

Carpenter Technology (UK) Limited Tax Strategy Statement (United Kingdom)

In compliance with Schedule 19 of the UK Finance Act 2016, Carpenter Technology (UK) Limited (“Carpenter UK”) is publishing its tax strategy for the fiscal year ended on June 30, 2018.

Tax risk management and governance

Carpenter Technology Corporation and all of its subsidiaries, including its UK subsidiary, conduct all of their business with honesty and integrity. Our Code of Business Conduct and Ethics states that “[I]t 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, 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 values or ruining that reputation. All actions must be viewed in that perspective.” With these guiding principles, we are committed to complying with all applicable UK tax laws.

Carpenter’s tax function has been provided with adequate resources to enable compliance with local tax laws in all of the countries in which it operates. This includes both an experienced in-house staff and an established network of external tax advisors. The Tax Director is responsible for oversight and administration of tax related policies and procedures. Our global tax risk management framework facilitates the capturing of key risks, such that they can be mitigated through the operation of effective controls. The Tax Department meets quarterly with the Chief Accounting Officer and Chief Financial Officer to discuss all significant tax positions for the Company. The Tax Director also attends quarterly Audit/ Finance Committee meetings and reports the Company’s tax positions and areas of risk. The Company maintains an accounting policy manual on its intranet site that includes guidance for recording transactions to satisfy local tax regulations.

Tax planning and acceptable tax risk

Our approach to tax planning is to develop tax-efficient solutions that are aligned with commercial initiatives. The Company has a low tolerance for tax risk and strives for certainty in its financial reporting obligations including tax reporting. Carpenter validates all significant tax positions with external advisors.

Relationship with HMRC

Carpenter UK engages with HMRC openly and constructively. The Tax Director or a designate is responsible for liaising with HMRC. We endeavor to work collaboratively with HMRC to address inquiries and resolve any differences of opinion on the interpretation or application of tax law to our facts in an honest, ethical and transparent manner. Transactions that are material to the business with a high degree of uncertainty, where possible, would be discussed on a timely basis in order to reduce uncertainty so that we can minimize our risk and provide maximum certainty to our tax positions and filings.