

Reference; Conflict Minerals: Dodd-Frank Act

Date 4th February 2014

Dear Customer,

Thank you for your inquiry regarding the "Conflict Minerals" rule ("the rule") finalized on August 22, 2012, by the Securities and Exchange Commission (SEC) as directed by Section 1502 of the Dodd-Frank Act of 2010.

#### **Our Commitment**

With current observations known, LoneStar Group is pleased to confirm that we do not purchase conflict minerals from the Democratic Republic of the Congo as explained in the Dodd-Frank Wall Street Reform and Consumer Protection Act, H.R. 4173, Sec. 1502 Conflict Minerals in the manufacturing and use of our materials.

The final rule will apply to products containing any of the four conflict minerals (tin, tantalum, tungsten and gold) if the minerals are "necessary to the functionality of production" of the products manufactured. In a significant departure from its original proposal, the SEC ultimately determined that "intentionally adding" a mineral to the product was a measure of whether the mineral was necessary to the functionality or production of the product. We and our suppliers take 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.

Lone Star Fasteners and our suppliers are following the development of this rule closely and responded to the SEC's request for comments, raising several issues related to the inability to trace the origin of conflict minerals in recycled scrap. We are pleased to report that the SEC responded to our supplier's comments and recognized that it is impossible to trace the source of conflict minerals in scrap. The original proposal would have required a Conflict Minerals Report (CMR), due diligence and third-party audits for all recycled or scrap sources of conflict minerals. In the final rule, we will be required only to conduct a "reasonable inquiry" procedure to determine whether the conflict

minerals come from scrap sources.

We will continue working with our customers and have already started a policy of requesting from our raw material suppliers written confirmation that any materials supplied to LoneStar originates from outside the “Conflict Region” to assure that our products remain DRC conflict free.

LoneStar shares your intention to ensure that none of our products contains conflict minerals and with reasonable due diligence with our supply chain only “conflict free” materials are used to produce products that we sell.

Thank you for the opportunity to address your concerns regarding the SEC’S Conflict Minerals rule, and for the opportunity to be your supplier.

Best Regards

LoneStar Fasteners Europe

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