

Carbon Disclosure Project (CDP5) Greenhouse Gas Emissions Questionnaire

Ashland Inc. response as at 19 June 2007 16:28

General Introduction

If you would like to give an introduction to your answers, please enter it here.

Ashland produces specialty chemicals for use in many different types of industrial applications, engine oil, lubricating fluids, and other car care products. We also operate an extensive chemical distribution business. Ashland has developed an energy use inventory for our businesses and has estimated our contribution to global emissions of greenhouse gases (GHG). Although we are an extremely minor contributor, we are pleased to provide this response to the Carbon Disclosure Project.

Section A - 1 Climate Change Risks, Opportunities and Strategy Question 1(a)(i) - Regulatory risks

For this question, please state the time period and where possible the associated financial implications. What commercial risks does climate change present to your company including regulatory risks associated with current and/or expected government policy on climate change e.g. emissions limits or energy efficiency standards?

We feel that the main commercial risks to our company involve additional regulatory controls such as emissions caps that would negatively impact Ashland as they would all of industry. While these regulatory burdens may not impact Ashland directly due to our minor contribution to global GHG emission rates, we could be indirectly impacted by the effect on our suppliers and customers. Ashland expects any direct impact to occur mainly to the distribution of our chemical products due to higher fuel prices. The appropriate time period and associated financial implications related to these risks have not been determined at this time.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(a)(ii) - Physical risks

For this question, please state the time period and where possible the associated financial implications. What commercial risks does climate change present to your company including physical risks to your business operations

from scenarios identified by the Intergovernmental Panel on climate Change or other expert bodies, such as sea level rise, extreme weather events and resource shortages?

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, we anticipate only minor damage to our sites, and most are expected to be able to return to operation after the restoration of utilities. Resource shortages are also expected to have a similar effect on Ashland as they will other businesses. The appropriate time period and associated financial implications related to these risks have not been determined at this time.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(a)(iii) - Other risks

For this question, please state the time period and where possible the associated financial implications. Apart from any regulatory and physical risks you have described in your answers to questions 1(a)(i) and 1(a)(ii) above, what other commercial risks does climate change present to your company including shifts in consumer attitude and demand?

Ashland attempts to engender positive public perception by participating in surveys such as this, and is currently determining which voluntary GHG initiatives to participate in. Therefore, our hope is that the risk to our reputation will be low. The appropriate time period and associated financial implications related to these risks have not been determined at this time.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(b) - Opportunities

For this question, please state the time period and where possible the associated financial implications. What commercial opportunities does climate change present to your company for both existing and new products and services?

We have currently identified only minimal market opportunities in this area for existing Ashland products. Some Ashland products have been used to create light-weight composites for the automotive industry which improves fuel efficiency, and for the production of wind-turbine blades. Ashland announced in May 2007 a joint venture project with Cargill to develop and produce biobased chemicals. While not directly related to climate change, this project will produce these chemicals from renewable sources. The first announced product will be propylene glycol, which will be produced from glycerin, a co-product of biodiesel production. The appropriate time period and associated financial implications related to these opportunities have not been determined at this time.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 1(c) - Strategy

For this question, please state the time period and where possible the associated financial implications. Please detail the objectives and targets of the strategies you have undertaken or are planning to take to manage the risks and opportunities you have detailed in questions 1(a) and 1(b) above. Please include adaptation to physical risks.

We have enhanced our crisis management plans, and have put processes in place to account for our employees and manage their safety. No specific objectives or targets have been established to date. The appropriate time period and associated financial implications related to these objectives and targets have not been determined at this time.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Section A - 2 Greenhouse Gas Emissions Accounting
Question 2(a)(i) - Methodology - Accounting Year

Please state the accounting year used to report GHG emissions.

Other: We report calendar-year values to the American Chemistry Council and in our annual Corporate Citizenship report, and we want to maintain a consistent

reporting period whenever we provide this information.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(a)(ii) - Methodology

Please state the methodology by which emissions are calculated.

GHG Protocol

Please provide additional information below

Please state the reporting boundaries for the data provided in this questionnaire

Option 3 - entities owned by the company

Please provide additional information below

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(a)(iii) - Methodology - External verification

Please state whether the information provided has been externally verified or audited.

No

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(a)(iv) - Methodology - Variations in emissions

Please provide an explanation for any significant variations in emissions from year to year eg: due to major acquisitions, divestments, introduction of new technologies etc

Ashland sold its transportation construction business during calendar year 2006, which was a major divestment in equipment and energy use, and contributed to nearly a 50% reduction in global GHG emissions.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 2(b) - Scope 1 and Scope 2 GHG Protocol - Year 1 answers

Please state your direct and indirect GHG emissions in metric tonnes CO2e for global and Annex B countries. If you are having difficulty reporting your emissions figures in CO2e metric tonnes please see the further guidance on answering the CDP5 questionnaire available [here](cdp5reportingguidance.asp).

Please enter the accounting year used to report GHG emissions details below.

31 December 2006

Total Global Emissions

730000 CO2e metric tonnes

Total Emissions Annex B countries

724000 CO2e metric tonnes

Scope 1 activity emissions globally

681000 CO2e metric tonnes

Scope 1 activity emissions Annex B

677000 CO2e metric tonnes

Scope 2 activity emissions globally

49000 CO2e metric tonnes

Scope 2 activity emissions Annex B

47000 CO2e metric tonnes

Please state the MWh of electricity purchased and consumed by your company globally.

272000MWh

Please state the MWh of electricity purchased and consumed by your company in Annex B countries.

265000MWh

Please state the **percentage** of purchased and consumed MWh of electricity from renewables globally.

Please state the **percentage** of purchased and consumed MWh of electricity from renewables in Annex B countries.

Would you like to provide any additional information relating to this question

that you have not provided elsewhere?

Yes

The "percentage of purchased and consumed MWh of electricity from renewables" globally and in Annex B countries are not known at this time.

Question 2(c) - Scope 3 of GHG Protocol - Year 1 answers

Please enter the accounting year used to report GHG emissions details below.

31 December 2006

If possible, please provide estimates in metric tonnes CO₂e for the following categories of emissions: Use/disposal of company's products and services

Your supply chain

External distribution/logistics

Employee business travel

Other

Please provide details of the sources of emissions if you have entered a figure in the "Other" box

Please provide further information about your measurement of scope 3 emissions.

Ashland has not identified GHG emissions from every Scope 3 category of emissions. We have attempted to estimate the GHG emissions from our external distribution/logistics sources and supply chain, which we have combined for this survey. Ashland has estimated GHG emissions from our external distribution/logistics/supply chain sources to be 345,000 metric tons for Calendar Year 2006. However, this estimate is based on the best information available at this time, and may not be complete.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Section B - 3 Additional Greenhouse Gas Emissions Accounting
Question 3(a) - Scope 1 and Scope 2 GHG Protocol emissions per country

Using the methodology set out in 2(a), please state your emissions per country. NB : If it is not practical for you to list emissions on a full country by country basis, please list here countries with significant emissions in the context of your business and combine the remainder under "rest of world". If you already have this information in another format (e.g Excel) please attach it.

| Country | Scope 1 Emissions (Tonnes CO2e) | Scope 2 Emissions (Tonnes CO2e) |
|---------------|------------------------------------|------------------------------------|
| USA | 650000 | 36000 |
| Rest of World | 32000 | 12000 |

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 3(b) - Facilities covered by the EU Emissions Trading Scheme

Please provide details of total emissions in metric tonnes CO2e for all facilities covered by the EU ETS and details of allowances issued under the applicable National Allocation Plans

Emissions from the total of all facilities covered by EU ETS figure in metric tonnes CO2e

Total number of allowances issued under all National Allocation Plans applicable to installations covered by the EU ETS

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

Yes

Our businesses located in the EU are not covered by the EU Emissions Trading Scheme since they are extremely small sources of GHG.

Question 3(c) - EU ETS impact

What has been the impact on your profitability of the EU Emissions Trading Scheme?

Our businesses located in the EU are not covered by the EU Emissions Trading Scheme since they are extremely small sources of GHG.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Section B - 4 Greenhouse Gas Emissions Management

Question 4(a)(i) Reduction programmes

What emission reduction programs does your company have in place? Please include any reduction programs related to your operations, energy consumption, supply chain and product use/disposal.

Does your company have an emissions reduction program?

No

We have drafted a greenhouse gas policy and strategy, but we have not yet formally developed an emission reduction program or proposed an emission reduction target. At this time we plan on continuing to gather energy use and greenhouse gas emissions data, and will consider an emission reduction target in the future.

What is the baseline year for the emissions reduction program? (YYYY format eg. 1990)

If you do not use a baseline year for your reduction programme, please provide details of your reference point for the programme here.

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(a)(ii) Reduction programmes

What are the emissions reduction targets and over what period do those targets extend?

Emissions reductions target (%)

Time frame for reduction target

Further information.

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(a)(iii) Reduction programmes

What investment has been/will be required to achieve the targets. (In US \$)

Over what time period? (In years)

More detail

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(a)(iv) Reduction programmes

What emissions reductions and associated costs or savings have been achieved to date as a result of the program?

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(a)(v) Reduction programmes

What renewable energy and energy efficiency activities are you undertaking to manage your emissions?

Our greenhouse gas policy will help drive higher fuel efficiency and energy use reductions through the normal process of replacing equipment. We also have invested in Six Sigma* techniques, which have already resulted in some energy use reductions. We expect more Six Sigma* projects to address energy efficiency in the future.* - Six Sigma is a registered trademark and service mark of Motorola, Inc.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(b) Emissions trading

What is your company's strategy for trading in the EU Emissions Trading Scheme, CDM/JI projects and other trading systems (e.g. CCX, RGGI, etc), where relevant? Explain your involvement for each of the following:

EU ETS

Not applicable.

CDM/JI

Not applicable.

CCX

Not applicable.

RGGI

Not applicable.

Others

Not applicable.

More detail

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(c) Emissions intensity

Please state which measurement you believe best describes your company's emissions intensity performance? What are your historical and current emissions intensity measurements? What are your targets?

Best measurement of emissions intensity for you company

Ashland has not yet converted GHG emissions into an intensity format.

Historical intensity details

Not applicable.

Current intensity details

Not applicable.

Target details

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(d) Energy costs

What are the total costs of your energy consumption e.g. from fossil fuels and electric power? What percentage of your total operating costs does this represent?

Total costs of energy consumption (in US\$)

Percentage of total operating costs (%)

More Details.

Ashland has not yet determined the total energy costs for 2007 from fossil fuels and electric power.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 4(e) Planning

Do you estimate your company's future emissions? If so please provide details of these estimates and summarize the methodology for this. How do you factor the cost of future emissions into capital expenditure planning? Have these considerations made an impact on your investment decisions?

Do you estimate your company's future emissions?

No

Please provide details of these estimates and summarize the methodology for this or provide details of why you do not estimate your company's future emissions.

Not applicable.

How do you factor the cost of future emissions into capital expenditure planning?

Not applicable.

Have these considerations made an impact on your investment decisions?

No

Please provide details below.

Not applicable.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Section B - 5 Climate Change Governance - Responsibility

Question 5(a)(i) Responsibility

Which Board Committee or other executive body has overall responsibility for climate change?

We have an active Environmental, Health and Safety (EHS) Committee of the Board. Our vice president of EHS participates on this committee, and is also responsible for managing our climate change strategies.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 5(a)(ii) Responsibility

What is the mechanism by which the Board or other executive body reviews the company's progress and status regarding climate change?

The EHS Department estimates our global GHG emissions, and communicates those emissions to the Board. We determine our contribution by business segment and are working with our businesses on setting GHG reduction targets. We communicate our GHG emissions in our annual Citizenship Report and report them publicly through the American Chemistry Council's annual metrics reporting. Energy use and GHG emissions are also included in the determination of an internal responsibility index.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

Question 5(b) Individual performance

Do you provide incentive mechanisms for managers with reference to activities relating to climate change strategy, including attainment of GHG targets?

No

If so, please provide details.

Not at this time.

Would you like to provide any additional information relating to this question that you have not provided elsewhere?

No

General Information

Please add any general information and attachments that are not related to a specific question but that you would still like to include with your response here.