



Ashland Distribution Quality Manual



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Ashland Distribution Quality Management System

The Ashland Distribution (AD) Quality Management System is an established, documented, and maintained quality system for continual improvement. This quality system includes the organization's requirements, policies, and process documents that reflect the standard practices throughout the company. Ashland Distribution's quality management system conforms to the requirements of the ISO 9001:2000 standard.

Assuring quality is a multi-functional effort throughout the organization. It is a continuous process that involves:

- The identification and documentation of customer needs.
- The storage, handling, and delivery of materials and services to meet those needs consistently.
- Feedback from the customers about the company's performance.
- Taking action on the customer's feedback to improve the company's performance.

Developed and endorsed by company management, the quality management system ensures that customers receive orders that are on time, accurate, and complete in terms of the products and services that Ashland Distribution provides to them. The system calls for adherence to regulatory and quality requirements and ensures customers that their needs and expectations are met.

Quality Management System Scope

The quality management system scope includes (1) the purchase of materials in large quantities; (2) the packaging, storage, blending, sale and delivery of materials in smaller quantities to customers; and (3) the collection, handling, and transportation of chemical waste.

Documentation Requirements

Ashland Distribution uses a four-tiered documentation structure with each level of documents containing increasingly detailed instructions and/or information. Tier one has the quality manual and policies, tier two is made up of procedures, tier three is made up of work instructions, and tier four is records. Records provide evidence that the policies, procedures, and instructions have been implemented.

Quality Manual

This manual describes how Ashland Distribution assures quality to its customers. The manual covers the main topics found in the company's quality management system. Included are the company profile and a summary of the quality management system elements which are in place to assure product and service quality.

The manual briefly outlines the company's quality system for use by Ashland Distribution associates. In addition, it provides an easy-to-follow overview of Ashland Distribution's quality systems for use by customers and other stakeholders.

Company Profile

Ashland Distribution is a division of Ashland Inc. (**NYSE:ASH**) and is a leading provider of chemicals, plastics, resins and reinforcements, and environmental services in North America. In Europe, Ashland Distribution is a leading distributor of thermoplastics.

As part of Ashland Distribution, we are:

Chemicals

Chemicals is a leading North American distributor of chemicals, solvents and raw materials. We supply the paint and coatings, chemical manufacturing, adhesives and sealants, plastic additives, metal working, HI&I and oil and gas industries.

Plastics

Plastics is a leading North American distributor of branded, packaged and bulk thermoplastic materials, and is a European distributor of a broad range of high quality commodity and engineering thermoplastics.

Composites

Composites is a leading North American distributor of resins and reinforcements to the composites reinforced plastics and cast polymer industries.

Environmental Services

Environmental Services is a leading North American provider of environmental services management.



Control of Documents

Ashland Distribution's documents and data related to the company's management system are established, maintained, and controlled. Document control ensures that:

- Documents are approved before issue.
- Current documents are in use at all times.
- Obsolete documents are removed from use.
- A records retention schedule is followed.

AD QMS Reference: Control of Documents (DOC-3905.001)

Control of Records

Records related to the management system are established, maintained, and controlled to demonstrate (1) the effective operation of the management system and (2) conformance to requirements. Records are readily retrievable and stored appropriately either electronically or on paper.

AD QMS Reference: Control of Documents (DOC-3905.001) & Records Management Master Schedule for AD on Firsthand.

Management Responsibility

Management Commitment

The Distribution Leadership Team (DLT) takes a visible and leading role in creating and sustaining core values, policies, strategies, direction, and performance expectations. AD's leadership approves and directs the implementation of a management system that is process-centered and customer-focused, which promotes an environment that fosters continuous improvement.

Customer Focus

Ashland Distribution is an organization which evaluates all decisions based on their impact on customers. Ashland Distribution works closely with its customers to understand their businesses and their expectations. This working relationship helps Ashland Distribution to meet customers' expectations and to anticipate their future needs in order to continually improve customer satisfaction.

Responsible Care®

Ashland Distribution is committed to the environment, health, and safety. In that capacity, we are committed to implementing the Responsible Care® initiative, which is a voluntary program that helps to raise the worldwide chemical industry's health and safety standards and to win greater trust from the public.

Under Responsible Care®, the worldwide chemical industry is committed to continual improvement in all aspects of health, safety, and environmental performance and to open communication about its activities and achievements.

Responsible Care® helps the industry to gain the trust of the public and to operate safely and with due care for future generations.

Quality Policy

Ashland Distribution's Quality Policy is the company's Mission, Values, and Focus statement. Objectives for the organization are related to the statement, and each employee understands how their role impacts the achievement of the objectives established by the company. The Mission, Values, and Focus statement is reviewed to ensure that it remains current (see next page).

	<p>ASHLAND.</p>
<p>Our Vision</p>	<p>To enable growth and add value to all we touch.</p>
<p>Our Mission</p>	<p><i>To reclaim our position as the biggest and best distributor in the world by earning:</i></p> <ul style="list-style-type: none"> The trust of our employees. The confidence of our customers. The support of our suppliers. A return for our owners.
<p>Our Strategic Focus</p>	<ul style="list-style-type: none"> Deliver value to our customers. Become "operationally excellent." Create a sustainable business.
<p>Our Values</p>	<ul style="list-style-type: none"> • We act with integrity and honesty. • We focus on customer and shareholder success, and compete to win. • We recognize each person for the difference he or she makes. • We create safe and health-conscious work environments, require compliance and embrace environmental stewardship. • We drive innovation and results through effective processes and rapid, fact-based decision making.
<p>What You Can Do</p>	<ul style="list-style-type: none"> • Focus on our customers. • Take ownership. • Help fix problems. • Follow established processes. • Be a team player. • Play to win and celebrate success. <p style="text-align: center;">Have fun!</p>

Ashland Inc. and its divisions share the same vision, values and operating principles (above)

Planning & Objectives

Ashland Distribution has established measurement systems to plan, evaluate, and continually improve its processes. The objectives for the organization can be found and measured through the balanced scorecard. The scorecard is a tool that tracks and measures the performance of Ashland Distribution against its strategy. Some additional tools used to monitor progress of the business include customer surveys, internal quality audits, and the

Corrective Action Request (CAR) system, which includes customer complaint and resolution data.

Change Management

Changes to the management system are applied by employees to ensure the appropriate reviews and approvals have been granted through a project charter before making a change. Training is conducted, documentation is updated, and appropriate communications are made when changes are implemented.

Responsibility, Authority, and Communication

The DLT ensures that responsibilities and authorities are defined and communicated throughout Ashland Distribution. Some of the tools used to communicate these interfaces are flowcharts, process maps, organizational charts, and the quality system documentation known as DSPs (Distribution Standard Practices) throughout Ashland Distribution.

Appropriate communication processes are established to report on the operation of the management system. These communication methods may take on several forms such as newsletters, employee meetings, the AD "Firsthand" intranet site, or electronic messages.

Management Representative

Ashland Distribution has established infrastructure and support organizations to assist management in implementing the Quality Management System in a consistent and coordinated manner. The AD Quality Manager acts as the management representative and coordinates the implementation of the Quality Management System throughout the company.

Management System Review

The DLT, with appropriate involvement of other employees within the organization, reviews their management system at least twice a year to ensure the overall system's continuing suitability, adequacy, and effectiveness. The reviews are used to initiate or leverage changes and improvements to the system.

The management review includes the results of internal quality audits, scorecard data, customer incidents, CAR trends, project ("Play-to-Win") updates, changes to the management system, and the assignment of action items.

Resource Management

Provision of Resources

Ashland Distribution provides all human, physical, and capital resources that are required for implementing, maintaining, and continually improving the quality management system and for addressing customer satisfaction.

Human Resources

The education, training, skills, and experience of our people support the company's overall strategy in becoming a process-centered

organization. Required training is provided and documented to assure competence of our employees.

To ensure that all people have the basic skills and adequate training to perform their designated tasks, Ashland Distribution identifies the training necessary to perform the work, and the trainer or supervisor reviews the effectiveness of the training. Training records of the learning acquired are maintained through paper and electronic systems. Training is provided to ensure that each employee understands the importance of his or her job activities and how these activities contribute to achieving the objectives of the organization.

Infrastructure & Work Environment

Ashland Distribution provides and ensures the buildings, equipment, and services needed for operations. Infrastructure and equipment are maintained to provide adequate working conditions and meet customer requirements.

Product Realization

Planning of Product Realization

Processes which directly affect quality are defined, documented, measured, monitored, and improved under controlled conditions to ensure that the product meets the requirements of the customer and Ashland Distribution at each stage of the process. Controlled conditions include measuring and monitoring requirements, compliance with procedures, inspection and test activities, and records that verify the material meets requirements specific to the product.

Customer Related Processes

Determining customer requirements is an interactive process that includes teamwork among the sales, marketing, sourcing, customer support, and plant functions. The sales and customer support teams are responsible for ensuring that customer requirements are documented and can be met by Ashland Distribution before accepting an order. Customer requirements include delivery activities, product and technical support, compliance with transportation and regulatory requirements, and those that are not known by the customer but are necessary to meet the overall use of the product.

Review of Requirements Related to the Product

Ashland Distribution has order entry systems in place to process customer orders that are



received through the telephone, fax, electronic data interchange (EDI), and the internet. The customer support team ensures the customer's order requirements are clearly identified, documented, and reviewed upon entry into the computer system. Documented procedures are established and maintained for contract review and the coordination of these activities.

The review process ensures the essential features of each order, such as quantity, pricing, payment terms and conditions, specifications, packaging requirements, certificates of analysis, delivery points, and special unloading requirements. These features are confirmed and transmitted to the plant team who uses the information to fill the order. The record of the review is the order that was entered into the computer system.

The plant team reviews the order. If the order requirements can not be met, the customer support team is contacted to resolve the issue with the customer.

Customer Communication

Meeting the needs of customers requires systems that facilitate direct communication between the sales, marketing, sourcing, customer support, and plant functions. With current technologies, arrangements include phone, fax, email, video conferencing, and face-to-face meetings. With these arrangements, Ashland Distribution is able to communicate with its customers regarding the products that customers have ordered and any changes needed for specific deliveries. In addition, the customer can provide feedback, including complaints. Complaints are entered into AD's corrective action request (CAR) database.

The customer support and sales functions are the point of contact with our customers. Any changes to customer orders or customer requirements are agreed upon with the customer prior to delivery and are communicated to appropriate individuals within the organization.

Design and Development

Design and development does not apply to Ashland Distribution and is excluded from our daily operations. Ashland Distribution does not design or develop new products for manufacture.

Purchasing

Purchasing procedures are established and maintained to ensure that services and purchased products are controlled and conform to specified requirements. Problems associated

with the purchase of products or services are identified for correction.

Because purchased products and services directly affect the quality of Ashland Distribution's products and services, an appropriate supplier evaluation process has been developed to help ensure that purchased products conform to Ashland Distribution's specified requirements. Efforts are made to establish a close working relationship and feedback system with suppliers to ensure the quality of our products.

Purchasing Information

Purchase orders clearly describe the product to be purchased. They are entered into the computer system by the purchasing team. Material numbers indicate the grade of material to be ordered and are reviewed to ensure accuracy before release to the supplier.

Purchased materials are verified, inspected, or tested to ensure that incoming materials meet specified requirements.

Production and Service Provision

Ashland Distribution plans and carries out the production of its products under controlled conditions. The company maintains and controls its policies, procedures, and work instructions such that necessary and current information is available to those doing the activity.

Validation of Processes for Production and Service Provision

The validation of processes for production and service provision does not apply to Ashland Distribution and is excluded from our operations. All process outputs related to the product can be monitored or measured.

Identification and Traceability

All products packaged by Ashland Distribution are labeled to ensure the clear identification of products. The labels also identify the appropriate environmental, health, and safety information in compliance with current regulatory, product stewardship, and customer requirements.

Identification and traceability requirements cover all products, whether packaged or purchased by Ashland Distribution, handled or stored within Ashland Distribution facilities, shipped to customers, or shipped between Ashland locations.

The status of products with regard to inspection and testing requirements is known, readily available, and applies to incoming and finished products. All products distributed by Ashland Distribution have identification and traceability. The data needed for tracking and identifying products are generated and recorded to enable product traceability from incoming acceptance, packaging, storage and distribution to the customer.

Customer Property

Documented procedures are maintained when applicable and provide for the verification, storage, maintenance, protection, and safeguarding of customer supplied property, which is provided for incorporation into Ashland Distribution products. Customer supplied property that is lost, damaged, or found to be unsuitable for use is reported to the customer.

Preservation of Product

Documented procedures are established and maintained for the handling, storage, packaging, preservation and delivery of products. Ashland Distribution stores and distributes product to ensure that product descriptions are clearly marked, product is stored, handled, and delivered in a manner that meets customer requirements and prevents damage or deterioration, and product is loaded and delivered in a vehicle that protects the material.

Ashland Distribution product packaging is used to protect personnel that come into contact with the package, maintain the integrity of the product, ensure product identification, ensure product containment, and meet regulatory, environmental, and customer requirements.

Control of Monitoring and Measuring Devices

Inspection, measuring, and test equipment used to measure the conformance of products to specified requirements are maintained, calibrated, or adjusted in accordance with documented procedures. The equipment is used in a manner which ensures that measurement uncertainty is known. Records are maintained.

Measurement, Analysis, and Improvement

Ashland Distribution has established processes for the planning, implementation, monitoring, measurement, and analysis to facilitate continual improvement of the management system.

Customer Satisfaction

Inputs related to customer satisfaction are obtained through data obtained from many sources including the scorecard, customer complaints (CAR) data, customer surveys, and sales calls. Information from these sources is reviewed by management and serves as a basis for continual improvement efforts aimed at increasing customer satisfaction.

Internal Quality Audit

Periodic internal quality audits are conducted to verify that work activities are consistent with defined management systems, and to ensure that management systems remain effective for achieving the objectives set by the organization.

Internal quality audits are conducted to:

- Ensure that locations that package, store, or distribute Ashland Distribution products are complying with internal processes.
- Determine the effectiveness of Ashland Distribution's management system.
- Ensure that products and services meet customer requirements.
- Identify opportunities for continual improvement.

Monitoring and Measurement of Processes

Measurements relating to the quality management system processes include internal quality audits and the scorecard. The data obtained from these measurements is used to determine the effectiveness of the management system and identifies opportunities for continual improvement of the processes.

Monitoring and Measurement of Product

Incoming, blends, and final products are verified, inspected, or tested as required. Records are maintained in accordance with documented procedures to verify products conform to specified requirements.

Control of Nonconforming Product

Documented procedures are established for the identification, segregation, tracking, evaluation, and disposition of nonconforming product to prevent its unintended use or shipment.

AD QMS Reference: Control of Nonconforming Material (GEN-1405)

Analysis of Data and Continual Improvement

Ashland Distribution analyzes data from a variety of sources including trends from customer satisfaction surveys, CAR data (which includes customer and supplier incidents), scorecard data, preventive action (“Play-to-Win”) team updates, and internal quality audits. The analysis of this data is used for the correction of any existing problems within the management system and for the continual improvement of the management system.

Corrective and Preventive Action

Documented procedures are maintained and implemented for corrective and preventive action, including all identified incidents and nonconformances associated with this management system. Product and service problems are documented to permit:

- The review of the unacceptable product or service including customer incidents.
- Determination of the cause of the nonconformity.

- Determination of the need for action to prevent recurrence, and follow-through to ensure the prevention of recurrence.
- Implementation of action taken and resulting changes to system procedures.
- Review of the corrective or preventive action taken.
- Timely communication back to the customer.

Data generated from the scorecard, CAR data, and process reviews are analyzed to detect potential problems or trends. These problems are often cross-functional in nature and require the use of a cross-functional “Play-to-Win” or project team to implement solutions and provide improvement to the management system. Corrective and preventive actions taken are part of the management review to ensure that actions are being carried out and effective.

AD QMS Reference: Corrective and Preventive Action (CPA-0401.001)

Interaction between the Processes of the Quality Management System

Ashland Distribution describes the interaction between processes of the Quality Management System in the following terms: Mega-Processes, Processes, Sub-Processes, Activities, and Tasks.