

Sustainability Report 2012

ECOLAB®

Everywhere It Matters.™

Preserving a sustainable balance between people and natural resources is critical, especially as a growing population places increasing strain on the world’s limited supply of energy, food and clean water. The call to do more with less has never been clearer. Our ability to respond has never been stronger. Our 41,000 employees are united around the challenge of delivering the innovative solutions that help our customers succeed, while protecting people and vital resources, Everywhere It Matters.™

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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.



Using Unlimited Resourcefulness to Provide and Protect What's Vital

Imagine a world where water is clean and available to all who need it. People can safely eat and drink, everywhere. Energy is abundant and used efficiently. The spread of disease is minimized.

At Ecolab, we're using our unmatched expertise, solutions and technology to tackle the most challenging issues facing our world today.



CLEAN
WATER

We help our customers make wise use of water through improved efficiency, recycling and reuse.



SAFE
FOOD

We prevent cross-contamination in food and beverage processing, retail and foodservice environments to help keep food and drinks safe.



ABUNDANT
ENERGY

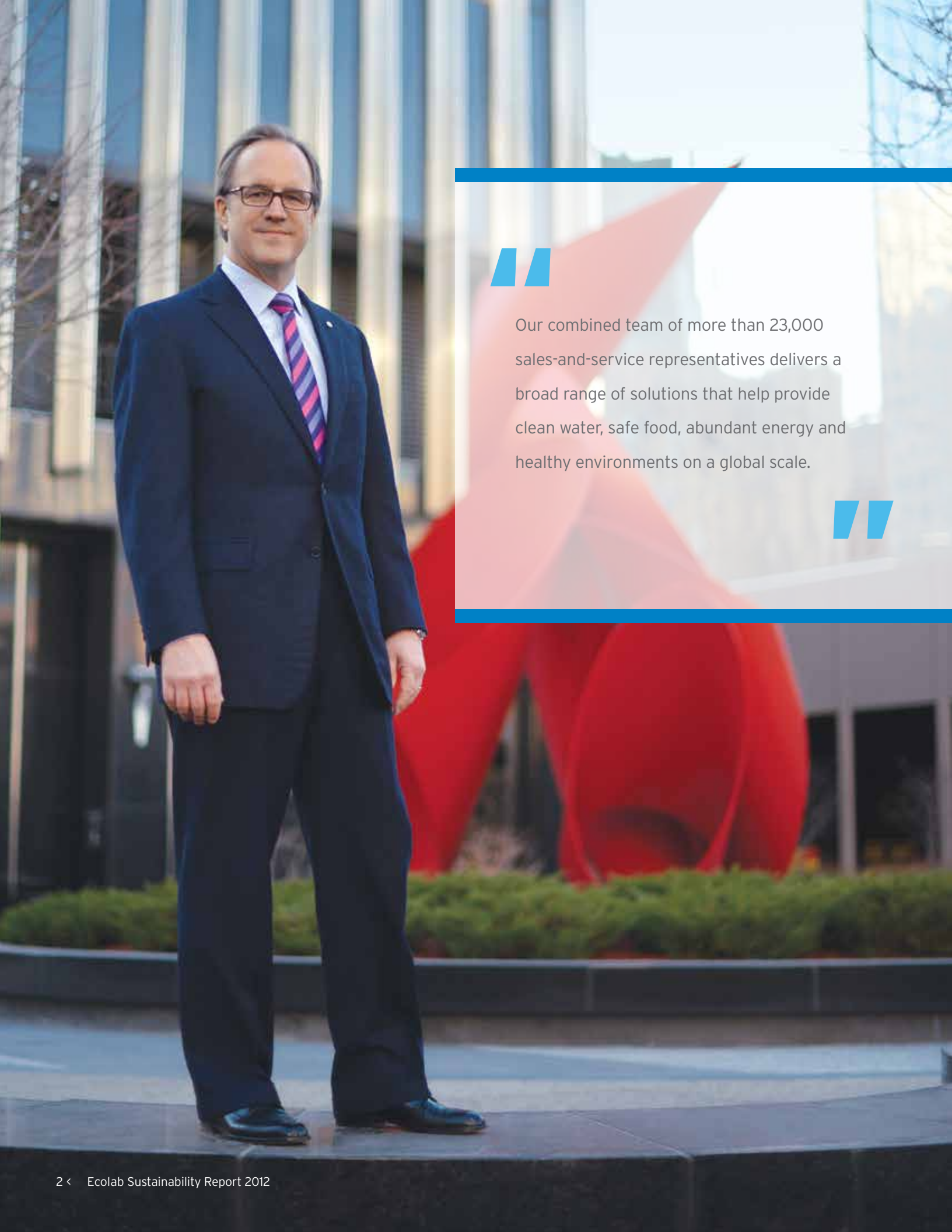
We help energy companies extract more energy using fewer resources, and provide our other customers with products and services that minimize energy use.



HEALTHY
ENVIRONMENTS

We develop solutions that reduce the spread of disease and infection across a variety of settings.

Protecting people and vital resources is core to our purpose. And our efforts are making the world cleaner, safer and healthier.



Our combined team of more than 23,000 sales-and-service representatives delivers a broad range of solutions that help provide clean water, safe food, abundant energy and healthy environments on a global scale.



A Message from Our Chairman

Protecting people and vital resources is core to our purpose at Ecolab. More than just our vision for the future, we deliver results today that make the world cleaner, safer and healthier. As the global leader in water, hygiene and energy technologies and services, we help our customers meet their sustainability goals at more than one million locations around the world.

In 2012, we strengthened our ability to serve our customers and society by completing our integration with Nalco, the leader in industrial water and energy solutions. Our combined team of more than 23,000 sales-and-service representatives delivers a broad range of solutions that help provide clean water, safe food, abundant energy and healthy environments on a global scale.

While we take the improved efficiency of our internal operations very seriously, we know our greatest impact is external. Our own environmental footprint is small in comparison to the exponential savings our solutions achieve for our customers. As an example, a 1 percent water savings for customers in just five of our North American business segments is 768 times more than a 1 percent water savings in our own North American operations.

As a result, our sustainability strategy remains squarely focused on the innovation, service and results we provide our customers. Our approach is called Total Impact, and it means that we take a holistic view of the environmental, economic and social impact of our offerings. We consider how each solution increases efficiency, minimizes use of natural resources and improves safety – from sourcing, to manufacturing, to use and through disposal.

In 2012, we continued to offer our customers innovations that helped them do more with less, including:

- Launching Apex2™, our next generation warewashing program, which delivers superior cleaning results while reducing water and energy use for customers.
- Launching Aquanomic™, a laundry system that reduces water use by up to 40 percent and energy use by up to 50 percent.
- Introducing Nalco's 3D TRASAR technology to many Ecolab customers, a technology that combines chemistry, remote services and monitoring and control to help customers improve efficiency while reducing water and energy use.
- Reducing packaging waste and transportation costs for customers in additional industries by replacing liquid chemistries with solids.
- Employing Ecolab's peracetic acid chemistry in our Energy Services Division to remove iron and microorganisms from the water produced in shale gas recovery, allowing unconventional oil and gas producers to recycle process water and reduce overall water use.

Ecolab has a particularly vital role to play in addressing the world's water scarcity challenges, as we support many of the most water-intensive industries on the planet. We were named the 2012 Water Technology Company of the Year by Global Water Intelligence, and continue to expand our portfolio of solutions that help customers improve water quality and reduce water use.

We also are working to establish new standards for comprehensive water resource management through our partnership with the Alliance for Water Stewardship (AWS). Last year, we committed to road testing with our customers the new AWS International Water Stewardship Standard, which provides water management guidance to businesses within their operations and watersheds.

Although our primary focus is with our customers, we strive to walk our talk within our own facilities and operations. To that end, we have set new goals to reduce energy, emissions, water, waste and wastewater over the next five years. Our updated environmental goals build upon the success both legacy companies had achieved toward their previous goals.

We are equally committed to transparency in reporting our internal sustainability performance. Ecolab was included on the Dow Jones Sustainability Index for the first time in 2012, and we were again recognized by the Carbon Disclosure Project's Climate Disclosure Leadership Index and as one of the world's most ethical companies by the Ethisphere Institute. You can find more information about our internal sustainability performance in the Appendix of this report.

But Ecolab's operational data doesn't begin to tell the full story. Our true impact can only be understood through the sustainable business value we deliver to our customers, which is why you will see their stories highlighted in the pages that follow. I invite you to learn more about the impact we are having through our service to customers in communities around the world.

Sincerely,



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



Ecolab is the global leader in water, hygiene

19

📍 global technology centers

171

countries

Around the world, businesses in the food, healthcare, energy, hospitality and industrial markets choose Ecolab products and services to keep their environments clean and safe, operate efficiently and achieve sustainability goals. For 90 years, we've worked behind the scenes to keep food safe, prevent the spread of infection and protect vital resources. And today we're doing more than ever before.

41,000

employees

We serve customers in these industries:



Buildings and Facilities



Commercial Laundries



Food and Beverage Processing



Foodservice



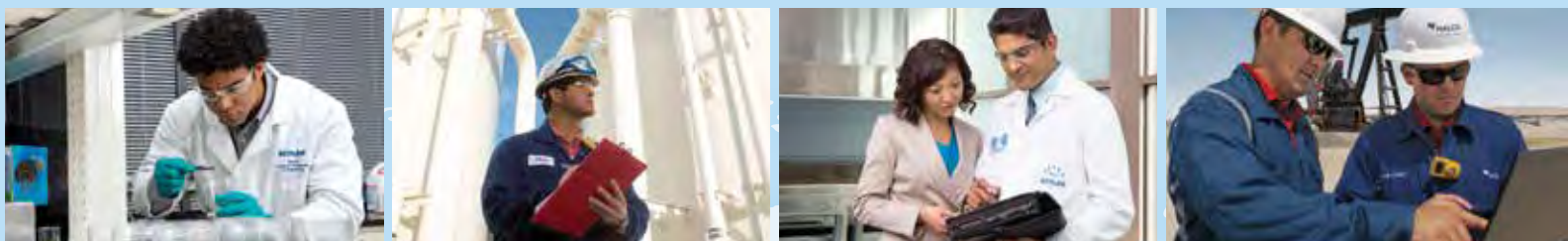
Healthcare



Hospitality



Manufacturing



ne and energy technologies and services.



\$12 billion

annual sales

5,300

patents

23,100

sales-and-service
representatives



Metal Producers



Mining and Mineral Processing



Oil, Gas and Chemicals



Power Generation



Pulp and Paper



Retail

Our Positive Impact Ambition

Long before “sustainability” was part of the corporate lexicon, we were developing solutions that increased efficiency and reduced environmental impacts. As early as the 1920s, we were designing sophisticated dispensers to reduce waste and deliver the optimal amount of chemistry.

As our expertise deepened and our product lines expanded, our approach to innovation also evolved to consider the full impact of our offerings, from cradle to grave. Does the product deliver the results that the customer is seeking? Minimize natural resource consumption? Improve safety? At Ecolab, we refer to this holistic view of the environmental, economic and social impact of a product – across its life cycle – as **Total Impact**.

Positive Impact.



Total Impact has driven our ability to help customers do more with less while realizing dramatic performance improvements and sustainability goals. But as the world evolves and the needs of people and the earth change, Total Impact is no longer enough. As a result, we are committed to expanding beyond increasing inside-the-fence efficiency to benefit society as a whole – what we at Ecolab call **Positive Impact**.



Personally Delivered.

Delivering Sustainable Business Value

At Ecolab, we earn customers for life through on-site service and innovative technologies, personally delivered. We bring unlimited resourcefulness to the challenge of limited resources – and achieve positive economic, social and environmental outcomes.

What further sets us apart is our commitment to measuring, verifying and communicating the sustainable results that we deliver to our customers. We call this process our **eROI** value approach.

eROI supports our Total Impact approach by credibly documenting resource savings across a comprehensive set of sustainability categories. By linking environmental and social metrics to cost savings, we demonstrate the triple-bottom-line benefits of sustainability, and help customers understand and track their own progress toward their internal goals.

eROI also helps to catalyze our internal research and development efforts by measuring our full impact across the industries that we serve and identifying new opportunities to increase the Positive Impact we have around the world.



We strive to create cleaner, safer and healthier operating environments for employees and customers.



We improve indoor and outdoor air quality by reducing air pollutants.



Our solutions conserve water and optimize water quality.



Our solutions help keep waste out of landfills.



Our solutions save energy by enabling more efficient operations, or help produce more energy by uncovering oil and gas reserves.



Our programs and services improve asset use and increase asset life.

For more information, visit www.ecolab.com/eROI.



Clean Water



CLEAN
WATER

Diminishing access to clean water supplies is one of the most serious risks facing the world today. We're proud to deliver solutions that improve water efficiency and quality, for the benefit of customers and communities worldwide.

Applying a Holistic Approach to Water Challenges

From Burbank to Bangkok, Houston to Hong Kong, water supplies demand our attention. In fact, the World Economic Forum Global Risk Report 2013 named water supply crises among the top four global risks for likelihood and greatest impact over the next 10 years.¹

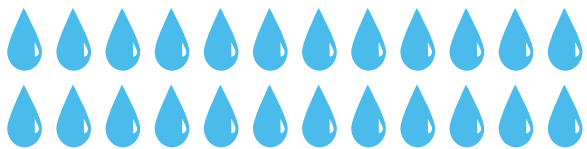
Ecolab is uniquely positioned to provide and protect clean water. Our more than 23,000 field representatives in more than 170 countries bring a holistic perspective to our customers' water challenges by evaluating water use across multiple applications and industries.

Our Global Water business is solving technical challenges encountered in pretreatment, boiler, cooling water, wastewater and process water operations across a variety of industries ranging from aerospace and mining to hospitality and power.

Developing Solutions for Complex Water Challenges

Drawing from more than 80 years of water expertise, our Global Energy segment also provides a broad range of chemistries and equipment solutions to support our customers' efforts to economically address water challenges. As the industry advances to extract new sources of oil and gas, we continue to develop innovative programs and services to ensure operators meet and exceed their water management goals.

For example, our patent pending peracetic acid treatment program removes iron and microorganisms from the water produced in shale gas recovery, allowing an unconventional oil and gas producer to recycle process water and reduce overall freshwater consumption. The application also promotes safety, prevents corrosion and increases asset life through the removal of sour gas.



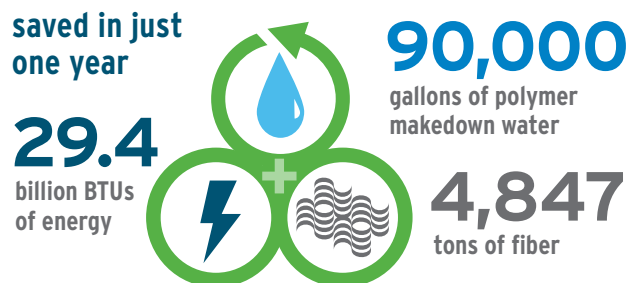
In 2012, we helped an unconventional gas producer save almost

80 million
gallons of water



Total Impact Results

In 2012, Nalco, an Ecolab company, was contacted by one of the world's leading paper manufacturers to help them improve the productivity of one of the company's underperforming paper mills. The mill needed an innovative solution to increase efficiency, while reducing fiber content, and water and energy use. The customer also needed to deliver an end product that met high standards for strength and quality.



We performed a thorough audit to help the customer identify the right solution and optimal dosage of chemistries to enhance production and improve sheet quality. METRIX® technology was selected because of its ability to increase paper strength and machine productivity, while reducing fiber, water and energy costs.

Ultimately, the customer achieved its productivity goals, while saving 90,000 gallons of polymer makedown water, 29.4 billion BTUs of energy and 4,847 tons of fiber in just one year.

¹ <http://reports.weforum.org/global-risks-2013/>. Accessed April 11, 2012.

Global water challenges require local solutions. Through innovation and collaboration with diverse stakeholders around the world, Ecolab provides and protects a resource that is truly vital to life.

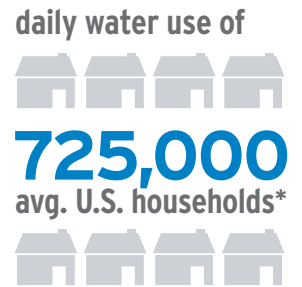
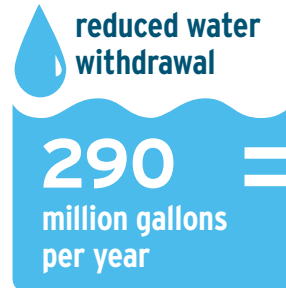
Conserving Water for Communities

In July 2012, citizens in the High Plains of the U.S. were experiencing some of the most extreme temperatures and drought conditions since record-keeping began in the 1930s. Serving the electricity needs of more than 352,000 Nebraskans, Omaha Public Power District (OPPD) saw demand peak dramatically in response to sizzling temperatures of 105° Fahrenheit (41° Celsius).



OPPD's Nebraska City generating station requires large quantities of clarified river water to generate electricity. At this critical time, problems with the station's raw water clarifiers threatened to limit the amount of power the plant could produce – power needed by local residents.

Working with Nalco, an Ecolab company, the engineering staff at OPPD used the 3D TRASAR Optimizer, a sophisticated computer model designed to predict mineral solubility and corrosivity, to determine that the plant could reduce the amount of water needed to run the plant without risking



*Source: http://epa.gov/watersense/our_water/water_use_today.html

equipment failures. The solution has been permanent: the plant can meet the region's needs during times of peak energy demand, and OPPD has reduced its withdrawal from the Missouri River by more than 290 million gallons per year, preserving the water for other beneficial uses.

Deploying Our Expertise in Communities of Need

In March 2011, the Nalco Foundation awarded Water for People a three-year grant of \$500,000 to fund water, sanitation and hygiene programs in West Bengal and Bihar, India. In 2012, our support helped to improve water access for 22,924 people and improve sanitation for 15,164 individuals throughout West Bengal and Sheohar. In addition, 25,170 students and teachers now have the benefits of water, sanitation and hygiene in their schools.



The hydrological cycle represents the cycle of water from its many uses on land to sky and back again. The balance of water on Earth remains relatively constant over time.



▲ Jim Gage with children from a village in Chikhwawa, Malawi

The World Water Corp® is the international volunteer arm of Water for People. Last year, Ecolab volunteers participated in missions to Bolivia, Guatemala, Malawi and Rwanda. The innovative program enlists skilled volunteers from around the world to help lessen the impact of the world's water and sanitation crisis.

“Complex problems require collaborative solutions. Malawi is teaching us that providing clean water and adequate sanitation requires the combined efforts of government, business and NGOs. If done well, results can be achieved that are economically, socially and environmentally sustainable.”

Jim Gage, Ecolab World Water Corp Volunteer

ALLIANCE FOR WATER STEWARDSHIP

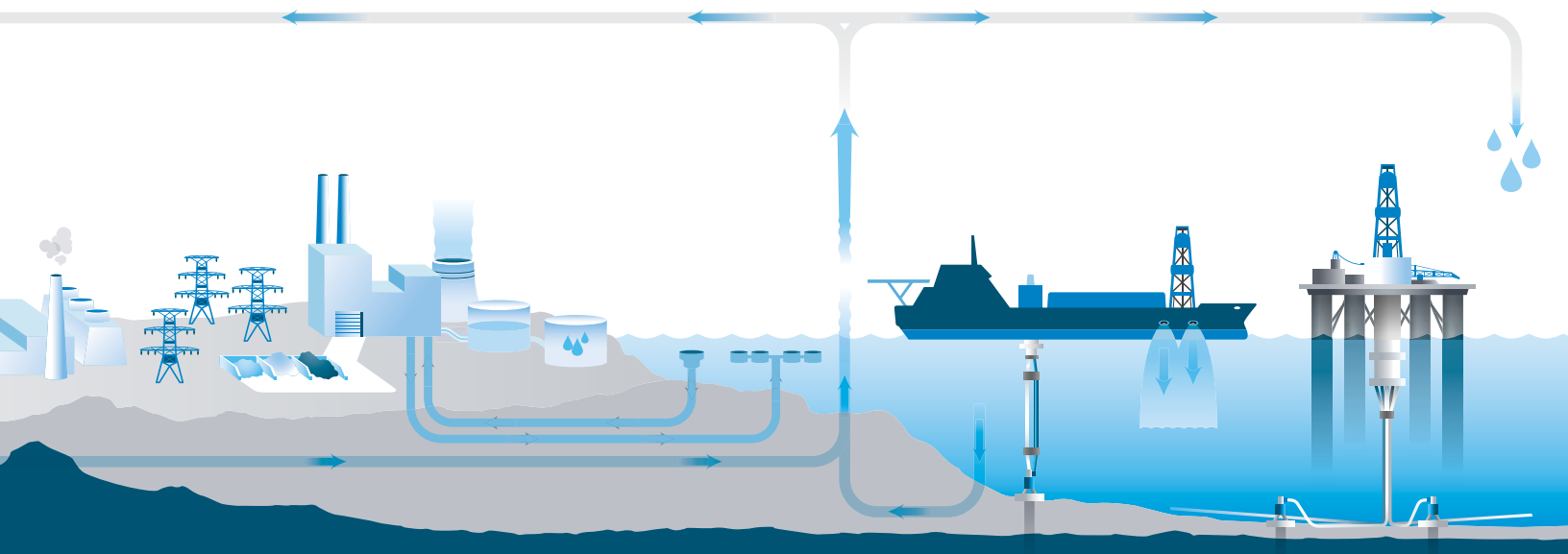
Building a Business Case for Water Stewardship

Through collaboration with nonprofits and nongovernmental organizations, Ecolab works to advance new solutions and standards and build awareness of the environmental impacts of industry. We have joined forces with the World Wildlife Fund and Alliance for Water Stewardship (AWS) to assist in the development of the AWS International Water Stewardship Standard.

The Standard encourages water use that is socially equitable, environmentally sustainable and economically beneficial. At a site level, organizations must adopt water management best practices within their direct range of influence. However, those organizations must also look beyond their property boundaries to engage with stakeholders in their water catchment.

Ecolab will field test the Standard with key customers in Suzhou, China, in 2013, and also has committed to developing an online Water Action Hub for diverse industry stakeholders to share best practices and solutions.

Learn more at www.allianceforwaterstewardship.org.



Industry is responsible for approximately 20 percent of all global freshwater withdrawal. Ecolab is proud to help reduce the water risks and impacts of diverse industries around the world.



SAFE
FOOD

Foodborne illness threatens the health of more than two billion people around the world every year. Ecolab promotes safe food by delivering solutions that help our customers provide consumers with safe food – and the confidence to eat and drink anything, everywhere.

Safe Food



Delivering Safe Food and Sustainable Results



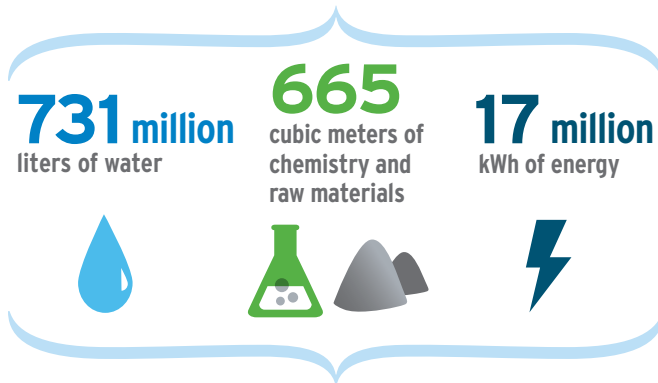
Global dairy company Arla Foods (Arla) is renowned for combining traditional craftsmanship with best-in-class technologies to deliver food to millions

of people around the world. With production facilities in 12 countries and product sales in more than 100 countries, Arla Foods is also committed to leading the industry in sustainability by improving efficiency and reducing waste throughout the company's supply chain.

We work in close partnership with Arla Foods to maintain the highest possible standards for food safety, sustainability and clean environments. Our holistic approach has helped to identify many opportunities to reduce environmental impacts and maximize efficiency within Arla Foods' operations.

We've helped Arla move from energy-intensive, high-temperature processes with many steps, to lower-temperature processes with fewer steps. Our sales-and-service representatives also work hard to optimize water consumption and reduce product waste as well as deliver the optimal amount of chemicals for cleaning processes, even when it means we deliver less product ourselves.

SAVED A TOTAL OF



With the aid of our solutions like Excelerate, CIP Diagnose and Cold disinfection, Arla Foods has reduced time, energy, water and waste. Together, we have identified metrics to measure the performance of our solutions, while also making progress toward Arla Foods' sustainability goals. With Ecolab's support in 2012, Arla saved a total of 731 million liters of water, 17 million kWh of energy, and 665 cubic meters of chemistry and raw materials. Together, we are helping to ensure a healthy, safe and sustainable food supply the world over.



Meeting the Needs of a Growing Population



ConAgra Foods' products can be found in 97 percent of U.S. homes. The company's success has been built on an uncompromising commitment to

producing the world's safest foods, and doing so in a way that is not just good for business, but also good for the community and planet.

The foundation of ConAgra Foods' food safety program is providing employees with the best possible training and tools, equipment and cleaning solutions. For more than 10 years, we have partnered with ConAgra Foods to achieve those goals through cleaning, water process services and pest elimination solutions. Our Total Impact approach includes ongoing training, testing and assessments at the plant level to ensure healthy, clean environments and safe foods throughout the supply chain.

In keeping with ConAgra Foods' commitment to environmental responsibility, Ecolab assessments have also identified a number of opportunities to measurably reduce waste and water and energy use. Our solutions help ConAgra Foods drive progress toward their sustainability goals, while meeting the needs of a growing population for safe food.

IDENTIFIED OPPORTUNITIES TO REDUCE



waste + water + energy use



Abundant Energy



The demand for energy worldwide is growing at an aggressive pace. Increasingly, companies must harness more energy while using fewer resources. At Ecolab, we're personally inspired to deliver solutions to this challenge.

Safely Solving Complex Energy Issues

In the simplest terms, we help customers within the global natural gas, petroleum and petrochemical industries solve their most technically complex problems safely. To preserve and enhance energy supplies, our Global Energy segment is:

- Developing strategies and applications to maximize oil and gas production.
- Offering scientific solutions to ensure efficient flow of oil and gas in production lines.
- Providing the chemical programs and automated systems that improve efficiency.
- Creating new methods to reduce water and save energy.

Maximizing Oil Recovery

Innovative oil and gas producers are looking for new ways to meet that increasing demand, while minimizing the industry's strain on natural resources. One of those ground-breaking producers is Ecopetrol S.A. (Ecopetrol).

In 2012, Ecopetrol was seeking a new solution to maximize the oil production from its Dina Cretáceos field while reducing the field water production. Discovered in Colombia's Upper Magdalena Valley Basin in 1969, the Dina field oil recovery factor reached 32 percent after many years of production. The field was also experiencing an average water cut of 94 percent – meaning that 94 percent of the fluid recovered during the process was water and not oil.



Tiorco, an Ecolab company, worked with Ecopetrol's engineers to evaluate a new solution: Colloidal Dispersion Gel (CDG) technology. The first pilot of the CDG technology in Colombia demonstrated impressive results, with oil recovery increasing by 300 percent and the water cut decreasing by 10 percent. Ecopetrol will continue to use CDG and other enhanced oil recovery (EOR) technologies to improve oil field production in the Upper Magdalena Valley Basin, with promising synergy for increasing the yield from other mature oil fields around the world.

CDG TECHNOLOGY

oil recovery
increasing **300%**

water cut
decreasing **10%**



Driving Product Stewardship in Unconventional Oil and Gas

In order to meet our growing global demand for energy, our well service customers are forced to access increasingly challenging oil and gas reservoirs. The same customers are working hard to reduce the human and environmental hazards associated with that process.

Nalco, an Ecolab company, has developed a tool to meet their needs by improving the hazard profiles of the chemicals used during oil and gas extraction. The tool is called eVerified.

eVerified The scoring process has three simple goals:



Today, well service companies use various processes to compare the hazard profiles of chemicals from different sources. eVerified is different because it highlights opportunities to reduce hazards during the initial product development phase. The tool enables our research and development team to show how new products compare to existing products and highlights opportunities to make improvements.

In 2012, we introduced nine chemical products using the eVerified process. We are committed to continuing to expand the use of eVerified to help our customers meet global energy needs in the safest and most sustainable way possible.



Healthy Environments



HEALTHY
ENVIRONMENTS

Germs and disease threaten every environment around the world. Ecolab delivers solutions that prevent infection and protect the places where we eat, sleep, work, play and heal.

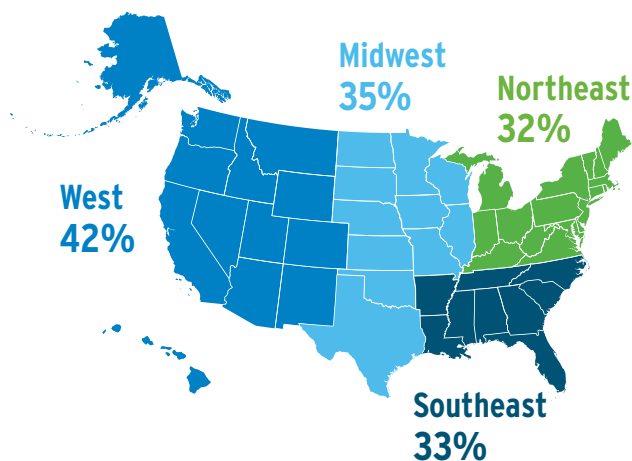
Unmatched Cleaning and Sanitizing Solutions

Ecolab's approach to creating healthy environments encompasses a broad range of cleaning and sanitizing solutions, as well as protocols, training and tools. Microbiologists, chemists, entomologists – supported by chemical, electrical, mechanical and packaging engineers – work with our customers to identify real-world needs and innovate to develop the right responses.

Fighting Healthcare-Acquired Infections

Nearly 100,000 people die in the U.S. each year from healthcare-acquired infections (HAIs) – more than the number of deaths from auto accidents and homicides combined. For many years, the healthcare environment was ignored as a vector for the transmission of HAIs; however, studies have shown that the environment plays a direct role in the transmission of infections.

Percentage improvement post-implementation of the EnCompass™ Environmental Hygiene Program



Our comprehensive approach to environmental cleaning includes training, tools, objective monitoring and real-time reporting to positively change staff behavior.

We worked closely with clinical experts to develop our EnCompass Environmental Hygiene Program. EnCompass provides healthcare facilities with a complete program designed to improve cleaning outcomes and help reduce the risk of infections through accurate dispensing, standardized procedures, training, objective measurement and real-time reporting.

Our patented DAZO™ Fluorescent Marking System and iPod™ application provides healthcare facilities with real-time data to drive continuous improvement in cleaning outcomes. Fluorescent gel applicators and UV lights are used to objectively measure the thoroughness of cleaning on critical surfaces. Customers receive customized benchmarking reports comparing their performance to organizations of similar sizes by region.

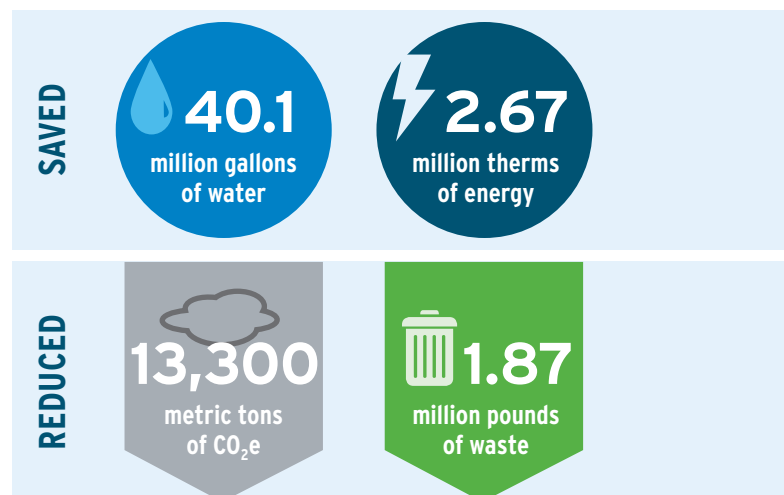
Sources: http://www.cdc.gov/HAI/pdfs/hai/Scott_CostPaper.pdf
<http://www.cdc.gov/HAI/burden.html>

Providing a Safe and Sustainable Environment for Guests

Our Global Institutional business offers comprehensive products and programs to meet the diverse needs of our customers – from restaurants, hotels and long-term care facilities to schools, commercial buildings and government facilities.

Our team delivers personalized service and offers a range of programs to help customers improve their operational efficiency, and guarantee their guests' safety and satisfaction. Our products and programs cover all areas of an operation and represent the industry's most complete set of customer solutions.

In the lodging industry, our goal is to help hoteliers deliver healthy, safe and sustainable environments for guests. For example, in 2012, we worked with a global hotel chain to implement environmental best practices and help them achieve their sustainability goals using a range of solutions that included Aquanomic, Apex and Oasis Pro. We measured the total environmental savings delivered through our solutions across more than 4,000 hotel locations around the world. The results included:



Our Principles Guide Our Progress

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. All of us on the Ecolab team, no matter what our role, are committed to these principles. Through auditable systems and open communications, we strive to continuously improve outcomes and build a bright future for generations to come.

- **ECONOMIC PROGRESS**

We work to achieve economic growth for our customers, employees, shareholders and communities.

- **ENVIRONMENTAL STEWARDSHIP**

We promote stewardship of natural resources and we protect the environment.

- **SAFETY**

We ensure safe and secure processes that protect our employees, contractors, customers and communities.

- **SOCIAL RESPONSIBILITY**

We enhance the well-being of individuals and communities.

Economic Progress

Delivering Strong and Sustainable Growth in 2012

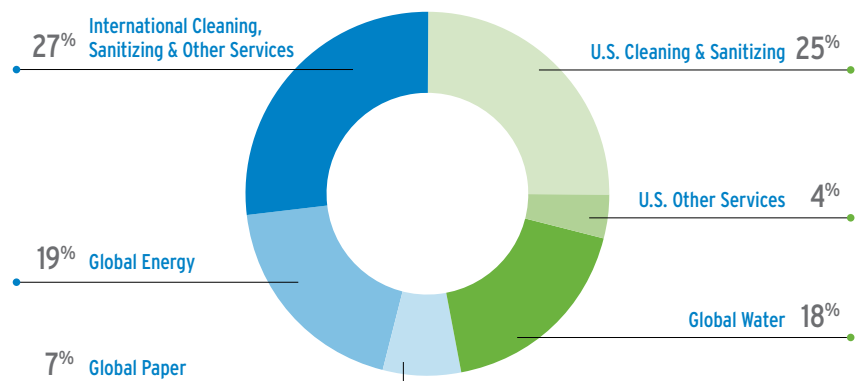
In 2012, Ecolab significantly outpaced continued mixed conditions in our end markets to achieve double-digit adjusted earnings growth. Through focused actions, we once again delivered outstanding results for our shareholders, while making key investments in growth drivers and sustainable solutions for the future. Our performance underscored the strength and long-term potential of our business, people and strategies.

In 2013, we will rely on the same strategies that have consistently delivered above-average growth for decades:

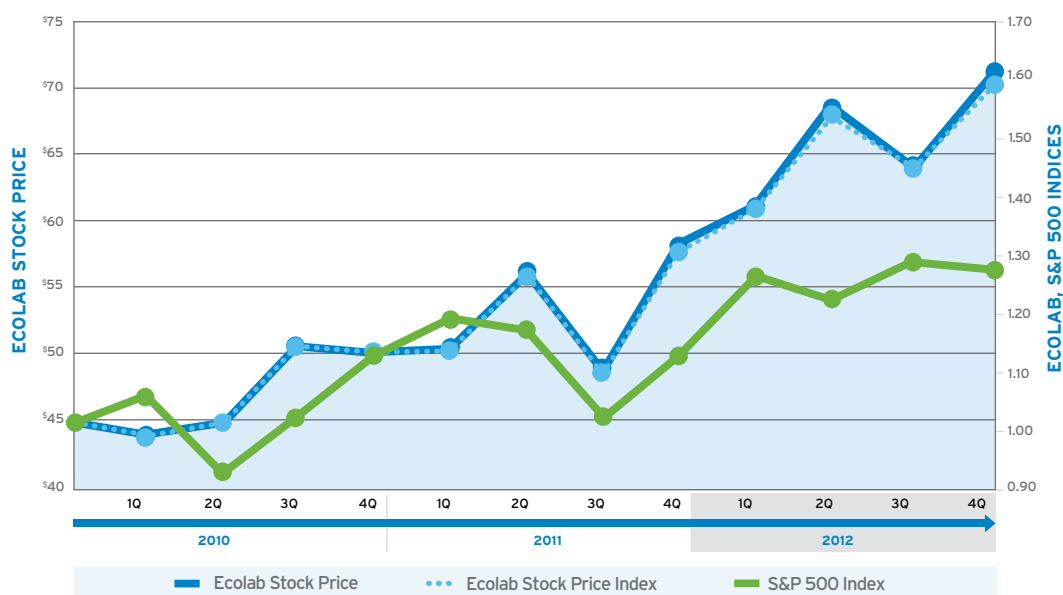
- Innovate to drive better, more efficient and more sustainable solutions.
- Build share with our largest global customers.
- Invest in building our business in high-growth global markets.
- Create new ways to do things more effectively and efficiently.
- Remain focused on improving cash flow and return on investment.
- Increase our focus on safety.
- Come together as one company under the "One Ecolab" banner.

BUSINESS MIX 2012

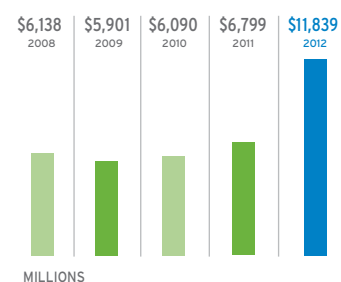
Percent of Total Sales



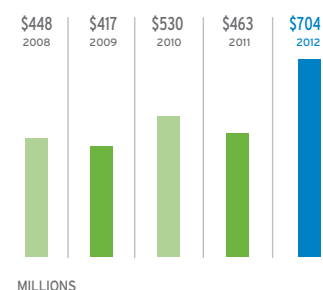
ECOLAB STOCK PERFORMANCE COMPARISON



NET SALES



NET INCOME ATTRIBUTABLE TO ECOLAB



SUMMARY

(Millions, except per share)

	2012	2011	2010	PERCENT CHANGE	
Net Sales	\$11,838.7	\$6,798.5	\$6,089.7	74 %	12 %
Net Income Attributable to Ecolab	703.6	462.5	530.3	52	(13)
Percent of Sales	5.9 %	6.8 %	8.7 %		
Diluted Net Income Attributable to Ecolab per Common Share	2.35	1.91	2.23	23	(14)
Adjusted Diluted Net Income Attributable to Ecolab per Common Share (non-GAAP measure)	2.98	2.54	2.23	17	14
Diluted Weighted-Average Common Shares Outstanding	298.9	242.1	237.6	23	2
Cash Dividends Declared per Common Share	0.8300	0.7250	0.6400	14	13
Cash Provided by Operating Activities	1,203.0	685.5	950.4	75	(28)
Capital Expenditures	574.5	341.7	260.5	68	31
Ecolab Shareholders' Equity	6,077.0	5,666.7	2,129.2	7	166
Return on Beginning Equity	12.2 %	21.7 %	26.5 %		
Total Debt	6,541.9	7,636.2	845.6	(14)	803
Total Debt to Capitalization	51.5 %	57.1 %	28.4 %		
Total Assets	\$17,572.3	\$18,184.7	\$4,872.2	(3)	273 %



\$183 million
investment in research
and development in 2012

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

Protecting Vital Resources

Ecolab promotes stewardship throughout our global operations by reducing our impact on the environment. We challenge the concept of waste by doing more with less and minimizing emissions to air, water and land.

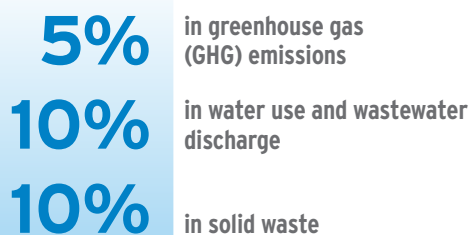


Our Leadership Commitment

Ecolab promotes environmental stewardship through the solutions we provide to our customers, as well as through our own efforts to reduce environmental impacts in our operations. To ensure we continue to reduce our own internal footprint, we have set new corporate environmental reduction targets for energy, emissions, water, waste and wastewater.

Using the combined company's 2012 metrics as an operational baseline, we have set a goal to achieve a 5 percent reduction in greenhouse gas (GHG) emissions, a 10 percent reduction in water use and wastewater discharge, and a 10 percent reduction in solid waste, measured by intensity per million dollars in sales.

5-YEAR REDUCTION GOALS



The updated environmental performance targets build upon the success both Ecolab and Nalco had achieved toward their previous environmental goals. Both firms were pacing ahead of targets at the end of 2011, when the two companies merged and concluded their legacy programs.

Specifically, Ecolab achieved a 22.4 percent intensity reduction in U.S. GHG emissions from the 2006 baseline, attaining 112 percent of the stated goal within the time frame.

ECOLAB ACHIEVED

22.4%

intensity reduction in U.S. GHG emissions from the 2006 baseline

Creating and Maintaining Value in Our Operations

We help customers conserve resources and achieve their own sustainability goals through our Create & Maintain Value (CMV), an innovative service model we employ to save water, energy and wastewater, and prolong equipment life. CMV helps Ecolab service engineers continuously improve plant operations by leveraging technology and industry expertise.

We have applied CMV at customer sites around the world with impressive results. Now we are working to introduce the program to all of our global facilities, concentrating first on the plants where we can have the most impact.

As our most water-intensive facility worldwide, our Clearing, Ill. plant was identified to implement a CMV project in 2012. The Clearing CMV project team focused on establishing best practices and metrics to drive efficiency.

In total, the project helped the Clearing plant save 1.5 million kWh of electricity, 33,634 million BTUs of natural gas and 59.3 million gallons of water in 2012, which equates to the daily water use of 148,000 U.S. households. Overall, CMV projects saved more than 70 million gallons of water across our facilities in 2012.



Integrating Sustainable Design into New Facilities

In 2012, we opened a new office and innovation hub in the city of Monheim am Rhein, Germany. The facility houses our European RD&E facility, as well as our local sales and marketing functions. In addition to showcasing innovation, the building features state-of-the-art sustainable design, including motion sensing LED lights, solar collectors for heating and cooling, and rainwater collection for flushing water closets.

The facility also features an underground ice reservoir for heating and air conditioning. With 1.6 million liters of capacity, the unit is the largest of its kind in the world. The heat pump taps energy sources such as air, solar and the Earth's natural warmth in the immediate vicinity of the reservoir. Heat generated in the building's application and IT server labs is collected and used for recharging the ice reservoir.

Overall, the system is expected to reduce the facility's energy draw by 50 percent and significantly reduce greenhouse gas emissions.

Enhancing Product Stewardship

As an industry leader, we consider the total impact of our solutions as we develop new innovations for customers. Using responsible ingredients, we develop products and practices that strive to effectively solve customer problems, protect the environment and promote human health.

Product formulation is an integral aspect of our research and development process. We work in close partnership with our suppliers to identify and use the most effective, sustainable and safest chemical ingredients.

In 2012, we applied for and received the Minnesota Pollution Control Green Chemistry grant to help fund a project to develop a line of high-performing hard surface products that minimize environmental impacts while optimizing human health and safety. Specifically, the project focused on integrating green chemistry principles into all-purpose cleaners, bathroom cleaners and glass cleaners.

The results included:

- Reduction in the use of nonrenewable materials of 502,000 pounds annually.
- Reduction in the use of volatile organic compounds by 295,000 pounds annually.
- Reduction in packaging waste of 49,900 pounds annually.
- Average improvement in bio-based percentage of the products from 22 percent to 83 percent.
- All products meet Green Seal (GS-37) standard for biodegradation, human and aquatic toxicity.



**REDUCTION IN THE USE OF
volatile organic compounds by
295,000
pounds annually**

Energy use will be
reduced by

50%

at our Monheim facility



▲ Ecolab office and innovation hub in Monheim am Rhein, Germany



▲ Solar panels



▲ Ice reservoir foundation

Safety Matters

We are working to embed world-class safety in our culture for the well-being of all employees. Safety is a core value and a business imperative for our company. In 2012, we made significant strides toward advancing systems, processes and programs to enhance safety across our enterprise.



Safety

Making Safety Personal

Our goals are simple: zero accidents, zero injuries and zero violations. This is a collective goal in which each and every employee must commit to, own and deliver on safety – 24 hours a day, seven days a week, 365 days a year. We're supporting employees with proven safety programs, processes and platforms to help them achieve those goals.

Our approach to safety communications is aimed at encouraging employees in the field, offices and plants to embrace safety as a personal issue. As part of those communications, we highlight different topics to encourage positive safety behaviors and awareness, and eliminate risks.



Training Safety Leaders

As we continue to invest in proven programs, processes and platforms globally, our safety culture development can only be sustained by strong safety leadership. It is important that we create a culture in which it is safe to be safe. To that end, we encourage all employees to speak out about unsafe practices, and our Safety Leadership training course encourages transparency at every level of our organization.

We also know that our leaders set the tone for our company. As a result, in 2012, 89 percent of the Global Management Team and Executive Committee leaders completed the Safety Leadership course. We also trained more than 1,000 middle managers. In addition, we are expanding our Safety Champions program across our global enterprise, with more than 300 Safety Champions trained last year. Safety Champions serve as leaders for monitoring and promoting safety at their respective locations.

Our safety organization is based on Global Centers of Excellence, including:

- Personnel Safety and Industrial Hygiene
- Compliance and Environmental
- Hazard Analysis and Incident Investigation
- Business Programs
- Safety Analytics and Operational Excellence



800
5,722

car chips installed
drivers in compliance with behind-
the-wheel training requirements



TOTAL VEHICLE ACCIDENT RATE (TVAR)

Nalco Global

2.1	2.3	3.3	4.2	4.0	▼ 2.3
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Ecolab U.S.

7.4	7.0	6.8	6.6	6.2	▲ 6.5
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Ecolab N.A.

N/A	N/A	N/A	N/A	6.3	▲ 6.5
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2007 2008 2009 2010 2011 2012

Focus on Driver Safety

We know our employees in the field face unique risks; as a result, we encourage safe habits through training designed to improve skills and minimize risk. We promoted driver safety through the following programs in 2012:

- Ecolab North America divisions reached a behind-the-wheel driver training rate of 96 percent. We trained 1,565 drivers, more than any prior year.
- Our Water and Process Services and Energy Services divisions attained 100 percent behind-the-wheel driver training, with 2,393 drivers trained.
- Overall, we have 5,722 drivers in compliance with behind-the-wheel training requirements, based on our three-year training cycle.
- 800 car chips were installed to provide immediate, audible feedback to drivers, as well as data for managers to coach employees about improving safe driving behaviors.



Understanding Our Performance and Eliminating Risks

In 2012, we increased our internal safety transparency through the continued refinement of our Global Safety Dashboard, which tracks our performance on a range of leading and lagging indicators. We include the industry measures Total Recordable Injury Rate (TRIR) and the Total Vehicle Accident Rate (TVAR) among our key lagging indicators for workplace safety.

A key component of reducing injuries is identifying risks and reporting near-miss incidents. Near-miss reporting remains strong across our business with 18,394 incidents submitted in 2012. Near-miss reporting increases awareness of potential hazards and helps to prevent accidents within both customer and manufacturing sites. We also completed 223 safety audits in 2012, exceeding our goal. In 2013, we will continue to identify and eliminate risks to help our global enterprise on the road to zero.



safety audits
completed

TOTAL RECORDABLE INJURY RATE (TRIR)

Nalco Global

0.85	0.55	0.56	0.57	0.43	▲ 0.58
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Ecolab N.A.

4.80	4.95	5.17	4.78	4.35	▼ 3.52
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2007 2008 2009 2010 2011 2012

→ Since its inception in 1986, the Ecolab Foundation has contributed more than **\$67.7 million** to the community.

→ Ecolab employees raised a record-setting **\$1.4 million** during our 2012 Community Giving campaign.



Ecolab team volunteers at a food shelf

Social Responsibility

At Ecolab, we believe that focusing simultaneously on economic, environmental and social performance is good for society and good for business. Ecolab promotes the well-being of our employees, customers and shareholders by contributing to the quality of life in the communities in which we operate, supporting organizations and programs that strengthen and enrich these communities.

Our Commitment to Giving Back

Our Community Giving Program focuses in the areas of youth and education, civic and community development, arts and culture, and environment and conservation. Where possible, contributions are supported by Ecolab employee involvement to maximize the positive impact we deliver to the community.

Supporting the Communities Where We Live and Work

We have Community Relations Councils (CRCs) in many of our U.S. facilities to support the community needs and employee volunteer efforts in the locations where we operate. In 2012, CRC committees made grants totaling \$500,000 to 501(c)(3) nonprofit organizations eligible under Ecolab Foundation guidelines in our focus areas of giving.

Rewarding Creativity in the Classroom

Each spring, we offer a national teacher grant program called "Visions for Learning," which provides up to a \$3,000 grant per teacher for curriculum-based classroom materials. In 2012, we supported 500 classrooms in 234 schools across the U. S. with a total of \$710,000 in grants.

SHARING OUR TIME AND TALENTS



▲ Ecolab employees volunteer with Habitat for Humanity



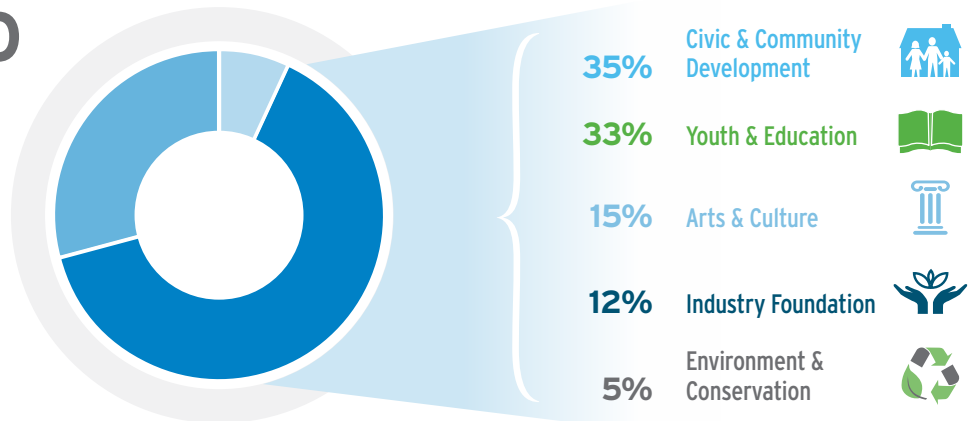
25,000 = \$556,000

hours volunteered

value to our communities*

nonprofit partners across the U.S. and globally

*according to the Independent Sector

\$8,000,000**\$5,081,676**
Ecolab Foundation**\$2,360,303**
InKind/Volunteer Hours/
Disaster Relief**\$558,021**
Corporate Giving

Launching Our Team Volunteer Grant Program

In 2012, Ecolab Community Relations launched a Team Volunteer Grant Program to encourage volunteerism in conjunction with providing grants to select U.S. nonprofit partners: Feeding America food bank affiliates, Dress for Success and Habitat for Humanity. This new program bolsters our long-standing partnership with these organizations in cities around the U.S. where we have major locations. In its inaugural year, the program involved more than 900 volunteers for close to 6,000 hours, a \$132,840 value* to the communities of participation in California, Florida, Indiana, Illinois, North Carolina, North Dakota and Texas.

*according to the Independent Sector

Doubling Donation Dollars

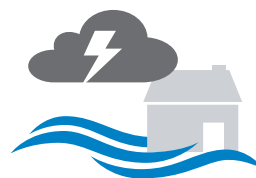
Our gift-matching program doubles the impact of the dollars our employees and retirees donate to qualifying U.S. nonprofit organizations. Over the past five years, these organizations have received over \$880,000 from the Ecolab Foundation to help support and strengthen our communities.

Engaging Our Employees in Community Giving

Our employees raised a record-setting \$1.4 million during our 2012 community giving campaign, *I care. I give. It matters.* With the addition of the Ecolab Foundation match, our support totaled over \$2.1 million benefiting local United Ways around the U.S., Global Impact, Ecolab's Health & Wellness partners, as well as employee-designated qualifying nonprofit organizations.

Helping Those Affected by Disaster

We donated \$1,720,000 in product for disaster relief in 2012, including more than \$540,000 of product to help with the clean up from Superstorm Sandy.

**\$1,720,000**donated in product for disaster relief
including more than**\$540,000**for clean up from
Superstorm Sandy

▲ An Ecolab employee volunteers in a Visions for Learning grantee classroom (photo courtesy of Rachel M. Grindahl)



▲ Ecolab volunteers gather the end-of-season harvest from the Ecolab Giving Garden in Eagan, Minn.



▲ Employees in Joliet, Ill. prepare to ship disaster relief donations

Nalco, an Ecolab company, was named the

→ 2012 Water Technology Company of the Year

by Global Water Intelligence for contributions to the field of water technology. Noted efforts included 3D TRASAR technology and Nalco 360 ServiceSM, both of which reduce water and energy usage. 3D TRASAR has saved customers more than two trillion liters of water since its launch.*



Award recipients Dr. Mani Ramesh and Dr. N.M. Rao, with Dr. Craig Venter

Awards and Recognition

Ecolab is proud to be recognized for our industry-leading solutions, service, innovation and commitment to sustainability.

- In 2012, the Ethisphere Institute named Ecolab one of the **World's Most Ethical Companies** for the sixth consecutive year. Evaluated on our best practices in business ethics, corporate social responsibility, anti-corruption and sustainability, we are proud to once again be included in this distinguished list of companies.
- For the third consecutive year, Ecolab was named to the **Carbon Disclosure Project (CDP) S&P 500 Carbon Disclosure Leadership Index (CDLI)**. The CDLI highlights companies that have demonstrated a commitment to strategy, governance, stakeholder communications and transparency in their reporting practices.
- Ecolab was named to the **Dow Jones Sustainability (DJSI) World Index**, a list of the world's leading sustainability companies, and the **DJSI North America Index**. The DJSI World Index captures the top 10 percent of the world's 2,500 largest companies based on economic, environmental and social criteria. The North America Index captures the top 20 percent of the 600 largest companies in the United States and Canada.
- Ecolab was named to **Forbes magazine's list of "The World's Most Innovative Companies"** for the second consecutive year.
- Ecolab was awarded the **2012 Institute of Food Technology Innovation Award** for our residual antimicrobial coating program. This innovative product aims to improve food safety in food and beverage processors by preventing, controlling and eliminating the growth of microorganisms like E. coli and salmonella.
- Ecolab received the **NAFA Fleet Management Association 2012 Sustainable Fleet Award** for efforts to remake our U.S. vehicle fleet.
- The National Restaurant Association presented Ecolab with two **2012 Kitchen Innovation Awards** for our Active View HDI technology and STEALTH Fly Station.

*Source: <http://www.nalco.com/news-and-events/5665.htm>

Our 2012 Sustainability Report again follows the guidelines of the Global Reporting Initiative's G3.1 framework, in order to provide insight into our economic, environmental and social performance. Additional information about our performance can be found in the online appendix of our report at www.ecolab.com/csr.

Following last year's integration, Ecolab is proud to be reporting global environmental data for the first time as one company. We have increased the number of GRI indicators we report on in this year's report. We implemented many new data management collection processes in 2012, and our GRI data now reflects 100 percent of our fixed facilities. While the integration of data management processes is still underway, we have made significant strides toward increasing the breadth of our disclosure.

In keeping with our commitment to transparency, Ecolab also responds to the Dow Jones Sustainability Index RobecoSAM Sustainability Assessment, and the Carbon Disclosure Project's Carbon, Water and Supply Chain surveys. In addition, we joined the United Nations Global Compact and CEO Water Mandate in 2012, and will file an annual Communication on Progress as part of those commitments.

Materiality

Ecolab engages a broad range of internal and external stakeholders in developing our sustainability strategy and evaluating material risks and opportunities for our company. In 2012, we began the process of formally conducting a sustainability materiality assessment. This process builds on the risks and opportunities assessment that has been conducted under the direction of our Board of Directors for many years. We will publish our sustainability materiality matrix in our 2013 Sustainability Report.

Global Harmonized System

Ecolab supports measures that ensure people are not exposed to hazardous industrial chemicals and build confidence in the safety of cleaning products. We are in the process of relabeling our products to meet the requirements of the United Nations Globally Harmonized System of Classification and Labelling of Chemicals (GHS), which is a global classification system for chemicals that communicates hazards on product labels and safety data sheets. The program is intended to enhance the protection of human health and the environment during the handling, transport and use of chemicals.

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Additional information about our performance
can be found in the detailed appendix to this
report, available at www.ecolab.com/csr.

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