



Everywhere It Matters.™

Positive. **Impact.**

SUSTAINABILITY REPORT 2011



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Additional information on our performance can be found in the Detailed Appendix to this report available at www.ecolab.com/csr.

Our world is evolving. The marketplace is becoming more global. Germs are getting stronger. Vital resources are under pressure.

Making the world cleaner, safer and healthier is more complex than ever before. Quality of life depends on keeping food supplies safe, preventing the spread of disease and infection and preserving natural resources – now, and for future generations.

As the global leader in water, hygiene and energy technologies and services, we play an important role in meeting the changing needs of our evolving world. We provide and protect what is vital: clean water, safe food, abundant energy and healthy environments. We manage our own operations responsibly, and we find solutions to the challenges facing our customers, helping them succeed.

We believe that the challenge of limited resources calls for unlimited resourcefulness. And through our unlimited resourcefulness, we can make a positive impact. [Everywhere It Matters.™](#)

Our Company

Ecolab is the global leader in cleaning, food safety and health protection. Nalco is the leader in industrial water and energy. Through our merger, which was finalized in December 2011, we have together expanded our vision, reach and capabilities. Working with our customers, we’re helping make the world a better place.



40,000 employees
171 countries
5,300 patents
\$11 billion annual sales

Our Customers

- | | |
|------------------------------|---------------------------------------|
| Foodservice | Buildings and Facilities |
| Retail | Manufacturing |
| Hospitality | Pulp and Paper |
| Healthcare | Metals, Mining and Mineral Processing |
| Commercial Laundries | Oil, Gas and Chemicals |
| Food and Beverage Processing | Power Generation |

A Message from Our Chairman

At Ecolab, sustainability is not simply the way we do business – it’s core to our purpose. Every day, our 40,000 employees worldwide make the world cleaner, safer and healthier, protecting people and vital resources.

We do this by enabling our customers to achieve uncompromising operational standards, while using the least amount of energy and water, and generating less waste. Our 22,500 sales and service professionals deliver innovative products and services at more than 1 million customer locations globally, from hotels and restaurants, to hospitals, to food manufacturing plants, to oil rigs. Because we truly are “Everywhere It Matters,” we have an exponential impact on the sustainability of our planet.

The world’s resources have never been under more pressure. In the pages that follow you’ll see how we’re bringing unlimited resourcefulness to the challenge of limited resources – and delivering positive economic and environmental outcomes. I firmly believe that a focus on achieving both of these outcomes is the best way to ensure ongoing commitment and long-term results.

Within our own operations, we have set measurable goals for ourselves and you’ll read about our progress in this report. Like most companies, we report on how we address the three elements of the “triple bottom line” – economic progress, environmental stewardship and social responsibility. But we have added a fourth element – safety. Building a stronger safety culture, and embedding safety considerations into everything we do, is foundational to our success, and vitally important to our customers.

Through training, we’re reinforcing safe choices in every aspect of our employees’ lives, at home, work and play. Put simply, we’re committed to making sure every employee returns home safely each day. And while that’s obviously good news for our associates, it is also good news to our customers who rely on the creativity and innovation of our workforce to help their businesses succeed.

While our own progress is important, we have an even greater impact through the more than 1 million customer locations we serve. By providing products and services that enable our customers to optimize their water and energy use and reduce waste streams, our impact is multiplied exponentially.

In the past, I’ve reported on Ecolab’s Total Impact approach to our products and services. Total Impact asks that we take a broad view of the impact of our products and services. That means considering how every one of our solutions increases efficiency, minimizes use of natural resources and improves safety – from sourcing and manufacturing, to use, and through disposal.



Through the Total Impact approach, we help customers realize dramatic results and achieve their own sustainability goals. What’s even more meaningful is the ripple effect – how the results we achieve with our customers bring value to communities and the global economy.

Our innovative products and services, and our dedicated people, are moving us closer to our vision of clean water, safe food, abundant energy and healthy environments for all people, everywhere. As we make strides toward that vision, we’re not only reducing the strain on vital resources, we’re improving quality of life. In other words, through our work with customers in a wide range of industries, we’re making a *positive* impact.

At Ecolab, we have a unique role to play in addressing some of the most challenging issues facing our planet. We have the people, the technology, the capability and the vision to build that positive impact today and far into the future. And we have the determination to make a difference and serve the greater good.

Because what we do, and how we do it, matters everywhere.

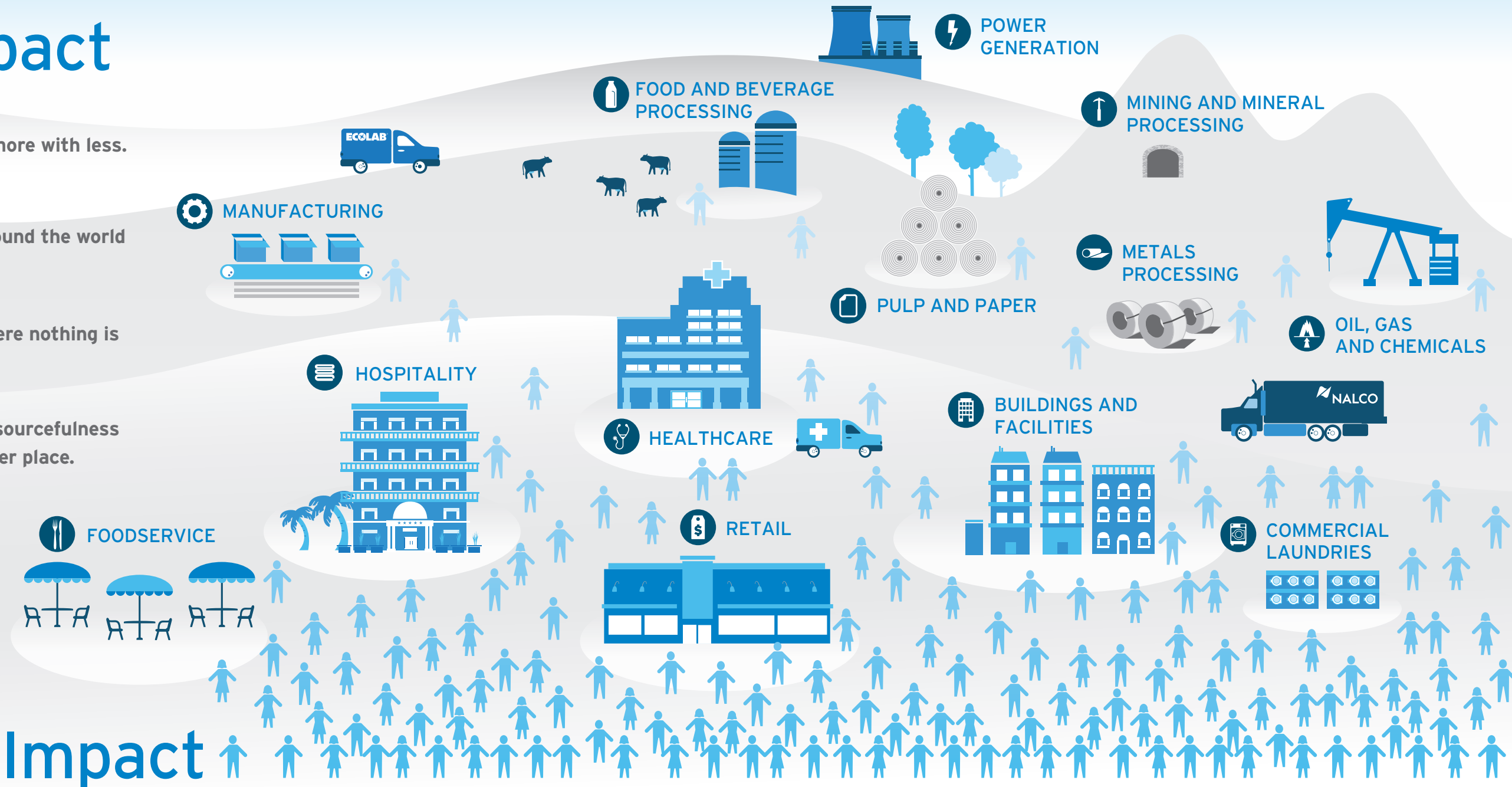
Sincerely,

Douglas M. Baker, Jr.
Chairman of the Board and
Chief Executive Officer

Our Approach:

Total Impact

- We help each customer do more with less.
- Together, we help people around the world live life fully.
- Working toward a model where nothing is ever wasted.
- And where our unlimited resourcefulness helps make the world a better place.



Our Goal:

Positive Impact

Our approach starts with science. With more than 1,300 scientists around the world, we study the germs that can make people sick. Learn all we can about water. And develop innovations that leverage chemistry, equipment, packaging, dispensing and expertise to use only what's needed to produce superior results.

Then we partner with customers to increase efficiency and enhance business results. With more than 22,500 field experts serving customers in more than 1 million locations globally, we use the latest technology to capture and analyze data. Work on-site to solve problems and find opportunities. Help each customer do more with less.

And it's through these partnerships – helping our customers everywhere do more with less – that our vision for clean water, safe food, abundant energy and healthy environments can be realized. Through our customers, we make the world cleaner, safer and healthier. We protect vital resources, ensuring that water and energy are available everywhere. Together with our customers, we allow people around the world to live life fully.

Our world is evolving. And eventually, Total Impact won't be enough. That's why we're always working toward Positive Impact: a model based on overcoming trade-offs. Where we help our customers do more, *with more*, for even more people. And as always, where we use unlimited resourcefulness to make the world a better place to live.

Water: An Example of Our Positive Impact

Clean water is integral to our vision. It is important itself, but it also enables our success in the other vital areas we impact – safe food, abundant energy and healthy environments. In 2011, we made great progress toward our vision; progress that can be measured through our efforts to make more water available for more people. While the numbers here are just

highlights, they add up to enough water to sustain more than 21 million people for a year.¹ That's equal to the populations of Shanghai, China, Sydney, Australia, and Pune, India, combined. And they demonstrate that by taking on each challenge with a stewardship mindset, we can truly make a difference.

We help our customers save:

351 billion liters of water worldwide annually with **3D TRASAR® cooling water technology**.

9.4 billion liters of water by a typical five-line beverage, brewing or food processing plant using **DryExx® dry conveyor lubricant**.

Up to **40%** of a typical customer's water consumption through the innovative wash processes of our **Aquanomic™ laundry system**.

8 billion liters of water in papermaking and other industrial applications using **PARETO™ mixing technology**.

Up to **50%** of water use by restaurant customers with our **Apex™ Conveyor dish machine**.

More Water for More People

We improve our operations:

- **90 million liters** preserved annually at our Joliet, Ill., plant through process and equipment changes.
- **7.5 million liters** reclaimed in a year at our Marinsburg, W. Va., plant through process improvements.

We help others:

- **\$500,000 three-year grant for Water for People**, funding water, sanitation and hygiene programs in West Bengal and Bihar, India.
- **\$450,000 committed over three years to World Wildlife Fund (WWF)**, funding a water stewardship program that is identifying solutions to protect Taihu Lake, the third largest freshwater lake in China and a primary water source for more than 33 million people around Shanghai.



The same practices that are good for the environment are also good for business. Operating efficiently and using resources with care yield environmental and economic benefits. Through our eROI value program, we can document the actual environmental and financial results we deliver to our customers.





Helping customers use water with care

Water is an essential part of many of our customers' processes, and using less of it contributes to their success while also preserving a precious resource for other uses. Take PepsiCo. The company is guided by Performance with Purpose, which they define as delivering sustainable growth by investing in a healthier future for people and the planet. To that end, this global leader in convenient snacks, foods and beverages has several aggressive environmental sustainability goals including one to improve operational water use efficiency by 20 percent per unit of production by 2015.



To meet that goal and others – including reducing energy use – Ecolab provides a range of innovative solutions.

Our **DryExx** conveyor management system replaces water with dry lubricants in bottling plants, typically saving up to 1.8 million liters of water per line per year. The **Advantis**® clean-in-place (CIP) program removes two water-intensive steps from the process, reducing CIP water use by up to 45 percent.

Our **3D TRASAR** technology improves operations in multiple industrial systems. Improvements to the cooling system at one plant reduced fresh water use by 90 million liters a year. Using 3D TRASAR for membranes in another plant's pretreatment system improved water quality, saving 7.5 million liters of water annually.

In addition to water savings, our programs and services are improving cleanliness while reducing waste, energy, greenhouse gases and PepsiCo's total operating costs.

IMAGINE THE IMPACT

The savings captured by our solutions add up:

More than **662** million liters of water is saved annually at PepsiCo bottling plants.
(or 175 million gallons)

Fresh water use was reduced by **90** million liters / year at one PepsiCo plant.
(or 24 million gallons)

Clean-in-place water use can be reduced by up to **45%**.

By sharing our knowledge and expertise, Ecolab products and procedures make a positive difference in people's lives every day.

Katherine Swanson, Ph.D.
Vice President, Food Safety

Helping keep food supplies safe through science

Food safety is critical to the well-being of society. The World Health Organization estimates that around the globe, about 2.2 million people die from food and waterborne disease each year.¹ Data from the U.S. Centers for Disease Control and Prevention suggest that contaminated equipment or environments and poor personal hygiene contribute to nearly half of the foodborne illness in the U.S. This is where we excel – leading the way in reducing contamination so safe food can be enjoyed by all.

We offer more than food safety solutions. We share our global knowledge and scientific expertise by partnering with government, industry and professional associations to advance food protection globally. Ecolab professionals like Katherine Swanson, Ph.D., are thought leaders among those dedicated to food safety. In addition to her role as vice president of Food Safety for Ecolab, Dr. Swanson serves as president of the International Association for Food Protection (July 2012-13), is a fellow of the Institute of Food Technologists and a member of the International Commission on Microbiological Specifications for Foods.

Taking a Holistic View

Dr. Swanson and her Ecolab colleagues take a holistic view of food safety challenges: they don't just invent products, they solve problems. Big problems, like fighting norovirus, the leading cause of foodborne illness in the U.S., causing more than 20 million cases of illness each year.² Also known as the "cruise ship virus" or "stomach flu," norovirus can be controlled by effective cleaning products, such as Ecolab's **TB Disinfectant Cleaner Ready-to-Use** and **14 Antibacterial All Purpose Cleaner**. It takes rapid action to respond to incidents, detailed procedures implemented by knowledgeable people, diligent hand washing and other proactive steps to help reduce risk.

Innovating with Sound Science

With extensive food safety knowledge, we developed a norovirus tool kit that helps customers reduce risk and prepare for potential incidents. Comprehensive training materials and detailed procedures for hand washing, food contact surface cleaning, rest room disinfection and laundry handling help customers prevent norovirus incidents.

When preventive measures aren't enough, we help customers rapidly respond to norovirus. From prevention to response, Dr. Swanson and the entire food safety team apply expertise to critical food problems.

Stepping in with Purpose

Where there is a need to further food safety – anywhere in the world – we step in with purpose. For example, to elevate China's food safety and public health standards, Ecolab and China Business News invited leading food processing, foodservice and food retail companies operating in China to commit to the Food Safety & Public Health Seven-Star Pact to help ensure proper food safety practices throughout the country. Twenty-five leading food industry companies committed to the pact at the 2011 Food Safety & Public Health Summit Forum in Shanghai.

"The food safety team works across divisions and geographies to deploy actionable tools and information that complement Ecolab's innovative product offerings and help our customers to protect their businesses," Dr. Swanson explains. "Safer foods and healthy environments are essential to sustain life."

¹ <http://www.who.int/mediacentre/news/releases/2004/pr71/en/> Accessed 2012

² <http://www.cdc.gov/Features/Norovirus/> Accessed 2012

IMAGINE THE IMPACT

Our products: Wash more than **75 million** hands every day.



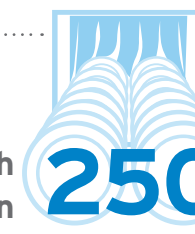
Clean **8,000** miles of dairy pipe each day.



Treat more than **10 million** chickens every day to control *Salmonella*.



Wash more than **250 million** dishes daily.





Helping ensure energy is available everywhere

Whether the need is to maximize energy production or minimize use, Ecolab provides solutions that address both supply and demand. From the oil and gas industry to hospitality, our people are using their expertise and our innovative technologies to help a variety of industries operate more efficiently.

As economic growth raises living standards in developing regions, world energy demand also increases. While alternative and renewable energy play an essential role moving forward, traditional energy sources continue to be important to future energy production. The energy production industry is addressing growing global demand in more sustainable ways, and our energy services customers are demanding sustainable process solutions that allow them to safely maximize oil and gas production. We're working closely with them, providing solutions designed to energize the world.

Producing More, Using Less

Nalco, which merged with Ecolab in December 2011, has been serving the oil and gas industry for nearly 90 years.

Today we are helping customers produce more, while operating in more extreme conditions. Technology now allows drilling for oil and gas in ultra-deep waters, thousands of feet deeper than was possible just a few years ago.

Our solutions help customers manage environmental risks and improve their operations. The result is safer operations, improved product quality, reduced water and energy use, less waste, enhanced equipment protection, decreased costs and compliance with regulations.

Water is an inevitable byproduct of oil production. An average of three barrels of water is produced from a well for each barrel of oil.* To maximize production and clean the water produced with the oil,

emulsions that bind oil and water need to be broken. Our **BREAXIT®** technology effectively breaks the emulsions using chemistries that meet or exceed the environmental regulations our customers must follow.

Sharing Our Expertise

For decades the energy industry has looked to Nalco for technical expertise, on-site experience and an expansive range of treatment solutions. Working with our customers, we have improved heating and cooling systems' operating efficiency and reduced energy use and demand. Our experienced professionals and technologies increase energy production while protecting the people who operate wells, production facilities, pipelines, refineries and petrochemical plants.

Increasing Energy Supply

It's not uncommon for oil reservoirs to produce less than one third of the original oil they contain. Our project engineers and field technicians have extensive experience in enhanced oil recovery (EOR) gained from working with diverse reservoirs worldwide. Our **EOR programs**

reduce the need for drilling additional wells and extend the life of current oil reserves, producing millions of barrels of additional oil.

In offshore production, the formation of hydrates – chemical compounds containing water – can reduce or block flow, causing multimillion dollar losses. Our low-dose hydrate inhibitors offer dramatic advantages over traditional treatments, lowering operating costs, increasing employee safety and extending well life while substantially reducing chemical use and storage.

Finally, our **eVerified™ process** is designed to develop chemistries for oilfield use with lower risk profiles. To meet both customer and regulatory requirements, this scorecard enables research and marketing teams to evaluate products early in development and better identify and minimize human and environmental risks.

Through our industry-leading solutions, we're aggressively addressing energy supply challenges that affect us all.

* <http://green.blogs.nytimes.com/2009/09/04/new-solutions-for-oils-produced-water/> Accessed 2012

IMAGINE THE IMPACT

Our solutions help solve critical energy issues while reducing impacts on the environment.

World energy demand is projected to grow more than **50%** by 2035.¹

The average oil reservoir yields only **20-40%** of its original oil without enhanced recovery methods.²

¹ International Energy Outlook 2011, US Energy Information Agency: <http://www.eia.gov/forecasts/ieo/index.cfm> Accessed 2012

² U.S. Department of Energy <http://fossil.energy.gov/programs/oilgas/eor/> Accessed 2012



Enabling customers to do more – with less energy



Marriott, as one of our global lodging partners, has worked with Ecolab to make progress on its environmental goals to cut water, energy and waste. Ecolab works to capture energy and water savings across Marriott facilities while also improving the guest experience.

Our **Apex Warewashing System** delivers excellent results with sustainable, low phosphorus products and non-corrosive, color-coded chemistry to reduce the risk of chemical injuries. The Apex controller can help save water and energy by reducing the need to rewash.

Wash'n Walk® Floor Cleaner uses cool water dilution and a “no-rinse” formula to reduce slips and falls due to greasy floors. It also saves large amounts of rinse water and the energy needed to heat normal floor wash water.

The **Aquanomic** and **Ensure™ Laundry Programs** deliver clean, white and soft results while saving water and energy. Wash cycle optimization, including the Smart Wash process, can reduce the number of flush and rinse cycles, and low temperature chemistry reduces the water temperature requirement to 100°F (37°C).

Our **3D TRASAR** technology provides dramatic results in cooling systems. This award-winning program combines a team of experts remotely monitoring the system 24 hours a day, every day. Sophisticated control of patented chemistry allows for rapid response to system changes to help prevent scale buildup, corrosion and microbiological fouling which reduces electrical use.



NV Energy provides a wide range of energy services throughout Nevada. When the company wanted to improve operations at one of its power stations, they selected our **3D TRASAR** Boiler Technology. The technology helps prevent copper corrosion and deposits that can:

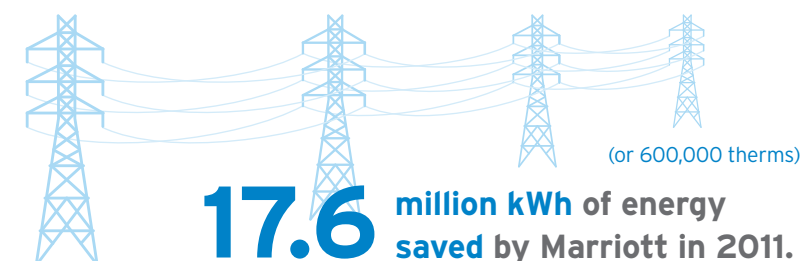
- Damage equipment
- Require expensive cleaning
- Reduce the generating process efficiency

With **3D TRASAR** technology:

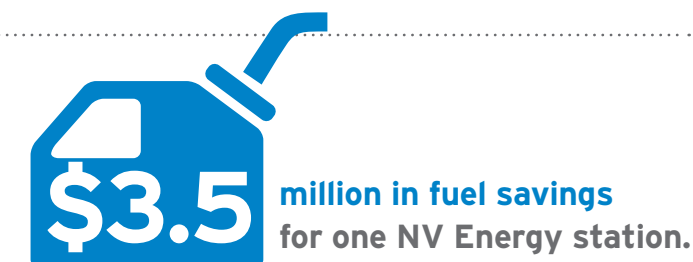
- The North Valmy Station can generate the same amount of electricity while reducing fuel consumption by 87,000 tons of coal annually.
- Fuel savings are able to reduce costs by \$3.5 million per year, helping to hold down electricity rates.

Our solution provides NV Energy positive economic and environmental results – an eROI value.

IMAGINE THE IMPACT



Coal consumption reduced by **87,000** tons at one NV Energy station.



We share our understanding of the disease process and knowledge of air, surfaces and water to treat microorganisms and help prevent them from spreading.

John Hanlin, Ph.D.
Vice President, Public Health

Helping make the world cleaner, safer and healthier

Clean and sanitary surfaces are essential to life and critical to the success of many businesses. They're expected and demanded by building occupants, hotel guests, restaurant diners and hospital patients. An effective indoor environment management strategy requires a careful combination of tools and expertise. From hand hygiene and housekeeping programs to indoor air quality and pest elimination systems and strategies, we help protect the places where people eat, sleep, work, play and heal.

Drawing on a Deep Knowledge Base

John Hanlin, Ph.D., is vice president of Public Health for Ecolab and a subject matter expert in infection prevention and contamination control. "There is a deep knowledge base at Ecolab," Dr. Hanlin says. "Our experienced researchers have advanced degrees in microbiology, chemistry, entomology and food science, as well as the engineering and packaging sciences. We leverage our understanding of the disease process and our knowledge of food, surface and water microbiology to help our customers protect public health."

From restaurants to hospitals, we help enhance the customer experience and prevent the spread of infection.

Developing an Innovative, Efficient Solution

It's not surprising that a clean restroom is important to restaurant patrons. What's surprising is just how important. A full 75 percent of guests say they will not return to an establishment if the restrooms are not well kept.¹ To improve bathroom cleanliness and simplify the process for employees, our researchers and engineers designed the **Cleaning Caddy™** and **Oasis Pro™** products. This touch-free solution eliminates the need to hire outside cleaning contractors, significantly lowers costs and gets restrooms 54 percent cleaner than traditional cleaning methods.²

Improving Cleaning Outcomes

Research shows that 50 percent of hospital patient room and operating room surfaces are contaminated even after cleaning.^{3,4} When problems like this are identified, we step in. That's why we've developed products like **Virasept®**, a ready-to-use hard-surface disinfectant with efficacy against *Clostridium difficile* spores – a type of bacteria that causes diarrhea linked to 14,000 deaths in the U.S. each year.⁵ Virasept disinfectant kills *Clostridium difficile* spores and is effective against other pathogens like MRSA, VRE, *E. coli*, HIV-1, Hepatitis B virus, Influenza A virus and Norovirus.

To help prevent the spread of infection, we blend our knowledge of surface contamination and the chemical properties of disinfectants to develop programs like our **EnCompass™** Environmental Hygiene Program. EnCompass controls variables such as the concentration and amount of disinfectant and the type of cleaning cloth used. In a pilot study, the program improved cleaning outcomes by 43 percent. At Ecolab, we're using the best science to understand emerging public health issues and develop solutions that clean, sanitize and protect against them.

¹ Klara R. Consumer Insights: The Comfort Zone. *Restaurant Business*. 2004.

² Results based on over 1,000 swab samples collected and analyzed by Ecolab.

³ Carling PC, Po JL, Bartley J, Herwaldt L; Healthcare Environmental Hygiene Group. Identifying Opportunities to Improve Environmental Hygiene in Multiple Healthcare Settings. SHEA Fifth Decennial Meeting; Atlanta, GA; March 18-22, 2010.

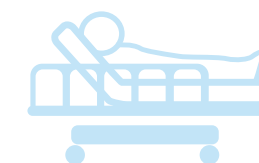
⁴ Jefferson J, Whelan R, Dick B, Carling PC. A novel technique to identify opportunities for improving environmental hygiene in the operating room. *AORN J*. 2010. (In-press.)

⁵ http://www.cdc.gov/HAI/organisms/cdiff/Cdiff_infect.html Accessed 2012

IMAGINE THE IMPACT

Our solutions clean our customers' most challenging environments:

84% of guests judge a clean restroom as extremely important to their decision where to dine.⁶



Hospital-acquired infections / 1.7 million annually, are the most common complications and are one of the top 10 leading causes of death in the U.S. of hospital care (99,000 deaths each year).⁷

⁶ Technomic Consumer Restaurant Brand Metrics Program – FSR Segment – 3Q 2010 Report.

⁷ CDC. *New York Times*. Oct 2008.

Our Principles for a Positive Impact

Our principles guide how we conduct business every day. We work hard to manage our global operations with care for the health, safety and prosperity of our employees, customers, communities and the environment, focusing on four areas:

- **ECONOMIC PROGRESS**
Drive economic growth for our customers, employees, shareholders and communities
- **ENVIRONMENTAL STEWARDSHIP**
Promote stewardship of natural resources and protect the environment
- **SAFETY**
Ensure safe processes that protect our employees, contractors, customers and communities
- **SOCIAL RESPONSIBILITY**
Enhance the well-being of people and communities

Our Principles are available at www.ecolab.com/our-story/our-company/our-principles

Economic Progress

Economic Progress

In 2011, Ecolab's core business drove sales and earnings growth and attracted returns for shareholders. We provided exceptional customer service, expanded relationships globally and earned new business. Our new product pipeline delivered improved performance, environmental benefits and cost savings. We continued to invest in innovation, and also realized operational efficiencies. Our merger with Nalco puts us at the center of growing energy and water demands.

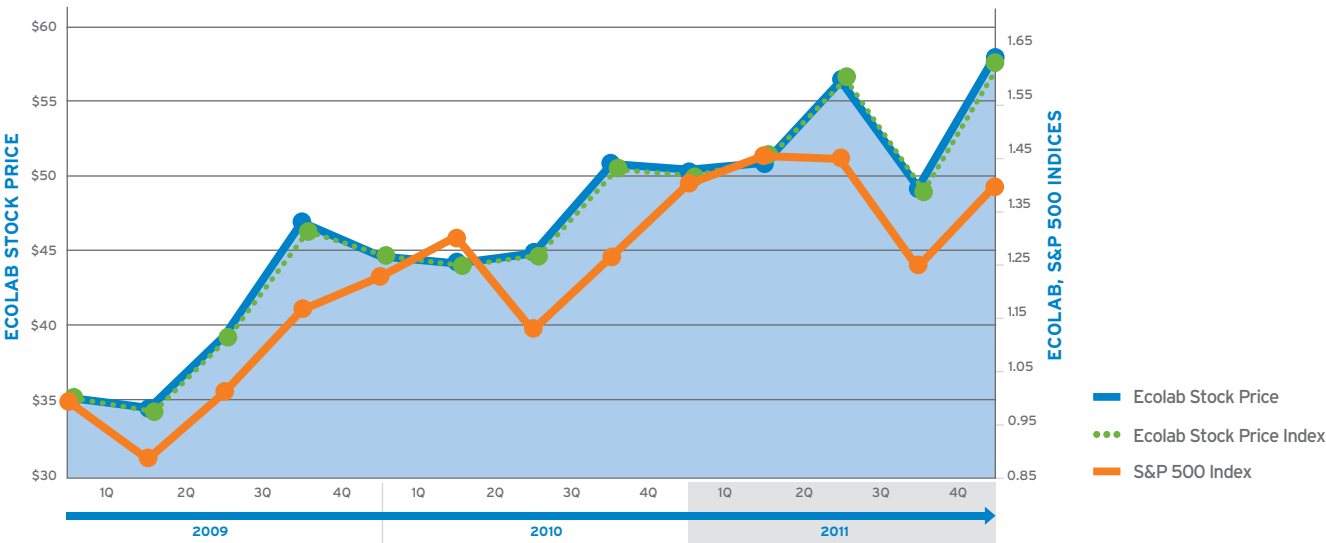
The financial highlights on the next page are Ecolab's reported results as of the end of 2011 and include sales and operating income from Nalco's U.S. Water, Paper and Energy businesses for the month following the December 1 close of the merger.

The pro forma data shown reflect sales and net income assuming combined Ecolab and Nalco operations for 2011.

For 2012, we are well positioned for growth and have improved access to global markets. We are better equipped to help our customers meet the challenges they face with our technology and service reach. We have the financial ability to fund our growth and we have a clear focus on delivering excellent results that make a positive impact on our customers, shareholders and the world.

Detailed financial reporting, economic impact and investor information is available on our website at www.ecolab.com/investor.

Ecolab Stock Performance Comparison

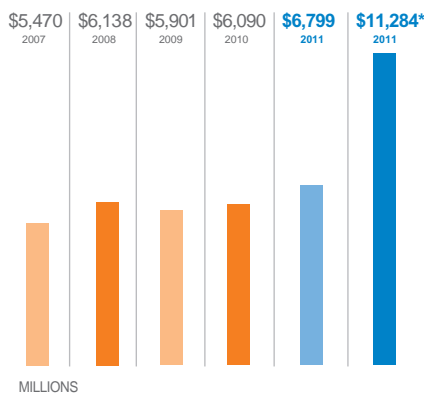


Financial Highlights

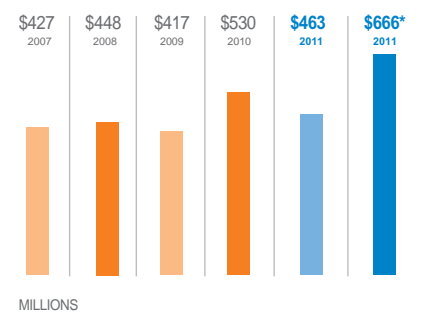
(Millions, except per share)

	2011	2010	2009	PERCENT CHANGE 2011 2010
Net Sales	\$6,798.5	\$6,089.7	\$5,900.6	12% 3%
Net Income Attributable to Ecolab	462.5	530.3	417.3	(13) 27
Percent of Sales	6.8%	8.7%	7.1%	
Diluted Net Income Attributable to Ecolab per Common Share	1.91	2.23	1.74	(14) 28
Adjusted Diluted Net Income Attributable to Ecolab per Common Share (non-GAAP measure)	2.54	2.23	1.99	14 12
Diluted Weighted-Average Common Shares Outstanding	242.1	237.6	239.9	2 (1)
Cash Dividends Declared per Common Share	0.7250	0.6400	0.5750	13 11
Cash Provided by Operating Activities	685.5	950.4	695.0	(28) 37
Capital Expenditures	341.7	260.5	252.5	31 3
Ecolab Shareholders' Equity	5,666.7	2,129.2	2,000.9	166 6
Return on Beginning Equity	21.7%	26.5%	26.6%	
Total Debt	7,636.2	845.6	967.3	803 (13)
Total Debt to Capitalization	57.1%	28.4%	32.5%	
Total Assets	\$18,240.8	\$4,872.2	\$5,020.9	274% (3)%

Net Sales

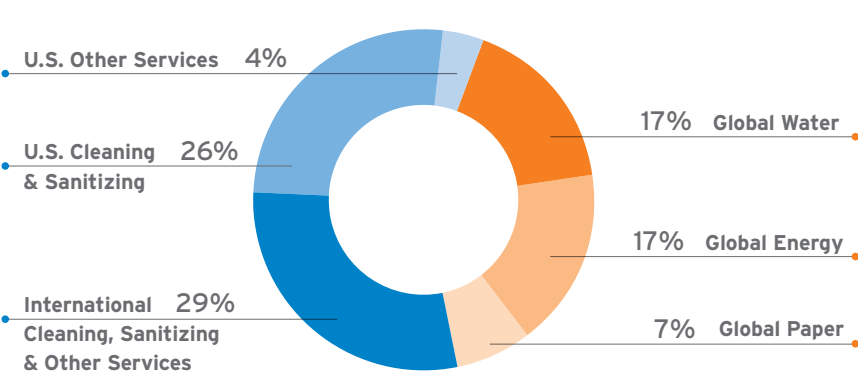


Net Income Attributable to Ecolab



*Based on pro forma data assuming combined Ecolab and Nalco operations for 2011.

Pro Forma Business Mix 2011*





Environmental Performance

Ecolab promotes the stewardship of natural resources and environmental protection not only through the solutions we provide our customers, but also in our own operations.

As individual companies prior to our merger, both Ecolab and Nalco had committed to improving operations and reducing environmental impacts by establishing key environmental metrics. We merged our companies December 1, 2011, and as we complete the integration of the companies in 2012, we will establish new goals for our combined company. As part of that process, we are recapping progress as separate companies through 2011, as a final report on our prior targets.

Greenhouse Gases

Ecolab pledged to reduce U.S. greenhouse gas emissions (GHG) by 20 percent per dollar of sales by the end of 2012 (from a 2006 baseline). At the close of 2011, we achieved a 19 percent reduction, attaining 95 percent of the goal within 83 percent of the established time frame. In 2009, Ecolab expanded reporting to global GHG emissions and since that time our absolute emissions have dropped 4 percent.

The Carbon Disclosure Project acknowledged these efforts by recognizing Ecolab as one of only 11 companies named to the 2011 Carbon Performance Leadership Index.

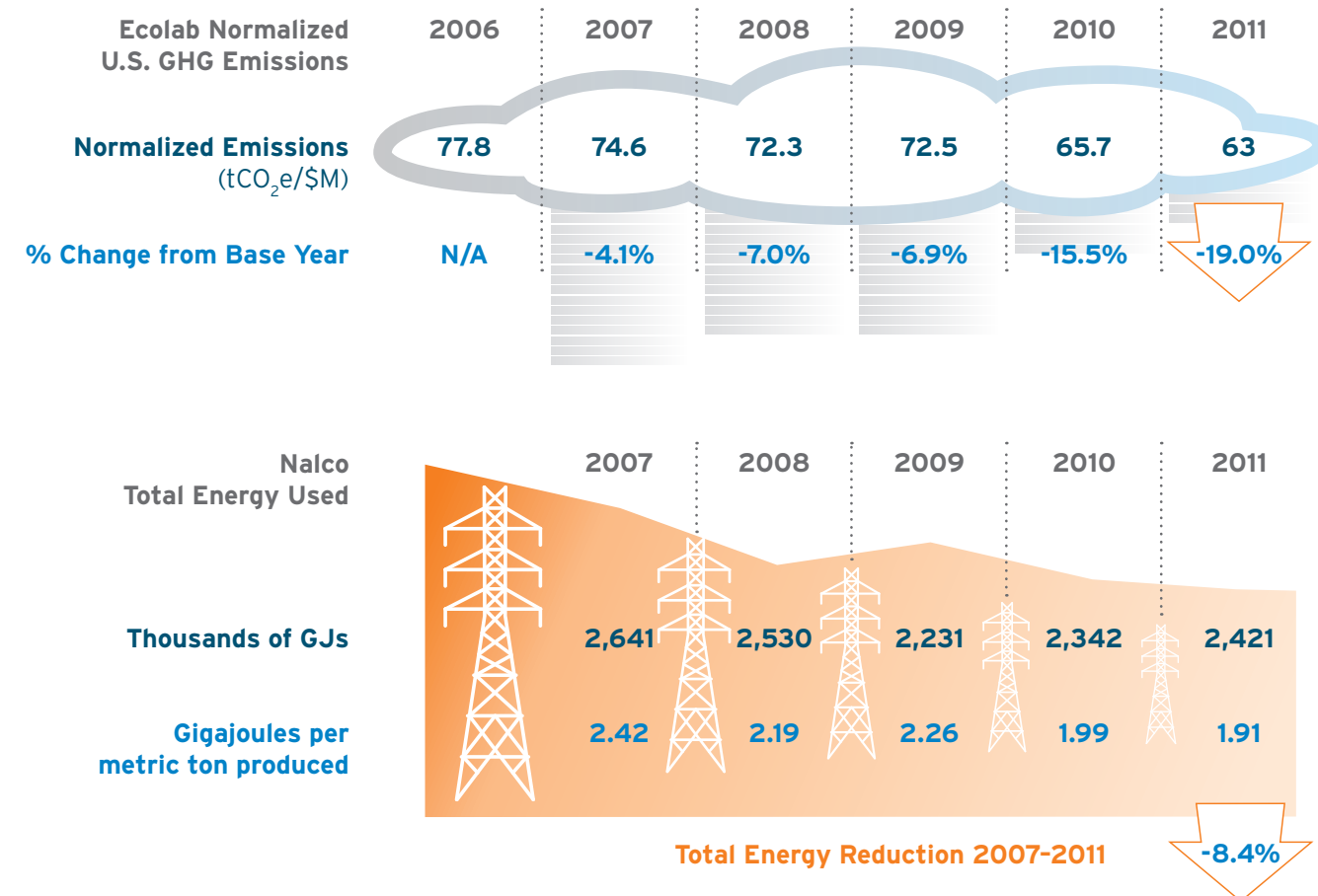
Energy

In 2007, Nalco set a target of reducing its total energy use globally by 10 percent by the end of 2012. Numerous projects over the past four years allowed us to cut energy use by 8.4 percent by the end of last year, achieving 84 percent of our goal within 80 percent of the established time frame. Our overall energy efficiency improved even more: a 21.1 percent decrease in energy per metric ton of product.

Water, Wastewater and Waste

In 2009, Ecolab set ambitious goals to reduce its global water consumption, disposed waste and wastewater from its manufacturing operations by 18 percent per metric ton of product shipped by 2015. Waste reduction progress was very strong, exceeding that goal by achieving a 19.8 percent drop within two years. However, our water and wastewater performance was not as strong, as both increased due to our higher production levels.

Additional information on our performance can be found in the Detailed Appendix to this report available at www.ecolab.com/csr.



Taking Action for Improvement

While we made good progress on many of our previous goals, we realize environmental improvements are never “done” but require ongoing planning and attention. Many actions taken in 2011 will continue to reap rewards in the future and new efforts are being implemented to build on that success.

Last year more than 24 energy reduction projects were completed at 10 different locations. These projects, including higher efficiency boilers, air dryers, HVAC units and improved lighting and insulation, will result in an estimated annual energy savings of more than 36 million kilowatt hours.

Since 2006, the 7,000-vehicle Ecolab U.S. fleet has reduced greenhouse gas (GHG) emissions by 22 percent, normalized to sales. Moving to smaller, more fuel-efficient vehicles cut fuel consumption 8 percent, despite an increase in number of vehicles and total miles driven.

Numerous water reduction projects were identified in 2011. Process and equipment changes at our Joliet, Ill., plant will cut annual water use by 24 million gallons. Our Texarkana, Texas, plant developed an innovative process to collect rain water and use it in its air cleaning system, reducing freshwater use. The Martinsburg, W. Va., plant implemented a process change to capture and reuse material from washing lines in the next production batch, reducing water usage by 2 million gallons per year and decreasing wastewater production.

Going Forward

As part of our integration, new short-term goals already have been established for our manufacturing plants, targeting reductions in absolute water and energy use as well as use per metric ton of our products produced. We have begun implementing our “Create and Maintain Value” approach at our own facilities – a continuous improvement process our sales engineers use at customer locations to identify best practices to reduce energy and water use by installing state-of-the-art technology.

More than 60 percent of our manufacturing plants worldwide are certified under the globally recognized environmental management standards of ISO 14001 and Responsible Care 14001, with more sites preparing for certification in the future. Every three years, each certified site undergoes a recertification audit of its environmental management system. In addition, both Ecolab and Nalco have rigorous internal auditing processes. We are evaluating both current processes and will incorporate the best practices of each into a new, company-wide auditing program that will continually improve our safety, health and environmental performance.



Safety

Working to ensure the safety of our employees, contractors, customers and communities is vital to how we operate.

Safety is a critical part of how we work and is gaining renewed focus as we combine Ecolab and Nalco systems, processes and programs to shape our new safety culture. This effort provides the opportunity to take the best from each to ensure constant progress toward our goals of zero – zero accidents, injuries, fatalities and releases.

Globally we are deploying these best practices across three dimensions: Cultural, Structural and Quantitative. Culturally, we want to make safety a personal value for all employees. Our “Reaching Hearts and Minds” communications campaign encourages employees to be accountable for their own safety and for the safety of those around them, 24 hours a day, seven days a week, 365 days a year.

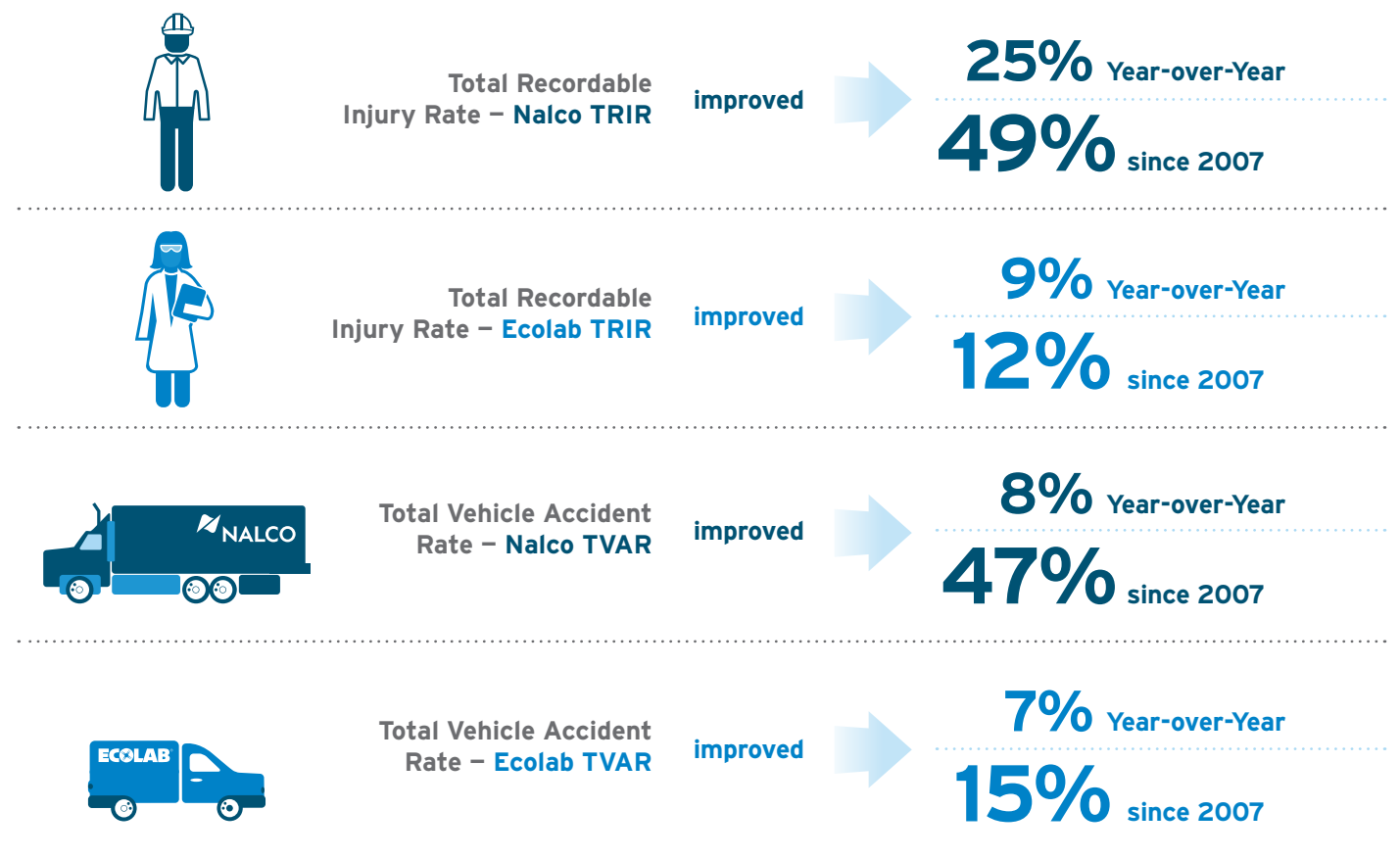
We are driving structural best practices to manage risk and improve results. For example, we’re expanding Ecolab’s Compliance Assessment Process (ECAP) to improve safety, health and environmental compliance and reduce risk within manufacturing, sales, R&D and logistics. One of the greatest risks we face daily is driving. Our use of onboard monitoring devices provides drivers with immediate feedback that

improves their behavior and encourages safe driving habits. Other best practices include fostering employee well-being through industrial hygiene, surveillance monitoring and ergonomic programs.

Leaders are accountable for the actions of those they supervise and we seek to create an atmosphere that not only makes it acceptable to identify and point out unsafe practices, but essential. We have instituted a Safety Leadership training course to integrate safety into leadership at all levels of the organization.

We track recordable injuries and vehicle accidents even though they are lagging indicators because it is important to quantify our performance. We are even more focused on leading indicators – activities that drive or help us predict future performance. These are critical in helping us cultivate a proactive, preventive mindset. Leading indicators focus on behaviors and activities we are trying to encourage including:

- Performing risk assessments (identifying potential workplace hazards)
- Participating in safety training
- Reporting near-miss incidents, and
- Responding to the recommended improvements from our ECAP audits



Our Performance

Among our Key Performance Indicators for workplace safety are well-recognized industry measures: the Total Recordable Injury Rate (TRIR) and the Total Vehicle Accident Rate (TVAR). The TRIR is the rate of injuries per 100 full-time workers. The TVAR is the number of accidents per million miles driven.

For Nalco in 2011, the TRIR decreased by 25 percent from 2010. At 0.43, this was the lowest TRIR in Nalco history and exceeded our target of 0.48. This placed Nalco among the top 25 percent of companies in our industry. The TRIR has decreased more than 49 percent since 2007.

The TVAR for Nalco dropped 8 percent from 2010 to 2.1, exceeding the goal of 3.0. The TVAR has improved for three consecutive years and declined by 47 percent since 2007. Nalco also tracked the Severe Vehicle Accident Rate (SVAR) which measures driving accidents resulting in death, bodily injury, disabling or rollover of a vehicle. In 2011, the rate improved 8 percent to 0.22, exceeding our goal of 0.27. It has improved 63 percent since we began tracking the measurement in 2008.

The Ecolab TRIR improved 9 percent as well, decreasing to 4.25 in 2011 from 4.67 in 2010. This represents 47 fewer injuries. The TRIR has decreased by 11.6 percent since 2007. The TVAR for Ecolab was 6.2 in 2011, a 6.7 percent improvement from 2010 and a 15.3 percent improvement since 2007.

Additional information on our performance can be found in the Detailed Appendix to this report available at www.ecolab.com/csr.



America's Safest Companies

Nalco was named one of America's Safest Companies by EHS Today magazine for providing a safe working environment for employees, achieving world-class safety status.



Fleet Safety Award

Nalco's European operations won the 2011 International Fleet Safety Award from Fleet Europe magazine for implementing a fleet safety program focused on original tools and programs to improve driver safety while also optimizing Total Cost of Operations.



Social Responsibility

We are passionate about service and support for where we live and work and for those in need, always seeking to enhance the well-being of people and communities.

Ecolab and Nalco both have long histories of supporting our communities, including a tradition of making significant personal and financial contributions to organizations that work to improve them. Our employees are active volunteers for local and national organizations, as well as serving as board members on them. We are also active in other community efforts including work to support community blood drives, food collections, support for schools and many other local programs.

In-Kind Contributions and Volunteerism

By donating products, equipment, time and expertise, we assist those in need in many ways.

Ecolab annually donates needed cleaning, health and sanitizing products to organizations in areas where natural disasters have occurred, benefitting thousands. After severe storms and record flood levels in the U.S., the devastation of the earthquakes and tsunami in Japan and a destructive typhoon in the Philippines, Ecolab immediately sent cleaning and sanitizing products to assist with relief efforts. Other countries where Ecolab provided donations in response to natural disasters in 2011 included Mexico, Turkey, Brazil and the Dominican Republic.

Ecolab employees and retirees volunteered more than 17,000 hours of their time in 2011 at organizations such as:

- Habitat for Humanity
- An e-Mentor program to help students develop professional real-world working skills,
- Project Homeless which serves more than 1,400 homeless citizens

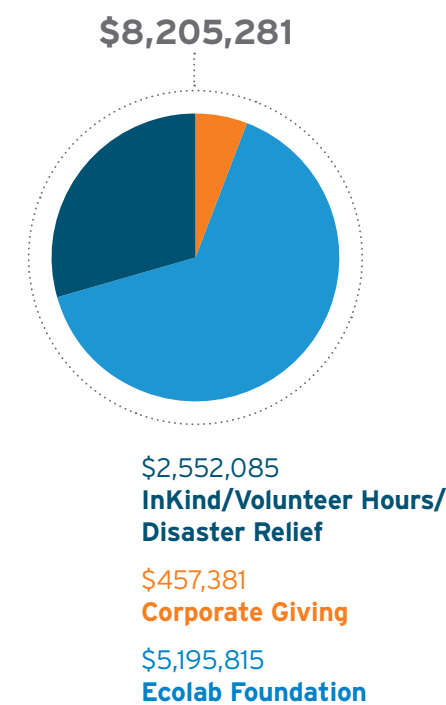
In addition, our Science Education Leadership Team volunteers increased science, technology, engineering and math awareness for more than 2,000 students.

In 2011, Nalco employees provided in-classroom demonstrations to more than 6,700 Chicago-area third grade students to inspire them to pursue math and science through "Science Is Fun."

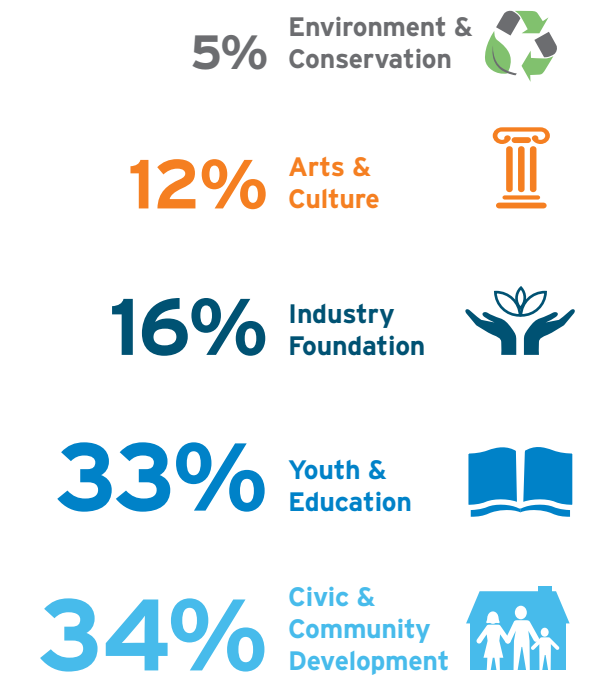
Since 2009, Nalco employees have supported World Water Corps, the volunteer arm of Water For People, an international, nonprofit organization increasing access to water and sanitation in developing countries. As part of this effort, Nalco employees donated their time for trips in Latin America and Africa, surveying water, hygiene and sanitation in homes, schools and healthcare centers. In addition, they evaluated and tested community water quality and supply points.

Additional information on our performance can be found in the Detailed Appendix to this report available at www.ecolab.com/csr.

Total Ecolab Giving 2011



2011 Ecolab Foundation



Community Support

Ecolab employees pledged more than \$1.1 million through the annual Community Giving Campaign to support local United Ways, Global Impact (which funds 62 U.S.-based international charities) and our Health & Wellness partners – the American Cancer Society, American Heart Association and American Diabetes Association.

Nalco employee contributions helped provide aid to Japan, Brazil and Australia following natural disasters. Corporate giving matched those funds, and supported the Juvenile Diabetes Research Foundation and the United Way with total corporate giving of more than \$300,000.

Ecolab Foundation

In 2011, the Ecolab Foundation continued its strong giving tradition by contributing nearly \$5.2 million to community partners across the United States focused on:

- **Youth and education**, granting \$720,000 through our Visions for Learning program providing curriculum-enhancing materials for teachers in communities where Ecolab has a significant presence across the U.S.
- **Civic and community development**, supporting work and housing programs for poor and working families and community-based grants meeting immediate needs where we have significant operations
- **Arts and culture**, for organizations offering strong education and community outreach programs promoting artistic and cultural diversity

- **Environment and conservation**, primarily to active environmental learning programs for youth
- **Industry contributions**, reflecting our commitment to non-profit programming that supports many of the industries we serve

Nalco Foundation

The Nalco Foundation has targeted projects mainly tied to the global issue of water quality and scarcity.

In 2011, a three-year grant of \$500,000 was made to Water For People to fund water, sanitation and hygiene programs in West Bengal and Bihar, India. The grant will help to provide sustainable community water systems, additional sanitation options for homes and schools and hygiene education programs.

A three-year, \$450,000 commitment to World Wildlife Fund (WWF)-US is funding a water stewardship program that is identifying solutions to protect Taihu Lake, the third largest freshwater lake in China and a primary water source for more than 33 million people around Shanghai.

To prepare for future disaster response, the Nalco Foundation funded a mobile water purification unit for the Indonesian branch of the International Federation of Red Cross and Red Crescent Societies, and Nalco donated test equipment to support the water purification process.

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The eROI value program is an Ecolab approach to
documenting and communicating the environmental
and financial results we deliver to our customers.

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