



2009 SUSTAINABILITY REPORT



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About Nalco

Nalco (NYSE: NLC) is the world's leading water treatment and process improvement company, delivering significant environmental, social and economic performance benefits to our customers. Our programs and services are used in water treatment applications to prevent corrosion, contamination and the buildup of harmful deposits and in production processes to enhance process efficiency, extend asset life, improve our customers' end products, and enhance air quality. We also help our customers reduce energy, water and other natural resource consumption, minimizing environmental releases while boosting their bottom line. Together our comprehensive solutions contribute to the sustainable development of customer operations.

We report on three business segments:

Water Services — serves the global water treatment and process chemical needs of a variety of industries including aerospace, chemical, pharmaceutical, metals, power, food and beverage, medium and light manufacturing as well as institutions such as hospitals, universities and hotels.

Paper Services — serves the process chemicals and water treatment needs of the global pulp and paper industry.

Energy Services — serves the process chemicals and water treatment needs of the global petroleum and petrochemical industries in both upstream and downstream applications.

For more information visit www.nalco.com. Follow us on Twitter at [www.twitter.com/Nalco_News](https://twitter.com/Nalco_News) and [www.twitter.com/NalcoCompany](https://twitter.com/NalcoCompany).

FROM OUR CHAIRMAN

"Today it is clear that environmental performance improvement is a financial opportunity that business leaders need to pursue. Sustainable development is not a program; it is a process for success."

In 2010 and beyond, we remain committed to developing innovative and safe technology solutions that deliver environmental sustainability, bringing value and confidence to our customers, employees, shareholders, communities and our business. Our essential expertise in water, energy and air empower us to reduce the environmental impact of our own and our customers' operations while reducing total costs. By doing this we contribute much to global sustainable development.

In 2007, we established a Sustainability Steering Committee to focus Nalco's sustainability commitment and quantify the impacts on multiple stakeholders. In 2009, the committee's direction included expanding our sustainability metrics and adopting the framework of the Global Reporting Initiative (GRI). These additional metrics as well as details of how we help our customers reduce their environmental impact can be found throughout this 2009 Sustainability Report.

We ramped up our sustainability commitment through participation in the United Nations Global Compact—the world's largest corporate citizenship and responsibility organization. We deepened that commitment with my endorsement of the CEO Water Mandate and took part in the Carbon Disclosure Project for the first time. These build on our longstanding commitment to our industry's global Responsible Care initiative.

Regarding safety, we remain committed to continue working towards our goal of zero injuries. This is a core value at Nalco. All employees should operate daily in a way that protects their health and safety...as well as the health and safety of coworkers, customers and



neighbors. In 2009 we again ranked among the top safety performers in our industry but we continue to strive to improve on that strong record, because any injury is one too many.

Every day nearly 12,000 Nalco people wake up focused on helping our customers use less water, be more energy efficient, get more oil and gas out of the ground in an environmentally sustainable way and reduce air emissions. We are proud of our past and are committed to our future. We are optimistic that our essential expertise will bring repeated, substantial benefits to our customers, employees, communities and our Company.

A handwritten signature in black ink, appearing to read "J. Erik Fyrwald", written in a cursive style.

J. Erik Fyrwald

Chairman, President and Chief Executive Officer

September 2010



Corporate Governance and Sustainability Structure

Board of Directors

Nalco is committed to the highest level of ethical governance throughout its organization. The Company's business and affairs are managed under the direction of the Board of Directors. The Board believes that good corporate governance is a critical factor in achieving business success and in fulfilling the Board's responsibilities to shareholders. The Board believes that its corporate governance practices align management and shareholder interests.

Committees of the Board

The Board of Directors has standing Audit, Compensation, Nominating and Corporate Governance and Safety, Health and Environment (SHE) committees. The charters for the committees are available at www.nalco.com.

SH&E Committee

The Company recognizes its responsibility to protect and maintain the quality of the safety, health and environment of its employees and the public. The primary responsibility for assuring Nalco's compliance with applicable safety, health and environmental (SHE) laws and regulations is vested in the operating

management of the Company. The Board believes that Nalco must continuously earn the trust and confidence of our employees, customers, shareholders, neighboring communities and other stakeholders in our SHE and sustainability performance. The SHE Committee monitors this SHE compliance and related processes and is appointed by the Board to review and oversee the Company's SHE policies, programs and practices that affect – or could affect – the Company's employees, customers, shareholders, and neighboring communities. Specifically, the committee:

- Oversees, reviews and receives updates at each meeting on the Company's SHE policies, programs and practices, SHE risks, SHE statistics, pending SHE matters, and industry best practices.
- Oversees and reviews regulatory, environmental, health and safety trends, issues and concerns which affect or could affect the Company's SHE practices, including the Company's overall environmental compliance, clean-up and remediation efforts.

- Reports to the Board regularly concerning implementation of policies and assists the Board and the Company's independent environmental compliance advisors in assuring compliance with and implementation of these policies to improve the Company's SHE practices, or to further the interests of the Company's employees, customers, shareholders, or neighboring communities.

Sustainability Steering Team

A Sustainability Steering Team was formed in 2007 and reports to the Chief Executive Officer and Executive Council of Nalco. The team's primary responsibility is to ensure Nalco's sustainability commitment is aligned with the Company's mission to create, deliver, document and communicate industry-leading sustainable value for our customers through differentiated services and technologies. The essential expertise we bring to customers results in cleaner water, water and energy savings, and improved air quality – all while helping customers save money and ultimately be more successful. Nalco's sustainability commitment is stated as:

Nalco demonstrates and delivers world-class leadership on environmental sustainability for our customers, with strong efforts toward Nalco's operations related to environmental, social and economic objectives of sustainable development.

An increasing number of companies are making the connection between good environmental stewardship, and economic gain, and in turn understanding the impact of this connectivity on stakeholder communities. At the customer site, this means Nalco needs to visibly partner with our customers to protect the planet's resources, control and reduce emissions and waste, and build economic prosperity by innovatively reducing overall costs. These goals are aligned with the sustainability goals we see our customers establishing. In our own operations we must also operate more efficiently and reduce our environmental footprint.



Expanding Stakeholder Engagement

Nalco manages its global operations with concern for the health and safety of individuals, the environment and with a commitment to global sustainable development. The following are some of the major commitments that Nalco made in 2009.



Nalco and hundreds of other major corporations are participants in the **United Nations Global Compact**. It is the world's largest corporate citizenship and social responsibility organization committed to 10 principles covering human rights, labor, environment and anti-corruption.

Nalco is one of 68 participants in the United Nations Global Compact whose CEOs have made a further commitment for their companies to support and advance water sustainability solutions through the **CEO Water Mandate**.



Nalco is enhancing World Wildlife Fund's (**WWF**) ability to deliver on water conservation by supporting WWF's efforts to establish credible water stewardship standards through the Water Roundtable and Alliance for Water Stewardship (AWS).

Nalco and the Nalco Foundation support **Water For People**, a non-profit international development organization supporting locally sustainable drinking water resources, sanitation facilities, and health and hygiene education programs in developing nations.



2009 Highlights

Safety Milestones

Americas

Clearing Plant in the U.S. has not had a lost-time accident since 2005.

Evansville Plant in the U.S. achieved 27 years without a lost-time accident.

Garyville Plant in the U.S. has not had a lost-time accident since 2002.

Green Tree Plant in the U.S. achieved 29 years without a lost-time accident.

Montgomery Plant in the U.S. achieved 6 years without a recordable injury.

Port Allen Plant in the U.S. achieved 8 years without a recordable injury.

Quilicura Plant in Chile achieved 8 years without a recordable injury.

Scott Plant in the U.S. has not had a lost-time accident since 1993.

Sugar Land Pilot Plant in the U.S. has not had a lost-time accident since it began operations more than 29 years ago.

Texarkana Plant in the U.S. achieved 9 years without a recordable injury.

Tulsa Plant in the U.S. achieved 3 years without a recordable injury.

Europe

Beibesheim Plant in Germany has not had a recordable injury since 2006.

Como Plant in Italy has been accident-free since 2000.

Fawley Plant in the U.K. has been accident-free since 2005.

Weavergate Plant in the U.K. has been accident-free since 2005.

Asia Pacific

Botany Plant in Australia achieved 7 years without a lost-time accident.

Calamba Plant in the Philippines has been accident-free since 1991.

Hu Kou Plant in Taiwan has been accident-free since 1978.

Konnagar Plant in India has been accident-free since 1990.

Mecas Plant in Malaysia has been accident-free since 1996.

Nanjing Plant in China has not had a lost-time accident since opening in 2008.

Rayong Plant in Thailand has been accident-free since 1999.

Suzhou Plant in China achieved 13 years without a lost-time accident.

Yongsan Plant in Korea has been accident-free since 2001.

Corporate Awards and Recognition



Nalco was named a member of the **Dow Jones Sustainability World Index** for a second straight year.



Nalco was named to the top 100 in *Newsweek* magazine's first **Green Rankings** issue.

Fawley Plant in the U.K. received the **Royal Society for the Prevention of Accidents'** Presidents achievement award after 10 consecutive years of receiving the Gold

award. The plant also received the Chemical Industries Association Diamond Award for Occupational Health and Safety.

Garyville Plant in the U.S. won an **Outstanding Stewardship Award** for energy conservation from the Louisiana Department of Natural Resources.

Ellwood City Plant in the U.S. won a second straight Pennsylvania Governor's **Award for Environmental Excellence**. It was also certified to the Responsible Care 14000 standard for environmental management.

Nalco Indonesia received a **Gold Responsible Care® Award** from the Indonesia Responsible Care® National Committee.

Sugar Land Plant in the U.S. was re-certified to "**Star**" status in the Occupational Safety & Health Administration's Voluntary Protection Program. The plant also received a Meritorious Safety Performance Award from the National Petrochemical & Refiners Association.

Anaco Plant in Venezuela, Burlington Plant in Canada, Lerma Plant in Mexico and Suzano Plant in Brazil were certified to the **ISO 14000** standard for environmental management.



Our Safety, Health and Environmental programs are structured on Responsible Care, an industry-specific, and voluntary, global initiative. Responsible Care has become part of our culture since we helped establish the program in the United States in 1985. Responsible Care focuses on continuous improvement in a number of areas: community awareness and emergency response, pollution prevention, process safety, distribution, employee health/safety, product stewardship and security. Nalco is a signatory to the Global Responsible Care Charter of the International Council of Chemical Associations (ICCA). The charter seeks to expand the adoption of the Responsible Care ethic globally and Nalco is actively involved in the ICCA's Responsible Care Leadership Group.

We are in the process of certifying all our manufacturing facilities worldwide to either ISO14001 or RC14001. Both standards are globally recognized management systems designed to protect the environment and continually improve environmental, health, safety and security performance.

REACH Regulation

REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) is a wide-ranging, fundamental overhaul of European Union chemical control legislation. Its adoption and implementation

has served to re-emphasize and galvanize Nalco's sustainability commitment.

Nalco's REACH Program Office has shepherded the process to remove very hazardous substances from our global product portfolio. In most cases, we have opted to replace those products with greener alternatives. Nalco anticipates that "authorised" substances will become increasingly difficult to sell and use in the coming years. Several products have been discontinued or reformulated as a result and we hope to increase our market share – a win for the environment and business.

REACH has also played an important role in better defining the true nature of green chemistry. It is now clear that the human health effects must play an important role in defining this term and emphasis cannot be placed solely on environmental effects.

Nalco has also invested in three key processes to assure we have full alignment with REACH across our supply chain:

REACH UP (our supplier initiative)

REACH IN (our internal initiative)

REACH With Nalco (our customer initiative)

As of the end of 2009 all Nalco products sold within the European Union do not contain any SVHC (Substance of Very High Concern) as listed on the candidate list published by the European Chemical Agency.

For more information visit our website at www.nalco.com/REACH or contact us at reach@nalco.com.

Ethical Business Conduct

Nalco, its subsidiaries and affiliates require ethical business conduct by all employees. Our Code of Ethical Business Conduct is a listing of required conduct and policies with which each employee is expected to comply. The Code also establishes guidelines and policies for making ethical decisions and guides all Nalco employees worldwide in creating and maintaining an ethical work environment. It also applies to Nalco's dealings with its agents, representatives and other third parties. For more information please visit www.nalco.com.





Providing an Environmental Return on Investment

Not only are we committed to optimizing our own processes to reduce our footprint on the environment but we take our commitment a step further... helping our customers demonstrate sustainability through implementation of our award-winning programs and services.

Nalco provides essential expertise for water, energy and air. We are focused on delivering significant environmental, social and economic performance benefits to our customers. This focus moves beyond our traditional approach of calculating how we reduce a customer's total cost of operations. We help customers achieve their sustainability commitment by documenting and communicating both environmental and cost savings, providing them with an environmental return on investment, or eROI.

For many customers, our contributions can be critical as they strive to optimize their bottom line and reduce their environmental impacts.

Customer goals might include:

- reducing, recycling or reusing water,
- improving water quality,

- implementing energy efficiency improvements, or
- improving air quality.

Nalco is uniquely positioned to help through our innovative programs, technologies and services.

While we are committed to reducing the impact Nalco's facilities have on the environment, our vision is much larger. The environmental, social, and economic impact our customers have achieved with our technology solutions dwarfs the impact of our own facilities. By helping our customers across the globe remain sustainable, we are contributing to a larger positive environmental impact than we could have by focusing only on our own operations. This ultimately expands our involvement in addressing the many critical issues facing the environment, economy, communities and the planet.

WATER

As competition for this scarce resource builds, industry faces the likelihood that its access to water supplies could be limited. Combined with tighter environmental regulations on wastewater discharge, users have an even greater need for the kind of efficient, sustainable total water management programs Nalco provides.

We are committed to helping our customers decrease water consumption—one gallon at a time. Our answer is to provide integrated programs for all areas of industrial water use... water treatment, utilities (boilers and cooling systems), process water and wastewater treatment. This holistic view of customer systems combines chemical and non-chemical treatment, expertise and service with state-of-the-art automated monitoring, control and equipment.

We are expanding the application of our 3D TRASAR® automation technology which integrates the technologies necessary to anticipate system variability and automatically respond to keep the system in perfect balance. Already recognized with a United States Presidential Green Chemistry Challenge Award for its use in cooling water we have also introduced a version for use in boiler systems.

In 2009, 3D TRASAR cooling water technology saved our customers more than 75 billion gallons (284 million cubic meters) of water. This not only provides our customers with significant cost savings but also increases the availability and quality of water for public use.

At Dow Chemical Company's largest plant in Freeport, Texas, 3D TRASAR technology treats 80 cooling tower systems saving one billion gallons (nearly 3.8 million cubic meters) in fresh water per year. Reduced maintenance costs also saved the plant \$4 million annually.

Another Nalco technology helps papermakers reduce operating costs by allowing water reuse, thereby reducing freshwater consumption. PARETO mixing technology helps paper machines run more efficiently and also allows reuse of preheated wastewater.

Since 2006, customers around the globe have saved more than 3 billion gallons (more than 11 million cubic meters) of fresh water.

WASTEWATER

Wastewater must be treated to remove contaminants before water can be reused or discharged. Nalco's systematic, holistic approach to water systems includes a mechanical, operational and chemical survey to identify the best wastewater treatment methods. The challenges include identifying opportunities to reuse wastewater and the ability to meet discharge requirements.

Nalco helped a Middle Eastern building complex in a region with limited freshwater supplies reuse treated wastewater in its cooling system, reducing fresh water

consumption by more than 66 million gallons (250,000 cubic meters) per year.

Combustion gases generated by burning coal can carry mercury into the environment. To prevent that release those gases pass through a scrubber which uses water to remove various pollutants including heavy metals like mercury. To further limit exposures, regulations are setting increased stringent limits on the amounts in wastewater discharge.

Nalco's NALMET technology helped a power plant in the United States reduce mercury emissions from its wastewater stream by 96 percent, exceeding mandated emission reductions, with a 68 percent improvement over the old treatment program and without the need to add expensive additional equipment.



ENERGY

The importance of protecting the environment will drive the demand for cleaner, more efficient ways to produce and use energy. Nalco's solutions impact the entire energy chain—from production of various sources through power generation to efficient end use. In 2009 3D TRASAR for boiler automation was introduced, allowing customers to optimize and automatically control boiler operations. This helps customers minimize fuel use, conserving natural resources and reducing air pollution.

A Gulf Coast refinery in the United States was experiencing boiler problems that led to boiler tube failures and unreliable steam availability. After thoroughly analyzing system operations, a 3D TRASAR Boiler Automation Program was implemented. Annually the refinery realized energy savings of 55.8 billion BTUs and water savings of 12.5 million gallons (47,000 cubic

meters). That's enough energy to power nearly 600 homes for a year and avoids 3,200 tons of carbon emissions. Additionally these improvements provided nearly half a million dollars in reduced costs and carbon credits for the customer.

Papermakers globally save more than one trillion BTUs of energy with PARETO mixing technology that allows water reuse, eliminating the energy needed to heat water for use in the process. That reduced energy use prevents 91,000 tons of carbon dioxide from being released into the air, the equivalent of planting nearly 3.8 million trees.

AIR

Tightening air regulations globally are focused on reducing a number of critical pollutants: greenhouse gases, nitrogen and sulfur dioxides (NO_x and SO_x), mercury, hydrogen chloride and particulates.

Nalco Mobotec's innovative, multi-pollutant solutions can successfully reduce these pollutants, minimizing the need for customers to install costly new systems to control individual pollutants. Nalco Mobotec modifies the customer's combustion process to take advantage of a variety of lower cost or less polluting fuels which, in many cases, increases steam generation capacity and efficiency. The majority of Nalco Mobotec's offerings only require minor modifications to existing furnaces and the associated combustion air systems, which can be made for a fraction of the cost of installing new equipment.

ROFA® (Rotating Opposed Fire Air) and ROTAMIX® air protection technologies at a Polish power plant have reduced NO_x emissions from one of the plant's generators below stringent new European Union (EU) limits. This is the first modernization project in Poland to reduce NO_x emissions to meet the new standard.



The project included extensive review of boiler operation, and utilized computational fluid dynamics modeling simulations to understand the baseline performance of the 380-megawatt unit and to optimize the design of the Nalco Mobotec solution. The combined effect of burner modifications and Nalco Mobotec technology reduced NO_x emissions well below the EU emissions limits, six years ahead of the 2016 deadline for compliance.

The interconnectedness of Nalco's solutions can be demonstrated through an example at a nuclear power plant in the Midwestern United States. The cooling water system, especially at a nuclear facility, is critical to safely operating the plant. The high alkalinity of the source water used for the 60 million gallon system required the use of large amounts of sulfuric acid to control pH and prevent scale build-up. By using 3D TRASAR cooling water automation to closely monitor acid feed and performance, the new treatment program enabled operation at a higher pH range, cutting acid use nearly in half. The change now requires significantly fewer tanker truck deliveries, improving safety through reduced acid handling. The reduced acid use also cut carbon dioxide emissions by more than 4,500 metric tons annually.



Carbon Capture

Coal-fired power plants are among the largest emitters of carbon dioxide (CO₂) – the most common greenhouse gas. Ironically, existing technology to capture that CO₂ is energy-intensive, creating even more CO₂ that needs to be captured.

Nalco has partnered with Argonne National Laboratory to develop a groundbreaking technology to dramatically decrease the energy and cost to capture CO₂. To make the system work more efficiently, the project mimics nature by using a natural enzyme that helps living cells get rid of CO₂. Building on a successful prototype, this open innovation partnership is now developing a large-scale pilot system to fine tune performance under real operating conditions.



environmental sustainability



protecting the planet

In light of ever-increasing environmental sensitivities it is imperative that Nalco continues to lead industry in increasing the efficient use of non-renewable natural resources and reduce impacts on people and the planet. At Nalco, we walk the talk. We have several internal initiatives that ensure we have our plants and facilities acting responsibly toward the environment.

Nalco is faced with the same environmental challenges and goals its global customers face...operating more efficiently, saving water and energy, and improving air quality...all while reducing our total cost of operation. We are constantly looking for opportunities to improve our processes, reduce water and energy use, cut waste, and decrease NO_x, SO_x, and greenhouse gas emissions.

As part of our adoption of the Global Reporting Initiative (GRI) framework, we have expanded our internal environmental reporting. In addition to measurements from previous reports, this year we are including information on water use, NO_x and SO_x emissions, and wastewater production as well as more details on our energy use.

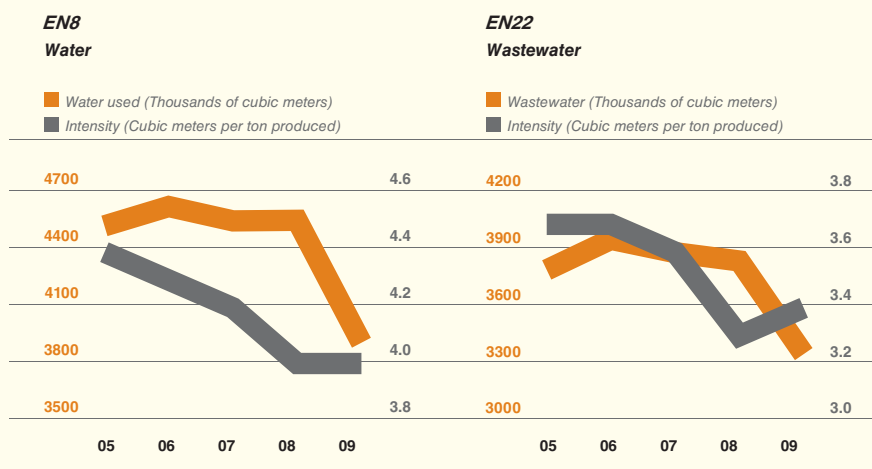


figure 1

figure 2



Water

This is the first time we are reporting on global water use by Nalco facilities. We are evaluating our water use practices and will be establishing a water reduction goal in 2010 in support of our participation in the CEO Water Mandate. We are constantly evaluating opportunities to reduce water use in our facilities and had seen a slight reduction beginning in 2006. Our reduction in water withdrawals in 2009 can be mainly credited to reduced production due to the global recession (see figure 1).

The efficiency of our water use is measured by water used per ton of product produced. In 2009 that number was flat at four cubic meters per ton, a 10 percent reduction from 2005 levels.

In addition to our own efforts to reduce our water use, we have also entered into a partnership with the World Wildlife Fund (WWF), one of the world's foremost conservation groups. Together we will develop best practices to protect and conserve water. Nalco will apply our global experience in safe and efficient industrial water use to help define the needs of priority areas facing water scarcity, poor water quality, and degradation of freshwater habitats.

We are also reporting for the first time on total wastewater generated. As with our water use, wastewater generation has been trending lower since 2006 but the sharp decline in 2009 is mainly due to reduced production (see figure 2).

Energy

Nalco remains committed to reducing energy use, which will result in a related reduction in greenhouse gas emissions. Our goal is to reduce our 2007 global energy use 10 percent by the end of 2012.

Our energy use declined sharply in 2009, actually exceeding our 2012 reduction target; however we recognize that much of the decrease resulted from the sharp drop in our production due to the global recession. Improving economies may lead to increased production in 2010 which would require an increase in energy use. However, we expect dozens of energy reduction projects at our facilities around the world to help us limit those increases as we boost production.

EN3*
Direct Energy Used
(Thousands of Gigajoules)

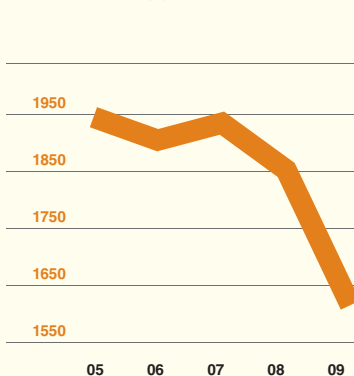


figure 3

EN4
Indirect Energy Used
(Thousands of Gigajoules)

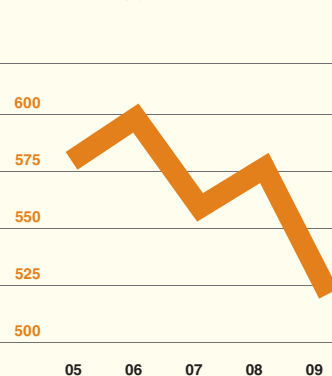


figure 4

Total Energy Used

■ Energy (Thousands of Gigajoules)
■ Intensity (Thousands of Gigajoules per ton produced)

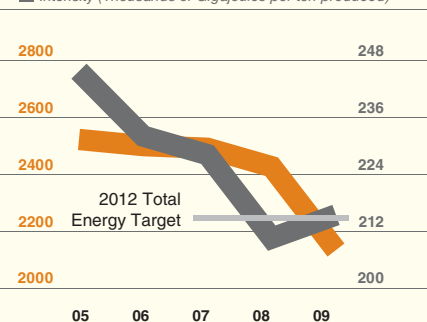


figure 5

*does not include mobile sources

EN16***Total Greenhouse Gases (GHG)**

■ GHG (Thousands of tons)
■ Intensity (Tons of GHG per ton produced)

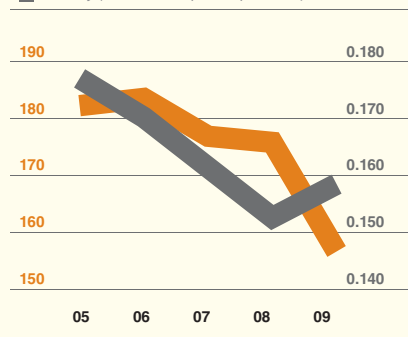


figure 6

*does not include mobile sources
Note: All tons reported are metric tons.

**EN20****Total NOx and SOx Emissions**

■ NOx (In tons)
■ SOx (In tons)

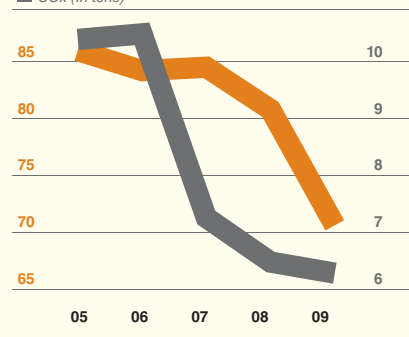


figure 7

In 2009 Nalco plants saved more than 69 million BTUs in energy through reduced electricity, steam and natural gas use due to lighting upgrades, air conditioning improvements, process changes and various equipment upgrades and replacements.

The Louisiana Department of Natural Resources (DNR) recognized Nalco with an Outstanding Stewardship Award for energy conservation at our Garyville plant. The award recognizes outstanding achievements in adopting energy efficiency measures that emphasize fiscally prudent and environmentally beneficial best management practices.

Our Ellwood City plant in Pennsylvania won a Governor's Award for Environmental Excellence for projects that included an engineering redesign of the cooling system for the plant's

most energy intensive process. The change reduces peak electrical usage by 375,000 kilowatt hours per year and saves 228.4 metric tons of greenhouse gas emissions annually, a two percent reduction in the facility's total greenhouse gas emissions.

We have expanded our energy use reporting this year as part of our adoption of GRI standards. In addition to our past reporting of total energy use (see figure 5) we are also separately reporting indirect energy use from purchased power (see figure 4) and direct energy use from power produced on site (see figure 3).

Air

In 2009 we joined a group of 2,500 organizations in 60 countries to disclose our greenhouse gas information to the Carbon Disclo-

sure Project (CDP). The CDP is a non-profit group that collects climate change information on behalf of 534 institutional investors and some 60 purchasing organizations. More information is available at the CDP website: www.cdproject.net.

Our air emission reporting has also changed due to our adoption of the GRI. Previously we used methodology from the American Chemistry Council to calculate our greenhouse gas emissions. Under GRI reporting the energy consumed at the power plants that provide electricity to our locations is reported by the power plants, not end customers like Nalco.

Nalco's greenhouse gas emissions were down sharply in 2009 but, as with our energy reduction, sharply lower production due to the economic slowdown was part of the reason for an 11.1 percent drop from the previous year (see figure 6).



EN22
Total Waste
(In tons)

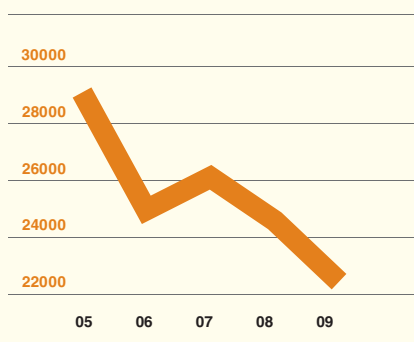


figure 8

Our expanded air reporting includes reporting on our nitrogen oxide (NO_x) emissions – precursors of ground level ozone – and sulfur oxide (SO_x) emissions – which can cause acid rain (see figure 7). In 2009 NO_x emissions were down 12.8 percent from 2008 and SO_x emissions were down 3.1 percent from the previous year.

Waste Reduction

Global waste generation declined 8.9 percent in 2009 (see figure 8), in part due to decreased production but also due to waste reduction efforts at our facilities. Those efforts were part of the reason our Ellwood City plant won an award from the state of Pennsylvania. Since 2005 we have reduced waste by more than 23 percent.

Global Fines and Penalties

We track and report both the number and amount paid (in U.S. dollars) for safety, health and environmental fines and penalties across our global organization. This figure also includes penalties related to product registration violations and transportation incidents.

EN28	# of Incidents	Amount US\$
2005	5	\$5,577
2006	8	\$56,837
2007	13	\$145,430
2008	15	\$921,717
2009	3	\$23,000





economic sustainability



providing prosperity

Economic growth is an important component of sustainability. It provides the prosperity that not only rewards our shareholders but improves the quality of life for our employees, our customers and their employees, and our neighbors in the communities where we live and work.

In 2009, Nalco faced the challenge of how to succeed in a faltering global economy. The company introduced an initiative to drive internal efficiency in an effort to maximize sustained productivity gains.

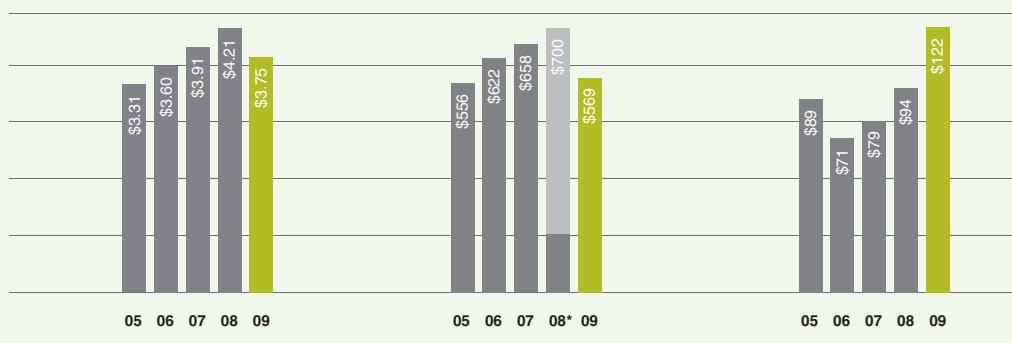
We aggressively engaged our nearly 12,000 employees in strengthening Nalco with our Get FIT program designed to identify ideas on how to improve operations. Rather than cutting salaries, employees had the opportunity to earn a Productivity Success Payment by meeting savings goals. The request for ideas yielded hundreds of employee suggestions identifying money-saving opportunities. In addition employee teams evaluated company operations and revised business processes, centralized supply chain planning and eliminated older technologies.



Net Sales
(Dollars in billions)

**Earnings Before Interest, Taxes,
Depreciation and Amortization**
(Dollars in millions)

Cost Productivity Savings
(Dollars in millions)



* Includes Goodwill Impairment Charge

Detailed financial results are available in our 2009 Annual Report.

The result was record savings with sustainable productivity gains of \$122 million...and added one-time cost savings of \$38 million. Employees were rewarded with an initial payment for success in the first half of the year and then a second payment for exceeding productivity targets for the full year. Achieving productivity savings is now a primary goal for our profit sharing plans. As we continue to become more efficient and enhance operations, we can help customers, communities and employees improve and sustain themselves.

These productivity savings allowed Nalco to continue to invest in future growth in spite of the economic crisis. Specifically, it provided the opportunity to target emerging

economies, especially Brazil, Russia, India and China (our BRIC+ strategy) as well as support new research facilities in Brazil and China and a new Asia/Pacific headquarters. Strong cash flow performance enabled Nalco to pay down \$190 million of long-term debt.

Stressed water sources in many of the BRIC+ countries make Nalco's ability to help growing industries increase water reuse and recycle rates both attractive and very necessary. Energy costs make solutions that reduce energy use and improve energy production valuable in these countries as well. The need to more effectively use resources brings improved environmental performance – such as reduced

water and energy consumption and lower greenhouse gas emissions – to the forefront as these countries seek economic success while improving environmental quality.

The services and technologies Nalco provides help save water and energy, improve air quality, enhance production efficiency and contribute meaningfully to the success of customers around the globe. For many customers, our contributions allow them to achieve sustainability by controlling operating costs and, not unlike our own situation, by making their customers more successful, positively impacting jobs, local businesses, and the communities they are involved with.



Stressed water sources in many of the BRIC+ countries make Nalco's ability to help growing industries increase water reuse and recycle rates both attractive and very necessary.



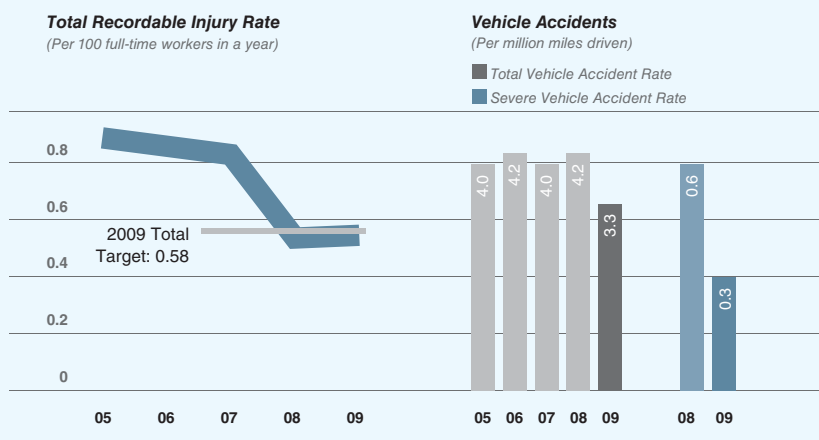
social sustainability

Photo by Eileen Lambert Courtesy Water for People



enhancing people's lives

Nalco realizes nothing is more important to sustainability than the safety of its employees, customers and communities. Our ongoing commitment to sustainability is and always will be a fundamental operating premise at Nalco. We are determined to make a difference and enhance the lives of people everywhere...always.



Safety

Safety remains a core value for our company – impacting employees, customers, suppliers and contractors. Nalco’s safety culture is based on the fundamental belief that all accidents are preventable and our goal is zero for all injuries, illnesses and incidents. We have a number of safety metrics, some designed to measure our progress toward zero and several leading measurements which identify trends that may put that progress at risk.

Several programs focus employee attention on operating safely both on and off the job. In 2009 we globally launched “Reaching Hearts and Minds...Making Safety Personal” to help employees go beyond policy and procedure to take ownership of their personal safety. The campaign

communicates tips and relates personal safety stories from employees on a variety of topics and highlights safety at customer sites, on the road and at home. Our Safety On Site (SOS) program is presented to all newly hired employees with a refresher every three years. “Behind the Wheel” training targets improved driving while annual risk assessment training stresses the importance of identifying, evaluating and mitigating potential job risks.

Our 2009 results demonstrate our emphasis on safety is having a positive impact. The number of recordable injuries remained flat, demonstrating that we held the gains from 2008’s impressive 35 percent reduction from the previous year. With a Total Recordable Injury Rate (TRIR) of 0.56 we achieved our target of a safety record on par with the top 25 per-

cent of companies in our industry. While the TRIR is an important metric, the number that counts is that we had 31 fewer employee injuries in 2009. Other leading indicator metrics include “near miss” reporting, safety champion network activity, and safety training completion and Nalco Compliance and Assessment Process (NCAP) audit completion.

Globally our employees drive more than 170 million miles a year, making safe driving a key metric. We also exceeded our 2009 safe driving targets. The Total Vehicle Accident Rate (TVAR) – the number of accidents per million miles driven – dropped 21 percent to 3.3, below our target of 3.7.

We achieved a 50 percent improvement in our Severe Vehicle Accident Rate (SVAR), 0.3 in 2009. While the number of severe vehicle accidents

account for only eight percent of total vehicle accidents, we recorded four fewer severe accidents in 2009. The SVAR metric has heightened awareness and, combined with training, is shaping safer driving habits companywide.

We will not compromise on safety and extend this commitment to the safety of our customers' employees. Our programs and services such as PORTA-FEED® chemical handling system and our automation programs translate into less chemical handling by operators. We are committed to having customers for life...and putting their safety first has always been key at Nalco.

Operating safely and protecting customers helps provide for the safety of the communities in which we operate. In addition, Nalco employees and the Company always strive to help our neighbors and communities.

Community

Water and water-related issues are of particular importance for Nalco and our employees. In recent years the strongest proof of our water focus has come from support for Water For People (WFP), a non-profit international development organization helping people in developing countries improve their quality of life through locally sustainable drinking water resources, sanitation facilities, and health and hygiene education programs. In 2009 the Nalco Foun-

dation provided a \$100,000 grant to support a school-based water, sanitation and hygiene program in India.

Employees raised an additional \$14,000 at a fundraising barbeque at our Naperville headquarters. Nalco has also provided administrative and technical expertise to directly impact the effectiveness of WFP's efforts, and executive Mary Kay Kaufmann volunteers on WFP's board of directors.

Rob Henderson became Nalco's first World Water Corps volunteer, sharing his water skills and experience supporting various WFP programs in rural villages and suburban areas of Bolivia. Employees have been so energized by Rob's story the company has formed the Nalco Water Corps to provide more volunteer opportunities.

A record-breaking drought in southeast Australia was followed by bush fires that left two million acres reduced to ash. Employee donations to the Red Cross were matched by the company, raising AUD\$16,000. Nalco employees also worked with local authorities replacing water treatment plants damaged in the fires.

Employees in the U.S. and Canada looked to the needs of local communities by supporting the annual United Way campaign, pledging more than \$125,000. The Nalco Foundation made a \$100,000 grant.

World Water Corps volunteers review a local water system in Bolivia

The annual Juvenile Diabetes Research Foundation fundraising walk in Chicago raised more than \$53,000 and a bicycle team in Texas collected nearly \$10,000 to fight multiple sclerosis. Nalco researchers sparked new interest in technical careers through "Science Is Fun" demonstrations for thousands of third grade students.

In addition to these great causes, Nalco employees lend a helping hand every year by raising money, food and clothing for those in need, donating blood, coordinating local holiday toy drives, and participating in numerous community projects, enhancing lives worldwide.



Nalco Safety, Health, Environment and Sustainability Principles

Nalco manages its global operations with concern for the health and safety of individuals, the environment and with a commitment to global sustainable development. We operate by the following principles:

- Develop environmentally sustainable and safe solutions—through our products, processes and technology—that bring value and confidence to our customers, employees, shareholders, communities and our business.
- Strive for continual improvement of personnel safety and health and the protection of the environment with the goal of zero injuries, illnesses, incidents, waste generation and emissions.
- Protect the environment by increasing the efficient use of non-renewable natural resources, eliminating waste and minimizing the volume and impact of emissions to air, water and land.
- Conduct business in a safe, secure and environmentally sound manner, consistent with Responsible Care, the chemical industry's commitment to ensuring a chemical product's safe evolution from concept through customer use, to disposal, recycle or reuse.
- Operate our facilities in a secure, resource-efficient manner, identifying and mitigating process safety risks while protecting the environment and the health and safety of our employees, contractors and the communities in which we operate.
- Comply with applicable laws and regulations and apply responsible standards where laws and regulations do not exist.
- Train all employees to work safely, preventing injuries to themselves and others, avoiding damage to property and protecting the public interest.
- Ensure auditable systems and processes are in place to implement these principles and to communicate openly about environment, health and safety issues.
- Support of these principles at all levels of management and by all employees.

Principles of the United Nations Global Compact

Nalco supports the 10 principles of the United Nations Global Compact. We intend to advance these principles within our sphere of influence. We are committed to making the Global Compact and its principles part of our company's strategy, culture and day-to-day operations. We will also engage in collaborative projects which advance the broader development goals of the United Nations, particularly the Millennium Development Goals.

Human rights

Principle 1 – Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2 – make sure that they are not complicit in human rights abuses.

Labor

Principle 3 – Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4 – the elimination of all forms of forced and compulsory labor;

Principle 5 – the effective abolition of child labor; and

Principle 6 – the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7 – Businesses are asked to support a precautionary approach to environmental challenges;

Principle 8 – undertake initiatives to promote greater environmental responsibility; and

Principle 9 – encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10 – Businesses should work against corruption in all its forms, including extortion and bribery.

Sustainable Solutions



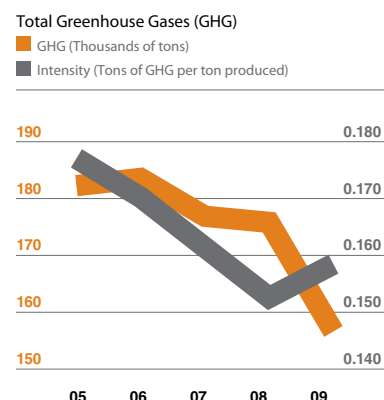
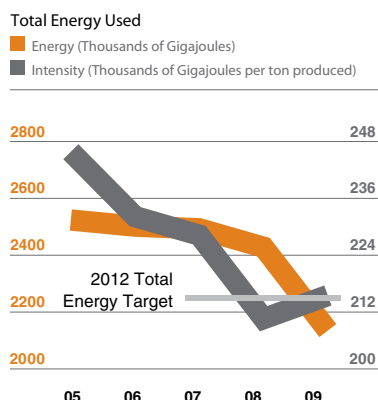
Reducing **water** use in boilers, cooling towers and industrial processes, cleaning wastewater before discharge and increasing water reuse and recycling



Improving **energy** efficiency and oil and gas production and refining



Cutting **air** emissions of NO_x, SO_x, greenhouse gases, mercury and particulates

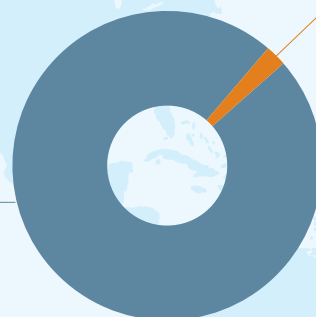


3D TRASAR Technology Saves Water

This one Nalco technology saves customers more than 40 times as much water as Nalco uses in its global operations.

Water Saved By Customers
757.2 million cubic meters

Water Used By Nalco
17.7 million cubic meters



2006 – 2009

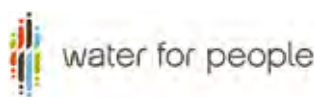
From our leadership, a clear focus

“Every day nearly 12,000 Nalco people wake up focused on helping our customers use less water, be more energy efficient, get more oil and gas out of the ground in an environmentally sustainable way and reduce air emissions.”

– J. Erik Fyrwald Chairman, President and CEO



Advancing water sustainability policies and practices worldwide



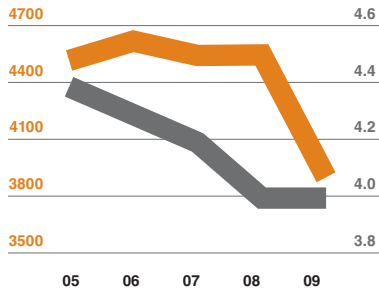
Supporting locally sustainable drinking water, sanitation and education



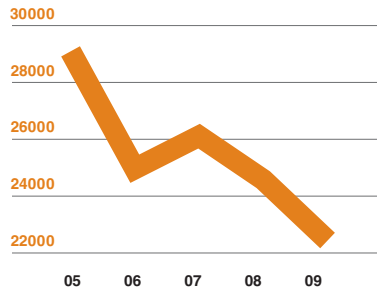
Dow Jones Sustainability World Index for a second straight year

Water

■ Water used (Thousands of cubic meters)
■ Intensity (Cubic meters per ton produced)



Total Waste (In tons)



Reducing our
environmental
footprint,
operating
safely

Using 3D TRASAR for Cooling Water saves one billion gallons of fresh water a year at Dow Chemical's massive Freeport, Texas production site. That's enough water to supply nearly 40,000 people in the U.S. for one year.



Nalco Company is the world's leading water treatment and process improvement company. Our essential expertise in water, energy and air helps our customers reduce energy, water and other natural resource consumption and minimize environmental releases while boosting their bottom line. Through our sales, service, research and marketing team of more than 7,000 technically trained professionals, we serve nearly 50,000 customer locations in more than 150 countries.

Fawley Plant, UK

Royal Society for the Prevention of Accidents' Presidents achievement award

Garyville, Louisiana

won energy conservation award from Louisiana Department of Natural Resources

Ellwood City, Pennsylvania

won a second straight Pennsylvania Governor's Award for Environmental Excellence

Sugar Land, Texas

recertified to "Star" status in OSHA Voluntary Protection Program

Nalco Indonesia

won a Gold Award from Indonesia Responsible Care National Committee

World Wildlife Fund



Jointly developing best practices to protect and conserve water

Committed to human rights, labor, environment and anti-corruption



Top 100 in *Newsweek* magazine's first Green Rankings

Global Reporting Initiative (GRI) Content Index

	Description	Reference	Page	Further information
1	Strategy and Analysis			
1.1	Statement from most senior decision-maker	Letter from our Chairman	1	
2	Organizational Profile			
2.1	Name of organization	About Nalco	IFC	
2.2	Primary brands, products/services	About Nalco	IFC	
2.3	Operational structure	N/A		See 2009 Nalco Annual Report
2.4	Location of organization's headquarters	Nalco Company Locations		Back cover
2.5	Number of countries of operation	About Nalco	IFC	
2.6	Nature of ownership and legal form	About Nalco	IFC	www.nalco.com/investors
2.7	Markets served	About Nalco	IFC	See 2009 Nalco Annual Report
2.8	Scale of organization	About Nalco	IFC	See 2009 Nalco Annual Report
2.9	Significant changes in ownership	N/A		
2.10	Awards received	2009 Highlights	4	
3	Report Parameters			
3.1	Reporting period	Scope of Report	IBC	
3.2	Date of most recent report	Scope of Report	IBC	
3.3	Reporting cycle	Scope of Report	IBC	
3.4	Contact point for questions	Contacts	IBC	
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EN16	Total greenhouse gases	Environmental Sustainability	14	
EN20	NO _x and SO _x emissions	Environmental Sustainability	14	
EN21*	Total water discharge	Environmental Sustainability	12	
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EN28	Fines and Penalties	Environmental Sustainability	15	
LA	Labor Practices and Decent Work			
LA7	Rates of Injury	Social Sustainability	22	TRIR and Vehicle Accident reporting

*Partially covered in report. IFC – inside front cover IBC – inside back cover

Vision

Our goal is to earn customers for life and enhance the lives of our employees while protecting the planet.

Mission

Our mission is to lead the industry in creating value for customers and Nalco through differentiated services and technologies that save water and energy, enhance production and improve air quality while reducing total costs of operation.

Values

What We Value

Safety
Integrity
Expertise
Innovation
Collaboration
Accountability

What it means at Nalco

Make safety personal, with a goal of zero injuries
There is no right way to do something that is wrong
Always learning, always leading in sustainable solutions
Motivated to go beyond the status quo
Bring the best of Nalco everywhere, every time
Make it happen now, make it last

Scope of report

Nalco has published an annual Safety Health and Environment report since 2004. This expanded Corporate Sustainability Report covers our operations in calendar year 2009. It includes additional information under the Global Reporting Initiative (GRI) G3 Sustainability Guidelines. Environmental and Sustainability results are reported for all facilities that are under the control or significant influence of Nalco. It excludes third party warehouses, district sales offices, stock points and offices for joint venture companies including Nalco Mobotec and TIORCO, Inc. Our Health and Safety results include all Nalco employees including these joint ventures and subsidiaries operated by Nalco.

Contacts

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www.nalco.com

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