

THE PRINCIPLES OF SUSTAINABILITY





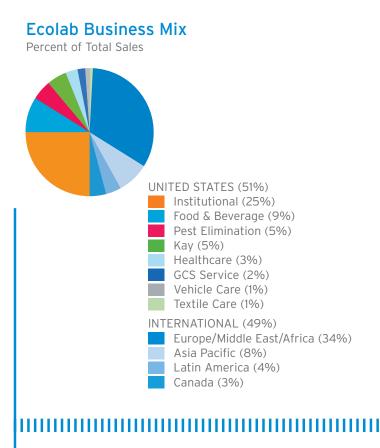


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2008 SUSTAINABILITY REPORT At Ecolab, making the world a cleaner, safer, healthier place is our business. We are committed to providing our customers with the most effective and efficient cleaning, food safety and infection control programs available. Sustainability is inherent in our products and services. From concentrated, solid formulations to innovative packaging and dispensing methods, our products are designed to help increase safety, lower the use of water and energy, and reduce the chemicals and waste released to the environment. Strengthened by the expertise of our associates and combined with our dedication to social responsibility, these offerings provide value to our customers and the global economy – and help foster a more sustainable world.

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A MESSAGE FROM ECOLAB CHAIRMAN, PRESIDENT AND CEO

At Ecolab, we believe that success is measured by the satisfaction of our customers – as well as the contributions we make to our communities and the global economy. As we work towards making the world a cleaner, safer, healthier place, we will continue to invest resources to ensure our business will prosper in a sustainable and responsible manner.

Sustainability is about more than protecting the environment; it is also about economic progress and social responsibility. Advancements in all three areas are necessary to protect resources and preserve quality of life for future generations. We rely on our Global Sustainability Principles to help guide us as we focus on innovation and continuous improvement throughout our organization.

While we focus on making changes internally to be more sustainable, we realize that our opportunity to make the greatest impact lies externally. The difference we make in our own facilities is far less than the difference we can make in helping nearly 1 million global customers be more sustainable. Our approach to sustainability reaches beyond conventional thinking to incorporate a broader perspective, which has become our total impact approach. It is where we can really make a difference by helping customers conserve resources and run their businesses more efficiently. Products like Apex[™], DryExx[®] and SolidSense[™] offer outstanding results while providing significant savings through reducing the consumption of water and energy, increasing safety and reducing waste.

For one large restaurant chain customer, introducing Apex, a warewashing system that reduces dishroom costs and lowers environmental impact, yielded significant results. After installing Apex, they reduced the number of dish racks washed by 11.4 million per year. This translates into saving enough electricity to power 370 U.S. homes, enough water for 91 U.S. homes and cost savings of more than \$1 million per year.

In our own global operations, we made great strides in 2008. We exceeded our ethical sourcing goal of \$250 million in purchasing with a final result of \$370 million. Our charitable giving totaled \$7.1 million. We also implemented initiatives at our plants and reduced energy usage, water consumption and liquid effluent discharges, and solid waste production. We completed the preregistration phase for EU REACH (Registration, Evaluation and Authorisation of Chemicals) regulations and announced our commitment goal to U.S. EPA's Climate Leaders program to reduce U.S. greenhouse gas emissions by 20 percent per dollar sales from 2006 to 2012.

With global challenges such as climate change and water shortages, it is becoming even more critical for businesses to consider their total impact on all three key pillars of sustainability – economic progress, environmental stewardship and social responsibility. As an industry leader, we recognize that our work in this area is increasingly important. We will continue our efforts by operating with the same integrity that we apply to all aspects of our business.

DOUGLAS M. BAKER, JR. Chairman of the Board, President and Chief Executive Officer



ABOUT ECOLAB

Ecolab is the world's leading provider of cleaning, food safety and health protection products and services. Ecolab reaches customers in more than 160 countries, employing more than 26,000 associates worldwide. Customers include hotels and restaurants; foodservice, healthcare and educational facilities; quick service (fast food) units; convenience and grocery stores; commercial laundries; light industry; car washes; dairy plants and farms; and food and beverage processors.

SUSTAINABLE FROM THE START

Ecolab was founded in 1923 as Economics Laboratory. The company had one employee, one market and one product: Absorbit[®], a carpet cleaner for hotels.

As the company grew, new products, employees and markets were added. In 1924, the company launched Soilax[®], a detergent for automatic dishwashers. In powdered form, Soilax was pink. When mixed with water in the proper proportions, the solution turned green. If too much Soilax was added, the solution turned yellow, warning the customer that the solution was too strong.

This was just the beginning of our efforts to control product use – maximizing user safety while reducing product waste and the amount of chemicals released to the environment.

Even in these early years, reducing waste, conserving resources and ensuring user safety were key components of our product development and sales strategies – and expert personal service played a significant role in understanding and meeting customer needs. By 1960, our research department held more than 50 patents and employed about 200 people. With the completion of a new research center in 1962, Economics Laboratory renewed its emphasis on general and fundamental research to meet the new wave of federal, state and municipal laws and regulations designed to protect the public against food and environmental contamination. By the mid-1960s, we were actively researching biodegradable detergents with public health groups, chemical manufacturers, trade associations and government regulatory agencies, and modifying raw materials and products to meet increasingly stringent standards.

At the same time, the company was expanding internationally. We established operations in Canada, Sweden, London and Mexico; and by 1963, our products were distributed worldwide through direct exports, 10 subsidiary and 15 distributor operations. By 1969, our international operations consisted of 27 wholly-owned subsidiaries, 50-percent-owned companies in Brazil and Japan, 11 licensees and numerous distributors in the Caribbean and Southeast Asia.



1923 *Our Beginning* Economics Laboratory (EL) is founded.

1948

The First Rinse Additive EL introduces the first rinse additive, reducing energy needed to dry dishes by speeding up the drying process.

1961

Clean-in-Place Technology

EL acquires Klenzade Products, Inc., and its revolutionary clean-in-place technology. The clean-in-place approach allows food and beverage processing facilities to clean lines and tanks without dismantling them – and reduces water and energy consumption.



EL invents and patents the first "wash boiler" dispenser – the beginning of the company's expertise in mechanical technology. Today, Ecolab's unique dispensing technology helps control chemical usage and reduce waste.



1950

refrigerated milk.

Our Start in Food Safety EL enters the dairy industry and improves sanitation, ultimately improving the safety and shelf life of

ECOLAB TODAY

Now the global leader in cleaning, food safety and health protection products and services, Ecolab serves customers in more than 160 countries across North America, Europe, Asia Pacific, Latin America, the Middle East and Africa. We deliver comprehensive programs and services to the foodservice, food and beverage processing, hospitality, healthcare, government and education, retail, textile care, commercial facilities and vehicle wash industries.

Our products and services help our customers feel safe and secure. Every day, Ecolab customers use our products to:

Wash over 250 million dishes Wash over 75 million hands Finish 2 million square meters of floor Treat over 10 million chickens to control salmonella Clean over 3 million hotel rooms Wash over 700,000 vehicles When it comes to the environment, Ecolab remains a leader in designing products and services that help our customers conserve resources and run their businesses more efficiently. We have invested millions in research and development to create solutions that minimize our customers' water and energy use, increase safety and reduce waste.

Innovations like no-rinse formulas, solid concentrates, waterless applications and formulations that require fewer wash cycles directly reduce the amount of water Ecolab customers use on a regular basis. Products that are effective at low temperatures and solid concentrates that can be shipped using less fuel help customers conserve energy. We reduce waste by using minimal packaging and recyclable or renewable packaging materials where safety is not compromised. Our products are carefully designed to help people use them safely and effectively.

Ecolab also remains committed to reducing our carbon footprint and the overall impact of our own operations on the environment. We strive to use resources efficiently and reduce waste in our manufacturing, invest in improving energy efficiency in our facilities, and work to minimize the release of pollutants.



1986 The Ecolab Foundation

Economics Laboratory changes its name to Ecolab, and in the same year, establishes the Ecolab Foundation. To date, the Foundation has contributed more than \$38 million toward improving the quality of life in our communities.



2008

Reporting Our Progress Ecolab publishes our fifth annual Sustainability Report.



1981 Solid Power

EL introduces Solid Power[®], the first product in a line of solid products that increase efficiency, reduce the risk of spills and can be shipped using substantially less fuel than liquid counterparts.

2004

Recognized for Responsibility Ecolab is named one of "100 Best

Corporate Citizens" for the fifth year, and recognized as one of the "100 Most Sustainable Corporations in the World."

AWARDS AND ASSOCIATIONS



CONDUCTING BUSINESS RESPONSIBLY

Being a responsible corporate citizen has always been an integral part of our business mindset. We conduct business fairly and ethically, and we require our suppliers to do the same. We are committed to supporting our associates and giving back to our communities. In 2008, we received the following recognition for the way we do business:

- Ecolab was named one of the "World's Most Ethical Companies" by Ethisphere magazine for the second year. The fundamental criteria used to measure companies examined ethical leadership and corporate social responsibility – which are integral to the way we do business. Fewer than 100 companies were chosen for the award.
- ✓ We earned fifth place on "America's Best Big Companies Honor Roll." The honor roll recognizes the 16 companies that have consistently appeared on *Forbes* magazine's annual list of the 400 best big companies in America – also known as the *Forbes* Platinum 400 – since its inception in 1999.

- For the fifth consecutive year, Ecolab was named to Selling Power's list of "The 50 Best Companies to Sell For" among the largest sales forces in the United States. Companies were scored on key metrics including compensation, training and career mobility.
- Ecolab was recognized by the Minneapolis-St. Paul Business Journal as one of the "Best Places to Work" in the Twin Cities, the home of our global headquarters, for the third year in a row. Rankings were based on a survey of employees conducted by Quantum Market Research and the Business Journal.
- We were named one of the nation's "Top 50 Most Military-Friendly Employers" by G.I. Jobs magazine. Companies were chosen based on criteria that include the strength of military recruiting efforts, the percentage of new hires with prior military service and company policies toward National Guard and reserve service.

ASSOCIATIONS

GEMI

Ecolab is a member of the Global Environmental Management Initiative (GEMI), a nonprofit organization of leading companies dedicated to fostering environment, health and safety excellence and corporate citizenship worldwide.

BELA

In partnership with the Ethisphere Institute, Ecolab has come together with other leading companies to foster a higher standard of corporate ethics and accountability as a charter member of the Business Ethics Leadership Alliance (BELA).

AISE

In Europe, Ecolab has committed to the International Association for Soaps, Detergents and Maintenance Products (AISE) Charter for Sustainable Cleaning, a voluntary initiative driving continual improvement in terms of sustainability. Ecolab is the world's leading provider of cleaning, food safety and health protection products and services. Our ongoing commitment to exceeding our customers' cleaning and sanitation needs has helped Ecolab achieve sustainable, profitable growth in the past and continues to guide us into the future.

ECONOMIC PRINCIPLES

WE provide innovative and effective solutions that help our customers prosper and grow.

WE invest in research and development to create the best solutions at the best value.

WE deliver effective results at the lowest total impact environmentally and economically.

WE serve customers around the world with consistent global solutions.

WE invest in our people, equipping them with the tools, technology and training they need to do their jobs while providing opportunities for personal growth and development.

WE contribute financial investments that increase the long-term vitality of our communities.

WE provide our shareholders with superior value.

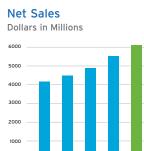


FINANCIAL INFORMATION

In 2008, Ecolab achieved another year of superior growth despite a challenging economy that resulted from unprecedented increases and volatility in raw material and fuel costs, combined with slowing end markets. We offset these issues by leveraging innovative products to deliver sustainable results and cost savings and by using on-premise service expertise to create operational efficiencies for our customers.

Financial Highlights

Millions, Except Per Share	2008	2007	2006	2008	2007
Net Sales	\$6,137.5	\$5,469.6	\$4,895.8	12%	12%
Net Income	448.1	427.2	368.6	5	16
Percent of Sales	7.3 %	7.8 %	7.5 %		
Diluted Net Income Per Common Share	1.80	1.70	1.43	6	19
Diluted Weighted-Average Common Shares Outstanding	249.3	251.8	257.1	(1)	(2)
Dividends Declared Per Common Share	0.5300	0.4750	0.4150	12	14
Cash Provided by Operating Activities	753.2	797.6	627.6	(6)	27
Capital Expenditures	326.7	306.5	287.9	7	6
Shareholders' Equity	1,571.6	1,935.7	1,680.2	(19)	15
Return on Beginning Equity	23.1 %	25.4 %	22.4 %		
Total Debt	1,138.2	1,003.4	1,066.1	13	(6)
Total Debt to Capitalization	42.0 %	34.1 %	38.8 %		
Total Assets	\$4,756.9	\$4,722.8	\$4,419.4	1%	7%



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Ecolab Stock Performance Comparison

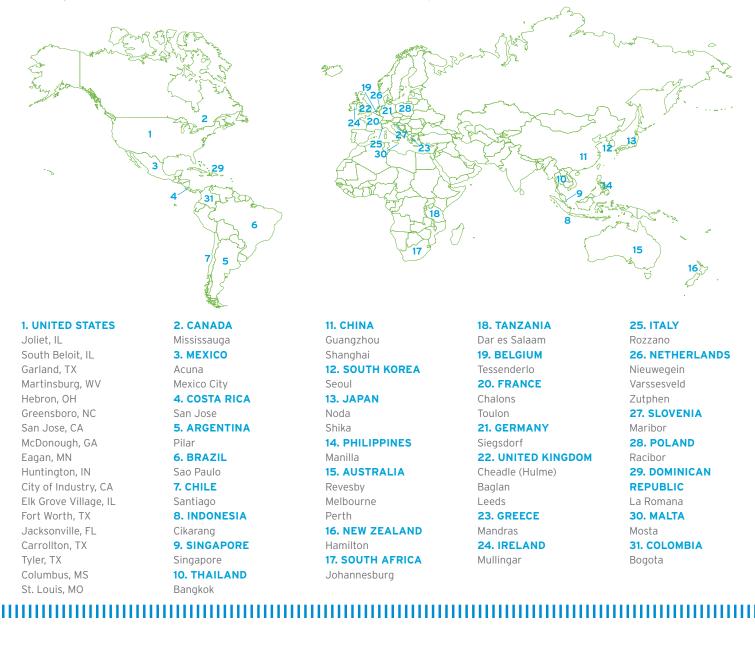


PERCENT CHANGE



ECOLAB GLOBAL OPERATIONS

With manufacturing and distribution facilities around the globe, the distance our products travel is below the median for our industry, reducing fuel use and related carbon emissions. We are also able to provide jobs in each of these communities.



COMMUNITY CONTRIBUTIONS

Ecolab has a strong history of giving to communities where our associates live and work. We believe it benefits the economic and social vitality of these communities; we believe this also enables us to attract the talent we need to continue our business growth and development.

Over the past 10 years, the Ecolab Foundation has contributed more than \$38.2 million to our communities. We sustained this strong giving tradition in 2008 by contributing over \$7.1 million through Foundation, corporate and in-kind giving.

For more on our Community Giving activities, see pages 28-29.

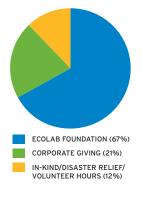
IDA C. KORAN TRUST

Thanks to the significant generosity of Ida Koran, Ecolab's first associate, current and former Ecolab associates worldwide have a place to turn when they face financial hardship due to disabilities, medical problems, catastrophic and other unforeseen situations; when their children need financial assistance for education; and when they seek treatment for chemical dependency.

In 2008, the Ida C. Koran Trust granted 20 international scholarships in Australia, Singapore, Israel, Chile, South Africa, New Zealand, Canada, Argentina and Mexico. Total giving for the scholarship program was \$1.5 million.

The trust received 13 international requests for hardship assistance this year, and distributed more than \$57,000 to support associates with medical emergencies, funeral expenses and rebuilding after disasters.

Total Community Contributions



Charitable Grants Dollars in Millions





In 2008, total giving for the scholarship program was \$1.5 million.



INVESTING IN OUR PEOPLE

With over 26,000 associates globally, Ecolab is committed to the growth and professional development of each team member. We understand that investing in our people is one way we will remain an industry leader and continue our commitment to excellence.

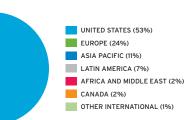
COMPENSATION AND BENEFITS

Our pay for performance compensation policy provides associates the opportunity to earn increases higher than the market average; and our employee stock purchase plan offers associates the opportunity to personally benefit from Ecolab's growth. Associate benefits programs are designed to provide associates with financial security and work-life balance. We offer healthcare, vacation and holiday time, flexible spending and dependent care accounts, life insurance, disability, 401(k) savings and an employee assistance plan. We also provide a comprehensive benefits package to U.S. associates who work part-time. On average, benefits at Ecolab add about 40 percent to total compensation.

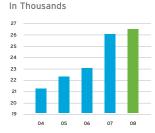
TRAINING AND EDUCATION

Ecolab offers job-specific technical and skills training, as well as leadership development and associate development training opportunities, on a corporate-wide level and in the businesses and functions. A tuition reimbursement program is also available to all U.S. associates. We utilize the Talent Pipeline, which serves as the foundation for our talent development efforts at Ecolab. The Talent Pipeline includes a talent development and performance management framework for associates, with Individual Development Plans designed to prepare associates for current and future opportunities. Aimed at helping associates take an active role in their own development, the Talent Pipeline includes training and tools focused on building the right skill sets to accomplish both personal and business goals.

Geographic Breakdown of Employment









OUR CONTINUING COMMITMENT TO Innovation

YESTERDAY

In the 1970s, energy and resource conservation were important for industrial and food and beverage customers. Ecolab developed products to recover pulp fibers for recycled paper-making, processed oil for reuse, and developed synthetic lubricants that lasted a year instead of two weeks. Dy-Gest® cleaned dairy plants and equipment at low temperatures, and new MP 1800[™] microprocessors allowed plant operators to precisely control CIP cleaning cycles and recapture milk clinging to pipes and silos.

TODAY

In 2008, Ecolab acquired Ecovation, Inc., a provider of renewable energy solutions and effluent management systems primarily for the food and beverage manufacturing industry in the U.S., including dairy, beverage, and meat and poultry producers. Working with a large dairy food processor in Campbell, N.Y., Ecovation completed a project in 2008 to treat high-strength whey permeate and generate significant quantities of energy. The patented system converts the production plant's soluble waste byproducts into biofuel and treated water. The renewable biofuel is delivered to the production plant to offset 30 to 40 percent of its natural gas consumption.





Deliverable energy: 450-500 million BTUs per day

Waste eliminated: Over 4,700 tanker truck loads annually Wastewater treatment costs: Reduced by 15 percent

Through continuous improvement and sustainable innovation, Ecolab creates solutions that maximize product and environmental performance. We make sound decisions based on good science, and are committed to reducing our carbon footprint and overall impact on the environment.

ENVIRONMENTAL PRINCIPLES

WE actively develop products and services that minimize our customers' water and energy use, with innovative packaging and dispensing methods that reduce waste.

WE make every effort to use environmentally responsible and sustainable resources to meet our needs, and conserve nonrenewable natural resources through efficient use and careful planning.

WE use environmentally responsible and sustainable energy sources, and invest in improving energy efficiency in our operations on an ongoing basis.

WE minimize emissions, effluents and waste caused by our operations, and dispose of all wastes through safe and responsible methods.

WE review the environmental attributes of raw materials and make environmental sustainability a key requirement in the selection of ingredients for new products and services.

WE monitor the environmental, health and safety compliance standards of our manufacturing facilities and participate in third-party audits to continuously improve our performance. We promptly respond to situations where our operations have had an adverse effect on people or the environment.



GOING BEYOND 'GREEN'

At Ecolab, we are committed to sustainability in our own operations – but we realize that the greatest contribution we can make to the environment reaches beyond that. It lies in helping each of our customers around the globe reduce their own impact on the Earth.

These days, we're all hearing about the importance of "being green." Unfortunately, there is no standard consensus around what that means. Many organizations have defined what "green" means to them; however, the organizations often disagree.

Some products claim to be "chemical-free," "all natural" or "green." The truth is, no substance on Earth is free of chemicals. Many poisonous substances are all natural, and the term "green" doesn't mean anything without elaboration. Currently, green claims are not even regulated the way other product claims are.

To truly be good for the environment, developing environmentally responsible products involves more than just looking at ingredients. Green products may use environmentally friendly ingredients, but may adversely affect the environment in other ways. They may require more energy to produce or may be designed with excessive packaging that will eventually end up in landfills.

Furthermore, some "green" products do not offer protection against the viruses that cause colds and flu or bacteria such as *Salmonella* and *E. coli*, because local regulations may not allow the claim or the products don't have proven efficacy. While many cleaning products can help remove dirt and germs from surfaces, only disinfectants or sanitizers actually kill disease-causing microorganisms when used as directed. Being green should not come at the expense of human health – this would compromise our commitment to social responsibility.

THE ECOLAB APPROACH TO SUSTAINABILITY

Ecolab considers the total impact our products and practices have on the environment. This includes not only product formulations, but also how the use of the product will affect the use of natural resources (water and energy), how the packaging will impact the environment, and the safety of the end user.

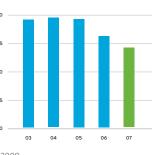
First and foremost, our products are effective. If good results aren't achieved in one cleaning, it needs to be done again. Often, that means using more water and more energy. It also means using more product – which not only increases costs, it may result in more chemicals released to the waste stream. At the end of the day, products that don't effectively do what they're intended to do are not sustainable.

REDUCING PACKAGING

We are committed to using minimal resources to package our products. In 2008, we undertook several projects aimed at reducing the amount of corrugated fiberboard material in our shipping cases. The result of these projects was an annualized reduction of 2.5 million pounds of paper – 14.75 percent.

Post-Consumer Recycled Plastic Usage (U.S.) Million Ibs.

 Normalized Recycled Plastic Usage (U.S.) Percent of Total Plastic



Official 2008 numbers will not be available until mid-2009.



Our percentage of recycled plastic usage has declined as we continue to favor flexible plastics over rigid plastic containers. Flexible plastic packaging is less conducive to incorporating recycled plastic, but has a positive net impact on landfilling and can be produced using 75 percent less energy.



OUR CONTINUING COMMITMENT TO Innovation

YESTERDAY

The 1970s were a turbulent decade that brought worldwide recession, mounting inflation, high interest rates and escalating prices on raw materials and freight. Ecolab adapted by turning off lights and adjusting thermostats to conserve energy. Distribution warehouses were expanded and inventory control and management information capabilities were added. Ecolab continued to thrive by helping customers lower costs, conserve resources and improve safety and efficiency.

TODAY

PERformance PLUS[™] is a new washing process for hotel and healthcare laundries that combines Ecolab recycling systems and an innovative process to deliver maximum savings. PERformance PLUS captures free energy, which is used to warm water in the press area, saving energy throughout the entire process. Wash water is filtered and reused, and press water is used for pre-rinsing.

Implemented for a laundry customer in Germany, this process won the Environmental Award 2008 given by German State Rheinland-Pfalz.





Water savings: **49,895,160** *liters* Energy savings: **3,492,661** *kWh*

PRODUCT SAFETY

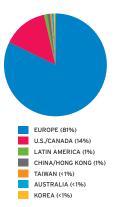
Our products are carefully designed to help people use them safely and effectively. When used as directed, our products will not harm the environment or those who handle the products.

We offer systems that feature color-coded, controlled dispensing and language-free training materials. We help customers by providing programs that include educational videos, wall charts and manuals. We also offer training assistance for our customers' employees to help with the optimum and safe use of our products, and provide a toll-free emergency telephone number on product labels.

While sales have grown substantially, medical emergencies have declined. Design changes, such as replacing liquid products with solids, have made our products safer for customers. We have also improved our hazard communication systems – including labels and wall charts – and our material safety data sheet (MSDS) systems.

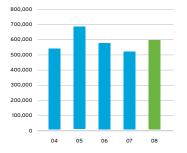
We continually work to upgrade our MSDS system and processes globally to ensure that product safety information is up-todate and that good information is available in local languages. In 2008, we expanded our system to include Poland, Slovakia, Slovenia, Hungary, Bulgaria and the Czech Republic. We also began providing use-dilution information for key products. In 2009, we will expand our system to cover Japan and Thailand, and create a global process that combines concentrated MSDS information and use-dilution information into a single form.

MSDS Authoring Activity



2008 MSDS authoring activity was heavily weighted toward Europe because of expansion in Eastern Europe and product conversions related to the setup of an enterprise resource planning system.

U.S. MSDS Distribution



Normalized Medical

Assistance Call Volume Per \$1 Million Net Sales





OUR CONTINUING COMMITMENT TO Innovation

YESTERDAY

Throughout the 1970s, Ecolab researchers worked closely with field specialists, government officials, university experts and public groups to grow the business and serve the public need for sanitation and safety. Environmental concerns remained a major research focus, and our research yielded a new raw material base from which we could develop new products, allowing us to position our product line to meet evolving environmental standards.

TODAY

The Ecolab Pure Comfort[®] pool sanitization system uses a common form of sodium chloride to control bacteria and algae. Through an electrolysis process, a gentler form of chlorine – closer to the pH of the human body – is produced. A health and fitness center in South Carolina converted its three indoor pools to the Pure Comfort system, and users now enjoy fully sanitized pools and the therapeutic benefits of mild salt water without harsh irritants associated with traditional forms of chlorine.





The Pure Comfort system eliminates the storage of large quantities of hazardous materials and Class III oxidizers, eliminating the risks associated with storing traditional forms of chlorine. For employees, it also eliminates safety risks associated with chlorine handling, fumes, spills and other exposures.

CARBON FOOTPRINT

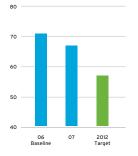
Ecolab is committed to reducing our carbon footprint. To manage risks from greenhouse gas (GHG) emissions and identify cost-effective reduction opportunities, we've joined the U.S. Environmental Protection Agency (EPA) Climate Leaders program. Through the program, we've committed to the following:

- Developing a U.S. GHG inventory of the six major greenhouse gases and reporting progress annually based on detailed EPA protocols and guidance
- Developing a corporate GHG Inventory Management Plan based on a detailed EPA checklist to institutionalize the inventory process
- Setting an aggressive corporate-wide GHG reduction goal to be achieved over five years

In 2008, we re-evaluated our goal under the EPA's guidance. Our goal is to reduce U.S. GHG emissions by 20 percent per dollar sales from 2006 to 2012. We are proud that our goal has increased by 5 percent and is now tied to our entire operations, versus just our production. Our U.S. GHG emissions from our direct and indirect energy uses total approximately 200,000 metric tons annually. To achieve our goal, we are focusing on our two largest GHG emissions categories – fleet ground transport and our facilities for manufacturing, headquarters, research and development and other facilities in St. Paul, Minn. We have developed an energy and GHG reduction program for our facilities and will be moving toward more fuel-efficient vehicles and vehicle service routes, as well as less GHG-intensive fuels when feasible.

U.S. CO2e Emissions

Normalized CO2e Metric Tons/\$1 Million Sales





Ecolab pledges to reduce U.S. GHG emissions by 20 percent per dollar sales from 2006 to 2012.

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OPERATIONAL IMPROVEMENTS

Around the world, Ecolab plants are implementing initiatives designed to reduce environmental impact. In 2008, a number of locations made impressive progress:

- Our plant in Greensboro, N.C., implemented a formal recycling program and expanded the types of materials that get recycled. The program increased solid waste recycled enough to divert 224,400 kilograms of waste from landfills – and received rebates totaling \$13,000.
- Our plant in Barueri, Brazil, optimized the wash processes used to clean its formulation tanks and storage containers resulting in a reduced washing time from 9 minutes to 2 minutes, and reduced the amount of wash water used from 488 liters to 108 liters per wash. The net result was a reduction in water effluent of approximately 100,000 liters a month.
- The Ecolab plant in Cheadle, UK, reduced energy usage by 18 percent by turning off air compressors, closing doors to retain heat and turning off lights when not needed. A new air compressor was also installed, which has an energy-saving mode and runs only on demand.
- Our plant in Tessenderlo, Belgium, which consumes 5,000 MWh of energy per year, replaced its existing energy supply with green power – hydro-electricity from water dams in the Alps.

REDUCING OUR MANUFACTURING FOOTPRINT

In 2007, we pledged to drive continuous reductions against four key metrics in our manufacturing processes – energy, water, waste and effluent. We made great progress in 2008, as shown in the chart below.

BY REGION	ENERGY (GAS & ELEC)/ PRODUCTION	WATER CONSUMED/ PRODUCTION	WASTE (HAZ & SOLID)/ PRODUCTION	EFFLUENT WATER/ PRODUCTION
NORTH AMERICA	-3.08	-6.75	-14.87	-4.53
LATIN AMERICA	-0.37	-15.42	50.90*	-43.40
EUROPE	-11.65	1.02	-20.28	-7.89
ASIA	1.20	-25.54	1.20	-29.66
TOTAL	-4.96%	-12.36%	0.03%	-19.83%

Percent Change from 2007 to 2008

*The waste increase in Latin America is due to one-time cleanups in several plants and the restatement of historical numbers resulting from baseline verification.

MONITORING AND MANAGEMENT

Ecolab strives to use resources efficiently in our manufacturing operations and to reduce waste to improve our environmental performance. We invest in improving energy efficiency and conservation in our operations. We also minimize and seek to eliminate the release of pollutants that may cause damage to our planet's air, water, land or inhabitants.

We continuously monitor the environmental, health and safety compliance standards of our manufacturing facilities around the globe. Internal and third-party audits lend integrity to the process and lead us toward a more sustainable business model.

ISO 14001 ENVIRONMENTAL MANAGEMENT SYSTEMS

The International Organization for Standardization (ISO) 14001 environmental management system is a voluntary system for managing environmental aspects of business operations, somewhat similar to the ISO 9001 quality system. This soughtafter designation includes guidelines for how organizations work to prevent pollution, conform to legal requirements, minimize impact on the environment and continuously improve environmental performance. We are in the process of developing a global implementation program for ISO 14001 environmental management systems.



EHS COMPLIANCE AUDITING AND CAPITAL EXPENDITURES

To enhance environmental health and safety (EHS) compliance in our manufacturing operations, North American facilities are audited by a third-party consultant on a periodic basis. Similarly, in Europe and Asia Pacific, an outside EHS consultant audits our plants. Audits are performed when facilities are acquired, and our property and casualty insurers conduct fire and worker safety assessments and pressure vessel certifications at Ecolab facilities. These auditing programs help us continually improve our EHS performance.



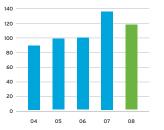
Currently, 42 percent of Ecolab facilities worldwide are ISO 14001 certified.

SAFE TRANSPORTATION OF GOODS

Ecolab works with national and international agencies to help craft future standards regarding the safe transport of goods and to ensure that Ecolab products are delivered to our customers safely.

Product Shipment Spills or Incidents

U.S. DOT Form 5800



In 2008, reporting was expanded to provide a more comprehensive representation of our business units.

REMEDIATION SITES

Ecolab makes aggressive efforts to avoid pollution in our operations. We continue to work in cooperation with regulatory authorities for successful closure of the few sites where Ecolab has been named as a "potentially responsible party."

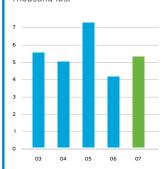
In 2008, Ecolab spent approximately \$600,000 worldwide on environmental remediation. Our environmental remediation expenses have related primarily to two categories: businesses acquired by Ecolab and accounted for in connection with the transaction; or historic businesses divested years ago.



RELEASES TO THE AIR/ENVIRONMENT

As required by the U.S. Emergency Planning and Community Right-to-Know Act (EPCRA), Ecolab facilities make information available about releases of EPA-listed chemicals to the environment. The primary chemicals reportable are formula components that evaporate during production.

EPCRA SARA 313 Form R Releases Thousand lbs.



2008 release volumes will not be available until mid-2009.

Title III of the Superfund Amendments and Reauthorization Act (SARA), also known as the Emergency Planning and Community, Right-to-Know Act (EPCRA) under section 313 requires manufacturers to submit a TRI (toxics reporting inventory) form every year to EPA detailing the amount of certain toxic chemicals emitted or disposed of during the preceding year.



OUR CONTINUING COMMITMENT TO Innovation

YESTERDAY

Solid Power®, introduced in 1981, was the new industry leader in restaurants, hospitals and other institutions. A patented, state-of-the-art capsule, Solid Power was inserted into a closed warewashing dispensing system, delivering control, safety, convenience and low use cost. Within two years, it was the top selling detergent in the U.S. institutional market. The success of Solid Power led to the development of a whole line of solids – the only full line of solid products designed to serve all warewashing and kitchen cleaning requirements.

TODAY

The SolidSense[™] Cleaning System was developed to provide quick service restaurant customers with simple, effective and safer solutions for cleaning and sanitizing. By shrinking pack size, minimizing packaging and reducing water needed for production, we have reduced our consumption of natural resources and the impact to landfills. Products are also color- and shape-coded to enhance user safety.

Implemented for a global quick service restaurant customer, the SolidSense product line offers the following savings compared to liquid concentrate counterparts:

Packaging savings:

40 percent reduction - eliminating 187 tons of waste annually

Water savings: **Products are 99 percent water-free, reducing water used in the manufacturing process by 2,930,000 liters (775,000 gallons) annually**

Energy savings: Smaller, 90 percent lighter-weight products mean fewer cases on fewer trucks





Ecolab is a respected leader that takes our responsibility to the communities we serve seriously. We promote the well-being of our associates, our customers and our customers' customers by contributing to programs and initiatives that enhance quality of life in the communities in which we work and live.

SOCIAL PRINCIPLES

WE respect the human rights of all people.

WE are committed to supporting and encouraging diversity throughout our organization.

WE provide a safe work environment for our associates through comprehensive safety policies, programs and training.

WE support small, disadvantaged and women-owned businesses by actively seeking such suppliers in our competitive bidding processes, and are committed to fostering relationships with diverse suppliers throughout the world.

WE hold our suppliers to the same high standards of social responsibility that we follow. Our suppliers must protect the health, safety and human rights of their associates and be committed to continuous improvement.

WE provide our customers with products and services that help protect the health and safety of their customers and employees, and enhance safety by offering comprehensive product information, training and emergency support.

WE are dedicated to the communities in which we work and live, and we support them through charitable giving and community involvement.

WE conduct business fairly and ethically. Our Code of Conduct defines our corporate culture – our associates worldwide are held to the highest level of integrity.



A SUSTAINABLE SUPPLY CHAIN

ETHICAL SOURCING STANDARDS

Our Ethical Sourcing Standards represent a global supply chain initiative to require our direct suppliers to protect the health, safety and human rights of their associates. Suppliers must meet standards for forced labor, child labor, health and safety in the workplace, fair pay, harassment in the workplace, diversity and ethics and environmental policies. We require that our suppliers identify and act swiftly to eliminate any unacceptable conditions or practices in their facilities. We will not do business with suppliers who do not support the fundamental principles of human dignity and rights of workers to fair and equitable treatment.

For 2008, we set a goal to expand the implementation of our Ethical Sourcing Standards to cover \$250 million in purchasing. We exceeded that goal, covering \$370 million in spending.

PURCHASING FROM DIVERSE SUPPLIERS

To promote sustainable growth across different sectors, Ecolab policy encourages and affords opportunities to diverse suppliers while ensuring that we receive the highest quality products and services at the most competitive prices. Our Supplier Diversity Program is founded on the principles of fair and equitable business practices and social responsibility to the communities we serve.

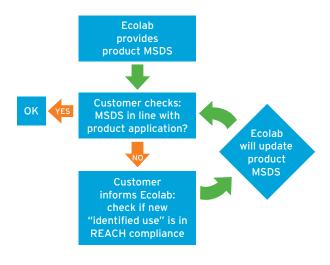
In 2008, Ecolab contracted with a third-party supplier to provide a semi-annual update of spend data and classification of diverse suppliers. Ecolab also implemented a Supplier Diversity Portal to provide a registration site for certified small and diverse businesses that can be accessed by all Ecolab business units and departments.

In 2008, our U.S. purchases from small business totaled approximately 11 percent of total spend, with purchases from diverse businesses comprising approximately 18 percent of small business spend.

REACH

In June 2007, an EU regulation called REACH (Registration, Evaluation and Authorisation of Chemicals) came into force. Its aim is to ensure that sufficient information on all chemicals is available and that the production, import and use of substances in the EU do not cause any risk to human health and the environment. Ecolab welcomes the guiding principles of the REACH legislation to protect human health and the environment.

Ecolab submitted more than 1,000 pre-registrations to the European Chemicals Agency (ECHA) to fulfill our obligations for the roles of manufacturer and importer by the December 1, 2008, deadline. The REACH team also secured confirmation from our suppliers that key raw materials used for our products have been pre-registered.





OUR TALENTED TEAM

At Ecolab, our strength has always been in our people. Our team is made up of a diverse group of talented associates who are professional, reliable, trustworthy and honest. We are united by our dedication to every facet of the Ecolab Culture – spirit, pride, determination, commitment, passion and integrity.

THE CODE OF CONDUCT

We maintain a clear, ethical standard of conduct: Our company's business will be conducted in accordance with the law and stated corporate and societal standards of conduct. It follows that our associates are held to the highest standard of integrity, and are expected to avoid situations that conflict with our company responsibilities.

The Ecolab Code of Conduct is a set of guidelines designed to be read and followed by every associate in every location around the world. Available in printed form and translated into more than 25 languages, the Code of Conduct can also be accessed online at www.ecolab.com/investor/governance/codeofconduct.asp.

Since 1996, Ecolab has had a Code of Conduct Help Line for associates who need assistance or wish to report a possible violation. In 2008, we expanded and improved the Help Line to better meet the needs of all our associates around the globe. The new Help Line is answered 24 hours a day, seven days a week by an independent company where interpretation services are available in up to 150 languages and confidentiality remains available. As before, the Help Line number is toll-free throughout the world.

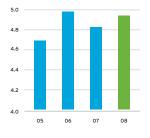
ASSOCIATE SAFETY PROGRAM

Ecolab actively promotes and pursues a safe work environment for all associates. The Associate Safety Program has been implemented to provide guidelines for industry best practices, and includes safety training, personal protective equipment, accident prevention and accident investigation.

We are in the process of implementing a Global Incident Management System that will help us investigate accidents, determine root cause and contributing factors and assign corrective actions. This system will also allow us to improve the tracking and reporting of our associate safety performance around the world.

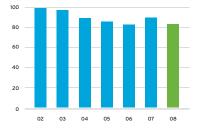
OSHA Recordable Injury Rates (U.S.)





Driver Safety (U.S.)

Total Collision Rate/Million Miles (Normalized with 100 as the Baseline for 2002)





The Ecolab Code of Conduct can be accessed online at www.ecolab.com/investor/governance/codeofconduct.asp.

OUR ASSOCIATES



CULTURE AND INCLUSION

At Ecolab, we believe the success of our associates and the success of our company go hand in hand. We are committed to a culture that fully leverages our associates' talents by promoting an environment where all people can make a difference, be heard, be supported, be developed, and be rewarded for their contributions as we drive results and serve our customers. Ecolab values the energy, ideas and ultimate success that diversity brings to our industry, our company, and the global community we serve.

During 2008, we developed our inclusion strategy based on feedback received from over 4,000 associates through a discovery process that included interviews, focus groups, surveys and strategy sessions. We modeled the corporate effort after a successful pilot in the Institutional division. We have articulated four important aspects of our culture that are important to keep and eight aspirations that provide a roadmap to a more inclusive culture. We will continue to be a company that cares about our people, that puts customers first, that strives to live our values and delivers for stakeholders. Our eight aspirations are:

- Develop a more global mindset and respect for local cultures
- Respect and recognize all divisions, functions, regions and individuals
- Create a more diverse, multicultural global organization
- Provide the flexibility that enables people to excel
- Empower people to make decisions, take action and be accountable
- Encourage open dialogue and listen as an ally
- Leverage and stretch peoples' capabilities, invest in their development and promote based on performance and results
- Build cross-divisional, cross-functional, cross-regional high-performing teams

We began our culture and inclusion journey with education for Ecolab's senior executives, then expanded to other divisions and functions. All sessions included action plans to move forward with our culture aspirations. In addition, we implemented expanded job posting procedures, mandatory diverse candidate slates for all executive positions and workplace respect education.

We also launched a Flexible Work Arrangement Task Force to review flexible work options for corporate and plant associates. Over half of our associates – those in field sales and service positions – have flexible work due to the nature of their jobs. The task force is working to develop a flexible work policy and encourage more widespread participation.



ASSOCIATE NETWORKS

Ecolab has several associate networks established to support diversity and inclusion. Each of the networks has an associatedriven council and an executive sponsor, and each receives corporate financial support and is open to all associates.



E3 is a women's network whose mission is to provide resources for women associates that encourage personal and career fulfillment through individual mentoring, focused skill-set education, community involvement and group camaraderie.



ECOESSENCE is a network for associates of African descent. Its mission is to provide thought leadership on recruiting, on-boarding, developing, advancing and retaining associates of African descent.



ECOMONDO is an international business and social network whose mission is to support growth through the integration and development of global talent and to support and promote cultural diversity and global talent mobility.

COMMUNITIES OF PRACTICE

Communities of practice are groups of people who share a passion for their line of work. These networks are designed to provide professional development through educational events and networking opportunities.

- The Finance and Accounting Network (FAN) is designed to provide professional development for finance and accounting associates through educational events and networking opportunities.
- The Marketing Council provides professional development and educational and networking opportunities for associates with an interest in marketing and marketing communications.
- ▲ The Professional Leadership Administrative Network (PLAN) provides administrative professionals with the tools, skills and relationships to build successful careers and to gain recognition as experts in providing administrative support at Ecolab.



Baker's Blog

In 2008, Ecolab Chairman, President and CEO Doug Baker launched Baker's Blog. The blog was developed as a way to provide two-way communication between Mr. Baker and associates around the world.

COMMUNITY SUPPORT

Ecolab is committed to helping our customers achieve cleaner, safer and healthier surroundings so they can more productively conduct their business around the globe. We take the same passionate approach in our commitment to society. Ecolab promotes the well-being of associates, customers and shareholders by contributing to the quality of life in the communities in which we operate.

COMMUNITY INVOLVEMENT

Ecolab fosters volunteerism and community service, enhancing the health and well-being of our communities by active outreach and involvement. We believe that success is measured not only by the satisfaction of our customers, but also by the contributions of our associates to the communities where they work and live. In 2008, over 26,000 volunteer hours were clocked by our associates and retirees, equivalent to more than \$500,000.

Ecolab also conducts annual charitable drives for blood, clothing, food, school supplies and holiday gifts for our community partners and provides in-kind product donations for cleaning and sanitizing solutions during times of natural disasters. In 2008, Ecolab donated \$350,000 worth of cleaning and sanitizing products to assist in disaster cleanup internationally.

CHINA EARTHQUAKE RELIEF

Ecolab U.S. associates donated \$25,000 to support the American Red Cross China Earthquake Relief efforts. The Ecolab Foundation matched pledges for a total donation of \$50,000. Additionally, Ecolab China raised the U.S. equivalent of \$29,907 for earthquake relief efforts. These additional funds were distributed directly in China.



RONALD MCDONALD HOUSES

As part of a partnership between Ecolab and the Ronald McDonald House charity, Ecolab has provided product donations to all 158 Ronald McDonald Houses in the U.S. since 2005. In 2008, U.S. product donations were valued at more than \$300,000.

In Europe, cash and cleaning product donations were made to Ronald McDonald Houses in the UK, Ireland and France, valued at approximately €15,000. In 2009, the program will expand to include locations in Canada, Puerto Rico and Mexico.



In 2008, over 26,000 volunteer hours were clocked by our associates and retirees, equivalent to more than \$500,000.





ECOLAB CONSERVATION SCIENCE CABIN MINNESOTA ZOO, RUSSIA'S GRIZZLY COAST

The Ecolab Foundation has committed a grant of \$300,000 to the Minnesota Zoo to create a center for innovative education in the exhibit, "Russia's Grizzly Coast," which opened in 2008. The authentic log cabin was built in Russia, carefully shipped piece-by-piece, and reassembled in Minnesota. Visitors to the cabin can view wild boars on one side and the critically endangered Amur leopard on the other. Guests also learn about conservation concerns of the Russian Far East, what the Minnesota Zoo is doing, and what they can do to help.

Amur leopards once inhabited a range extending from Korea through northern China and the southern portion of Russia. Fewer than 30 Amur leopards remain in the wild. The Minnesota Zoo is actively involved in efforts to save the Amur leopard and many other species of the Russian Far East.

In addition to our gift to help build the Conservation Science Cabin, we have partnered over the years to provide significant support for the Zoo's education programs. The Zoo is the largest environmental learning center in Minnesota, reaching more than 326,000 people through a variety of educational programs in 2008.

EARTH WEEK

In 2008, Ecolab hosted several Earth Week initiatives focused on increasing awareness in our company and our community about recycling, waste reduction and environmental conservation.

At our Schuman Campus in Eagan, Minn., Ecolab hosted a recycling drive, providing the local public with a convenient and responsible way to dispose of their electronic waste. More than 2,400 people participated, recycling more than 250,000 pounds of electronic equipment. Additionally, we conducted drives to collect batteries and cell phones for recycling. More than 150 cell phones were donated to a local community partner who recycled the phones and used the proceeds to fund programming for children and families in crisis.

Associate and retiree volunteers participated in two community events: the Adopt-a-Block cleanup around the Ecolab headquarters in St. Paul, Minn., and Wishes for the Sky Earth Day Celebration along the banks of the Mississippi River.

Also in 2008, the Ecolab Foundation initiated an Environmental Matching Gift Program where associates' gifts to designated conservation and environmental partner organizations were matched.

For more information on Ecolab's community involvement, please visit www.ecolab.com/CompanyProfile/Foundation.



250,000 pounds of electronic equipment were collected for recycling at our Schuman Campus in Eagan, Minn.

2009 GOALS



2009 SUSTAINABILITY GOALS

For 2009, our major sustainability goals are:

- Sustain continuous growth of our business to support the health and welfare of our associates, customers and shareholders
- Measure, monitor and continuously improve progress on the performance metrics listed in this report
- Expand implementation of Ethical Sourcing Standards to cover \$500 million in purchasing
- Reduce U.S. GHG emissions by 20 percent per dollar sales from 2006 to 2012
- Execute our three-year plan for Culture and Inclusion focused on education and awareness, communication, enhanced policies, practices, and processes and metrics
- Data in this report summarizes Ecolab's growing environmental, product stewardship and social responsibility activities from Jan. 1, 2008, through Dec. 31, 2008. Financial information is given in U.S. dollars. For more information on Ecolab's investor relations, please visit www.ecolab.com/investor.

Copies of our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to these reports, are available free of charge on our website at www.ecolab.com/investor as soon as practical after such material is filed with the Securities and Exchange Commission.

- Implement \$500,000 hunger relief initiative across the United States
- Improve associate safety performance through expanded training and communication and deployment of a Global Incident Management System
- Expand customer safety MSDS support system to address new GHS requirements in Japan, Thailand and Europe; and create a global process that combines concentrated MSDS information and use-dilution information into a single form

In addition, the following governance materials are available on our website at www.ecolab.com/investor/governance, and the same information is available in print to any requesting persons, free of charge, by writing to the corporate secretary at our headquarters, or by submitting an e-mail request to investor.info@ecolab.com: (i) charters of the Audit, Compensation, Finance and Governance Committees of our Board of Directors; (ii) our Board's Corporate Governance Principles; and (iii) our Code of Conduct and Code of Ethics for Senior Officers and Finance Associates.

GRI/G3 CONTENT INDEX This report was prepared using the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines. (www.globalreporting.org)

Profile	G3 Indicator	Page
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Report Parameters	3.1 - 3.13	30
Governance, Commitments and Engagement	4.1 - 4.7	30
Economic Principles		
We provide innovative and effective solutions that help our customers prosper and grow.	EC1	5, 8, 10
We invest in research and development to create the best solutions at the best value.	EC1	5, 8
We deliver effective results at the lowest total impact environmentally and economically.	EC1, EN6, EN26	12, 14-15, 17, 2
We serve customers around the world with consistent global solutions.	EC9	9
We invest in our people, equipping them with the tools, technology and training they need to do their jobs while providing opportunities for personal growth and development.	EC1, EC3	10-11, 26-27
We contribute financial investments that increase the long-term vitality of our communities.	EC1, EC8	10, 28-29
We provide our shareholders with superior value. Additional information on the above principles can be found in the Ecolab 2008 Annual Report.	EC1	8
Environmental Principles		
We actively develop products and services that minimize our customers' water and energy use, with innovative packaging and dispensing methods that reduce waste.	EN2, EN6, EN26, EN27	4-5, 12, 14-15, 16-17, 22
We make every effort to use environmentally responsible and sustainable resources to meet our needs, and conserve nonrenewable natural resources through efficient use and careful planning.	EN3, EN4, EN5, EN7, EN8, EN10	18-19
We use environmentally responsible and sustainable energy sources, and invest in improving energy efficiency in our operations on an ongoing basis.	EN3, EN4, EN5, EN7	18-19
We minimize emissions, effluents and waste caused by our operations, and dispose of all wastes through safe and responsible methods.	EN16, EN17, EN18, EN22, EN23, EN29	18-19
We review the environmental attributes of raw materials and make environmental sustainability a key requirement in the selection of ingredients for new products and services.	EN1, EN26	14
We monitor the environmental, health and safety compliance standards of our manufacturing facilities and participate in third-party audits to continuously improve our performance. We promptly respond to situations where our operations have had an adverse effect on people or the environment.	EN27, EN30	20-21
Social Principles		
We respect the human rights of all people.	HR2, HR5, HR6, HR7	24
We are committed to supporting and encouraging diversity throughout our organization.	LA1, LA3, LA11, LA13	11, 24, 26-27
We provide a safe work environment for our associates through comprehensive safety policies, programs and training.	LA7, LA8	11, 25
We support small, disadvantaged and women-owned businesses by actively seeking such suppliers in our competitive bidding processes, and are committed to fostering relationships with diverse suppliers throughout the world.	HR2, LA13	24
We hold our suppliers to the same high standards of social responsibility that we follow. Our suppliers must protect the health, safety and human rights of their associates, and be committed to continuous improvement.	HR2, HR5, HR6, HR7	24
We provide our customers with products and services that help protect the health and safety of their customers and employees, and enhance safety by offering comprehensive product information, training and emergency support.	PR1, PR3, PR5	5, 14, 16
We are dedicated to the communities in which we work and live, and we support them through charitable giving and community involvement.	S01	10, 28-29

We conduct business fairly and ethically. Our Code of Conduct defines our corporate culture – SO1, SO3, SO6 our associates worldwide are held to the highest level of integrity. 6, 25



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