



Acciaierie Valbruna S.p.A.

Long Products in Stainless Steel,
High Nickel Alloys
and Titanium



Roberto Bertin

Sales Director

office: +39 0444 968 262

fax: +39 0444 963 836

mobile: +39 348 3147030

E-mail: rbertin@valbruna.it

Ref. nr.: RB 0126 - 01

**Conflict Minerals
Statement**

From: Roberto Bertin
To: To whom it may concerns
Date: 26/01/2017
Obj.: Conflict Minerals - update letter
Ref.: Sect. 1502 of Dodd-Frank Wall Street Reform and Consumer Protection Act

Dear Customer

Acciaierie Valbruna SpA is the parent company of several Italian and foreign companies operating in the production and sale of stainless steel, in the production of plants and equipments, pipes and fittings and in the financial sector.

Acciaierie Valbruna SpA is a private-own company (it is not a publicly traded company) with 2.500 employees, an annual output of approx. 200.000 tons of specialty steels and it has registered office in Via Volta 4, 39100 Bolzano-Italy.

With reference to the "Conflict Minerals" rule ("the Rule") finalized on August 22, 2012, by SEC as directed by Section 1502 of the Dodd-Frank Act of 2010 which applies to products containing any of the four conflict minerals (Tin, Tantalum, Tungsten and Gold) originated in the Democratic Republic of Congo (DRC) or adjoining countries,

Acciaierie Valbruna SpA

declares

That it does not report with the US Securities and Exchange Commission (SEC) under Section 13(a) or 15(d) of the Exchange Act.

therefore

the Rule does not apply to Acciaierie Valbruna SpA.

Nevertheless, taking into consideration that:

- The Rule applies to the conflict minerals only if they are "necessary to the functionality or production" of the product or products manufactured.
- Adding intentionally a mineral to the product is a measure of whether the mineral is necessary to the functionality or production of the product. Valbruna takes this to mean that:
 - alloys containing trace elements of a conflict mineral as contaminants and impurities do not cause that product to fall under the requirements of the rule;
 - it is impossible to trace the source of conflict minerals in recycled scrap as it is acknowledged by the SEC.

Acciaierie Valbruna SpA, under afore-described circumstances, deems relevant to share with its customers following advices:

- steel-making process is currently performed in two (2) mills both in Italy: Vicenza (HQ) and Bolzano (Registered office)
- Only one derivate of the conflict minerals is necessary to the functionality and production of Valbruna products: Tungsten, which is added as Ferro-Alloy (Fe-W) during the steel manufacturing process.
- Tungsten is intentionally added as Ferro-Alloy (Fe-W) during the fabrication of:
 - Martensitic SS Grade 422 (UNS S42200, Valbruna VAL2W, AV grade ID #4221) as a chemistry component in the range of 0,75-1,25% of mass in order to increase mechanical properties at high temperatures for applications such as turbine blades;

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- High-Ni Alloy Grade C-276 (UNS N10276, Valbruna AVC276, AV grade ID #9327) as a chemistry component in the range of 3,00-4,50% of mass in order to increase resistance at crevice corrosion phenomena, stress corrosion cracking and pitting corrosion;
- Superduplex SS Grade 2507 (UNS S32760, Valbruna V257MWU, AV grade ID #5130) as a chemistry component in the range of 0,50-1,00% of mass in order to increase resistance at crevice corrosion phenomena, stress corrosion cracking and pitting corrosion.
- Valbruna does not purchase any derivate of conflict minerals or directly from the smelters but has established a strict purchasing policy that provides methods to determine sourcing of the of Fe-W and to insure that it is DRC conflict-free:
 - Actually, Fe-W is purchased from Fe-Alloy trading companies sourcing Fe-alloy from manufacturers that obtain the alloying metal from refiners and smelters.
 - Valbruna requires to the Fe-Alloy traders to buy material NOT having origin in the DRC or adjoining countries.
 - Valbruna requires its Fe-Alloy suppliers to identify and declare all the smelters providing Fe-W.
 - All identified smelters are:
 - Either Companies that have been determined to be compliant with the CFSP (Conflict-free Smelter Program) Supply Chain Smelter Audit Protocol for Tungsten by completing a CFSP compliance audit conducted by an independent third party audit;
 - or members of the Tungsten Industry Conflict Minerals Council (TI-CMC) that are in progress towards CFSP compliance
 - or Tungsten smelters active in the CFSP
 - All documentations proving the aforesaid statements are available at Valbruna's HQ for inspection upon request.

That having said, Acciaierie Valbruna confirms to have performed a Reasonable Country of Origin Inquiry (RCOI) on both our immediate suppliers and a "smelter RCOI" on our immediate suppliers' smelter sources. Based on the results of these RCOIs, we have no reason to believe any of our conflict minerals originated from the DRC or surrounding countries nor any reason to believe that the minerals did not come from scrap or recycled material.

Thank you for the opportunity to address your concerns regarding the SEC's Conflict Minerals Rule, and most importantly, for the opportunity to be your supplier. We appreciate your business.

Best regards

Eng. Roberto BERTIN



Acciaierie Valbruna SpA

Sales Director

Viale della Scienza 25, 36100 Vicenza - Italy

Tel.: +39-0444-968-262

Mob.: +39-348-31470-30

Fax: +39-0444-963-836

Email: rbertin@valbruna.it

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