Our specialty chemicals and performance materials deliver a wide range of benefits across a diverse group of applications. We are leading the way with innovative solutions to many of today’s most pressing challenges, including those related to sustainability. Some great examples of how our products are being used to make a difference can be found in automobiles on the road today.
As I reflect on Cabot Corporation’s commitment to sustainability, I am proud of the progress we have made in 2017 and am excited about the future. I am convinced that our unyielding pursuit of more sustainable business practices is a source of enduring advantage for Cabot and will ensure that we meet our commitments to customers, shareholders, employees and the communities in which we operate.

The sustainability imperative is changing the competitive landscape and driving us to rethink the way we develop new products and technologies. We are actively responding to this change through a focus on application innovation, a key tenet of our corporate strategy.

In 2017, we opened our new Asia Technology Center (ATC) in Shanghai, China. This state-of-the-art facility serves as a platform to collaborate with our customers to develop truly differentiated solutions that meet current and future market needs. Our global research and development teams are focused on harnessing the power of our materials to address sustainability challenges in areas such as energy storage, resource conservation and next generation mobility. In an effort to broaden our range of sustainable masterbatch formulations in plastics, we acquired Tech Blend, a leading North American producer of black masterbatches. Tech Blend’s key differentiator is the utilization of recycled plastic and this acquisition gives us the capability to create superior products with a significant recycled material content. We are excited about the potential of this technology platform to grow our global product offering of recycled formulations.

As a responsible corporate citizen, we know it is our duty to relentlessly pursue more efficient production processes and reduce waste. Moreover, we recognize that as our industry evolves, customers are placing an increasing emphasis on the circular economy. Harnessing the power of the circular economy is central to our business strategy and operating model. In fact, Cabot has been a leader in this space for as long as we have been in business. Today, we are exploring additional opportunities to close resource loops including sourcing materials that are byproducts of other manufacturing processes and identifying ways to repurpose or transform waste into usable inputs. A notable example of how we play a part in the circular economy is our new fumed silica manufacturing facilities in Wuhai, China and Carrollton, Kentucky, USA. Both facilities broke ground in 2017 and will deploy our latest technologies to promote an industry standard in energy efficiency and recycling of byproduct streams. Our fence-line relationships with Inner Mongolia Hengyecheng Silicone Co., Ltd and Dow create a closed-loop system through the exchange of byproduct materials that eliminates transportation risks, increases manufacturing efficiencies and reduces waste.

In 2017, we also completed a comprehensive materiality assessment in which we worked with our internal and external stakeholders to determine those sustainability topics that were most relevant to our business. This report reflects our focus on these key topics in order to ensure our efforts have the greatest potential for positive impact and are clearly connected to our strategy, vision and values. This is further supported by our continued commitment to the Ten Principles of the United Nations Global Compact in the areas of human rights, environment, labor and anti-corruption.

Our performance and our progress are attributable to the extraordinary efforts of Cabot employees worldwide. While we are proud of the progress we have made to date, we understand that our sustainability journey is ongoing and we will continue to challenge ourselves further. I invite you to explore our report to learn more about what sustainability means to us and how we are embracing new opportunities to grow. If you have suggestions regarding how we carry out this vital work, send us an email at sustainability@cabotcorp.com. We welcome your thoughts.

Regards,

A MESSAGE FROM THE CEO
SEAN D. KOHANE
President and Chief Executive Officer

HIGHLY MATERIAL TOPICS
As we continue on our sustainability journey, we look to the 11 topics we found to be most material as a guide. These topics are helping us focus our attention on what matters most to our business and stakeholders while supporting the Sustainable Development Goals (SDGs) established by the United Nations. These material topics and their corresponding SDGs are listed below.

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<th>MATERIAL TOPICS</th>
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Historically, Cabot’s Global Reporting Initiative (GRI) reports have been produced on a biennial cycle with update reports in the alternating years. Beginning this year, we have made the decision to use the GRI Standards for each of our annual sustainability publications. This report has been prepared in accordance with the GRI Standards: Core Option. It addresses the sustainability topics most material to the Company and also serves as our annual Communication on Progress (COP) in support of our commitment to the United Nations Global Compact (UNGC). Our last sustainability report was published in June 2017.

The data and information covered in this report represents our performance across all significant Cabot locations for which the Company has operational control and majority ownership during the 2017 calendar year, with the exception of financial data, which reflects the Company’s 2017 fiscal year (October 1, 2016 through September 30, 2017). To ensure the highest level of data integrity, we maintain databases for safety and environmental incident tracking, greenhouse gas emissions, finance and human resources. This data is collected, analyzed and reviewed by subject-matter experts within the organization and, in the case of our greenhouse gas emissions, undergoes biennial verification by an independent third party, which was conducted most recently for our 2015 and 2016 data in June 2017.

This report describes Cabot’s sustainability strategy and how it relates to our business and the interests of stakeholders. The content focuses on 11 sustainability topics that were found to be most relevant through a comprehensive materiality assessment completed in 2017. Dedicated sections describe our performance and vision for improvement in each of these 11 areas. Throughout the report, markers are provided to indicate the correlation between material topics, the GRI Standards and the United Nations 17 Sustainable Development Goals.

Values & Ethics
Integrity, respect, excellence and responsibility are our core values. We are committed to living these values and conducting our business ethically. This is fundamental to the way we interact with our customers, partners, distributors, shareholders and colleagues from all over the globe. In addition to more focused training based on job responsibilities, all employees are required to complete training on our Code of Business Ethics each year. The training is provided in 13 languages across our global network of facilities. The Code covers a multitude of topics, including the importance of treating each other with mutual respect, interacting with our customers and other stakeholders with a high standard of ethics, protecting Cabot’s assets, and serving our communities in a responsible manner. The Office of Compliance, which reports to the Audit Committee of Cabot’s Board of Directors, oversees the implementation of the Code and helps to ensure compliance with laws and regulations.
**OUR INDUSTRIES**

- **Transportation**
  - We help manufacturers improve the performance, safety and lifespan of vehicles and their components.

- **Environment**
  - We help address some of the world’s most pressing environmental issues.

- **Consumer**
  - Our performance solutions are an essential part of modern-day life.

**OUR BUSINESS SEGMENTS**

- **Performance Chemicals**
  - Specialty Carbons and Formulations; Metal Oxides
  - Specialty additives that enable performance in plastics, wire and cable, toners, coatings, adhesives and sealants, electronics, batteries, inks, inkjet printing, composites, silicones, building construction materials and industrial insulation

- **Specialty Fluids**
  - Cesium Formate Brines; Fine Cesium Chemicals
  - Advanced cesium products for use in oil and gas well drilling and completion fluids, catalysts, titanium dioxide, glass and brazing fluxes

- **Reinforcement Materials**
  - Rubber Blacks; Elastomer Composites
  - Carbon black to reinforce and optimize the performance of rubber products, including tires, hoses, belts and molded goods

- **Purification Solutions**
  - Activated Carbon
  - Activated carbon for purification in various applications including air and water, food and beverages, pharmaceuticals and catalysts

**OUR LOCATIONS**

- **Canada**
- **United Kingdom**
- **France**
- **Germany**
- **Czech Republic**
- **Switzerland**
- **China**
- **Malaysia**
- **Singapore**
- **Indonesia**
- **Japan**
- **India**
- **United Arab Emirates**
- **Italy**
- **Norway**
- **Latvia**
- **Netherlands**
- **United States**
- **Mexico**
- **Colombia**
- **Brazil**
- **Argentina**

**ENGAGING WITH OUR STAKEHOLDERS**

Maintaining positive relationships with our various stakeholder groups plays a critical role in our ability to be a responsible corporate citizen. We diligently seek opportunities to engage with our customers, investors, employees, regulators and communities and welcome their feedback on how our activities impact their respective interests. Our outreach to these groups can take on many different forms, including "open days" at our manufacturing facilities, during which we welcome our neighbors to visit, "investor days," where we invite investors to hear from our leaders about business conditions and strategies, and specially designed programs for our communities, in which we offer exchanges of cutting-edge science and technology research. We firmly believe these types of interactions are equally beneficial to Cabot as well as our key stakeholders.

**STAKEHOLDERS**

- **Customers**
  - Surveys, technical information, exchanges, plant visits, social media, complaint resolution, website
  - Performance, sustainability, satisfaction surveys, technical solutions, product quality and performance, production plans, safety data sheets

- **Investors**
  - SEC filings, quarterly earnings calls, press releases, annual meeting, individual meetings, sustainability report, website
  - Performance, strategy, execution, material disclosures, sustainability

- **Employees**
  - Meetings, executive briefings, training sessions, surveys, regular intranet communication
  - Performance, strategic initiatives and vision, policy and organizational structure, benefits and compensation, safety data sheets

- **Regulators**
  - Plant visits and inspections, sharing technical information
  - Compliance and best practice exchanges

- **Communities**
  - Plant visits, open house events, community events, sponsorships, engagement programs, social media
  - Plant operations, emergency response planning, compliance programs, emissions, community sponsorships, local engagement

- **Suppliers**
  - Audits and performance assessments, supplier summits, sustainability projects
  - Market demands, production plans, efficiency optimization and sustainability opportunities
Promoting and Sharing Scientific Research

We regularly work with customers, academic partners, suppliers and stakeholders to broaden scientific research aimed at better understanding our existing products as well as those under development. As part of this effort, we are also committed to providing relevant information about our materials to help ensure they are managed safely by both our workers and customers. We do not confine our interest to only our current product portfolio, but actively engage in a number of important studies into a broad class of materials and application formulations.

As an example, our long-standing partnership with the United States National Institute for Occupational Safety and Health (NIOSH), through which we provide graphene materials for toxicology studies, has resulted in valuable information on a portfolio of materials that helps us make informed decisions on safe handling practices. Information from our collaboration with NIOSH continues to be shared broadly through scientific publications and conferences so that other industries and users can benefit from this important research on the potential for health effects associated with exposures to these materials.

We also work closely with our industry peers to continue expanding the extensive body of research on the safety of carbon black and fumed silica. For example, in partnership with the International Carbon Black Association (ICBA), our employees provide important contributions to research that is used to assess safe exposure limits and potential health effects of carbon black.

Opening Doors to the Community in Zaandam, the Netherlands

In celebration of the 100th anniversary of our Purification Solutions facility in Zaandam, the Netherlands, the site opened its doors to neighboring companies and the general public in January 2017. The facility open house started with a presentation of historical photos of the Zaandam plant and the surrounding area. The site visitors were given a tour of the manufacturing facilities and were surprised to learn about the many applications that use activated carbon, including a number of customer applications such as pharmaceuticals, as well as food and beverage, water and air purification. The Zaandam team was proud to engage with the community and demonstrate our Company’s long-term commitment to taking care of the environment and the communities in which we operate.

Engaging With the Local Community on Environmental Protection in Xingtai, China

In recent years, China has been intensifying its focus on environmental issues, particularly air pollution, which has led to curtailment of production for many manufacturers. Fortunately, our team in Xingtai was well prepared to respond to stricter emission reduction requirements with state-of-the-art emission controls. The facility also actively engaged with the broader community on its approach to support this important effort. Part of this community engagement included the opening of an "Environmental Engagement Room." We also invited customers and visitors from the community, local government officials and the surrounding businesses to learn more about how Cabot is supporting local emission reduction efforts for a healthier, more sustainable community.

Encouraging Academic Research

For the sixth consecutive year, our Billerica, Massachusetts, USA, Technology Center was proud to host the Student Materials Research Forum (SMRF) for graduate students of New England colleges and universities. This event aims to promote collaboration with the academic community as well as to connect us with potential future hires in the fields of chemistry, physics, material science, chemical engineering and mechanical engineering. During the event, students discussed their research projects with members of the Cabot technical community. The discussion allowed students to learn more about our technology, while our researchers learned more about current scientific research. Students also had an opportunity to learn more about the differences between academic and industrial research in an interactive panel session. Events like this help promote a collaborative exchange of scientific advancements and allow us to foster a network of talented students from top colleges and universities in the area.
INTRODUCTION

As a proud signatory of the United Nations Global Compact (UNGC), we remain committed to making progress against the 10 principles within the categories of environment, labor, human rights and anti-corruption.

ENVIRONMENT

With recognition of the numerous environmental issues facing our planet, we fully accept our responsibility to mitigate our footprint to the best extent possible across our global operations. This commitment is underscored by the fact that the majority of the topics identified as most material to our sustainability program are environmentally related. Guiding our efforts, we have specific goals in place for energy, emissions and waste, and are constantly looking for ways to achieve these targets by 2025. We also recognize that we must continue to monitor our use of water and look for more opportunities to work with our partners across the value chain to collectively reduce our environmental impacts.

LABOR

Safety is at the cornerstone of our operations as we strive to conduct business in a way that is safe for our employees, contractors, visitors and the communities where we operate. With a belief that all injuries are preventable, we go to great lengths to ensure employees, contractors and visitors to our global facilities are well trained and equipped with everything they need to return home each day the same as when they arrived at our facility. In addition, we recognize the benefit of promoting wellness across our workforce. Over the past year, we have offered numerous safety training opportunities and further supported employees in improving their overall health and well-being.

HUMAN RIGHTS

We have a deep respect for the diverse backgrounds of our employees and firmly believe every individual should treat one another with dignity, honesty, respect and fairness. This is explicitly covered in our Code of Business Ethics, which also extends these expectations to our suppliers. As we engage in understanding our supplier sustainability management practices, we will continue to use this Policy to assess our suppliers’ activities and hold them accountable to ensuring these fundamental rights are upheld.

ANTI-CORRUPTION

Conducting business with integrity is critical to our business success and requires the support of all employees and suppliers. All forms of corruption, including bribery and extortion, are explicitly forbidden according to Cabot’s Code of Business Ethics. All employees are required to undergo annual training on the Code of Business Ethics, through which they can practice identifying potential risks of corruption and learn how such matters should be addressed. Depending on employees’ job responsibilities, supplementary training may also be required as an added measure to uphold our high expectations for ethical business conduct.

Thank you for taking the time to learn more about Cabot’s sustainability journey. We are proud of our accomplishments and eager to update you on our progress. We are especially excited to highlight several of our Cabot colleagues who bring our sustainability program to life and truly are making a difference.

In 2017, we continued to innovate and grow, resulting in a variety of achievements in the areas we have determined have the biggest effect on our stakeholders and are most material to our long-term success. We recognize the potential to have an even greater impact when we work across the value chain with our customers and suppliers. Our long history and experience in the circular economy positions us well to provide our customers with innovative solutions that help them achieve their sustainability goals. We are also making meaningful progress in increasing engagement with our suppliers. In collaboration with our upstream and downstream partners, we have implemented several sustainability projects that will reduce our collective environmental impacts.

We fully recognize our responsibility for not only remaining compliant with environmental requirements but also taking a proactive approach to reduce our impacts. This is a constant focus for us as we continue to challenge the status quo and improve the efficiency and optimize our operations. Our leadership in this regard can be seen in the investments we made in emissions reductions in our manufacturing operations in China and the United States well in advance of our competition. These have positioned us to fully support the need for cleaner technology solutions as we all work to improve the quality of the air we breathe.

Our continued investments across our global manufacturing footprint have helped us advance towards our 2025 environmental goals. To date we have:

- made steady progress towards our NOx and SO2 emission reduction goals, having achieved 93% and 26% of our goals, respectively. We have several additional projects planned in the coming years to further these reductions.
- continued investments in waste heat recovery to enable progress on both our energy and greenhouse gas intensity goals, where we are now 34% and 41% of the way to achieving our goals.
- achieved our waste reduction goal and are exploring options to challenge ourselves further by establishing new objectives related to waste reduction and utilizing waste materials for beneficial use.
- analyzed our water use and wastewater discharges closely and are looking to establish strategic objectives to ensure that water resources are managed with care.

We view safety as a fundamental building block to the success of all our operations. We continue to focus on personal and process safety and while we are proud of our results, we will not let up on our safety commitment until we reach our Drive to Zero objective. At the same time, we are committed to serving as a good corporate citizen and demonstrate our genuine care for the communities where we operate through engagement and volunteering efforts. Our employees once again rose to the challenge in 2017, volunteering in their communities and implementing sustainability initiatives throughout the company.

These are just some of the ways in which we are showcasing our commitment to sustainability. We will continue our relentless pursuit of new and innovative ways to improve our business responsibly and dedicate our time, talent and resources to these important efforts. We are eager to hear your thoughts on the strides we have made so far and invite you to contact us if you have any questions regarding Cabot’s sustainability journey.

Regards,

[Signature]
Our stakeholders around the world expect us to deliver on our financial commitments by generating and distributing economic value. To address this, we are focused on improving earnings growth while also contributing to long-term strategic investments for our business. We believe this approach will allow us to maintain our reputation as a leader in our markets, well positioned to respond to the evolving needs of our customers. We were pleased to report strong financial performance and cash flow from operations during our 2017 fiscal year. This success enables us to further our contributions to society and the communities where we operate by generating jobs, providing fair wages, adopting the latest technology and materials to reduce our environmental impact and participating in charitable giving and community events.

Our investment decisions and growth strategy are guided by an emphasis on sustainable business practices and full compliance with laws, regulations and internal standards. We often look for opportunities to go beyond the minimum standards, and one example of that has been realized in our approach and experience building manufacturing facilities in China. Since 2004, Cabot has built plants in this region with state-of-the-art technology and environmental controls to ensure we can meet ever-increasing requirements for environmental performance and emission reductions. In recent years, we have witnessed an increased focus on environmental enforcement across the industrial and chemicals landscape in China. Our leadership in this area enabled us to better respond to the heightened focus by government agencies and to continue to supply our customers in constrained market conditions.

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Since 2017, Maicon has been volunteering in Maua, Brazil at the CEO Institute in São Paulo, Brazil, an organization that helps young people change the course of their future for the better and, in turn, positively impact society. He mentors a group of approximately 12 students in the Talent Academy Program, which is a free self-development program that gives the participants access to tools that encourage the development of socio-emotional skills and career management to increase the participants’ employability and growth opportunities. Since the course is offered for free, participants provide payment by developing a social project for a charitable organization, thus creating a cycle of giving.
Our business success depends on our ability to respond to our customers’ needs, and we know many of our customers are looking for solutions to improve their sustainability performance or tackle some of today’s greatest challenges. We take pride in being a partner they can turn to for support in this regard. As we strive to meet our customers’ needs, we consider the impacts of our products across their lifecycle and utilize a stage gate process early in the development of new products to identify and manage potential safety, health or environmental risks.

Improving the Potential for Recycled Plastics

We have a deep understanding of our applications and how end-use product performance can be tailored and improved by innovating in the early stages of production. The PLASBLAK® 628 black masterbatch series are formulations for recycled plastic resins to significantly improve performance and versatility. This solution is successfully used for numerous applications, including household goods and packaging materials. At the same time, we are continuing to advance formulations containing recycled material content, furthering our role in the circular economy. This focus is further evidenced by our recent acquisition of Tech Blend, which has demonstrated successful use of recycled plastic material in its production of black masterbatches.

Extending the Tread Life of Tires with Elastomer Composites

Cabot elastomer composite (CEC) products are a unique mixture of rubber and carbon black initially targeted for use in off-the-road tires, rubber tracks and mining applications and with future potential for broad adoption in many tire and industrial rubber product applications. Our patented mixing process for these materials allows for improved durability that can extend the tread life of tires by over 15%. Because tires made with CEC last longer, the number of waste tires is reduced — a benefit both for our customers and the environment given that more than 1 billion waste tires are generated each year worldwide. We are working to expand this more efficient use of resources by committing a team of employees to the broader commercialization of elastomer composite products.

Applying Mulch Film for More Sustainable Agricultural Practices

Brazil is one of the world’s most prominent coffee producers, with a total coffee bean crop area of approximately 2.2 million hectares. Coffee growers in Brazil are in a constant battle with pests and weeds, either of which could destroy a vital crop. Fortunately, a polyethylene mulch film containing our specialty carbon black offers an effective solution. With the application of this material, Brazilian coffee farmers have been able to reduce supplemental watering and herbicide application by up to 30%, thereby reducing the stress on the coffee crop, minimizing the overapplication of chemicals and water, and ensuring the economic success of their business.
As a result of our 2017 Materiality Assessment, we have refined our focus on the sustainability performance of our suppliers. With an extensive supply chain across the globe, we believe there are many opportunities to improve our collective impact on the planet and society by modifying the way we do business with our partners.

Our Purchasing Team, which is responsible for all aspects of managing our supply chain, has been working closely with our suppliers for many years to ensure quality, continuity, efficiency and mitigation of risks. In support of these efforts, the team undergoes training on an annual basis to review the terms and methods for ensuring our Supplier Code of Conduct is upheld. In doing so, we reinforce our expectations for suppliers to conduct their business responsibly. In the spirit of continuous improvement, we also spent much of 2017 establishing a meaningful management approach for supplier sustainability. This effort was initiated by engaging our colleagues with expertise in purchasing, supply chain logistics and the needs of our business segments to collect suggestions for how we could fully integrate sustainability into existing supply chain management practices. We also used this as an opportunity to review existing initiatives and to catalog activities that had resulted in positive sustainability outcomes. These internal success stories, paired with information we gathered from benchmarking industry best practices, were valuable guides for developing our strategy for sustainable supply chain management.

A key aspect of the strategy we devised involves rolling out an auditing program as an extension to the existing practices we have in place for supplier-quality auditing. The pilot of this auditing program is slated for 2018. In addition, we look forward to continuing our collaboration both internally across departments as well as with our suppliers to uncover new opportunities to improve social and environmental practices across our supply chain.

Reducing Packaging Waste
A flexible intermediate bulk container (FIBC) is a large bag made of durable woven plastic commonly used to package products before shipping to a customer. The standard industry practice is to use new bags for each order, and the bags are then discarded after the product is used. However, the integrity of these bags is typically not compromised during shipment, so there is a possibility of reusing them. Recognizing this, our Mauá, Brazil, facility explored opportunities to partner with suppliers and customers to implement a take-back program for these bags, helping reduce landfill waste. This project involved introducing a new FIBC contractor responsible for performing inspection and refurbishing of the bags. To ensure the process was implemented smoothly, we coordinated with our customers to not only reclaim a significant number of used bags, but to also encourage careful handling of the bags to avoid tears. This effort successfully led to an average 91% reuse rate of FIBC bags, with most bags getting reused approximately six times before they are disposed. This is one example of a program we hope to replicate more broadly across our operations, as it delivers a positive environmental benefit and can also be more cost-effective.

Refurbishing Used Wooden Pallets for Deliveries
Many of the shipments made from our facilities utilize wooden pallets to transport products. At our Sarnia, Canada, facility, we worked with a local supplier who now collects used pallets from our customers and performs inspections to determine if and how they might be repaired, reused or recycled. Repairable pallets are reintroduced to the supply chain, while unrepairable pallets are recycled through a secondary market for wood-based products. This effort has led to a 25% reduction in the need for new wooden pallets, which translates to significant cost savings, decreased waste and more responsible management of a natural resource. This proof of concept has been compelling and has inspired us to partner with a key regional supplier that would allow an expansion of the program across North America in the near future.
Many environmental issues have significant implications on a global scale and require the attention of governments and corporations alike to find solutions. As a resource-intensive manufacturing company, we are aware of the responsibility we have to not only remain compliant with applicable environmental regulations in the locations where we operate, but to also work to lessen the impacts we have on the planet. We are proud of the leadership we have demonstrated in our industry and believe our commitment to environmental performance is one key element in maintaining that position. More than half of the material topics guiding our sustainability program are related to environmental performance, and many have explicit goals associated with them. These goals describe our intent to reduce the intensity of greenhouse gas (GHG) emissions in terms of carbon dioxide equivalent (CO2e), nitrogen oxide (NOx) and sulfur dioxide (SO2) emissions, and waste by 2025. While we have made considerable progress, we remain committed to identifying ways to drive our performance further and faster. We continuously evaluate our environmental management practices to uncover broader opportunities that translate to both environmental benefits and increased efficiency or reduced operating costs. During 2017, we have been able to recognize these benefits through a number of initiatives.

Our commitment to 100% compliance with our environmental requirements is a demonstration of our corporate value of responsibility and a way to protect the well-being of our neighboring communities and natural surroundings. As a global company, we have seen environmental regulations evolve for a number of reasons, including updated scientific research, shifts in priorities from governments or market changes designed to improve the overall environment. As a result, we closely monitor the evolution of regulations affecting our facilities and diligently work to remain one step ahead of the requirements. We routinely monitor our performance in meeting these standards and have been successful in reducing our environmental non-conformances (ENC) metric over the past several years. We define an ENC as any event resulting in a reportable spill or release, a notice of violation, a public complaint or a regulatory permit deviation. In 2017 we saw a 15% reduction compared to the previous year and a 38% reduction compared to 2015, which is a testament to our focus on continuous improvement and learning from events leading to ENCs. We have also seen a drop in the amount of environmental fines incurred with $5,000 paid in 2017. Still, we continue our work to improve environmental performance in our drive to achieve zero environmental non-conformances and fines.
The energy we use across our global operations comes from a variety of sources, including natural gas and oil, electricity, and raw materials that are used during the manufacturing process. Across our global portfolio of offices and manufacturing facilities, we continuously look for ways to reduce our energy consumption and work toward our goal of reducing energy intensity, which is our energy use normalized by production, by 10% below 2005 levels by 2025.

In 2017, our overall production increased, which also led to an increase in absolute energy consumption. However, the intensity of energy per metric ton (MT) of production remained relatively stable for the past three years. We realize that to get closer to our 2025 goal, we will need to continue driving energy efficiency forward more aggressively in coming years.

**Reducing Natural Gas Consumption at Barry**

At our fumed metal oxide facility in Barry, Wales, we produce steam for energy use at the site from our primary boilers. To maintain system reliability, a backup natural gas-fired boiler is available to rapidly respond in the event the main system experiences a disruption. However, to ensure the required response time, the backup boiler must be kept at the appropriate operating pressure and temperature. Recognizing the potential to reduce this natural gas consumption, the facility installed a new steam injection nozzle in the backup boiler to maintain the necessary conditions, significantly reducing the amount of natural gas used. In its first full year of use in 2017, there was a 20% reduction in natural gas used on this unit compared to the previous year.

**Responding to Energy Audits in Belgium**

Energy consumption audits were conducted at the two Belgian masterbatch facilities in Loncin and Pepinster in 2015. Based on the outcome of those audits, several projects were undertaken to reduce our energy consumption, including insulating thermal oil and steam lines, upgrading lighting to LED in the production areas, purchasing more energy-efficient equipment and upgrading the oil-fired steam boiler with new, high-efficiency natural gas boilers. Through these efforts, 500 MT of annual GHG emissions were reduced by the end of 2017, nearly 10% of the total emissions from the two facilities. Additional actions are being considered to continue these efforts.

**Applying Lean Manufacturing Practices in Campana**

At our carbon black facility in Campana, Argentina, a Lean Project team was established to identify opportunities for reducing energy consumption consistent with the best-in-class facilities in the South American region. The multi-disciplinary team, including finance, maintenance, operations, and purchasing, mapped the energy use at the site and identified several opportunities to reduce the consumption of energy. These included removing unnecessary lighting, replacing old lighting with high-efficiency LED technology, adding capacitors to reduce reactive energy use, reducing the size of the river water pumps and encouraging employees to conserve energy whenever possible. The team’s actions reduced the facility’s fixed energy use by nearly 210 megawatt-hours, or 10% of the facility’s total electricity use — the equivalent to over 900 MT of GHG emissions.
Considering the link between GHG and climate change as well as the health and environmental issues associated with air pollutants, it is imperative that we monitor our emissions closely and work diligently to minimize our respective impacts as much as possible. Often, this means working closely with the governments in the areas where we operate as they aim to reduce industrial and commercial sources of emissions in their communities. In this regard, we have been leading the industry and demonstrating our support of these collective objectives. This has been especially true in both the United States and China, where we have continued to see increasingly stricter regulations for our industry and others. We are responding to these new challenges through the installation of state-of-the-art emission control technology.

The emission controls and operational practices we have introduced at our facilities to reduce emissions have shown positive results. Over the course of the 2017 calendar year, we made significant improvements in our NOx emissions from our baseline year, realizing an 18% reduction in our NOx emissions intensity and an 11% decrease in our absolute emissions, which represents 93% of our overall goal from the 2012 baseline. We also continued to make progress toward our GHG and SO2 goals, achieving 41% and 26% of the goals, respectively, and we expect to see further reductions as ongoing projects are completed.

**Reducing Air Emissions**

We are actively pursuing air pollution control systems at several of our facilities across the globe. In 2017, we completed two key projects. At our Pampa, Texas, USA, facility, we finalized the installation of the NOx control system. The new system, designed and installed over the past three years, uses a two-stage process to remove nearly 90% of NOx emissions or approximately 1,400 MT per year. At our Tianjin, China, carbon black facility, we continued the first phase of our NOx control system, also achieving nearly 90% removal of NOx from that operating unit. Both projects are contributing significantly to our NOx goal, and we continue to make progress at other facilities to introduce similar technologies.

**Supporting Air Quality Improvement Programs in China**

In 2017, our Tianjin, China, carbon black facility completed an upgrade of its waste heat recovery system, which enabled us to provide nearly 45 MT of steam per hour to our neighbor in the Tianjin Bin-hai New Area. By using steam generated from our waste heat, our neighbor eliminated their annual use of 45,000 MT of coal, resulting in significant benefits to air quality by reducing annual emissions of NOx by 50 MT, SO2 by 280 MT, and eliminating nearly 112,000 MT of CO2. The project received significant recognition from the local government in support of China’s overall effort to reduce emissions and improve air quality.

**Optimizing Boiler Efficiency to Draw Down Emissions**

Optimization of boiler efficiency is a long-established means of reducing natural gas use. At our Maua, Brazil, carbon black manufacturing facility, a multifunctional team conducted a detailed review of the boiler operation at the site in an effort to recover more waste heat, improve the operating efficiency of the boiler and reduce NOx emissions. The team identified several key areas that needed to be addressed, including using 100% of the by-product gas (tailgas) from the carbon black process, reducing excess air flow to the unit and increasing the temperature in the boiler to achieve higher NOx removal rates from the selective non-catalytic reactor. By making these improvements, the team was able to retrofit the process such that 100% of the tailgas generated from the carbon black manufacturing process could be utilized by the incinerator.

**Utilizing Excess Energy to Reduce Emissions**

An important element of our GHG emission reduction efforts is the recovery of our waste heat to convert it to useable energy. At many of our facilities over the past several years, we have invested heavily in equipment and process improvements to generate electricity from steam or to enable the use of our process off-gas as a substitute for natural gas. While we use much of this energy ourselves, we are often able to sell any excess energy to our neighbors and partners as well, which reduces their use of fossil fuels. In 2017, the energy we sold offset more than 100,000 MT of CO2e from the environment, equivalent to the annual Scope 1 and Scope 2 GHG emissions of two typical carbon black manufacturing facilities. These efforts will continue in the future, with the completion of the energy recovery facility currently under construction at our Franklin, Louisiana, USA, carbon black facility.
The mitigation of waste and spills is closely linked to the optimization of processes in our production. Limiting waste generation and reducing volumes of off-quality product are derived from improving process controls. Meanwhile, eliminating spills reflects a strong attention to safe and environmentally sound work practices at our facilities. In 2017, we saw a significant increase in non-hazardous waste generated which is attributed to a dedicated sludge-removal project at one of our operating facilities. Fortunately, we were able to find a beneficial use of this material which supported our reduction of waste disposal intensity when compared to 2016.

**WASTE & SPILLS**

**Finding Alternative Uses for Off-Quality Product**

An inevitable reality of the manufacturing process is that some product yield will not meet our high standards and the specific requirements of customers. As a result, the product that does not meet these rigorous standards is considered “off-quality” and normally destined for disposal. However, some of our facilities have found alternatives for the fate of this material.

Our Barry, Wales, site has worked closely with a polymeric rubber compound manufacturer to utilize off-quality silica in lieu of titanium dioxide in their formulation, diverting approximately 70 MT of material from landfills during 2017. Additionally, the facility has worked closely with a customer to accept off-quality silica. This arrangement has diverted another 40 MT of off-quality material from going to a landfill. Together, these two initiatives have diverted 40% of the facility's off-quality material and instead put it to beneficial use.

A similar story has unfolded at our Tuscola, Illinois, USA, facility which has been working with a partner to utilize off-quality silica product as a binding material in asphalt since 2013, with production starting in 2015. The silica allows the asphalt to expand and contract at the joints, thus preventing cracking of pavement. As a result, materials useful in repairing cracks are saved and the lifetime of roadways is extended, which also translates into cost savings for municipalities. The partnership has proven to be extremely successful for both parties. By the end of 2017, a total of 265 MT had been diverted from landfill as a result of increased diversion rates year-over-year.

**Utilizing Sludge for Beneficial Use in Klazienaveen, The Netherlands**

In 2017, our Purification Solutions facility in Klazienaveen, the Netherlands, obtained regulatory approval for the beneficial reuse of over 53,000 m$^3$ of sludge that was being stockpiled on site from our wastewater collection system over several years. Working with the local authorities, we determined that the sludge was acceptable as a structural landfill material. After receiving the required permits, the sludge was used to cover a nearby area which was previously contaminated with asbestos, so it can be transformed into a solar panel array to produce renewable electricity.

**Improving Dredging Practices at Our Franklin, Louisiana Facility**

In early 2017, our Franklin, Louisiana, USA, facility recognized that dredging its oil barge intake would be necessary. Following a review of the required permits and engineering options to complete this project, the decision was made to implement a long-term sustainable approach by installing a dewatering levee system. This system eliminates the need for complex dewatering equipment, waste disposal logistics and unnecessary landfilling of dredge material. By collaborating with government agencies, we identified and received the necessary permits for a new system that will deliver several environmental benefits, including improved maintenance and elimination of waste.

### WASTE GENERATION

<table>
<thead>
<tr>
<th>Year</th>
<th>NON-HAZARDOUS (MT / KMT production)</th>
<th>HAZARDOUS (KMT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>103.3</td>
<td>398.3</td>
</tr>
<tr>
<td>2016</td>
<td>45.1</td>
<td>378.0</td>
</tr>
<tr>
<td>2015</td>
<td>36.2</td>
<td>375.2</td>
</tr>
</tbody>
</table>

### WASTE DISPOSAL

<table>
<thead>
<tr>
<th>Year</th>
<th>TOTAL WASTE DISPOSED AND INTENSITY (KMT)</th>
<th>WASTE DISPOSED (KMT)</th>
<th>WASTE DISPOSED INTENSITY (MT / KMT production)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>415.8</td>
<td>199.4</td>
<td>100%</td>
</tr>
<tr>
<td>2016</td>
<td>401.3</td>
<td>200.2</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>391.4</td>
<td>197.6</td>
<td></td>
</tr>
</tbody>
</table>

### BENEFICIAL WASTE

<table>
<thead>
<tr>
<th>Year</th>
<th>WASTE BENEFICALLY USED (MT / KMT production)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>85.8</td>
</tr>
<tr>
<td>2016</td>
<td>21.8</td>
</tr>
<tr>
<td>2015</td>
<td>20.0</td>
</tr>
</tbody>
</table>

### SIGNIFICANT SPILLS

**2017**

0
Water is essential to life, but in many regions water risks are increasing and availability is becoming more of a concern. Our industry requires a certain amount of water to operate, but we recognize our responsibility to use this natural resource wisely across our global footprint. As a result, we track not only the volumes of water coming into our sites and discharging from them, but we also closely track specific water quality criteria to ensure we are compliant with our local discharge permits. In 2017, we experienced a slight increase in the volume of water used and discharged in absolute terms compared to the previous year. When normalized by production, the intensity of water used remained stable, while discharged water intensity decreased slightly. As we continue to closely monitor these metrics, we aim to further improve our water management practices and make the most efficient use of this resource, paying close attention to water availability risks in regions where we operate.

### WATER SUPPLY AND DISCHARGE

<table>
<thead>
<tr>
<th>WATER SUPPLY</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>WATER SUPPLY (MM M³)</td>
<td>54.0</td>
<td>51.9</td>
<td>51.8</td>
</tr>
<tr>
<td>WATER DISCHARGE (MM M³)</td>
<td>40.2</td>
<td>39.9</td>
<td>36.9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WATER INTENSITY</th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>WATER SUPPLY (MP / MT)</td>
<td>25.9</td>
<td>25.9</td>
<td>26.1</td>
</tr>
<tr>
<td>WATER DISCHARGE (MP / MT)</td>
<td>19.3</td>
<td>19.9</td>
<td>18.6</td>
</tr>
</tbody>
</table>

### WATER SOURCES

- PURCHASED: 26%
- SURFACE: 68%
- GRAY WATER: 2%
- GROUNDWATER: 4%

### WATER DISCHARGE DESTINATION

- SURFACE WATER: 93%
- PUBLIC OR PRIVATE SEWER: 5%
- GROUNDWATER / OTHER: 2%

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**Introducing a Water Treatment Facility to Address Total Suspended Solids**

In August 2017, a new water treatment facility was brought online at the Tanco mine site in Manitoba, Canada. The treatment facility is the culmination of efforts over more than a year and a half to reduce total suspended solids contained in the plant effluent, paying special attention to nutrients that can lead to algae growth. As a result, the facility is now capable of treating 1.4 million liters of effluent per day, achieving levels of total suspended solids that are well below the regulatory limits and eliminating the nutrients that contribute to the algae problem.

**Reducing Water Use by Recycling Fire Test Water**

Our Dubai, United Arab Emirates, masterbatch facility is required to test its diesel fire water pumps on a weekly basis. Historically, the water used in these tests was discharged from the facility. As part of an effort to identify ways to reduce water use, the team looked at the possibility of capturing this water for reuse. After careful evaluation of the quality of the fire pump water, the Dubai team modified their water system to capture this water and recycle it back into the process water supply tank, which resulted in a 50% reduction in water purchased by the facility.
PEOPLE

As we focus on attracting and retaining top talent around the world, we also seek to enrich our workforce with employees from diverse backgrounds. We are committed to promoting safe work conditions and professional development opportunities for our employees, along with competitive compensation and benefits. We also acknowledge the importance of our company values, vision and sustainability program to our employees, and we aim to demonstrate our commitments and enhance our performance to help us remain a competitive employer.

OCCUPATIONAL HEALTH & SAFETY

Keeping employees safe and well is at the core of all our activities. It is our ultimate goal that all employees return home each day the way they arrived to work; this goal is underscored by our Drive to Zero — a program guiding our belief that all accidents are preventable. While our goal is to achieve zero safety incidents, we also want to be prepared to respond to events if they do happen. In 2017, we experienced a significant equipment failure that resulted in injuries to two of our colleagues and a fine from OSHA amounting to $3,396. Following the initial emergency response, we quickly took steps to locate and address similar hazards in our global manufacturing network. While the equipment involved in the incident was unique to that one location, we used this event as an opportunity to review and refresh our inspection programs in the hope of preventing similar incidents in the future.

TOTAL RECORDABLE INCIDENT & LOST TIME RATE

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Upholding Our Commitment to Responsible Care

We remain an active member of the American Chemistry Council’s Responsible Care® Program. Our membership is a natural extension of the deep commitment we have to sustained safety, health and environmental improvements. In 2017, our Responsible Care surveillance audits resulted in no major non-conformance findings and highlighted a number of best practices we can share with all of our sites.

Eddi volunteers his time coordinating sports activities for Cabot employees, including actively arranging weekly, monthly and yearly activities for cycling, badminton, tennis, swimming, running and table tennis. He also promotes the Cabot cycling and badminton teams participating in regular events held by the local community. He recently led the Cabot badminton team in a multicompany tournament, where the team won second place.

Training Leaders on Safety Management

We continue to invest in our employees through training in a variety of areas including safety. In 2017, we rolled out two-day workshops focussing on practical safety leadership skills to over 700 leaders across the globe. This program was initiated in North America in 2016 and expanded to South America and Europe in 2017, with plans to reach our entire global network by the end of 2018. The program provides frontline leaders with a set of employee engagement tools and coaching methods that have been proven to show superior safety results, including the use of questioning techniques, case studies and practical exercises. The workshops focus on topics such as the critical role played by leaders, the value of personally surveying the site, addressing incorrect behaviors and recognizing and reinforcing positive actions.

Sharing Process Safety Information and Strategies

Our Process Hazard Analysis (PHA) approach is another method we use to mitigate safety risks in our operations. PHAs are conducted regularly at our facilities to assess the risks and potential impacts of equipment or operational malfunctions. To take advantage of the learnings from these activities, we developed an ongoing program of webinars to connect those conducting PHAs, giving them the opportunity to receive training on PHA techniques, share best practices and discuss challenges.
Promoting Balanced and Healthy Lifestyles

We understand the importance of keeping our employees healthy, and many of our facilities offer specially designed programs for local employees in support of this objective. In 2017, our two Belgian plants implemented programs to help improve the well-being of our employees. Some of the activities offered to employees included chair massages, a monthly location-wide walk, a jogging team, free healthy soup weekly, workshops on stress reduction, employee development trainings and a program enabling employees to shadow colleagues in other departments. It’s clear these programs are making a difference in the lives of our employees, as both of these sites reported zero voluntary turnover in 2017.

Additionally, our North American Human Resources team introduced programs to encourage employees to be mindful of their overall well-being. One of these programs was a month-long challenge for employees to learn how to reduce their personal stress levels. Two hundred and five employees participated by tracking their well-being activities each week to practice new methods they could use to manage their stress. Another program was a six-week team challenge involving 514 employees and spouses who logged their physical activities by distance, with the goal of promoting more active lifestyles. A total of 74,000 miles were logged over the course of the challenge. Both programs inspired employees to be more attentive to their mental and physical health.

Making Cabot a Great Place to Work and Valuing Feedback

Employee engagement is the extent to which employees feel passionate, energetic and committed to their work. We understand the importance of creating an environment where employees feel valued and connected, and want to give their best each day they come to work. Knowing how our employees feel about working for us and reacting to their feedback is critical to our success. To capture employee feedback, we launched a pilot employee engagement survey at our Boston and Billerica, Massachusetts, USA, sites in 2016. Building on the success of the pilot, we plan to conduct every two years.

The success of these actions will be measured against key themes identified in the survey. At the global levels, these actions include advancing our diversity and inclusion efforts, fostering employee growth and recognition through a redesigned, performance-based management process and launching a formal recognition program, improving communications and implementing a simplification initiative to improve efficiency and effectiveness. The success of these actions will be measured through future engagement surveys, which we plan to conduct every two years.

Developing Our Future Leaders

We launched a six-month Leadership Fundamentals Development Program in 2017 to enhance the skills of our frontline leaders. Thirty employees from ten facilities across North America participated in the program through a blended learning approach of

Our skilled and dedicated workforce is a source of pride. We know how important it is for employees to feel supported in their aspirations to excel in their careers, and we continue to look for more opportunities to offer the resources to make this happen. We also acknowledge the importance of a diverse and inclusive workplace where all employees can contribute, thrive and advance. Our differences allow for better decision-making, drive innovative thinking and inspire collaboration to better serve our customers. To accelerate our efforts in diversity and inclusion (D&I), a dedicated D&I steering committee was established in 2017 to evaluate best practices and identify initiatives to improve our diversity and to celebrate our differences. Our goal is to ensure that all employees experience our workplace as a welcoming, equitable and respectful environment in which everyone can achieve their true professional potential.
online training, webinars, reading assignments and a discussion board. Participants engaged in a variety of leadership topics, including Cabot’s people leadership competencies, establishing trusting relationships, communication strategies, motivating and influencing employees, managing conflict and giving feedback. The design of the program enabled collaborative learning across sites, functions, businesses and positions. As we facilitate this program in coming years, we look forward to engaging a greater number of employees.

Preparing Engineers for Growth in the Asia Pacific Region

In 2017, all process engineers from six reinforcement materials plants in the Asia Pacific region (APAC) participated in a dedicated program designed to enhance their technical expertise, leadership skills and overall performance. The engineers participated in 11, three-hour modules that included e-learning, internal and external classroom training and study groups. The outcome led to improved information and best practice sharing among APAC plants and further development of our talent pipeline.

As a member of the International Federation of Business and Professional Women (BPW International) Committee, Miyo inspires women to demonstrate leadership and to achieve gender equality. She has sponsored college students so that they can attend a specially designed empowerment dinner and she regularly shares insights on trends and new approaches to issues affecting women in other countries. As part of her involvement with BPW International, she also works to promote policies that will support equal pay between women and men in Japan.
Philanthropy and volunteerism are deeply engrained in our culture. We understand the importance of being engaged in the communities where we live and work and each of us has a sense of responsibility to make positive contributions in this regard. The specific opportunities to help any one of our communities thrive are unique. Therefore, we must be involved and partner with local stakeholders to understand how we, as an organization and as individuals, can apply our time, talent and charitable giving to have a meaningful and lasting impact.

Our activities to offer support are organized at the local level through the leadership of individual facilities, as well as through the Cabot Corporation Foundation, Inc., the Company’s dedicated charitable giving arm. During 2017, our global network of facilities donated a combined $600,000 to organizations and causes identified by local community outreach teams as ones that employees felt were important and would significantly benefit their neighbors or the environment. While these donations have been significant, equally impressive is the time employees contributed to these worthy causes. In many cases, donations made from a facility were accompanied by employees volunteering their time to support these organizations and personally giving back to their communities.

In 2017, $850,000 was gifted by the Cabot Foundation, which also works closely with members of the community to identify projects and organizations that require support to further their mission in the areas of education and literacy, science, technology, engineering and mathematics (STEM), environmental preservation and community and civic needs. We consider these main areas the cornerstones of building sustainable communities that future generations will depend upon, and therefore of the utmost importance. Overseen by a dedicated Board of Directors for the Cabot Foundation, grants are reviewed and selected with a great deal of care and consideration for how our contributions can generate valuable impacts for society and the environment.

Inspiring Young People to Tackle Climate Change

The New England Aquarium’s ClimaTeens program, recognized with a 2016 Community Service Award from Youth Climate Action Network, and a 2015 Community Leadership Award from Greenovate Boston, has been engaging teenagers on the topics of climate change and ocean conservation since 2013. The Cabot Foundation has proudly served as the first corporate sponsor for this year-long teen empowerment and education program attracting approximately 40 teenage students each year with a desire to learn more about these important topics. As part of the program, students design projects to inspire public audiences, particularly their peers, to take action in contributing to a more sustainable future. In 2017, a group of Boston and Billerica employees from different disciplines attended the students’ final presentations of their projects to show their support and offer advice on career choices in STEM fields to a highly motivated group of students eager to make a positive impact.

Sharing Our Dedication to Safety With the Community

AbSafe’s mission resonates deeply with Cabot’s commitment to safety. This charitable organization is dedicated to educating children on the fundamentals of personal safety through interactive and engaging lessons about everyday hazards. Topics covered include home and fire safety, drug abuse, cyberbullying, internet safety and more. In 2017, our Specialty Fluids facility in Aberdeen, Scotland, became involved with this organization when they partnered together for a Safety Day at the facility. Local employees were so inspired by AbSafe’s program that many underwent training to help the organization facilitate safety training sessions for children at local schools. To further support AbSafe in its mission, the Cabot Foundation helped fund the development of water safety as a new subject covered in the program. This mutually beneficial partnership has allowed us to promote the importance of safety not only to our employees, but to the community at large.
Giving Back to the Community in Cartagena

Many of the employees at our Cartagena, Colombia, facility participated in Mamonal Foundation projects in 2017. This foundation funds a multitude of community projects with a focus on raising the quality of life, generating economic prosperity in the community and reducing the inequality gap in the population of Cartagena and surrounding areas. We were one of the founding companies of the Mamonal Foundation in Cartagena in 1975, and our Regional General Manager and Colombia Country Manager, Guillermo del Castillo, serves as the chairman. One way the Cartagena site contributed in a meaningful way was through the sponsorship of the Boomerang Scholarship project, through which bilingual technology scholarships were awarded to 12 low-income students with outstanding academic performance. In addition, 90% of the employees made voluntary donations that were matched by the facility to support the development of a children’s daycare center for a nearby community in need.

Sponsoring Life Science Education in Glasgow

Employees at our Glasgow, Scotland, facility sponsored two elementary school classes to participate in Clyde in the Classroom, a hands-on project that uses a native Scottish species, the brown trout, to promote awareness of river ecology among youth from the Clyde River area. The project encourages children to engage with nature and develop a sense of pride in their local environment. Students worked with the Clyde River Foundation scientists for several weeks to care for trout eggs in a specially designed classroom hatchery. The children then released the fish into the local river.

Contributing to Hurricane Relief in the United States

Hurricane Harvey devastated eastern Texas and the Gulf Coast of the United States in 2017. With four production facilities and close to 500 employees in Texas and Louisiana, this tragedy hit close to home and the Cabot Foundation rose to the occasion, offering support to our neighbors in this area. The donation to the One America Appeal supported recovery efforts in this region, as well as areas later impacted by Hurricanes Irma and Maria.

Providing Meals for Community Members in Need

Our inkjet site in Haverhill, Massachusetts, USA, became actively engaged with an outreach program that reaches impoverished and homeless members of the community. The Merrimack Valley Hope Mission is a nonprofit organization that helps feed hungry people in the area, and our colleagues graciously volunteered with the organization across 12 different Fridays in 2017 to support this cause. The facility purchased supplies which employees used to prepare and distribute bagged lunches to individuals in the downtown area or in shelters. Our colleagues were pleased to lend their helping hands to those in need in the surrounding Haverhill community.

Promoting STEM in the Classroom

Employees from Tuscola, Illinois, USA, joined forces with local schools and visited third through eighth grade classrooms to facilitate STEM demonstrations. Some of the projects included building protective egg baskets, building rockets and creating a human energy circuit. In addition, employees participated in a collection drive for supplies that could be used for science experiments within the classrooms. With their help, every item on the wish lists of STEM supplies was collected and provided to local schools.

Walking for a Cause in Dubai

Our colleagues in Dubai, United Arab Emirates (UAE), regularly support charitable causes in the local community. In February 2017, representatives from each department of the facility took part in the Walk for Hope, a walkathon dedicated to raising funds for cancer patients from Pakistan, Syria, Philippines, India, Morocco and Lebanon. The event was supported by the UAE Red Crescent and Dubai municipality, and our colleagues were proud to be well-represented among several other companies operating in the area.
Inspiring Boston Public School Students

Employees in Boston, Massachusetts, USA, participated in a cleanup day and a 4K trail run to support the Thompson Island Outward Bound Education Center. The center provides adventurous and challenging experiential learning programs that inspire character development, compassion, community service, environmental responsibility and academic achievement for students in communities of greater metropolitan Boston. As a result of our efforts, Thompson Island was better prepared to host thousands of Boston Public School children over the summer.

Continuing a Long History of Giving in Valmez, Czech Republic

Our carbon black facility in Valmez, Czech Republic, has been heavily involved with the local community for many years. Exemplifying this long history of giving is the Cabot Study Foundation, which was established by the Valmez facility in 1997. This foundation grants scholarships to university students who have demonstrated strong academic performance but require financial support to remain enrolled in their programs. Over the past 20 years, more than $440,000 worth of scholarships has been awarded to approximately 300 students, many of whom received multiple grants to support them through the completion of their university studies. In addition to this scholarship program, the facility takes a strategic approach in identifying organizations needing support either through donations or volunteering; these tend to relate to public health and other civic needs, as well as educational and athletic programs for youth. In 2017, over $185,000 was contributed to these local causes.

SAFETY, HEALTH AND ENVIRONMENTAL AWARDS & RECOGNITION

- 2017 Best Safety Customer Award - Cilegon, Indonesia, given by Perusahaan Gas Negara (PGN)
- 2017 Best Work Safety Performer Award - Tianjin, China, given by the County Administration of Work Safety
- 2017 Best Work Safety Performer - Xingta, China, given by the Xingta Association of Work Safety Management (AWSM-XT)
- 2017 Binhais Best Energy Saver Award - Tianjin, China, given by the Industrial and Information Technology Commission of Binhais New Area
- 2017 Blue PROPER Rating - Cilegon, Indonesia, given by the Republic of Indonesia’s Ministry of Environment and Forestry
- 2017 Excellence Award for Alternative Transportation - Shimonoseki, Japan, given by the Shimonoseki City Global Warming Council
- 2017 Excellence Award for Energy Savings - Shimonoseki, Japan, given by the Shimonoseki City Global Warming Council
- 2017 Fire Safety Award - Tianjin, China, given by the YongXiu County fire safety committee
- 2017 Green Industry Award - Cilegon, Indonesia, given by the Ministry of Industry of the Republic of Indonesia
- 2017 Gold Level Recognition - Cabot Corporation as rated by EcoVolts
- 2017 John T. Ryan Safety Award in Metal Mines - Manitoba, Canada, given by Mine Safety Appliances Canada Limited
- 2017 Most Responsible Companies in the Materials Industry Sector - Cabot Corporation, given by Corporate Responsibility Magazine (CR)
- 2017 Responsible Care Chairman Award - Shanghai, China, given by Association of International Chemical Manufacturers (AIM)
- 2017 World Class Safety Organization - Cartagena, Colombia, given by SURA
- 2017 Zero Accident Award - Cilegon, Indonesia, given by the Ministry of Manpower of the Republic of Indonesia

COMMUNITY AWARDS & RECOGNITION

- 2017 Lost Contributor of the County Award for New Industrial Development Enterprises - Xingtai, China, given by the Xingtai Association of Work Safety Management (AWSM-XT)
- 2017 Best Supporter and Contributor for University-Business Cooperation Award - Tianjin, China, given by the Management School of Tianjin University
- 2017 O (Thank You) Award - Valmez, Czech Republic, given by the Czech Ministry of Culture
- 2017 Top Ten Business Leaders of Jiujiang Award - presented to Dong Ming, Facility General Manager in Jiujiang, China, given by Jiujiang’s industry committee and municipal government

SUPPLIER AND INDUSTRY AWARDS & RECOGNITION

- 2016 Best Supplier Award - Campana, Argentina, given by Bridgestone Argentina
- 2016 Supplier Award - Beijing, China, given by Hengko Automotive
- 2017 Best Carbon Black Supplier - Sao Paulo, Brazil, given by Paint & Pintura Magazine
- 2017 Hall of Fame Award - Godfrey Lowell Cabot, given by the Tire Industry Association
- 2017 Supplier Award - Cabot Corporation, given by Firestone

Our vision to be the most innovative, respected and responsible leader in our markets drives our sustainability program. This outlook compliments our core values, so we each feel a commitment to advance on our sustainability journey together. When external stakeholders recognize these efforts, we are honored and appreciative. Below is a selection of awards and recognition received in 2017.
### GRI 102: General Disclosures 2016

#### Disclosure Number / Disclosure Title | Page / Response
--- | ---
102-1 | Name of the organization
102-2 | Activities, brands, products, and/or services
102-3 | Location of headquarters
102-4 | Location of operations
102-5 | Ownership and legal form
102-6 | Markets served
102-7 | Scale of the organization
102-8 | Information on employees and other workers
102-9 | Supply chain
102-10 | Significant changes to the organization and its supply chain
102-11 | Precautionary Principle or approach
102-12 | External initiatives

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**Cabot Corporation**

**2 Seaport Lane, Suite 1300**

**Boston MA 02210 USA**

**Cabot is a publicly traded corporation (NYSE: CBT)**

**We regularly engage a relatively small percentage of non-employee contractors, typically hired for specific project-based work or discrete periods of time.**

**Cabot's supply chain predominantly consists of vendors providing raw materials, chemical additives, process equipment, vehicles, packaging materials, logistics services, professional services and temporary contractors.**

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### Memberships of associations

- Advanced Porous Materials Association (AdvaPor)
- American Chemistry Council (ACC)
- Association of Synthetic Amorphous Silica Producers (ASASP)
- Chinese Petroleum & Chemical Industry Federation (GPCF)
- Corporate Environmental Enforcement Council (CEEC)
- Environmental Law Institute
- essenscia (Belgium)
- European Masterbatchers and Compounders (EuMBC)
- International Carbon Black Association (ICBA)
- Manufacturers Alliance for Productivity & Innovation (MAPI)
- Nanotechnology Industry Association (NIA)
- Society of Toxicology
- Synthetic Amorphous Silica and Silicate Industry Association (SASSI)
- United Nations Global Compact (UNGC)

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**Statement from senior decision-maker**

**Values, principles, standards, and norms of behavior**

**Governance structure**

**The Board of Directors has five standing committees: Audit, Compensation, Executive, Governance and Nominating, and Safety, Health and Environmental Affairs. For additional details on the Board’s composition, refer to pages 5-8 of the Proxy Statement filed with the SEC on January 26, 2018.**

**Collective bargaining agreements**

Across all Cabot operations, 15% of employees are covered by collective bargaining agreements. The terms of collective bargaining agreements are fully aligned with Cabot’s Code of Business Ethics (cabotcorp.com/codeofbusinessethics) and Human Rights Policy (cabotcorp.com/humanrightspolicy).

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**Approach to stakeholder engagement**

**Key topics and concerns raised**

**Entities included in the consolidated financial statements**

Refer to Cabot's Annual Report Form 10-K filed November 22, 2017 (cabotcorp.com/2017annualreport).

**Defining report content and topic boundaries**

**List of material topics**

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Restatements of information

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>NOx Emissions (KMT)</td>
<td>15.3</td>
<td>14.0</td>
<td>14.6</td>
<td>14.0</td>
<td>-4.6</td>
<td>-6.0</td>
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<tr>
<td>NOx Emissions Intensity (MT/KMT)</td>
<td>7.7</td>
<td>7.0</td>
<td>7.4</td>
<td>7.0</td>
<td>-3.0</td>
<td>-6.0</td>
</tr>
<tr>
<td>Waste beneficially used (KMT)</td>
<td>18.6</td>
<td>21.0</td>
<td>20.0</td>
<td>21.0</td>
<td>2.0</td>
<td>1.4</td>
</tr>
<tr>
<td>Waste beneficially used intensity (KMT) production</td>
<td>9.9</td>
<td>10.7</td>
<td>10.1</td>
<td>10.9</td>
<td>2.0</td>
<td>1.9</td>
</tr>
</tbody>
</table>

This complete GRI Content Index meets the intent and format required by the GRI Standards.
GRI CONTENT INDEX

**ENERGY**

GRI 302: Energy 2016

Disclosure Number / Disclosure Title | Page / Response
--- | ---
302-1 Energy consumption within the organization | pp. 22, 25

Energy use is managed at several levels of the organization, including corporate level strategy, analysis, goal setting, capital programs designed to build and invest in energy efficient facilities, waste energy capture and plant-level management practices to optimize operations and implement efficiency measures as new technologies become available. Data is collected through energy use monitoring and analyzed using standard factors and methods including the U.S. Environmental Protection Agency, Chemical Engineering Handbook, and Cabot-specific engineering calculations.

302-3 Energy intensity | p. 22

Our total energy intensity for 2017 was 62.9 GJ/Mt of production. Energy consumption includes all forms of energy consumed by facilities under Cabot’s operational control and excludes energy sold to third parties, as reported under Disclosure 302-1. Refer to p.25 for a description of energy sold.

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**WATER**

GRI 303: Water 2016

Disclosure Number / Disclosure Title | Page / Response
--- | ---
303-1 Water withdrawal by source | p. 28

Sources of water included purchased municipal water, surface water, groundwater and gray water. Gray water represents water recovered from offsite sanitary systems.

303-2 Water recycled and reused | p. 28

Three of our facilities have zero wastewater discharge, reusing wastewater which would otherwise be discharged in the process. The supplied water to these facilities is among the lowest of our carbon black manufacturing operations.

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**EMISSIONS**

GRI 305: Emissions 2016

Disclosure Number / Disclosure Title | Page / Response
--- | ---
305-1 Direct (Scope 1) GHG Emissions | pp. 24-25

Our greenhouse gas calculations were completed in accordance with The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), and drawing guidance from the IPCC Guidelines for National Greenhouse Gas Inventories – 2006 and The Climate Registry General Reporting Protocol. Emissions were calculated using the operational control approach and IPCC Second Assessment Report 1992 global warming potentials, and included emissions of CO2, CH4, N2O. We maintain databases that track monthly usage volumes of feedstock materials and fossil fuels, as well as production volume. Our 2015 and 2016 GHG emissions were verified in alignment with the principles of ISO 14064-3:2006 with substantiation for the validation and verification of greenhouse gas assertions under a Limited Level of Assurance by Cameron-Cole. In keeping with our cycle of undergoing validation of greenhouse gas data every two years, the next validation is scheduled to be completed in 2019 for 2017 and 2018 emissions data.

305-2 Indirect (Scope 2) GHG Emissions | pp. 24-25

See Disclosure 305-1 in the GRI Content Index for a description of GHG monitoring methods.

305-4 GHG emissions intensity | pp. 24-25

GHG intensity is calculated as MT CO2e emissions / MT of product. The intensity of our GHG emissions is calculated for all Scope 1 and 2 emissions produced by facilities under Cabot’s operational control, as reported under Disclosures 305-1 and 305-2.

305-7 Nitrogen oxides (NOx), sulfur oxides (SOx) and other significant air emissions | p. 25

Data reported has been calculated using actual test measurements based on country specific or U.S. EPA methods, Cabot engineering estimates or similar emission factors.

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**WASTE & SPILLS**

GRI 306: Effluents and Waste 2016

Disclosure Number / Disclosure Title | Page / Response
--- | ---
306-1 Water discharge by quality and destination | p. 28

The majority (93%) of the water discharged is to surface discharge, the remaining volume is discharged to public or private sewers (6%) or groundwater (1%). For all water discharged from our facilities, we carefully monitor the quality and if needed, treat outgoing water to meet local regulatory standards.

306-2 Waste by type and disposal method | p. 26

The majority of non-hazardous waste is recycled or reused, and the majority of hazardous waste is generated at one location and disposed of via onsite deep well injection.

306-3 Total number and volume of significant spills | p. 26

In calendar year 2017, there were no significant reportable spills of hazardous materials to the environment.
**GRI 307: Environmental Compliance 2016**

Non-compliance with environmental laws and regulations

Adhering to local environmental laws and regulations is the responsibility of facility general managers as well as site environmental managers located at each facility. In support of compliance efforts, resources include a robust database to track near-miss and ENC events and corrective actions, as well as over 443M in capital spending in FY 2017 which was dedicated to improving facilities and reducing ENCs.

**GRI 414: Supplier Social Assessment 2016**

New suppliers that were screened using social criteria

Because 2017 was used to develop and introduce new management practices for addressing suppliers' sustainability performance, supplier audits for sustainability are expected to be part of a pilot program in 2018 and rolled out more formally in 2019. These audits will assess both environmental and social criteria for critical suppliers.

**GRI 416: Customer Health and Safety 2016**

Assessment of the health and safety impacts of product and service categories

100% of significant product categories are assessed for health and safety impacts using best available information.

**GRI 103: Management Approach 2016**

Explanation of the material topic and its boundaries

The management approach and its components

Evaluation of the management approach

**GRI 401: Employment 2016**

New employee hires and employee turnover

By Gender:
- Male: 300
- Female: 130

By Region:
- Americas: 205
- APAC: 99

By Age Group:
- Under 30: 224
- 30-50: 207
- Over 50: 67

By Industry:
- Engineering: 172
- Marketing: 125
- ARAC: 99

**MATERIAL TOPICS – SOCIAL**

**EMPLOYMENT, DIVERSITY, & TRAINING**

**PRODUCT SUSTAINABILITY**

Product health, safety and environmental impacts occur primarily downstream from Cabot's operations through the activities of our customers and in some cases through end-use by consumers. Refer to p. 16 for an overview of materiality, our management approach and evaluation process for product sustainability. The key responsibility for this effort resides with Cabot's Product Support and Toxicology Group of the SH&E Department, as well as the business and research and development teams.

**SUPPLIERS’ SUSTAINABILITY**

New suppliers that were screened using environmental criteria

Because 2017 was used to develop and introduce new management practices for addressing suppliers' sustainability performance, supplier audits for sustainability are expected to be part of a pilot program in 2018 and rolled out more formally in 2019. These audits will assess both environmental and social criteria for critical suppliers.

**ENVIRONMENTAL COMPLIANCE**

Evaluation of the management approach and its components

**GRI 308: Supplier Environmental Assessment 2016**

Environmental compliance

Non-compliance with environmental laws and regulations

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The management approach and its components

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The management approach and its components

Evaluation of the management approach

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New employee hires and employee turnover

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- Americas: 205
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By Age Group:
- Under 30: 224
- 30-50: 207
- Over 50: 67

By Industry:
- Engineering: 172
- Marketing: 125
- ARAC: 99
**GRI 401: Employment 2016**

Disclosure Number / Disclosure Title Page / Response

**401-2 Benefits provided to full-time employees**

Benefits packages offered to employees are designed to provide employees the tools and resources needed to thrive. Specific features of these packages differ depending on location of employment but typically include healthcare, life and accidental insurance, disability, retirement and pension plans, business travel accident insurance, vacation, holiday and leave entitlement, educational financial assistance and access to receive medical coverage.

**GRI 404: Training and Education 2016**

Disclosure Number / Disclosure Title Page / Response

**404-1 Average hours of training per year per employee**

Average training hours are tracked by three main employee function categories and gender:

- **Clinical/Technical**: 20 hours/employee
- **Management/Experienced**: 28 hours/employee
- **Male**: 32 hours/employee
- **Female**: 30 hours/employee

**404-2 Programs for upgrading employee skills and transition assistance programs**

Our training program is managed on a site-by-site basis, according to the unique mix of each employee’s experience and skill set, career interests and the core business objectives of the company. Career transitioning is handled with sensitivity and commonly includes outplacement services for future employment opportunities or retirement.

**GRI 405: Diversity and Equal Opportunity 2016**

Disclosure Number / Disclosure Title Page / Response

**405-1 Diversity of governance bodies and employees**

For a description of our approach to diversity of employees, refer to pp. 32-33.

Diversity of employees at the end of 2017:

- **Gender**:
  - **Male**: 76%
  - **Female**: 24%
- **By Age Group**:
  - Under 30: 32%
  - 30-50: 56%
  - Over 50: 12%

Diversity of the Board of Directors at the end of 2017:

- **By Gender**:
  - **Male**: 91%
  - **Female**: 9%
- **By Age Group**:
  - Under 30: 0%
  - 30-50: 56%
  - Over 50: 4%

**GRI 406: Non-discrimination 2016**

Disclosure Number / Disclosure Title Page / Response

**406-1 Incidents of discrimination and corrective actions taken**

Any potential incidents of discrimination raised by employees or managers are thoroughly reviewed and investigated and used as an opportunity to evaluate our policies and practices to mitigate future risk of discrimination. Only incidents found to be substantiated are reported and there were no such incidents in 2017.

**GRI 403: Occupational Health and Safety 2016**

Disclosure Number / Disclosure Title Page / Response

**103-2 The management approach and its components**

Cabot’s approach to occupational health and safety encompasses all direct impacts occurring in facilities under our operational control, including employees, contractors and visitors. Refer to p. 30 for an overview of materiality, our management approach and evaluation process for occupational health and safety.

Within our Board, the SH&E Committee oversees the safety of products and manufacturing processes. The Senior Vice President of SH&E provides day-to-day management of SH&E programs and also regularly reports to the SH&E Committee. Cabot’s SH&E Policy lays out our guiding principles (cabotcorp.com/SHEPolicy).

Grievance mechanisms include the Cabot open-door policy for employees to raise concerns and report violations of corporate policies or the law. Employees may approach supervisors, the Office of Compliance or use the Cabot hot-line. Our manufacturing facilities have formal processes to engage the local community, including the use of a Community Advisory Panel (CAP) and “Open Days” where community members may visit sites and speak directly with Cabot employees regarding their concerns.

**GRI 103: Management Approach 2016**

Disclosure Number / Disclosure Title Page / Response

**103-1 Explanation of the material topic and its boundaries**

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