CEO statement (GRI 1.1)
Ashland is committed to corporate social responsibility and sustainable development. We have a strong sense of vision and mission and adhere to operating principles that direct our day-to-day work on our key business strategies, while also guiding us through the challenges and opportunities that come with global expansion and dynamic markets. Our commitment to corporate responsibility and our commitment to profitability and shareholder value are mutually reinforcing.

For the past several years, we have been pursuing ways to reduce our historical reliance on solvent-based chemistries and to expand our offerings for customers seeking products developed with renewable or sustainable alternatives. Ashland was the first to offer a resin derived from renewable and recycled materials with our Envirez™ resin line, and our pursuit of renewable and sustainable chemistries has provided strategic underpinning for our recent acquisitions.

Most significant, in November 2008, we acquired Hercules, which expanded our water treatment business and added water rheology-modification capabilities. A significant portion of Hercules’ chemistry is sustainable, derived from cellulosics, such as cotton linters and wood pulp, and guar. One notable technology developed by Hercules is our Soyad™ adhesives for use in making composite wood products. Based on soy flour and containing no formaldehyde, they are far more environmentally friendly than conventional wood adhesives.

With the Hercules acquisition, approximately one-fourth of Ashland’s profitability is derived from chemical technologies based on renewable and sustainable resources.

We believe delivering sustainable chemistry and offering alternatives is important to our customers, as it is to Ashland, and pursuing such advancements toward sustainability is consistent with our ongoing commitment to Responsible Care®.

Ashland has a long history as a Responsible Care company, and we are dedicated to achieving our goals of zero-incident performance, 100-percent compliance and reducing environmental impact.

In March 2010, we were honored to be recognized by the Ethisphere Institute as one of the World’s Most Ethical Companies for 2010. By fostering a culture that emphasizes ethical business behavior, strong corporate governance, community involvement and safety in all that we do, we strive each and every day to earn the trust of our customers, investors, employees, suppliers and neighbors. Our many stakeholders can feel confident about their association with Ashland.

James J. O’Brien
Chairman and Chief Executive Officer

Corporate responsibility
Corporate responsibility and sustainability are important in all of Ashland’s business activities. This Sustainability Overview highlights Ashland’s efforts to find the best balance among environmental, social and economic needs.

Steps toward sustainability
Ashland is taking strides under the Global Reporting Initiative* (GRI) guidelines to inform its stakeholders in a systematic, transparent manner on its sustainability performance. GRI is a nonprofit organization that provides companies with a system for disclosure regarding sustainability performance.

GRI is the world’s most widely used sustainability reporting framework. The framework adheres to the highest degree of technical quality, credibility and relevance for defining economic, environmental and social performance.

GRI Application Level C
Ashland is moving forward with tracking and reporting sustainability metrics. This report is an overview of Ashland’s efforts using GRI’s 2006 G3 guidelines at Application Level C. Please refer to GRI’s website, www.globalreporting.org, for more details. Application of the guidelines at Level C requires information pertaining to the following:

- Company profile disclosure using GRI sections 1.1, 2.1-2.10, 3.1-3.8, 3.10-3.12, 4.1-4.4, 4.14-4.15

1 Includes the acquired operations of Hercules Incorporated (Hercules) from Nov. 14, 2008, forward.
• Company performance information for 10 of the G3 indicators. Ashland has selected these 10 indicators for this overview: Economic (EC3), Environmental (EN16, EN25), Labor (LA8, LA11, LA12), Human Rights (HR6, HR7), Society (SO3) and Product Responsibility (PR5).

In addition, this overview will provide some narrative on other G3 guidelines.

GRI organizational profile

Organization name (GRI 2.1)
Ashland Inc.

Primary brands and products (GRI 2.2)
Below is an abbreviated list of the many trademarks and brands held by Ashland across its commercial units.

- Advantage™ biodefoamers
- AME™ resins
- Amery™ fuel-oil additives
- Aquapel™ AKD internal-sizing additives
- Aquaflow™ rheology modifiers
- Aqualon™ carboxymethylcellulose and ethylcellulose
- Aquarius™ coating systems
- Arocure™ pressure-sensitive adhesives
- Arofene™ resins
- Aromelt™ resins
- Aropol™ resins
- Benecel™ methylcellulose and methylcellulose derivatives
- Biosperse™ microbiological-control additives
- Blanose™ carboxymethylcellulose, cellulose gum and sodium carboxymethylcellulose
- Bondwell™ carboxymethylcellulose
- Car Brite™ automotive products
- Chem-Rez™ binders
- Combizell™ methylcellulose and methylcellulose derivatives
- Culminal™ methylcellulose and methylcellulose derivatives
- Derakane™ resins
- DeTac™ pitch- and stickies-control additives
- Dextrol™ phosphate ester surfactants
- Drewfloc™ flocculants
- Drewgard™ corrosion inhibitors and antiscalants
- Drewplus™ foam-control agents
- Durablend™ motor oils
- Eagle One™ automotive products
- Enguard™ resins and gelcoats
- Envirez™ resins
- Enviroplus™ cooling-water treatment and corrosion inhibitor
- ExactCast™ sleeves
- Express Care™ automotive services
- Flexcyl™ emulsions
- Galactasol™ guar and guar derivatives
- Generox™ chlorine dioxide generation system
- Hercobond™ dry-strength additives
- Hetron™ resins
- Infinity™ pulp-mill additives
- Instint™ color-tinting service for resins and gelcoats
- Isocote™ coatings
- Isocure™ coatings
- Isofloe™ adhesives and binders
- Kymene™ wet-strength resins
- Maxguard™ resins and gelcoats
- MaxLife™ automotive products
- Millsperse™ antiscalants
- Modar™ resins
- Natrosol™ hydroxyethylcellulose
- Natrosol Plus™ hydrophobically modified hydroxyethylcellulose
- N-Hance™ guar and guar derivatives
- Onguard™ water-treatment controller
- Pep Set™ binders
- PerForm™ retention and drainage additives
- Performax™ water-treatment chemicals
- Performax Millenium™ water-treatment chemicals
- pHlex™ neutralizing agent
- Pliodeck™ adhesives
- Pliogrip™ adhesives
- Polaris™ resins
- Praestol™ flocculants
- Prelam™ structural-laminating adhesives
- Premium Blue™ engine oils
- Presstige™ felt-cleaning and -conditioning additives
- ProSoft™ tissue additives
- PULSE™ analyzers
- Purelam™ laminating adhesives
- Purethane™ adhesives
- Pyroil™ automotive chemicals
- Sonoxide™ ultrasonic water-treatment system
- Soyad™ soy adhesives
- Spectrum™ microbiological-control additives
- StreamLink™ defoamers, coagulants, repulping agents, wet-strength resins, polymers, sizing agents and hydrophobic aids
- Strodex™ phosphate ester surfactants
- Supercol™ guar gum
- Synpower™ motor oils
- Valvoline™ automotive products
- Valvoline Instant Oil Change™ centers
- Valvoline Professional Series™ automotive products
- Veino™ sand additives
- Velvalast™ coatings
- Zenix™ deposit-control additives
- Zerex™ antifreeze
- Zip-Slip™ release agent

Operational structure (GRI 2.3)
Ashland Inc. (NYSE: ASH) provides specialty chemical products, services and solutions for many of the world’s most essential industries. Serving customers in more than 100 countries, it operates through five commercial units: Ashland Aqualon...
For the fiscal year Oct. 1, 2008 - Sept. 30, 2009 (includes the acquired operations of Hercules from Nov. 14, 2008, forward.)

Ashland Inc. is incorporated under the laws of the commonwealth of Kentucky (USA). Its common stock is listed on the New York Stock Exchange (NYSE: ASH). Approximately 75 million shares were outstanding as of Sept. 30, 2009, and there were approximately 16,300 common stockholders of record.

Markets served (GRI 2.7)
The markets in which Ashland serves and competes are:

- Building and construction (commercial, residential, infrastructure, wind energy, paint and coatings)
- Transportation (heavy truck, light vehicle, recreational marine, rail)
- Water treatment (pulp and paper, commercial and institutional, food and beverage, mining, general manufacturing, municipal)
- Regulated markets (pharmaceutical, food, personal care)
- Automotive lubricants and chemicals
- Packaging, printing and converting
- Energy

Organization scale (GRI 2.8)
Ashland employs approximately 14,700 individuals worldwide.

For the fiscal year ended Sept. 30, 2009, Ashland’s sales totaled $8.1 billion.

In fiscal 2009, Functional Ingredients sold an average of $3.7 million per shipping day; Water Technologies, $6.6 million per shipping day; Performance Materials, $4.4 million per shipping day; and Distribution, $12.0 million per shipping day. Consumer Markets sold a total of 158.8 million gallons of lubricants.

Additional information about Ashland may be found in its annual report for fiscal 2009, available on the company’s website at http://investor.ashland.com or by contacting Ashland Inc., Investor Relations, P.O. Box 391, Covington, Ky. (USA) 41012-0391 (phone: +1-859-815-4454).

Significant operational changes (GRI 2.9)
On Nov. 13, 2008, Ashland acquired Hercules in a transaction valued at $3.4 billion, including $0.8 billion of assumed debt. The combination of Ashland and Hercules created a stronger company with a clear specialty chemicals focus that will drive Ashland both strategically and financially.

In August 2009, Ashland sold its global marine services business, known as Drew Marine, a business unit of Water Technologies. This sale reflects Ashland’s strategy to strengthen its specialty chemicals focus.

Awards (GRI 2.10)
In January 2009, Ashland’s manufacturing facility in Changzhou, China, received the 2009 Annual Green Award from China Environment Newspaper, a major environment-related newspaper supervised by the Ministry of Environment Protection of China. This award is given to companies with on-time completion of the prescribed environment protection process during construction and normal operation; accomplishment of energy saving targets; outstanding efficiency in business operation and environment protection; and reputable social image, among other criteria.

In June 2009, Ashland China also received special thanks and acknowledgment from Shanghai Minhang Qizhi Special School for volunteer programs within the school. In September 2007, Ashland donated RMB 50,000 to the school to renovate the students’ library. Since then, employees in China have conducted an annual “Make a Difference” volunteer program at the school, and Ashland is a member of the school’s “Love Alliance.”

In January 2010, the “Learning from Nature” Pavilion, designed by Danish architecture firm 3XN, was named winner of the 2010 JEC Innovation Award in the Environment and Recycling category. Ashland’s Envirez™ soybean- and corn sugar-based unsaturated polyester resin was specified by 3XN for use in the outer shell of the pavilion, which was originally built for the Green Architecture for the Future exhibition at the Louisiana Museum of Modern Art in Humlebæk, Denmark. The pavilion was also on display during the United Nations Climate Conference in December 2009. The vision for the project was to create an energy self-sufficient, sustainable pavilion using bio-based materials. The development phase began in March 2009 and the project was unveiled in June 2009. The JEC Innovation Program is a worldwide competition for the composite design field that coincides with the annual JEC Composites Show in Paris, France.

In March 2010, the Ethisphere Institute recognized Ashland as one of the World’s Most Ethical (WME) Companies. Through in-depth research and a multistep analysis, Ethisphere reviewed thousands of nominations from companies in more than 100 countries and 36 industries in order to determine the winners. The methodology for the WME ranking includes reviewing codes of ethics, litigation and regulatory infraction histories; evaluating the investment in innovation and sustainable business practices; looking at activities designed to improve corporate citizenship; and studying nominations from senior executives, industry peers, suppliers and customers.

In May 2010, Ashland Performance Materials’ plant in Piedmont,
S.C., USA, was recognized by Renewable Water Resources, the area’s public water-treatment utility, with a Compliance Excellency Award for achieving 100-percent permit compliance in 2009. The award is the 13th the plant has received since the awards program started in 1994. The plant manufactures pressure-sensitive adhesives, wood glue and other coating products.

**Reporting period** (GRI 3.1)
Ashland’s fiscal and reporting year is Oct. 1, 2008, to Sept. 30, 2009, unless otherwise stated.

**Most recent reports** (GRI 3.2)
This is Ashland’s second report using the GRI guidelines. Ashland’s first report was published in 2009, covering its fiscal-year 2008 data.

**Reporting cycle** (GRI 3.3)
The reporting cycle will be annual on Ashland’s fiscal year.

**Contact point** (GRI 3.4)
Jim Vitak, manager, Public Relations
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**Report content defined** (GRI 3.5)
Report content was determined based on the GRI economic, environmental, labor practice, human rights, societal and product responsibility guidelines.

A team of five individuals throughout various levels of the organization prioritized the topics within this report. The primary audience for this report is external stakeholders, including, but not limited to, communities; customers; prospective employees; governmental agencies; investors, shareholders and prospective investors; suppliers; and trade organizations.

**Report boundary** (GRI 3.6)
The report covers only Ashland majority-owned facilities and operations.

**Limitations of boundary** (GRI 3.7)
The data included in this report were readily available at the time of preparation. Future reports will contain data for a broader set of indicators, as such data become readily available.

**Non-majority-owned enterprises** (GRI 3.8)
No joint ventures, subsidiaries, leased facilities, outsourced operations or enterprises are included in this overview unless they are majority-owned.

**Restatements of previous information** (GRI 3.10)
This is Ashland’s second Sustainability Overview. No restatements are included.

**Significant changes from previous reports** (GRI 3.11)
This is the second reporting period. Since the prior report, Ashland completed the significant acquisition of Hercules, and therefore, the content of this report reflects the combined organization, unless otherwise stated. Comparative data are not meaningful in this context and, thus, are not provided in this report. It is expected that comparative data will be added in future reports.

**GRI content index of standard disclosures** (GRI 3.12)
All standard disclosures are listed in order (above) in this overview. Following this section are the GRI performance indicators.

**Governance structure and highest governance body** (GRI 4.1 and 4.3)
Ashland is governed by an 11-member board of directors, 10 of whom are independent directors under New York Stock Exchange guidelines, and five board committees. These committees, which consist entirely of independent directors, are Audit; Environmental, Health & Safety; Finance; Governance & Nominating; and Personnel & Compensation. Ashland’s day-to-day operations are managed by a three-member executive committee and an 11-member operating committee.

The board monitors public issues that have an impact on the company and oversees Ashland’s environmental, health and safety-compliance practices.

**Governance chair** (GRI 4.2)
James J. O’Brien, chairman and chief executive officer, is an executive officer and a member of the executive and operating committees and the board of directors. Ashland also has a lead independent director, who coordinates the activities of independent directors.

**Mechanisms for recommendations** (GRI 4.4)
Ashland shareholders as of the declared record date are entitled to vote upon matters that come before the company’s annual meeting of shareholders, held in January each year. Each Ashland proxy statement provides information as to how shareholders may submit proposals for consideration at the following year’s annual meeting, as well as the process by which shareholders and other interested parties may communicate with the board.

In addition, Ashland’s external website provides a feedback form for contacting the Investor Relations department and a mechanism to sign up for e-mail notifications about Ashland’s financial information.

Ashland employees are provided numerous opportunities to engage with executive management, including via commercial-unit and resource-group town hall meetings, facility-based “Straight Talk” sessions and worldwide town halls. All of these communication channels for employees provide a question-and-answer period. Additional resources are available, such as global and regional executive e-mail boxes and facility suggestion boxes, for employees to provide feedback, suggestions and new product ideas to company management.

**Stakeholder groups** (GRI 4.14)
Ashland has many worldwide stakeholder groups affected by the company’s long-term sustainability, including, but not limited to:
For the fiscal year Oct. 1, 2008 - Sept. 30, 2009 (Includes the acquired operations of Hercules from Nov. 14, 2008, forward.)

- In excess of 55,000 customers
- Approximately 14,700 employees
- Members of APAI, BCTGM, IAM, IBT, ICWU, IUOE, UAW, UFCW and USW unions and other chemical-industry trade unions around the world
- Approximately 21,000 different suppliers of basic chemicals and packaging materials
- The numerous communities in which it operates

Stakeholder engagement (GRI 4.15)
Marketing groups throughout Ashland’s commercial units engage their customers, identify their needs, seek solutions and create relationships based on mutual trust, with a focus on combined success.

Ashland actively manages interaction with community officials and neighbors where company operations have been established and welcomes open and honest dialogue. In addition, Ashland’s major campuses and facilities develop annual community relations plans to create organizational transparency and encourage open dialogue, while also addressing various community needs. Ashland’s community relations manager and contributions program manager make recommendations on the areas and organizations for Ashland to support with money and/or volunteer hours.

Ashland employees are vital to the company’s success and are invited to frequent open-dialogue meetings with the organization’s top management and encouraged to participate in question-and-answer sessions.

GRI Performance Indicators – 10 Selected for Fiscal Year 2009

Coverage of Ashland’s defined benefit plans (EC3)
Ashland and its subsidiaries sponsor noncontributory qualified and nonqualified defined benefit pension plans that cover many employees in the United States and in a number of other countries. In addition, the company also sponsors unfunded postretirement benefit plans, which provide health care and life insurance for eligible employees who retire or are disabled. The accumulated benefit obligation for all pension plans was $3.4 billion in fiscal 2009.

Total direct and indirect greenhouse gas emissions by weight (EN16)
Based on the best available data, in fiscal 2009, Ashland’s greenhouse gas emissions (CO₂) from global operations were 934,000 metric tons.

Biodiversity effect on water bodies by discharges of water (EN25)
Wastewater at the majority of Ashland’s sites is processed through publicly owned treatment works (POTWs) prior to discharge to water bodies. Where wastewater is not discharged to a POTW, Ashland has obtained and complies with applicable permits to minimize its impact on receiving waters. Therefore, Ashland’s discharges do not significantly affect the biodiversity value of water bodies and related habitats beyond those found in typical developed areas.

Programs in place to assist employees regarding serious diseases (LA8)
The two categories within Ashland Medical Affairs are occupational medical compliance and personal health and wellness. Both provide opportunities for education and appropriate medical examinations for workers and, in some cases, their families.

At this time, most Ashland Medical Affairs programs are available to North American employees only. However, many are being adapted for all employees worldwide.

The medical compliance programs are designed to assure full compliance with governmental programs related to worker health and occupational exposures. In addition to providing medical exams, education is incorporated to assure the workforce is properly trained to understand and control risks in the workplace. For some specific risks, parallel medical treatments are made available at the worksite to expedite treatment when necessary.

In the personal health and wellness category, an employee assistance program is offered at no cost to employees and families in Canada and the United States to deal with substance abuse and mental health issues. International SOS is available for all employees traveling internationally and living on assignment outside their home country. Other programs include weight reduction, flu shots, health-risk appraisals and assistance with biological issues such as avian influenza, SARS and malaria.

In 2009, Ashland also participated in significant planning activities and awareness programs with both internal and external stakeholders relative to the prevention of, and proactive response to, a potential outbreak of the H1N1 influenza.

Skill development and lifelong learning for employees (LA11)
Ashland’s Learning Management System provides employees with their required training classes in nine languages and offers optional classes to further employee development. Classes are available addressing topics such as customer service, business skills, product training and management skills.

Percentage of employees receiving performance reviews (LA12)
During fiscal 2009, 91 percent of Ashland’s employees worldwide, excluding those covered by bargaining units, received annual performance appraisals. In addition to performing annual performance appraisals, Ashland managers are expected to review with their employees, on a quarterly basis, their progress toward achieving annual goals.

Child labor (HR6)
Ashland abides by child labor laws and does not employ underage workers in its worldwide operations.
Forced and compulsory labor (HR7)
None of Ashland’s operations employ forced or compulsory labor.

Percentage of employees trained in anticorruption policies (SO3)
The Global Standards of Business Conduct booklet is the foundation of Ashland’s comprehensive compliance program. The booklet has been translated into 11 languages and underscores Ashland’s commitment to the law and high ethical standards. The board of directors has designated the general counsel as Ashland’s chief compliance officer and chair of the Ethics and Compliance Committee to oversee the compliance program.

All Ashland employees worldwide are required to complete annual training on the legal and ethical standards presented in the Global Standards of Business Conduct. In 2009, anticorruption presentations were given at global leadership meetings in Asia, Europe, South America and the United States, and more than 4,000 individual completions were recorded for online training courses covering bribery, corruption and the U.S. Foreign Corrupt Practices Act. These online courses were translated and available in eight languages.

In addition, specific corporate policies and procedures support the Global Standards of Business Conduct and are accessible through the employee intranet.

Ashland is subject to annual evaluation of internal controls as required by the U.S. Sarbanes-Oxley Act of 2002 (SOX). An online learning course through Ashland’s Learning Management System educates employees about the importance of SOX and the risks of noncompliance. In 2009, Ashland’s SOX results did not include any reportable deficiencies or material weaknesses.

Practices related to customer satisfaction (PR5)
Ashland’s commercial units conduct market research as appropriate to measure customer satisfaction and foster continuous improvement.

As an example, Ashland’s Valvoline Instant Oil Change business unit solicits feedback on an ongoing basis from customers of its 850 company-operated and franchised automotive service centers. Store managers use this customer feedback to improve service levels and recognize their team members for outstanding performance. Executives use the customer satisfaction data in combination with other key performance indicators to gain insight into emerging business trends.

Valvoline Instant Oil Change also conducts other types of market research to better understand both consumers’ needs and its brand equity in the competitive marketplace. In fiscal 2009, the organization conducted primary research with existing customers and potential customers in its continued effort to be sensitive to consumer demand. Additionally, customer feedback is welcomed via the Valvoline Instant Oil Change website and its call center, where trained customer-care agents respond to customer questions and resolve any issues that arise.

Ashland also provides a mechanism via a “Contact Us” form on its public website, www.ashland.com, whereby customers, investors and potential investors, employees and potential employees, the media, retirees and other stakeholders can submit a comment, question or complaint. These messages are relayed to appropriate personnel for response.

Narrative on other GRI aspect groupings

Economic performance
Ashland’s 2009 performance
For the fiscal year ended Sept. 30, 2009, Ashland’s net income amounted to $71 million, or 96 cents per diluted share. Ashland’s operating income amounted to $390 million, and the company achieved EBITDA of $729 million in fiscal 2009. Ashland also generated cash flows from operating activities from continuing operations of $1.0 billion.

Sales to external customers worldwide were $8.1 billion in fiscal 2009. Global property, plant and equipment assets totaled $2.1 billion.

Market presence
Wage fairness
Ashland pays above local minimum wage in all countries in which it does business. The company participates in a variety of compensation surveys to establish an objective benchmark upon which employee compensation plans are based.

Indirect economic impacts
Investments for the public good
In the United States, Ashland supports community health and human services organizations through an annual Employee Giving Campaign. The campaign offers employees the ability to direct donations to a number of organizations; in turn, Ashland provides a company match. During Ashland’s most recent campaign, employees were able to choose among the American Cancer Society, American Diabetes Association, American Heart Association, American Red Cross, Big Brothers Big Sisters of America, Earth Share, Feeding America, Global Impact, Habitat for Humanity and the United Way to receive their support. Ashland believes offering a variety of options lets employees direct funding to organizations that are meaningful to them and provides a means of helping the greatest number of people – in their neighborhoods and around the world.
Energy

Ashland’s energy consumption
During fiscal 2009, Ashland’s global operations used 12,100,000 MMBTU (million British thermal units) of energy. This value is based on the best available data and includes both process and mobile energy usage. Process energy includes all fuels used by Ashland plants to prepare goods for consumption, sale and transport, and comfort heating for all employees. Mobile energy includes fuels that are combusted in Ashland-owned vehicles driven by Ashland employees, such as fleet cars, light-duty vehicles and product delivery fleets.

Energy improvement initiatives
In fiscal 2009, Ashland established an Energy Task Force to develop a program to reduce energy usage and cost. The program comprises many facets, including education and training, audits, sharing of best practices, benchmarking and metrics reporting. Two examples of Ashland’s energy improvement initiatives and their results follow:

Ashland’s Neville Island, Pa., USA, composites manufacturing plant was a large, integrated chemical complex. Several old units had been decommissioned; however, the existing energy infrastructure had not been modified. In fiscal 2009, the steam system was revamped and the heat tracing of various product pipelines rationalized, resulting in a 32-percent reduction in steam usage and estimated savings of $1 million. In addition, control rooms, laboratories, maintenance buildings, warehouses and locker rooms were consolidated, resulting in an estimated 19-percent reduction in electrical usage.

During fiscal 2009, Ashland’s Dublin, Ohio, USA, campus began a project to replace 22,000 32-watt lamps with 25-watt lamps. Estimated savings from this project when completed are expected to be in excess of $30,000 annually, while office lighting levels should be improved.

Water

Ashland’s U.S. water consumption
In fiscal 2009, Ashland’s U.S. facilities consumed 4.88 billion gallons of water. The newly acquired Hercules facilities account for 94 percent of Ashland’s U.S. water usage.

Effect of water withdrawal
The majority of Ashland’s water sources are not affected by the company’s water withdrawal. Ashland is currently working with state agencies on water withdrawal permits for its newly acquired facilities located in Savannah, Ga., and Franklin, Va., USA.

Emissions, effluents and waste

Waste management
Ashland has extensive global programs for waste minimization, recycling and treatment or disposal. There is an ongoing vendor qualification program for waste-handling suppliers to assure that the safest, most environmentally sound options for waste management are used.

Employment

Ashland employee benefits
Ashland employs approximately 14,700 individuals worldwide on six continents.

The great majority of full-time U.S. employees in all major operational areas, excluding Valvoline Instant Oil Change hourly workers, are offered the following benefits: retirement benefits; savings; medical and dental insurance; Health Savings Account (HSA); vision cost assistance; flexible spending accounts; voluntary and occupational accidental death and dismemberment insurance; business travel accident insurance; employee, spouse and child life insurance; long-term disability and long-term care insurance; group legal and financial services; and group auto and home insurance.

Part-time exempt employees working at least 20, but not more than 24, hours a week receive the same benefits, but pay different rates (2x) for medical and dental insurance.

Part-time exempt employees working more than 24 hours a week receive the same benefits, but also pay different rates (1.5x) for medical and dental insurance.

Executives receive financial planning, a supplemental executive retirement plan (SERP) and a long-term incentive plan (LTIP).

Ashland also has some employees in unions whose benefit options differ slightly, in accordance with the terms of their collective bargaining agreements.

Employee benefits in countries outside the United States are largely governed by national legislation and are often supplemented by a variety of company-sponsored plans, depending upon the country.

Labor/management relations

Collective bargaining agreements
In North America during fiscal 2009, approximately 1,027 employees were covered by collective bargaining agreements at 28 work locations. This is approximately 10 percent of the North American workforce.

If the applicable Management Rights clause or provisions that specifically waive the negotiations process are absent, the National Labor Relations Act (NLRA) would require that Ashland and the union meet prior to operational changes that affect or impact wages, hours, and terms and conditions of employment. There is no specific timing for such, and actual time will vary based upon the complexity of the issue. Time specification is not required under law to be incorporated within a collective bargaining agreement and none of the Ashland collective bargaining agreements provide for a specific number of weeks.

All Ashland collective bargaining agreements contain a Savings Clause provision, which requires Ashland and the union to renegotiate any contractual provision during the term of the agreement if such provision is declared invalid due to changes in law.
Occupational health and safety
OSHA recordable injury rate
Ashland’s fiscal 2009 Global Total Recordable Injury Rate (TRR), excluding Valvoline Instant Oil Change retail stores, was 1.20 (number of incidents X 200,000/total hours). The regional injury rates for Ashland were: Asia Pacific, 0.62; Europe/Middle East/Africa, 0.98; North America, 1.40; and South America, 1.07.

Valvoline Instant Oil Change retail stores had a recordable injury rate of 4.94, which compares with 4.08 in fiscal 2008.

Training and education
Hours of training
The company's online Learning Management System (LMS), which tracks some, but not all, global training, offered 716 active courses to employees, representing 1,147 available training hours.

Full-time Ashland employees completed 98,204 hours of LMS-provided training during fiscal 2009, or an average of 6.93 hours per full-time employee. There were 131,936 course completions, with an average of nine course completions per full-time employee.

Part-time Ashland employees completed 2,219 hours of training during fiscal 2009, with an average of 3.29 hours spent per part-time employee. This represented 5,707 course completions, with an average of eight course completions per part-time employee.

Ashland also provided tuition assistance for U.S. employees enrolled in higher education programs directed at improving their job performance or helping them prepare for a future job within the company. Although this program was suspended on Jan. 14, 2009, 98 full-time employees were assisted to complete previous commitments. Effective July 1, 2010, a new tuition assistance program was implemented for Ashland employees worldwide.

Diversity and equal opportunity
Indicators of diversity
Ashland recognizes diversity as the collection of similarities and differences that individuals carry with them at all times based upon the characteristics they were born with, the experiences they have had and the choices they have made. Because the markets in which Ashland competes are increasingly diverse, the company must have a diverse workforce and fully use the talents and ideas of all employees.

Ashland has a Global Diversity and Inclusion Steering Council that includes key business leaders and representatives, championed by Chairman and Chief Executive Officer Jim O’Brien. In 2009, Ashland adopted a two-year plan that addresses key issues facing Ashland in enhancing and fostering a diverse and inclusive workplace.

Investment and procurement practices
Human rights training
Ashland is committed to maintaining a work environment where people are treated with respect. Ashland does not tolerate the harassment of employees or applicants by anyone, including any supervisor, coworker or nonemployee.

All U.S. employees are required to periodically complete an antiharassment training course.

Freedom of association and collective bargaining
Right to exercise freedom of association
In the United States, most nonsupervisory employees are able to organize and bargain collectively on wages, hours, and terms and conditions of employment pursuant to the National Labor Relations Act (NLRA). Under the NLRA, Ashland may voluntarily recognize the union or request an election by secret ballot.

Ashland’s labor philosophy promotes nonunion representation as the company provides competitive wages and benefits for its employees. In addition, Ashland promotes open dialogue and reasonable workplace practices and policies for its employees without the intervention of a third party. However, for the locations that are unionized, Ashland recognizes the respective union as the exclusive representative and complies with all legal and contractual requirements.

Indigenous rights
Violations and action taken
Ashland has no violations involving the rights of indigenous people.

Community
Local community programs
Community partnerships enable Ashland to combine resources with organizations to maximize impact and outcomes.

Ashland encourages and assists employee volunteers in their community-building activities. Through Ashland’s Dollars for Doers program, employees who volunteer at least 20 hours with a nonprofit organization can apply for a $250 grant to support the organization they’ve served.

A longstanding partnership with Big Brothers Big Sisters, the world’s largest mentoring program, enables Ashland employees to help make a difference in the lives of potentially at-risk children. Ashland’s chairman and chief executive officer, Jim O’Brien, serves on the organization’s national board of directors.

Since 1988, Ashland has recognized outstanding Kentucky (USA) teachers with its Teacher Achievement Awards. In 2001, Ashland began a partnership with the Kentucky Department of Education that combined the best elements of the Teacher Achievement Awards and the state Teacher of the Year program. The combination of these programs has resulted in Ashland’s awarding more than $605,000 to some 400 teachers of grades K through 12.

At times, Ashland is able to combine its focus on education and the environment. For example, in downtown Columbus, Ohio, USA, Ashland assisted in the development of a major nature preserve.
that will feature 200 species of wildlife, protected wetlands, an education center and walking trails.

In Changzhou, China, through greenland adoption, Ashland helps conserve land for parks, gardens and other natural places and ensure enjoyable communities for generations to come. In Miszewo, Poland, for seven years employees have sponsored a successful green campaign called Trees for Plastic Bottles. School children ages 7 to 12 collect and turn in plastic bottles in exchange for trees, which are planted throughout the community.

As a Responsible Care company, Ashland proactively reaches out to identify and assist communities where it operates. For example, in 2009, employees in Wilmington, Del., and Lexington, Ky., USA, participated in local builds for Habitat for Humanity. As part of Earth Day 2009, volunteers from Ashland Distribution’s Environmental Services Group, located in Savannah, Ga., USA, worked with vendors and partners to divert more than 5,400 gallons of paint from landfills and collected 1,200 tires, along with used oil and car and household batteries.

**Corruption**

**Policy and practices**

Wherever Ashland does business, it must comply with the terms of its consent decree with the Securities and Exchange Commission and all anticorruption laws, including the U.S. Foreign Corrupt Practices Act (FCPA), which prohibit, among other things, the payment of money, gifts or other things of value to influence foreign officials. The United States, like nearly all countries, outlaws bribing its own government officials.

All of Ashland’s business units are analyzed for risks related to corruption.

**Public policy**

**Financial contributions to political parties or politicians**

Ashland by corporate policy prohibits the use of corporate funds to make campaign contributions. Ashland maintains two federal political action committees (PACs) in the United States: the Ashland Inc. Political Action Committee for Employees (PACE) and the Hercules Incorporated Voluntary Political Action Committee, as well as two state PACs in Kentucky and Ohio.

**Anticompetitive behavior**

**Antitrust and monopoly policies**

Ashland is committed to full compliance with the antitrust laws of the United States, competition laws of the European Union and similar laws of other countries where Ashland does business.

Individual employees who violate antitrust or competition laws are subject to civil penalties and criminal sanctions up to and including prison sentences in some countries and disciplinary action up to and including termination.

**Customer health and safety**

**Policies and practices**

Ashland offers quality products and services that provide added value to its customers. These products can be used and processed, and services performed, in a safe manner. Product stewardship summaries are provided to the public via the Ashland website and give more information about certain chemicals contained in various Ashland products. Ashland strives to improve the products it sells by reducing any product risk associated with their use or consumption, while maintaining the value derived by the customer.

**Marketing communications**

**Policies and practices**

Ashland competes for business aggressively and honestly and will not misrepresent its products, services or prices, make false or misleading claims about its products or services, or make false or misleading claims about the products and services of its competitors.

**Customer privacy**

**Number of substantiated complaints**

None of Ashland’s commercial units, resource groups or information-technology-supported networks and systems has received any substantiated complaints relating to breach of customer privacy and/or loss of customer data.