

**SUSTAINABILITY 2004  
REPORT**

# A Message from Ecolab President and CEO



Ecolab has always had a strong sustainability track record. To us, a company that focuses on environmental, social and economic performance is good for society and good for business. As part of Ecolab's focus on sustainable growth, I am pleased to present this expanded 2004 Sustainability Report.

Ecolab is an industry leader in providing superior value to our customers while helping conserve resources and preserve the quality of the environment. Our long-term success is due, in part, to Ecolab's adoption of three key principles of sustainable business development: stewardship to the environment, contributions to society and the creation of economic value for our shareholders. However, the real key has been the dedication of our people who continually find ways to deliver better product solutions for our customers in ways that better preserve our environment.

We also have a long-standing commitment to the communities where our associates live and work. Through the Ecolab Foundation, we contributed more than \$3.3 million in 2004 toward building sustainable communities. We also contributed \$1.4 million worth of cleaning products toward the tsunami relief effort in Asia. We encourage and foster volunteerism among our associates as individuals by offering matching grants to organizations in which they volunteer or are elected as board members.

In addition, Ecolab associates share a common culture, comprised of six universal values: *spirit, pride, determination, commitment, passion* and *integrity*. These are much more than mere words. Our culture is a vital, tangible force within our company, one that transcends geography and language, and drives everything we do as an organization. It is a calling we take on the same way we take on everything else we do at Ecolab – with energy, enthusiasm and commitment.

A stylized, handwritten signature in black ink, belonging to Douglas M. Baker.

Douglas M. Baker  
President and Chief Executive Officer

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Ecolab's mission is to achieve aggressive growth and fair return for our shareholders. We will accomplish this by exceeding the expectations of our customers while conserving resources and preserving the quality of the environment. It's the company's **determination** to minimize and continually reduce environmental risks associated with its products that is setting industry standards and continuing Ecolab's role as a global leader.

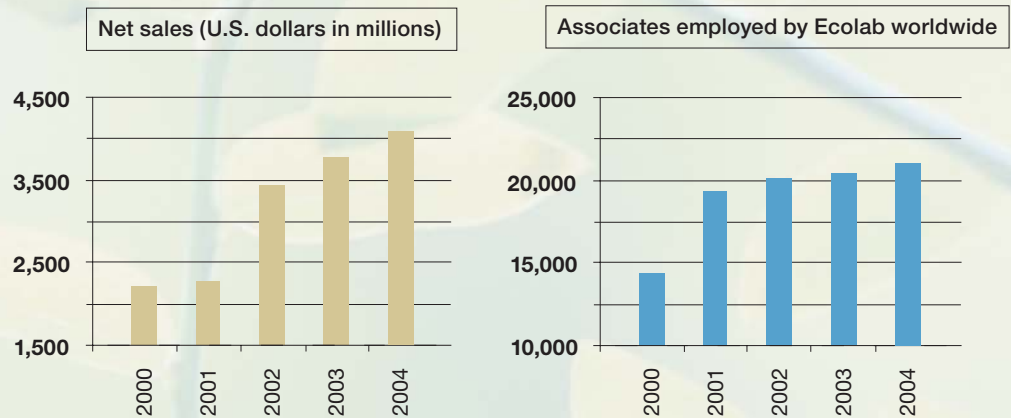
## DETERMINATION

# Ecolab Profile

Founded in 1923, Ecolab is the leading innovator, developer and marketer of cleaning, sanitizing and maintenance products, systems and services for the world's hospitality, institutional and industrial markets.

Ecolab's worldwide headquarters are located in St. Paul, Minnesota. Around the world, the company operates directly in nearly 70 countries. In addition, Ecolab reaches customers in more than 100 other countries through distributors, licensees and export operations. To meet the global demand for its products, Ecolab also operates more than 50 state-of-the-art manufacturing and distribution facilities worldwide.

Basic performance indicators of Ecolab's economic and social sustainability results are sales and employment. Ecolab's growing sales and employment support the health and welfare of its 21,000-plus associates and their families around the world.



Ecolab is a publicly traded company. Its common shares are listed and traded on the New York Stock Exchange and the Pacific Exchange under the symbol ECL.

## Sustainability Management Philosophy

Ecolab adopted Environmental Principles to guide its business strategy more than 15 years ago. Ecolab's management believes that corporations should conduct their business as responsible stewards of the environment and in a manner that does not disrupt the earth's natural evolutionary processes. They must also not compromise the ability of future generations to sustain their needs.

Ecolab applies its Environmental Principles on a global basis. In Europe, for example, the company has incorporated environmental, health and safety, and quality management systems into an integrated management system that adheres to the U.N. Sustainable Development Charter. Ecolab adheres to the charter by applying responsible care principles in product development, technical operations and service processes at customer sites. Specific environmental and quality objectives are defined and reviewed in regular business plans, including having European management systems certificated according to the ISO 9001 and ISO 14001 standards.



# Sustainability in Product Development

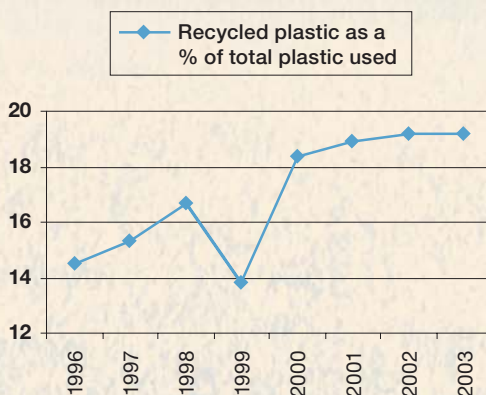
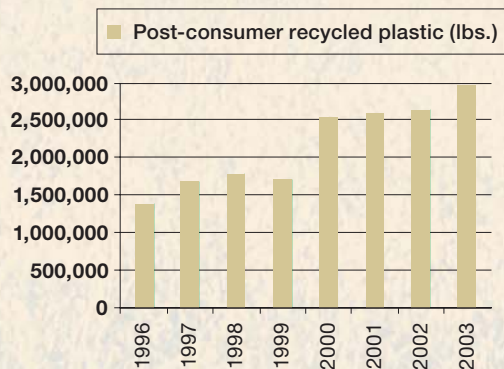
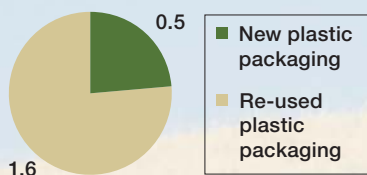
## Products and Systems

Consistent with our sustainability objectives, we are expanding our portfolio of “environmentally responsible” cleaning products. These products meet environmental attributes relating to chemistry, packaging, training, dispensing controls and other sustainability factors. In Europe, Ecolab sells 16 products certified by Nordic Swan® as environmentally preferable. In North America, Ecolab launched the *EcoLogic* line of housekeeping products, including products certified by Green Seal®. We also are participating in the U.S. EPA’s Design for the Environment Green Formulation Initiative to develop guidelines for environmentally preferable ingredients.

## Packaging Reduction

On a global basis, Ecolab works to reduce product packaging. We introduced award-winning collapsible packaging designs for several new products in 2004. By using flexible pouches instead of rigid plastic bottles, we have reduced the amount of plastic introduced into the waste system. For example, in Australia we re-use 76 percent of our packaging. In North America, Ecolab designs its rigid plastic packaging (less than 5 gallon size) with more than 15 percent post-consumer recycled (PCR) material. Charts below show Ecolab’s growing usage of PCR material in Ecolab’s North American polyethylene packaging – doubling the amount of recycled plastic since 1996.

Ecolab plastic packaging use – Australia (million kilograms)



\*2004 results were unavailable prior to the printing of this report.

## Sustainable Product Design

On a global basis, Ecolab has launched new skin cleansers formulated with alkylpolyglucosides (APGs) – made from naturally renewable resources that also provide less irritancy and degrade without environmental harm. In addition to these bio-based sustainable ingredients, we have developed cleaning products with low alkalinity, low metal ion content and reduced phosphorous content. New dry conveyor lubricants reduce our beverage plant customers’ wastewater volume. To reduce our customers’ water and energy impacts, we have implemented the *Aquamiser* laundry system. For new product development, evaluation of environmental aspects is a standard step within our integrated quality and environmental management system in Europe and our development process worldwide.

Ecolab’s **commitment** to sustainability begins with a systematic approach to creating products, programs and services that are not only effective, but reduce safety risks and environmental impacts. Our holistic approach emphasizes closed systems that minimize opportunities for exposing people to chemicals. For example, we have developed concentrated products, like solid detergents and dispensing systems, that enhance worker safety and reduce the volume of shipments and resulting fuel usage.

## COMMITMENT



**Formula 1** is a new and integrated product system designed for on-premise commercial laundry operations. Highlights include:

- One thousand customers washing one thousand pounds of laundry per day would conserve over 300 million gallons of water per year compared to conventional wash systems
- Lower risk of product spills and of mixing incompatible products. Product contains no caustic soda or chlorine



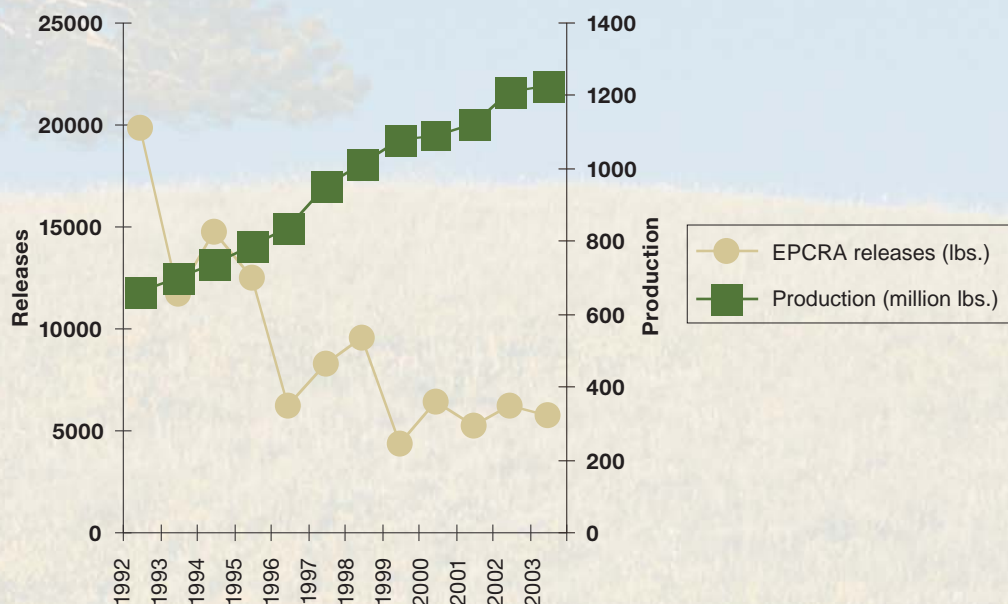
Ecolab takes great **pride** in creating innovative systems that help our customers achieve the highest hygiene standards while reducing overall energy and water consumption. We clean the world's dirt and grime. In addition, we strive to use resources efficiently in our manufacturing operations and to reduce waste to improve our environmental performance.

## PRIDE

# Sustainability in Manufacturing

## Releases to the Air/Environment

As required by the U.S. Emergency Planning and Community Right-to-Know Act (EPCRA), 17 Ecolab facilities make available information about releases of EPA-listed chemicals to the environment. The primary chemicals released from Ecolab plants are formula components that evaporate during production. Over the past decade, Ecolab's U.S. production of cleaning products more than doubled. However, Ecolab's releases to the environment (in pounds) in the U.S. have declined over the same period.



\*2004 results were unavailable prior to the printing of this report.

## Energy Use

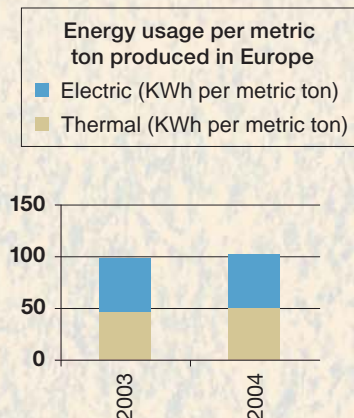
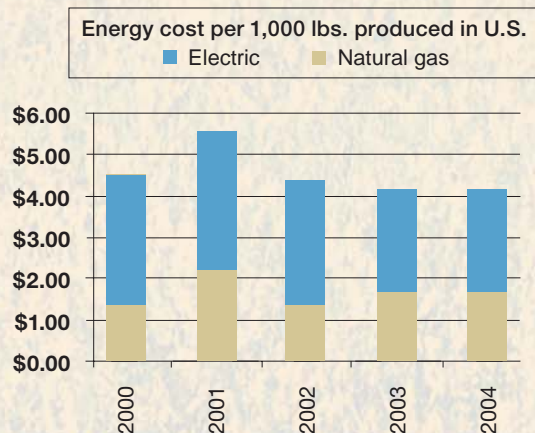
Ecolab strives to maximize the energy efficiency of our products and services and minimize the amount of energy consumed in manufacturing our products. The following graphs show the cost of energy consumed to produce 1,000 pounds of product in our North American manufacturing facilities and the kilowatt hours of energy used to produce one metric ton (2,200 pounds) of product in our European facilities. We are working to standardize our reporting metrics in future years.



The **Aquamiser** is an economical water recycling system that achieves significant cost savings through the re-use of "cleaned" water, helping reduce water consumption in commercial laundries.

Highlights include:

- Helps reduce water usage and wastewater disposal by 30 to 40 percent in high-volume continuous tunnel washing systems

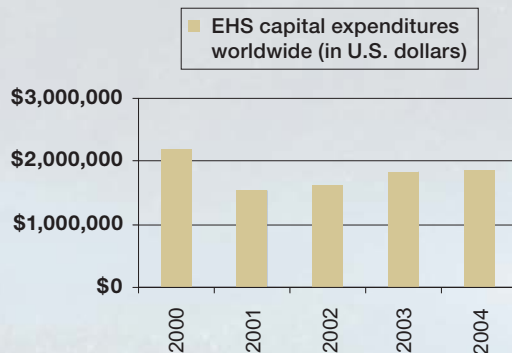




## Capital Expenditures

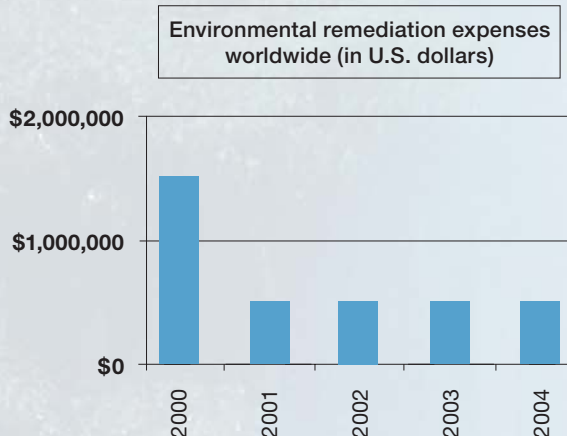
Ecolab's capital expenditures for environmental, health and safety (EHS) control projects are shown at right. Expenditure items have related to:

- fire safety systems
- electrical and other occupational safety items
- spill containment and drains
- water and air pollution control equipment



## Remediation Sites

Ecolab strives to avoid pollution in its operations. Nonetheless, Ecolab has been named as a “potentially responsible party” at sites in and outside the United States. These sites primarily are former waste disposal facilities or relate to businesses acquired by Ecolab. For example, expenses in 2000 were associated primarily with facilities acquired by Ecolab from Gibson Chemicals Ltd. of Australia.



## Sustainable Use of Natural Resources

Ecolab heats its St. Paul headquarters with energy provided by the St. Paul Energy District, which utilizes biomass to generate 70 percent of the company's heating needs. In Ecolab's GCS Services Distribution Center in Indianapolis, Indiana, heating and cooling is provided by a geothermal system. The system nearly eliminates combustion emissions associated with traditional heating and cooling systems. We are also pursuing Green Building Certification of the new Allan L. Schuman Campus in Eagan, Minnesota, from the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) program.

## Sustainability in Use of Products and Services

### Reducing Pesticide Use

Ecolab Pest Elimination is committed to providing our customers with services that help protect their facilities, their images and their customers from the damaging effects of pests. We focus on utilizing holistic pest control systems that minimize pesticide usage. Our innovative approaches include the patented *Stealth* fly trap – a pesticide-free tool to mechanically control flying insects. The *Stealth* system blends with facility décor to quietly eliminate flies without using pesticides. Similarly, our *ECO2000 Program* includes proprietary baits that control cockroaches while reducing pesticide usage. Our *ProGuard Pest Exclusion* service is a non-pesticide approach that reduces entry of pests by securing access points for pests.



**Eltra 40** is an innovative new disinfecting detergent that kills germs at 40° Celsius water temperature, which is much lower than the 60° Celsius temperature required by most other conventional commercial laundry products in Europe.

Highlights include:

- The temperature reduction of 20° Celsius results in substantial energy cost savings throughout the entire washing process

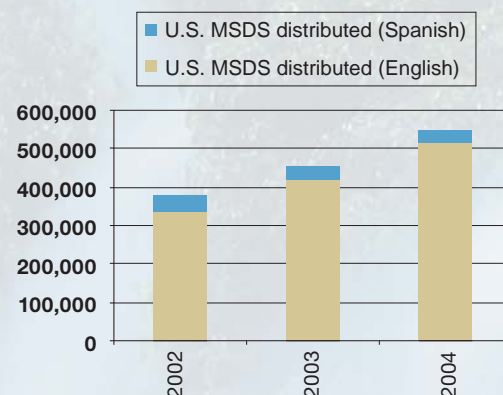
Ecolab's **passion** is for bringing added food safety solutions from the farm to the fork – helping customers on farms, in food processing, and in food service and food retail. We are the leading innovator in bringing new hygiene and food safety intervention technologies and services to our customers. We bring this same passion for hygiene and public health and safety to all our customer segments, with strong customer safety and customer emergency support systems.

**PASSION**



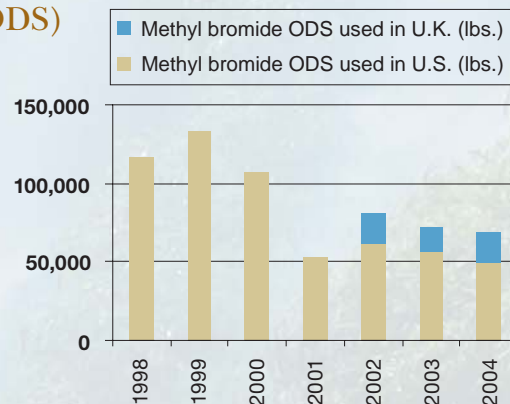
## Customer Safety Right-to-Know

To assist customers in handling Ecolab products safely, Ecolab provides Material Safety Data Sheets (MSDS) with health and safety information about each product. Ecolab is investing in a new MSDS authoring system in Europe and North America that will help provide up-to-date, consistent safety information in the local language, and in compliance with tightening regulatory requirements for MSDS. This system will help Ecolab's customers receive current safety information in their preferred language. As shown in the following charts, Ecolab sent out approximately 500,000 MSDS to U.S. customers in 2004.



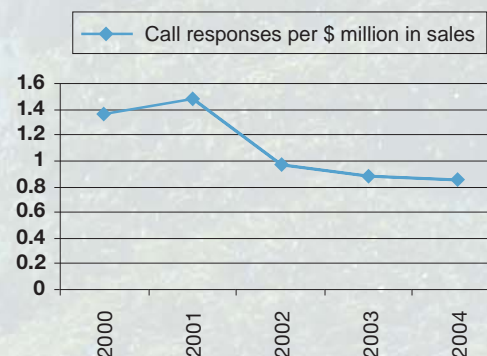
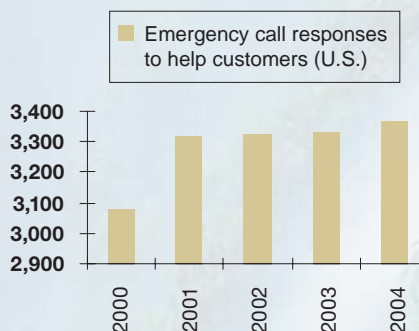
## Ozone-Depleting Substances (ODS)

Ecolab has eliminated all ozone-depleting substances (such as CFC propellants) from its cleaning product lines. For pest elimination fumigation of food storage facilities, Ecolab is working on alternatives to reduce use of methyl bromide. While Ecolab's fumigation business has grown in recent years with our expansion into the United Kingdom, Ecolab has reduced methyl bromide by 40 percent compared to levels prior to 2000.



## Customer Emergency Support

To help customers with medical emergencies involving Ecolab products, Ecolab provides a toll-free emergency telephone number on all product labels. This process helps customers and medical personnel respond to emergencies. In the long run, this customer support helps reduce injuries and enhance customer loyalty.



**Wash 'n Walk** is a revolutionary no-rinse floor cleaner that combines enzymes with traditional cleaning agents to eat away the grease buildup commonly found in restaurants and foodservice operations.

Highlights include:

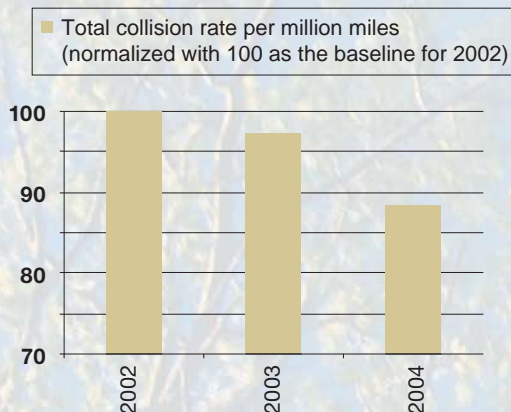
- The International Foodservice Distributors Association and the Canadian Council of Grocery Distributors recognized Ecolab with an award for the best new cleaning product for the foodservice industry
- Attacks the root cause of slippery floors – grease. This helps reduce employer liability and workers' compensation claims



## Driver Safety

Ecolab is implementing an enhanced driver safety management system to support employee and public safety. Vehicle accidents are the largest cause of human injury in North America. Reducing vehicle accidents and their associated costs (both human and financial) will improve long-term sustainability for our associates and our business.

In operating our business, Ecolab operates sales and service vehicles to reach our customers. The accompanying chart shows Ecolab's total collision rate (total moving accidents) per million miles driven by our sales and service vehicle fleet in the U.S., as normalized using 2002 as the base year.

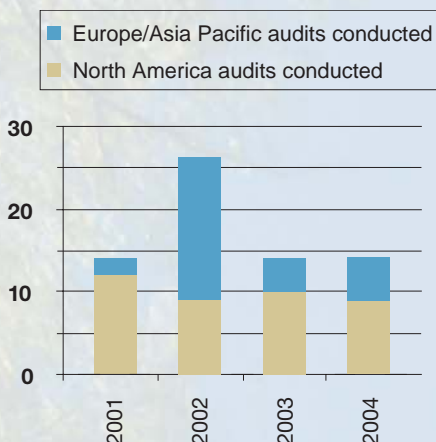


## Compliance Auditing and Management Systems

### EHS Auditing

As a third-party check on Ecolab's environmental, health and safety (EHS) compliance in manufacturing operations, an outside EHS consultant (Earth Tech, Inc.) audits each plant in North America every other year. Similarly, in Europe and Australia, an outside EHS consultant (ERM) audits our plants.

In addition, audits are performed when facilities are acquired. Ecolab's property and casualty insurers conducted fire and worker safety assessments and pressure vessel certifications at Ecolab facilities. These auditing programs help us continuously improve our EHS performance. The increase in 2002 relates primarily to facilities associated with Ecolab's acquisition of the former Henkel-Ecolab joint venture in Europe.



### 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 9000 quality system. This sought-after designation includes guidelines for how organizations work to prevent pollution, conform to legal requirements, minimize impact on the environment and continuously improve environmental performance. In Europe, Ecolab maintains ISO 14001 environmental management certification for 11 operational units (10 production sites and Düsseldorf headquarters). In 2004, Ecolab expanded its ISO 14001 environmental management certification to production plants in Japan and Singapore, as well as Australia.

Ecolab continually monitors the environmental, health and safety compliance standards of its manufacturing facilities around the globe. Lending **integrity** to this process are internal and third-party, independent inspectors who measure the results of these audits. In the end, Ecolab's focus on continuous improvement at all of its facilities is leading to a more sustainable business model.

## INTEGRITY



Australia's ISO 14001 committee members included, (left to right) Michele Zorzi, plant manager; Bruce Mewjork, quality manager; Stuart Rathborne, operations manager; and Paul Herna, production/quality control supervisor.

"Our ISO 14001 management systems are a means for improving business processes and simplification," says Stuart Rathborne, Ecolab's national operations manager, Australia. "What makes a difference in implementing these systems is our associates who are all dedicated to the Ecolab culture."



Ecolab embraces corporate responsibility by investing in communities where its associates live and work. It's through this *spirit* of giving that Ecolab is helping create strong, vibrant cities and improving people's lives. Ecolab associates are equally as committed to helping those in need through their individual volunteer and fundraising efforts that are donated annually to charitable organizations.

## SPIRIT

# Social Responsibility

## Charitable Giving

To sustain long-term growth of our business, we have a strong history of giving back to communities where our associates live and work. Through the Ecolab Foundation, we annually contribute 1.2 percent of our U.S. pretax earnings to domestic charitable organizations. Our charitable giving focuses on Youth & Education, Arts & Culture, Civic & Community Development and the Environment. In

2004 the Foundation contributed \$3.3 million dollars to our communities and over \$1 million of that was invested in educational programs supporting youth. Over the past five years, the Ecolab Foundation has contributed nearly \$15 million toward building sustainable communities.



## Community Involvement

Ecolab has a strong commitment to volunteerism and community service. We believe that success is measured not only by the satisfaction of our customers, but by the contributions of our employees to the communities where they work and live. We are committed to enhancing the health and well-being of our communities by active outreach and involvement, reinforcing the Ecolab Culture. A large number of Ecolab associates serve on non-profit boards and have donated thousands of volunteer hours supporting these organizations. Ecolab encourages and fosters this involvement by offering matching grants to organizations in which Ecolab associates volunteer. In the last five years, more than \$200,000 has been donated through our matching grants program. Along with our monetary support, Ecolab annually conducts blood, clothing, food, school supplies and holiday gift drives for many charitable organizations.

## In-Kind Giving

As a world leader of cleaning and sanitizing solutions, Ecolab's products are in high demand when natural disasters strike. In 2004 alone, Ecolab donated over 152,000 gallons of hand sanitizer and other cleaning products worth more than \$1.4 million to the relief efforts during the hurricanes in Florida and the tsunami in Southeast Asia. Ecolab's Community Relations Department also coordinated with the American Red Cross of the St. Paul Area to have representatives conduct a donation drive at Ecolab headquarters for the Southeast Asia tsunami disaster. Ecolab associates from around the globe contributed approximately \$50,000, Ecolab Foundation contributed \$25,000 and Ecolab contributed another \$22,000 to the relief effort.

## Ida Koran Trust for Associates

Thanks to the significant generosity of Ida Koran, Ecolab's first employee, current and former Ecolab associates worldwide have a place to turn when they face financial hardship due to disabilities, medical problems or need help for education. Over the past 10 years, this trust fund has contributed close to \$12 million to Ecolab families and the communities where they live.



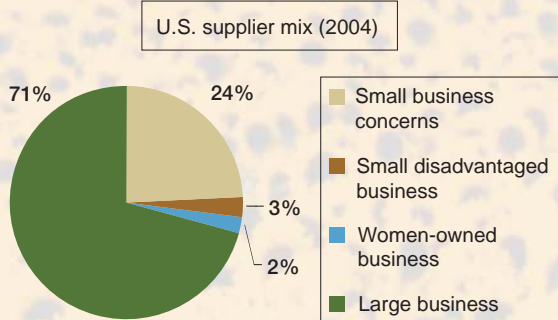
More than 100 Ecolab associates spent one week in August helping build homes for several St. Paul, Minnesota, families through a pilot program with Habitat for Humanity.



## Purchasing from Disadvantaged Suppliers

To promote sustainable growth across different social sectors, Ecolab supports small and disadvantaged businesses in a number of ways. For example, Ecolab participates in an annual job and procurement fair for minority business enterprises.

In addition, Ecolab actively requests proposals from small disadvantaged and women-owned businesses when purchasing items for the company. In 2004, Ecolab purchased \$23 million worth of products and services from small disadvantaged businesses and \$12.5 million from small women-owned businesses in the U.S.



## Food Security

Since September 11, 2001, Ecolab experts have served on several government and industry trade groups addressing security threats related to global food supplies. We participated in efforts to fight anthrax, securing emergency authorization from the EPA for an Ecolab disinfectant. Ecolab has contributed to the U.S. Department of Agriculture/National Milk Federation working group on foot-and-mouth disease, the Institute of Food Technologist Threat Assessment Group, and are active members of the U.S. National Center for Food Protection and Defense. During the SARS and Avian Flu outbreaks, we lent expertise around the globe. By volunteering hundreds of hours of expertise, Ecolab is helping support a sustainable food supply and reduce the security risks to global food supply chains.

*Data in this report summarizes Ecolab's growing environmental, product stewardship and social responsibility activities from Jan. 1, 2004, through Dec. 31, 2004. Financial information is given in U.S. dollars. For more information on Ecolab's investor relations, please visit the company's web site at <http://www.ecolab.com/>.*

**Selling Power magazine names Ecolab as a top company for sales professionals**

**Forbes magazine names Ecolab one of America's 'Best-Managed Companies'**



Printed on Mohawk Options 100% PC Cream White. Options is manufactured with 100% postconsumer fiber that is process chlorine free. Made with wind power.



# Earning Your Trust

We take our role as global citizens very seriously at Ecolab. This includes complying with a wide variety of laws and regulations where we conduct business. This commitment to doing what's right for the long term has helped Ecolab achieve sustainable, profitable growth in the past and will continue to guide us in the future.

But we understand that sustainable financial performance is only part of our responsibility as a company. To continuously earn the trust of our customers, shareholders and associates, Ecolab must also grow with integrity. This means ethical business conduct everywhere we do business, a strong code of conduct, and fair and honest reporting. Because while we value and expect good business results, we place equal value on how we achieve those results.

For 2005, 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 at the performance metrics listed in this report
- Expand our global customer safety data sheet support in local languages and
- Improve our use of common sustainability metrics outside North America to expand the scope of our sustainability efforts globally

Thank you for your interest in our Sustainability Report. We have based this report on the Global Reporting Initiative's sustainability reporting guidelines, but are always interested in new ideas. Please share your views on this report by contacting us at [investor.info@ecolab.com](mailto:investor.info@ecolab.com).



**Bruce R. Cords, Ph.D.**  
Environmental Affairs Vice President



**Steven M. Christenson**  
Regulatory Affairs Vice President

**Business Ethics  
magazine ranks  
Ecolab among  
'100 Best  
Corporate Citizens'  
for fifth  
straight year**

**Corporate Knights  
recognizes Ecolab  
as one of the '100  
Most Sustainable  
Corporations in  
the World'**  
[www.global100.org](http://www.global100.org)

*For further information regarding Ecolab's Environmental Principles, see  
[http://www.ecolab.com/CompanyProfile/Environmental\\_Principles/default.asp](http://www.ecolab.com/CompanyProfile/Environmental_Principles/default.asp).*



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