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RE: General Information – REACH Substances of Very High Concern

To our valued customer:

REACH is a European Union regulation concerning the **Registration, Evaluation, Authorisation and restriction of CHemicals**. It came into force on June 1st, 2007 and replaces a number of European Directives and Regulations with a single system. **REACH** requires manufacturers or importers of substances to register them with the central European Chemicals Agency (ECHA). **REACH is not a requirement in North America**. However, this regulation affects companies that export products to Europe, since these products must also be in compliance with the regulation.

The Regulation rules the use and placing on the European market of certain chemical substances, on their own or contained in preparations or articles. The aim is to identify their hazardous properties and recommend appropriate risk management measures along the supply chain.

The identification of a Substance of Very High Concern (**SVHC**) and its inclusion in the Candidate List is the first step of the Authorisation procedure. ECHA is obliged to regularly submit recommendations of substances that should be subject to Authorisation to the European Commission. To this end, ECHA prioritizes the substances from the Candidate List to determine which ones should be included in the Authorisation List (Annex XIV). These substances cannot be placed on the market or used after a given date, unless an authorization is granted for their specific use, or the use is exempted from Authorisation. As of the date of this letter, the Authorisation List includes 43 chemicals and an additional 181 specifically named chemicals are included in the Candidate List. The current Authorisation List, Candidate List and additional information about **REACH** can be found on the ECHA website <http://echa.europa.eu>.

Once a substance is included in the Candidate List of **SVHC**, it creates certain **legal obligations** for the **importers, producers** and **suppliers** of an **article** that contains such a substance. **REACH** defines an article as an object which during production is given a special shape, surface or design that determines its function to a greater degree than its chemical composition. As a result, the steel products supplied to your company, by Steel Warehouse, are considered articles in the sense of the **REACH** regulation.

As of the date of this letter, the steel products we deliver contain no SVHC above the current REACH declaration thresholds. We continue to monitor the **SVHC** Candidate list and will inform our customers in the event of inclusion of a **SVHC** substance that exceeds **REACH** thresholds and is contained in our steel products.

Regarding hexavalent chromium (Cr+6): Cr+6 is applied at the steel mill to both hot-dip galvanized and electrogalvanized steels as a passivation agent or “chemical treatment” to guard against the formation of white rust. After application, Cr+6 reacts with elements and ultimately forms trivalent chromium, Cr+3. The presence of chromates is detectable by application of diphenyl carbazide. Unfortunately, it is not technically feasible to determine the mass, and therefore concentration, of Cr+6.

We cannot absolutely guarantee that CR+6 is not present, even if the steel was not purchased with a chemical treatment. This particularly applies to spot buys. It is possible that other arrangements could be made via written agreement with our Sales Management team; for example, a long-term directed purchase may be negotiated with a specific supplier. If this clause is unsatisfactory, it is recommended that galvanized and electrogalvanized material be avoided. Various non-chromate passivation agents are in development, and reportedly perform well in laboratory conditions. Steel Warehouse continually monitors advancements and will revise this position as necessary.

Under **REACH** guidelines, a North American company that exports product to the European Union cannot register itself. **REACH** obligations in this case must be fulfilled by the importers or by a company established in the European Union nominated as the company's representative. Consequently, the registration with ECHA of a substance covered by **REACH** is not our responsibility.

Very Truly Yours,

Steel Warehouse Company LLC

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