

# Acciaierie Valbruna s.p.a.



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Sede Legale: Via Volta, 4 – 39100 Bolzano – R.E.A. n.191346 - P.IVA IT 02866820240  
Registro Imprese e Codice Fiscale 01595620061 – Capitale sociale Euro 200.000.000 int.vers.

From: Roberto Bertin - Sales Director, Acciaierie Valbruna S.p.A.  
To: To whom it may concerns  
Date: 01/01/2021  
Obj.: Conflict Minerals Policy Statements  
Ref.: Sect. 1502 of Dodd-Frank Wall Street Reform and Consumer Protection Act  
Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017

Messrs. Company,

Acciaierie Valbruna S.p.A. (hereinafter also referred to as “Valbruna”) is the parent company of several Italian and foreign companies operating in the manufacturing and sale of wrought long products of Alloy, Stainless and Special Steels, in the production of plants and equipments, pipes and fittings and in other different businesses.

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

## Whereas

- In August 2012, the United States Securities and Exchange Commission (SEC) approved the rule regarding the sourcing of conflict minerals as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act, Section 1502 (the “SEC’s Conflict Mineral Rule”). Under the SEC’s Conflict Mineral Rule, publicly traded companies must report the presence of “conflict minerals” (Tin, Tantalum, Tungsten and Gold) originating in the Democratic Republic of Congo (DRC) or adjoining countries in either the products they manufacture or contract to manufacture or use in the production process<sup>1</sup>.
- In May 2017, the European Parliament and the Council of the European Union issued Regulation (EU) 2017/821 laying down diligence requirements in the supply chain for Union importers of Tin, Tantalum and Tungsten, their ores, and gold, originating in conflict zones or at high risk. This European Regulation entered into force on 9 July 2017 and will be applied on 1<sup>st</sup> January 2021.
- Tungsten is widely used in products across the electronics, automotive and aerospace industries due to its strength and high melting point.
- The majority of tungsten is produced in China, with a small percentage of the metal originating in Central Africa. Tungsten is covered by regulations related to “conflict minerals” in the United States and in the European Union.
- The Responsible Metals Initiative (RMI) provides tools and resources to help companies make sourcing decisions that improve regulatory compliance and support responsible sourcing globally, in accordance with internationally recognized frameworks such as the OECD Due Diligence Guidance and the UN Guiding Principles on Business and Human Rights.
- The RMI’s Responsible Minerals Assurance Process (RMAP) provides independent third-party assessments through an OECD-aligned industry mechanism for tungsten smelters.
- The RMAP standards are developed to meet the requirements of the OECD Due Diligence Guidance, the Regulation (EU) 2017/821 of the European Parliament and the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act
- The RMI engages the tungsten industry, smelters and other stakeholders along tungsten value chains to promote complementarity of programs and support responsible sourcing initiatives in conflict-affected and high-risk areas.

With reference to the above, Valbruna deems relevant to take actions to source responsibly Tungsten derivatives and to disclose the following information:

<sup>1</sup> Acciaierie Valbruna S.p.A. 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 SEC’s Conflict Mineral Rule shall not be applicable to Valbruna.

Nevertheless, taking into consideration that:

- a) The SEC’s Conflict Mineral Rule applies to the conflict minerals only if they are “necessary to the functionality or production” of the product or products manufactured.
- b) Adding intentionally a mineral (or rather its metallic derivatives) to the product is a measure of whether the element 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.

- 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;
  - 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 directly from the smelters but has established a strict purchasing policy that provides methods to determine sourcing of Fe-W and to insure that it has not origin in DRC, adjoining countries and/or in other conflict-affected and high-risk areas as defined in Regulation (EU) 2017/821:
  - 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, adjoining countries and/or in other conflict-affected and high-risk areas as defined in Regulation (EU) 2017/821.
  - Valbruna requires its Fe-Alloy suppliers to identify and declare all the smelters providing Fe-W.
  - All identified smelters are companies that have been determined to be conformant with the RMAP Supply Chain Transparency Smelter Audit Protocol for Tungsten by completing a RMAP conformance audit conducted by an independent third party.
  - All documentations proving the aforesaid statements are available at Valbruna's HQ for inspection upon request.

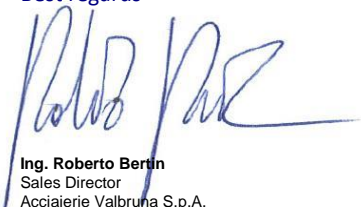
That having said, Valbruna, since it is not a "Union importer" from the upstream supply chain (as required by the EU Regulation), confirms to have performed a document-based Reasonable Country of Origin Inquiry (RCOI) involving all tiers of the supply-chain. Based on the results of these RCOIs, Valbruna has no reason to believe that any derivate of conflict minerals used is originated from the DRC, adjoining countries and/or other conflict-affected and high-risk areas as defined in Regulation (EU) 2017/821 nor has any reason to believe that the minerals did not come from scrap or recycled material.

Therefore, Valbruna complies with EU Conflict Mineral Regulation (EU) 2017/821 in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

Valbruna also has practices consistent with the SEC's Conflict Minerals Rule, although it is not directly affected by such Rule.

Thank you for the opportunity to address your concerns regarding the SEC's Conflict Minerals Rule and the Regulation (EU) 2017/821.

Best regards



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