yards, subcontractors and all hundreds of thousands employees involved, is directly or indirectly dependent from being able of offering a teak deck. This kind of image destroying campaign is not only harming Alfred Neumann, with its 10.000 m<sup>2</sup> warehouse and 16 employees. It is threatening this whole industry in Europe, doing nothing for the forests but shifting orders to another part of the world.

Please let us emphasize, that Alfred Neumann, being in the timber trade business for over 130 years, surely is highly interested in a healthy, reliable and sustainable forestry – not only in matters of teak but all timber coming either from local or global forest! So of course we only trade in total compliance to national and international law – and always capable and willing to prove this.