2021 SUSTAINABILITY REPORT
Sustainable solutions for global impact
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TODAY’S PERFORMANCE TOMORROW’S BREAKTHROUGHS™

Carpenter Technology Corporation (NYSE:CRS) is a global leader in high-performance specialty alloy-based materials and process solutions for critical applications in the aerospace & defense, medical, transportation, energy, and industrial & consumer markets.

Learn more at www.carpentertechnology.com
01

INTRODUCTION

Letter from Our CEO

Carpenter Technology is guided by our vision and values and the belief that the products we create improve the future of our customers and the planet. From our manufacturing facilities, research and development centers, and sales offices around the globe, we partner with our customers to develop industry-leading innovative material solutions.

The foundation of our Environmental, Social and Governance (ESG) Program is built upon our corporate culture. We leverage our talent and technology to deliver creative solutions for our customers, and we use this same approach in our sustainability efforts. We are pleased to release our first Sustainability Report highlighting our ESG Program achievements.

Our ESG Program is focused on four areas of our operations: the health and safety of our employees and our communities; environmental stewardship; social responsibility, and corporate governance. Additionally, we recognize that our role as an innovative partner advances our customers’ goals to bring more sustainable solutions to market.

Sustainability and responsible corporate citizenship are important to our shareholders, customers, employees, and the communities in which we operate. We are publishing this first Sustainability Report to provide stakeholders greater transparency into what we do and a baseline against which to measure our aspirations for the future of our business.

This Sustainability Report highlights where we are in our ESG journey, including examples of our commitment to safety, diversity, equity and inclusion, and how our products help our customers make a positive impact through a more sustainable world. We are providing transparency into our environmental data in accordance with the Sustainability Accounting Standards Board (SASB) framework. We also share how we view our role as a responsible corporate citizen and employer, as demonstrated by our commitment to the health and safety of our employees and communities during the COVID-19 pandemic.

There is more to be done, but we look forward to supporting an ESG Program that promotes a sustainable future for our Company and the communities where we operate.

Thank you for taking time to explore Carpenter Technology’s Sustainability Report.

Sincerely,

Tony R. Thene
President & Chief Executive Officer
Report Summary

Our Environmental, Social and Governance (ESG) Program is built upon our Vision and Core Values and aligns with our business strategy for growth. By having a robust ESG program, we strengthen our ability to help solve our customers’ challenges and support their sustainability efforts. In this report you’ll find:

**Our material solutions play an important role in the global efforts to address climate change; with our portfolio of alloys, customers are able to:**

- Reduce CO₂ emissions by improving jet engine efficiency and reducing the weight of aircraft.
- Eliminate the need for environmentally hazardous coatings and manufacturing processes.
- Reduce the amount of material required to manufacture, maintain and repair critical parts.
- Develop the next wave of innovative products. For example, electric motors are set to transform the transportation industry; our portfolio of unique soft magnetic materials and stack manufacturing capabilities enable more powerful, more efficient electric motors.

**We are one of the safest industrial manufacturing companies in the United States.**

- Safety is our primary Core Value and top priority.
- Our Total Recordable Incident Rate (TRIR) reached 0.6 in FY 2021. That is 85% lower than the primary metal manufacturing industry (TRIR = 4.4) and 80% lower than the all-industry average (3.0).*
- Our efforts to keep employees safe during the COVID-19 pandemic have been recognized as best practice for manufacturing facilities.

**We are committed to creating an inclusive workplace for our employees and to serving the communities in which we live and work.**

- During the COVID-19 pandemic, the Company donated more than $100,000 to 26 food banks in the communities in which we operate.
- Through the Impact Awards program, we have donated over $400,000 to more than 40 local community organizations.
- We established the Diversity, Inclusion, and Belonging (DIB) Committee, responsible for fostering and facilitating discussions, and engaging our workforce on DIB-related matters.

We are proud of our ESG program and the positive impact for our employees, communities, and the world, but recognize there is always work to be done. As you’ll see throughout this report, our efforts continue to advance our environmental, safety, social and governance impact.

*Data from Bureau of Labor and Statistics, Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, 2019. [Data available here](#).
Our Vision

Carpenter Technology strives to be the preferred solutions provider in specialty materials with a reputation for zero injuries, unquestionable quality, close customer connections, innovative growth, creative technology, and engaged talent. We embrace our role in the manufacture of mission-critical, never-fail products and behave in a passionate manner that will inspire our communities, customers, and investors. We will compete tirelessly to become and remain an irreplaceable partner in the supply chains where we participate.

Our Core Values

**Zero-Injury Workplace** — We believe that all injuries are preventable and that the safety of our employees is our highest priority.

**Transparency** — We speak openly and honestly and are proactive in communicating up, down and across the organization.

**Above-the-Line Accountability** — We require personal responsibility to “See it, Own it, Solve it, Do it” to achieve desired results.

**Performance** — We excel at what we do, and we are intolerant of not meeting or beating expectations, goals and promises.

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

**Collaboration** — We are invested in our teammates’ success and cross-functional initiatives to make the organization better.

**Dignity & Respect** — We value each person as an individual, respect their aspirations and act honorably in our interactions.

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

Locations

Athens, AL Rancho Cucamonga, CA Clearwater, FL Chicago, IL Dundee, MI Elyria, OH Vienna, OH Wauseon, OH

Franklin, PA Kutztown, PA Latrobe, PA Orwigsburg, PA Philadelphia, PA Reading, PA Washington, PA Hartsville, SC White House, TN Mont Saint Guibert, Belgium Ontario, Canada Changshu, China Suzhou, China Monterrey, Mexico Mexico City, Mexico Singapore Seoul, South Korea Torshälla, Sweden Taipei, Taiwan Liverpool, United Kingdom

1889 FOUNDED

~4,000 EMPLOYEES

$1.5B NET SALES FISCAL YEAR ENDED JUNE 30, 2021
Our Business

With over 130 years of specialty alloy product and process innovation, Carpenter Technology is a leader in each of the markets that we serve. We offer more than 500 different specialized alloys, including nickel, cobalt, and titanium-based alloys, stainless steels, and soft magnetic materials. In many cases, we are the sole provider of these materials worldwide.

Our product portfolio and innovative approach enables our customers to solve their greatest material challenges and meet their sustainability goals. With our stronger, lighter, and more durable materials, our customers can reduce greenhouse gas emissions, energy consumption and overall material needs.

<table>
<thead>
<tr>
<th>MARKET</th>
<th>APPLICATIONS AND END USE</th>
<th>EXAMPLE END-USE SUSTAINABILITY IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace</td>
<td>• Rings, discs &amp; other components for engines • Fasteners for both the airframe and engine • Structural components (e.g., landing gears) • Auxiliary power units (e.g., back-up generators)</td>
<td>• Improve energy efficiency of aircraft • Reduce GHG and other air emissions • Reduce material required to manufacture parts • Eliminate environmentally hazardous coatings &amp; plating processes</td>
</tr>
<tr>
<td>Medical</td>
<td>• Orthopedic implants • Cardiology stents and tools • Surgical tools • Dental screws &amp; abutments</td>
<td>• Improve patient outcomes • Reduce incidence of adverse events • Eliminate hazardous coatings</td>
</tr>
<tr>
<td>Energy</td>
<td>• Offshore wind power-generation components • Onshore &amp; offshore drilling and completions equipment • Wheels, spacers, bolting &amp; fuel nozzles for power-generation equipment</td>
<td>• Improve performance of renewable energy capture systems • Reduce emissions of power-generation equipment • Reduce waste with longer tool life • Reduce environmental exposure through high-integrity safety systems</td>
</tr>
<tr>
<td>Transportation</td>
<td>• Engine components (e.g., turbochargers) • Structural components (e.g., suspensions) • Electrical motors, power electronics &amp; charging systems</td>
<td>• Improve energy efficiency of vehicles • Reduce material required to manufacture parts</td>
</tr>
<tr>
<td>Industrial &amp; Consumer</td>
<td>• Flow control for manufacturing of semiconductors • Components that enable miniaturization in electronics, including smart phones, smart watches &amp; wireless headphones</td>
<td>• Reduce waste by extending life of products • Reduce material required to manufacture parts</td>
</tr>
</tbody>
</table>
Carpenter Technology materials are creating a safer and more sustainable future.

**AEROSPACE**

Our Custom 465® Stainless steel alloy has up to 50% higher strength versus other commonly used stainless steels, enabling the design of lighter-weight parts for improved fuel efficiency. In addition, Custom 465® Stainless can replace alloy steels that require environmentally hazardous coating and plating processes applied to common alloy steels for corrosion protection, such as 4340 or 4330+V, enabling airframe supply chains to forgo such coatings.

**MEDICAL**

Our solutions for medical markets play an important role as our customers seek to improve patient outcomes and the confidence of healthcare providers. The U.S. Centers for Disease Control and Prevention (CDC) estimates that up to 20% of joint replacement patients suffer from nickel hypersensitivity, leaving them at risk of allergic reactions following surgical procedures. We help to potentially reduce this risk through our low-nickel alloys, specifically designed for surgical implants. Our Biodur® 108 alloy provides higher strength and exceptional durability while being essentially nickel- and cobalt-free.

**ENERGY**

We are committed to enhancing product performance in renewable energy. Our soft magnetic alloys, such as Hiperco® 50 alloys can improve efficiency in wind turbines by up to 15% by getting more power from existing turbines or enabling the use of smaller generators to achieve the same power output. Our advanced bearing and gear alloys improve the reliability of wind turbines and reduce the risk of gearbox failures, the leading cause of premature turbine retirement.

**TRANSPORTATION**

Our soft magnetic alloys are helping to advance the electrification of the transportation industry, from cars and trucks to electric vertical takeoff and landing vehicles (eVTOL). Hiperco® 50 alloys, used in power-dense motors, can reduce the size and weight of electric motors and generators by up to 30%, increasing vehicle energy efficiency.

**INDUSTRIAL & CONSUMER**

Many of our alloys are utilized in tools and machines in use throughout these industries. With special properties like corrosion-, wear- and heat-resistance, tools made with our alloys last longer, run more efficiently and improve final product performance. As a result, the process produces less waste and requires less energy.
We continue to innovate new solutions for emerging technology and applications, including additive manufacturing and the electrification of vehicles. With greater, widespread adoption, we expect these technologies to have a meaningful impact on our business and overall sustainability.

**Electrification**

Electric motors are set to transform the transportation industry, from cars and trucks to airplanes and drones. Our portfolio of unique soft magnetic materials and stack manufacturing capabilities offers lighter, smaller and more power-dense electric motors.

**Additive Manufacturing**

We offer an end-to-end manufacturing platform—from creating standardized and specialized metal powders to material lifecycle management technology—that addresses each customer’s needs.
Our Sustainability Strategy

Carpenter Technology’s sustainability strategy focuses on four areas of our operations: the health and safety of our employees and community; environmental stewardship; social responsibility, and corporate governance. We will face the challenges ahead by relying on our vision: to partner with our customers to solve their most challenging material problems. And we aim to achieve our goals as we always do, by living up to our Core Values.

In 2021, we conducted a materiality assessment to prioritize our ESG efforts. We captured feedback from both internal and external stakeholders, including shareholders, customers, ratings agencies and employees. We identified the following areas as most relevant to our business and stakeholders. This report highlights our commitment to each of these areas and continued focus on world-class social responsibility.

Materiality Matrix

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>SAFETY</th>
<th>SOCIAL &amp; HUMAN CAPITAL</th>
<th>GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Energy Management</td>
<td>• Employee &amp; Contractor Safety</td>
<td>• Diversity, Equity &amp; Inclusion</td>
<td>• Board Composition &amp; ESG Management</td>
</tr>
<tr>
<td>• Greenhouse Gas Emissions</td>
<td></td>
<td>• Human Capital Management</td>
<td>• ESG Governance &amp; Oversight</td>
</tr>
<tr>
<td>• Air Emissions</td>
<td></td>
<td>• Community Engagement</td>
<td>• Ethics &amp; Compliance</td>
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<tr>
<td>• Waste Management</td>
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<tr>
<td>• Water Management</td>
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<td></td>
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<tr>
<td>• Renewable Energy</td>
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<tr>
<td>• Sustainable Sourcing</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>• Product Safety &amp; Impact</td>
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</table>
ENVIRONMENTAL STEWARDSHIP

Strategy & Governance

Carpenter Technology is committed to protecting the environment and recognizes the need to minimize our impact through a managed sustainability program. Through this report and other filings, we have disclosed relevant information contained in the applicable industry Sustainability Accounting Standards Board (SASB) standards. Further, we are in the process of refining our climate strategy and evaluating future sustainability goals to address the Task Force on Climate-related Financial Disclosures (TCFD) in the future.

Governance & Policies

The Environmental, Health and Safety (EH&S) team oversees our environmental management system with technical experts in all facilities where we operate. The EH&S team develops policies and protocols that establish our global standards for air emissions, waste, scrap metal recycling, and training. In addition, the EH&S team is responsible for ensuring we are complying with applicable legal and regulatory requirements. Our Board of Directors and ESG Steering Committee regularly reviews and approves our environmental activities.

Strategy & Environmental Management System

We understand the importance of enterprise-wide management of environmental impact and risks, and have prioritized the following areas to address:

- EH&S Management System
- Energy Management & Greenhouse Gas Emissions
- Air Emissions
- Waste Management
- Water Management
- Sustainable Sourcing

Our EH&S Management System includes mechanisms for regularly evaluating environmental compliance and managing changes in business operations while assessing actual and potential environmental impacts.

Risk Identification & Management

The metals industry has come under increased scrutiny for its environmental impact, namely its carbon footprint and energy intensity. Like most organizations in our industry, we are subject to domestic and international environmental laws and regulations and are aware of the dynamic regulatory landscape and legal requirements. However, Carpenter Technology is better able to mitigate these risks because our product portfolio and manufacturing operations are differentiated from many of the steel manufacturers around the world:

- Our specialty alloys do not require the coking or iron ore operations that are found in carbon steels, which require carbon-intensive inputs like coal.
- Our melting operations use low-carbon electric arc furnaces and vacuum-induction melting furnaces as opposed to blast furnaces.
- The majority of our material inputs are from reclaimed or recycled steel and alloys.
- Approximately 90% of our electricity is sourced from nuclear power, a carbon-neutral source.
Energy Management & Greenhouse Gas (GHG) Emissions

Steel manufacturing is an energy-intensive process, which is why Carpenter Technology actively monitors and manages energy consumption across all operating locations. Recognizing the nuclear offsets, the balance of our GHG emissions are from fossil fuels used in our operations.

To reduce energy intensity and GHG emissions, we apply our “continuous improvement” mindset to:

• Minimize manufacturing waste and material reprocessing.
• Regularly invest in new, more efficient technologies for furnace operations, lighting, and HVAC systems.
• Source renewable energy to reduce indirect GHG emissions associated with our operations.

Today, approximately 90% of our electricity is sourced from nuclear power, a carbon-neutral source, and we are on a continual search to expand that share and diversify into renewable options like solar, wind and hydroelectric power.

We are validating and analyzing our energy use data to set improvement targets for the future with a full accounting of our Scope 1 and 2 emissions by the end of 2022.

Air Emissions

We closely monitor and report air emissions from our major manufacturing sites. Emissions tracked include GHGs, nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOCs) and hazardous air pollutants (HAPs).

All manufacturing facilities strictly comply with applicable regulatory requirements regarding emissions limits and hold valid air permits where required. We have implemented many measures to reduce emissions, including dust, mist, and fume pollution capture and control systems. Efficiency is always a consideration during equipment repair and upgrades; for example, production furnaces are retrofitted with higher efficiency burners and other components. The use of volatile compounds, particularly related to degreasers such as trichloroethane (TCA), trichloroethylene (TCE) and tetrachloroethylene (perchloroethylene or PCE), have been greatly reduced or eliminated.

Waste Management

We are committed to reducing waste generated by our operations. Our waste management approach aims to reduce environmental risk and operational costs by prioritizing waste prevention in our manufacturing processes.

We track the amounts and types of waste generated by each facility and regularly review third-party audits that inspect waste management partners. We are currently analyzing all nonhazardous waste produced to determine recyclability.

77% of our waste was recycled in 2019.

Emerging Technology Center in Athens, Alabama
Water Management

To minimize the impact of our operations on local water supplies, we implement best practices in water use. For example, we’ve reduced the nitrates in the treated water discharge from our Reading, PA, facility by nearly 64% since 1997. And in 2021, we began installing new treatment systems at our largest facility in Reading that are estimated to reduce water consumption and discharge volume by up to 80% when implemented.

Water Use in 2019

<table>
<thead>
<tr>
<th>Water Use (Million m³)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>WELL WATER USE</td>
<td>1.35</td>
</tr>
<tr>
<td>PUBLIC WATER USE</td>
<td>0.64</td>
</tr>
<tr>
<td>TOTAL WATER USE</td>
<td>1.99</td>
</tr>
<tr>
<td>DISCHARGED</td>
<td>1.65</td>
</tr>
</tbody>
</table>

Sustainable Sourcing

Reclaimed Material

Carpenter Technology is proud to create products that contain as much recycled or reclaimed material as possible. We rely heavily on the use of reclaimed metal in our production of highly specialized metal alloys:

- The steel melting process produces recyclable metal byproducts; we recover as much as possible to reduce our need to procure more carbon-intensive inputs.
- We continually evaluate and update our processes to ensure efficiency and seek opportunities to source scrap material from customers to return to our production process.
- We source materials from suppliers that are committed to reducing their environmental impact through carbon-neutral programs, including our main source of pure nickel.

Policy

Carpenter Technology expects its suppliers to operate in a manner that respects human rights and to comply with all local, national, and international laws as well as any regulations or standards related to labor practices. We expect suppliers to conduct themselves in accordance with Carpenter Technology’s Code of Business Conduct and Ethics, as well as Carpenter Technology’s Human Rights Policy. Our goal is to source material and products from suppliers that promote sustainability, and to conduct reviews of our key suppliers for compliance with our policies by 2022.

Conflict Minerals

As a responsible participant in the metals supply chain, we take seriously our responsibility to ensure materials used in our products are sourced in an ethical manner and in compliance with applicable laws and regulations, including the Security Exchange Commission’s “conflict minerals” rules. Twice annually, we audit our suppliers for Conflict Mineral Compliance to ensure the integrity of our supply chain. Our most recent Conflict Minerals Disclosure can be found online along with our most recent annual filings.

Carpenter Technology is a member of the Responsible Minerals Initiative (RMI), an international organization that seeks to mitigate the social and environmental impacts of extraction and processing of minerals in supply chains. We rely on the RMI to ensure we remain at the forefront of sustainable sourcing practices.
At Carpenter Technology, safety is our primary Core Value and our highest priority. It is the shared responsibility of every employee to actively participate in all aspects of the safety program and lead on our path to zero injuries. We fully comply with applicable federal and state health and safety regulations and require our contractors and vendors to do the same. To that end, we actively monitor our contractors and ensure that any corrective measures are implemented.

We are proactive in our approach to safety, working to eliminate hazards before causing injury or harm. All employees are empowered to—and expected to—report any health and safety concerns immediately. We enable all employees to STOP work at any time. We invest in our employees, supervisors and managers and engage them in finding workable solutions to achieve a Zero-Injury Workplace. We focus on three areas:

**Leadership**

Leaders apply our operating principles and a continuous improvement mindset to advance safety. By spending time in our facilities and on the shop floor, our leaders partner with employees to actively problem-solve together. We actively monitor and manage our safety performance through daily reviews with safety leaders.

**Systems**

We invest in effective management systems, including policies, procedures and training that set standards and expectations for performance. We have a digital reporting platform to enable near real-time analysis of performance trends and leading indicators. Using this system-based approach, we can ensure timely response to potential workplace hazards and be proactive to mitigate risk while reducing or eliminating injury potential.

**Employee Engagement**

All employees are expected to actively participate in their own safety, and the safety of their colleagues. This starts with peer training on human performance and continues through their daily activities, both at work and at home. Our Critical 7 program is designed to identify and resolve potential hazards, and find solutions to reduce potential injuries. We regularly engage employees through safety campaigns to highlight important issues at work and in the home.

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**Critical 7 Safety Program**

- **Hand Safe**
  - Always use devices and tools to handle loads or materials.

- **Human Performance**
  - STOP; discuss pretask briefs and high-risk tasks.

- **Ergonomics**
  - No bullwork; stay within lifting guidelines.

- **Personal Protective Equipment & Department Checklists**
  - Wear correct gear; check your equipment and work area; report any hazards.

- **Machine Guards**
  - Always in place and free of damage or STOP.

- **Engagement**
  - See it, Own it, Solve it, Do it.

- **Employee Discussions**
  - Daily active dialogue and listening.
Safety Success

Our focus on building strong safety programs and systems as well as increasing employee awareness and engagement have made Carpenter Technology one of the safest industrial companies in the United States. We achieved a total recordable incident rate (TRIR) of 0.6 in FY 2021, a new record low despite the challenges of operating during the COVID-19 pandemic. According to the latest data available from the Bureau of Labor and Statistics, the TRIR rate for all industries is 3.0 and for Primary Metal Manufacturing industry 4.4; those are 5x and 7x Carpenter Technology’s TRIR in 2021, respectively.*

TRIR was 0.6 in FY 2021. It has decreased more than 70% since FY 2016.

Total Recordable Incident Rate**

*Total recordable incident rate is defined as OSHA-recordable incidents multiplied by 200,000, divided by total hours worked. Data from Bureau of Labor and Statistics, Incidence rates of nonfatal occupational injuries and illnesses by industry and case types, 2019. Data available here.

**Data reflect performance during fiscal year ending June 30.
COVID-19 Response

COVID-19 introduced unprecedented safety and business challenges across the world. Carpenter Technology recognized these risks and moved quickly to protect the health and safety of our employees and their families.

Our response to the pandemic has been recognized as best practice for manufacturing facilities and was featured in a webinar hosted by the National Safety Council.

Our COVID-19 Task Force, formed in March 2020, focused on three priorities:

1. **Enacting and implementing policies and procedures to create a safe working environment, including:**
   - Requiring remote work when possible.
   - Creating modular structures, or “pods,” within our facilities to ensure minimal contact between employees, enhanced cleaning efforts and air gaps between shifts.
   - Establishing self-reporting criteria with isolation protocols.
   - Defining contact tracing procedures to monitor and prevent potential outbreaks onsite.
   - Compensating employees who were not permitted onsite due to potential exposure.
   - Providing onsite rapid testing for employees.

2. **Effective and frequent communications to all employees:**
   - The Task Force has utilized multiple channels, including a dedicated website to house all our COVID-19 resources, allowing employees to quickly and easily access health and safety information.

3. **Monitoring each site and the macro environment to proactively identify and address new issues:**
   - The Task Force is a dedicated, cross-functional team that meets daily to monitor the overall health of our employees and the operation of our sites. In addition, the Task Force monitors and responds quickly to government orders and regulations where we operate.

Through these actions, we prevented widespread infection among our employees. We remained fully operational during the worst of the pandemic, serving our customers and ensuring the reliability of the supply chain for critical industries. Our response demonstrated that we are able to adapt in challenging times to remain resilient and reliable to our many stakeholders.

**COVID-19 Food Bank Donations**

The COVID-19 pandemic resulted in economic and financial hardships, including food insecurity. To help address this issue, Carpenter Technology provided financial support to food banks in the communities where we operate.

Carpenter Technology donated more than $100,000 to 26 food banks globally.
Diversity, Inclusion & Belonging at Carpenter Technology

Carpenter Technology’s employees have always been our greatest asset: our success is built on the different backgrounds, experiences, and perspectives of a global team. Our commitment to diversity, inclusion, and belonging is woven into our Core Value of dignity and respect. Carpenter Technology’s policies require that everyone is treated equally regardless of their race, age, gender identity, different physical and mental abilities, military status, creed, or sexual orientation. By embracing our diverse perspectives, we accelerate the creation of innovative solutions that deliver value to our customers.

In 2020, Carpenter Technology established the Diversity, Inclusion, and Belonging (DIB) Committee, responsible for fostering and facilitating discussions, and engaging our workforce on DIB-related matters. The Committee crafts actionable solutions for meaningful change across the organization. Training for all employees is planned for 2022, focusing on inclusion in the workplace.

Diversity in the Workplace

To better understand our employee population and identify opportunities to be even more inclusive and foster a greater sense of belonging, Carpenter Technology collects and analyzes self-reported diversity information.

US Employee Diversity Demographics

<table>
<thead>
<tr>
<th>Race / Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>WHITE / CAUCASIAN</td>
<td>84.4%</td>
</tr>
<tr>
<td>HISPANIC / LATINO</td>
<td>7.2%</td>
</tr>
<tr>
<td>AFRICAN AMERICAN / BLACK</td>
<td>5.5%</td>
</tr>
<tr>
<td>ASIAN</td>
<td>1.3%</td>
</tr>
<tr>
<td>OTHER*</td>
<td>1.5%</td>
</tr>
</tbody>
</table>

Military Connection

We are proud that 10% of our U.S. workforce has a military background or experience. We are a military-friendly and supportive employer who fosters an attitude of gratitude towards, and a sense of belonging for, our veterans, active reservists, and the many employees who have veterans or active reservists in their families.

Training & Development

Carpenter Technology is rooted in a culture of continuous improvement. Central to this culture is our ability to attract, retain, and develop the best possible talent.

Employees participate in twice-yearly performance reviews involving a self-evaluation and a manager evaluation. We encourage leaders and employees to have regular career development and feedback sessions with their teams.

Our online learning management system offers employees continual learning and development opportunities through training, professional skills, leadership and management, and wellness courses. We also offer professional certifications such as Lean and our Laboratory Machinist Apprenticeship Program.

Since January 2020, our employees have voluntarily completed nearly 13,000 professional skills and leadership-related courses.

*Other includes: American Indians & Alaska Natives, Native Hawaiians & Other Pacific Islanders, people who identify as two or more races, and those who choose not to answer.
Compensation, Benefits & Employee Recognition

Our total rewards philosophy recognizes that future growth requires the dedication and efforts of our employees for the long term. Carpenter Technology offers an attractive mix of rewards and recognition, competitive salary, and benefits package. The following programs are available to our employees:

• Comprehensive Medical Benefits
• Tuition Reimbursement
• Employee Assistance Program: Carebridge
• 401(k) Retirement Plan
• Paid Parental Leave

A list of our employee benefits can be found here.

Carpenter Technology Impact Awards

Carpenter Technology celebrates and recognizes employees who actively demonstrate our Core Values through the annual Impact Awards. Awardees are able to choose an organization they would like to support with a monetary donation from Carpenter Technology.

Since 2017, awardees have given over $400,000 to more than 40 local community organizations.

Employee Engagement

Carpenter Technology strives to have a workforce that is fully engaged, embraces our Core Values, takes pride in the Company, and is energized about the Company’s future. This mindset drives higher morale and job satisfaction, better retention, and improved financial outcomes.

To further this vision, we regularly conduct our employee engagement survey. The 2020 employee engagement survey included responses from 73% of employees. Carpenter Technology’s safety program received the highest ratings with more than 80% responding favorably, 12% over the benchmark for global manufacturing.

• **CALC**<sup>CCT</sup>: Our Reading, PA, employees participate in our hands-on, work-simulated Carpenter Applied Learning Center Critical Thinking (CALC<sup>CCT</sup>) modules to develop skills related to risk identification, judgment, problem solving, decision making, and nonstandard events.

• **Supervisor Academy**: This program provides collaborative, hands-on training in critical initiatives, including Safety and Lean Manufacturing. The highly interactive modules stress our Core Values with the goal of creating best-in-class leaders. Since September 2020, over 120 employees have participated in the program.
Community Engagement

Carpenter Technology is dedicated to the communities in which we live and work. We have a responsibility to play an active role in bettering our communities by providing financial support and encouraging employee volunteerism through our Carpenter Cares program.

United Way

Carpenter Technology’s relationship with United Way is central to our community engagement. Our involvement with United Way extends beyond our time and monetary contributions, with many Carpenter Technology employees serving as leaders within United Way. Highlights from 2019 include:

- More than 350 employees volunteered more than 2,000 hours to community projects.
- Employee giving to United Way, Berks County, PA (where our Reading, PA, facility is located): $860,000

$10M+ has been donated to the United Way, Berks County since 2006 by Carpenter Technology & employees.

Support for Cybersecurity Education

Carpenter Technology partners with Reading Area Community College (RACC) to support nontraditional students pursuing a career in cybersecurity. We provide funding for students pursuing the CompTIA Security+ Certification Training, a value of $800 per student. This certification is a globally recognized industry standard, certifying baseline cybersecurity skills.

While providing students career options, it also helps companies address an ever-growing need for cybersecurity professionals. We are expanding this support into other communities where we operate, including Calhoun Community College in Athens, Alabama.

Examples of Corporate Giving 2020

| VARIOUS CHARITIES THROUGH IMPACT AWARDS | $110,000 |
| COVID-19 FOOD BANK DONATIONS            | $100,000 |
| BROAD STREET MINISTRY, PHILADELPHIA, PA  | $30,000  |
Board Composition & ESG Management

Carpenter Technology is committed to maintaining strong and effective corporate governance practices to deliver shareholder value and maintain accountability and responsiveness to our stakeholders. Our Board of Directors comprises ten directors, of which nine are independent, with one, our President and Chief Executive Officer, being an employee director. The roles of Chairman of the Board and Chief Executive Officer are split into two separate positions, which allows our Chief Executive Officer to concentrate on operational and strategic issues while the Chairman focuses on governance and Board leadership. In addition, our Board regularly meets in executive sessions, without management, to facilitate communication among independent directors.

Our Directors have diverse backgrounds, skills and experiences, and a track record of driving long-term value, as well as a deep understanding of our business. The skill set of our current Board is broad and diverse, with experience in operational manufacturing, finance, strategy, international, R&D and innovation, as well as CEO experience and key industry experience. Additionally, 30% of our Board members are women or ethnically diverse. Further information on our current Board members, including Committee roles, can be found on pages 12-17 of our 2021 Proxy Statement.

ESG Governance & Oversight

Our Board of Directors maintains overall responsibility for ESG governance at Carpenter Technology. Our Board and its committees oversee ESG-related aspects of our corporate strategy, plans of action, management policies, and performance objectives. The Board and its committees work closely with management to ensure that the Company is properly addressing ESG considerations, including in the Company’s overall business strategy. As our Company continues to develop and execute its ESG plan and targets, our Board will continue to oversee our strategy and monitor the Company’s progress.

The Corporate Governance Committee (“CG Committee”) of the Board of Directors reviews and makes appropriate recommendations to the Board regarding the delegation of responsibilities to other Committees relating to ESG matters. The CG Committee reviews with management significant Company strategies and practices relating to sustainability, corporate responsibility and ESG matters in furtherance of the Company’s business strategy, Core Values and purpose. The CG Committee also reviews recent developments and best practices in the fields of sustainability, corporate responsibility and ESG matters that are identified by the Board, management or the CG Committee. Further, the CG Committee reviews relevant sustainability, corporate responsibility, and ESG publicly available reports involving the Company. The CG Committee makes recommendations to the Board regarding the foregoing as appropriate.

The Human Capital Management Committee (“HCM Committee”) of the Board of Directors reviews, reports and makes recommendations when appropriate on human capital management, diversity, equity and inclusion, talent management and retention, and corporate social responsibility.

ESG Steering Committee

The ESG Steering Committee includes functional and business leaders who ensure the Company’s sustainability strategy is aligned across the enterprise and define annual and midterm targets that inform our public reporting. The Steering Committee meets quarterly and reports progress to the Company’s Leadership Team. The ESG Steering Committee, which reports to Carpenter Technology’s President and Chief Executive Officer, includes the Company’s Senior Vice President and General Counsel; the Vice President and Chief Human Resources Officer; the Vice President of Corporate Environmental, Health & Safety, and Security; and the Vice President of Corporate Development and Investor Relations. The ESG Steering Committee monitors and drives execution of the ESG strategy across the Company’s various functions and business units.
Ethics & Compliance

**Employee Training**

We ensure our employees, management and Board of Directors act in accordance with the highest ethical standards and integrity as embodied in our Code of Business Conduct and Ethics. In addition, the Board of Directors has adopted a Code of Ethics for Carpenter Technology’s CEO and senior financial leadership.

All salaried, full-time employees receive annual ethics and compliance training on the Code of Business Conduct and Ethics, including topics such as anti-corruption, trade compliance and sexual harassment. In addition to the formal compliance program, the Board encourages management to continuously promote a corporate culture that understands and is committed to risk management and incorporates business integrity into Carpenter Technology’s overall corporate strategy, business and day-to-day operations.

Our Code of Business Conduct and Ethics applies to all employees including management, executives, and our Board of Directors. However, we also expect our customers, suppliers and vendors to comply with the ethical standards and integrity embodied in our Code of Business Conduct and Ethics.

**Code of Conduct Training FY 2021**

96% of salaried employees completed the training.

**Compliance Reporting**

To encourage compliance with our ethical standards, Carpenter Technology maintains EthicsPoint®, an anonymous, third-party electronic reporting system and telephone hotline available 24 hours a day, 7 days a week, in multiple languages.

Concerned employees can file reports or complaints about possible ethical violations, including ESG-related matters, without fear of identification or retaliation. Carpenter Technology investigates all such reports. The Company takes such reports seriously and endeavors to respond to complaints within 48 hours. In 2020, we received 27 reports.

**Cybersecurity & Risk Management**

As cybersecurity risks continue to affect businesses globally, Carpenter Technology understands protecting our information, data and systems is of critical importance. In order to identify potential risks, Carpenter Technology engages outside resources to perform 24/7 threat monitoring and incident handling as well as perform yearly penetration testing to identify weaknesses and test threat monitoring. Carpenter Technology developed and implemented a Cybersecurity Incident Response Plan based on the National Institute of Standards and Technology (NIST) Cybersecurity Framework to help ensure the Company can quickly respond to potential cybersecurity attacks.

We also understand that education is a valuable tool to fight cybercrime and, beginning in 2019, we launched a Cybersecurity Awareness Campaign to ensure all employees understand the risks, recognize threats, and respond appropriately to potential cybersecurity attacks. Employees receive web-based training twice monthly on topics such as phishing, ransomware, and data security. Since the launch of the Cybersecurity Awareness Campaign, employee click-rate on phishing e-mails has consistently benchmarked better than peers in the same industry, location, and employee size.

The Audit/Finance Committee of the Board of Directors oversees the Company’s risk management program, including information security. The Company’s Board of Directors is also regularly briefed on Carpenter Technology’s cybersecurity risks and mitigation efforts.

*EthicsPoint is a registered trademark of NAVEX Global, Inc.*
### SASB Table

#### Sustainability Accounting Standards Board Index

This table provides the Sustainability Accounting Standards Board (SASB) Sustainability Disclosure Topics & Accounting Metrics for the Iron & Steel Producers Industry.

#### Table 06

<table>
<thead>
<tr>
<th>TOPIC</th>
<th>ACCOUNTING METRIC</th>
<th>CATEGORY</th>
<th>UNIT OF MEASURE</th>
<th>2019 DATA</th>
<th>CODE</th>
<th>DISCUSSION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Greenhouse Gas Emissions</strong></td>
<td>Gross Global Scope 1 emissions, Percentage covered under emission-limiting regulations</td>
<td>Quantitative</td>
<td>Metric Tons (t) CO₂e</td>
<td>298,055</td>
<td>EM-IS-110a.1</td>
<td>Short-term is verification of data; this is expected to be completed in 2021, for historical data, then continue quarterly. In process of identifying best practices to reduce GHG intensity, with long-term plan to systematically set target based on analysis of sources and energy usage.</td>
</tr>
<tr>
<td><strong>Air Emissions</strong></td>
<td>Air emissions of the following pollutants: CO, NOx (excl. N2O), SOx, PM, MnO, Lead, VOCs, PAHs</td>
<td>Quantitative</td>
<td>Metric Tons (t)</td>
<td></td>
<td>EM-IS-120a.1</td>
<td></td>
</tr>
<tr>
<td><strong>Energy Management</strong></td>
<td>1. Total energy consumed</td>
<td>Quantitative</td>
<td>Gigajoules (GJ)</td>
<td>8,198,266.53</td>
<td>EM-IS-130a.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Percentage grid electricity</td>
<td>%</td>
<td>32.9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Percentage renewable</td>
<td>%</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Water Management</strong></td>
<td>1. Total fresh water withdrawn</td>
<td>Quantitative</td>
<td>Thousand cubic meters (m³)</td>
<td>1,996.93</td>
<td>EM-IS-140a.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Percentage recycled</td>
<td>Percentage (%)</td>
<td>0%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Percentage in regions with high or extremely high Baseline Water Stress</td>
<td>Percentage (%)</td>
<td>0.05%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Waste Management</strong></td>
<td>1. Total recordable incident rate (TRIR)</td>
<td>Quantitative</td>
<td></td>
<td>1.21</td>
<td>EM-IS-150a.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Fatality rate</td>
<td></td>
<td>0</td>
<td></td>
<td>EM-IS-320a.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Near miss frequency rate (NMFR)</td>
<td></td>
<td>4.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Workforce Health &amp; Safety</strong></td>
<td>1. Total recordable incident rate (TRIR)</td>
<td>Quantitative</td>
<td></td>
<td>1.21</td>
<td>EM-IS-320a.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Fatality rate</td>
<td></td>
<td>0</td>
<td></td>
<td>EM-IS-320a.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Near miss frequency rate (NMFR)</td>
<td></td>
<td>4.90</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supply Chain Management</strong></td>
<td>Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues</td>
<td>Discussion and Analysis</td>
<td>N/A</td>
<td></td>
<td>EM-IS-430a.1</td>
<td></td>
</tr>
</tbody>
</table>

#### Notes

- The Sustainability Accounting Standards Board Index table includes data from all manufacturing and distribution sites. Data from all leased office spaces (including service centers) were not reported.
- The reported greenhouse gas emissions do not include hydrofluorocarbons emissions at any locations or emissions from all sources at all leased office spaces (including service centers). The Global Warming Potential values used by Carpenter are from the Intergovernmental Panel on Climate Change (IPCC) Fourth Assessment Report.
- While we do not currently use renewable energy, we use nuclear, which is carbon-free. In 2019, Carpenter Technology used 2,236,060.18 GJ of energy sourced from nuclear power (27.2% of the total), resulting in prevention of 346,346 metric tons of CO₂ emissions.
- While we do have cooling water towers, we are currently investigating potential to track recycled water.
- Total fresh water withdrawn includes both well water supplied by our own wells and water provided by a public utility.
- According to the SASB standard, those materials that Carpenter Technology recycles (including byproducts from the steel-making process), are considered waste. In 2019, Carpenter recycled 22,562.07 MT of material and generated 6,891.26 MT of waste that went for disposal. Carpenter generated 347 MT of hazardous waste in 2019.
- “This was calculated by adding near misses and property damage events, then multiplying by 200,000 and dividing by total hours worked.”

#### Metrics

- **Raw Steel Production**
  - Metric Tons (t) 138,831
  - Percentage (%) 0
- **Total Iron Ore Production**
  - Metric Tons (t) N/A
- **Total Coking Coal Production**
  - Metric Tons (t) N/A
- **Energy Management**
  - Gigajoules (GJ) 8,198,266.53
- **Water Management**
  - Thousand cubic meters (m³) 1,996.93
- **Waste Management**
  - Metric Tons (t) 29,659.33
- **Workforce Health & Safety**
  - Total recordable incident rate (TRIR) 1.21
- **Supply Chain Management**
  - Discussion and Analysis N/A

#### Data Source

- Data from all leased office spaces (including service centers) were not reported. Data from all manufacturing and distribution sites were included in the table.
This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on expectations and assumptions that we believe to be reasonable when made, but that may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties and changes in circumstances that are difficult to predict. The most significant of these uncertainties are described in Carpenter’s filings with the Securities and Exchange Commission, including its report on Form 10-K for the year ended June 30, 2021, and the exhibits attached to that filing. They include, but are not limited to, statements relating to environmental, social and governance matters, our future plans, business prospects, financial condition and results. Carpenter Technology undertakes no obligation to update or revise any forward-looking statements.