Advancing

CABOT CORPORATION
SUSTAINABILITY REPORT UPDATE
2013/2014
About Cabot

**Cabot Corporation** Cabot Corporation is a leading global specialty chemicals and performance materials company headquartered in Boston, USA. Cabot delivers performance solutions that solve customers' challenges today and prepares them to meet tomorrow's needs. Our businesses deliver a broad range of products and solutions to customers in every corner of the globe, serving key industries such as transportation, infrastructure, environment and consumer.

We are a business-to-business company with 43 manufacturing facilities in 21 countries, 8 research and development facilities and 23 sales offices. In fiscal year 2013, we had sales of $3.5 billion and employed approximately 4,600 people worldwide.

**CABOT BUSINESS MODEL**

**REINFORCEMENT MATERIALS** Our Reinforcement Materials segment is a global leader in the manufacturing of top-quality rubber blacks for increasingly high performing and energy-efficient tires and specialized industrial rubber products. We bring years of experience and the industry's best talent to meet our customers' needs.

**PURIFICATION SOLUTIONS** Our Purification Solutions segment is one of the world's leading producers of activated carbon products and equipment systems, which are used to purify water, food ingredients, industrial air emissions, pharmaceuticals and more. Cabot produces over 150 different types of activated carbon, enabling us to offer the most precise fit and best performance for any application.

**PERFORMANCE MATERIALS** Our Performance Materials segment offers customized solutions that move our customers’ products forward. Our global applications development network stands ready to guide customers to the right product for their needs, whether it is specialty carbons, compounds, masterbatches or fumed metal oxides.

**ADVANCED TECHNOLOGIES** Our Advanced Technologies segment produces durable inkjet colorant dispersions for home, office and commercial printing; versatile aerogel for wide-ranging insulative applications; game-changing elastomer composites; and sustainable cesium formate products for oil and gas drilling.

**CABOT LABS** Our scientists, engineers and researchers work together to nurture ideas, experiment with new approaches, and help our customers create the next breakthrough innovation. Our new product development area expands regularly and focuses on the latest technologies, while scouting the next innovation and upcoming industry trends. Some of our latest work involves using graphenes to help meet our customers' sustainability challenges.
I am pleased to present the update to our 2012-2013 Sustainability Report, "Advancing." This update highlights our progress on key performance areas through calendar year 2013. You'll read about such things as the innovations we've introduced to help our customers solve some of their technical and industry challenges; advancements in our own process innovations; progress toward our environmental, health and safety goals; and our efforts to support Cabot communities on a global level.

In the spirit of transparency, this report reflects the first full year of ownership of our Purification Solutions segment. We acquired Norit in July 2012, which includes seven wholly-owned manufacturing plants. These sites significantly expanded our global manufacturing footprint. With this expansion, it is difficult to get a clear sense of Cabot's year-over-year performance in certain safety and environmental metrics. Our 2011 data includes what we call our legacy businesses, including Reinforcement Materials, Performance Materials and Advanced Technologies. Our 2012 data includes 12 months from our legacy businesses, along with annualized data from the Purification Solutions facilities. Our 2013 data reports on a full year from all our businesses. Given these differences, some year-over-year changes in metrics may be due to Cabot's performance, while others may be attributed to Cabot's expanded global footprint. In this report, we have attempted to clarify the basis for these changes where possible.

Looking ahead, we are undergoing a complete evaluation of our sustainability goals and objectives. In the near future, we will examine specific goals to measure our progress on reducing water usage, as well as our progress on emissions reductions beyond greenhouse gases (GHGs).

I am proud of the progress our company is making in sustainability. I hope you enjoy reading our report, and I invite you to contact us with your feedback.

Regards,

Martin O'Neill, Senior Vice President
Cabot Corporation
Two Seaport Lane, Suite 1300
Boston, MA 02210 USA
+1 617 345 0100

ABOUT THIS REPORT
This report presents Cabot's sustainability activities and relevant data from January 2013 through December 2013. All data is reported on a calendar year basis. However, financial data is reported for Cabot's fiscal year 2013, which began October 1, 2012 and ended September 30, 2013. Additionally, certain community projects that we have been involved with in 2014 are discussed.

This report includes information from all wholly-owned Cabot operations, which includes all manufacturing locations, major administrative and regional headquarters and affiliated manufacturing locations in which Cabot has operational control and a greater than 50% ownership interest. Information is not included for small sales/technical service offices, leased warehouse space managed by a third party, and an unmanned marine terminal.

We have developed and used a variety of systems across our sites to ensure the data provided in this report is consistent and accurate. These systems include our sustainability reporting database, finance and human resources databases, safety and environmental incident tracking database, and greenhouse gas emissions data collection systems. All environmental data are determined by direct measurement or estimated by mass balance calculations. Internal processes and standards were used to evaluate the quality and accuracy of the collected data. Our annual greenhouse gas data is verified biannually by an independent third-party organization.
Statement  
from Patrick Prevost, President and CEO  
Cabot Corporation

I am pleased to present the latest update on Cabot's Sustainability journey. Throughout our history, we have held the safety of our people, our neighbors and the protection of the environment as essential parts of who we are as an organization.

We have also recognized our responsibility to ensure a sustainable future goes beyond our site boundaries. We use our knowledge of particle science and materials to provide our customers with products that respond to our changing world and enhance the quality of life. Trends in population growth and increased mobility demand that products are created and operated more efficiently throughout the world. Resource limitations require innovations that provide our customers with clean water, better insulating materials and new ways to access hard-to-reach natural resources. Aging populations need pharmaceutical products that are purer and easier to ingest. Cleaner environments require products that efficiently remove pollutants from waste streams. The opportunities are endless, and the challenges to meet them are complex. Our broad global reach, market-leading products, and exceptional technical talent and service make us uniquely positioned to help our customers advance in their industries.

Our newest products demonstrate Cabot's strength as a sustainability partner. Our new carbon black materials are designed to help achieve greater fuel efficiency and material durability for tire applications. Our activated carbon products are being used to purify air emissions from coal-fired power plants and to provide clean water. Our high-performance cesium formate brine products provide an environment-friendly oil drilling and completion fluid, which is biodegradable and reclaimable. Our fumed silica products help manufacturers produce pharmaceutical products more efficiently and our recent work in graphenes enables advanced battery manufacturers to achieve superior cell performance.

Like our products, our own processes have to become more efficient, emit less and maintain a high degree of safety for our people and our neighbors. We are making progress on our goals to reduce greenhouse gases and energy intensity — goals that are designed to challenge our normal way of thinking about our facilities. We are employing new process technology in our carbon black plants that will increase the efficient use of our raw materials. We are implementing energy recovery projects that improve our efficiency and reduce others' reliance on fossil fuels.

We have also committed, through our agreement with the U.S. Environmental Protection Agency, to implement environmental controls that will reduce our emissions in the United States. Some of these controls have already been deployed in our newest facilities in China and Brazil. We believe these commitments and investments demonstrate our industry leadership in this area, while sending a strong signal to our customers that we are committed to helping them continue to grow their businesses over the long term.

We believe in being strong contributors to the communities where we operate. We have continued to focus on improving the competitiveness of our businesses through strategic expansions and acquisitions. We recently completed the construction of our new carbon black plant in Xingtai, China, and acquired our partner's equity stake in our Mexican carbon black manufacturing joint venture, NHUMO. These developments are a major step forward in our strategy to enhance Cabot's global presence in the carbon black industry, and strengthen our position in emerging and growing markets. Finally, an important part of our commitment will be to foster innovation, technology and customer centricity to grow all of our businesses sustainably. We are convinced that this is the way to create sustainable jobs for our employees and develop long-term value for our shareholders.

Our sustainability story has been dynamic, and marked by an ever-evolving set of conditions in how we do business. We hope this report gives you a clear view of our sustainability journey — one in which we detail our progress, and share our experiences and challenges with you.

Sincerely,

Patrick Prevost
Evolving Our Business

To deliver earnings growth through leadership in performance materials, we must continuously strengthen our businesses and operations.

In September 2013, we completed the construction of our manufacturing facility in Xingtai, China, which provides us with an additional 130,000 metric tons of annual capacity. With this addition, Cabot's overall carbon black manufacturing capacity in China increased by 25%. Through the use of state-of-the-art technology, we will be able to supply Cabot's ultra-reinforcing products, which are key materials in the production of high-performance tires for the Chinese and Asia-Pacific markets. In addition, we have invested heavily in advanced emissions control and energy efficiency technology to minimize our environmental footprint and simultaneously reduce energy consumption.

We also completed the acquisition of the equity stake owned by Grupo Kuo S.A.B. de C.V. in our Mexican carbon black manufacturing joint venture, NHUMO, S.A.de C.V., in November 2013. This strategic business will help us meet the growing demand for carbon black throughout North and South America by adding 140,000 metric tons of annual carbon black manufacturing capacity. Furthermore, this transaction will help strengthen our position in growing markets, expand our customer offerings, and create value for our shareholders.

In our Purification Solutions segment, we supply activated carbon solutions to some of the largest U.S. power utility companies. We also continue to win contracts to help these companies comply with environmental regulations that require utilities to reduce the quantity of air pollutants they release, such as the impending Mercury and Air Toxics Standards (MATS). With the MATS implementation date of April 2015 approaching, contracting activities for our activated carbon solutions are accelerating as shown by several key customer wins. Cabot has made significant investments to develop our new lignite mine in Texas to secure our feedstock supply. We believe these actions will help ensure Cabot continues to be the partner of choice for the coal-fired utilities industry in meeting these new regulations.
Leading Innovation

Innovation has played a critical role in our company’s success, and we recognize that innovation and technology are key drivers for sustainability. Our focus is to continuously improve what we do to support our customers, remain competitive, and contribute to a more sustainable society.

**Today, we are working on creating tomorrow’s opportunities.**

The world around us is rapidly evolving. To remain competitive, we must find new solutions to everyday problems, and meet our customers’ most demanding challenges. With a focus on value-driven innovation, we continually invest in the development and deployment of new products and services.

Our customers share our view on the importance of sustainability. End-market consumers are increasingly demanding better performing and more efficient products that are produced in a more sustainable manner. We work closely with our customers to help them achieve their business and sustainability goals by developing new products that reduce fuel consumption, improve water quality, increase performance, and minimize their environmental impact. Furthermore, our global research and development network gives our customers the full depth of our technical expertise, with local support to help them meet new challenges.

We are actively developing new products for a variety of applications including silicones, environmental solutions and insulation materials. We also continue to invest in technologies for applications such as high-performance tires, energy storage and toners. A number of our recently introduced products are for specialty applications related to our Performance Materials segment. For instance, the VULCAN® Xcmax™ family of superconductive specialty carbons is used in wire, cable and electrostatic dissipation with a range of performance well beyond that of conventional specialty carbon blacks. For printing, our ATLAS™ silica composite particles represent a new category of materials designed to greatly improve image quality and consistency of energy-efficient toners in digital printing devices.

**PROPEL™ PRODUCTS DELIVER LOWER ROLLING RESISTANCE AND GREATER DURABILITY FOR TIRES**

In February 2014, we launched two new carbon black products for tire tread applications that will create more value for our customers, while reducing impacts to the environment. PROPEL™ E7 carbon black is designed for fuel efficiency. It enables tires to achieve lower rolling resistance without sacrificing tire durability. PROPEL™ D11 carbon black is engineered to provide higher durability. It helps create tire treads that resist cutting, tearing and abrasion, and extends the useful life of a tire.
NEW TEST BED WILL ALLOW FOR FASTER INNOVATION IN COMMERCIAL PRINTING APPLICATIONS

Our Inkjet Colorants team has many great new ideas for the high-speed commercial printing market. However, testing these ideas has always been a challenge. Due to its large size, a typical commercial press can cost millions of dollars and use rolls of paper weighing as much as a ton. Given this, it has been difficult to install a commercial press for application development testing.

In November 2013, we installed a new test bed in Billerica, USA that is much smaller than a commercial press — but still produces realistic results. Along with creating a test bed, we have been developing formulations to test our capabilities so we can engineer and test both dispersions and inks. This work has advanced our material science understanding and product development for the business.

CABOT SHARES IDEAS WITH NOBEL LAUREATES THROUGH LINDAU INNOVATION FORUM

Customers value Cabot for our technical expertise. We go beyond just problem solving by bringing industry insights to our customers that are difficult to find elsewhere. We are involved in innovation discussions at a global level through our participation in the Lindau Innovation Forum in Lake Constance, Switzerland. This annual event brings together Nobel Laureates, international business executives, and some of the world's most accomplished graduate students to discuss ways to advance innovations that can have a major impact on modern society. Yakov Kutsovsky (left in photo), Cabot senior vice president and chief technology officer, attended last year's conference, in which participants held an open discussion on the concept of green chemistry and its applicability in the industry today and in the future. Cabot has elected to become a Lindau event sponsor to help support this type of global innovation dialogue.

CABOT DELIVERS KEYNOTE ADDRESS AT MAJOR INTERNATIONAL GRAPHENE CONFERENCE

Cabot Principal Scientist Dr. Angelos Kyrlidis gave the keynote address at IDTechEx Graphene LIVE! USA 2013, a major international graphene conference in California. This event, held in November 2013, covered the applications and latest technology developments of graphene — a performance-enhancing material that has high electrical and thermal conductivity and is mechanically strong. Cabot is working closely with its key customers to further validate these performance improvements, especially as they relate to energy storage, such as batteries and supercapacitors. Most recently, graphene products were added to Cabot's portfolio of LITX™ conductive additives for batteries.
We continue to make progress on reducing the energy needed to make our products. We have set a goal to reduce our energy intensity (the amount of energy needed to make a unit of product) by 10% by 2020 from our base year 2005. Through the end of 2013, we have achieved more than 40% of this goal. Our Fumed Metal Oxides business has already exceeded their 2020 energy-reduction goal by more than 25%, reducing the amount of energy needed to produce a metric ton of product to 34.6 gigajoules. In addition, our carbon black operations have realized more than 48% of their 2020 goal. These accomplishments have been achieved through continued implementation of operational excellence, introduction of more energy efficient production facilities and implementation of energy recovery processes. While we have realized significant decreases in our energy intensity in some businesses, the intensity associated with our mining operations has increased due to a decrease in output.

Our joint venture partners, neighboring facilities and the public utility grids also benefit from Cabot's energy improvements. By investing in state-of-the-art energy recovery facilities within our manufacturing plants, these groups are provided steam and electricity from the recovery of useful energy in our waste gases that would otherwise be lost. This reduces their need for fossil fuels to generate steam and electricity. In 2013, Cabot facilities provided more than 7.4 million gigajoules of energy to our partners through the recovery of energy from our waste gases.

Energy

We remain committed to reducing our impact on the environment through continuous improvement in our operations by developing and implementing programs, practices and guidelines within our businesses. Our current priorities include reducing our greenhouse gas emissions and energy intensity, as well as our overall environmental performance.

We remain committed to reducing our impact on the environment through continuously improving our operations by developing and implementing programs, practices and guidelines within our businesses. Our current priorities include reducing our greenhouse gas emissions and energy intensity, as well as our overall environmental performance.

**Energy Intensity**

<table>
<thead>
<tr>
<th>Year</th>
<th>Energy Intensity (GJ energy used/MT product)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>65.1</td>
</tr>
<tr>
<td>2012</td>
<td>63.1</td>
</tr>
<tr>
<td>2013</td>
<td>62.4</td>
</tr>
<tr>
<td>2020</td>
<td>58.6 (goal)</td>
</tr>
</tbody>
</table>

Our joint venture partners, neighboring facilities and the public utility grids also benefit from Cabot's energy improvements. By investing in state-of-the-art energy recovery facilities within our manufacturing plants, these groups are provided steam and electricity from the recovery of useful energy in our waste gases that would otherwise be lost. This reduces their need for fossil fuels to generate steam and electricity. In 2013, Cabot facilities provided more than 7.4 million gigajoules of energy to our partners through the recovery of energy from our waste gases.
Greenhouse Gases

Carbon dioxide (CO₂) is the primary greenhouse gas (GHG) emitted from Cabot's manufacturing facilities. Other GHGs, namely methane and nitrous oxide, are also emitted from Cabot's operations, but in lesser quantities. The other GHG emissions are released in extremely low quantities or not emitted at all and therefore are not discussed in this report. Collectively, the quantities of all three GHGs are reported as CO₂-equivalents (CO₂-e). GHG emissions were calculated according to the Greenhouse Gas Protocol established by the World Resources Institute and World Business Council for Sustainable Development. Data was compiled by corporate databases and from surveys of Cabot facilities. Cabot's GHG data collection systems, methodology, calculations and quality assurance processes are verified biannually by a third party to ensure an accurate accounting of our GHG emissions.

Total CO₂-e emissions from our manufacturing, research and administrative facilities for calendar year 2013 were 4.44 million metric tons, a 6% increase over 2012 levels. This number is higher due to the full-year inclusion of emissions from our seven Purification Solutions manufacturing facilities. A more consistent year-over-year comparison can be seen across our carbon black facilities, which represent Cabot's largest business. At these sites, Cabot achieved a 1% decrease in actual GHG emissions in 2013, despite increasing our product output by 1% during the same period.

As total volumes vary from year to year, a more useful emissions performance measure is GHG intensity. This metric provides more clarity on how a company is actually managing its emissions. We calculate this by normalizing our total GHG emissions in metric tons to the corresponding amount of our products produced in metric tons. In 2013, our total (direct plus indirect) GHG intensity increased 2% over 2012 levels, to 2.39 MT CO₂-e/MT product. This increase is attributable to the inclusion of the Purification Solutions sites. Excluding these sites, Cabot decreased its total GHG intensity by 1%, to 2.19 MT CO₂-e/MT product, which represents over 40% of our 2020 goal.

As we learn more about the activated carbon manufacturing process, we anticipate developing process improvements and identifying efficiencies that will help us decrease our carbon footprint from our activated carbon manufacturing operations. We are in the process of integrating the Purification Solutions segment into our long-term GHG strategy and goal. Cabot’s current GHG reduction goal, which was established prior to the acquisition of our activated carbon business, is to achieve a 20% reduction in total GHG intensity by 2020, using 2005 as our baseline year. Through 2013, we have realized 30% of our goal, inclusive of Purification Solutions. We are eager to continue strengthening our emission reduction efforts so that we may continue to make strides toward our goal in coming years.

In addition, as noted in the Energy section, our production of electricity and steam helps offset GHG emissions that would otherwise be generated to meet the needs of our joint venture partners, neighboring facilities and the public utility grids. In 2013, the energy we supplied offset more than 410,000 metric tons of CO₂-e of GHG emissions from their facilities, which is equivalent to about 10% of our total emissions.

<table>
<thead>
<tr>
<th>GHG Emissions (million MT of CO₂-e)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.29</td>
</tr>
<tr>
<td>3.84</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GHG Intensity (MT of CO₂-e / MT of Production)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.16</td>
</tr>
<tr>
<td>2.09</td>
</tr>
</tbody>
</table>

* with Purification Solutions
Environmental Progress

Waste

We generated approximately 480,000 metric tons of waste in 2013, of which 77% (370,000 metric tons) was classified as hazardous and 23% (110,000 metric tons) was classified as non-hazardous. Compared to 2012, the total amount of waste decreased 23% and the total waste intensity (i.e., metric ton of waste generated per metric ton of product produced) decreased 24%. The large drop in waste generation can be partly attributed to the successful implementation of a multi-year plan to reduce hazardous waste at our Tuscola, USA fumed silica facility.

### Hazardous Waste Generation

<table>
<thead>
<tr>
<th>Year</th>
<th>Hazardous Waste Total (million MT)</th>
<th>Hazardous Waste Intensity (MT/MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.40</td>
<td>0.22</td>
</tr>
<tr>
<td>2012*</td>
<td>0.42</td>
<td>0.23</td>
</tr>
<tr>
<td>2013*</td>
<td>0.37</td>
<td>0.20</td>
</tr>
</tbody>
</table>

* with Purification Solutions

### Non-Hazardous Waste Generation

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Hazardous Waste Total (million MT)</th>
<th>Non-Hazardous Waste Intensity (MT/MT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>0.07</td>
<td>0.07</td>
</tr>
<tr>
<td>2012*</td>
<td>0.11</td>
<td>0.11</td>
</tr>
<tr>
<td>2013*</td>
<td>0.11</td>
<td>0.06</td>
</tr>
</tbody>
</table>

### 2013 Hazardous Waste Disposal Methods

- Deep Well Injection: 98.5%
- Re-use/Recycling/Recovery: 1.1%
- Other Methods: 0.4%

### 2013 Non-Hazardous Waste Disposal Methods

- Re-use/Recycling/Recovery: 8.2%
- Landfilling: 88.1%
- Incineration/Other Methods: 0.5%
- Use as Fuel: 3.2%
Water Consumption and Discharge

In 2013, Cabot facilities used 50.3 million cubic meters of water obtained from a variety of sources, including surface water, private or public water supplies, or water extracted from the ground. Our manufacturing facilities use water for reactor quenching, pelletization of products, equipment cooling, steam activation of carbon, product washing and air pollution control. While our actual water consumption increased in 2013 by a negligible amount from the previous year, the amount of water needed to produce our products decreased by 3%. In our Reinforcement Materials, Performance Materials and Advanced Technologies segments, we recognized reductions of more than 10%. We achieved this through water-use reductions and increased water recycling.

In cases where we are not able to recycle water, our wastewater is discharged in accordance with applicable permit requirements and/or local regulations. Approximately 39 million cubic meters of wastewater were released in 2013, which is 1.8% greater than in 2012. Despite the increase in wastewater discharge volume, wastewater intensity (i.e., the amount of wastewater discharged per metric ton of product produced) decreased 2.3%, which is reflective of our improvements in using water resources more efficiently.

An example of where we have reduced water-use intensity is at our carbon black manufacturing facility in Ville Platte, USA. Large volumes of water are used for non-contact cooling as well as reactor quenching. Process water is obtained from two aquifers by a network of groundwater wells. Plant engineers developed a system to capture the once-through, non-contact cooling water and use the water for quenching. This process modification will enable the facility to reduce its wastewater effluent discharge by 67% and reuse nearly 600,000 cubic meters of water annually, conserving groundwater resources for the local community that also relies on groundwater for its potable water needs.

Over the last two years, Cabot embarked on a strategic water management plan aimed at identifying facilities that we consider priorities for improved water management practices. We are currently in the process of developing detailed water balances at each of these facilities to identify and execute water conservation and recycling projects. Our intent is to implement similar improvements at our other facilities, reducing our water demand globally wherever we do business.
Environmental Progress

Environmental Non-conformances and Expenditures

Our Drive to Zero initiative, which sets the goal of zero injuries across all Cabot operations, extends to the management of our environmental programs. Cabot facilities report and investigate all environmental non-conformance (ENC) events. We define an ENC as a reportable spill or release, a notice of violation, a deviation from a regulatory requirement or a public complaint. Each ENC is thoroughly investigated to determine the root cause and to implement corrective actions to minimize the possibility of future events. Monitoring ENCs enables us to be accountable for our environmental performance, share learnings throughout the company and prevent recurrence of incidents.

Our continued focus on environmental compliance has been extremely successful in minimizing ENCs over the past several years. The number of ENCs within the Cabot business segments, excluding Purification Solutions, has decreased by 47% in the last three years, from 30 ENCs in 2011 to 16 ENCs in 2013.

We are also tracking ENCs in the Purification Solutions segment since its acquisition in mid-2012. For calendar year 2013, that business segment recorded 236 ENCs for the full year, which is 4% higher than the 2012 annualized ENC count of 225. In response, we have developed a continuous improvement plan for the Purification Solutions facilities that is focused on infrastructure improvements that will drive compliance with permit conditions and prevention of spills and releases.

While Cabot paid fines totaling $89,500 for alleged air emission violations in 2013, we continue to invest in our facilities to improve environmental performance. In fiscal year 2013, we expended $22 million in our facilities and expect to spend $23 million in fiscal year 2014 related to these environmental investments.

Agreement with USEPA for Emissions Control

Cabot entered into an agreement with the U.S. Environmental Protection Agency (USEPA) and the Louisiana Department of Environmental Quality regarding our three carbon black manufacturing facilities in the United States. Cabot was the first carbon black manufacturer to settle with the USEPA to address growing concerns regarding emissions from the industry. The agreement covers nitrogen oxides, sulfur oxides and particulate matter emissions. As part of the agreement, Cabot paid $975,000 to the USEPA and the Louisiana Department of Environmental Quality in April 2014 and will also invest $450,000 toward approved environmental mitigation projects that will be focused on energy efficiency improvements in the communities where our three U.S. carbon black plants are located.

Cabot also committed to spend approximately $85 million over the next six years to implement advanced control technology and continuous emissions monitoring at the three sites. The implementation of these new controls will reduce our NOx emissions by 90% and our SO2 emissions by 95% at our Louisiana facilities, and reduce our NOx and SO2 emissions by over 50% at our Texas facility from the 2010 baseline.

Our continued investment in advanced control technologies for our U.S. carbon black plants will enable us to grow our business in North America and affirms Cabot’s leadership as a responsible carbon black manufacturer.

R&D Process Improvements for Sustainability

We continue to advance our manufacturing efficiency through research and development (R&D) efforts. Working to maximize the use of process energy, Cabot R&D is investigating technologies that will extract energy that is otherwise wasted and recover it, improving our energy and GHG intensities while realizing gains in product yield. Some of these technologies will produce additional benefits through the reduction of water use in the manufacturing process. The implementation of these technologies in the coming years will allow Cabot to continue to lead the industry, reducing our environmental footprint and support our customers’ sustainability goals.

Cabot Environmental Non-Conformances*

<table>
<thead>
<tr>
<th>Year</th>
<th>ENC Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>438</td>
</tr>
<tr>
<td>2012</td>
<td>240</td>
</tr>
<tr>
<td>2013</td>
<td>252</td>
</tr>
</tbody>
</table>

* Purification Solutions data estimated for 2011 and 2012
In 2013, a major safety focus for us has been implementing Cabot safety standards at all Purification Solutions sites. While the company’s total number of recordable incidents and lost-time cases increased slightly in 2013 over 2012 levels, Cabot achieved two important safety achievements last year. First, we are seeing meaningful progress with the Purification Solutions segment. The segment’s number of recordable incidents has declined, and we have seen a reduction in the number of severe injuries. Second, despite the challenges in integrating a new business, the entire Cabot organization continued to operate at world-class safety levels, as evidenced by injury rates that are better than our peer group companies.

Cabot has a strong internal safety, health and environment audit program in place. This program verifies that all manufacturing sites are in compliance with local regulations and Cabot standards as well as adopting best SH&E management practices.

To further improve our safety performance, we have put in place a number of steps to accelerate the overall long-term trend to reduce workplace safety incidents, including an assessment of our safety culture and the use of leading indicators at all sites.

Process Safety

An important measure of process safety performance is the number of process safety events (PSEs). We analyze root causes for PSEs so we can take actions to prevent future incidents. To increase our transparency, we have begun to report externally our PSEs, using the widely known Center for Chemical Process Safety (CCPS) definitions. The CCPS defines a PSE as a "release of material or energy from a process that resulted in injury, fire or explosion, or release of flammable, combustible or toxic chemicals." Based on the severity of an incident and other criteria, PSEs are subdivided into tiers to provide consistency in reporting and measuring performance across the chemical industry.

In 2013, Cabot facilities had zero Tier 1 and one Tier 2 PSEs.

### Process Safety Events

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCPS Tier 1 events</td>
<td>0/0</td>
<td>0/1</td>
<td>0/1</td>
</tr>
<tr>
<td>CCPS Tier 2 events</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Each process safety event is fully analyzed to understand its root cause. To help ensure incidents occurring at a given facility are not repeated at another, the analysis of each incident and the associated lessons learned and corrective actions taken are shared globally.
Setting the Standard for Safety

**CABOT NORTH AMERICA SITES EARN RESPONSIBLE CARE® CERTIFICATION**

In 2013, Cabot successfully completed Responsible Care 14001® certification audits at five U.S. locations, including Boston, Alpharetta, Ville Platte, Tuscola and Albuquerque. These audits were conducted by an independent third-party firm. With these audits, Cabot has achieved RC 14001® certification for all of its covered sites in North America. "This certification provides assurance to our business partners, shareholders and neighbors that we have the systems in place to sustain excellence in Safety, Health & Environmental (SH&E) performance over time," says Martin O’Neill, senior vice president, SH&E. "It is another verification for our customers, neighbors and regulators that our programs and employees are constantly working to improve our SH&E performance."

**CABOT ACHIEVES 10-YEAR SAFETY MILESTONES AT OUR MANUFACTURING FACILITIES IN INDONESIA AND EUROPE**

Two Cabot facilities recently completed 10 consecutive years without a recordable injury – our carbon black facility in Merak, Indonesia and our aerogel facility in Frankfurt, Germany.

**NEW CHINA FACILITY BUILT WITHOUT A SINGLE RECORDABLE INCIDENT**

In 2013, we opened our new carbon black facility in Xingtai, China. The Xingtai team worked together for a total of 3.3 million hours in building the plant, without incurring a single recordable injury. Patrick Prevost presented the Xingtai team with a "President's Club Award" for the achievement.

**RHEINFELDEN TEAM BUILDS INNOVATIVE HANDS-ON SAFETY TRAINING**

At Cabot’s fumed silica plant in Rheinfelden, Germany, the team greatly enhanced its life-critical standards training in 2013. The site leadership team brought in experts to lead sessions on fire extinguisher and confined space entry training. The Rheinfelden team also introduced a multi-faceted training platform that emphasizes hands-on learning over classroom discussions. "The best way to learn something is to actually do it," said Raj Ahuja, Cabot Fumed Metal Oxides operations director. "Our program in Rheinfelden is designed to help our people learn these standards in a very active and engaged way."
Elevating Talent

About Our People

Cabot employees are at the core of our business. Our customers often choose Cabot as a supplier because they know our people deliver consistently high-quality products and excellent customer service. Our customers trust the Cabot team to help them solve their toughest challenges today, and to help them prepare for growth tomorrow.

As of December 31, 2013, we employed 4,648 employees, nearly all of whom held permanent (99.1%) and full-time (98%) positions.

Where possible, we strive to hire employees from the communities where we operate. We believe we support the sustainability of a community by providing jobs to the people who live there. This practice also makes it easier for customers and suppliers to work with Cabot, and for our neighbors to build relationships with us. In the 2013 calendar year, we hired about 370 employees globally.

Talent Management

Evaluating Performance

Cabot's Performance Based Management (PBM) approach supports the company in achieving our long-term strategy and objectives while serving as an important component of our talent management philosophy.

The PBM approach is a continuous improvement process that is owned by managers and supported by the company's most senior leadership team. Managers are responsible for identifying the specific contributions their teams must make to the organization, while supporting their employees to help them achieve or exceed these expected results. As part of this process, managers are required to hold and document performance discussions twice per year. During 2013, leaders reported that they delivered a performance review to approximately 90% of employees.
Elevating Talent

TRAINING

We give our employees access to training and professional development programs. We want our people to develop their skills so they can excel in their current roles and prepare for even greater responsibilities in the future. We also provide training opportunities to our supervisors to help them become stronger leaders. Our belief is that when we help our people grow professionally, we help Cabot become a workplace of choice.

Cabot currently tracks training on a site-by-site basis. In 2013, our employees received an average of up to 36 hours of training, depending on their role in the organization.

<table>
<thead>
<tr>
<th>Average hours per employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative</td>
</tr>
<tr>
<td>Professional</td>
</tr>
<tr>
<td>Technical</td>
</tr>
<tr>
<td>Other</td>
</tr>
</tbody>
</table>

CODE OF BUSINESS ETHICS  We require all employees to participate in training annually on Cabot’s Code of Business Ethics, which is provided in the employee’s local language. The Code sets forth guidelines for how we conduct business as a company and is rooted in our shared Cabot Values. In 2013, we also required employees to complete an on-line training program concerning anti-corruption. These training sessions help ensure that Cabot employees operate with integrity, respect, excellence and responsibility.

CABOT LAUNCHES GLOBAL APPLICANT TRACKING SYSTEM

At Cabot, we understand that people have choices on where to apply their talents. When prospective employees apply for a job at Cabot, we want to create a positive experience for them. In 2013, we piloted a new global applicant tracking system that will help achieve this goal. The new system will keep applicants regularly updated on their status. It will also allow Cabot to make its internal processes more efficient and cost-effective. Cabot piloted this new system in the United States and China, and is planning to introduce it globally in 2014.

CABOT CHINA OPENS LIBRARY

The Cabot China library was officially opened in December 2013. With an initial book collection totaling 120, the books cover 16 categories, including economic management, chemistry and chemical engineering, history and culture, lifestyle and health. All Cabot employees are invited to read and borrow books from the library.
Fostering Communities

We believe giving our time, money and talent is an important part of our sustainability strategy and can make a positive impact on the communities in which we operate and live.

Giving our time, money and talent is an important part of our sustainability strategy and can make a positive impact on the communities in which we operate and live. Our corporate giving includes cash gifts from Cabot’s community groups and the Cabot Corporation Foundation, combined with volunteerism by our employees worldwide. From January 2013 through May 2014, we have given almost $2 million in charitable contributions through cash and in-kind donations.

Funding from the Cabot Corporation Foundation is provided to a diverse group of organizations focused on improving science and technology literacy, community improvement initiatives and health and human service programs. To ensure Cabot’s corporate giving is meaningful to employees at our various locations, a significant portion of the Foundation’s total giving is provided to organizations identified and sponsored by our facility general managers and/or site community relations teams. The organizations are typically ones with which the site has developed or is developing an ongoing relationship.

Many of our efforts are focused on inspiring young students to develop and sustain an interest in science, technology, engineering and math (STEM) subjects. This is a cornerstone not only for our business, but one that will help ensure future innovation and technology development.

Community Highlights

MUSEUM OF SCIENCE TRAVELLING PROGRAM AT THE CONDON SCHOOL

In February 2014, Cabot sponsored the Boston Museum of Science’s Traveling Program — Electromagnetism visit to the Condon Elementary School in South Boston, USA. More than 150 fourth-grade students participated in an engaging and electrifying live presentation facilitated by a science instructor. Using high-tech museum equipment, students explored voltage, current, resistance and the interrelationship between magnetism and electricity.

TIANJIN OPEN DAY & RESPONSIBLE CARE SUMMER CAMP

Cabot opened its doors to the local community in Tianjin, China during an Open Day event and Responsible Care Summer Camp that was organized with the Association of International Chemical Manufacturers. The events were held to help increase the public’s understanding of chemistry and chemical engineering enterprises, and helped foster a new image of the chemical industry. Students from four local universities, government officials, community members and media gained an understanding of Cabot’s products, businesses and corporate social responsibility achievements.
UMASS LOWELL – UTEACH PROGRAM

The Cabot Corporation Foundation provided funding to support the first UTEACH program in the New England area, at the University of Massachusetts Lowell campus. UTEACH is designed to give students majoring in STEM subject areas the opportunity to earn a STEM teaching minor with their bachelor's degree, as well as obtain an initial license to teach in those areas at the middle- and high-school level.

MÁUA FACILITY HOSTS COMMUNITY EVENT

In September 2013, Cabot hosted a community event in Máua, Brazil, to discuss the company's commitment to safety, health and the environment. The company introduced the site's new employees and talked about Cabot's environmental controls and social programs.

CITY YOUTH CENTER IN RHEINFELDEN, GERMANY

Last fall, the Cabot Corporation Foundation donated funds to create a new youth center in Rheinfelden, Germany. The center is supported by Cabot's local team. About 160 young people visit the center every weekend.

CABOT JIANGXI VISITS AICHENG ELDERLY NURSING HOME

Members of Cabot's Jiangxi, China facility visited the residents of the Aicheng Elderly Nursing Home in January 2014. The group spoke with residents about their care, and donated two washing machines to the nursing home.

NEW PLAYGROUND IN VALMEZ, CZECH REPUBLIC

The Cabot Corporation Foundation provided funds to the town of Valašské Meziříčí (Valmez), Czech Republic, for the construction of a new playground in the center of town. The funds were presented during a meeting between Cabot President and CEO Patrick Prevost and the Mayor of Valmez in September 2013. The playground will include an innovative game system designed to look like a pirate ship, which will encourage children to climb and spark their imaginations while enjoying the outdoors.

CABOT PROMOTES EMPLOYEE HEALTH AND WELLNESS WHILE SUPPORTING OUR COMMUNITIES

The Cabot Corporation Foundation works to provide employees with meaningful volunteer opportunities that instill a sense of pride and community engagement. In the last year, employees across the globe participated in various charitable health events, including the Pan-Mass Challenge, which supports the Jimmy Fund for cancer research (Boston, USA); the Susan G. Komen 3-Day Breast Cancer walk (Alpharetta, USA); the Pyreneen Challenge cycling event, which supported research relating to energy metabolic diseases (Botlek, the Netherlands); the American Diabetes Association cycling event (Alpharetta, USA); and the Icycle spinning event (Boston, USA), which raised funds to address homelessness in the Boston area.
Recognition and Awards

PATRICK PREVOST NAMED 2013 "RESPONSIBLE CEO OF THE YEAR"

In October 2013, Corporate Responsibility Magazine named Cabot CEO and President Patrick Prevost as one of five recipients of its 2013 "Responsible CEO of the Year" award. The annual awards are presented to CEOs across industries that visibly exceed standards in the areas of employee relations, environmental impact, human rights, philanthropy and corporate responsibility practices. In determining the winners, judges considered several dimensions, including the scope of the CEO's impact on their organization and community, the extent to which the CEO drove this initiative, and the individual reputation or professional risk taken by the CEO.

Since joining the company in 2008, Prevost has been focused on increasing the company's commitment to sustainability. Since then, Cabot has made significant process improvements and investments to its own manufacturing operations, and has introduced new products and technologies to help its customers be successful. With the acquisition of Norit in 2012, Prevost sought to reshape Cabot's product portfolio in a way that would allow the company to more powerfully participate in future sustainability-related growth. The acquisition enhances Cabot's portfolio with diversification into purification products and solutions to serve the world's rapidly growing need for clean air and water.

"I firmly believe responsibility goes beyond just our own manufacturing operations. At Cabot, we approach our social responsibility initiatives with a collaborative mindset and focus on product innovation, process safety, environmental excellence, operational efficiency and more to help drive us toward a more sustainable future," said Prevost. "I am honored by this recognition, which ultimately speaks to Cabot's increasing commitment to corporate responsibility and the hard work of our employees around the globe."

Cabot continues to increase its transparency as evidenced by its long-term greenhouse gas emissions targets, participation in the Carbon Disclosure Project, and the release of its Global Reporting Initiative™ certified sustainability report.

CABOT WINS TOP ICIS INNOVATION AWARD

Cabot earned the top innovation honor in the 2013 ICIS Innovation Awards program in October 2013. Cabot's aerogel was named the winner of "Best Overall Innovation" and "Innovation with the Best Environmental Benefit" for use in eco-friendly building and construction applications.

ICIS (Independent Chemical Information Services) is the world's largest petrochemical market information provider, with more than 30 years of experience in providing pricing information, news, analysis and consulting to buyers, sellers and analysts. The ICIS Innovation Award has been presented annually for the past decade.

The ICIS judging panel of leading industry experts recognized Cabot's use of open innovation and extensive collaborations to bring to market a technology that is poised to have a dramatic impact on improving energy efficiency, reducing carbon footprints and mitigating energy costs in buildings around the world. Cabot's aerogel technology is currently being used in a range of commercial and residential building and construction products including plasters, boards, day-lighting systems, tensile roofing and coatings. These aerogel-containing products are key enablers in meeting even the most stringent regional and industry building energy standards and codes.
Throughout the years, we have received hundreds of awards from publications and organizations that recognize the value we deliver. Cabot’s people, innovation, products and corporate citizenship efforts continue to be recognized by a variety of organizations globally.

- Billerica, USA - Mass High Tech (MHT) Women to Watch, Wendy Pryce Lewis
- Cabot China - Giti Tyre, Outstanding Supplier
- Campana, Argentina: Recognition for the 40th Anniversary of the Interindustrial Committee on Environmental Conservation Zárate-Campana
- Cartagena, Colombia – National Safety World Class Organization 2011-2012. May/2013
- Cilegon, Indonesia - Gold Award, Komite Nasional Responsible Care Indonesia
- Corporate Responsibility (CR) Magazine, 2013 Responsible CEO of the Year, Patrick Prevost
- ICIS Innovation Awards 2013, Best Overall Innovation and Innovation with Best Environmental Benefit, for aerogel
- Midland and Haverhill, USA – Responsible Care 14001 Recognition
- São Paulo, Brazil - Revista Borracha Atual (major rubber industry magazine), Top Rubber Awards - Best Reinforcement Filler Supplier (sixth consecutive year)
- Ville Platte, USA - LCA SAFE Award Class 1 finalist