Basis of Reporting GHG Emissions

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1. Introduction

Cabot reports Scope 1 and 2 greenhouse gas (GHG) emissions, biogenic emissions, and GHG intensity for all sites under operational control, as defined in our organizational boundary approach. Reporting is conducted in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition) and follows guidance from the IPCC Guidelines for National Greenhouse Gas Inventories (2006) and The Climate Registry General Reporting Protocol (Version 3.0). Cabot reports Scope 3 GHG emissions at the corporate level in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Scope 1 includes direct GHG emissions from our production processes, while Scope 2 covers indirect GHG emissions associated with the import of energy. Scope 3 boundaries can vary by category, but are generally defined as activities upstream and downstream from Cabot's operational control.

Emissions are calculated using the IPCC's Sixth Assessment Report 100-year global warming potentials. This approach ensures that inventory data is accurate, complete, consistent, and transparent, with supporting documentation that is readily verifiable.

Our reporting period aligns with the calendar year, from January 1 to December 31. Historical data, including the baseline, is restated when material changes occur (defined as >1% of total reported environmental metric) due to data improvements (e.g., refined estimation or calculation methodologies). The baseline year for Cabot's Scope 1 and 2 GHG emissions target is 2022.

In addition to data improvements, Cabot will restate the baseline year or subsequent years' emissions data in the event of a material structural change, such as a significant merger, acquisition or divestiture. Cabot will not restate the baseline or subsequent years for smaller changes, such as the closure or acquisition of a manufacturing site, unless the impact is considered material. However, commentary may be provided in the narrative to address such changes.

Cabot treats acquired and divested sites in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition). Acquired facilities that were operational in the base year will have their emissions and production counted for both the base and current years. Emissions and production from divested facilities will be removed from both the base and current years. Cabot aims to fully integrate acquired entities through data collection, consolidation and reporting within one year following the close date of the acquisition or merger.

2. Scope of Reporting

2.1. Scope 1 and 2 Inventory Boundaries

Cabot's Scope 1 and 2 inventories reflect significant direct and indirect GHG emissions at Cabot owned or leased premises. GHG accounting is based on the operational control approach at facilities where Cabot has a controlling share greater than 50% and where five or more people

are employed by Cabot during the reporting year. The GHG emissions within Cabot's Scope 1 and 2 reporting boundaries are listed in table 2.1.a.

Table 2.1.a GHGs in Scope 1 and 2 Reporting Boundaries

CO_2	CH_4	N_2O

In addition to the GHGs listed in table 2.1.a, Cabot recognizes that minor emissions of other major GHGs (e.g., HFCs, PFCs, SF_6 and NF_3) occur within the operational boundary. However, these emissions are considered insignificant and, therefore, not quantified.

Scope 1 GHG emission categories at Cabot's facilities include production processes, stationary combustion, mobile combustion, nitrogen oxides (NO_X) control, and sulfur dioxide (SO_2) control. Emissions from these sources are tracked based on their relevance to each business unit's operations. Refrigerant losses are excluded as a source of Scope 1 GHG emissions due to immateriality of these sources.

Scope 2 GHG emission categories at Cabot's facilities include imported steam and electricity. Emissions from these sources are tracked based on their relevance to each business unit's operations. Cabot does not import hot water at any of its facilities.

2.2. Use of Energy Attribute Certificates and Offsets

Cabot utilizes Energy Attribute Certificates (EACs), either unbundled or bundled with electricity supply, to claim renewable energy use at facilities and associated market-based Scope 2 GHG reductions. Preference is given to EACs from solar, wind, hydropower, and other non-combustion generation sources over biomass to secure a "carbon free" claim. Cabot aims to use Renewable Energy Certificates (REC) generated within 18 months of the electricity being consumed. Currently, Cabot does not employ an "age of facility" criterion for REC purchasing.

2.3. Scope 3 Inventory Boundaries

Scope 3 GHG emissions reflect emissions from Cabot's upstream and downstream value chain. Cabot assessed each Scope 3 category for relevancy and found that all categories except for Category 14, Franchises, are applicable. A majority of Scope 3 emissions belong under Category 1, Purchased Goods and Services.

3. Basis for Reporting Scope 1 GHG Emissions

Cabot's GHG calculations are completed in accordance with The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Edition) and follow guidance from the IPCC Guidelines for National Greenhouse Gas Inventories (2006) and The Climate Registry: General Reporting Protocol (Version 3.0). Emissions are calculated using the operational control approach, applying the IPCC's Sixth Assessment Report 100-year global warming potentials, and included emissions of CO_2, CH_4 and N_2O.

Cabot maintains databases that track monthly usage volumes of feedstock materials and fossil fuels, as well as production volumes. Primary data is obtained from energy utility invoices, fuel receipts and process meter measurements. Scope 1 CO_2 emissions from the manufacturing

process are predominantly calculated using Cabot's own data, based on carbon mass balance calculations, Cabot-derived emission factors, and publicly available emission factors from IPCC's Guidelines for National Greenhouse Gas Inventories (2006).

Scope 1 CH_4 carbon black manufacturing process emissions are calculated using an emission factor published in IPCC's Guidelines for National Greenhouse Gas Inventories (2006) for the carbon black process. Scope 1 GHG emissions from stationary combustion are, in most cases, calculated using emission factors published in IPCC's Guidelines for National Greenhouse Gas Inventories (2006). The exception is combustion of butadiene, for which emissions are calculated using Cabot-derived emission factors based on a carbon mass balance.

Scope 1 absolute GHG emissions undergo a limited assurance in accordance with the International Standard for Assurance Engagements (ISAE) 3000 (Revised).

4. Basis for Reporting Scope 2 GHG Emissions

Scope 2 GHG emissions from purchased electricity are calculated in accordance with The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Edition). Cabot obtains primary data for electricity and steam from invoices or process meter measurements.

The calculation uses the latest available emission factors from the United States Environmental Protection Agency's eGRID, the latest National Inventory Report of GHG Sources and Sinks in Canada, and the most recent International Energy Agency's (IEA) country-specific emission factors. For location-based emissions, these emission factors are multiplied by the amount of electricity purchased.

For market-based emission factors, adjustments are made for the purchase of any RECs or based on contract values. Residual mix emission factors are used, sourced from the Green-e Energy residual mix rates for the U.S., and the Association of Issuing Bodies (AIB) Residual Mix Report for Europe. In cases where a market-based value is unavailable, Cabot uses the location-based emission factor as a proxy. These emission factors are multiplied by the amount of electricity purchased to calculated market-based emissions.

5. Basis for Reporting Biogenic Emissions

Biogenic emissions are calculated and reported in accordance with The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard (Revised Edition). Biogenic carbon refers to carbon sequestered from the atmosphere during plant or biomass growth. This biomass material can be processed to produce sustainable feedstocks for the carbon black production process. When combusted, biogenic feedstock can create both biogenic and fossil-based emissions, depending on the biogenic carbon content.

In addition, biomass can be processed into biogenic fuels, which can be combusted to produce heat and other forms of energy. The sources of biogenic carbon that contribute to biogenic emissions are listed in table 5.a.

Table 5.a: Biogenic emissions categories, sources, and relevant GHGs.

Emissions Category	Emissions Source	Relevant GHGs	Explanation
Production processes	Biogenic carbon feedstock reactions and subsequent tail gas combustion at boiler plants and flares.	Biogenic CO_2	Feedstock containing biogenic carbon is either blended with feedstock without biogenic carbon content or used unblended. Cabot's chemical processes react these feedstocks (e.g., tire pyrolysis oil) to create a product containing biogenic carbon. Any biogenic carbon that is not retained in the product is emitted post combustion as biogenic CO_2. Direct CO_2 emissions from biologically sequestered carbon are reported separately from Scope 1 emissions.
Stationary Combustion	Hydrocarbon burners.	Biogenic CO_2	Fuel containing biogenic carbon is either blended with fuels without biogenic carbon content or used unblended to produce heat for plant processes. The carbon associated with the combustion of biogenic fuels is emitted as biogenic CO_2. Direct CO_2 emissions from biologically sequestered carbon are reported separately from Scope 1 emissions.

Cabot maintains databases that track monthly usage volumes of biogenic feedstock materials and fuels, as well as production volumes. Additionally, Cabot tracks the biogenic carbon content of any purchased materials, as measured through laboratory analysis. Biogenic CO_2 emissions from the manufacturing process are predominantly calculated using Cabot's own data, based on mass balance calculations and Cabot-derived emission factors. Biogenic GHG emissions from stationary combustion are, in most cases, calculated using Cabot-derived emission factors.

A review of the biogenic emission factors is conducted at least annually and whenever new sources of biogenic emissions are identified, to ensure their reliability and accuracy. These emission factors are specific to Cabot, as they are derived from the biogenic content of feedstock and the CO_2 yield of our production facilities.

The method used to determine these emissions is comparable to the broader mass balance method used to determine Scope 1 emissions. The method is compared and reviewed annually to ensure it remains valid and accurate.

6. Basis for Reporting Emissions Intensity

GHG emissions intensity is calculated as:

$$\frac{MTCO_{2e}\ of\ emissions}{MT\ of\ products}$$

The intensity of our GHG emissions is calculated for all Scope 1 and 2 emissions produced by facilities under Cabot's operational control. Emission intensity values are rounded to two decimal points for reporting purposes.

7. Basis for Reporting Scope 3 Emissions

Cabot's Scope 3 GHG calculations are completed in accordance with the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emissions are calculated by applying the IPCC's Sixth Assessment Report 100-year global warming potentials and include only emissions of CO_{2e}.

Scope 3 emissions are calculated using a mix of primary and secondary data depending on the category, and the latest available emission factors from UK DEFRA, EcoInvent, US EPA, Cabot-derived and industry sources. The following table contains details regarding methodology and emissions factors used for each Scope 3 category:

Table 7.a: Scope 3 emissions categories, sources, and emission factors.

Scope 3 Category	Methodology
1: Purchased Goods & Services	Emissions from purchased goods & services are calculated using a hybrid approach. Emissions from feedstocks and additives are calculated using activity data from Cabot businesses production systems. Activity data is converted into emissions using the latest available industry average emission factors from CarbonMinds, EcoInvent, and IPCC 2021. Emissions from purchased goods & services outside of feedstock and additives are calculated using a spend-based method. Spend figures are converted into emissions using the latest available commodity-based EEIO emission factors published by the US EPA.

2: Capital Goods	Emissions from capital goods are calculated using a spend-based method. Spend figures are converted into emissions using the latest available commodity-based EEIO emission factors published by the US EPA.
3. Fuel & Energy Related Activities	Emissions associated with fuel-related combustion activities comprise the upstream emissions and transport and distribution losses. The upstream emissions for each fuel type are calculated by multiplying the latest available fuel specific emission factor from EcoInvent and IPCC 2021 by the relevant consumption quantity. Emissions associated with energy related activities (electricity and steam purchases) are split into two categories comprising Well to Tank (WWT) emissions and Transport and Distribution (T&D) Emissions. Emissions for these four categories are derived by multiplying electricity purchased and steam purchased by the latest available country specific emissions factors from UK DEFRA.
4: Upstream Transportation and Distribution	Emissions associated with Upstream Transportation and Distribution are from the fuel combustion of transport by road, ocean, air, rail, and upstream feedstock transportation, as well as distribution and warehousing. Primary transportation data is obtained for each upstream shipment in the relative year including shipment origin, destination, mode of travel, weight and Incoterm. The delineation between upstream and downstream T&D was determined using Incoterms. The distance travelled can be estimated and multiplied by the mass and the latest available emission factor for each mode of transportation from UK DEFRA. For distribution and warehousing, primary outbound shipment data from warehouses were multiplied by warehousing throughput emission factors from the German, Italian and Latin American Consortium for Resource Efficient Logistics Hubs & Transport (GILA) based on the type of facility.
5: Waste Generated in Operations	Emissions associated with waste and wastewater treatment are calculated by multiplying activity data with the latest available emission factors from UK DEFRA and EcoInvent.
6: Business Travel	Emissions associated with business travel are calculated by multiplying total miles traveled in the respective year by the latest available emission factor for each mode of transport from UK DEFRA.
7: Employee Commuting	Emissions associated with employee commuting are calculated by multiplying the total commuting distance by modal share and each modality's latest available emission factor from UK DEFRA.
8: Upstream Leased Assets	Emissions associated with upstream leased assets are calculated by multiplying the total miles traveled by leased railcars by the latest available emission factor from UK DEFRA.

9: Downstream Transportation & Distribution	Emissions associated with Downstream Transportation and Distribution are from the fuel combustion of transport by road, ocean, air, rail, and upstream feedstock transportation. Primary transportation data is obtained for each downstream shipment in the relative year including shipment origin, destination, mode of travel, weight and Incoterm. The delineation between upstream and downstream T&D was determined using Incoterms. The distance travelled can be estimated and multiplied by the mass and the latest available emission factor for each mode of transportation from UK DEFRA.
10: Processing of Sold Products	Emissions associated with processing of sold products are calculated for each type of product produced within the reporting year. The downstream processing emissions associated with each product are estimated from industry reports and EcoInvent.
11: Use of Sold Products	There are no emissions associated with sold primary Cabot products as they are inert. Emissions in this category apply only to tail gas exported from select Cabot facilities and its combustion by a customer. Site-specific emission factors are used in the calculations.
12: End of Life Treatment of Sold Products	Emissions associated with processing of sold products are calculated for each type of product produced within the reporting year. The end-of-life treatment emissions associated with each product are estimated from the latest available factors in the US EPA Waste Reduction Model (WARM).
13: Downstream Leased Assets	Emissions associated with operation of assets owned by Cabot and leased to other entities in the reporting year. The emissions methodology for each downstream leased asset depends on the type of asset.
15: Investments	Emissions associated with the operation of investments (including equity and debt investments and project finance) in the reporting year, outside of Cabot's operational boundary. The emissions methodology for each investment depends on the type of investment.

8. Data Management

Data Collection and Calculation

Data collection and the calculation of Scope 1 and 2 emissions are conducted through a web-based sustainability cloud system, which collects data for individual sites on a monthly, quarterly, or annual basis. The data is obtained from existing business process systems as well as directly from the sites.

Data collection and calculation of Scope 3 emissions are conducted through spreadsheets. The Data used for Scope 3 is often cross-organizational and obtained from subject matter experts within the company. Emission factors are maintained in the spreadsheet.

Data Governance and Auditability

The sustainability cloud system provides for an advanced level of accountability and governance regarding Cabot's environmental sustainability data. Data points require supporting evidence, either in the form of an invoice or a comment explaining the origin of the data point. These data points are entered into the reporting system and reviewed by separate employees at each site. All actions within the system are tracked, and reports can be generated at any time to review.

Additionally, a change management procedure ensures that any significant modifications to the calculation methodology are reviewed in a separate environment before being implemented in the production environment.