Sustainability overview
Fiscal year 2010
CEO statement (GRI 1.1)

At Ashland, we are passionate about creating technologies and solutions that improve our customers’ products and processes, reduce our environmental impact, preserve the availability of the world’s natural resources and enhance the quality of life in our communities. We believe delivering sustainable solutions and offering alternatives is important to our stakeholders, as it is to Ashland, and each of our commercial units is pursuing such advancements toward sustainability.

It’s through good chemistry – both in our laboratories and in the close relationships we develop with our customers, suppliers and other stakeholders – that Ashland continues to make strides in expanding our offerings of renewable and sustainable solutions.

Manufacturers of paints and coatings are turning to Ashland Specialty Ingredients for alkylphenol ethoxylate-free and virtually zero-VOC additives that enable formulation of the next generation of greener paints. A significant portion of Ashland’s chemistries used in paints and coatings, as well as in the food and beverage, pharmaceutical and personal care markets, is sustainable, derived from cellulosics, such as cotton linters and wood pulp, and guar.

Ashland Water Technologies is enhancing its water treatment solutions with its proprietary OnGuard™ monitoring and control technology. The OnGuard technology helps customers save millions of gallons of water and significantly reduce their energy consumption annually while improving the quality of their products and processes. In the biorefining market, Ashland’s new PTV M-5309 corn-oil-extraction aid is significantly increasing corn oil yield by improving the release of oil during mechanical extraction. As a result, fuel ethanol plants can now produce up to three times more corn oil than previously achieved with mechanical means alone.
In our Ashland Performance Materials commercial unit, we are continuing to expand our line of Envirez™ unsaturated polyester resins made from renewable and recycled resources. Ashland also is helping specifiers and purchasers of building materials to better understand that composites are an ideal choice for green builders through sponsorship of a new industry-networking and educational tool – CompositeBuild.com.

In development during fiscal 2010 and introduced to the U.S. market in April 2011, Ashland Consumer Markets’ NextGen™ motor oil for passenger cars uses 50-percent recycled, re-refined oil while maintaining the exacting standards and quality of other Valvoline™ motor oils that use nonrecycled base oil. NextGen motor oil helps reduce the need for new drilling and crude refining – cutting fossil fuel use, while lowering emissions and reducing environmental impact.

Ashland is committed to being a socially responsible corporation and has a long history as a Responsible Care* company. We are dedicated to achieving our goals of zero-incident performance, 100-percent compliance and reducing environmental impact. We are on track to certify our sites and headquarters by external auditors to the RC14001 and ISO14001 environmental, health and safety management-system standards. We challenge every area of our organization to make decisions while considering the impacts of those decisions on the economy, the environment and the community. 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.

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
Great for your engine, better for the environment

The innovators at Ashland launched an entirely new motor oil category in early 2011 with their latest technology breakthrough: Valvoline NextGen™, the first oil that’s 50 percent recycled oil and 100 percent Valvoline protection.

Valvoline NextGen contains 50 percent recycled oil, and offers the same quality as all other Valvoline motor oils. Best of all, because recycling saves resources, NextGen protects more than your engine—it also protects the environment. And that makes NextGen even better than new oil. That’s why Ashland also developed Let’s Do M.O.R.E. (Motor Oil Recycling Education), to raise awareness for the importance of recycling and demonstrate how using recycled oil can help reduce environmental impact.

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. To prepare this document, Ashland endeavors to follow the Global Reporting Initiative* (GRI) guidelines, one of the world’s most widely used sustainability-reporting frameworks.

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 and
- Company performance information for 10 of the G3 indicators. Ashland has chosen to report on more than required, as follows: Economic (EC2, EC3), Environmental (EN2, EN3, EN4, EN8, EN9, EN16, EN25, EN28), Labor (LA1, LA4, LA5, LA8, LA10 – LA12), Human Rights (HR6, HR7, HR9), Society (SO3) and Product Responsibility (PR5, PR8).

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

See page 19 for a complete list of indicators.
Below is a list of many of the trademarks and brands held by Ashland across its commercial units.

- Admiral™ fluidized polymer suspensions
- Advantage™ foam-control agents, defoamers and biodefoamers
- Advantage Plus™ deposit and corrosion inhibitors
- AEROWhip™ hydroxypropylcellulose
- A&M™ resins
- Ambergum™ water-soluble polymers
- Amerocor™ corrosion inhibitors
- Amerfloc™ coagulants and flocculants
- Amergy™ fuel-oil additives
- AmeRoy™ antiscalants
- Amerset™ corrosion inhibitors
- Amyloflex™ starch ethers
- Antisputin™ defoamers
- Aquacat™ clear cationic solution
- Aquaflo™ standard-grade polyanionic cellulose
- Aquaflo™ nonionic associative synthetic thickeners
- Aqualon™ cellulose gum, sodium carboxymethylcellulose and ethylcellulose
- Aqualon™ starch ethers
- AquaPAC™ polyanionic cellulose
- Aquapas™ dispersants
- Aquapel™ AKD internal-sizing additives
- Aquassorb™ cellulose gum
- AquavS™ polymers
- Arocure™ pressure-sensitive adhesives
- Arofene™ resins
- Aromelt™ resins
- Arofene™ resins
- Arocure™ adhesives
- Aroset™ solvent acrylic pressure-sensitive clarification aids
- Benece™ methylcellulose and methylcellulose derivatives
- Biosperse™ microbiocides
- Blanose™ sodium carboxymethylcellulose and cellulose gum
- Bondwell™ sodium carboxymethylcellulose and cellulose gum
- Car Brite™ automotive products
- Chargepac™ coagulants
- Chem-Rez™ binders
- Combitoll™ methylcellulose derivatives
- CrepeRite™ creping adhesives
- Culpinal™ methylcellulose derivatives
- Derakane™ resins
- DeFax™ contaminant-control agents
- Dextrol™ phosphate ester surfactants
- Dimension™ converting and lotionizing additives
- Drew™ powder defoamers
- Drewbrom™ microbiological-control additives
- Drewclean™ cleaners
- Drewcor™ corrosion inhibitors
- Drewfax™ scale inhibitors
- Drewflo™ flocculants
- Drewgard™ corrosion inhibitors
- Drewphos™ boiler-water treatments
- Drewplex™ boiler-water treatments
- Drewplus™ defoamers and foam-control agents
- Drewperse™ deposit-control agents
- Durablend™ motor oils
- Eagle One™ automotive products
- EcoDura™ FLONOR liquid additives
- Enguard™ resins and gelcoats
- Envirez™ resins
- Enviroplus™ advanced cooling-water treatments
- Express Care™ automotive services
- Ferroclean™ cleaning treatment
- Flexcryl™ emulsions
- Galactosol™ guar and guar derivatives
- Generox™ chlorine dioxide generation system
- Hercobond™ dry-strength resins, paper-performance additives and temporary wet-strength additives
- Hercules™ alkaline size-emulsification systems
- Hetron™ resins
- imPres™ surface-sizing agents
- Infinity™ pulp-mill additives
- Instint™ color-tinting service for resins and gelcoats
- Isogrip™ adhesives
- Isoset™ adhesives
- Klucel™ hydroxypropylcellulose
- Klumene™ wet-strength resins
- Liberty™ water-soluble polymer suspension
- Maxguard™ resins and gelcoats
- MaxLife™ automotive products
- Mekor™ corrosion inhibitors
- Millsperse™ antiscalants
- Modar™ resins
- Natrosol™ hydroxyethylcellulose
- Natrosol™ Plus cetyl-modified hydroxyethylcellulose
- NextGen™ recycled motor oils
- Nexton™ water-soluble polymers
- N-Hance™ guar and guar derivatives
- Oilbreak™ demulsifiers and flotation aids
- OnGuard™ 2-plus analyzer
- PerForm™ retention, drainage and clarification aids
- Performax™ water-treatment chemicals
- Performax Millenium™ advanced cooling-water treatments
- pHLEX™ neutralizing additive
- Pliodesp™ adhesives
- Pigidrip™ adhesives
- Polaris™ resins
- Polycup™ cross-linking resins
- Polystabil™ scale inhibitors
- PolySurf cetyl-modified hydroxyethylcellulose
- Praestol™ defoamers
- PraestaRapid™ modular dissolving system
- Pielam™ structural-laminating adhesives
- Premium Blue™ engine oils
- Prequel™ liquid reactive size agents
- PressGage™ felt-cleaning and -conditioning agents
- PrimFLo™ HP22 polymer solution
- ProSoft™ softeners and debonders
- Protecos™ corrosion inhibitors and deposit dispersants
- Purelam™ laminating adhesives
- PureRad™ ultraviolet and electron-beam laminating adhesives
- PureRad™ pressure-sensitive adhesives
- Pureseal™ cohesive and heat-seal products
- Purethane™ adhesives
- Pyroil™ automotive chemicals
- ReNew™ cleaning agents
- Rezosol™ release aids
- SG50 fluidized polymer slurry
- Scriptset™ surface-sizing agents
- Silipor™ air-entrawing agents
- Silipur™ defoamers
- Sonoxide™ ultrasonic water-treatment system
- Soyad™ adhesives
- Spectrum™ microbiocides
- StreamLink™ defoamers, coagulants, repulping agents, wet-strength resins, polymers, sizing agents and hydrophobic aids
- Strodex™ phosphate ester surfactants
- Supercoll™ guar gum
- Synpower™ motor oils
- Tacabind™ 4069 pellet binder
- Tallofin™ deposit-control agents
- Ultra-Serv™ inventory-management system
- Ultra-Serv™ SOLID chemical-delivery system
- Valvoline™ automotive products
- Valvoline Instant Oil Change™ centers
- Valvoline Professional Series™ automotive products
- Wickit™ absorbency aids
- XtraDura™ FLA universal fluid-loss additive
- XtraDura™ GMA gas-migration additive
- Zalta™ mining additives
- Zenix™ deposit-control additives
- Zexa™ antifreeze
Operational structure (GRI 2.3)
During fiscal 2010, Ashland operated through five commercial units: Ashland Aqualon Functional Ingredients (Functional Ingredients); Ashland Hercules Water Technologies (Water Technologies); Ashland Performance Materials (Performance Materials); Ashland Consumer Markets (Consumer Markets), which includes the Valvoline™ family of products and services; and Ashland Distribution. Effective March 31, 2011, the company sold Ashland Distribution.

Headquarters location (GRI 2.4)
Ashland is headquartered in Covington, Ky., USA, with regional offices in Shanghai, P.R. China; Barendrecht, Netherlands; Schaffhausen, Switzerland; and Dublin, Ohio, Lexington, Ky., and Wilmington, Del., USA.

Countries of operation (GRI 2.5)
Ashland maintains administrative offices in China, Netherlands, Switzerland and the United States. Manufacturing locations and other offices are located in 36 other countries on six continents.

Ownership structure (GRI 2.6)
Listed on the New York Stock Exchange under the ticker symbol ASH, Ashland Inc. is incorporated under the laws of the commonwealth of Kentucky (USA). Approximately 79 million shares were outstanding as of Sept. 30, 2010, and there were approximately 16,200 common stockholders of record.

Markets served (GRI 2.7)
The markets in which Ashland serves and competes are:
- Automotive lubricants, coolants and chemicals
- Automotive detailing and appearance products
- Biorefining
- Building and construction
- Chemical processing
- Commercial and institutional
- Energy
- Food and beverage
- General manufacturing
- Heavy-duty fleets
- Marine
- Mining and extraction
- Municipal
- Quick-lube services
- Packaging, converting and printing
- Paints and coatings
- Personal care
- Pharmaceutical
- Power generation
- Pulp and paper
- Specialties
- Transportation

Organization scale (GRI 2.8)
Ashland employed approximately 14,500 people worldwide at Sept. 30, 2010. This compares with 14,700 at fiscal year-end 2009.

For the fiscal year ended Sept. 30, 2010, Ashland reported sales of $9.0 billion as compared with $8.1 billion in fiscal 2009.

During fiscal 2010, Functional Ingredients sold an average of $3.6 million per shipping day; Water Technologies, $7.1 million per shipping day; Performance Materials, $5.1 million per shipping day; and Distribution, $13.6 million per shipping day. Consumer Markets sold a total of 174.3 million gallons of lubricants.

During the prior fiscal year, 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 in fiscal 2009.

Additional information about Ashland may be found in its annual report on Form 10-K for fiscal 2010, 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)
In August 2011, Ashland completed the acquisition of privately owned International Specialty Products Inc. (ISP), a global specialty chemical manufacturer of innovative functional and active ingredients and technologies. ISP’s advanced product portfolio expands Ashland’s position in high-growth markets such as personal care, pharmaceutical and energy. ISP has been merged into the Functional Ingredients commercial unit, and the newly combined commercial unit is now known as Ashland Specialty Ingredients (Specialty Ingredients).

Also in August 2011, the name of the Ashland Hercules Water Technologies commercial unit was changed to Ashland Water Technologies (Water Technologies).

In March 2011, Ashland completed the sale of its global distribution business, known as Ashland Distribution, to Nexeo Solutions LLC, an affiliate of TPG Capital. This business represented approximately $3.4 billion, or roughly 40 percent, of reported fiscal 2010 sales, but due to its low-margin nature, contributed only 10 percent, or $55 million, of reported operating income. This sale reflects Ashland’s strategy to strengthen its specialty chemical focus.

In December 2010, Ashland completed the formation of its global foundry joint venture with Süd-Chemie AG, contributing the Casting Solutions business unit of Ashland Performance Materials to the new entity. Ashland and Süd-Chemie each own a 50-percent share of the expanded joint venture, now known as ASK Chemicals, with operations-management leadership maintained by Süd-Chemie.
In August 2009, Ashland sold its global marine services business, known as Drew Marine, which was a business unit of Water Technologies.

In November 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.

Awards (GRI 2.10)

In January 2011, Ashland announced that the U.S. Environmental Protection Agency (EPA) had awarded the company “Shipper Partner” status for its transportation activities involving its Valvoline automotive products. The SmartWay* Transport Partnership is an innovative collaboration between the EPA and members of the freight industry designed to increase energy efficiency while significantly reducing greenhouse gases and air pollution. By being selected to the SmartWay Transport Partnership, Ashland’s Valvoline brand is recognized for its strong environmental leadership and corporate responsibility.

In December 2010, Ashland announced that two buildings on its campus received the EPA’s ENERGY STAR* Award. The buildings received scores of 98 and 88 out of 100. Both buildings house Ashland administrative offices. The ENERGY STAR award is given to buildings that perform in the top 25 percent of similar facilities nationwide for energy efficiency.

In its September 2010 issue, Boating magazine recognized Campion boats and Ashland among the 10 people and products to earn its first Eco Awards. Campion, the largest boat manufacturer in Canada, uses Ashland’s Envirez resin for the hulls of its boats. Each 38,000-pound batch of the bio-based resin eliminates the use of 10 barrels of crude oil, with soy and corn in its place. Envirez also reduces the amount of styrene, a volatile organic compound (VOC) emitted during construction, making for a healthier working environment. Campion is now building all 37 of its boat models with Envirez.

Also in September 2010, Ashland’s Water Technologies plant in Savannah, Ga., USA, was one of two 2010 Environmental Excellence Award winners recognized by the Savannah Chamber of Commerce. The plant was honored for its efforts to conserve water and maintain environmental quality. During the past five years, the plant has reduced water consumption by 34 percent, while production increased 24 percent. The plant estimates that in a five-year span, an average of 220,000,000 gallons of water was saved per year. The plant also instituted a special project to reduce wastewater sent to the city treatment plant.

In May 2010, Ashland’s 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.

In April 2010, Ashland and The Lubrizol Corporation received the 2009 Society of Automotive Engineers Environmental Excellence in Transportation (E2T) Award for their partnership in demonstrating the environmental benefits of Valvoline motor oils with Lubrizol HyperZDP System. This award marked the
Building better boats with bio-resins

In 2010, Canada’s largest fiberglass boat builder, Campion Marine Inc., committed to bringing improved environmental performance to its customers by being the first boat builder in the world to manufacture all of its boats with Envirez™ bio-derived resin from Ashland.

Envirez resin is the first resin that uses a substantial amount of soybean oil and corn-derived ethanol in its formulation. Ashland selected Campion Marine to test Envirez resin in 2008, resulting in the world’s first bio-based resin boats being built. Data from those tests support Envirez resin’s use in high-performance and recreational watercraft. Based on confirmed research, the move to Envirez resin by Campion will eliminate more than 100,000 pounds of carbon dioxide from entering the atmosphere.
During fiscal 2010, the board maintained five committees, each of which consisted entirely of independent directors. The committees were: Audit; Environmental, Health & Safety (EH&S); Finance; Governance & Nominating; and Personnel & Compensation.

The board monitors public issues that have an impact on the company and maintains oversight of Ashland's EH&S compliance practices. The board recognizes the company's responsibility to protect the health and safety of its employees and the public and to sustain the quality of the environment for future generations. Accordingly, the EH&S Committee was established to review and oversee EH&S policies, programs and practices that affect, or could affect, employees, customers, shareholders and neighboring communities. The primary responsibility for assuring compliance with EH&S laws and regulations lies with operating management.

During fiscal 2010, Ashland's day-to-day operations were managed by a three-member executive committee and an 11-member operating committee.

**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 the company's 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 email 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 email 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:

- Approximately 110,000 customers
- Approximately 14,500 employees
The main regulatory risks to the company involve additional other businesses. Also expected to have a similar effect on Ashland as they will on utilities. Resource shortages resulting from these physical risks are expected to be able to return to operation after restoration of company anticipates only minor damage to its sites, and most they do the general public and other businesses. However, the company anticipates only minor damage to its sites, and most are expected to be able to return to operation after restoration of utilities. Resource shortages resulting from these physical risks are also expected to have a similar effect on Ashland as they will on other businesses.

Stakeholder engagement (GRI 4.15) Marketing groups throughout Ashland’s commercial units engage their customers, identify their needs, and align research-and-development programs to develop solutions centered on cost reduction, sustainability and quality. This is achieved by creating relationships based on mutual trust, with a focus on combined success.

To promote transparency and two-way dialogue, Ashland proactively engages with community officials and neighbors where the company operates. Ashland’s major campuses and facilities identify and address various community needs by developing annual community relations plans that focus on education, the environment, and health and human services. In addition, 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 offered frequent opportunities to participate in open-dialogue meetings with the organization’s top management. During these meetings, employees are invited and encouraged to participate in question-and-answer sessions.

GRI Performance Indicators – 23 Selected for Fiscal Year 2010 Financial implications and other risks and opportunities due to climate change (EC2) As noted above under Items 4.1 and 4.3, Ashland maintains a board-level EH&S committee that monitors public issues having an impact on the company and oversees Ashland’s EH&S compliance practices. The vice president of EH&S presents potential climate-change impacts and greenhouse-gas (GHG) emissions estimates to the board.

Ashland has been publicly reporting about these risks and opportunities to the Carbon Disclosure Project every year since 2006. These statements were also incorporated in the Ashland annual report on Form 10-K for the 2010 fiscal year.

Physical risks have the potential to affect Ashland sites in areas prone to sea-level rise or extreme weather events much as they do the general public and other businesses. However, the company anticipates only minor damage to its sites, and most are expected to be able to return to operation after restoration of utilities. Resource shortages resulting from these physical risks are also expected to have a similar effect on Ashland as they will on other businesses.

The main regulatory risks to the company involve additional regulatory controls, such as cap-and-trade and emission-reporting regulations that would unfavorably affect Ashland as they would all of industry. While these potential regulatory burdens are not expected to affect most of Ashland’s facilities directly due to their low GHG emission rates, Ashland operates a few facilities that could potentially be subject to GHG-emissions reporting or permitting requirements. Ashland could also be indirectly affected by the impact on suppliers and customers.

Ashland participates in several markets that have developed as a result of climate change. Ashland’s products have been used for years to create lightweight composites for the automotive industry, which improves fuel efficiency, and for the production of wind-turbine blades. Other Ashland products have been used in the development of composite bridge materials, which can replace traditional concrete and steel construction, provide longer bridge life and reduce maintenance requirements. Ashland has also been producing products made from bio-renewable resources for several years and continues to increase those capacities. For fiscal 2010, Ashland generated approximately one-fourth of its adjusted earnings before income taxes, depreciation and amortization (EBITDA) from bio-based or renewable chemistries. In addition to currently manufactured products, Ashland has identified several adjacent market opportunities that are beginning to develop as alternative technologies expand and evolve. The details of these opportunities are confidential at this time.

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 $3.9 billion in fiscal 2010 and $3.4 billion in fiscal 2009.

Percentage of materials used that are recycled input materials (EN2) Ashland attempts to incorporate recycled materials where possible in the production and packaging of its products. During fiscal 2010, 37 percent of steel drums and 22 percent of plastic drums Ashland purchased globally were reconditioned, representing 23 million pounds of steel and more than 700,000 pounds of plastic. In addition, 15 percent of intermediate bulk containers purchased were reconditioned, representing more than 3 million pounds of hot-dipped galvanized steel and more than 1.5 million pounds of plastic.

Ashland Performance Materials used in excess of 5 million pounds of recycled polyethylene terephthalate, polypropylene glycol, methyl ethyl ketone and dimethylformamide, as well as reconditioned drums and totes. Overall, recycled content represented approximately 0.5 percent of total input materials used by Performance Materials. Ashland Consumer Markets
reported that in fiscal 2010, overall its products contained 3.3 percent recycled content, based on tons of recycled materials, including cardboard, plastics, reconditioned drums and re-refined base oils, as compared with tons of product shipped.

Breakdowns of recycled input materials were not readily available from all commercial units.

Direct and indirect energy consumption by primary energy sources (EN3 and EN4)
During fiscal 2010, Ashland’s global operations consumed 9,210,000 gigajoules (GJ) of direct energy and 3,570,000 GJ of indirect energy, as compared with 9,760,000 GJ and 3,230,000 GJ, respectively, in fiscal 2009. These amounts are based on the best available data at time of publication. Direct energy includes the consumption by both process and mobile equipment of fuels such as natural gas, coal, liquefied petroleum gas, diesel and fuel oil, and gasoline. The decrease in direct energy consumption was mainly due to the sale or shuttering of several plants, although direct energy consumption by many plants increased due to an increase in production at those locations. Direct process energy sources include all fuels used by Ashland plants to prepare goods for consumption, sale and transport, as well as to provide comfort heating for all employees. Direct mobile energy sources include fuels that are combusted in Ashland-owned vehicles, such as fleet cars, light-duty vehicles and product-delivery fleets, driven by Ashland employees. Use of indirect energy, primarily electricity and steam, increased mainly due to increased production.

Total water withdrawal by source (EN8)
In fiscal 2010, Ashland’s facilities consumed 17.8 million cubic meters of water globally, with the largest percentage used for noncontact cooling water. The following table provides information as required by Performance Indicator EN8:

<table>
<thead>
<tr>
<th>Water Withdrawal by Source</th>
<th>FY 2010</th>
<th>FY 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal water</td>
<td>5.66</td>
<td>4.74</td>
</tr>
<tr>
<td>Surface water (lakes, rivers, etc.)</td>
<td>7.95</td>
<td>9.35</td>
</tr>
<tr>
<td>Groundwater</td>
<td>4.22</td>
<td>3.81</td>
</tr>
<tr>
<td>Total water usage (continuing operations)</td>
<td>17.80</td>
<td>17.90</td>
</tr>
</tbody>
</table>

Significant Changes
- Zwijndrecht (noncontact cooling water) 5.13 5.13
- Brunswick, GA (divested operations) 2.33 7.83

Water sources significantly affected by withdrawal of water (EN9)
In fiscal 2010, Ashland’s Franklin, Va., facility withdrew 1.69 million cubic meters of groundwater from the Potomac Aquifer. Recently, the water levels in the aquifer have increased steadily as other users reduced their water withdrawal.

Total direct and indirect greenhouse gas emissions by weight (EN16)
Based on the best available data, in fiscal 2010, Ashland’s GHG emissions in carbon-dioxide equivalents (CO₂-e) from global operations were 639,000 metric tons (MT) of direct emissions and 272,000 MT of indirect emissions. This compares with 689,000 MT of direct emissions and 253,000 MT of indirect emissions in fiscal 2009. Amounts for fiscal 2009 reflect data updated after the report for fiscal 2009 was published. Ashland follows

The right combination
In the highly competitive architectural paint industry, Ashland’s leading-edge technologies help customers quickly respond to shifting regulatory and consumer demands. Current examples include ultra low VOC (volatile organic compound) paints and paints formulated without alkylphenol ethoxylates (APEOs).

In 2010, Ashland introduced its newest addition to the Natrosol product family with Natrosol™ HE 3KB, a highly efficient cellulosic thickener which combines the most desired attributes of spatter-resistance and biostability in a product that often demonstrates superior brush leveling and hiding.

Natrosol hydroxyethylcellulose (HEC) also excels on the sustainability front. The cellulose ether chemistry is derived from natural materials. In addition, HEC is typically sold as a highly efficient dry powder, which means no APEO content, no added solvents or carriers, and the lowest carbon-footprint impact from transportation.
the standards and methodologies from the World Resource Institute/World Business Council for Sustainable Development’s GHG Protocol. All GHG emissions are calculated using published conversion and emission factors.

**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 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.

**Monetary value of significant fines and total number of nonmonetary sanctions for noncompliance with environmental laws and regulations (EN28)**

During fiscal year 2010, Ashland did not pay a significant fine or penalty, nor were any significant nonmonetary sanctions imposed for noncompliance with environmental laws and regulations.

**Total workforce by employment type, contract and region (LA1)**

Ashland reported 14,500 employees as of fiscal year-end 2010. Of these, approximately 94 percent were full-time employees. Regionally, approximately 13 percent were located in the Asia Pacific region; 18 percent in Europe, the Middle East and Africa; 66 percent in North America; and the remaining 3 percent in South America.

**Percentage of employees covered by collective bargaining agreements (LA4)**

Excluding those employees associated with the former Ashland Distribution commercial unit and ASK Chemicals joint venture, there were approximately 700 full-time-equivalent employees covered by collective bargaining agreements at 19 work locations. This represented approximately 7 percent of the North American workforce.

**Minimum notice periods regarding significant operational changes, including whether specified in collective agreements (LA5)**

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 effect 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 provides 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.

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**We’ve got it covered**

This innovative roof that covered the Theme Pavilion constructed for the Shanghai World Expo in 2010, was successfully created with the help of Ashland. Aropol G299C resin from Ashland was selected to produce translucent fiberglass reinforced plastic (FRP) roofing panels to cover more than 172,000 square feet of surface.

The roofing panels feature a light penetration level close to 90 percent, which allows natural light to illuminate the pavilion during the day, reducing the need for electric lighting. At the same time, with the use of Aropol the concept for the building’s design became reality – a design inspired by the “paper-folding” technique – making it one of the landmark structures for the World Expo.
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.

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, smoking cessation, flu shots, health-risk appraisals and assistance with biological issues such as avian influenza, SARS and malaria.

While many of the programs are available to North American employees only, Medical Affairs added two new programs of a global nature:

Health First is a global health and wellness program offered through Vielife of London, England, to all employees outside the USA. Vielife provides a confidential online health-risk appraisal at no cost to employees and their families. It is available in more than 18 languages and includes an online health resource library.

Medical Affairs also has a unique global work-injury case-management program in partnership with Ashland’s travel-medicine partner, International SOS. While thankfully used only rarely for serious, significant injuries, this program assures critical services and assistance for severely injured employees at any time and in any place in the world.

Average hours of training per year per employee (LA10)
The company’s online Learning Management System (LMS), which tracks some, but not all, global training, offered 738 active courses to employees, representing 1,443 available training hours, in fiscal 2010. This compares with 716 active courses and 1,147 available training hours in fiscal 2009.

Full-time Ashland employees completed 205,196 hours of LMS-provided training during fiscal 2010, or an average of 17.02 hours per full-time employee. This compares with 98,204 hours of training during fiscal 2009, or an average of 6.93 hours per full-time employee. There were 191,233 course completions during fiscal 2010, or an average of 16 course completions per full-time employee. This compares with 131,396 course completions and an average of nine course completions per full-time employee in fiscal 2009.

Part-time Ashland employees completed 3,835 hours of training during fiscal 2010, with an average of 7.76 hours spent per part-time employee. This represented 6,138 course completions, with an average of 12 course completions per part-time employee. This compares with 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 in fiscal 2009, with an average of eight course completions per part-time employee.

Data by region were not readily available.

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 in fiscal 2009. Effective July 1, 2010, a new tuition assistance program was implemented for Ashland employees worldwide. Sixty-one full-time employees participated in the program during the second half of fiscal 2010.

Skill development and lifelong learning for employees (LA11)
Ashland’s Learning Management System provides employees with their required training classes in 13 languages and offers optional classes to further employee development. Classes are available addressing topics such as safety, compliance, customer service, business skills, product training and management skills.

Percentage of employees receiving performance reviews (LA12)
During fiscal 2010, 78 percent of Ashland’s employees worldwide, excluding those covered by bargaining units, received annual performance appraisals. This compares with 91 percent during fiscal 2009. 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 employs forced or compulsory labor.

Total number of incidents of violations involving rights of indigenous people and actions taken (HR9)
Ashland has no violations involving the rights of indigenous people.

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 is available in 12 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 2010, anticorruption and competition-law presentations were given at global leadership meetings in Asia, Europe, South America and the United States, and more than 9,000 individual completions were recorded for online training courses covering bribery, corruption, the U.S. Foreign Corrupt Practices Act and competition laws around the world. These online courses were translated and available in multiple 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. For 2010, 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 Performance Materials surveys its customers annually to understand their perspective on Performance Materials’ strengths and opportunities. The electronic survey is emailed to key individual contacts at more than 500 customers and includes questions about critical areas such as quality, innovation and customer service. Using the customers’ feedback, coupled with year-over-year analysis, Performance Materials is able to develop action plans for improvement in alignment with its overarching philosophy that its investments in people, processes and products must continue to focus on meeting the needs of customers both now and in the future.

Ashland’s Valvoline Instant Oil Change business unit solicits feedback on an ongoing basis from customers of its approximately 860 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. 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, A natural choice in building products

The adhesive protein that mussels use to adhere to rocks in wet environments was the inspiration for Ashland’s Soyad™ adhesives – formaldehyde-free wood adhesives based on soy flour. Soyad is widely used in hardwood plywood applications, which use composite wood made of multiple layers of high-quality wood glued together to create a strong, stable, decorative panel.

While Soyad adhesives have only recently been introduced, they have quickly become the adhesive of choice for industry-leading manufacturers of furniture, kitchen cabinetry and other wood composite materials who want to stay ahead of formaldehyde regulations and help improve the quality of indoor air for their workers and customers.
question or complaint. These messages are relayed to appropriate personnel for response.

**Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data (PR8)**

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.

**Narrative on other GRI aspect groupings**

**Economic performance**

**Ashland’s 2010 performance**

For the fiscal year ended Sept. 30, 2010, Ashland’s net income amounted to $332 million, or $4.18 per diluted share, as compared with $71 million, or 96 cents per diluted share, for fiscal 2009. Ashland’s operating income amounted to $566 million, and the company achieved EBITDA of $870 million in fiscal 2010. This compares with operating income of $390 million and EBITDA of $729 million in fiscal 2009. For fiscal 2010, Ashland generated cash flows from operating activities from continuing operations of $517 million as compared with $1.0 billion for fiscal 2009. Sales to external customers worldwide were $9.0 billion in fiscal 2010 as compared with $8.1 billion in fiscal 2009. Global property, plant and equipment assets totaled a net $2.0 billion in fiscal 2010 as compared with $2.1 billion in fiscal 2009.

**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 the past five years, Ashland has provided approximately $1.75 million in matching funds. For Ashland’s fiscal 2010 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**

**Energy improvement and renewable-energy initiatives**

Many people are involved in reducing energy use across Ashland, and there is a companywide energy savings program to reduce energy use, cost and GHG generation. For this program, energy is defined as electricity, natural gas, coal, fuel oil and energy-intensive nitrogen and steam utilities. To minimize bureaucracy, the program uses a task-force structure and employee volunteers, supported by management, who assist with the program. Ashland’s engineering department supports plant efforts to reduce energy; initiates programs; teaches new technologies; helps develop capital projects; and evaluates the potential use of new energy-saving technologies.

From the establishment of the task force in 2009 through December 2010, energy audits were completed at 17 manufacturing plants and 22 distribution facilities in the USA. Functional Ingredients has aggressively pursued reductions in energy use, focusing on engineering initiatives that reduce the power consumption of energy-intensive equipment at production facilities. Eight facilities participated in projects that reduced energy consumption by more than 241,000 MMBTUs in fiscal 2010. Globally, 21 projects were undertaken in three categories: operational optimization, physical improvements and general conservation activities. For example, there were 11 projects related to fuel optimization, five projects related to insulation and heat recovery, and five projects related to steam and fuel conservation, resulting in a global reduction in energy consumption and significant dollar savings. Other projects, such as alternative fuel use and system redesigns, have also played a role. The energy-reduction impact of these initiatives is estimated at 2.7 percent.

Consumer Markets has been actively meeting energy reduction and sustainability goals for its retail customers. During fiscal 2010, Consumer Markets began development and testing of its NextGen line of environmentally friendlier recycled motor oils. Rolled out to the U.S. market in April 2011, NextGen oils are made of 50-percent re-refined base oil and combined with Valvoline’s emission-system-protection chemistry. These oils not only meet or exceed the same industry standards as conventional motor oils, but also adhere to Valvoline’s high quality standards. The use of recycled oil reduces impact on the environment as compared with oils made without recycled content. The amount of energy used to find, drill, transport and refine crude oil is significant. Recycled oil eliminates or reduces many of these steps and, therefore, has a smaller carbon footprint, reduces energy consumption and lowers pollutants that contribute to climate change. Recycled oil also helps reduce the need for new drilling and crude refining by reusing what’s already been pulled out of the ground.

As a result of its energy initiatives, Ashland has reduced its overall energy use and carbon footprint, improved plant safety and work environment by improving lighting and insulation and reducing steam leaks; and enhanced overall profitability.
Biodiversity

Habitats protected or restored
As part of projects at Ashland facilities and remediation sites, wildlife habitat is restored to meet or exceed the requirements of laws and regulations. These efforts include the restoration and enhancement of wetlands and protection of endangered species.

Plans for managing impacts on biodiversity
Ashland is an active member of the Wildlife Habitat Council (WHC), a nonprofit, nonlobbying group of corporations, conservation organizations and individuals dedicated to restoring and enhancing wildlife habitat. WHC’s programs take corporate sustainability objectives and convert them into tangible, measurable on-the-ground action. As part of its membership, Ashland works with the WHC to identify and implement projects that will have a positive impact on biodiversity.

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
During fiscal 2010, Ashland employed approximately 14,500 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: savings; medical and dental insurance; Health Savings Accounts (HSAs); 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 less 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.

Occupational health and safety

OSHA recordable injury rate
Ashland’s Global Total Recordable Injury Rate (TRR) (number of incidents X 200,000/total hours), excluding Valvoline Instant Oil Change retail stores, was 0.81 in fiscal 2010 as compared with 1.20 in fiscal 2009. The regional injury rates for Ashland in 2010 were: Asia Pacific, 0.33; Europe/Middle East/Africa, 0.86; North America, 0.87; and South America, 1.44. This compares with fiscal 2009 rates of 0.62 in Asia Pacific, 0.98 in Europe/Middle East/Africa, 1.40 in North America and 1.07 in South America.

Valvoline Instant Oil Change retail stores had a recordable injury rate of 4.52 in fiscal 2010, which compares with 4.94 in fiscal 2009. The TRR includes work-related injuries and illnesses for employees and directly supervised contractors that result in one or more of the following: death, days away from work, restricted work activity, transfer to another job, medical treatment beyond first aid, any loss of consciousness, and/or significant injury or illness diagnosed by a physician or other licensed healthcare professional.

The Days Away from Work Incidence Rate (DAWIR) (number of incidents involving days away from work X 200,000/total hours) for Ashland, excluding Valvoline Instant Oil Change retail stores, declined from 0.43 in fiscal 2009 to 0.37 in fiscal 2010.

Diversity and equal opportunity

Indicators of diversity
As a global specialty chemical company, Ashland’s growth will continue to be fueled by countries around the world. Ashland has a significant presence in Australia, Brazil, Canada, China, Germany, Netherlands, Spain, the United States and many other countries.

In recognizing the importance of diversity and inclusion in creating good chemistry – both within Ashland and with Ashland’s customers – Ashland is committed to actively creating an environment where each team member feels empowered to learn, grow and maximize his or her personal contribution. Leveraging the similarities and differences that shape each individual will continue to encourage innovative thinking and drive the kind of sustainable, competitive advantage that will help Ashland grow and prosper.

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. The role of the council is to identify and work with internal stakeholders to address key issues that enhance and foster 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 third party.

All U.S. and designated non-U.S. employees are required to periodically complete an antiharassment training course. In fiscal year 2010, more than 7,500 Ashland employees successfully completed an online harassment-awareness 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 of the employees in the bargaining unit and complies with all resulting legal and contractual obligations.

**Community**

**Local community programs**

Community partnerships enable Ashland to leverage company resources with organizations that enhance the community and overall quality of life.

Ashland encourages and assists employee volunteers in their community-building activities. Through Ashland’s Dollars for Doers program in the U.S., 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.

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 $631,500 to nearly 425 teachers of grades K through 12.

At times, Ashland is able to combine its focus on education and the environment. In many plants and facilities, our employees partner with local schools to help support sustainability efforts such as recycling and proper disposal of chemical products.

For example, since 2003, employees of Ashland’s gelcoat plant in Miszewo, Poland, have worked with schoolchildren on environmental education. The students collect plastic bottles throughout the school year, and Ashland redeems the bottles for trees that are planted throughout the community. Ashland employees in Benicarló, Spain, work with schoolchildren at an annual beach-cleaning project and sponsor a football-based school for more than 150 children, ages 5 to 12.

**Improvement in action**

A northern U.S. integrated fine paper mill wanted to reduce operational costs by improving the quality of its supply water. So, the local Ashland team studied the entire system with the intent to develop a program that would not only meet the customer’s water treatment objectives, but also deliver downstream improvements to the papermaking operation.

In addition to providing improved operations for the mill, the Ashland water treatment program eliminated $2.1 million in chemical treatment costs and saved 640 million gallons of water. This is just one of hundreds of stories made possible by Ashland’s enviROInnovation™ program, which provides a documented ROI for every customer we serve, through the innovative and environmentally responsible solutions we provide.
As a Responsible Care company, Ashland proactively reaches out to identify needs and assist communities around the globe where Ashland facilities are located. For example, as part of Earth Day 2010, employee volunteers enhanced areas surrounding their facilities and many local communities by picking up trash and safely disposing of hazardous material. In addition, Ashland facilities support and address local health and human needs.

Corruption Policy and practices
Wherever Ashland does business, it complies with anticorruption laws, such as the U.S. Foreign Corrupt Practices Act. These laws 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 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.

Keeping it green
As a corporate citizen of many countries, Ashland is ideally situated to play a lead role in engaging young people around the world in environmental preservation – and employees of our gelcoat plant in Miszewo, Poland, have done just that.

Over the past 10 years, the Miszewo team has sponsored a highly successful green campaign called Trees for Plastic Bottles. Aimed at ecological improvement and environmental education, the program involves children from four area schools, ages 7 to 12, who collect plastic bottles each year and turn them in at the facility in exchange for trees, which are planted throughout the community. Since the program’s inception, 442 children have helped collect plastic bottles, and in 2010 alone, they collected more than 75,000 bottles.
### GRI 1.1 CEO statement

#### Corporate Responsibility

#### GRI Application Level C

#### GRI Organizational Profile

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Infinite possibilities.

At Ashland, we are passionate about the possibilities created through good chemistry. We believe chemistry is about innovative, differentiated science — and also about the way people come together to solve problems. From the speed at which a call or email is returned to the lengths we go to in order to develop solutions that solve a specific customer need, good chemistry is what makes Ashland different and what makes us better. That’s why Ashland is one of the world’s leading specialty chemical companies.

In more than 100 countries, we provide the specialty chemicals, technologies and insights to help customers create new and improved products for today and sustainable solutions for tomorrow. People encounter our chemistries in a wide variety of markets and applications, including architectural coatings, automotive, construction, energy, personal care, pharmaceutical, tissue and towel, and water treatment. Through our deep industry knowledge and customer-focused innovation, we make great things happen every day.

Visit ashland.com to learn more.