

## Letter from Patrick Prevost

My fellow Cabot employees,

Cabot has a long and proud tradition as a global business leader with a commitment to conducting its business with integrity and in compliance with the law. In support of this commitment, Cabot's Global Ethics and Compliance Standards provide more specific guidance for employees on how to act ethically and within the boundaries of the law. The standards help us to better understand our responsibilities to each other, our customers, our shareholders, those with whom we do business, and the communities in which we operate.

As Cabot employees, we need to read, understand and comply with the Global Ethics and Compliance Standards. These standards are to be used as a guide when conducting Cabot business. However, we also need to recognize that these standards will not provide an answer to every issue that we may face. We should never hesitate to seek better understanding or raise issues and discuss them with others. To facilitate this dialogue, we should avail ourselves of Cabot's compliance resources, such as the Office of Compliance, Human Resources and the Law Department.

Ultimately it is up to each one of us to act ethically and responsibly in our daily activities in order to continue Cabot's tradition of not only "doing the right thing" but also "doing things the right way."

Sincerely,



Patrick M. Prevost  
President and CEO

### **Cabot's Global Ethics and Compliance Standards: Applicability**

All Cabot employees are required to comply with the Global Ethics and Compliance Standards. References in the Global Ethics and Compliance Standards to "Cabot" or the "Company" refer not only to Cabot Corporation but also to all of Cabot's subsidiaries and affiliates, including entities that may be formed in the future. The Global Ethics and Compliance Standards also apply to affiliates that are not wholly owned by Cabot to the extent Cabot as a stockholder or investor can bring about implementation of them. The Company also expects its consultants, contractors and business partners to conform to the principles set forth in the Global Ethics and Compliance Standards. References in the Global Ethics and Compliance Standards to "employees" include all employees of Cabot and its subsidiaries and affiliates and all officers and directors of those entities.

# Global Ethics and Compliance Standards

## Introduction

These Global Ethics and Compliance Standards describe the ethical and legal responsibilities of all Cabot employees. The Global Ethics and Compliance Standards are an extension of the core values in Cabot's Vision and Values statement: integrity, respect, innovation and competitiveness. They provide clear standards for employee conduct. The Global Ethics and Compliance Standards are not intended to cover every situation, but are intended to help employees make the right decisions and ask the right questions. **Compliance with these Global Ethics and Compliance Standards is a condition of employment at Cabot.**

## Office of Compliance

Cabot has established an Office of Compliance to establish appropriate ethical and legal standards and policies and to oversee the Company's compliance with laws and regulations, the Global Ethics and Compliance Standards and Company policies. The Office of Compliance is also responsible for receiving and investigating allegations of misconduct or noncompliance and recommending to management actions to address any misconduct or noncompliance. Cabot employees should feel free to address any questions or concerns regarding compliance directly to the Office of Compliance. Information on how to contact the Office of Compliance can be found in **Exhibit A** of this document.

## Basic Principles

The Global Ethics and Compliance Standards are based on a basic set of principles: Cabot's Board of Directors, all officers and all employees of the Company **must meet the highest ethical standards** in conducting Cabot business, **comply with all applicable laws and regulations** and **act in accordance with Cabot's Vision and Values**.

## Employee Responsibilities

All Cabot employees have the following specific responsibilities:

**All employees** are responsible for ensuring that they **know, understand and comply** with these Global Ethics and Compliance Standards and all applicable laws and regulations governing their activities. **Ignorance of a law or regulation will not excuse a violation.**

## Global Ethics and Compliance Standards

**All employees** are responsible for ensuring that they understand their respective **roles and responsibilities** for compliance with applicable laws and regulations governing their activities.

**All employees** are responsible for **reporting** known or suspected violations of law, these Global Ethics and Compliance Standards or Cabot policies as specified in the section of these Standards entitled "Responsibility for Reporting."

If an employee has an ethics or compliance question or is uncertain about who is responsible for compliance with a particular requirement, the employee is responsible for **seeking clarification** from a manager, supervisor, a human resources representative, or a member of Cabot's Law Department or the Office of Compliance.

The non-enforcement of laws and regulations by governing bodies or the lack of public criticism or censure of illegal activity **will not excuse** an illegal action or a violation of the Global Ethics and Compliance Standards by any Cabot employee.

**Each employee** should **deal fairly** with Cabot's customers, suppliers, competitors and employees.

**No employee** may **take unfair advantage** of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

### Managerial Responsibilities

Cabot managers have an important role in ensuring that the principles spelled out in Cabot's Vision and Values and the Global Ethics and Compliance Standards are followed. Managers are expected to lead by example and demonstrate the highest standards of ethical business conduct. They are expected to encourage discussion of the ethical and legal implications of business decisions and create an environment where people talk openly about compliance issues, concerns and suggestions. Consistent with Vision and Values, Cabot managers have a responsibility to create and sustain a work environment in which employees, consultants, contractors and others with whom Cabot does business know that ethical and legal behavior is expected of them. In addition to the responsibilities of all Cabot employees outlined above, Cabot managers have the following additional responsibilities:

**Management** is responsible for ensuring that employees **know, understand and comply** with all applicable laws and regulations governing their activities.

**Management** is responsible for ensuring that **roles and responsibilities** for compliance with applicable laws and regulations are **put in place and clearly communicated to and understood** by employees.

**Management** is responsible for ensuring that employees receive **appropriate training** regarding applicable laws and regulations governing their activities.

**Management** is responsible for **periodically reviewing** the Global Ethics and Compliance Standards and their requirements with employees.

**Management** is responsible for ensuring that they **do not hire or delegate authority** to any individual who they have reason to believe will engage in unlawful conduct or unethical activities.

If a manager becomes aware that a violation of a law, regulation or these Global Ethics and Compliance Standards has occurred or is occurring, the manager should **promptly correct** the condition so compliance can be achieved, and **report** the condition to the manager's supervisor and the Office of Compliance. If prompt correction is not possible, the manager should **consult with** the Office of Compliance and Cabot's Law Department so that an appropriate course of action can be developed to ensure that compliance is achieved in a reasonable period of time.

## The Front Page Test

The Global Ethics and Compliance Standards describe specific conduct required for specific situations or issues, but it is impossible to anticipate all situations that Cabot employees may encounter in the course of their work activities. When faced with a difficult situation, however, a good, simple test is to ask yourself, "How would this action look if it were described in an article on the front page of my local newspaper?" If such an article would embarrass you or Cabot, you should not engage in the conduct. If in doubt, you should discuss how to proceed with your supervisor, a member of Cabot's Law Department or the Office of Compliance.

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## Responsibility to Each Other

Cabot employees are the Company's most important resource. The Company cannot succeed without them. In order to ensure that each Cabot employee can do their best, all Cabot employees must be treated with dignity, honesty, integrity, respect, and fairness.

### **Fair Treatment**

Cabot is committed to treating all employees and qualified applicants for employment openly, fairly and equitably. Employees and applicants are to be judged by their qualifications, demonstrated skills, achievements and behavior, particularly their adherence to Cabot's Vision and Values.

### **Equal Opportunity**

Cabot is an equal opportunity employer. This means that all personnel activities will be conducted in a non-discriminatory manner without regard to race, color, religion, age, sex, sexual orientation, disability, national origin, veteran status or any other class or category of persons that is protected by relevant local law. Cabot will, however, comply with employment laws in all countries where the Company operates.

### **Diversity**

Cabot is committed to developing and fostering a diverse workplace. Cabot encourages and welcomes all qualified candidates for employment.

### **Freedom from Harassment**

Cabot employees are entitled to work in an environment that is free from intimidation and harassment. Verbal or physical conduct by an employee that harasses another or disrupts another's work performance or creates an intimidating, offensive or hostile work environment will not be tolerated.

Furthermore, in accordance with Cabot's policy on Prevention of Sexual Harassment, unwelcome sexual advances, requests for sexual favors or verbal or physical conduct of a sexual nature is

## Responsibility to Each Other

prohibited. Employees are encouraged to speak out when a coworker's conduct or the conduct of an employee of another company makes them or others uncomfortable.

### **A Safe and Healthy Workplace**

Cabot is committed to providing a safe and healthy work environment for all of its employees. Each facility is required to have a safety program that not only meets the letter and spirit of all applicable health and safety laws and regulations, but also Cabot's own standards that exceed such laws and regulations. Each employee is responsible for observing applicable safety and health rules and practices, taking precautions necessary to protect themselves and their co-workers from unsafe conditions, and immediately reporting accidents, injuries, and unsafe practices or conditions. Prompt action must be taken to correct any known unsafe conditions.

Cabot will routinely review the conduct of its operations in an effort to strive for continuous improvement in its safety and health performance.

### **No Firearms**

Cabot prohibits employees from possessing firearms on Company property, except for security personnel who require firearms in order to provide security for Cabot facilities.

### **Drugs and Alcohol**

Each employee must report to work free from the influence of any substance that could prevent him or her from performing work activities safely and effectively. Possession or use of illegal drugs or other unlawful drug-related activity while at work (on or off Cabot premises) is prohibited. Consumption of alcohol on Cabot premises is prohibited unless as specifically approved by Cabot management. Consumption of alcohol off Cabot premises in connection with the conduct of Cabot's business may only occur provided that it (a) does not interfere with an employee's ability to work safely and effectively and (b) does not pose a risk to the employee or other persons. Cabot reserves the right, to the extent

permitted by law, to require employees to undergo alcohol or drug testing in the event it determines, in its sole discretion, that such testing is warranted.

## **Protection of Privacy**

Cabot will collect personal information regarding Cabot employees or individuals with whom we do business only for business purposes and in accordance with all applicable laws and regulations regarding the protection of privacy. Only authorized employees with valid, work-related need may have access to the personnel files of Cabot employees. Cabot is committed to reasonably respecting the privacy of its employees and will not sell, disclose or rent personal employee information for direct marketing purposes.

Cabot reserves the right, to the extent permitted by law, to inspect facilities and property provided by Cabot for employee use in the workplace, including, but not limited to, personal computers, e-mail, regular mail, Internet usage, telephone records, lockers, business documents, offices, files and other similar work-related facilities and property.



## Responsibility to Our Customers

Cabot's customers put their trust in the quality of our products. Maintaining and enhancing that trust is the responsibility of every Cabot employee.

### **Quality**

Cabot's customers are entitled to receive the quality of product that is set forth in the specifications for that product. No product should leave a Cabot warehouse or facility if the Cabot employee responsible for the product knows that it does not meet the quality standard(s) identified in the product's specifications, unless the customer has waived such standard(s). No representation may be made regarding the quality of a Cabot product if the Cabot employee making the representation knows or has reason to know it to be untrue.

### **Product Safety**

Cabot actively promotes the safe and responsible handling of its products. Cabot will provide its customers with safety data sheets that, to the best of Cabot's knowledge, describe known health and safety risks in accordance with all applicable requirements.

Any Cabot employee who becomes aware of a potential concern regarding the health or safety impact of a Cabot product is responsible for bringing that concern to the immediate attention of Cabot management.

### **Fair Sales and Marketing Practices**

Cabot will compete for business aggressively and honestly. Marketing of Cabot products will be based on quality, distinctiveness, fair pricing and honest advertising practices. Product, service and price attributes must not be misrepresented. False claims about competitors' products are unacceptable. Offering bribes and kickbacks to secure product sales will not be tolerated.



## Lawful Competition

Cabot competes openly and aggressively in many markets. Indeed, competitiveness is one of the Company's core values as articulated in Cabot's Vision and Values. In this spirit, Cabot complies with the antitrust laws of the United States, the competition laws of the European Union and similar laws adopted by other countries around the world. No employee may participate in any agreement, understanding or other activity that would violate any such law.

In particular, formal or informal agreements with competitors that **fix prices, allocate production, allocate sales territories, allocate products, allocate customers, or allocate suppliers are strictly prohibited**. Furthermore, no Cabot employee may discuss prices, distribution practices, customers, product development, use of suppliers or company plans or activities with a competitor, unless solely for the purpose of establishing or maintaining a bona fide customer or supplier relationship or another lawful purpose approved by an officer of the Company and a lawyer in Cabot's Law Department. Finally, all employees are required to adhere to Cabot's corporate and regional policies on antitrust and competition law.

It is impossible to express all of the limits and restrictions imposed by antitrust or competition laws in these Global Ethics and Compliance Standards. Any employee who has a question about potential antitrust or competitiveness implications of a discussion, decision or action should consult with the Law Department before such action is taken.

## Lawful Collection of Competitive Information

Information about competitors, customers and suppliers is a valuable asset in the competitive markets in which Cabot operates. Cabot will collect such information legally. Theft of confidential proprietary information of others and inducing disclosures by a competitor's past or present employees is prohibited.

## Responsibility to Our Shareholders

Cabot shareholders expect that the Company's assets will be employed or utilized responsibly to increase the value of their investment in the Company. All Cabot employees are responsible for managing Cabot's assets for that purpose.

### **Creation of Accurate Business Records**

Accurate recording and reporting of information is critically important to the responsible management of Cabot's businesses. Cabot management relies on the accuracy of its business records to make strategic business decisions, and investors and analysts rely on the information provided by Cabot about its businesses to make investment decisions. All Cabot employees are responsible for accurately and properly recording business information, particularly financial information.

All financial books, records and accounts must accurately reflect transactions and events and conform to generally accepted accounting principles and Cabot's own internal standards. Undisclosed or unrecorded funds are not allowed for any purpose. No false or artificial entry may be made in the books or records of the Company for any reason. All payments made by or on behalf of the Company shall be supported by appropriate documentation properly describing the payment's purpose. No entry may be made that intentionally hides or disguises the true nature of any transaction in violation of applicable standards.

### **Care in Recording of Business Information**

Cabot's business records may become subject to disclosure in the course of litigation or governmental or media investigations. Therefore, employees should be as clear, concise, truthful and accurate as possible when recording any information. In addition, in creating business records, Cabot employees should avoid legal conclusions, speculation, colorful language, exaggeration and derogatory remarks about people and their motives. In creating business records, think how they will look if they happen to end up on the front page of your local newspaper.

## **Provision and Disclosure of Accurate Information**

Employees are responsible for providing accurate and complete information to Cabot's shareholders, directors, officers, legal counsel, internal auditors, independent public accountants or any other person authorized by Cabot management to receive it. The Company's financial position and results of operations should be disclosed in a full, fair, accurate, timely and understandable manner in all public reports required to be filed by the Company and in other public communications made by the Company. The concealment, withholding or provision of misleading information to is prohibited.

## **Response to Inquiries from Shareholders, Analysts, and the Media**

Special securities rules apply to the provision of information by Cabot to the news media, security analysts and shareholders. In order to ensure these rules are complied with, employees receiving inquiries regarding Cabot activities, results, plans or its position on public issues from financial analysts or investors should refer the request to Cabot's Investor Relations Department. Furthermore, any inquiries from the media regarding Cabot or its activities should be referred to Cabot's Corporate Affairs Department. Cabot's Investor Relations and Corporate Affairs departments can be contacted via phone at (617) 345-0100 (USA).

## **No Transactions in Securities with "Inside Information"**

It is illegal to trade securities, or to provide information to others to allow them to trade securities, of Cabot or other companies (including customers, suppliers and others with whom Cabot does business) on the basis of material information before it is made publicly available. Severe civil and criminal penalties can be imposed on individuals and corporations for violation of this requirement. Material information is any information (positive or negative) that an investor might reasonably consider important in deciding whether to buy, sell or hold securities of a company. Some examples of material information include financial results, financial forecasts, changes in dividends, stock splits or new securities offerings, possible mergers, acquisitions, joint ventures, or the purchase or sale of significant assets or investments in other companies, obtaining or losing important contracts or customers,

## Responsibility to Our Shareholders

important product developments, major litigation developments or investigations, senior management changes or major personnel changes and major changes in business direction.

No Cabot employee (including their relatives and associates) may trade securities, or provide information to others to allow them to trade securities, of Cabot or other companies based on material, nonpublic information. In addition, directors, officers, certain employees specifically designated by Cabot's General Counsel and any employee who in fact has access to the Company's quarterly financial results before they become public are subject to further restrictions which are set out in Cabot's more detailed Policy on Transactions in Securities. Any questions concerning the Policy or whether a proposed trade may be subject to these restrictions should be reviewed in advance with Cabot's General Counsel.


### **Protection of Cabot Assets**

All employees are entrusted with numerous Cabot assets and are responsible for protecting them and using them for proper purposes. This includes not just cash or financial assets of Cabot, but also Cabot facilities, equipment, inventory, patents and supporting information, trademarks, computer software and supplies. Company resources should be used only to conduct legitimate Company business or for purposes authorized by management. No fund or asset of the Company may be used for any unlawful or improper purpose. Any employees caught stealing or embezzling Cabot assets will be terminated and subject to prosecution.

### **Protection of Confidential Information**

Confidential business and technical information is one of Cabot's most important assets. Like all other assets, such information must be protected. Examples of such information include non-public information described above, as well as trade secrets, financial information (such as profit margin, revenue and costs), new product development and marketing plans, research and development ideas or information, manufacturing processes, customer and supplier lists, pricing and information about potential acquisitions, divestitures and investments. In addition, Cabot may possess confidential business and technical information of customers, suppliers or business partners that Cabot is legally obligated to protect.

Cabot employees are responsible for safeguarding confidential business and technical information relating to Cabot, including confidential information of others (e.g., customers, suppliers) that



has been entrusted to Cabot, and taking appropriate steps to avoid unauthorized use, disclosure or dissemination of such information (including avoiding discussion of such information in public places such as hotel lobbies, elevators, airports and planes). Cabot employees should disclose such information to other Cabot employees and recipients outside Cabot only in furtherance of their job responsibilities and Cabot's legitimate business needs with appropriate safeguards against unauthorized use or disclosure, including written confidentiality agreements. Under no circumstances should any such information be disclosed or used by a Cabot employee for his or her own personal or financial gain. The obligation to protect confidential business and technical information of Cabot and others who have entrusted such information to Cabot is ongoing and continues after employment ends.

## **Protection of Intellectual Property - Patents, Trademarks and Copyrights**

Innovation is a core value of the Company. Cabot fosters and encourages invention and innovation through its businesses and research and technical programs. Creation or development of intellectual property by Cabot employees (such as inventions, trade secrets and copyrightable materials) related to Cabot's business, the employee's work at Cabot or the use of Cabot facilities are the sole and exclusive property of the Company. Such intellectual property must be assigned to Cabot to the extent permitted by law.

Cabot employees are responsible for respecting the valid intellectual property rights of others. It is unlawful for any employee to use or disclose confidential or proprietary information of any former employer or any other party in the course of his or her employment with Cabot. It is also against Cabot policy to knowingly infringe any valid patent or other intellectual property right of another party. Cabot employees should seek legal advice from Cabot's Law Department as to the validity or scope of a patent or other intellectual property right where such patent or intellectual property right may impact Cabot's ability to make, use or sell any current or future product.

Cabot policy prohibits the unauthorized and unlawful use or copying of copyrighted computer programs, books, journal articles, music or other materials. Cabot employees are responsible for obtaining licenses or other authorizations necessary to ensure the lawful use or copying of such material.

## Responsibility to Our Shareholders

### **Avoid Conflicts of Interest**

Our shareholders expect that all business decisions will be made in the best interests of the Company and not motivated by personal interest or gain. No director, officer or employee should act for the Company in a situation where that individual has a financial, personal or family interest that might prevent, or appear to prevent, the individual from acting in the best interests of the Company, unless written approval for such action has been provided to that individual by either the Operating Committee or the Audit Committee of Cabot's Board of Directors in accordance with the provisions of the section entitled Waiver of these Global Ethics and Compliance Standards set forth below. Officers, directors and employees should be alert for situations in which Cabot is doing business with organizations that employ or are owned or partially owned by family members or close personal friends.

### **Personal Investments**

Officers, directors and employees may not own, either directly or indirectly, a substantial interest in any business entity that is in competition with Cabot or that does or seeks to do business with Cabot, unless written approval for such action has been provided to that individual by either the Operating Committee or the Audit Committee of Cabot's Board of Directors in accordance with the provisions of the section entitled Waiver of these Global Ethics and Compliance Standards set forth below. "Substantial interest" includes the ownership by an employee and/or family member of more than 5% of a company's outstanding securities or that represents more than 5% of the total assets of the employee and/or family members. Officers, directors and employees are also prohibited from (a) directly or indirectly buying, leasing or otherwise acquiring rights to any property or materials if they reasonably believe that Cabot may also be interested in pursuing such opportunity, (b) taking for themselves personally opportunities that are discovered through the use of corporate property, information or position, or (c) using corporate property, information or position for personal gain.

### **Outside Employment and Volunteer Activities**

Officers, directors and employees may not work for or receive payments for services from any business entity that is in competition with Cabot or that does or seeks to do business with Cabot, unless written approval for such action has been provided to that individual by either the Operating Committee or the Audit

Committee of Cabot's Board of Directors in accordance with the provisions of the section entitled Waiver of these Global Ethics and Compliance Standards set forth below. Officers and employees may not work for another employer, operate their own business or volunteer their time to any organization if such outside employment or volunteer activities are so demanding that they interfere with their ability to fulfill their duties to Cabot.

**Disclosure**

The best way to avoid conflict of interest situations is to disclose them and involve others in deciding how to proceed. As soon as an actual or potential conflict of interest is identified, the officer or employee should immediately disclose the conflict to their supervisor and Cabot's Office of Compliance. The supervisor and the Office of Compliance, in consultation with others where appropriate, shall then evaluate the situation and determine what steps should be taken to ensure that the interests of Cabot are not compromised.



## Responsibility to Those with Whom We Do Business

Cabot cannot succeed without strong business relationships with its customers, suppliers and others. Cabot employees are responsible for building and strengthening those relationships.

### **Ethical Business Relationships**

Cabot believes in doing business with customers, suppliers, contractors, joint venture partners, agents, sales representatives, distributors, consultants and others who demonstrate high standards of ethical business behavior. Cabot will not knowingly do business with any party who operates in consistent and/or willful violation of applicable laws or regulations, including local environmental, employment or safety laws.

### **Purchasing Practices**

All purchasing decisions should be based on obtaining the best value for Cabot. Employees are responsible for ensuring that personal or family relationships do not influence or appear to influence such decisions. Cabot's purchasing policies should be followed in purchasing goods and services for the Company.

### **Reasonable Gifts, Favors and Entertainment**

Gifts and entertainment are commonly used to strengthen business relationships. However, no gift, favor, service or entertainment should be accepted or provided if it will obligate or appear to obligate the recipient to act other than in his or her employer's best interest. Assuming the above standard is not violated, the following rules regarding gifts and entertainment apply:

**Gifts or entertainment** may be provided to business contacts if they are reasonable complements to business relationships, of modest value, infrequent and do not violate the law or policy of the recipient's company.

**No cash or cash equivalents** may ever be given as a gift.

**Gifts to government officials** with a value in excess of \$200 require the advance approval of the Office of Compliance.

**Gifts may be accepted by Cabot employees** if they further the

business interests of Cabot, are not lavish or in excess of generally accepted business practices of one's industry or country, are infrequent and do not violate the law or policy of the giver's company, provided:

- no cash or cash equivalents may ever be accepted;
- requesting or soliciting personal gifts, favors, entertainment or services is not permitted;
- employees may not exploit their position to solicit Cabot vendors, including financial institutions, to provide individual preferential treatment in pricing, terms or loans;
- gifts with a value in excess of \$200 from any one company may not be accepted without the written approval of an employee's supervisor or more senior manager, except meals and entertainment extending no more than one day in excess of this limit are permitted.

If entertainment involves any travel expenses or may be considered excessive, an employee is required to obtain the written approval of their supervisor prior to accepting an invitation.

In cases where application of this policy is unclear, an employee is responsible for reporting the offer or acceptance of a gift to their supervisor. In appropriate cases, the supervisor should consult with the Office of Compliance on an appropriate response.

If a gift is received that is prohibited or inappropriate, it shall be returned if possible. If the gift is perishable or is otherwise impractical to return, it shall be distributed to Cabot employees or donated to charity. If it consisted of meals and entertainment, the recipient shall pay an appropriate amount to the Company to reflect the benefit of the gift.

**Points, miles and awards** received under standard frequent traveler programs sponsored by airlines, hotels or car rental agencies and similar service providers may be accepted by Cabot employees provided they are received in accordance with the Company's travel policies.

# Responsibility to Our Communities

Cabot strives to be a responsible member of each and every community where it operates and supports efforts of its employees to that end.

## **Commitment to Community Improvement**

Cabot strongly encourages each of its facilities to become involved in the life of the community by sponsoring and participating in community improvement initiatives. Cabot encourages and supports employees who wish to volunteer their time for these initiatives, and where appropriate, the Company or the Cabot Corporation Foundation will provide financial support to community initiatives supported by Cabot employees. No one in the Company, however, may bring undue pressure on another Cabot employee to contribute to a charitable organization.

## **Minimization of Impact on the Environment**

Cabot is committed to being an industry leader by conducting its activities responsibly to minimize the impact of its operations on our employees, the public and the environment. The Company will meet or exceed the requirements of all applicable environmental laws and regulations in all of its business activities. Cabot will routinely review the conduct of its operations and strive for continuous improvement in its environmental performance.

## **No Employee Political Activities at Work**

Cabot employees wishing to do so may participate on an individual basis in the political process and engage in political activities of their own choosing in accordance with local law. However, unless otherwise required by law, individual political activities must be conducted on an employee's own time, at his or her own expense and outside of Cabot's facilities. Employees electing to engage in personal political activities must at all times make clear that their views and actions are their own and not those of Cabot. Cabot resources may not be used by individual employees to promote political parties, causes or candidates. Cabot will not reimburse any employee for contributions to any candidate for office or in furtherance of any election.



## **Corporate Political Activity**

Laws often restrict political contributions and lobbying by corporations. Therefore, Cabot will not make political contributions unless approved by the Office of Compliance and the Operating Committee. This restriction covers both direct financial support and (a) the purchase of tickets to dinners or other fund raising events for political parties or candidates, (b) the use of Company-owned or leased equipment in connection with a political campaign, or (c) the bearing of any costs (such as postage) in support of the election of a candidate or party. No employee should lobby any government official on behalf of Cabot without first checking with a member of Cabot's Law Department to confirm that such activity complies fully with the law and that the Company's lobbying efforts are coordinated.

## **No Bribery or Illegal Payments**

No employee may directly or indirectly offer, promise to pay or authorize the payment of money or anything of value to government officials, political parties or candidates, or to an employee of a company with whom the Company does business or is seeking to do business, for the purpose of influencing the acts or decisions of such persons or parties. The above prohibition includes bribes, kickbacks, payoffs or other illegal payments. If bribery is a practical necessity in order to do business in a particular place or with a particular customer, we will not do business in that place or with that customer. Furthermore, Cabot will not employ agents to offer, promise or authorize prohibited payments. Where appropriate, agents should sign a written contract that includes a statement that such agents may not make payments prohibited by US or local law or these Global Ethics and Compliance Standards.

Certain minor payments to government officials necessary to facilitate or expedite the performance of "routine governmental action" to which Cabot is legally entitled, such as issuing permits, licenses or visas, or providing utility service or police protection, allowing goods to clear customs or the scheduling of inspections to permit work to proceed, are permissible if (a) they are customary and not illegal under local law, (b) are minor in amount, and (c) are properly recorded in Cabot's financial records. No employee should make such a payment if there is uncertainty concerning whether a payment is covered by the preceding sentence without first checking with a member of the Law Department or the Office of Compliance.

# Responsibility to Our Communities

## **Government Requests**

Cabot's policy is to cooperate with all reasonable requests from government agencies and authorities with responsibility for overseeing our operations. Like all citizens, the Company is entitled to all of the safeguards provided by law to persons being investigated, including representation by legal counsel from the outset of the investigation. Therefore, any non-routine government requests for information should be reported immediately to the Law Department, and where possible, the Law Department's guidance should be received before responding to any such request.

All information provided to government investigators should be truthful and accurate. Cabot employees should never mislead investigators or destroy or alter business records or documents related to an investigation that has been initiated.

## **International Trade Laws**

There are a number of United States and other laws governing the conduct of trade that impact Cabot's business. Detailed information concerning these laws is available from Cabot's Law Department. Employees who are engaged in activities that may be impacted by these laws are responsible for seeking advice and assistance from the Law Department before proceeding with activity that may be governed by them. Some of the laws in question are described below.

### **Antiboycott**

It is illegal for any Cabot employee or its agents to cooperate in any way with an unsanctioned foreign boycott of countries friendly to the United States, including the secondary boycott by certain countries of companies that trade with Israel. It is Cabot Corporation's policy not to comply with the boycott of trade with Israel.

Boycott requests generally come in the form of certain clauses contained in proposed documentation for a transaction. In addition to our policy of not complying with such requests, Cabot is required by law to report all boycott-related requests, even if we refuse to participate. The rules governing this subject are complex and change from time to time, as do the forms of boycott

requests. The distinction between a boycott request and a non-boycott request may not always be clear. Therefore, to avoid problems with this law, care must be taken in any dealings with companies or governments located in the Middle East or Northern Africa.

Any request for information or a proposed transaction involving a company or government located in the Middle East or Northern Africa should be discussed with a member of Cabot's Law Department to assure that the antiboycott rules are not implicated.

### **Export Control**

A number of United States laws restrict the sale of products and technology by a U.S. company (or in some cases its foreign subsidiaries) to people or entities in certain countries (such as Cuba, Iran, Iraq or North Korea) and to people or entities involved with certain activities (such as terrorism, drug trafficking or nuclear proliferation). Other countries have similar restrictions. Cabot operations worldwide must comply with applicable US export restrictions as well as applicable export control laws of all countries where Cabot does business. These laws are very complex. Employees and agents are responsible for contacting Cabot's Law Department for guidance if they are uncertain of the legal trade status of any country.

### **Countries of Concern**

A list of countries covered in some way by the laws described in this section is included on Exhibit B. This list will be updated from time-to-time, and employees referring to it should be aware that it might need revision to ensure that changes are properly reflected.

# Using the Global Ethics and Compliance Standards

## **What the Global Ethics and Compliance Standards Are Not**

The Global Ethics and Compliance Standards do not address every ethical or legal issue an employee may face. They are not a comprehensive summary of all laws and regulations that apply or might apply to Cabot's businesses. Importantly, the Global Ethics and Compliance Standards are not a substitute for good judgment or a restraint on the entrepreneurial initiative of Cabot employees and managers. The Global Ethics and Compliance Standards do not define comprehensively Cabot's core values of integrity, respect, innovation, and competitiveness. They do, however, describe certain behaviors that are consistent or inconsistent with those values.

## **Conflicts with Laws or Collective Bargaining Agreements**

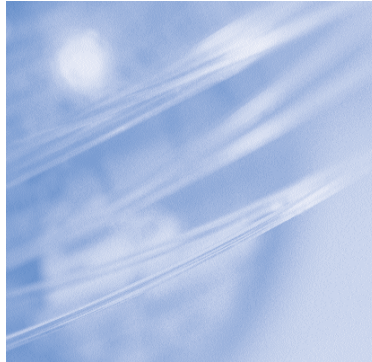
If any provision of these Global Ethics and Compliance Standards or Company policy conflicts with any applicable law or regulation, the law or regulation will control. If any provision of these Global Ethics and Compliance Standards or Cabot policy conflicts with any collective bargaining agreement, that provision only will not apply to the employees covered by that collective bargaining agreement.

## **Company Policies and Procedures**

Cabot from time to time may adopt more detailed policies and procedures with regard to certain areas covered by the Global Ethics and Compliance Standards and other matters not mentioned in the Global Ethics and Compliance Standards. Employees are expected to comply with such policies, and failure to comply with such policies will be considered a violation of the Global Ethics and Compliance Standards.

## **Waiver of the Global Ethics and Compliance Standards**

In the event any employee believes that a waiver of these Global Ethics and Compliance Standards is necessary or appropriate, including, but not limited to, any provision of the section entitled Avoid Conflicts of Interest, a request for such a waiver and the reasons therefore should be submitted to the Office of Compliance. The Office of Compliance will confer with Cabot's Operating Committee about the waiver request and provide a recommendation to the Operating Committee concerning the request. The Operating Committee must approve any waiver request in writing for it to be effective. In addition, if any Executive Officer or Director of Cabot seeks a waiver of any provision of these Global Ethics and Compliance Standards, the Audit Committee of Cabot's Board of Directors must also approve the request in writing and the waiver must be promptly disclosed to Cabot's shareholders. In approving any requests for a waiver of these Global Ethics and Compliance Standards, the Operating Committee or the Audit Committee, as the case may be, shall consider whether any controls or other procedures should be instituted to ensure that the Company's interests are sufficiently protected.



## Responsibility for Reporting

Compliance with applicable laws and regulations, these Global Ethics and Compliance Standards and Cabot policies is a condition of employment for all Cabot employees. It is critical for Cabot management to learn about any potential noncompliance so that corrective action may be taken promptly and any issues of a systemic nature may be identified and addressed. Therefore, **it is also a condition of employment that all Cabot employees report known violations or suspected violations of law or regulation, the Global Ethics and Compliance Standards or Cabot policies as specified in this section.**

If an employee believes a violation or misconduct has or may occur, he or she should first consult with their immediate supervisor. However, if this seems inappropriate or the employee believes the supervisor may have been involved in or sanctioned the misconduct, the suspected violation should be reported to a higher level of management, Human Resources, the Office of Compliance or the Law Department. Cabot supervisors, human resource managers and members of the Law Department who receive reports of misconduct or actual or potential violations of law or regulation, the Global Ethics and Compliance Standards or Cabot policy **are required** to report the allegation to the Office of Compliance. Reports to the Office of Compliance may be made as specified on **Exhibit A**.

Cabot employees are encouraged to report any suspected violations or conduct they believe to be questionable to the Office of Compliance. Employees who report honestly and in good faith need not fear retribution. Any Cabot employee that seeks in any way to punish an employee for the good faith reporting of a suspected violation or questionable conduct shall themselves be in violation of these Global Ethics and Compliance Standards.

Reports of suspected violations may be made anonymously if the employee is concerned about revealing his or her identity. Any such report should provide sufficient detail regarding the suspected conduct so that Cabot can adequately investigate the problem. In considering whether to file a report anonymously, an employee should consider that when employees do identify themselves, investigations of potential problems are usually easier to conduct and appropriate resolutions are more certain to be attained. Cabot will, however, respect an employee's desire for anonymity to the extent that is possible.

Employees who have questions about the Global Ethics and Compliance Standards or any requirement of law or Cabot policy are encouraged to discuss their questions with their supervisors, Cabot's Office of Compliance or a member of Cabot's Law Department.

It shall be a violation of these Global Ethics and Compliance Standards for any Cabot employee to make an allegation of misconduct or violation of law against another Cabot employee that they know or suspect to be untrue.

## Exhibit A

### Reporting Contact Information

#### Office of Compliance

Cabot has established an Office of Compliance to coordinate the Company's compliance with law, the Global Ethics and Compliance Standards and Company policies. The Office of Compliance is responsible for receiving and investigating reports of misconduct or noncompliance and recommending to management actions to address any misconduct or non-compliance that is established. The Office of Compliance consists of Vice President of Human Resources **Robby Sisco**, Vice President and General Counsel **Brian Berube**, Vice President and Corporate Controller **Jim Kelly**, Finance Director - Performance Segment **Janet Ryan**.

Reports to the Office of Compliance will be handled as discreetly and confidentially as possible. Credible reports of violations of law, the Global Ethics and Compliance Standards or other Cabot policies will be promptly and thoroughly investigated. Employees who feel compelled to do so may report on an anonymous basis, but anonymous reporting may make it impossible for Cabot to investigate a complaint fully. Employees can contact the Office of Compliance using the following information.

**Brian Berube** - phone: (617) 342-6175; e-mail: [brian\\_berube@cabot-corp.com](mailto:brian_berube@cabot-corp.com)

**Jim Kelly** - phone: (617) 342-6020; e-mail: [jim\\_kelly@cabot-corp.com](mailto:jim_kelly@cabot-corp.com)

**Janet Ryan** - phone: (617) 342-6370; e-mail: [janet\\_ryan@cabot-corp.com](mailto:janet_ryan@cabot-corp.com)

**Robby Sisco** - phone: (617) 342-6004; e-mail: [robby\\_sisco@cabot-corp.com](mailto:robby_sisco@cabot-corp.com)

**Fax:** (617) 342-6089 USA

**Mail:** Cabot Corporation, Two Seaport Lane, Suite 1300, Boston, MA 02210-2019, USA, Attn: Office of Compliance

#### Reporting Hotline

Cabot has also established an AlertLine to receive reports of misconduct or noncompliance. The line is managed by a third party, Global Compliance Services (GCS). GCS has people on staff 24 hours a day, seven days a week trained to handle calls of this nature, and has access to translators who speak many different languages, including most of the languages spoken by Cabot employees. GCS has a means of receiving and tracking anonymous reports so that Cabot representatives will not learn the names or identities of anonymous callers to the AlertLine.

All calls made to Alertline are toll free. In the U.S., you can reach Alertline by calling 800-853-7602. In North China, you can reach Alertline by calling 10-800-711-0812. In South China, you can reach Alertline by calling 10-800-110-0754. In France, you can reach Alertline by calling 0800-90-0697. For all other Cabot locations, you must first dial

## Exhibit A continued

an access code to reach Alertline and then dial 800-853-7602 when prompted. Please visit CabotConnect/Office of Compliance to obtain your area's access code.

### **Reports Regarding Accounting Matters**

For issues regarding accounting, internal accounting controls or auditing matters, employees may also make a report directly to the Audit Committee of Cabot's Board of Directors by using one of the following means.

#### **Internet**

[www.cabot-corp.com/auditcommittee](http://www.cabot-corp.com/auditcommittee)

#### **Mail**

Audit Committee of Cabot Corporation  
c/o Alertline Anonymous  
P.O. Box 3767  
13950 Ballantyne Corporate Place, Suite 300 Charlotte, NC  
28277

#### **Phone:**

By calling the Alertline telephone number.

Reports relating to accounting matters will be forwarded directly to the Chair of the Audit Committee (with copies sent to the Office of Compliance) and will be investigated under Audit Committee direction and oversight. Employees may submit reports to the Audit Committee on an anonymous basis.

## Exhibit B

The lists below will change from time-to-time. Users are responsible for confirming that no changes have occurred. To confirm the lists, contact Carol Doucette in Cabot's Law Department at (617) 342-6176.

### **List of Countries of Particular Concern Regarding Boycott Rules**

Bahrain  
Egypt  
Jordan  
Kuwait  
Lebanon  
Libya  
Oman  
Qatar  
Saudi Arabia  
Syria  
United Arab Emirates  
Republic of Yemen  
Iraq  
Pakistan

### **List of Countries (or Governments) Subject to Certain International Trade Restrictions**

Sudan  
Iraq  
Iran  
Former Yugoslavia  
Cuba  
North Korea  
Angola  
Liberia  
Sierra Leone  
Burma (Myanmar)  
Taliban

Certain government or academic institutions in India or Pakistan