



May 2025

CARPENTER TECHNOLOGY CORPORATION

CODE OF BUSINESS CONDUCT AND ETHICS

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Foreword

It has always been the policy of Carpenter Technology Corporation to comply with the letter and spirit of all laws that govern our operations and to adhere to the highest standards of business ethics. Our most important value is our integrity. All those who have dealings with Carpenter must be able to rely upon the honesty of our employees. Because we uphold those standards along with our Core Values, Carpenter enjoys a reputation for excellence and fair dealing. But a good reputation must be diligently maintained; it can be lost much faster than it is acquired. No action is worth compromising our Core Values or ruining that reputation. All actions must be viewed in that perspective.

With that in mind, the Company has developed the Code of Business Conduct and Ethics (the “Code”) you’ll find in this booklet. This Code won’t provide an answer to every question that comes up. Nor will it make you an expert in antitrust and other legal matters. It should, however, make you more aware of the law and guide your decisions—including decisions about when to consult with others, such as your supervisor or Carpenter’s Law Department, which is responsible for interpreting this Code. If you have any reason to doubt the legality of any action you plan to take on behalf of Carpenter, ask before you act. No code of business conduct and ethics can replace thoughtful behavior or create an ethical director, officer or employee. However, this Code is intended to focus directors, officers and employees (all referred to in this Code as “employees”) on areas of ethical risk, provide guidance to personnel to help them recognize and deal with issues, provide mechanisms to report unethical conduct, and help to foster a culture of honesty and accountability.

This Code applies to all employees (including senior officers) and directors of Carpenter and majority-owned affiliates, including subsidiaries, both in the United States and other countries. We also expect our suppliers, customers and others doing business with Carpenter to conduct themselves in a manner consistent with this Code. Further, this Code is intended to comply with the requirements of the Sarbanes Oxley Act and the listing standards of the New York Stock Exchange. The Company’s Code of Ethics (for senior officers), Rules and Responsibilities of Directors, Corporate Governance Guidelines, our Core Values and employee policies supplement and are part of this Code. In some circumstances, foreign law might be less restrictive; however, we still expect employees, wherever they are located, to adhere to this Code. This Code applies to directors to the extent their activities relate to the business or operations of the Company. Restrictions set forth in this Code are not intended to apply to outside employment or actions by a director that do not otherwise affect the director’s independence or create a conflict of interest with the Company.

All Carpenter employees are required to be familiar with this Code. Many of you will be required regularly to certify to the Company that:

- You are familiar with the Code of Business Conduct and Ethics and understand your responsibility to comply with it.
- You recognize that violating the Code may be cause for discipline or dismissal from the Company.

Carpenter's Board of Directors has approved this Code, and no officer, manager or supervisor may revise it. Because our reputation is everyone's responsibility, anyone who suspects a violation of law or ethics must immediately report it to his or her supervisor or the Ethics Hotline at 1-888-331-6523 (toll free) or by accessing EthicsPoint's website from either Carpenter's internet or intranet Hotline numbers, which are also available for international locations by using the country search feature. Anyone receiving such a report must immediately discuss the matter with an officer at Carpenter Technology Corporation and take action as management directs. All employees must cooperate fully with any investigation by Company representatives of all alleged violations. No employee will suffer any penalty for reporting in good faith any suspected violation of this Code.

Our website will include this Code, as it may be amended from time to time. Our annual report on Form 10-K filed with the SEC will state that this Code is available on our website and that this Code is available in print to any shareholder who requests it. Carpenter intends to continue to proactively promote ethical behavior and to encourage employees to talk to supervisors, managers or other appropriate personnel when in doubt about the best course of action in a particular situation. Additionally, employees should report violations of laws, rules, regulations or this Code to appropriate personnel. A component of the performance evaluation process of each employee of Carpenter will be an employee's demonstrated commitment and compliance to Carpenter's Code. Failure to comply with the Code may be cause for discipline or dismissal.

The New York Stock Exchange requires a procedure to ensure notice to the Chief Executive Officer of any non-compliance with listing standards to enable timely reporting to the Exchange. Employees should report any non-compliance of which they are aware through our Ethics Hotline. In addition, the New York Stock Exchange rules provide that there needs to be a procedure for "interested parties" to contact non-management directors for consideration by such directors in executive session. Employees wishing to make their concerns known to the non-management directors as a group should do so by sending an e-mail to the following address: boardauditcommittee@cartech.com.

Our unwavering commitment is to ensure that Carpenter adheres to these standards. We are counting on you to do the same.

A handwritten signature in black ink, reading "Tony R. Thene". The signature is fluid and cursive, with the first name "Tony" and last name "Thene" clearly distinguishable.

Tony R. Thene
President and Chief Executive Officer



General Policies

Carpenter Technology Corporation (together with its majority-owned affiliates and subsidiaries, the "Company" or "Carpenter") seeks at all times to conduct its business in accordance with the highest standards of ethical conduct and in compliance with all laws, rules and regulations.

This Code of Business Conduct and Ethics (the "Code") governs the business decisions made and actions taken by the Company's directors, officers and employees and is an expression of the Company's fundamental ethical standards, which include: (i) integrity and honesty in the Company's and its employees' dealings with customers, suppliers, co-employees, competitors, shareholders and the community; (ii) respect for individuality and personal experience and background; and (iii) support of the communities where the Company and its employees work and reside.

The Company also has a set of Core Values that are the foundation of everything we do at Carpenter and are a guidepost for achieving excellence. Employees are expected to adhere to and conduct Company business in line with the Company's Core Values consisting of Zero Injury Workplace, Transparency, Above the Line Accountability, Performance, Professional Confrontation, Collaboration, Dignity and Respect, and Integrity and Ethics.

These Core Values and the other standards of conduct in this Code provide general guidance for resolving a variety of legal and ethical questions for employees, officers and directors. However, while the specific provisions of this Code attempt to describe certain foreseeable circumstances and to state the employee's, officer's and director's obligations in such event, it is impossible to anticipate all possibilities. Therefore, in addition to compliance with the Code and applicable laws, rules and regulations, all Company employees, officers and

directors are expected to observe the highest standards of business and personal ethics in the discharge of their assigned duties and responsibilities.

The integrity, reputation and profitability of the Company ultimately depend upon the individual actions of the Company's employees, officers and directors. As a result, each such individual is personally responsible and accountable for compliance with this Code. ***All references in the Code to "employees" should be understood to include all employees, officers and directors of the Company (including its majority-owned affiliates and subsidiaries), unless the context requires otherwise.***

Compliance with laws

All employees should respect and comply with all applicable laws, rules and regulations of the U.S. and other countries, and the states, counties, cities and other jurisdictions, in which the Company conducts business. Due to the Company's status as a "public company", such legal compliance includes compliance with the various securities laws and regulations applicable to the Company and its employees.

This Code does not summarize all laws, rules and regulations applicable to the Company and employees. Please consult the General Counsel of the Company on these matters.

Avoid conflicts of interest

A "conflict of interest" occurs when an individual's private interest interferes in any way – or even appears to interfere -- with the interests of the Company as a whole. A conflict situation can arise when an employee takes actions or has interests that may make it difficult to perform his or her Company work objectively and effectively. Conflicts of interest may arise when an employee, or members of his or her family, receives improper personal benefits as a result of his or her position with the Company, whether received from the Company or a third party. Loans to, or guarantees of obligations of, employees or their family members may create conflicts of interest.

The Company generally doesn't restrict you from investing or participating in other businesses. However, you need to avoid relationships and activities that might influence—or appear to influence—your ability to make fair decisions while doing your work for Carpenter.

Directors and certain employees will periodically be required to fill out a questionnaire, in which they must disclose outside business interests (and any other potential conflicts of interest) to the Company. Those directors and employees and their immediate family members should not have any undisclosed investment or participation in any service, professional or business enterprise that:

- competes with;
- is a supplier of;
- is a customer of; or
- is involved in a special project with Carpenter.

Investments involving less than one percent of the outstanding stock of a company whose shares are traded on a stock exchange are considered insignificant and aren't considered a conflict of interest under Company policy.

If you perceive a conflict or a conflict actually arises at some point in the future, you must immediately report the particulars of the conflict to Carpenter's Law Department.

If you are required to complete the questionnaire and disclose outside business interests, the Company will notify you.

Preserve the Company's Opportunities

Employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises. Employees should pay proper attention to the Company's interest and must avoid:

- Personally taking for themselves opportunities that properly belong to the Company or are discovered through the use of Company property, information or position;
- using Company property, information or position for personal gain; and
- competing with the Company.

Avoid illegal or questionable gifts and favors

Carpenter prides itself on fair dealing and honest relationships with customers and suppliers. To maintain those relationships, it's important to avoid even the appearance of favoritism. For that reason, accepting gifts or anything of more than nominal value from suppliers, or giving the same to customers, is against Company policy. You may not make cash gifts to suppliers or take any cash gifts from a supplier. Independent Directors who receive payments as employees or directors of a supplier or customer will not be in violation of this policy provided such payments are unrelated to the business or operations of the Company.

Under certain circumstances, giving, offering or accepting a gift is a crime. Please observe the following guidelines:

- You and your immediate family members may not accept money in any amount from a supplier.
- You and your immediate family may not accept a discount on personal purchases of a supplier's product if the discount is, or could be interpreted as, being offered because of the Company's business relationship. An exception is allowed for discounts that are offered to all employees and have been approved by the Company.
- You may not ask a supplier or potential supplier for a gift, entertainment or favor, either directly or through another party.

- You may accept a tangible gift involving normal sales promotion, advertising or publicity, such as a coffee mug or calendar, from a supplier or potential supplier. Such gifts may not exceed \$200 in value.
- You may accept meals, refreshments, tickets to sports events and modest entertainment from a supplier or potential supplier. Use prudent judgment when accepting them. Such gifts should not be lavish, extravagant, frequent or long in duration.
- Generally speaking, you should not offer or give a tangible gift or any favor worth more than \$200 to a customer, either directly or through another party. If you would like to give a gift worth more than \$200, the gift must be approved by the officer in charge of the business unit.
- You may provide meals, refreshments, tickets to sports events and modest entertainment to a customer in conjunction with business discussions. Again, use good sense and judgment.

If you ever receive a tangible gift in excess of \$200, turn it over to the office of the Chief Human Resources Officer for disposition. If you are at all in doubt about the propriety of offering, giving or receiving any gift or favor, seek guidance from your manager, supervisor or Carpenter's Law Department.

Participate in politics—voluntarily

To preserve and strengthen our system of government, the Company encourages officers and employees, as individuals, to vote and work for political parties and their candidates, and to voluntarily contribute personal funds to parties, candidates and nonpartisan groups supporting good government. Lawful political preferences, opinions and activities will have no effect on any aspect of employment, including assignment, working conditions, pay and promotion. Corporate funds and assets may not be used for political campaigns, and only registered lobbying is permitted.

Keep accurate records

Carpenter has a responsibility to potential investors, shareholders, creditors and government agencies to maintain and furnish reliable financial information in a timely manner.

Company books and records must accurately reflect transactions and the status and use of assets. In keeping with that responsibility:

- Keep books and records accurate and up-to-date—whether you're making entries and recording transactions or asking someone else to do so.
- Do not establish any undisclosed or unrecorded fund.
- Keep all other records accurate including test results, certifications and time reporting.

Carpenter strives to maintain the highest standards to ensure that all business records and financial reports are accurate, complete, understandable, and contain no false or misleading

information. The Company is committed to complying with applicable laws and regulations requiring the fair and timely disclosure of material information and maintaining the accuracy of publicly disseminated information. In carrying out this commitment, the Company maintains internal controls and procedures designed to provide reasonable assurance of achieving the following objectives:

- efficiency of operations;
- reliability of financial reporting that is in compliance with generally accepted accounting principles in the United States; and
- compliance with applicable laws and regulations, including the Company's responsibility to maintain disclosure controls and procedures intended to ensure that financial and non-financial information is collected, analyzed, and timely reported in full compliance with applicable law.

Compliance with these controls and procedures is of paramount importance. If anyone in the Company believes that the Company's books or records are not being maintained, or that its financial condition or results of operations are not being disclosed, in accordance with these controls and procedures, that person should report the matter directly by any of the means indicated in this Code. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with those policies, in the event of litigation or governmental investigation, please immediately suspend destruction of all related documents and consult the Company's General Counsel.

Use Company assets wisely

Carpenter's assets—money, buildings, equipment, vehicles, supplies, and so on—are critically important to continued success. Because they are acquired through the expenditure of Company resources, they are intended for use in Carpenter's business. All employees are responsible for their appropriate use. Unless you receive permission from Company management, use equipment, supplies and similar assets only for Company business. In addition, employees are responsible for assuring proper procurement of Company assets for legitimate business purposes only.

Use electronic and telephonic systems properly

Users of Carpenter's telephones and computer communications, such as voice mail, e-mail, Internet and intranet, must comply with Company policies and procedures as well as with all applicable state and federal laws. Business records and communications should avoid exaggeration, derogatory remarks, guesswork, or inappropriate characterizations of people and companies that can be misunderstood. This applies equally to e-mail, internal memos, and formal reports. Carpenter expressly prohibits excessive personal use of its communications systems and use of these systems to access violent, harassing, discriminatory and pornographic and/or sexually explicit material. Sexually explicit material in any form has no place in the work environment at any Carpenter location. Unless expressly prohibited by applicable law, the Company reserves the right to monitor messages sent or received over its communications systems at any time and for any reason. Employees have no reasonable expectation of privacy regarding information sent or received over the Company's communications systems.

Employees who improperly use Carpenter's communications systems will be subject to serious corrective action, up to and including discharge. Compliance with the Company's Information Technology Policies is mandatory.

Protect confidential information

Another important Company asset is information gathered to maintain and develop business. This information is proprietary and strictly confidential. In keeping with its importance:

- Do not disclose confidential information to anyone outside Carpenter unless the disclosure is necessary to further the Company's interest.
- Do not use confidential information for anything other than Carpenter business.

Some examples of confidential information are:

- Financial results and records not made public.
- Engineering and manufacturing ideas, designs, processes, data and trade secrets.
- Personnel records and systems.
- Sales efforts and results.
- Business prospects and commitments.
- Business and marketing plans.
- Technical developments and inventions.
- Information concerning or obtained from customers and suppliers, including customer history and usage.
- Information concerning potential acquisitions, mergers, joint ventures, or the sale or shut down of a business unit or facility.
- Any information in the Company's computer systems.

To help determine what information is confidential, ask yourself:

- Does the information deal with an aspect of the Company's business?
- Has it been developed by the Company in the conduct of its business?

If the answer to either is yes, and the information has not been disclosed to the public, then it is confidential. Unauthorized use or distribution of confidential information would violate Company policy. It would also be illegal and could result in civil or even criminal penalties.

Each Carpenter employee is obligated, during and after his or her employment, to keep such confidential information in confidence, to refrain from disclosing any such information to any person outside the Company without the Company's prior consent, and to refrain from using such information for any purpose other than in the performance of his or her duties to the Company.

No Carpenter employee should use any improper means to obtain confidential information from any competitor. Under no circumstances should any Carpenter employee make

any payment to, or any arrangement with, an employee or representative of a competitor to obtain information, plans or other secret or confidential information from any competitor.

Personal data shall be collected and maintained in a confidential way that ensures that the data is accessible only to those individuals with a legitimate business need to know the data. Employees are entitled to review any of their personal data held by the Company.

It is the Company's policy to comply fully with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and its implementing regulations and similar legal requirements in other countries. All members of the Company's workforce who have access to Protected Health Information (PHI) must comply with all applicable Company policies and with all of the privacy requirements for PHI. Sanctions for violation of any Company policies or the privacy requirements for PHI will be imposed, up to and including discharge.

Company policy on terms and conditions

The Company has adopted general policies with respect to the acceptability of certain terms and conditions of sale and purchase. Employees should not deviate from, or approve changes in, the Company's standard terms and conditions without appropriate approvals.

Comply with export licensing requirements

Exports of products and technical information from both the United States and other countries often require licenses from governmental agencies before they can be exported. The need for a license depends on the particular type of product or data being sent, the country where it will be used, the identity of the ultimate end user and whether the end use is of a sensitive nature. There are also prohibitions against selling anything to certain individuals, companies or groups for export purposes. The restrictions can apply even if a product is traveling through another country before reaching its ultimate end use destination. If you are responsible for obtaining or entering orders, shipping products or disclosing technical information, you should familiarize yourself with all applicable export restrictions whether in the United States or other countries. When in doubt, seek guidance from your manager, supervisor or Carpenter's Law Department.

Help maintain product quality

Carpenter is dedicated to the manufacture of products that meet both our own and our customer's quality standards. To ensure compliance, we have implemented extensive quality control and testing procedures. The following are some examples of quality problems that could result in contractual, civil or criminal liability and will not be tolerated:

- Delivering products similar to those ordered, but made from different quality materials.
- Delivering products that have not been tested as required by contract or by Company procedures.

An employee must bring to his or her supervisor's attention any non-compliance in quality control and testing. Under no circumstances should any employee knowingly or recklessly pass defective material to the next step in the manufacturing or logistics process without supervisory approval. Violations of this requirement will subject the employee to corrective performance and disciplinary actions consistent with the procedures established for their facility. If an employee is not satisfied with actions taken to resolve a quality concern, he or she must bring the matter to the attention of quality assurance or manufacturing management, or follow the procedures described in the sections of this Code on "Asking Questions" and "Reporting Violations."

Environmental, Safety and Social Matters

Carpenter is committed to be a good corporate citizen that benefits the communities in which we live and work. The Company strives to maintain the highest ethical, environmental and safety standards and we encourage active participation by employees in achieving these goals. Our business is managed for long-term success in a manner that is economically, environmentally and socially responsible.

The Company is dedicated to responsible environmental performance throughout our operations. We have adopted environmental policies and procedures to help ensure compliance with applicable environmental standards and regulations. We believe in reducing waste across our operations by reusing, reducing or recycling materials and energy whenever possible, and we strive to manage our operations' waste in a more sustainable manner, including more opportunities to recycle waste in lieu of disposing of it. Employees are expected to apply effective environmental practices including:

- ▶ Working with governmental agencies in support of achieving compliance with applicable environmental standards and regulations;
- ▶ Participation in pollution prevention, waste management, and recycling and energy conservation;
- ▶ Continuous efforts to increase the use of recycled materials in our business; and
- ▶ Seek to increase the Company's manufacturing efficiencies to reduce our environmental impact.

Carpenter is committed to complying with all applicable laws relating to protection of the environment in the conduct of our business. Employees must do their part by:

- ▶ Accepting responsibility for the protection of the environment;
- ▶ Operating equipment and performing processes according to documented Standard Operating Procedures and training to minimize the impact on the environment;
- ▶ Following Carpenter policy and governmental environmental rules and laws on using, storing, transporting and disposing of hazardous materials and wastes;
- ▶ Following Carpenter policy on reporting circumstances under which hazardous materials or wastes come in contact with the environment;

- ▶ Making suggestions on ways to minimize or eliminate wastes or the use of hazardous materials; and
- ▶ Asking questions and reporting violations in accordance with the sections in this code on “Asking Questions” and “Reporting Violations.”

Carpenter Safety Vision

Above all else, the safety of our employees is Carpenter’s top priority. All injuries are preventable and it is the shared responsibility of every employee to actively participate in all aspects of the safety program and to strive for zero injuries. The hallmarks of Carpenter’s safety program are:

- ▶ Dedicated leadership, accountability and employee empowerment;
- ▶ Continual improvement plans (Plan-Do-Check-Act);
- ▶ Tools, resources, and education to improve total workplace safety and health; and
- ▶ A skilled, technology-driven workforce that proactively assesses risks, strives to eliminate hazards, and integrates learning from incidents and near-misses to prevent further occurrences.

Carpenter is committed to maintaining a safe, healthful, and drug-free work environment. Each employee of Carpenter is responsible for assuring compliance with applicable health and safety standards and regulatory requirements.

To meet this overall policy, it is expected that employees who serve in any leadership capacity, as managers and supervisors, will always:

- Manage our operations in a manner consistent with health and safety policies, standards, practices, programs, and procedures.
- Lead in promoting workplace safety and health and visibly demonstrate commitment to safety at all times.
- Assure that all employees are given tools, knowledge and skills necessary to safely perform their jobs safely.
- Embrace safety performance as a key indicator of organizational excellence and incorporate it into our business process.
- Hold as paramount the safety, health and welfare of our employees in the performance of our work-related duties.
- Issue statements or present information about safety in an objective and truthful manner.
- Assure non-discrimination for employees who express safety concerns and never tolerate harassment.
- Assure full disclosure of identified workplace hazards and risks that have the potential of impacting employee welfare.
- Assure that all workplace injuries, illnesses and near misses are reported and investigated, and that appropriate corrective action is taken to prevent recurrence.

- Promote a work environment that encourages all employees meaningfully to participate in safety and health activities.
- Continually strive to improve the safety and health process.

It is expected that every employee, regardless of position, will:

- Comply with applicable health and safety policies, standards, practices, programs, and procedures.
- Visibly demonstrate personal responsibility for safety at all times.
- Participate in health and safety training and consistently apply the lessons learned.
- Actively engage in activities designed to identify, evaluate, and control hazards.
- Assist co-workers in the completion of job tasks to assure their safety.
- Assure that contractors, service providers, and visitors comply with Company safety requirements.
- Observe posted warnings, job aids, and notices.
- Immediately report any work-related incident resulting in injury, illness, property damage, or near misses.
- Report any condition, operation of equipment, or performance of a process that may place people at risk of injury.
- Ask questions and report violations in accordance with the sections in this Code on “Asking Questions” and “Reporting Violations.”

Community Relations

Part of being a responsible corporate citizen is improving the communities where Carpenter’s employees live and work. This commitment spans a wide variety of engagement and activities with the aim of strengthening our communities. We encourage employee volunteerism at all our locations by engaging in organized community activities and by contributing to local charitable organizations and educational efforts.

Drug-free work place

We do not tolerate the use of any illegal drugs or abuse of controlled substances while employees are engaged in Carpenter’s business, or while working at a Company location. Illegal drug use or abuse of controlled substances threatens our ability to serve our customers. It also compromises the safety of our people, products and others. Employees should report all known or suspected violations of this policy to your supervisor or manager.

Equal opportunity and diversity

It is the Company’s policy to promote a diverse workforce by hiring and developing qualified people regardless of their age, race, color, religion, sex, national origin, or any other legally protected criteria. It is also our policy to recruit, develop and provide opportunities for qualified disabled persons and veterans.

In accordance with applicable laws, we will continue to direct our employment and personnel practices toward ensuring truly equal opportunity for everyone. All recruiting, hiring,

training, compensation, benefits, promotions, transfers, layoffs, recall from layoffs, company sponsored educational, social and recreational programs and all treatment on the job will be free of unlawful discriminatory practices.

All employees have a responsibility to act appropriately in the workplace and are expected to follow these policies and promote a positive work environment for all. Managers and supervisors are particularly responsible for ensuring equal opportunity to participate in all that is available at the Company.

Harassment

Carpenter is committed to providing a workplace free from any form of harassment, including, but not limited to, sexual, religious or racial harassment. Any such harassment is prohibited.

The Company has defined harassment as a behavior that belittles or shows hostility or dislike toward another employee or business invitee because of the individual's race, color, religion, physical or mental disability, national origin, age, gender, marital status, sexual orientation, or ancestry as well as any other characteristic protected by law. Each and every member of the Company has the right to be free from improper or offensive conduct at work. Unwelcome, insulting, offensive remarks or actions have no place in our Company.

You should never use Carpenter systems to transmit or receive electronic images or text of a sexual nature or containing ethnic slurs, racial epithets or any other material of harassing, offensive, or lewd nature.

Employees should report all known or suspected violations of this policy to your supervisor/manager, department head, appropriate Human Resources staff or any other member of management.

Report threats of violence

Violence is a workplace hazard and can have devastating effects on the Company's productivity and on our employees' quality of life. Employees are required to report threatening remarks or behavior as well as destructive or suspicious activities to their supervisor, regardless of the relationship between the person who initiated the threat and the person who was threatened. It doesn't matter when or where in the workplace the threat occurred. Supervisors are required to act upon any employee report of threats. Employees reporting threats will not be subject to penalty, coercion, discrimination, censure or reprisal as a result of these reports. Reports that are not made in good faith, however, will result in corrective action.

Guidelines for Dealing with Competitors, Customers and Suppliers

Antitrust laws are strict laws that protect the free enterprise system. They deal with agreements and practices that restrain fair trade, such as price fixing and boycotting suppliers and customers. Many countries have enacted antitrust laws that regulate business and trade—on the

premise that fair competition will yield the lowest prices, highest quality and greatest economic progress for all.

- In the United States, the principal laws regulating business and trade are the Sherman Act, Clayton Act, Robinson-Patman Act and Federal Trade Commission Act. In addition to governing domestic activities in the United States, U.S. antitrust laws also apply to transactions that occur outside the United States if they affect commerce within the U.S.
- In Mexico, antitrust activity is proscribed by the 1993 Federal Law of Economic Competition.
- Canada bans a broad range of restrictive trade practices involving goods and services under the Competition Act of 1986.
- The European Union has adopted fair trade and competition laws in the Treaty of Rome, which applies to all countries within the union.

In general, many countries that are industrializing and/or moving toward market economies are enacting fair trade and competition legislation. Those laws often combine antitrust goals with other economic, social and political objectives.

Antitrust laws are vigorously enforced, and violations have extremely serious consequences, both for companies and individuals. As an example, under certain U.S. laws, individuals can be fined up to \$1 million and corporations up to \$100 million for violations. In some cases, individuals or companies may have to pay three times the amount of any damage caused by illegal business activities. In addition, prison sentences of up to ten years are possible.

All employees are expected to comply with applicable antitrust laws. The following guidelines will help you conduct yourself in situations governed by U.S. antitrust laws. If you are involved in any international business transactions:

- Familiarize yourself with appropriate antitrust and other legislation.
- Follow the Company's guidelines under U.S. law for dealing with competitors, customers and suppliers— unless foreign law is stricter. In that case, foreign law applies.
- Consult Carpenter's Law Department with any questions concerning antitrust compliance before conducting any negotiations or proceeding with any agreements, mergers, joint ventures and other transactions.

Free enterprise functions best when companies make independent business decisions. Indeed, in many instances, formal or informal agreements with a competitor are illegal and are absolutely prohibited. Do not make agreements or enter into discussions with competitors involving:

- Prices to be charged for products or services both companies make or provide—a practice known as price fixing. Prices include base prices, extras and transportation charges, as well as other sales terms that relate to price, such as credit terms and discounts.

- Limiting production, including the amount and type of production.
- Division or allocation of markets, customers or sales territories.
- Boycotting a potential customer or potential supplier.

You may obtain as much information as you can about our competitors from public sources and non-confidential information from our customers, but do not, under any circumstances, obtain or seek any information about competitors' prices, costs or business plans directly from the representatives of the competitors.

Be careful about contact with competitors

Competitors are usually subject to similar economic pressures, and independent decisions by each of them could produce similar results. Because of this, antitrust enforcement agencies and courts are quick to suspect collusion among competitors. It is imperative to avoid contacts with competitors that might support a charge of collusion. Conduct relations with competitors as if you are at all times in the public view.

Get approval before joining a trade association

Trade and standards organizations help companies exchange valuable information on a wide variety of matters common to the industry—technical developments, safety, labor relations, regulations and statistics. However, because they provide opportunities for formal and informal gatherings of competitors, they expose everyone present to charges of collusion if meetings are followed by illegal action. For that reason, employees are not permitted to join any trade association unless management has determined that:

- The association serves an important and proper purpose.
- All of the association's activities are adequately supervised by legal counsel, particularly in locations where trade regulations make it prudent to do so.

Trade associations should be reviewed periodically to make sure that their activities are completely proper.

Conduct yourself appropriately at trade association meetings

Because charges of collusion can spring from trade association meetings, you need to be aware of your conduct during them. To avoid any risk, you should:

- Confine discussions to items on the meeting agenda.
- Refuse to listen to or engage in informal discussion of any of the prohibited subject areas stated previously.
- Immediately leave a meeting or gathering if such a discussion begins. Walk away from the speaker or hang up the telephone, if necessary. If you allow yourself to listen to such a conversation, you may be required to testify that it did take place, and it will be difficult to avoid the implication that you actively participated in it.

- Immediately report any such discussion in accordance with the sections in this code on “Asking Questions” and “Reporting Violations.”

Choose customers and suppliers fairly

Generally speaking, a seller has the right to refuse to deal with any person or company it does not want as a customer. This is also true for buyers selecting suppliers. Reasons for refusing to deal with a customer or supplier can include deficient performance, financial irresponsibility and reputation.

However, refusing to deal with a customer or supplier may be illegal if the refusing party has a monopoly or near monopoly on the product involved. Such a refusal could be considered a restraint of trade.

Sell products at a fair price

To avoid creating competitive disadvantage, companies must sell the same quantities of a product at the same price, when sold at the same time to customers who are in competition with each other. They also must sell the same quantities at the same price to customers whose customers themselves are in competition with each other. Sellers also must provide the same services, rebates or anything else of value to those customers.

Exceptions to these rules are allowed when:

- A seller can show that a price reduction based on volume equals expected cost savings to the seller.
- A seller is meeting a competitor's price or is involved in a competitive bidding situation.

Get advice in competitive situations

When deciding whether to meet a competitor's offer, it can be difficult to determine when a lower price is legally justified. Promptly submit every new situation related to meeting a competitor's price to your manager before making a decision. Include adequate documentation of the competitive situation so that the action may be defended, if necessary.

Avoid contacting a competitor to verify offers

To protect yourself against charges of collusion, decisions about meeting a competitor's offer should be made without contacting that competitor.

Avoid accepting unlawful pricing

When purchasing supplies, a buyer may not induce or knowingly accept a price that would be illegal for the supplier to give. If you believe a supplier is offering you an unlawful price, seek guidance from Carpenter's Law Department.

Buy products independently of other transactions

A buyer may not require a supplier to purchase product from the buyer as a condition of the buyer's purchase. You may solicit orders for products from suppliers, but decisions on purchases must be made independently of any other transaction.

From time to time, a customer may try to use his or her position to influence purchasing decisions. You must tell the customer that Company policy forbids any such discussion and refer the customer to the Purchasing Department.

Sell products on their own merits

A seller with a strong position in a product (such as a patented alloy) may not force its customers to purchase other products to get the first one—a practice called tie-in sales. Sell each product on its own merits.

Fair Dealing

Each employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and other employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice. You should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice. Examples of unfair dealing include false or deceptive statements or comparisons about Carpenter products, falsely disparaging a competitor or its products, making product claims without data to substantiate them, and representing Carpenter products as those of another, such as by simulating a competitor's packaging or trademarks.

Carpenter employees shall not knowingly create, maintain or submit records, reports or statements that are inaccurate, false or misleading. All Carpenter employees have an absolute and affirmative duty to ensure that any statement or representation made on Carpenter's behalf is truthful and accurate. While this policy applies to all communications made in Carpenter's name, it is especially critical with regard to any statement, letter or document that is directed to, or may be relied upon by, any governmental agency.

Falsehoods in records, submissions or statements may violate the law. Such falsification also conflicts with our obligations to our customers. Individuals who fill out or who are responsible for or who make statements to governmental or regulatory agencies must exercise care to ensure that such records or statements are accurate and complete. In this regard, it is always preferable to be truthful and to admit ignorance when that is the case rather than speculate. Similarly, Carpenter employees should always check facts to be certain they are accurate rather than providing information or reports to governmental or regulatory agencies based on guesses or assumptions.

Anti-boycott

Carpenter must comply with applicable U. S. anti-boycott laws. U.S. anti-boycott laws generally prohibit U.S. companies and their worldwide subsidiaries from cooperating with international boycotts which the U.S. government does not sanction. A boycott occurs when a person or group of people refuse to do business with certain other people or countries. U.S. companies and their worldwide subsidiaries must report to the U.S. government any requests they receive to engage in boycotting activity. You should report any requests to Carpenter's Law Department.

Understanding the Foreign Corrupt Practices Act

The Foreign Corrupt Practices Act (FCPA) makes it illegal to bribe foreign officials and politicians to obtain or keep business in their countries. The FCPA covers a broader area than suggested by its title; it relates to all corporate activities conducted in the United States and abroad by U.S. companies and their foreign divisions, subsidiaries, affiliates and agents. If you have any question about whether a payment is permitted, you should seek advice in advance from Carpenter's Law Department.

Like antitrust laws, violations of the FCPA have severe consequences. If convicted, a company can be fined up to \$2 million. A violation by an individual acting on behalf of the Company can result in a \$250,000 fine and imprisonment for up to five years.

The Company may be prohibited from paying fines imposed on individuals.

To avoid violations of the FCPA:

- Do not make, or solicit or encourage others to make, a payment or give anything of value to a foreign official, political party or political official to influence personal decisions or actions or those of the government in order to get or keep business.
- Do not offer or promise such payment to those persons.
- Do not authorize such payment to those persons.
- Do not pay or promise such payment to intermediaries acting for foreign officials, political parties or political officials.

The FCPA also establishes recordkeeping and internal control requirements and prohibits the making of false, misleading or incomplete entries in corporate books, records and accounts.

If anyone approaches you to seek your involvement in any of the above activities, immediately report the incident in accordance with the sections in this Code "Asking Questions" and "Reporting Violations."

Understanding Securities and Exchange Commission Rules and Securities Laws

The Securities and Exchange Commission has rules that prohibit the falsification of corporate financial records and false statements about financial status and records. Additionally, there are laws and rules against insider trading—buying or selling of Company stock based on information that has not yet been made public, or passing along that information to others who then buy or sell stock (a practice known as “tipping”). Similarly, insider trading also includes buying or selling or tipping others about stock of a supplier, competitor or customer based on non-public information that an employee may learn in the course of his or her employment. An individual can be held civilly or criminally liable for passing on inside information, even if the individual does not trade and does not profit from the information. In addition, the individual (such as a family member or close friend) to whom the inside information is disclosed, will also be liable if he or she buys or sells stock of Carpenter, a supplier or competitor based on the information. Insider trading can lead to penalties and bad publicity for both the employee and the Company. In short:

- Do not buy or sell Carpenter stock, including Carpenter stock held in any employee benefit plan, when you know something important about the Company that has not yet been made public.
- Do not buy or sell stock of Carpenter’s suppliers, customers or competitors when you know something important about any such company that has not yet been made public.
- Do not give such information to others.

Inside information is information an investor might consider important in deciding whether to buy, sell or hold stock. This might include earnings forecasts, possible acquisitions or joint ventures, acquisition or loss of a significant contract, dividend actions, important product developments, major personnel changes and major lawsuits. The Company encourages its employees to invest in Carpenter stock for the long-term. Short-term speculative trading, by Carpenter employees in particular, may raise the appearance of the possibility of insider trading. Therefore, employees are strongly discouraged from engaging in short-term trading in Carpenter stock.

In addition to the foregoing, you should be aware that the Company is subject to securities laws governing how the Company must disclose information such as Regulation FD. Regulation FD generally requires that, when the Company discloses material non-public information, it must make that information available to the public (and not just to a select group of individuals). Therefore, any premature disclosure of non-public confidential information by employees may cause a violation of Regulation FD. To avoid such disclosure problems, all employees are required to refer inquiries from securities analysts, shareholders or others in the investment community to Investor Relations or the Company’s Law Department.

Asking Questions

The Company is committed to giving guidance to all employees about standards of ethics and compliance requirements. An employee with questions is encouraged to seek clarification through normal channels directly to his or her supervisor or manager.

Managers and supervisors who receive questions may respond directly to questions that they can answer or that can be answered with the help of another appropriate person or department. Otherwise, a manager or supervisor should contact Carpenter's Law Department or suggest that the employee contact Carpenter's Law Department directly at 1-610-208-2000.

Reporting Violations

Every employee of the Company is responsible for reporting a violation of any law or a breach of the Company's ethical standards. An employee who knows about a violation, or reasonably believes there has been a violation, is encouraged to report that information through normal reporting channels directly to his or her supervisor or manager. Employees also may report ethical and legal violations by calling EthicsPoint, the Company's third-party administrator of the Ethics Hotline at 888-331-6523 (toll free) or by accessing EthicsPoint's website on Carpenter's intranet and internet sites. Hotline numbers are available for international locations by using the country search feature. While employees are encouraged to identify themselves when making such reports so that the information can be investigated promptly and thoroughly, any report to EthicsPoint may be made anonymously.

Managers and supervisors who receive reports of violations have a duty to handle them properly. They may give a direct response to an employee if the report merely raises a question that they can answer or that can be answered with the help of another appropriate person or department. A manager or supervisor must contact EthicsPoint if the report concerns a violation of law or a violation of this Code.

Retaliation

Employees who report a violation or suspected violation (often termed whistleblowers) will be treated with dignity and respect and will not be subject to retaliation because of any report made in good faith. However, individuals who knowingly submit a false report shall be subject to disciplinary action. All reports will be handled as confidentially as possible, while still allowing the Company to perform an investigation.

Carpenter's Compliance Committee will review all legal violations reported through the Ethics Hotline. The Audit Committee of the Board of Directors will review the report of the Ethics Committee at least once a year.

Our Values

Zero Injury Workplace

We believe that all injuries are preventable and that the safety of all employees is our top priority.

Transparency

We speak to each other openly and honestly and are proactive in communicating up, down, and across the organization.

Above the Line Accountability

We require each of us to take personal responsibility to "See It, Own It, Solve It, and Do It" to obtain desired results.

Performance

We choose to excel at what we do, and we are intolerant of not meeting or beating expectations, goals, and promises.

We speak up and we speak out, but once we make well-informed decisions, supported by reliable data, we move on.

Professional Confrontation

Collaboration

We are invested in our teammates' success and in cross-functional initiatives in order to make the organization better.

Dignity and Respect

We value each person as an individual, respect their aspirations, and act honorably in our interactions.

Integrity and Ethics

We act responsibly and maintain high ethical standards in the way we interact with each other, customers, suppliers, and communities.