

CARPENTER TECHNOLOGY CORPORATION CLAWBACK POLICY

The Compensation Committee of the Board of Directors (the “Compensation Committee”) of Carpenter Technology Corporation (the “Company”) believes it is prudent to create and maintain a culture that emphasizes integrity and accountability and to adopt a detailed and stringent recovery policy that prevents certain executive officers and employees from retaining incentive-based compensation and awards that were not truly earned. The Compensation Committee has adopted the following Clawback Policy (the “Policy”), effective as of July 18, 2018.

Administration

The Policy shall be administered by the Compensation Committee. Any determination made by the Compensation Committee shall be made and taken by a vote of a majority of its members and shall be final and binding on all affected individuals.

The Company shall conform the terms of future compensatory contractual arrangements entered into on or after the effective date of this Policy with executive officers to be consistent with the terms of this Policy.

Covered Executives

This Policy applies to the Company’s current and former executive officers and employees who are at “Salary Grade 22 or above.”

Incentive Compensation

For purposes of this Policy, “Incentive Compensation” means any of the following, provided that such compensation is granted, earned or vested based wholly or in part on the attainment of financial reporting measures which are based on accounting principles used in the Company’s financial statements and any measures derived therefrom, the Company’s stock price, or the Company’s total shareholder return:

- (a) Annual bonuses and other short-or long-term cash incentives;
- (b) Stock options;
- (c) Restricted stock grants;
- (d) Restricted or performance-based stock units; and
- (e) Any other equity or cash award that is based on financial performance measures, as determined by the Compensation Committee from time to time.

Recovery Event

This Policy will be triggered if the Company is required to prepare an accounting restatement of its financial results due to material noncompliance with financial reporting requirements (other than due to a change in applicable accounting rules or interpretations) (a “Restatement Event”) and the Covered Employee’s fraudulent behavior, material misrepresentation or willful misconduct caused or contributed to false or incorrect financial reporting which resulted in the Restatement (a “Responsible Covered Employee”).

In the event of a Restatement Event, the Compensation Committee may, in its sole discretion, recover Incentive Compensation related to the period for which the Restatement Event occurs received by a Responsible Covered Employee. For purposes of this Policy, Incentive Compensation is received in the fiscal period in which the financial reporting measure is attained, even if the compensation is not actually paid until a later date and the compensation is payable subject to additional service-based or non-financial-based vesting conditions after the period ends.

Amount Recovered

In the event of a Restatement Event, the amount to be recovered will be the excess of the Incentive Compensation paid to the Responsible Covered Employee based on the erroneous data in the original financial statements over the Incentive Compensation that would have been paid to the Responsible Covered Employee had it been based on the data in the restated financial statements resulting from the Restatement Event, together with interest on such excess paid in cash (or interest on the proceeds from the sale of any equity securities received as excess compensation), determined using the applicable federal rate (the “Excess Compensation”). If the Excess Compensation was paid in shares of the Company’s equity securities, the Excess Compensation shall be equal to the number of shares received as Excess Compensation or if such equity compensation had been sold in an arm’s length transaction by the Responsible Covered Employee, the proceeds of such sale. The amount of Excess Compensation shall be determined without regard to any taxes paid by or withheld from the wages of the Responsible Covered Employee on such Excess Compensation. If the Compensation Committee cannot determine the amount of the Excess Compensation received by the Responsible Covered Employee directly from the information in the Restatement Event, the Compensation Committee will make its determination based on a reasonable estimate of the effect of the Restatement Event.

Method of Recovery

The Compensation Committee may seek to recover any Excess Compensation paid to a Responsible Covered Employee through one of the following methods, as selected by the Compensation Committee:

- (a) reimbursement of the amount of an affected cash payment received as Excess Compensation;
- (b) recovery of the gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any affected equity-based award received as Excess Compensation;

(c) offset of the Excess Compensation from any compensation otherwise owed to the Responsible Covered Employee by the Company;

(d) cancellation of an affected equity award received as Excess Compensation, whether vested or unvested; or

(e) any other remedial and recovery action permitted by law, as determined by the Committee.

If the Compensation Committee determines to seek recovery of Excess Compensation, it shall make a written demand for repayment from the Responsible Covered Employee and, if the individual does not tender timely repayment in response to such demand, the Compensation Committee may seek a court order against the individual for such repayment.

No Indemnification

The Company shall not indemnify any Responsible Covered Employee against the loss of any incorrectly awarded Incentive Compensation.

Amendment or Termination

The Compensation Committee may amend this Policy from time to time in its discretion. The Compensation Committee may terminate this Policy at any time.

Other Recoupment Rights

The Compensation Committee intends that this Policy will be applied to the fullest extent of the law. The Compensation Committee may require that any employment agreement, equity award agreement or similar agreement entered into on or after the effective date of this Policy shall, as a condition to the grant of any benefit thereunder, require a Responsible Covered Employee to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company pursuant to the terms of any similar policy in any employment agreement, equity award agreement or similar agreement and any other legal remedies available to the Company.

Successors

The Policy shall be binding and enforceable against all Responsible Covered Employees and their beneficiaries, executors, administrators and other legal representatives.