Advancing

CABOT CORPORATION
2012/2013 SUSTAINABILITY REPORT

CABOT

About Cabot

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.

Cabot is a business-to-business company with 45 manufacturing facilities, 8 research and development facilities and 28 sales offices in over 20 countries. In 2012, Cabot had annual sales of $3.3 billion and employed approximately 5,000 people worldwide.

CABOT BUSINESS MODEL

REINFORCEMENT MATERIALS Cabot is the global leader in the manufacture 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, delivering strong results year after year for the best brands worldwide.

PURIFICATION SOLUTIONS Cabot Norit Activated Carbon is the world's largest and most experienced producer of activated carbon products and equipment systems, which are used to purify water, food ingredients, industrial air emissions 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 Look to Cabot's Performance Materials segment for customized solutions that move your 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 In our Advanced Technologies segment you'll find durable inkjet colorant dispersions for home, office and commercial printing, versatile aerogel for wide-ranging insulative applications, game-changing elastomer composites, sustainable cesium formate products for oil drilling, and security materials for banks and consumer products. Our spodumene and cesium fine chemicals products are also part of this segment.

CABOT LABS We nurture ideas, experiment, collaborate, and most importantly, help you anticipate your industry's next breakthrough. Our new product development area expands regularly and focuses on the latest technologies, while scouting the next innovation and upcoming industry trends. Right now, we're focused on solutions in graphenes, advanced batteries, printed electronics and more.

Sustainability Highlights

#1

producer of carbon black

total recordable incident rate down

56%

100

CR Magazine - 100 Best Corporate Citizens

$187m

spent on energy efficiency projects

50%

environmental non-conformances reduction

progress toward greenhouse gas reduction goal

40%

Patrick Prevost, President and CEO

Advancing

Q&A with Patrick Prevost
President and CEO

We are committed to being open and transparent about Cabot's progress toward becoming a more sustainable company. In the following Q&A, Cabot CEO and President Patrick Prevost talks about the company's achievements and challenges in sustainability.

1. WHAT DOES SUSTAINABILITY MEAN TO YOU?

To me, sustainability starts with responsibility. We have an obligation to future generations to be considerate of the impact we have on our planet. Our employees, customers, neighbors, and government officials expect us to be considerate of the environment by being thoughtful about how we use our resources and reducing our carbon footprint. In this respect, I view sustainability as our license to operate.

In my role as president and chief executive officer of Cabot, sustainability takes on many dimensions that go beyond our own manufacturing operations. Increasingly, our customers look to Cabot's innovative products to help them advance their sustainability journey. We are constantly thinking about how our technology can create a competitive advantage for our customers. Sustainability also influences many of the global mega-trends that will drive our business in the future. Mobility, growth of urban centers, environmental protection, growth in population, and housing are all global trends that demand more sustainable solutions. We have and continue to develop a portfolio of products that will help our customers win in environmental and energy related applications. In short, we have a compelling combination of sustainability obligations and opportunities that will drive us in the future.

2. WHAT ARE YOU HEARING FROM YOUR STAKEHOLDERS ABOUT SUSTAINABILITY?

I travel around the world, and ask people what's important to them. Our employees, customers, suppliers and neighbors have always considered sustainability to be a top priority. The major change I see in recent years is that sustainability is now being recognized as both an urgent global challenge, and a compelling market opportunity. Also, our shareholders are showing an increased interest in the sustainability field. More and more, they want assurance that the company's goals and values are aligned with their long-term investment principles. As a company, we make the necessary investments to help ensure we are protecting the health and well-being of our people, our neighbors in the communities where we operate, as well as the environment.

3. HOW DO YOU APPROACH TALKING WITH YOUR STAKEHOLDERS ABOUT SUSTAINABILITY?

As a general principle, we are committed to being open and honest when we talk about our performance. We find this is especially important when it comes to sustainability. Progress in this area can be hard and complicated—and it requires the support of many people throughout our network. We want our stakeholders to understand our issues in becoming more sustainable, and to find ways where they can support us in moving forward. This sustainability report is one example of how we seek to engage with our stakeholders, to discuss our progress and work collaboratively on how to improve in the future. We uphold a continual improvement model in which we plan, take action, critique and adapt. We regularly gather feedback from our stakeholders throughout this process to ensure we are making progress toward our goals.

4. HOW DOES SUSTAINABILITY AT CABOT FIT WITH THE COMPANY'S VISION?

At Cabot, our vision is to drive earnings growth through leadership in performance materials. The best way to achieve and maintain this leadership is through innovation, which is to provide our customers with unique solutions that will help them win in the marketplace. We have and continue to develop products that will give our customers a competitive edge in environmental and energy related applications, which we believe will have high-growth potential. Doing things right with respect to sustainability is more than just good business—it is absolutely essential to our growth and continued success.

5. HOW DO YOU INTEND TO TACKLE THE FUNDAMENTAL CHALLENGE OF GROWING A BUSINESS WHILE REDUCING YOUR OVERALL EMISSIONS AND NATURAL RESOURCE DEMANDS?

To me, there is no conflict here. We look beyond basic safety and environmental considerations. Being a sustainable company is a strategic business imperative that has compliance, operational, reputation and financial impacts. We can grow and be competitive while contributing to a more sustainable world.

In manufacturing, we use more efficient processes, improvements in productivity, reduction in waste and application of technology to control emissions while also enabling us to lower our costs and reduce our carbon footprint.

Throughout the value chain, all of our chemicals and materials deliver increased durability, enhanced performance, energy conservation, and a reduction in waste, all of which helps our customers' businesses. We continually invest resources to manage further emerging challenges such as building sustainable power grids, improving the energy efficiency of housing and preserving natural resources. When we create and deliver these sustainability advantages, our business will continue to grow and be profitable for years to come.

6. WHAT ARE THE MOST IMPORTANT CHANGES AFFECTING CABOT'S CORPORATE RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT SINCE THE LAST REPORT?

I am very proud of what we have accomplished as we continue to improve our safety and environmental performance. Beyond the daily improvements we make around the world in regard to our safety and environmental performance, the most important changes relate to our divestiture and acquisition activity.

During 2012, we completed the sale of our Supermetals business to Global Advanced Minerals (GAM) because the specialty metals business did not fit our long-term strategy of being a leader in specialty chemicals. We also wanted to reduce the volatility in earnings for our shareholders that came with owning the business. Until Cabot sold the business, we provided essential leadership in the area of responsible sourcing of Tantalum raw materials, which was valued and recognized by the electronics industry.

We also completed the acquisition of Norit, a leading provider of activated carbon. Norit brings us a portfolio of purification solutions for a world that needs a reliable supply of clean air and water as well as safe production of critical food, beverage and pharmaceuticals. Our new Purification Solutions segment readily addresses many global purification needs and allows us to participate in solving important environmental challenges.

7. WHAT DO YOUR CUSTOMERS VALUE MOST IN CABOT?

We are problem solvers at Cabot. We work hand-in-hand with our customers to advance applications by providing solutions that not only meet their immediate needs, but enable them to tackle the opportunities of tomorrow. We know that our success depends on maintaining responsible and sustainable business practices. Our customers know they can count on us to preserve vital natural resources, lessen our impact on the environment and support the communities in which we live, all while meeting their demand for top-quality products. Through our commitment to sustainability and the measures that we have taken, Cabot has proven that we are a reliable, long-term partner of choice for our customers.

8. WHAT ARE YOUR SUSTAINABILITY GOALS?

Measurement is an important component of our management approach as we are constantly looking for opportunities to improve our performance. Cabot is specifically focused on safety. Our performance in this area is already world class. However, our ultimate goal is to achieve zero recordable injuries and zero incidents globally. Through our "Drive to Zero" initiative, I'm proud to say we already have several plants that have gone multiple years without experiencing a recordable or lost time incident.

With respect to our environmental performance, we are also intensely focused on improvement. To that end, we have developed an all-encompassing metric of Environmental Non-Conformances (ENCs) which is defined as a reportable spill or release, a notice of violation, a public complaint or certain permit deviations. We have worked very hard at decreasing our rate of ENCs, resulting in a 46% reduction over the last 3 years.

We are also working hard at understanding water and wastewater discharge risks. We recently completed a comprehensive assessment of our global footprint in order to identify significant risks and opportunities for change. We are studying the output of that research and will develop a road map to guide our improvements over the next several years.

9. WHERE DO YOU STAND ON REDUCING CO_2 EMISSIONS?

We are making solid progress against our CO_2 emissions goal of 20% reduction by 2020, using 2005 as a baseline. Thus far, we have achieved an 8% reduction in our greenhouse gas intensity, which is 40% of our intended goal. I am proud of the work that our engineers and R&D scientists are doing in this regard. As we continue to learn more about the opportunities for the Purification Solutions segment, we will look to adjust our GHG goal accordingly in 2014. Throughout our operations around the world, we are investing in technology and operational infrastructure to ensure that we are more energy efficient and are maximizing our use of waste heat. This has been a major focus for us over the last five years and will continue into the future.

10. WHERE IS CABOT ON ITS SUSTAINABILITY JOURNEY?

We have to challenge ourselves constantly as we strive to be a sustainable company with a long-term vision and strategy. In safety and meeting environmental standards, we are proud to be amongst the best global manufacturers. Sustainability however includes many other aspects. It means simultaneously leading in the social, environmental and financial fields. Through the continual effort of each and every one of our employees around the world, we are making improvements every day. These efforts, both big and small, propel us forward.

Sustainability and safety, health and environmental excellence have been critical to Cabot's success and will continue to be essential to who we are as a company. In the past year, we have advanced our business performance and made great progress by emphasizing a strong focus on sustainability within our strategic business decisions, technology investments, and most importantly our people and culture. We are proud of our heritage and the strides we have made and are eager to tell you our story.

I firmly believe that sustainability starts with the commitment of our people. Our employees worldwide have embraced the challenge and demonstrate their continued efforts every day. This report showcases some examples of our progress and the great work of our global team. I wish I could tell you about all of the things we have accomplished as there are many more stories in addition to what is presented here. Our manufacturing teams from around the world appreciate the responsibility of what it means to work safely, respect the communities in which we operate and work hard at protecting the environment. We know that there is always more work to be done and we will continue to advance in our journey. We hope you enjoy reading our report, and do not hesitate to contact us with your feedback.

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INSIDE THIS REPORT

ABOUT THIS REPORT This report presents Cabot's sustainability activities and relevant data for the calendar year 2012. All data is reported on a calendar year basis. However, financial data is reported for Cabot's fiscal year 2012, which began October 1, 2011 and ended September 30, 2012. In addition, several stories of Cabot's activities from the first six months of calendar year 2013 have also been included.

The information presented in this report is guided by a desire to conform to the Global Reporting Initiative (GRI) guidelines that were designed to enhance transparency and comparability. Our sustainability team reviewed the GRI Indicators and selected those believed to be most relevant to our stakeholders and to the success of our strategy. The team included representatives from the following departments: safety, health & environment (SH&E); human resources (HR); product support & toxicology; legal; investor relations; finance; corporate communications; and the Cabot Foundation. This report is intended to meet the information needs of our primary stakeholders, which include the communities where we do business, our customers, investors, current and prospective employees, retirees and regulators.

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

A variety of systems were developed and utilized to ensure our data is consistent and accurate. These systems include our sustainability reporting database, finance and human resources databases, safety and environmental incident tracking and greenhouse gas emissions data collection systems. All environmental data, with the exception of greenhouse gas emissions, are determined via direct measurement or estimated via mass balance calculations. Internal processes and standards were used to evaluate the quality and accuracy of the collected data.

Evolving Our Business

At Cabot, we look to capitalize on our core competencies while focusing on high-growth, high-margin businesses where we can achieve and maintain market-leading positions.

Evolving Our Business

Purification Solutions Profile

In 2012, Cabot completed the acquisition of Norit, a leading producer of activated carbon. Now referred to as Cabot's Purification Solutions segment, the acquisition has enhanced our participation in environmental and purification solutions markets. It provides us with growth opportunities in emerging markets and new applications. We are also able to share our extensive experience in places such as Asia and South America to accelerate growth in these emerging regions for the Purification Solutions segment.

Our activated carbon products are used to remove pollutants, contaminants and other impurities from water, air, food and beverages, pharmaceutical products and other liquids and gases in an efficient and cost-effective manner. Our activated carbon materials are also used as colorants, carriers or catalysts in industrial processes. We are a global leader in the research, development, manufacturing and sale of high-grade activated carbons used in a growing range of environmental, health, safety and industrial applications. Our vision is to supply activated carbon purification systems and solutions that help society meet environmental, health, and safety challenges and achieve a sustainable future. In doing so, we will continue to develop and improve our activated carbon technologies which purify the air we breathe, the water we drink, and the food we eat.

Specifically, the addition of purification solutions to our business helps us tap into the growing demand for activated carbon for the removal of mercury from air emissions, primarily from coal-fired electric utilities. New US Environmental Protection Agency regulations in the United States require coal-fired plants to significantly reduce their mercury emissions, and this new Cabot segment is well positioned to meet this growing demand with our innovative products and technology solutions. We see this as a large growth market for Cabot to capitalize on in the coming years.

Integration

Over the past year, we have focused on quickly integrating the Cabot and Norit teams. We are continuing to bring our people and processes together so that we will manage our finance, operations, engineering, research and development, information technology, human resources (HR), legal, sales and marketing functions as one company.

With our strong emphasis on sustainability, we have reinforced the focus on safety, health and environmental programs and systems. We have placed a high priority on compliance with life safety standards and environmental performance. Significant efforts have been completed in training all personnel to ensure operating conditions and practices are consistent with Cabot procedures.

The HR integration is extremely important as it affects all employees and is a key contributor to our corporate culture. Our goal is to build one company that capitalizes on the strengths of every employee. We are also focused on maintaining the long-term viability of the business by supporting a high performing and motivated workforce. On day one of the integration, members of Cabot's leadership were present at each Norit location to share their personal experiences regarding Cabot's culture and discuss how Norit fits within the organization. Orientation sessions were held at each Purification Solutions Segment location to help employees learn more about Cabot's vision, culture and policies. We also provided regular communication and status updates on the integration process. The HR integration team worked together to understand Norit's benefit plans and pay practices to assess the similarities and differences between various programs and identify the best approach for integration.

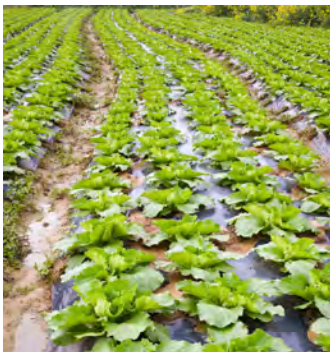
We have also integrated many of our functional groups as well as our IT infrastructure, and will be reaching a significant milestone with the completed integration of our enterprise resource planning system.

We also completed construction of our blending and wetting warehouse operation in Japan, solidified raw material sources, as well as bought and relocated a dragline to Marshall, USA. These are just a few examples of the many accomplishments we have achieved throughout the past year.

Evolving Our Business

Purification Solutions Highlights





REDUCING MERCURY EMISSIONS

Mercury is a naturally occurring element that is released from boiler flue gas when coal and other fossil fuels are burned to generate electricity. Mercury is considered toxic and can cause neurological damage in adults and children. The U.S. Environmental Protection Agency (USEPA) has promulgated federal limits for mercury emissions in the Mercury and Air Toxics Standard (MATS) that will take effect in April 2015.

Under the regulation, coal-fired utilities must reduce mercury emissions from coal burning power plants by at least 90%. The preferred method of controlling mercury emissions is to inject Powdered Activated Carbon (PAC) into the exhaust gas stream. Cabot's DARCO Hg family of products is the leading suite of activated carbon products for mercury removal.

While the USA has established a stringent federal allowable limit for mercury emissions, similar regulations are anticipated in Asia, Europe and other countries. In Europe, and most Asian countries, emission legislation is based on "Best Available Technology" (BAT). Cabot anticipates a growing need for activated carbon as more regulations are enacted worldwide. For example, China far exceeds the USA in flue gas emissions from utilities, industrial boilers and cement plants—all sources of mercury. Our purification solutions help customers advance toward more sustainable processes that improve the air quality in our communities.

ENHANCED PURIFICATION AND ODOR CONTROL

Cabot recently introduced two new products that enable our customers to improve biogas treatment with an emphasis on siloxane removal. Siloxanes are waste by-products of personal hygiene products, sunscreens and cosmetics. Landfills and anaerobic digesters consume energy to remove siloxanes in order to protect energy-generating equipment such as micro-turbines, oxidation catalysts and internal combustion engines. DARCO® BGH was developed to offer greater selectivity for siloxane adsorption, and DARCO® BG was developed to offer both volatile organic compound (VOC) and siloxane reduction, thus eliminating or mitigating the need for bed layering. A recent case study on a digester gas site was observed to perform at twice the bed life of a standard siloxane removing carbon.

Additionally, DARCO® H2S has been applied to landfill applications in the USA to remove hydrogen sulfide (H2S). DARCO H2S is predominantly applied at wastewater treatment plants and, until recently, was only considered applicable in oxygen-rich and high humidity environments. Through various discussions with engineering firms and landfill sites, it has been found that many of these sites had environments conducive to the use of DARCO H2S.

WASTEWATER TREATMENT

Industrial and municipal wastewater can contain various organic pollutants such as petroleum, pharmaceutical, pesticide and other herbicide compounds that require treatment prior to discharge to surface water bodies. Adsorption of these compounds onto activated carbon media is one of the most effective treatment practices. Our purification solutions help customers achieve compliance with applicable regulatory requirements and protect the earth's limited supply of fresh water.

AGRICULTURAL APPLICATIONS

Pesticides play an important role in agriculture and horticultural management, but misapplication, overuse and accidental spills can have a negative impact on the environment. Cabot's GRO-SAFE® is recognized as



the product of choice for pesticide containment. GRO-SAFE traps pesticide molecules in the soil so they cannot affect surrounding plants and aquatic life. It also mitigates contaminates from migrating into waterways and can improve overall crop yield.

DRINKING WATER PURIFICATION

To prevent the spread of water-borne diseases, public health regulations typically require treatment of public water supplies (PWS) to ensure that the water is safe for human consumption. Chlorination is the most common disinfection method. However, disinfection by-products (DBPs) can form when chlorination agents combine with low levels of naturally occurring organic matter and many jurisdictions have passed regulations to limit allowable levels of DBPs. In 2005, the USEPA promulgated a regulation referred to as the Stage 2 DBP rule. Cabot's activated carbon products remove the organic matter precursors prior to formation of DBPs, helping large PWS customers comply with the USEPA's DBP rules. They also improve conventional taste, control odor constituents and remove micro-pollutants such as pharmaceutical, biological and pesticide compounds.

ENABLING LANDFILL GAS ENERGY RECOVERY

Solid waste decomposition generates gases that consist of methane and carbon-dioxide. Methane is classified as a greenhouse gas (GHG) and is a contributor to global climate change. Methane also possesses energy value that can be recovered and used to generate steam or electricity. Common landfill gas impurities such as siloxanes, hydrogen-sulfide and volatile organic compounds must be removed from methane before it's used in an energy recovery boiler or gas turbine. These impurities can foul, or otherwise interfere with, the inner workings of the energy recovery mechanical systems. Cabot products are used in a number of sanitary landfills to remove such impurities and enable the beneficial reuse of landfill gas.

SOIL REMEDIATION

The cleanup of former industrial sites can be costly and technically challenging. Norit® SoilPure is an affordable solution that stabilizes soil contaminants and prevents them from leaching into groundwater. For example, Norit SoilPure has helped address extensive soil contamination problems at the Texarkana Wood Preserving site in Texas, USA. The abandoned wood treatment facility operated from 1909 to 1984 under various owners and was contaminated with creosote and pentachlorophenol. Norit SoilPure served an invaluable role in the overall success of the site cleanup and reduced the threat of public health risks.

PURE-WATER PLANT IN THE NETHERLANDS The Puurwaterfabriek, or pure-water plant, in Emmen, The Netherlands was developed by Nieuwater (NWTR) to process treated wastewater into ultra-pure water. NAM, a Dutch oil and gas company, purchases this ultra-pure water and converts it to steam that is injected into oil fields to render the oil more fluid. Cabot developed a biological activated carbon, Norit® GAC 830P, to prevent biological pollution (bio-fouling) of the membranes during this reverse osmosis process. GAC 830P is intended to minimize the use of chemicals, limit the discharge to surface water and maximize the efficient use of energy sources. Compared to discharging wastewater into sewage, this purification process significantly reduces the environmental impact and yields cost savings for both the Puurwaterfabriek and NWTR.

Evolving Our Business

Product Development and Stewardship

Product stewardship and hazard assessment go hand-in-hand with innovation at Cabot. Prior to new products entering the marketplace, we carefully consider their effect on the health and safety of our customers, employees, end-users and the communities in which we operate, as well as their impact on the environment. Our stage gate process for all major new products includes an evaluation of environmental, health and safety issues throughout the entire life cycle of the product—from the concept stage through commercial supply, use and disposal. These factors play critical roles in any decision to continue development and manufacture on a commercial scale.

Early in the research and development stage, safety reviews and hazard assessments are conducted, and in some cases, toxicity evaluations are performed to fill data gaps in order to better understand any potential chemical safety issues. At the commercial manufacturing level, we identify changes to products or processes that may impact or change the SH&E concerns. To continuously improve the environmental, health and safety impact of our products and processes, we provide education and training on hazard assessment and sustainability issues to our colleagues in research, marketing, sales, and manufacturing. A product toxicology group with expertise in hazard evaluations, assessment and regulatory registrations works with product development and commercial business teams to ensure compliance with United States and international product registration, testing and risk assessment requirements.

Cabot actively participates and often serves in leadership roles within industry trade groups for our major products. These organizations collaborate to ensure that the material specific toxicology assessments and epidemiological research are properly conducted and reported consistently using best practices for scientific research.

Cabot is an active member of the following industry and advocacy groups and associations:

- American Chemistry Council (ACC)
- Association of Synthetic Amorphous Silica Producers (ASASP)
- Corporate Environmental Enforcement Council (CEEC)
- China Petroleum and Chemical Industry Federation (CPCIF)
- Environmental Law Institute (ELI)
- essenscia (Belgium)
- European Plastics Converters - Food Contact Regulatory Experts Panel (EuPC FREP)
- European Thermoplastic Independent Compounders (ETHIC)
- International Carbon Black Association (ICBA)
- Society for Chemical Hazard Communication (SCHC)
- Society of Chemical Manufacturers and Affiliates (SOCMA)
- Nanotechnology Coalition
- Society of Toxicology
- Synthetic Amorphous Silica and Silicate Industry Association (SASSI)

Globally Harmonized System Chemical Hazard Classification and Communication

Globally Harmonized System (GHS) is a chemical hazard classification system developed by the United Nations (UN). The intent behind the system is to create common hazard categories and labeling elements that will be recognized in countries around the world, allowing for a more defined and consistent mode of hazard communication. The UN defines the various building blocks of GHS in its guidebook (also called the "purple book"), first published in 2003 and revised every two years thereafter. Countries are in various stages of adoption and implementation of GHS. Despite the differences in country-specific implementation, Cabot complies with GHS requirements around the world with the help of our safety data sheet authoring system. The system contains tools and templates that assist with hazard classification of our products and the development of appropriate safety data sheets.

MICHELIN RECOGNIZES CABOT'S CSR PROGRESS When Cabot is recognized favorably by a key global customer like Michelin, it strengthens our position as the partner of choice in the tire industry. Cabot received an improved rating for our Corporate Social Responsibility in Michelin's supplier survey for social and environmental performance. Michelin ranked Cabot in a number of areas, including environmental policies, labor practices and human rights, fair business practices and sustainable procurement. The assessment included a review of our internal policies and procedures as well as our external reporting and evidence of progress against our goals. They noted that our results "highlight a confirmed level of maturity in terms of Corporate Social Responsibility," and congratulated Cabot on this commitment.

Stakeholder Engagement

Cabot understands that continuous and open dialogue with various stakeholders, particularly those who influence our product development and performance and on whom we have a major impact, is a key part of our corporate responsibility. Cabot's approach to engaging stakeholders varies with the nature of the interaction and frequency. At our operating locations, we typically engage with our communities on a frequent basis through community advisory panels and associations. We communicate to employees, retirees and interested trade unions via formal and informal processes, including telephone, internet postings and e-mail. On a corporate or regional basis, our interactions can be in the form of newsletters, symposiums or direct invitation to visit our facilities.

Communications regarding product registration and safety can be found on the company's internet portal, a tool that provides for two-way communication, where questions can be posed and answers provided. In the course of operating global manufacturing sites and producing critical products, we communicate on a wide variety of sustainability issues to our stakeholders, including:

STAKEHOLDERS	TYPES OF ENGAGEMENTS	KEY TOPICS
Customers	surveys, technical information exchanges, plant visits, complaint resolution	performance, satisfaction surveys, technical solutions, production plans, material safety data sheets
Shareholders and Investors	annual report, quarterly disclosures, sustainability report, annual meeting	performance, strategy, execution, material disclosures, sustainability
Employees	surveys, executive briefings, business routine meetings, training sessions	performance, strategic initiatives & vision, policy and structure, benefits and compensation, Material Safety Data Sheets
Regulators	plant visits, training sessions, technical information exchanges, and inspections	compliance programs, problem solving, technical information
Communities	plant visits, open house events, community events, sponsorships and community engagement	plant operations, hazards of materials, compliance programs, emissions, community sponsorships and engagement

Cabot values the confidence of our stakeholders. We recognize that engaging key stakeholders enables us to evolve our products and improve our solutions. We work hard to collaborate and communicate with transparency and urgency, and this sustainability report is an essential contribution to our commitment to transparency to all stakeholders.

MAUÁ COMPLETES SUCCESSFUL EMERGENCY DRILL An emergency drill was conducted at our carbon black facility in Mauá, Brazil and included adjacent facility and community response organizations. The drill evaluated the Cabot Mauá emergency response team, the Mutual Aid Plan and the Cabot Mauá emergency management planning procedure. These drills are crucial for our business to practice communication with environmental agencies, the media and the local community. Cabot facilities perform these drills on an annual basis and share lessons from them.

ENVIRONMENTAL DEFENSE FUND (EDF) CLIMATE CORPS EDF created the EDF Climate Corps program to help public and private U.S. organizations achieve energy efficiency. The program places graduate students from top-tier universities in select host organizations to help evaluate opportunities for energy efficiency and conservation, helping to significantly cut costs and reduce greenhouse gas emissions. Cabot hosted an EDF Climate Corps fellow to identify and analyze energy efficiency projects at our Billerica, USA research and development facility.

Environmental Progress

As a leading global specialty chemicals and performance materials company, Cabot places a high value on the efficient and safe use of natural resources and on the manufacture and distribution of products that minimize impact to the environment.

Cabot's SH&E Policy guides our business decisions and is based on a deep concern for the safety of all employees, contractors and neighbors, as well as a respect for natural resources and our environment. As we continue to develop innovative solutions for our customers, our SH&E impact is a constant consideration. Our global SH&E standards and guidelines supplement local regulations and permits. They establish a set of minimum expectations that must be met by all Cabot facilities and are instrumental in helping to ensure Cabot's global network of plants consistently operate at a high level of performance.

Cabot's Drive to Zero initiative is a mind-set that permeates all that we do. It starts with a belief that zero is possible—zero injuries, zero spills and zero violations. This belief and commitment is integrated into our operating culture and serves as a central theme in our SH&E policy. We are proud of our progress to date, and we will not be satisfied until we reach our ultimate goal of zero injuries and zero environmental non-conformances.

Environmental Non-Conformances

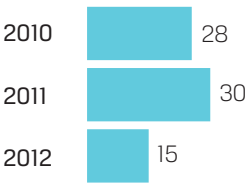
Our Drive to Zero initiative extends to the management of our environmental programs. Cabot facilities report and investigate all environmental non-conformance (ENC) events. We define an ENC as a reportable spill or release, a notice of violation, a public complaint or certain permit deviations. Monitoring ENCs enables us to be responsive, 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 more than 46% in the last three years, from 28 ENCs in 2010 to 15 ENCs in 2012. Though we are proud of the advancements made to date in reducing ENCs, there is still work to be done to reach our ultimate goal of operating our facilities with zero environmental incidents.

Since the Norit acquisition on July 31, 2012, the Purification Solutions segment recorded 93 ENCs in the last five months of 2012. We have developed a continuous improvement plan for the Purification Solutions facilities that is focused on compliance with permit conditions and prevention of spills and releases.

In 2011, Cabot paid one fine of $4,880 for an air emission non-conformance event at a facility in the United States and one fine of $1,087 for failing to complete an annual boiler test in a timely manner at our facility in Argentina. No environmental fines were paid in 2012. Each ENC, reportable spill and fine was thoroughly investigated to determine the root cause and to implement corrective actions to minimize the possibility of future events.

Environmental Non-Conformances*



** 2012 without Purification Solutions*

Raw Materials

In 2011 and 2012, Cabot's diverse lines of business created a total of 1.8 million metric tons of finished product each year. We continuously evaluate and implement process improvements to increase our product yields, thereby enabling us to utilize less natural resources and raw materials to produce the same amount of product.

Material inputs generally vary according to business unit, but hydrocarbon liquids and natural gas are the most commonly used raw materials. Approximately 460 million cubic meters of natural gas and 2.5 million metric tons of hydrocarbon liquids were used by Cabot facilities in 2012 as raw materials as well as for stationary combustion.

Other significant raw materials used by Cabot in 2012 include the following (quantities are approximate):

- cesium and tantalum ore (160,000 metric tons)
- chlorosilane compounds (100,000 metric tons)
- lignite coal (100,000 metric tons)
- thermoplastic resins (50,000 metric tons)
- bituminous and sub-bituminous coal (20,000 metric tons), and
- smaller quantities of peat, carbon black, wood, natural latex rubber, olive stones, pitch, and silica.

Environmental Progress

Environmental Capital Expenditures

Cabot invests significant capital in our facilities' process equipment and infrastructure to maintain regulatory compliance, increase our energy efficiency and minimize our impact to the environment. We spent approximately $36 million and $23 million in enviroment-related capital expenditures during fiscal years 2011 and 2012, respectively.

Our environmental capital expenditure highlights include:

- Installation of a new energy center at our Shanghai, China carbon black facility. The energy center captures the energy content of the waste tail gas generated during the carbon black manufacturing process and converts it into steam that is reused in the plant and by a neighboring industrial facility. Similarly, we are constructing an energy center that will generate both steam and electricity at our newest facility in Xingtai, China. The tail gas-fired combustion units at these locations are also equipped with controls to meet stringent NO_x and SO_2 air emission limits.

- Implementation of particulate emission monitors at carbon black facilities throughout Asia, Europe and South America. This is a multi-year plan to install similar systems at all of our carbon black facilities to prevent uncontrolled releases of particulate matter and prevent impacts to our surrounding communities.

- Relining or replacement of all underground storm water and process wastewater drains at our carbon black manufacturing facility in Botlek, The Netherlands to eliminate potential leaks and prevent groundwater infiltration as well as comply with the applicable environmental operating permit requirements.

- Compliance with local air pollution control requirements through the installation of continuous emission monitors (CEMs) at three carbon black facilities in Indonesia and Brazil. The CEMs measure NO_x and SO_2 as well as other regulated parameters.

- Improvement of the dust collection and vacuum systems to ensure better control of fugitive dust emissions and facilitate compliance with the air operating permit at the Ville Platte, USA carbon black facility.

- Replacement or installation of exhaust gas fume scrubbers at four carbon black facilities in the USA, Canada and the Netherlands, and one fumed metal oxides facility in the USA.

- Installation of a NO_x abatement scrubber to handle manufacturing process emissions at our Security Materials products manufacturing facility in Albuquerque, USA.

- Modifications of tail gas exhaust system ductwork, valves and controls at five carbon black facilities in China, Italy and South America to conform to stringent internal environmental and safety standards.

CABOT TUSCOLA, USA manufacturing process incorporates an exhaust gas fume scrubber, which removes contaminants from exhaust gases.

BARRY BURNER EXPANSION Cabot's Barry, United Kingdom fumed metal oxides facility recognized an opportunity to both expand its production capacity and incorporate sustainability principles into the process improvements. The site installed a boiler to recover waste heat and generate steam for beneficial re-use, and captured excess hydrogen generated by the process and re-used it as a primary fuel. The site achieved a:

- reduction in direct emissions of CO_2 gas, a by-product of combustion
- net cost reduction of 25,000£ GBP per month in fuel costs, and
- net increase of 13% in silica production.

Energy

Cabot obtains energy from a variety of raw materials and fuels. Our carbon black manufacturing facilities utilize the energy from petroleum oil and natural gas used as feedstock materials as well as from natural gas used for combustion. A significant portion of the energy needs at our carbon black manufacturing facilities are met by using waste tail gas from the process as a fuel in boilers, heaters and dryers. Using tail gases as a fuel reduces the need for energy from off-site sources. At our fumed metal oxides manufacturing facilities, energy is primarily obtained from chlorosilane feedstocks as well as from hydrogen and natural gas fuels. Our activated carbon manufacturing facilities utilize the energy from raw materials, such as coal, as well as from natural gas used for combustion.

Cabot has set a goal to reduce its energy intensity by 10% by 2020, using 2005 as a baseline year. Energy intensity is net energy normalized against the amount of product produced.

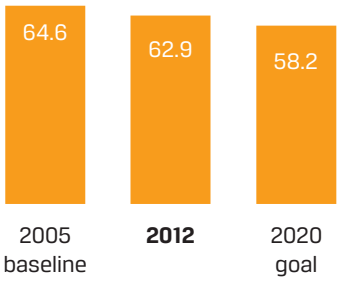
Purchased energy is in the form of electricity and steam, while exported energy is in the form of either electricity that is sold to the grid, or steam and tail gas that is sold to neighboring industrial facilities.

In 2012, Cabot's energy consumption (excluding the Purification Solutions segment) was approximately 110 million GJ, and its energy intensity was 62.9 GJ/MT product, which represents a nearly 3% reduction from its 2005 baseline energy intensity. Our masterbatch manufacturing facilities have experienced the greatest reduction in energy intensity of all Cabot businesses and has reduced energy intensity by 27%. The fumed metal oxides and carbon black business segments have improved their energy intensities by 6% and 4%, respectively, compared to their 2005 energy intensities. However, the energy intensity of our Specialty Fluids business—specifically our Canadian cesium refining operation—more than doubled since 2005, primarily due to a decrease in ancillary product output rather than an increase in energy consumption.

Several energy-saving measures have recently been completed at our fumed metal oxides manufacturing facilities in China and the United Kingdom. The Jiangxi, China facility improved one of its manufacturing units so heat energy can be recovered to produce steam without burning additional fossil fuels, which is used by both Cabot and a neighboring facility. The Barry, United Kingdom facility also incorporated this heat recovery feature into production units that were commissioned in 2012.

Other Cabot locations have embarked on smaller energy-saving projects, including retrofitting lighting systems with more efficient alternatives and providing transit subsidies to encourage use of public transportation. These projects not only help us reduce energy, but they play an important role in engaging our employees in sustainability efforts and moving us incrementally towards achieving our efficiency goal. In 2014, we will evaluate how to incorporate the Purification Solutions segment into our energy efficiency program.

Energy Intensity
(GJ energy used/MT product)



DUBAI MOVES TO LED LIGHTING Cabot's masterbatch manufacturing facility in Dubai, U.A.E. replaced its halogen/metal halide plant lighting (left) with state-of-the-art LED lighting (right). The new lighting allows the plant to reduce energy usage by 65% while also reducing lighting power consumption has been reduced by 80% due to motion sensors. Dubai also benefits from reduced maintenance costs due to long bulb life, better color, fewer shadows and an overall improvement in indoor light quality.

Environmental Progress

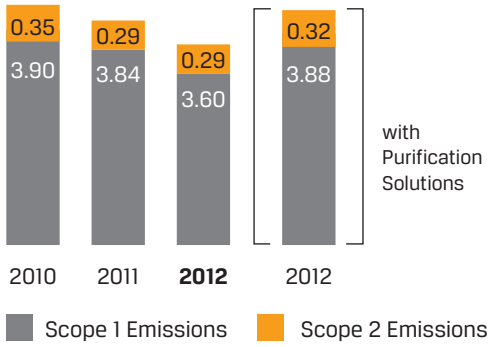
Greenhouse Gases

Carbon dioxide (CO_2) is the primary greenhouse gas (GHG) emitted from Cabot's manufacturing facilities. Other GHGs, namely methane and nitrous oxide, are also emitted by Cabot's operations, but in minor quantities. Collectively, the quantities of all three GHGs are reported as CO_2-equivalents (CO_2-e). GHG emissions were calculated according to the Greenhouse Gas Protocols established by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). Data was compiled by corporate databases or via surveys of Cabot facilities. Cabot's GHG data collection systems, methodology, calculations and quality assurance processes have been verified by ERM Certification and Verification Services Ltd. to ensure an accurate accounting of GHG emissions.

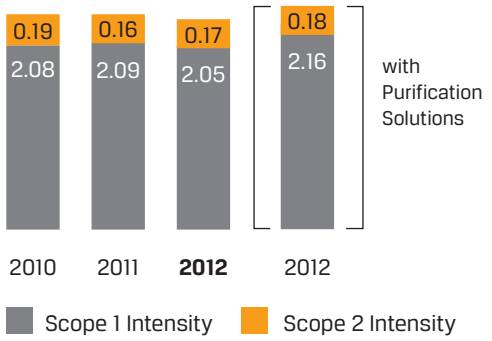
Total CO_2-e emissions from our manufacturing, research and administrative facilities for calendar year 2012 were 4.20 million metric tons. Direct (Scope 1) emissions accounted for 92% of the total, and 8% were related to indirect (Scope 2) emissions. While Cabot's total production decreased 2.3% from 2011 to 2012, total CO2-e emissions increased 1.5% due to the inclusion of emissions from the new Purification Solutions segment, which generates more GHGs on a product output basis than Cabot's other businesses. Excluding the Purification Solutions segment, GHG emissions actually decreased 5.8% while product output decreased 4.8%. The relationship between GHG emissions and product output can be more easily described in terms of GHG intensity, which is defined as metric tons of GHGs emitted per metric ton of product output. Excluding the Purification Solutions segment, Cabot's total (direct plus indirect) GHG intensity is 2.22 MT CO_2-e/MT product, a decrease of 1% over the last year. With the Purifications Solutions segment included, the total GHG intensity increased 4%.

As we learn more about Purifications Solutions, we anticipate developing process improvements and identifying efficiencies that will help us to decrease our carbon footprint in the activated carbon manufacturing process, just as we have in our other businesses. Climate change due to GHG emissions continues to be one of the most complex issues facing Cabot today. Cabot's GHG reduction goal, prior to acquiring the Purification Solutions segment, is to achieve a 20% reduction in CO_2 intensity by 2020, using 2005 as our baseline year. Progress toward reaching our goal will be achieved by reducing direct emissions, and increasing the overall efficiency of our operations. In 2014, we will look to integrate the Purification Solutions segment into our long-term GHG strategy and goal.

GHG Emissions (million MT of CO_2-e)



GHG Intensity (MT of CO_2-e / MT of Production)



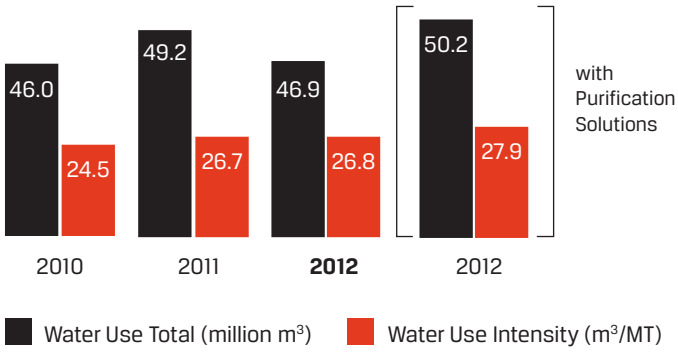
Water and Waste Water

In 2012, Cabot facilities used 50.2 million cubic meters of water, of which 72% was withdrawn from surface water bodies, 24% was purchased from public or private entities, and 4% was extracted from groundwater. The majority of the water, 87%, is utilized by our carbon black manufacturing facilities, which require water for reactor quenching, pelletization of products and equipment cooling. Total water use in 2012 increased 2% from the previous year, primarily due to the addition of the activated carbon business in the second half of 2012. However, excluding Purification Solutions, water usage decreased 5%. The annual water use intensity (i.e., the amount of water used per metric ton of product produced) increased 4% due to the high water demand of the Purification Solutions facilities, but was essentially unchanged for the other Cabot businesses.

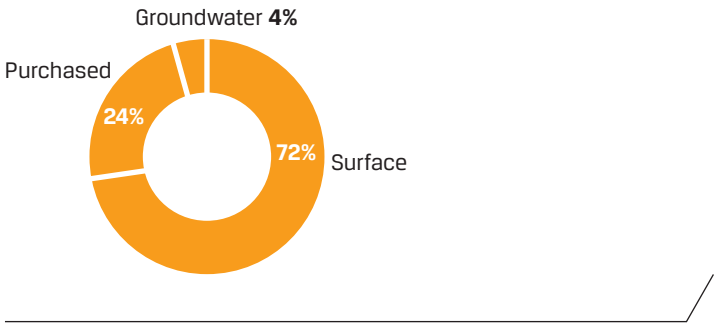
In cases where we are not able to recycle water, all wastewater is discharged in accordance with applicable permit requirements and/or local regulations. Approximately 38.3 million cubic meters of wastewater were released in 2012, which is 1% less than the previous year. Nearly 96% of wastewater discharges were to surface waters, while almost 4% was discharged to public or private sewers and less than 1% was discharged to groundwater and other destinations (e.g., evaporation ponds). Wastewater intensity increased 1%, primarily due to the addition of the activated carbon business. Excluding Purification Solutions, wastewater discharges decreased 8% and wastewater intensity decreased 3%, indicating increased efficiency in water usage in our production processes.

WATER RECYCLING AND EFFLUENT REDUCTION Our carbon black manufacturing facility in Ville Platte, USA uses water for non-contact cooling as well as reactor quenching. Process water is obtained from two aquifers via a network of groundwater wells. Plant engineers developed a system to capture the once-through non-contact cooling water previously discharged to a creek and use the water for quenching. This process modification will enable the facility to reduce its wastewater effluent discharge by 67% and recycle nearly 600,000 cubic meters of water annually, reducing dependence on the water supply wells and conserving groundwater resources for the local community that also relies on groundwater for its potable water needs. The facility is evaluating how to capture and recycle other wastewater streams in an effort to become a "zero discharge" facility.

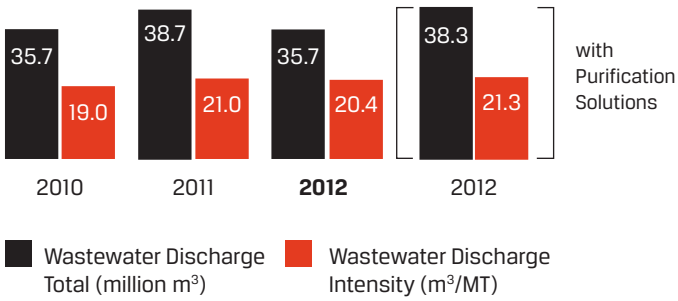
Water Usage and Intensity



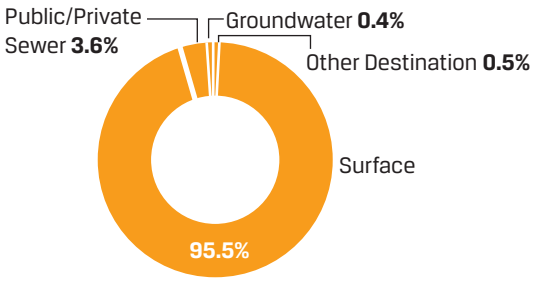
2012 Water Sources



Wastewater Discharge and Intensity



2012 Wastewater Destinations



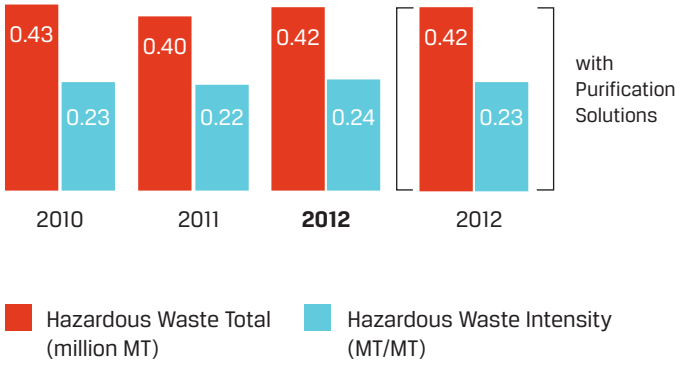
Environmental Progress

Hazardous and Non-Hazardous Waste

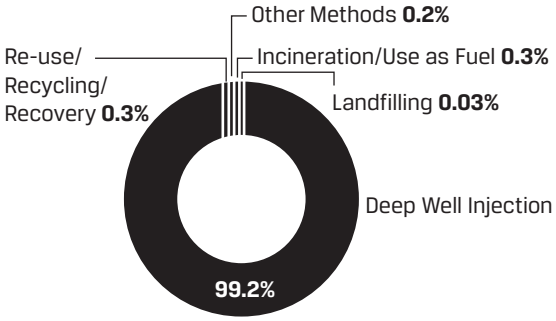
Cabot generated approximately 620,000 metric tons of waste in 2012, of which 68% (420,000 metric tons) was classified as hazardous and 32% (200,000 metric tons) was classified as non-hazardous. As compared to 2011, the total amount of waste increased 32% and the total waste intensity (i.e., metric ton of waste generated per metric ton of product produced) increased 31%. The large increase in waste generation activity can be attributed to the restart of certain operations at our Canadian cesium refining operation. Mining waste from this facility accounts for 28% of Cabot's total waste volume and 87% of Cabot's non-hazardous waste volume. Waste materials from the Purification Solutions operations had a negligible effect on the total waste volume.

Approximately 94% of Cabot's non-hazardous waste is disposed of via landfilling, 4% of non-hazardous waste is reused or recycled and 2% is disposed of via incineration or use as a fuel. Nearly all of Cabot's hazardous waste is generated at the Tuscola, USA fumed metal oxides facility and disposed of via deep well injection. This facility is currently in the midst of a multi-year plan aimed at reducing its hazardous waste.

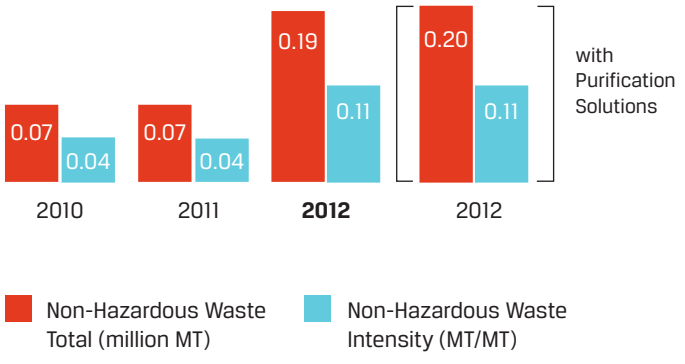
Hazardous Waste Generation



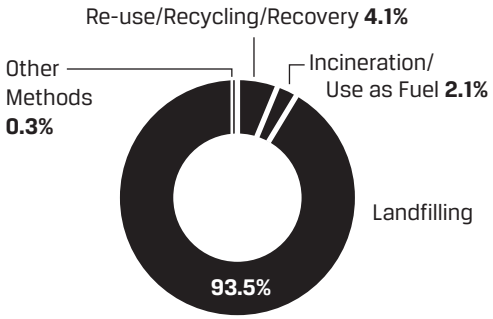
2012 Hazardous Waste Disposal Methods



Non-Hazardous Waste Generation



2012 Non-Hazardous Waste Disposal Methods



1 WOODEN PALLETS RECYCLING At Cabot's Shanghai, China facility, a wooden pallet recycling initiative greatly reduces our environmental footprint. We recycled 9,865 wooden pallets, reducing the need to purchase new ones. Transportation costs and solid waste have been reduced as new pallet purchases occur less frequently.

2 LAND RE-USE Cabot has implemented land recycling programs globally, with the most recent projects occurring in India, France, England and the USA. For example, Cabot leases a portion of its land in Hazelton, USA to Hazelton Rails to Trails, expanding this popular hiking trail by four miles. Through Cabot's restoration program, Hazelton Rails to Trails is able to use this land as a resource for the community to walk, bike, hike and enjoy the natural environment.

3 WATER CONSERVATION PROGRAM Cabot's Cartagena, Colombia plant is helping to ensure adequate supply of fresh water, while reducing the cost of its purchased water. Employees were involved in activities for the 2012 World Water Day and World Environmental Day. Employees participated in such activities as a photography competition on an environmental theme, educational lectures with pamphlets about water conservation, and site-wide communications reminding employees of simple water conservation practices at home and on the job.

4 COMPOSTING WASTE MATERIALS Using a local waste management company, Cabot's Glasgow, U.K. site now recycles all organic waste, composting it rather than disposing it in landfills. During the recycling process, waste from the plant is mixed with "green waste" from domestic gardens as well as waste from other industrial suppliers to form compost that is sold locally to customers and farmers. More than 80% of the total solid waste generated in Glasgow in calendar year 2012 was recycled through composting saving the company more than £23,500.

5 XINGTAI CLEANUP Cabot employees in Xingtai, China participated in a volunteer activity to clean the streets surrounding the plant. The team helped to sweep the road free of dirt and cleared the bushes of debris. Additionally, during the Arbor Day celebration, nearly 90 trees were planted around Cabot's property in Jiangxi, China.

Setting the Standard for Safety

Cabot encourages all employees and contractors to maintain a diligent focus on safety. This is accomplished through effective project planning, adherence to all operating procedures, recognition of potential hazards, proper use of personal protective equipment and personal accountability.

Safety & Health

SAFETY & HEALTH

Cabot's Drive to Zero initiative reflects our ultimate goal to achieve zero injuries throughout our plants worldwide. We are continually working to reduce the number of incidents that occur by emphasizing key life safety standards such as self-assessment, lock out tag out, fall protection and confined space entry. In 2012, all our sites reviewed their compliance with these and other Cabot SH&E standards and are implementing any necessary changes through corrective action plans.

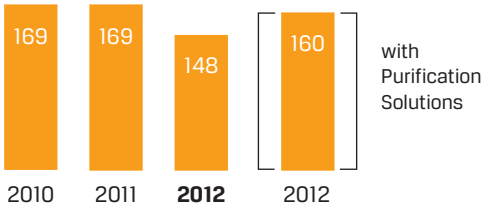
We are proud of our progress in our health and safety performance. We have one of the lowest injury rates when compared to global chemical manufacturing organizations. As displayed in the charts (right), we have begun the process of incorporating our new Purification Solutions segment information into our metrics and have represented the information with two bars in the 2012 column of each chart.

We have also introduced a number of SH&E leading indicators at all our sites. This effort has included an increased focus on near-miss identification and reporting so we can learn from these events and prevent more serious injuries from happening in the future.

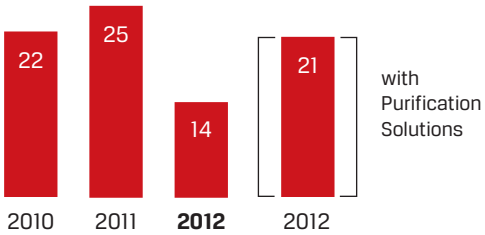
Cabot uses the definition of "Recordable Incident" established by the U.S. Occupational Safety & Health Administration (OSHA) to monitor its safety record. The Lost Time Incident Rate (LTIR) metric tracks the number of recordable incidents involving days away from work per 100 employees. It also provides a good correlation of the severity of recordable injuries so we can focus our efforts appropriately on reducing our highest risks. Cabot has worked hard to reduce the Recordable Incident number almost in half compared to 2011 and reduce our Total Recordable Incident Rate (TRIR) by 35% to just .20. This result was achieved due to the strong SH&E focus and leadership at all Cabot sites combined with the efforts of each individual that makes it their top priority to keep our workplace safe for one another.

GLOBAL SAFETY DAY Cabot promotes our commitment to SH&E by celebrating Global Safety Day. This annual event encourages all sites to devote a full day to discussing topics such as wellness, awareness training and hazard recognition. 2013 represented the sixth consecutive year that Cabot has hosted special events across the organization to celebrate our safety accomplishments and to discuss how we can improve our performance. Employees are encouraged to celebrate the gains they've made and work together to share their best ideas on how we can improve as a company and in our daily lives.

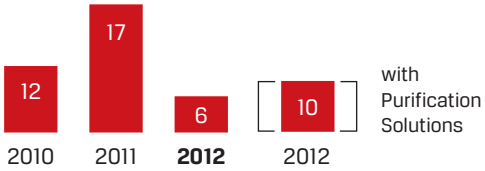
First Aids*



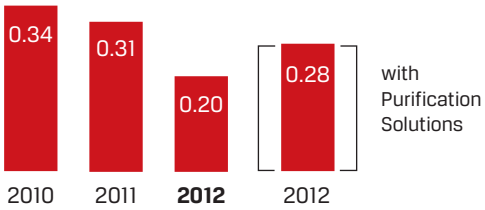
Recordables*



Lost Time Recordables*



Total Recordable Incident Rate*



Lost Time Incident Rate*

** includes contractors and employees*

Setting the Standard for Safety

Process Safety

Since the 1990s, Cabot has pursued excellence in process safety to better protect our employees, contractors, neighbors and the environment from hazards associated with our manufacturing processes. We are committed to building and operating plants in a manner that follows our stringent standards and decreases the risk of process events. We regularly analyze process hazards associated with our operations and have made progress toward reducing our process related risks through standard designs and operating practices.

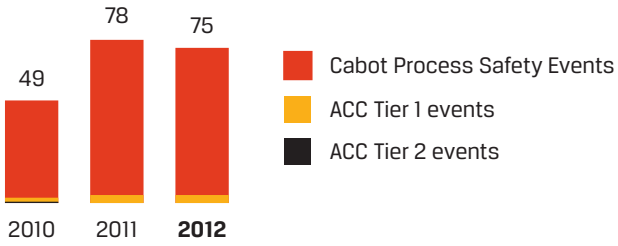
We continually benchmark and evaluate other manufacturing companies' process safety programs and investigate best practices in order to continuously improve our plant programs. Support for these activities comes at the highest level with the Process Safety Executive Steering Team that meets regularly to review current issues, discuss program enhancements and provide leadership and support for the process safety program. Experts in each region then work directly with the plants to ensure consistent and successful implementation of the program goals. They also provide direct plant assistance through process risk reviews, training, education and ongoing technical support.

Safe and successful operation starts during construction and commissioning activities. As such, Cabot performs Operations Preparedness Verifications, or readiness reviews, on all major projects and installations of new technology. A cross-functional team of operations, engineering, control systems, SH&E and process safety staff confirms the projects are ready for safe and successful startup and continued operation. Since 2006, more than a dozen of these reviews have been completed. These reviews have confirmed that operational risks were properly assessed and administrative controls were instituted prior to successful startup.

In the absence of a standard method to measure performance in this area, Cabot developed an internal performance measurement definition in 2004. Since then, the Center for Chemical Process Safety (CCPS) and the American Chemistry Council (ACC) have issued a consensus definition for process safety incidents. We have included our internal measure of process safety performance as well as the ACC reporting criteria, known as Tier I and Tier II reporting.

Cabot's process safety performance remains strong. Similar to the way in which we view all safety and environmental incidents, we firmly believe that we can learn from every process safety incident. We take the learnings from every incident and share what we have learned across the entire network of Cabot facilities. We routinely develop system-wide corrective actions that are prioritized at each and every facility. The implementation of these learnings, addressed through corrective action programs, helps to prevent the risk of future incidents.

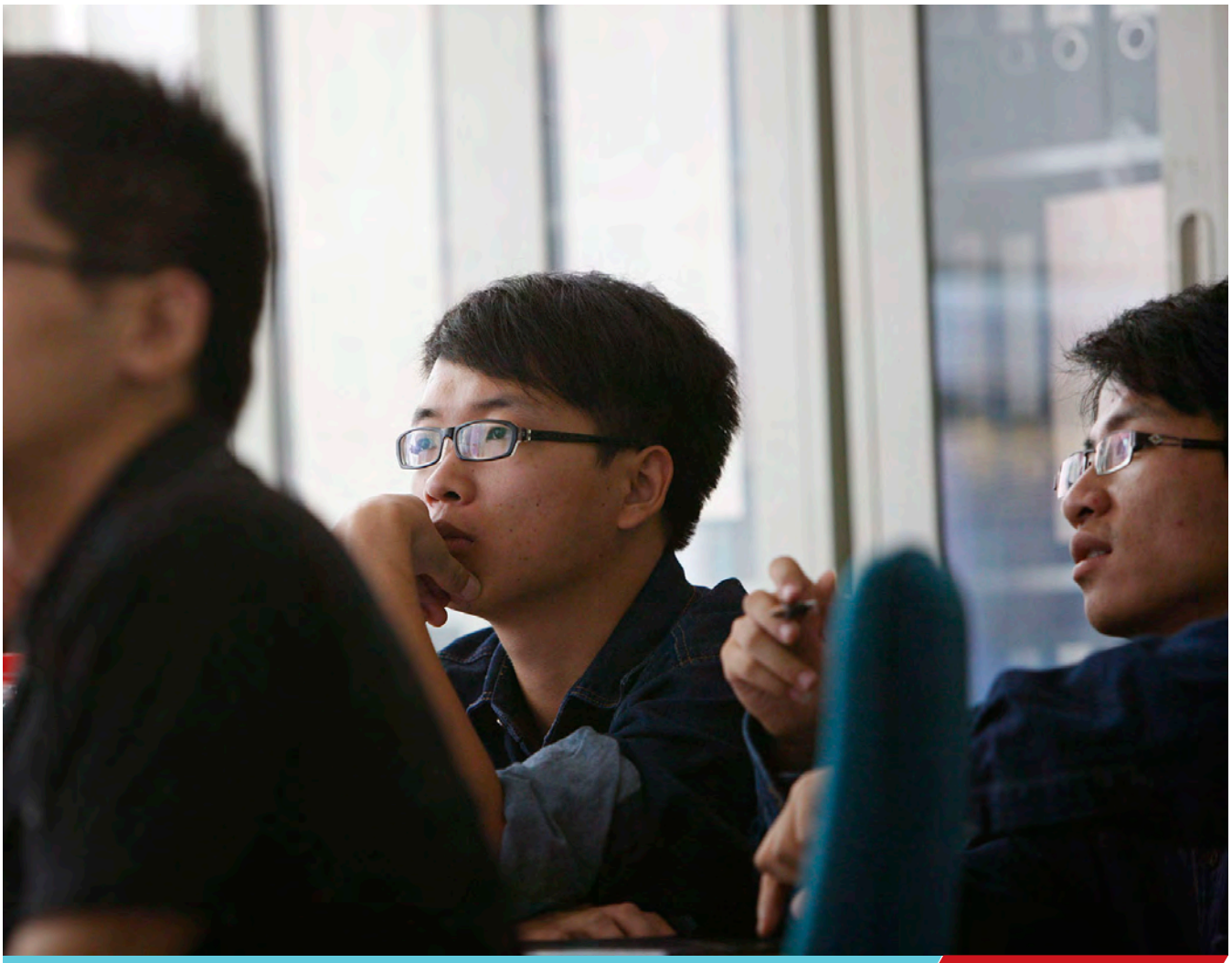
Process Safety Events



CHAIRMAN'S AWARD
Cabot's highest recognition for SH&E excellence is the Chairman's Award. Manufacturing sites that operate for more than 6 years without a recordable safety incident, environmental non-conformance or significant process safety event while earning positive SH&E audit results are recognized with this honor. Currently, we have two facilities that have achieved this recognition: **7 Years:** Jiangxi, China, and Shimonoseki, Japan.

CABOT PRESIDENT'S CLUB
Cabot manufacturing sites with no recordable safety incidents in 3 years or 2 million person hours are recognized through the company's President's Club Award. The following Cabot facilities have received the award:
9 Years: Merak, Indonesia; Frankfurt, Germany
8 Years: Aberdeen, Scotland **7 Years:** Jiangxi, China; Shimonoseki, Japan **5 Years:** Midland, USA **4 Years:** Haverhill, USA; Ravenna, Italy **3 Years:** Chiba, Japan; Pepinster, Belgium; Port Dickson-CMR, Malaysia; Rheinfelden, Germany; Ville Platte, USA.

Elevating Talent



With nearly 5,000 employees worldwide, Cabot continues to create a diverse environment rooted in values and sustainability. In 2012, we hired approximately 650 employees globally and added more than 700 employees through our acquisition of Norit.

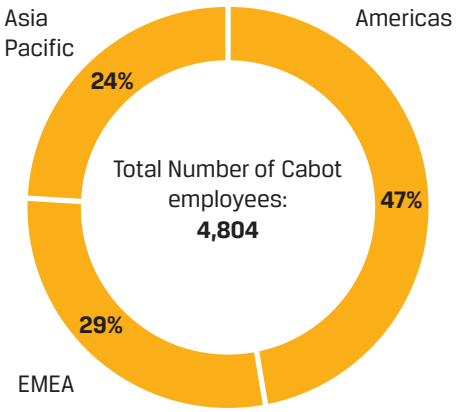
Elevating Talent

Employment

Over 4,800 team members stand behind our commitment to sustainability. With roughly 4,700 full-time employees, Cabot is dedicated to fostering a diverse workplace providing equal opportunity for all.

Roughly 98% of all Cabot employees are full-time and the remaining are part-time. 99.1% of our employees are permanent.

Cabot Workforce Total (as of 12/31/2012)



EMPLOYEES	MALE	FEMALE	NON-MINORITY	MINORITY	-30	30-50	50+
Overall Employee Population	79%	21%	65%	35%	14%	55%	31%
Global Leaders	83%	17%	79%	21%	0	48%	52%
Professional & Management Positions	81%	19%	70%	30%	7%	63%	29%

Talent Management

Cabot's talent management philosophy is built on our commitment to be a performance-based organization. We understand that there is a close relationship between the success of our businesses and the collective talent of our workforce. Talent management processes are an integrated and interdependent framework that represents an important component of our culture. Examples of such practices are:

- Organizational planning and development
- Resource management
- Employee development
- Performance-based management
- Total rewards

Cabot's values provide the strong cultural foundation upon which our talent management processes are established. Competencies are an integral part of the processes that drive performance. In 2012, the Employee Development Guide was created to provide the framework for all employees on the relationship between competencies and employee development.

Employee Benefits

Cabot supports our employees by making a wide variety of benefits available to all eligible, regular full-time employees. Our intent is to provide a comprehensive global program that is designed to be competitive in local markets when combined with the unique social security benefits of each country.

To supplement or augment the social security benefits in each country to meet the health and financial needs of the majority of our full-time employees in each location, Cabot offers the following types of benefit programs for employees where applicable:

- Health care and employee assistance
- Retirement plans
- Life insurance
- Business travel accident insurance
- Disability insurance
- Vacation and leave entitlement

Part-time employees, who comprise less than 2% of our workforce, receive a portion of these benefits, depending on location and other factors.

Cabot handles career transitioning by providing assistance on a case-by-case basis, including, but not limited to, outplacement services designed to equip employees with the skills necessary to transition to future employment or retirement. Additional benefits vary depending on regional requirements and can include:

- Retirement planning tools
- Employee assistance call center and website
- On-site retirement seminars
  - Reducing debt, building wealth
  - Planning for your retirement
  - Making a smooth transition to retirement

Elevating Talent

Training and Education

Cabot's employee development efforts address individual career goals and focus on skills and competencies that we require for excellent organizational performance. One of our major goals is to ensure our employees continue to grow and expand their skills and competencies in support of Cabot's business objectives. At the same time, we must support and attract new employees by allowing them to progress within the organization. In each case, training and development is key to meeting these goals.

We believe that employee development is a shared responsibility. Our managers are committed to coaching, assessing employee's competencies, and providing objective feedback. Employees are open to and actively seek feedback, own their development actions, and openly share their future aspirations and mobility. Employee development starts in the current role. It is a continuous process with ongoing dialogue, assessment, and documentation. Employee development requires experiential learning, where the breadth and depth of experience is necessary for career advancement.

Cabot currently tracks training on a site-by-site basis. On average, individual employees received the following average hours of training per year:

	Annual Average Hours per Employee*
Administrative	20
Professional	47
Technical	88
Operational/Other	43

** based on the number of Cabot employees, excluding Purification Solutions*

All employees are required to take an online Global Ethics and Compliance Standard training. Depending on level and job function some employees are also required to undergo additional training including:

- Antitrust
- Responsible Care
- Insider Trading
- Export Controls
- Information Protection and Privacy
- Conflict of Interest
- Financial Integrity
- REACH
- Environmental Awareness
- Anti-bribery
- Cabot Values

The Developing Leaders program was established to provide our leaders with the knowledge and skills necessary to be effective in their roles. Our goal for the 2012 fiscal year was to complete training for at least 75% of people leaders. We are pleased to announce that we not only reached this goal, but exceeded it, by completing training for 84% of our people leaders.

The key objectives of the program are to: establish a global framework; incorporate content that is applicable to all of Cabot as well as content specific to each location; and ensure the program is sustainable and can be built into our new employee on-boarding and management practices in the future.

CABOT VALUES: FOUNDATION OF THE COMPANY Our values of integrity, respect, excellence and responsibility are widely communicated and shared on a global basis. We strive to ensure that all employees are committed to living the Cabot values of integrity, respect, excellence and responsibility.

Cabot offers workshops to all employees to increase awareness and provide guidance on how daily work behaviors should reflect these values. Our goal is to ensure employees understand the four Cabot values, what they mean, how they guide our day-to-day work life and how they drive our vision and strategy. As a result of these workshops, employees are better equipped to "live" the values by more closely aligning their daily decisions and work behaviors with them.

Cabot has defined three levels of leaders:

- First Line Leaders: The first level of jobs where employees supervise or manage other employees
- Mid-Level Leaders: The leaders who typically lead the First Line Leaders
- Senior Level Leaders: those in higher level leadership roles in the organization

The initial focus of the Developing Leaders program is on First Line Leaders who manage a significant portion of Cabot's employee population. It is important to focus on this group because this is the level where people leadership competencies are first introduced. Starting leadership development at this level provides the foundation for more complex leadership at the higher levels. The program is divided into four components that cover the following key content areas:

- Cabot specific
- Location specific
- Skills development
- Functional specific

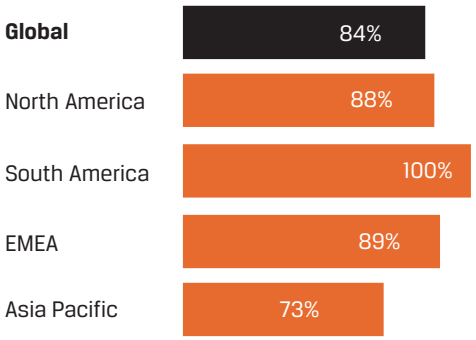
The focus in 2013 has been:

- Continued development and roll-out of functional-specific course content
- Additional skills development offerings such as feedback and coaching and competency-based interviewing
- Skills training focused on the needs of mid-and senior-level people leaders
- Additional skills training for First Line Leaders

COURSE	TOTAL # OF EMPLOYEES	% OF EMPLOYEES REQUIRED TO COMPLETE COURSE	% OF COMPLETIONS
Global Ethics and Compliance Standards	3845*	100	99.8
Information Protection and Privacy	3845	95.7	99.4
Conflict of Interest	3845	15.2	100
Financial Integrity	3845	13.1	99.9
REACH	3845	16.2	99.3
Responsible Care	3845	31.7	100
Environmental Awareness	3845	4.2	97.5

** based on the number of Cabot employees, excluding Purification Solutions, as of November 30, 2012*

2012 Leadership Development -% Training Completed



CABOT COLLEGE Cabot employees worldwide participate in Cabot College, a two week, intensive development program that engages select Cabot leaders on a variety of topics including business strategy, accounting and finance and negotiations. In addition to the business and management skills gained through the formal classroom component, participants also gain insights from colleagues in different regions and functional areas.

Fostering Communities

CABOT MAUÁ, BRAZIL
A fun, educational space for local school children

CABOT VALMEZ, CZECH REPUBLIC Surrounding our site with community artwork

CABOT TIANJIN, CHINA A greener view

CABOT TUSCOLA, USA Children's time to exercise and play

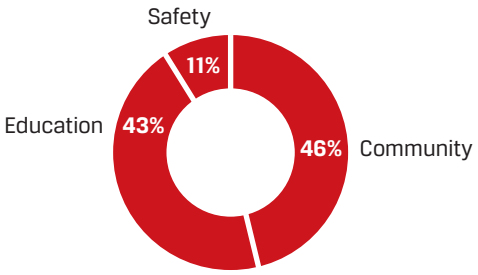
Corporate Citizenship

Our commitment to sustainability extends beyond our manufacturing facilities. We strive to be a responsible corporate citizen, and a good neighbor and to make a positive and lasting difference in places where we operate.

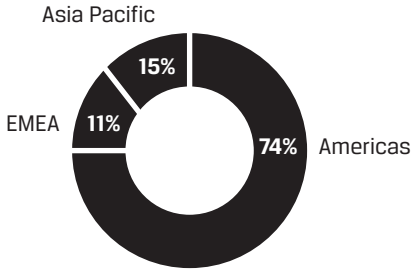
Cabot's global philanthropic efforts give priority to science and technology education, safety, health and environmental improvements and programs that improve human services in our communities. Our donations are made through Cabot's charitable arm, Cabot Corporation Foundation, Inc., as well as through local Cabot business funding, and the specific programs we support are typically identified by our employees and reflect regional needs and cultures.

From calendar year 2012 to June 2013, the Foundation and our local businesses donated or pledged a combined $2.4 million in direct and in-kind support of a wide range of programs aimed to contribute to community success, improve science and technology literacy and support human services programs. Underscoring our belief that education is a cornerstone of community sustainability, approximately one-half of this amount supported science and technology education programs.

Funding by Giving Category*



Funding by Region*



** Charts represent Calendar Year 2012 through June 2013 (18 months) Foundation and facility giving combined.*

COMMUNITY ACTION

PATRICK PREVOST DELIVERS SPEECH TO FUDAN UNIVERSITY STUDENTS Patrick Prevost, Cabot's president and CEO, delivered a speech to the School of Management at Fudan University in Shanghai, China. Focused on the theme of "Embracing the Future with Courage—Turning Business Challenges into Opportunities," Patrick provided insight into current global economic mega-trends and career development advice.

CABOT SPONSORS AQUARIUM TANK The Foundation sponsored the recent Giant Ocean Tank renovations at the New England Aquarium, which was a top-to-bottom, 21st-century transformation. The new exhibit has more than 2,000 animals and the revitalized tank includes new windows to provide crystal-clear viewing opportunities; and a vibrant, revitalized coral reef exhibit.

Fostering Communities

Community Highlights

SCHAFFHAUSEN PLAYGROUND

Employees from our Schaffhausen, Switzerland facility are working with the Friedeck School, located in the town of Hallau, to design and build a playground where students can enjoy a safe area to play and participate in various group activities. Building funds were provided by the Cabot Foundation and the site. Cabot volunteers helped construct a climbing wall, rolled out grass for a soccer field, and made other improvements. Employees plan to continue their partnership with the Friedeck School through volunteer opportunities and projects focused on creating a safe and fun learning environment.

FUNDACION MAMONAL IN CARTAGENA, COLUMBIA

For over 35 years, Cabot Colombiana has been a corporate partner and active member of Fundacion Mamonal, an organization that promotes and protects industrial and social development in the Mamonal Industrial Park and the greater Cartagena area. Fundacion Mamonal is a recognized leader in the improvement of education, with a focus on improving access, quality and institutional efficiency. Employees in Cabot's Cartagena facility have developed a relationship with a local school, Institucion Educativa San Lucas. Additionally, the Cabot Foundation provided funds for the Fundacion Mamonal "Magic Project" that helps to improve the quality of instruction at area schools.

SUPPORT FOR PUBLIC SCHOOLS IN CHINA

Cabot continues to provide support to ten elementary schools in Sichuan province, China that were affected by the 2008 earthquake, including the building of libraries and annual donations of books and other supplies. Most recently, the Cabot Foundation donated computer equipment and sponsored the construction of a Hope School in Hebei province that will host approximately 300 students in the fall of 2013. The Foundation also provides scholarship funds to needy students in Jiangxi, Shanghai and Tianjin, China, providing $200,000 in scholarship funds since 2002.

THE ONE FUND BOSTON

The Cabot Foundation made a donation to The One Fund Boston to help the people most impacted by the marathon bombings that occurred on April 15, 2013. Our people from the Boston, USA office and around the world were profoundly moved by the strength and resiliency of the people of Boston, and are continuing to think of those who were impacted by these tragic events. Additionally, employees from the Boston office participated in the J.P. Morgan Corporate Challenge, a fundraising event that generated $540,000 for The One Fund.

ENGAGING LOCAL STUDENTS IN GREEN CHEMISTRY

The Billerica, USA facility participated in two educational community activities with local school students to promote interest and awareness in sustainability and green chemistry. The Cabot team funded a green chemistry outreach group to run interactive lab experiments such as creating solar cells from fruit juice with 75 children from a local elementary school. Cabot also sponsored a high school chemistry class field trip to the Beyond Benign laboratories in Wilmington, USA to learn about green chemistry to create a sustainable future. The students toured a working research lab and participated in experiments that showcased a process to recycle plastic into soap.

MASSACHUSETTS INSTITUTE OF TECHNOLOGY SOLAR CAR

The Cabot Foundation sponsored the Massachusetts Institute of Technology (MIT) Solar Electric Vehicle Team in the building, testing and racing of its solar car. In 2013, the team participated in the North American Solar Challenge, racing from New York, USA to Minnesota, USA and the World Solar Challenge in Australia. Through this sponsorship, Cabot is able to support and engage a team of bright, young future engineers and scientists who will become the next generation of talent needed to sustain the performance materials industry.

EARTH DAY

In honor of Earth Day, employees from Canal, USA; Haverhill, USA; and Xingtai, China participated in various activities to help clean up the community and to increase awareness and appreciation of the earth's natural environment. Cabot employees throughout the world are dedicated to keeping their communities clean, and these Earth Day activities are just some of the ways in which Cabot has been involved in the cleanup of the surrounding communities over the years.

PRYOR EMPLOYEES MAKE THE HOLIDAYS BRIGHT FOR LOCAL CHILDREN

For the sixth straight year, employees in Pryor, USA have worked to make the holidays more special for children in their community. The Project Angel Tree Program enables teachers and counselors to identify newborn to middle-school age children who could benefit from receiving additional support such as clothing, books, music and toys. This community project not only brings attention to a significant need in the Pryor community, but was a positive experience for the students to learn what a community project can do and the difference it can make for the communities in which we all live.

Driving Performance

At Cabot, we are committed to bringing value to our customers and shareholders. In 2012, we continued our transformation to a higher margin, specialty chemicals focused company, delivering $3.32 adjusted earnings per share and a 16% Total Segment EBIT improvement.

CABOT CORPORATION FINANCIAL HIGHLIGHTS
(dollars in millions, except per share amounts and ratios)

FISCAL YEAR	2012	2011	2010
Operating Results			
Operating revenues	$3,300	$3,102	$2,716
Net income attributable to Cabot Corporation	$388	$236	$154
Net income per diluted common share	$5.99	$3.57	$2.35
Financial Position			
Total assets	$4,399	$3,141	$2,886
Net property, plant and equipment	$1,552	$1,036	$937
Stockholders' equity	$1,939	$1,616	$1,417
Adjusted return on invested capital	12%	16%	14%

Despite a challenging economic environment, we delivered a record $503 million of adjusted EBITDA. This strong performance was achieved through our ongoing focus on value pricing, operational efficiency and improvement in our product mix. We completed strategic capacity expansions in Reinforcement Materials, Performance Materials and Advanced Technologies as well as launched a number of innovative new products to the market. We are well positioned for the future with an attractive group of leading businesses.

PORTFOLIO MANAGEMENT

Cabot continually evaluates our business portfolio. We are committed to becoming a higher-margin, less cyclical specialty chemicals company. In 2012, Cabot completed two significant portfolio moves that will help us achieve this goal.

In January, we divested our Supermetals business. In July, we completed our acquisition of Norit, a leading producer of activated carbon. Both moves will help us deliver more consistent and predictable earnings over the long-term. Based on our long-term strategic direction, we have looked for ways to reduce our earnings volatility with such activities as the Supermetals sale. This transaction allowed us to focus our resources on growth initiatives in our other businesses as well as pursue acquisitions as part of our portfolio management strategy, which we believe will create higher value for our shareholders.

Our continued execution of our strategy has led us to acquire Norit—an attractive margin and growth business. The acquisition increased our capabilities in the sustainability space and diversified our end market participation into purification. The addition of Norit to our portfolio supports the ongoing transformation to a higher margin, less cyclical specialty chemicals company. We have been focused on portfolio management for a number of years and we were looking for businesses with unique technology, market leadership positions and attractive financial performance. Activated carbon had been on our radar for some time as a business that would fit nicely within Cabot's portfolio.

At Cabot, we are a leading provider of rubber and specialty carbons, activated carbon, inkjet colorants, cesium formate drilling fluids, fumed silica, aerogel and elastomer composites.

SEGMENT STRUCTURE

As a result of these changes, the Executive Committee also decided to take a fresh look at the composition of our company structure and the names of our segments. Full financial performance information can be found in Cabot's 2012 Annual Report.

The new company structure consists of the following segments:

- **Reinforcement Materials** is comprised of the rubber blacks business in which our products are used in tires and industrial products.

- **Performance Materials** meets the needs of Cabot's global specialty businesses with specialty carbon and compounds (special carbon blacks, masterbatches and conductive compounds) and fumed silica and alumina products.

- **Purification Solutions** is made up of the former Norit Activated Carbon business. This segment is the world's largest and most experienced producer of activated carbons that are used to remove pollutants, contaminants and other impurities from water, air, food and beverages, pharmaceutical products and other liquids and gases in an efficient and cost-effective manner. Activated carbon is also used as colorants, carriers or catalysts in industrial processes.

- **Advanced Technologies** is comprised of the New Business and Specialty Fluids segments. New Business includes the inkjet colorants, aerogel, security materials and elastomer composites businesses. Specialty Fluids produces and markets cesium formate as a drilling and completion fluid for use primarily in high pressure and high temperature oil and gas well construction.

CABOT LAUNCHES NEW PLASTICS APPLICATION DEVELOPMENT LAB In early 2013, Cabot established a new plastics applications development laboratory in Shanghai, China that contains the latest technologies and testing equipment to provide global, best-in-class technical service. With this lab, Cabot can better meet the unique requirements of its Asia based customers across a range of critical applications including agricultural film and irrigation pipe, gas and water pressure pipe, wire and cable jacketing, extrusion, molding and compounding as well as conductive products for electrostatic discharge protection.

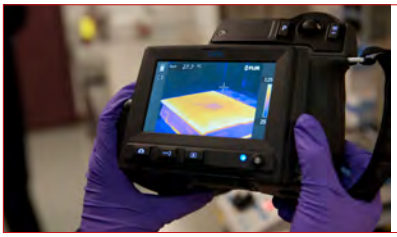
Driving Performance

Commitment to Internal and External Initiatives

We have developed our own internal standards that provide guidance and explain how to uphold our values and ethical standards. Such standards include our corporate values, ethics and compliance, supplier code of conduct, safety guidelines and manufacturing processes.

Cabot believes that working in partnership with others and committing to voluntary initiatives is critical to demonstrating collaboration and leadership. Cabot is active in trade and industry groups and engaged in positive discussions concerning the role of regulation, as well as industry, in achieving global reductions in CO_2 over time and mitigating the negative impacts of climate change.

COMMITMENT TO RESPONSIBLE CARE®
As a member of the American Chemistry Council (ACC), we have adopted the Responsible Care guidelines and are actively engaged in gaining this third-party certification for our North American facilities. Several of our international locations have also adopted the Responsible Care guidelines, including our carbon black manufacturing facilities in Argentina, Brazil, Colombia, the Czech Republic, France and The Netherlands. Cabot is also a member of the Association of International Chemical Manufacturers (AICM) that promotes Responsible Care in China.



COMMITMENT TO RESPONSIBLE SOURCING OF ELECTRONICS RAW MATERIALS
We were the first tantalum refiner audited and certified to be "conflict-free" for our sourcing of tantalum ore. Since 2000, Cabot has had a policy and commitment in effect to not purchase any ore without assurance of its origin.

COMMITMENT TO CLIMATE AND ENERGY
Based upon a baseline year of 2005, we have established a goal to reduce our overall greenhouse gas emissions intensity by 20% and our energy intensity by 10% by the year 2020. Cabot continues to be committed to participating in the Carbon Disclosure Project (CDP) and advocates transparent and consistent reporting of greenhouse gas emissions.

COMMITMENT TO SAFE USE OF NANOTECHNOLOGY
Cabot is committed to advancing the understanding of the capabilities of nanomaterials while ensuring that the SH&E impacts are fully understood. Cabot is active with a number of industry groups that are collaborating to ensure risk decisions regarding nanotechology are consistent and prudent. Cabot led an industry initiative with the International Carbon Black Association to develop and submit a dossier to the USEPA on the health risks associated with carbon black in response to their voluntary disclosure initiative on nanomaterials.

Awards and Recognition

There are many ways to measure success. Recognition by industry peers is one of them.

Awards and Recognition

Measuring Success

When it comes to applying technology to solve some of the world's most pressing challenges related to the transportation, infrastructure, consumer and environment industries, few companies can rival our record of achievement. We set high performance targets for ourselves and are proud of the recognition we have earned for our performance over the years. We have been recognized with the following accolades.

- Billerica, USA – Mass High Tech (MHT) Women to Watch, Wendy Pryce Lewis, 2013
- Botlek, The Netherlands – Borealis, 94% Performance Rating, 2012
- Corporate Responsibility Magazine, 100 Best Corporate Citizens, 2012
- Freudenberg-NOK Sealing Technologies (FNST), Silver Supplier Excellence Achievement Level Award, 2012
- Haverhill, USA – Massachusetts Alliance for Economic Development (MassECON), Bronze Winner, 2012
- Maplecroft Climate Innovation Indexes Cycle 3, Maplecroft CII Leader, 2012
- Massachusetts Eco Leadership, Excellence in Commuter Options Award, 2012
- Mauá, Brazil – Paint & Pintura Magazine, Best Carbon Black Supplier, 2012
- Pampa, USA – Texas Workforce Commission, Manufacturing Star Award, 2012
- São Paulo, Brazil – Gates South America, Best Chemical Supplier, 2013
- Sarnia, Canada – Sarnia Lambton Chamber of Commerce, Large Business of the Year, 2012
- Shanghai, China – Chemical Industry Association, Top 10 Enterprises, 2012

XINGTAI AWARDED HEBEI PROVINCIAL MODEL CONSTRUCTION SITE The recently completed carbon black site in Xingtai, China was recognized as a Hebei Provincial Model Construction Site by Hebei Supervision and Management Office on Safe Production of Construction Sites. No recordable safety incidents have occurred since the site's ground-breaking in April 2012, which spans over 600,000 man-hours.

TIANJIN PLANT AWARDED HONORS OF SAFE OPERATION Cabot's Tianjin, China facility was honored for its safe operation performance by Tianjin Economic Development Area (TEDA) Administration of Work Safety. The Tianjin plant won the top ranking among all model enterprises, and was presented with the 2012 Model Enterprise of Safety Cultural Cultivation in Binhai New Area by the Tianjin Binhai Administration Committee of Safety. The Tianjin production team was awarded Excellent Team for Safe Operation; select employees were also honored with awards for Excellent Team Leader of Safe Operation and Model Individual of Safe Operation. Tianjin employees actively participated in safety communication and exchange activities led by government enterprises, including lectures on Safe Operation Management of A-class Standard Enterprise as well as Safe Operation Management of Technical Process and Forum of Safety Managers.

CARTAGENA SITE NAMED SAFETY WORLD CLASS ORGANIZATION Cabot Colombiana received the Safety World Class Organization Award from the ARL SURA. This excellence award is considered the most important acknowledgment of safety and occupational health in Colombia. Cabot was selected from a total of 7,000 companies.

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Cabot Corporation** has presented its report "Advancing: 2012/2013 Sustainability Report" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 26 September 2013

B
GRI REPORT
GRI CHECKED

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 September 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*

cabotcorp.com