



To Whom it may concern

Ihr/Unser Zeichen
IFQ/G. Schuessler

Tel. +497071701-522
Fax +497071701-1014

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E-mail
gerhard.schuessler@walter-tools.com

Walter's implementation of warning labels

Dear Valued Customer,

You receive this letter as a response to questions related to new warning labels attached to Walter products.

Walter has taken the decision to implement a global warning label on all final products and blanks that contain cobalt or nickel, giving equal information to all customers globally. We have a deep knowledge about the material we use in our products and we want to share this information with our customers to help them use our products in the safest possible way. Stepwise implementation of the new warning label concept started in (Aug 2018).

For many years already, Walter has put a warning label on final products and blanks that contain cobalt or nickel in the US because of a specific piece of legislation, California Proposition 65, has required that.

The composition of Walter's hard metal products has not changed. Hard metal products in general contain cobalt or nickel, independent of the manufacturer. Hard metal contains mostly tungsten carbide (WC). Also other carbides such as titanium carbide (TiC) and tantalum carbide (TaC) are known to be used. A binder is needed to successfully sinter cemented carbide. The most common binders used by hard metal producers are cobalt (Co), nickel (Ni) and iron (Fe).

We constantly improve our work with health and safety and now want our customers, regardless of country, to take necessary actions to reduce exposure to hard metal dust and reduce accidents with tools that could in rare cases break or fragment. Hard metal dust is dangerous to inhale, independent of producer of the hard metal product, and we want to be a responsible company informing our customers about the hazard.

Repeatedly inhaling high levels of hard metal dust has been reported in publications to cause hard metal disease (interstitial lung fibrosis). In a two-year study on rats and mice, inhalation of pure cobalt was shown to cause cancer. In addition to other hazards,

Walter AG
Derendinger Straße 53
72072 Tübingen
Germany

Postfach 2049
72010 Tübingen

Contact
T + 49 (0) 7071 701-0
F +49 (0) 7071 701-212
service@walter-tools.com
www.walter-tools.com

Board of Directors
Richard Harris (chairman)
Rüdiger Mannherz
Thomas Veese

Supervisory Board
Dr. Ulrich von Schönfeld

HRB
381194 Amtsgericht Stuttgart

regrinding hard metal blanks or hard metal products produces dust or fumes which can be inhaled, swallowed or come in contact with the skin or eyes.

Cobalt and hard metal are known sensitizers having potential to cause allergy through repeated exposure. A sensitized person could react with asthmatic symptoms or eczema.

The warning label gives hazard information to the customer; both directly to the users of the products but also to those customers having the role as an employer. We help employers informing their employees about hazards by providing clear and visible warnings on our products, providing safety information in a Product Information Data Sheet as well as specific information at our web page.

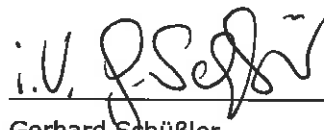
There is an on-going process in the European Union to extend the harmonized classification of cobalt metal to include also carcinogenicity (cancer), based on results from animal studies. The new classification will need to be considered by everyone handling cobalt in the European Union.

For Walter, Health and Safety of our Customers and Employees are top priority. As a Global Player we are obliged to Fair play, Customer Focus and transparency. That's why we have decided to apply these warnings on our products as one of the first companies in our industry.

A handwritten signature in blue ink, appearing to read "T. Veerer", written over a horizontal line.

Thomas Veerer
Vice President Marketing

Walter AG

A handwritten signature in black ink, appearing to read "G. Schübler", written over a horizontal line.

Gerhard Schübler
Director Quality & Risk Management

Walter AG