

ECOLAB INC.
Form DEF 14A
March 17, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

ECOLAB INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

Edgar Filing: ECOLAB INC. - Form DEF 14A

~~(3)~~ Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

~~(4)~~ Proposed maximum aggregate value of transaction:

~~(5)~~ Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

~~(1)~~ Amount Previously Paid:

~~(2)~~ Form, Schedule or Registration Statement No.:

~~(3)~~ Filing Party:

~~(4)~~ Date Filed:

Notice of 2017 Annual Meeting and
Proxy Statement

Annual Meeting to be Held on May 4, 2017

TABLE OF CONTENTS

<u>NOTICE</u>	1
<u>PROXY</u>	
<u>STATEMENT</u>	
<u>SUMMARY</u>	2
<u>VOTING</u>	
<u>PROCEDURES</u>	5
<u>STOCKHOLDER</u>	
<u>ACCESS</u>	7
<u>Communications with</u>	
<u>Directors</u>	7
<u>Future Stockholder</u>	
<u>Proposals and Director</u>	
<u>Nomination Process</u>	7
<u>SECURITY</u>	
<u>OWNERSHIP</u>	10
<u>Certain Beneficial</u>	
<u>Owners</u>	10
<u>Executive Officers and</u>	
<u>Directors</u>	11
<u>CORPORATE</u>	
<u>GOVERNANCE</u>	12
<u>Corporate Governance</u>	
<u>Materials and Code of</u>	
<u>Conduct</u>	12
<u>Board Structure</u>	12
<u>Board Leadership</u>	
<u>Structure</u>	12
<u>Board's Role in Risk</u>	
<u>Oversight</u>	13
<u>Compensation Risk</u>	
<u>Analysis</u>	13
<u>Director Attendance</u>	14
<u>Board Committees</u>	14
<u>Compensation</u>	
<u>Committee Interlocks</u>	
<u>and Insider</u>	
<u>Participation</u>	16
<u>RELATED-PERSON</u>	
<u>TRANSACTIONS</u>	16
<u>DIRECTOR</u>	
<u>COMPENSATION</u>	
<u>FOR 2016</u>	17
<u>Director Compensation</u>	
<u>Table</u>	17
<u>Summary</u>	18
	19

<u>Stock Retention and Ownership Guidelines</u>	
<u>DIRECTOR INDEPENDENCE STANDARDS AND DETERMINATIONS</u>	20
<u>“Independence” Standards</u>	20
<u>“Independence” Determinations</u>	20

<u>PROPOSAL</u>	
<u>1: ELECTION OF</u>	
<u>DIRECTORS</u>	22
<u>COMPENSATION</u>	
<u>COMMITTEE</u>	
<u>REPORT</u>	27
<u>COMPENSATION</u>	
<u>DISCUSSION AND</u>	
<u>ANALYSIS</u>	27
<u>Executive Summary</u>	27
<u>Program Elements</u>	31
<u>Compensation</u>	
<u>Philosophy</u>	32
<u>Compensation</u>	
<u>Process</u>	33
<u>Compensation</u>	
<u>Benchmarking</u>	33
<u>Base Salaries</u>	34
<u>Adjustments to</u>	
<u>Reported Financial</u>	
<u>Results</u>	35
<u>Annual Cash</u>	
<u>Incentives</u>	36
<u>Long-Term Equity</u>	
<u>Incentives</u>	39
<u>Executive Benefits</u>	
<u>and Perquisites</u>	40
<u>Executive</u>	
<u>Change-in-Control</u>	
<u>Policy</u>	41
<u>Stock Retention and</u>	
<u>Ownership</u>	
<u>Guidelines</u>	41
<u>Compensation</u>	
<u>Recovery</u>	42
<u>Regulatory</u>	
<u>Considerations</u>	42
<u>SUMMARY</u>	
<u>COMPENSATION</u>	
<u>TABLE FOR 2016</u>	43
<u>GRANTS OF</u>	
<u>PLAN-BASED</u>	
<u>AWARDS FOR</u>	
<u>2016</u>	45
<u>OUTSTANDING</u>	46
<u>EQUITY AWARDS</u>	
<u>AT FISCAL</u>	

<u>YEAR-END FOR</u> <u>2016</u> <u>OPTION</u> <u>EXERCISES AND</u> <u>STOCK VESTED</u> <u>FOR 2016</u>	47
<u>PENSION</u> <u>BENEFITS FOR</u> <u>2016</u>	48
<u>NON-QUALIFIED</u> <u>DEFERRED</u> <u>COMPENSATION</u> <u>FOR 2016</u>	51
<u>POTENTIAL</u> <u>PAYMENTS UPON</u> <u>TERMINATION</u> <u>OR CHANGE IN</u> <u>CONTROL</u>	53
<u>AUDIT</u> <u>COMMITTEE</u> <u>REPORT</u>	58
<u>AUDIT FEES</u>	59
<u>PROPOSAL 2:</u> <u>RATIFICATION</u> <u>OF</u> <u>APPOINTMENT</u> <u>OF INDEPENDENT</u> <u>REGISTERED</u> <u>PUBLIC</u> <u>ACCOUNTING</u> <u>FIRM</u>	60
<u>PROPOSAL 3:</u> <u>ADVISORY VOTE</u> <u>TO APPROVE THE</u> <u>COMPENSATION</u> <u>OF EXECUTIVES</u> <u>DISCLOSED IN</u> <u>THE PROXY</u> <u>STATEMENT</u>	61
<u>PROPOSAL</u> <u>4: ADVISORY</u> <u>VOTE ON THE</u> <u>FREQUENCY OF</u> <u>FUTURE</u> <u>STOCKHOLDER</u> <u>ADVISORY</u> <u>VOTES ON</u> <u>EXECUTIVE</u> <u>COMPENSATION</u>	62

<u>OTHER MATTERS</u>	63
<u>Proxy Solicitation</u>	
<u>Costs</u>	63
<u>Section 16(a)</u>	
<u>Beneficial</u>	
<u>Ownership</u>	
<u>Reporting</u>	
<u>Compliance</u>	63
<u>Householding</u>	
<u>Information</u>	63
<u>Important Notice</u>	
<u>Regarding the</u>	
<u>Availability of Proxy</u>	
<u>Materials</u>	63
<u>Voting by Plan</u>	
<u>Participants</u>	64

March 20, 2017

DEAR FELLOW STOCKHOLDER:

You are cordially invited to join us for our Annual Meeting of Stockholders, to be held at 10:00 a.m. on Thursday, May 4, 2017, in the Auditorium of the Landmark Center, 75 West 5th Street, Saint Paul, Minnesota 55102. The Notice of Annual Meeting and the Proxy Statement that follow describe the business to be conducted at our Annual Meeting. We urge you to read both carefully.

We hope you plan to attend our Annual Meeting. However, if you will not be able to join us, we encourage you to exercise your right as a stockholder and vote. Please sign, date and promptly return the accompanying proxy card, or make use of either our telephone or Internet voting services. Stockholders not in attendance may listen to a broadcast of the meeting on the Internet. Webcast instructions will be available on-line at www.investor.ecolab.com.

Sincerely,

Douglas M. Baker, Jr.
Chairman of the Board
and Chief Executive Officer
YOUR VOTE IS IMPORTANT!
PLEASE SUBMIT YOUR PROXY TODAY.

Your vote is a valuable part of the investment made in our Company and is the best way to influence corporate governance and decision-making. Please take time to read the enclosed materials and vote!

Whether or not you plan to attend the meeting, please complete the accompanying proxy and return it in the enclosed envelope. Alternatively, you may vote by telephone or the Internet. If you attend the meeting, you may vote your shares in person even though you have previously returned your proxy by mail, telephone or the Internet.

PLEASE REFER TO THE ACCOMPANYING MATERIALS FOR VOTING INSTRUCTIONS.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 4, 2017

To the Stockholders of Ecolab Inc.:

The Annual Meeting of Stockholders of Ecolab Inc. will be held on Thursday, May 4, 2017, at 10:00 a.m., in the Auditorium of the Landmark Center, 75 West 5th Street, Saint Paul, Minnesota 55102, for the following purposes (which are more fully explained in the Proxy Statement):

1. To elect as Directors to a one-year term ending in 2018 the 13 nominees named in the Proxy Statement;
2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current year ending December 31, 2017;
3. To approve, on an advisory basis, the compensation of executives disclosed in the Proxy Statement;
4. To vote, on an advisory basis, on the frequency of future stockholder advisory votes on executive compensation; and
5. To transact such other business as may properly come before our Annual Meeting and any adjournment or postponement thereof.

Our Board of Directors has fixed the close of business on March 7, 2017 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting.

By Order of the Board of Directors

Michael C. McCormick
Executive Vice President, General Counsel
and Assistant Secretary
March 20, 2017

PROXY STATEMENT SUMMARY

This proxy summary is intended to provide a broad overview of the items that you will find elsewhere in this Proxy Statement. This summary does not contain all of the information that you should consider, and we encourage you to read the entire Proxy Statement carefully before voting.

Annual Meeting of Stockholders

Date and Time: Thursday, May 4, 2017, at 10:00 a.m.

Location: The Auditorium of the Landmark Center, 75 West 5th Street, Saint Paul, Minnesota 55102

Record Date: March 7, 2017

Meeting Agenda and Items of Business

Proposal	Board's Voting Recommendation	Reference
1. Election of Directors	FOR	22
2. Ratification of Independent Accountants	FOR	60
3. Advisory Vote to Approve Executive Compensation	FOR	61
4. Advisory Vote on Frequency of Future Stockholder Advisory Votes on Executive Compensation	ANNUAL	62
Election of Directors		

Name of Director Nominee	Age	Years of Service	Occupation
Non-Independent Directors			
Douglas M. Baker, Jr.	58	13	Chairman of the Board and Chief Executive Officer, Ecolab Inc.
Independent Directors			
Barbara J. Beck	56	9	Chief Executive

Edgar Filing: ECOLAB INC. - Form DEF 14A

Leslie S. Biller	69	19	Officer, Learning Care Group, Inc. Chief Executive Officer, Harborview Capital President and Chief Executive Officer, CHS Inc.
Carl M. Casale	55	3	Retired Chief Executive Officer, Occidental Petroleum Corporation
Stephen I. Chazen	70	4	Chairman of the Board, Hormel Foods Corporation
Jeffrey M. Ettinger	58	2	Consultant, Blackstone Healthcare Partners
Arthur J. Higgins	61	7	Chief investment officer to William H. Gates III
Michael Larson	57	5	Chairman and Chief Executive Officer, Cargill, Incorporated
David W. MacLennan	57	2	Founder and Chief Executive Officer, MAC Energy Advisors, LLC
Tracy B. McKibben	47	2	Former
Victoria J. Reich	59	7	Senior Vice President and Chief

			Financial Officer, Essendant Inc. President, Kilovolt Consulting Inc. Retired President and Chief Executive Officer, Univar Inc.
Suzanne M. Vautrinot	57	3	
John J. Zillmer	61	11	

The Board of Directors of Ecolab Inc. is asking you to elect 13 director nominees. The table above provides summary information about the director nominees. A nominee will only be elected if the number of votes cast for the nominee's election is greater than the number of votes cast against the nominee. For more information, see page 22.

Ratification of Independent Accountants

The Board of Directors is asking you to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm to audit our consolidated financial statements for the year ending December 31, 2017. For more information, see page 60.

Advisory Vote to Approve Executive Compensation

The Board of Directors is asking you to approve, on an advisory basis, the compensation of our named executive officers as disclosed in this Proxy Statement. For more information, see page 61.

Advisory Vote on the Frequency of Future Stockholder Advisory Votes on Executive Compensation

The Board of Directors is asking you to vote, on an advisory basis, on the frequency of future advisory votes on the compensation of our named executive officers. The Board of Directors recommends that you vote for ANNUAL frequency. For more information, see page 62.

Summary of Compensation Practices

Key compensation practices include the following:

- We use different performance measures in our short-term and long-term incentive plans.
- We have a balanced double-trigger change-in-control severance policy with no tax gross-ups.
- We have robust stock ownership guidelines of 6 times salary for our CEO and 3 times salary for our other officers.
- Risk mitigation features in our compensation programs include varied and balanced performance targets, discretionary authority of the Compensation Committee to reduce award pay-outs, bonus caps at 200% of target and a claw-back policy.
- We do not maintain employment agreements with any of our named executive officers.

For more information, see page 27.

Corporate Governance Highlights

Key aspects of our corporate governance structure, policies and processes include the following:

- All of our directors, with the exception of our CEO, are independent.
- We have an independent Lead Director with substantial and clearly delineated authority.
- We do not have a stockholder rights plan.
- Each director serves a one-year term and stands for re-election at each annual meeting.
- Directors elected in uncontested elections must receive a majority vote. A director who fails to receive the required number of votes for election must tender his or her written resignation for consideration by the Board.
- All of our named executive officers hold Ecolab common stock in excess of our stock ownership guidelines.

For more information, see page 12.

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

MAY 4, 2017

1 Ecolab Place, Saint Paul, Minnesota 55102

The Board of Directors of Ecolab Inc. is using this Proxy Statement (the “Proxy Statement”) to solicit proxies from the holders of Ecolab Common Stock, par value \$1.00 per share (“Common Stock”), for use at the 2017 Annual Meeting of Ecolab Stockholders. We are first mailing this Proxy Statement and accompanying form of proxy to Ecolab stockholders on or about March 20, 2017.

- Meeting Time and Place – Thursday, May 4, 2017, at 10:00 a.m., in the Auditorium of the Landmark Center, 75 West 5th Street, Saint Paul, Minnesota 55102.
 - Purpose of the Meeting – is to vote on the following items:
 1. To elect as Directors to a one-year term ending in 2018 the 13 nominees named in this Proxy Statement;
 2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current year ending December 31, 2017;
 3. To approve, on an advisory basis, the compensation of executives disclosed in the Proxy Statement;
 4. To vote, on an advisory basis, on the frequency of future stockholder advisory votes on executive compensation; and
 5. To transact such other business as may properly come before our Annual Meeting and any adjournment or postponement thereof.
 - Record Date – The record date for determining the holders of Common Stock entitled to vote at our Annual Meeting is the close of business on March 7, 2017.
 - Shares Entitled to Vote – As of March 7, 2017, the record date for the meeting, there were 290,057,333 shares of Common Stock outstanding. Each share of Common Stock is entitled to one vote. Common Stock held by Ecolab in our treasury is not counted in shares outstanding and will not be voted.
- Note – References in this Proxy Statement to “Ecolab,” “the Company,” “we,” or “our” are to Ecolab Inc.

4 ECOLAB - 2017 Proxy Statement

VOTING PROCEDURES

VOTING PROCEDURES

Quorum – A quorum of stockholders is necessary to hold a valid meeting. The presence in person or by proxy at the meeting of holders of a majority of the outstanding shares of Common Stock entitled to vote at the meeting is a quorum. Abstentions and broker non-votes count as present for establishing a quorum. Common Stock held by Ecolab in our treasury does not count toward a quorum.

Broker Non-Votes – Broker non-votes occur on a proposal when the beneficial owner of Common Stock does not submit voting instructions to a broker or bank. Under New York Stock Exchange rules, brokers, banks and other nominees generally will have discretionary authority to vote shares in absence of instructions on "routine" matters, such as the ratification of the appointment of PricewaterhouseCoopers LLP, and will not have discretion to vote shares on non-routine matters. Other than the appointment of PricewaterhouseCoopers LLP, broker non-votes are not counted as votes cast for any purpose in determining whether a matter has been approved. To ensure that their views are represented at the meeting, we strongly urge all beneficial owners to provide specific voting instructions on all matters to be considered at the meeting to their record-holding brokers.

Treatment of Abstentions – Shares voted "Abstain" will have no effect on the election of directors or on the advisory vote on the frequency of future stockholder advisory votes on executive compensation. For the other proposals to be voted on at the Annual Meeting, abstentions are treated as shares present or represented and voting and therefore have the same effect as negative votes.

How to Vote by Proxy – You may vote in person by ballot at our Annual Meeting or by submitting a valid proxy. We recommend you submit your proxy even if you plan to attend the Annual Meeting. If you attend the Annual Meeting, you may vote by ballot, thereby canceling any proxy previously submitted.

Voting instructions are included on your proxy card. If you properly complete your proxy and submit it to us in time to be tabulated, one of the individuals named as your proxy will vote your Common Stock as you have directed. You may vote for or against each proposal, or you may abstain from voting on a proposal. With respect to the election of directors, you may vote for or against each nominee, or you may abstain from voting on the election of one or more nominees.

Revoking Your Proxy – You may revoke your proxy at any time before it is voted by:

- timely delivery of a valid, later-dated proxy, including a proxy given by telephone or Internet;
- timely delivery of written notice to our Corporate Secretary before the Annual Meeting, stating that you have revoked your proxy; or
- voting by ballot at our Annual Meeting.

Vote Tabulation – The vote on each proposal will be tabulated as follows:

Proposal 1: Election of Directors – Each nominee will be elected by a majority of the votes cast in uncontested elections. We currently expect that the election of directors at our meeting will be uncontested. Under the majority voting standard, a nominee must receive a number of "FOR" votes that exceeds 50% of the votes cast with respect to that director's election. Votes cast with respect to a nominee include votes FOR or AGAINST a nominee and exclude abstentions and broker non-votes.

If an uncontested nominee for director does not receive an affirmative majority of "FOR" votes, he or she will be required to promptly offer his or her resignation to the Board's independent Governance Committee. That committee will then make a recommendation to the Board as to whether the offered resignation should be accepted or rejected, or whether other action should be taken. The Board will publicly announce its decision regarding the offered resignation

and the rationale behind it within 90 days after the election results have been certified. Any director who has so offered his or her resignation will not be permitted to vote on or participate in the recommendation of the Governance Committee or the Board's decision with respect to his or her resignation.

Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted FOR the election of the 13 nominees named in this Proxy Statement. If, for any reason, any nominee becomes unavailable for election prior to our Annual Meeting, the proxies solicited by our Board of Directors will be voted FOR such substituted nominee as is selected by our Board of Directors, or our Board of Directors, at its option, may reduce the number of directors to constitute the entire Board.

VOTING PROCEDURES

Proposal 2: Ratification of Appointment of Independent Registered Public Accounting Firm – The affirmative vote of a majority of the total votes cast by holders of shares present in person or represented by proxy at the Annual Meeting and entitled to vote will constitute ratification of the appointment of PricewaterhouseCoopers LLP. Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted FOR ratification of the appointment of PricewaterhouseCoopers LLP.

Proposal 3: Advisory Vote to Approve the Compensation of Executives Disclosed in this Proxy Statement – The affirmative vote of a majority of the total votes cast by holders of shares present in person or represented by proxy at the Annual Meeting and entitled to vote will constitute approval of the compensation of executives disclosed in this Proxy Statement. Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted FOR approval of the compensation of executives disclosed in this Proxy Statement.

Proposal 4: Advisory Vote on the Frequency of Future Stockholder Advisory Votes on Executive Compensation – For this proposal, which provides for an advisory vote on the frequency of advisory votes on the compensation of our named executive officers (that is, annually or every two or three years), the Company will treat the option selected by the plurality (that is, the most frequently selected option) of the total votes cast by holders of shares present in person or represented by proxy at the Annual Meeting and entitled to vote as the option selected by the stockholders. Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted for ANNUAL frequency of an advisory vote on compensation of our named executive officers.

Discretionary Voting – We are not currently aware of any other business to be acted upon at our Annual Meeting. If, however, other matters are properly brought before the Annual Meeting, or any adjournment or postponement of the Annual Meeting, your proxy includes discretionary authority on the part of the individuals appointed to vote your Common Stock or act on those matters according to their best judgment, including to adjourn the Annual Meeting.

Adjournments – Adjournment of our Annual Meeting may be made for the purpose of, among other things, soliciting additional proxies. Any adjournment may be made from time to time by approval of the holders of Common Stock representing a majority of the votes present in person or by proxy at the Annual Meeting, whether or not a quorum exists, without further notice other than by an announcement made at the Annual Meeting. We do not currently intend to seek an adjournment of the Annual Meeting.

STOCKHOLDER ACCESS

STOCKHOLDER ACCESS

Communications with Directors

Our stakeholders and other interested parties, including our stockholders and employees, can send substantive communications to our Board using the following methods published on our website at <http://investor.ecolab.com/corporate-governance>:

- to correspond with the Board's Lead Director, please complete and submit the on-line "Contact Lead Director" form;
- to report potential issues regarding accounting, internal controls and other auditing matters to the Board's Audit Committee, please complete and submit the on-line "Contact Audit Committee" form; or
- to make a stockholder recommendation for a potential candidate for nomination to the Board, please submit an e-mail to the Board's Governance Committee, in care of our Corporate Secretary, at investor.info@ecolab.com.

All substantive communications regarding governance matters or potential accounting, control, compliance or auditing irregularities are promptly relayed or brought to the attention of the Lead Director or Chair of the Audit Committee following review by our management. Communications not requiring the substantive attention of our Board, such as employment inquiries, sales solicitations, questions about our products and other such matters, are handled directly by our management. In such instances, we respond to the communicating party on behalf of the Board. Nonetheless, our management periodically updates the Board on all of the on-line communications received, whether or not our management believes they are substantive. In addition to on-line communications, interested parties may direct correspondence to our Board of Directors, our Board Committees or to individual directors at our headquarters address, repeated at the top of page 4 of this Proxy Statement.

Future Stockholder Proposals and Director Nomination Process

Any stockholder proposal, other than those for director nominations, must comply with advance notice procedures set forth in Article II, Section 4 of our By-Laws. As described in more detail below, stockholder proposals for director nominations must comply with Article II, Section 3 and Section 15 of our By-Laws. Under our By-Laws, to be in proper written form, the stockholder's notice to our Corporate Secretary must set forth as to each matter such stockholder proposes to bring before the Annual Meeting a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting and, as to the stockholder giving the notice and any Stockholder Associated Person (i.e., any person acting in concert, directly or indirectly, with such stockholder and any person controlling, controlled by or under common control with such stockholder): (i) the name and record address of such person, (ii) the class or series and the number of shares beneficially owned by the stockholder, (iii) the nominee holder for, and number of, shares owned beneficially but not of record by such person, (iv) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of, or any other agreement or arrangement has been made, the effect or intent of which is to mitigate loss to or manage risk or benefit of share price changes for, or to increase or decrease the voting power of, such person with respect to any share of stock of the Company, (v) to the extent known, the name and address of any other stockholder supporting the proposal, (vi) a description of all arrangements or understandings between or among such persons in connection with the proposal and any material interest in such proposal, and (vii) a representation by the stockholder that he or she intends to appear at the Annual Meeting to present the business. Any ownership information shall be supplemented by the stockholder giving the notice not later than ten (10) days after the record date for the meeting as of the record date. This summary is qualified in its entirety by reference to the full text of our By-Laws, which can be found on our website at <http://investor.ecolab.com/corporate-governance>. If the presiding Chairperson of the Annual Meeting of Stockholders determines that business, or a nomination, was not brought before the meeting in accordance with the By-Law provisions, that business will not be transacted or the defective nomination will not be accepted.

- **Deadline for Inclusion in the Proxy Statement** – All proposals, other than with respect to director nominees (as discussed below), to be considered by the Board for inclusion in the Proxy Statement and form of proxy for next year's Annual Meeting of Stockholders expected to be held on May 3, 2018, must be received by the Corporate Secretary at our headquarters address, repeated at the top of page 4 of this Proxy Statement, no later than November 20, 2017.
- **Deadline for Consideration** – Stockholder proposals not included in a Company proxy statement for an annual meeting as well as proposed stockholder nominations for the election of directors for inclusion in the Company's proxy statement and form of proxy at an annual meeting must each comply with advance notice procedures set forth in our

STOCKHOLDER ACCESS

By-Laws in order to be properly brought before that annual meeting of stockholders. In general, written notice of a stockholder proposal or a director nomination must be received by the Corporate Secretary not less than 120 days nor more than 150 days prior to the anniversary date of the preceding annual meeting of stockholders. With regard to next year's Annual Meeting of Stockholders, expected to be held on May 3, 2018, the written notice must be received between December 5, 2017 and January 4, 2018, inclusive.

· Director Nomination Process – Our Board's Governance Committee has, under its Charter, responsibility for director nominee functions, including review of any director nominee candidates recommended by stockholders. The Governance Committee has the following duties and authority:

- Review and recommend to the Board of Directors policies for the composition of the Board, including such criteria as:

§ size of the Board;

§ diversity of gender, race, ethnicity, experience, employment, background and other relevant factors of Board members;

§ the proportion of the Board to be comprised of non-management directors;

§ qualifications for new or continued membership on the Board, including experience, employment, background and other relevant considerations; and

§ director retirement requirements or standards.

- Review any director nominee candidates recommended by stockholders.

- Identify, interview and evaluate director nominee candidates and have sole authority to:

§ retain and terminate any search firm to be used to assist the Committee in identifying director candidates; and

§ approve the search firm's fees and other retention terms.

- Recommend to the Board:

§ the slate of director nominees to be presented by the Board for election at the Annual Meeting of Stockholders;

§ the director nominees to fill vacancies on the Board; and

§ the members of each Board Committee.

· Director Nominations – Any stockholder nomination for directors must comply with the advance notice procedures set forth in Article II, Section 3 and Section 15 of our By-Laws. Under our By-Laws, to be in proper written form, the stockholder's notice to our Corporate Secretary must set forth as to each person whom the stockholder proposes to nominate for election as a director: (i) the name, age, business address, residence address and record address of such person, (ii) the principal occupation or employment of such person, (iii) the following information regarding such person: (A) the class or series and number of shares of capital stock of the Company which are owned beneficially or of record by such person, (B) any option, warrant, convertible security, stock appreciation right, or similar derivative instrument related to any class or series of shares of the Company that is directly or indirectly owned beneficially by such person; (C) any proxy, contract, agreement, arrangement, understanding, or relationship pursuant to which such person has a right to vote any shares of any security of the Company; (D) any "short interest" in any security of the Company; (E) any rights to dividends on the shares of the Company owned beneficially by such person that are separated or separable from the underlying shares of the Corporation; (F) any proportionate interest in shares of the Company or derivative instruments held, directly or indirectly, by a general or limited partnership in which such person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner; and (G) any performance-related fees (other than an asset-based fee) to which such person is entitled based on any increase or decrease in the value of shares of the Company or any derivative instruments, if any, as of the date of such notice, including, without limitation, any such interests held by members of such person's immediate family sharing the same household, (iv) any information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder, (v) the nominee holder for, and number of, shares owned beneficially but not of record by such person, (vi) to the extent known by the stockholder giving the notice, the name and address of any other stockholder supporting the nominee for election or reelection as a director on the date of such stockholder's notice, (vii) a description of all arrangements or understandings between or among such persons pursuant to which

the nomination(s) are to be made by the stockholder, and (viii) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the persons named in its notice. In addition to the information required

8 ECOLAB - 2017 Proxy Statement

STOCKHOLDER ACCESS

pursuant to Section 3, our By-Laws provide that the Company may require any proposed nominee to furnish such other information: (a) as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director under the rules and listing standards of the principal United States securities exchanges upon which the Common Stock of the Company is listed or traded, any applicable rules of the U.S. Securities and Exchange Commission or any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence of the Company's directors, (b) that could be material to a reasonable stockholder's understanding of the independence, or lack thereof, of such nominee, or (c) that may reasonably be requested by the Company to determine the eligibility of such nominee to serve as a director of the Company. Any ownership information shall be supplemented by the stockholder giving the notice not later than ten (10) days after the record date for the meeting as of the record date. The notice must be accompanied by a written consent of the proposed nominee to being named as a nominee and to serve as a director if elected. No person shall be eligible for election as a director of the Company unless nominated in accordance with the foregoing procedures. This summary is qualified in its entirety by reference to the full text of our By-Laws, which can be found on our website at <http://investor.ecolab.com/corporate-governance>.

- Proxy Access – Under our By-Laws, a stockholder or a group of up to 20 stockholders owning 3% or more of the Company's outstanding shares continuously for at least three years may nominate and include in our proxy materials director candidates constituting up to the greater of two individuals or 20% of the Board, provided that the stockholder(s) and the nominee(s) satisfy the requirements specified in our By-Laws. Our proxy access by-law limits the number of stockholders that may aggregate their shares to satisfy the 3% test to 20 stockholders. For purposes of the 20 stockholder limit, certain related funds are counted as one stockholder.

In terms of our principles for composition of the Board generally, and qualifications for director nominees specifically, we refer you to our Corporate Governance Principles, which can be found on our website at <http://investor.ecolab.com/corporate-governance>. Under these provisions, for example:

- No more than three Board members will be from current management. These management members normally would be the Chief Executive Officer, the Chairman (if an employee of the Company and not the CEO) and the President (if an employee of the Company and not the CEO) but may be any other officer deemed appropriate by the Board;
- It is desired that the members of the Board represent a geographical dispersion and variety of business disciplines so as to bring to the work of the Board a diversity of experience and background, with the predominance of members being chief or executive officers from different industries; and
- A continuing effort is made to seek well-qualified women and minority group members for the Board, but these persons must be sought out and evaluated as individuals rather than as representatives of specific groups. The Board of Directors is committed to actively seeking out highly-qualified women and minority candidates for each search the Board undertakes. In identifying, evaluating and recommending director nominee candidates, the Committee will consider diversity of gender and ethnicity within the Board, the criteria set forth in the section above entitled "Director Nomination Process," and such other factors as the Committee deems appropriate. The Board conducts a periodic review of its efforts to achieve such diversity among its members.

Other criteria relevant to service as a director of our Company are also set forth in our Corporate Governance Principles.

In recent years, the Governance Committee's efforts in recruiting new directors have included a focus on candidates with significant organizational leadership experience, including individuals who were chief executive officers or otherwise headed a large and complex organization, and on qualified candidates with experience that would round out our Board, particularly experience germane to our key end-markets, such as food, water and energy, and technical competencies, such as information technology and cybersecurity. The Committee has also sought to ensure that women and people of color were considered each time that the Committee undertook a formal search process to recruit director candidates.

All directors are encouraged to submit to the Governance Committee the name of any person deemed qualified to serve on the Board, together with information on the candidate's qualifications. The Governance Committee screens and submits to the full Board the names and biographical information of those persons considered by the Committee to be viable candidates for election as directors. The same evaluation process and criteria are used by the Committee (i) for recommendations for director candidates submitted by stockholders in accordance with our Restated Certificate of Incorporation and By-Laws and (ii) for recommendations submitted by any other source, such as a director or a third-party search firm.

SECURITY OWNERSHIP

SECURITY OWNERSHIP

Certain Beneficial Owners

The following table sets forth information as to entities which have reported to the Securities and Exchange Commission (“SEC”) or have advised us that they are a “beneficial owner,” as defined by the SEC’s rules and regulations, of more than 5% of our outstanding Common Stock.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class (1)
Common	William H. Gates III One Microsoft Way Redmond, WA 98052	32,786,818 (2)	11.3%
Common	The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	19,409,853 (3)	6.7%
Common	BlackRock, Inc. 55 East 52nd Street New York, NY 10022	15,223,668 (4)	5.2%

(1) The percent of class is based on the number of voting shares outstanding as of March 7, 2017.

(2) This information is based on Amendment No. 5 to the Schedule 13D filed jointly with the SEC on May 7, 2012 by Cascade Investment, L.L.C., which we refer to as Cascade, William H. Gates III, whom we refer to as Mr. Gates, the Bill and Melinda Gates Foundation Trust, which we refer to as the Trust, and Melinda French Gates, whom we refer to as Mrs. Gates, and a Form 4 relating to Mr. Gates filed with the SEC on March 10, 2016. Mr. Gates reports that he has sole power to vote or direct the vote, and to dispose or to direct the disposition, of 28,420,393 shares of Ecolab Common Stock beneficially owned by Cascade, as the sole member of such entity. Additionally, the Amendment No. 5 to the Schedule 13D reports that Mr. Gates and Mrs. Gates share the power to vote or direct the vote, and to dispose or to direct the disposition of, 4,366,425 shares of Ecolab Common Stock beneficially owned by the Trust, as co-trustees of such entity.

(3) This information is based on Amendment No. 4 to the Schedule 13G filed on February 9, 2017 by The Vanguard Group, Inc., which we refer to as Vanguard. Vanguard reports that, as of December 31, 2016, they have sole power to vote or direct the vote of 413,580 shares, shared power to vote or direct the vote of 53,431 shares, sole power to dispose or to direct the disposition of 18,949,153 shares and shared power to dispose or direct the disposition of 460,700 shares of Ecolab Common Stock.

(4) This information is based on Amendment No. 2 to the Schedule 13G filed on January 23, 2017 by BlackRock, Inc. (“BlackRock”). BlackRock reports that, as of December 31, 2016, they have sole power to vote or direct the vote of 12,761,435 shares, and sole power to dispose or to direct the disposition of 15,223,668 shares of Ecolab Common Stock.

10 ECOLAB - 2017 Proxy Statement

SECURITY OWNERSHIP

Executive Officers and Directors

In general, “beneficial ownership” includes those shares of our Common Stock which a director or executive officer has the power to vote or transfer, as well as stock options that are exercisable currently or within 60 days and stock underlying stock units that may be acquired within 60 days. On March 7, 2017, our current executive officers and directors beneficially owned, in the aggregate, 4,377,902 shares of Common Stock constituting approximately 1.5% of our shares outstanding. As required by SEC disclosure rules, “shares outstanding” for this purpose includes options exercisable within 60 days and stock underlying stock units that may be acquired within 60 days by such executive officers and directors. The detail of beneficial ownership is set forth in the following table.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Outstanding Shares Beneficially Owned
Named Executive Officers		
Douglas M. Baker, Jr. (Chief Executive Officer)	1,741,921 (1)(2)(4)	*
Daniel J. Schmechel (Chief Financial Officer)	300,259 (1)(2)	*
Thomas W. Handley	402,397 (1)(2)(4)	*
Michael A. Hickey	214,294 (1)(2)	*
Christophe Beck	185,183 (1)(2)	*
Directors and Nominees		
Barbara J. Beck	46,219 (2)(3)	*
Leslie S. Biller	104,261 (2)(3)	*
Carl M. Casale	14,189 (2)(3)	*
Stephen I. Chazen	19,961 (2)(3)	*
Jeffrey M. Ettinger	7,455 (2)(3)	*
Jerry A. Grundhofer	74,741 (2)(3)	*
Arthur J. Higgins	36,820 (2)(3)	*
Michael Larson	18,526 (2)(3)(5)	*(5)
Jerry W. Levin	33,844 (2)(3)	*
David W. MacLennan	10,710 (2)(3)(4)	*
Tracy B. McKibben	6,514 (2)(3)	*
Victoria J. Reich	42,115 (2)(3)	*
Suzanne M. Vautrinot	9,721 (2)(3)	*
John J. Zillmer	50,054 (2)(3)	*
Current Directors and Executive Officers as a Group (28 persons)	4,377,902 (4)(5)	1.49 (4)(5)

* Indicates beneficial ownership of less than 1% of our outstanding Common Stock.

- (1) Includes the following shares held by officers in the Ecolab Savings Plan and ESOP for Traditional Benefit Employees or Ecolab Savings Plan and ESOP as of the last Plan report: Mr. Baker, 10,082; Mr. Schmechel, 5,181; Mr. Handley, 1,025; Mr. Hickey, 7,311; and Mr. Beck, 2,030.
- (2) Includes the following shares which could be purchased under Company-granted stock options within 60 days from March 7, 2017 including, in the case of retirement-eligible officers, options vesting upon retirement from the Company: Mr. Baker, 1,191,225; Mr. Schmechel, 160,493; Mr. Handley, 282,877; Mr. Hickey, 163,972; Mr.

Beck, 161,734; Ms. Beck, 13,900; Mr. Biller, 32,000; Mr. Casale, 7,900; Mr. Chazen, 10,100; Mr. Ettinger, 4,500; Mr. Grundhofer, 18,100; Mr. Higgins, 22,600; Mr. Larson, 14,600; Mr. Levin, 575; Mr. MacLennan, 3,300; Ms. McKibben, 4,900; Ms. Reich, 24,800; Ms. Vautrinot, 7,400; and Mr. Zillmer, 32,000.

- (3) Includes the following interests in stock units under our 2001 Non-Employee Director Stock Option and Deferred Compensation Plan: Ms. Beck, 20,283; Mr. Biller, 32,897; Mr. Casale, 2,484; Mr. Chazen, 4,860; Mr. Ettinger, 2,955; Mr. Grundhofer, 48,114; Mr. Higgins, 14,219; Mr. Larson, 3,925; Mr. Levin, 32,521; Mr. MacLennan, 925; Ms. McKibben, 1,614; Ms. Reich, 16,314; Ms. Vautrinot, 2,321; and Mr. Zillmer, 8,954. The stock units are Common Stock equivalents which may not be voted or transferred. They are included in the table because in certain circumstances they will be paid in the form of Common Stock within 60 days after a director leaves the Board.
- (4) Beneficial ownership includes 14,385 shares held by or on behalf of family members of certain directors or executive officers; includes 25,802 shares of Mr. Baker, indirectly held in a foundation in which he has no economic interest but has voting authority and/or power of disposition; 72,500 shares of Mr. Baker, 104,665 shares of Mr. Handley, and 6,485 shares of Mr. MacLennan held in trusts over which they or an immediate family member have voting authority and/or power of disposition; 32,993 shares held for executive officers in Company-sponsored employee benefit plans as of the last plan reports; and 3,181,678 shares to which these persons have the right to acquire beneficial ownership within 60 days of March 7, 2017 including, in the case of retirement-eligible officers, options vesting upon retirement from the Company.
- (5) Mr. Larson is the Business Manager of Cascade Investment, L.L.C. (“Cascade”), an entity owned by William H. Gates III, and the chief investment officer for Mr. Gates. As the Business Manager of Cascade, Mr. Larson has voting and investment power with respect to 28,420,393 shares of Ecolab Common Stock held by Cascade, and as the chief investment officer for Mr. Gates, he has voting and investment power with respect to 4,366,425 shares of Ecolab Common Stock held by the Bill & Melinda Gates Foundation Trust (the “Trust”). Mr. Larson disclaims beneficial ownership of any shares held by Cascade or the Trust.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate Governance Materials and Code of Conduct

Our Company is managed under the overall direction of our Board of Directors for the benefit of all stockholders. Written materials concerning policies of our Board of Directors, corporate governance principles and corporate ethics practices, including our Code of Conduct as last amended in 2012, are available on our website at <http://investor.ecolab.com/corporate-governance/code-of-conduct>.

We intend to promptly disclose on our website should there be any amendments to, or waivers by the Board of Directors of, the Code of Conduct.

Board Structure

Under our Corporate Governance Principles, the preferable size of the Board is between 11 and 15 members, in order to facilitate effective discussion and decision-making, adequate staffing of Board Committees, and a desired mix of diversified experience and background. Our Board of Directors currently consists of 15 members. Messrs. Grundhofer and Levin will be retiring from the Board as of the 2017 Annual Meeting of Stockholders. As described on page 22 under Proposal 1: Election of Directors, 13 nominees, if elected, will serve a one-year term ending as of the 2018 Annual Meeting expected to be held on May 3, 2018.

Board Leadership Structure

Our Board of Directors is led by Douglas M. Baker, Jr., our Chairman, who is also our Chief Executive Officer. Mr. Baker has served as our Chief Executive Officer and as a director since 2004, and he was elected Chairman in 2006.

As stated in our Corporate Governance Principles, the Board believes that it is best not to have a fixed policy on whether the offices of Chairman and Chief Executive Officer are to be held by one person or two. In May 2016, the Board determined that its current board leadership structure remains appropriate and best serves the interests of stockholders at this time. In making that annual determination, the Board considered numerous factors, including the benefits to the decision-making process with a leader who is both Chairman and Chief Executive Officer; the significant operating experience and qualifications of Mr. Baker; the importance of deep Ecolab knowledge in exercising business judgment in leading the Board; the size and complexity of our business; the significant business experience and tenure of our directors; and the qualifications and role of our Lead Director.

In accordance with our Corporate Governance Principles, the independent directors, after recommendation of the Governance Committee, re-appointed Jerry W. Levin as Lead Director in May 2016. Mr. Levin has extensive public company board experience. Mr. Levin also is independent and is the Board's longest-serving director, with 24 years of service, so he has considerable knowledge of our business. Specific responsibilities of the Lead Director, as enumerated in our Corporate Governance Principles, include:

- presiding over meetings of the board at which the Chairman is not present, including executive sessions of the independent directors;
- acting as a liaison between the Chairman and the independent directors;
- reviewing and approving information sent to the Board;
- reviewing and approving meeting agendas for the Board;
- reviewing and approving meeting schedules to assure that there is sufficient time for discussion of all agenda items;
- at the discretion of the Lead Director, calling meetings of the independent directors; and
-

if requested by significant stockholders, ensuring that he or she is available for consultation and direct communication.

Mr. Baker works closely with Mr. Levin to ensure the smooth and effective operation of the Board.

12 ECOLAB - 2017 Proxy Statement

CORPORATE GOVERNANCE

Board's Role in Risk Oversight

The Board of Directors, in exercising its overall responsibility to direct the business and affairs of the Company, has established various processes and procedures with respect to risk management. First, annually as a core agenda item of the full Board, management presents to the Board a comprehensive and detailed risk assessment for the Company after following a vigorous enterprise risk review and analysis. Pursuant to the risk assessment, the Company has categorized the most relevant risks as follows: strategic, operating, reporting and compliance. As part of the annual risk assessment, the Board determines whether any of the Company's overall risk management processes or control procedures requires modification or enhancement.

Strategic risk, which relates to the Company properly defining and achieving its high-level goals and mission, and operating risk, which relates to the effective and efficient use of resources and pursuit of opportunities, are regularly monitored and managed by the full Board through the Board's regular and consistent review of the Company's operating performance and strategic plan. For example, at each of the Board's six regularly scheduled meetings throughout the year, management provided the Board presentations on the Company's various business units as well as the Company's performance as a whole. Agenda items were included for significant developments as appropriate, for example, significant acquisitions, important market developments and management succession. Pursuant to the Board's established monitoring procedures, Board approval is required for the Company's strategic plan and annual plan which are reported on by management at each Board meeting. Similarly, significant transactions, such as acquisitions and financings, are brought to the Board for approval.

Reporting risk, which relates to the reliability of the Company's financial reporting, and compliance risk, which relates to the Company's compliance with applicable laws and regulations, are primarily overseen by the Audit Committee. The Audit Committee meets at least six times per year and, pursuant to its charter and core agendas, receives input directly from management as well as from the Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, regarding the Company's financial reporting process, internal controls and public filings. The Committee also receives regular updates from the Company's General Counsel and the Chief Compliance Officer regarding any Code of Conduct issues or legal compliance concerns and annually receives a summary of all Code of Conduct incidents during the preceding year from the Chief Compliance Officer. See "Board Committees – Audit Committee" on page 14 for further information on how the Audit Committee monitors, and assists the Board of Directors' oversight of, reporting and compliance risks.

The Company believes that its leadership structure, discussed in detail above, supports the risk oversight function of the Board. While the Company has a combined Chairman of the Board and Chief Executive Officer, our Lead Director has substantial and clearly delineated authority pursuant to our Corporate Governance Principles, strong directors chair the various Board Committees involved in risk oversight, there is open communication between management and directors, and all directors are actively involved in the risk oversight function.

Compensation Risk Analysis

The Compensation Committee has established an annual process and criteria for assessing risk in our compensation programs and has directed management to apply that process and criteria to all compensation plans and practices that have the potential to give rise to behavior that creates risks that are reasonably likely to have a material adverse effect on the Company and to report the results to the Compensation Committee. As part of the process in 2016, the Company took the following steps to complete the assessment: (1) we agreed on a materiality framework for determining which compensation plans and practices to review; (2) we inventoried plans and practices that fell within the materiality framework; (3) we reviewed the identified plans and practices against our evaluation framework established in consultation with the Compensation Committee's independent compensation consultant, Frederic W. Cook & Co., Inc. ("Cook & Co."); (4) we identified factors, processes or procedures in place which may mitigate any

risks in identified plans and practices; and (5) the Compensation Committee reviewed the results of the analysis with Cook & Co. Our risk assessment revealed that our compensation programs do not create risks that are reasonably likely to have a material adverse effect on the Company. In making this determination, we took into account the compensation mix for our employees as well as various risk control and mitigation features of our programs, including varied and balanced performance targets, review procedures for incentive pay calculations, appropriate incentive payout caps, the Company's rights to cancel incentive awards for employee misconduct, discretionary authority of the Compensation Committee to reduce award pay-outs, internal controls around customer and distributor pricing and contract terms, our stock ownership guidelines, prohibition on hedging Company stock and our compensation recovery ("clawback") policy.

CORPORATE GOVERNANCE

Director Attendance

There were seven meetings of the Board of Directors during the year ended December 31, 2016. Each incumbent director attended at least 75% of all Board meetings and meetings held by all Committees on which he or she served. Overall attendance at Board and Committee meetings was 98%. Directors are expected, but are not required, to attend our Annual Meeting of Stockholders. All of the directors then serving who were continuing to serve following the meeting attended last year's Annual Meeting.

Board Committees

Our By-Laws permit the Board of Directors to designate Committees, each comprised of three or more directors, to assist the Board in carrying out its duties. The Board annually reviews its Committee structure as well as the Charter and composition of each Committee and makes modifications as necessary. The Charters for the Board's five standing Committees - Audit, Compensation, Finance, Governance and Safety, Health and Environment - were last reviewed and approved by the Board in May 2016. The Charters of each of our Committees are available on our website at www.investor.ecolab.com/corporate-governance. The separately designated standing Audit Committee meets the requirements of Section 3(a)(58)(A) of the Exchange Act. Each of the members of the Audit, Compensation and Governance Committees meet the "independence" and other requirements established by the rules and regulations of the SEC, the Internal Revenue Code of 1986, as amended (the "IRS Code"), the New York Stock Exchange and our Board, as applicable.

· Audit Committee – The Audit Committee members are Mses. McKibben, Reich (Chair) and Vautrinot and Messrs. Casale (Vice Chair), Chazen and MacLennan. The Committee met six times during 2016. In addition, either the full Audit Committee or the Committee Chair, as representative of the Committee (and at their election the other members of the Audit Committee), discussed the interim financial information contained in each quarterly earnings announcement for the first three calendar quarters of 2016 with our Chief Financial Officer and Controller and with our independent registered public accounting firm, prior to each of our quarterly earnings announcements. The Committee met to discuss the financial information contained in the fourth quarter and full year 2016 earnings announcement prior to dissemination of that press release and it being furnished to the SEC on a Form 8-K in February 2017. The Form 10-K for the year ended December 31, 2016, was also discussed by the Committee at its February 2017 meeting.

The Committee fulfills, and assists the Board of Directors' oversight of, its responsibilities to monitor: (i) the quality and integrity of our consolidated financial statements and management's financial control of operations; (ii) the qualifications, independence and performance of the independent accountants; (iii) the role and performance of the internal audit function; (iv) our compliance with legal and regulatory requirements; and (v) our cybersecurity program and related risks. The Committee meets regularly and privately with our management and internal auditors and with our independent registered public accounting firm, PricewaterhouseCoopers LLP.

A report of the Audit Committee is found under the heading "Audit Committee Report" at page 58.

The Board of Directors has determined that each member of the Audit Committee is "independent" and meets the independence and other requirements of Sections 303A.02 and 303A.07(b) of the listing standards of the New York Stock Exchange, and Rule 10A-3 under the Exchange Act, as well as of our Board's independence policy. The Board has determined that each of Mses. McKibben and Reich and Messrs. Casale, Chazen and MacLennan is an "audit committee financial expert" under the SEC's rules and should be so designated. Further, the Board has determined, in its business judgment, that each of Mses. McKibben and Reich and Messrs. Casale, Chazen and MacLennan has "accounting and related financial management expertise" and that each member of the Audit Committee is "financially literate" under the New York Stock Exchange's listing standards.

- Compensation Committee – The Compensation Committee members are Messrs. Biller, Ettinger, Grundhofer (Chair), Higgins, Levin and Zillmer (Vice Chair). The Committee met five times during 2016. The principal functions of this Committee are to: (i) review and approve or recommend to the Board, as applicable, with respect to the establishment, amendment and administration of any compensation plans, benefits plans, severance arrangements and long-term incentives for directors and any executive officers (including the CEO); (ii) review and approve our overall compensation policy and annual executive salary plan, including CEO compensation; and (iii) administer our director stock option and deferred compensation plans, executive and employee stock incentive plans, stock purchase plans, cash incentive programs and stock retention and ownership guidelines. The Committee may not delegate its primary responsibilities with respect to overseeing executive officer compensation. In accordance with the terms of our 2010 Stock Incentive Plan, the Committee has delegated to the CEO (in his capacity as a director) the authority to grant long-term incentives to employees who are not officers or directors, subject to specified thresholds and applicable law. A report by the Committee is located on page 27 of this Proxy Statement.

CORPORATE GOVERNANCE

To assist the Committee in the design and review of the executive and director compensation programs, the Committee has selected and retained Cook & Co., an independent compensation consulting firm, which reports directly to the Committee. As requested from time to time on behalf of the Committee, Cook & Co. provides the Committee with market data regarding various components of executive and director compensation, reviews the methodology on which compensation is based and designed, and informs the Committee of market trends in executive and director compensation. Cook & Co. performs no services for us other than those performed on behalf of the Committee.

The Committee has considered the independence of Cook & Co. in light of SEC rules and New York Stock Exchange listing standards. In connection with this process, the Committee has reviewed, among other items, a letter from Cook & Co. addressing the independence of Cook & Co. and the members of the consulting team serving the Committee, including the following factors: (i) other services provided to us by Cook & Co.; (ii) fees paid by us as a percentage of Cook & Co.'s total revenue; (iii) policies or procedures of Cook & Co. that are designed to prevent conflicts of interest; (iv) any business or personal relationships between the senior advisor of the consulting team with a member of the Committee; (v) any Ecolab stock owned by the senior advisor; and (vi) any business or personal relationships between our executive officers and the senior advisor. The Committee discussed these considerations and concluded that the work performed by Cook & Co. and its senior advisor involved in the engagement did not raise any conflict of interest.

The Board of Directors has determined that each member of the Compensation Committee meets the independence requirements of the SEC (including Rule 16b-3), the New York Stock Exchange, and Section 162(m) of the IRS Code and of our Board.

- Finance Committee – The current Finance Committee members are Mses. McKibben and Vautrinot and Messrs. Biller (Chair), Chazen, Grundhofer, and Larson (Vice Chair). The Committee met five times during 2016. The principal functions of this Committee are to review and make recommendations to the Board concerning: (i) management's financial and tax policies and standards; (ii) our financing requirements, including the evaluation of management's proposals concerning funding to meet such requirements; (iii) share repurchases and dividends; (iv) our capital expenditure budget; (v) adequacy of insurance coverage; and (vi) our use of derivatives to limit financial risk. The Committee also evaluates specific acquisition, divestiture and capital expenditure projects from a financial standpoint and reviews the financial impact of our significant retirement plans.
- Governance Committee – The Governance Committee members are Ms. Beck and Messrs. Casale, Higgins (Vice Chair), Levin (Chair), MacLennan and Zillmer. The Committee met four times during 2016. Certain functions of the Governance Committee are described starting on page 8 of this Proxy Statement under the heading "Director Nomination Process." In addition, the principal functions of this Committee include: (i) lead the annual review of Board performance and effectiveness; (ii) review the Board's organizational structure and operations (including appointing a lead director for executive sessions of non-management directors) and its relationship to senior management; (iii) review issues of senior management succession; (iv) lead the annual Chief Executive Officer performance review and oversee the evaluation process for senior management; (v) review Certificate of Incorporation, By-Law or stockholder rights plan issues or changes in fundamental corporate charter provisions; (vi) review various corporate governance matters (including any necessary modifications to the Corporate Governance Principles); (vii) review and recommend to the Board with respect to director independence determinations and review, approve or ratify reportable related-person transactions; (viii) receive reports from management with regard to relevant social responsibility issues and report to the Board as appropriate; (ix) review our Company's efforts to achieve its affirmative action and diversity goals; (x) review director orientation, training and continuing education; (xi) review our political contributions policy as well as our corporate contributions; and (xii) undertake special projects which do not fall within the jurisdiction of other committees of the Board.

The Board of Directors has determined that each member of the Governance Committee meets the "independence" requirements of the SEC, the New York Stock Exchange and of our Board.

- Safety, Health and Environment Committee – The members of the Safety, Health and Environment Committee are Mses. Beck (Chair) and Reich and Messrs. Baker, Ettinger (Chair) and Larson. The Committee met four times during 2016. This Committee monitors compliance with applicable safety, health and environmental (“SHE”) laws and regulations. The principle functions of this Committee include: (i) review SHE policies, programs and practices, SHE risks, SHE statistics, pending SHE matters, security risks and industry best practices; (ii) review regulatory, environmental and health and safety trends, issues and concerns which affect or could affect Ecolab’s SHE practices; (iii) review the implementation of Ecolab’s SHE practices and related compliance with applicable policies; and (iv) review Ecolab’s Sustainability Report.

CORPORATE GOVERNANCE

Compensation Committee Interlocks and Insider Participation

The Compensation Committee is comprised of six non-employee, independent directors: Messrs. Biller, Ettinger, Grundhofer (Chair), Higgins, Levin and Zillmer (Vice Chair). No member of the Compensation Committee is or was formerly an officer or an employee of the Company or had any related person transaction required to be disclosed in which the Company was a participant during the last fiscal year. In addition, no executive officer of the Company serves on the compensation committee or board of directors of a company for which any of the Company's directors serves as an executive officer.

RELATED-PERSON TRANSACTIONS

The Governance Committee of the Board of Directors is responsible for reviewing, approving or ratifying transactions in excess of \$120,000 with the Company's executive officers or directors, including their immediate family members, or any greater than 5% stockholder known to us. Our practices and procedures for identifying transactions with related persons are located in the charter of the Governance Committee. The Governance Committee considers the related person's relationship to the Company and interest in the transaction; the material facts of the transaction, including the proposed aggregate value of such transaction; the benefits to the Company of the proposed related-person transaction; if applicable, the availability of other sources of comparable products or services; an assessment of whether the proposed related-person transaction is on terms that are comparable to the terms available to an unrelated third party or to employees; and such other factors and information as the Governance Committee may deem appropriate. The Governance Committee determined that there were no such transactions with related persons during 2016, nor any currently anticipated transactions.

DIRECTOR COMPENSATION FOR 2016

DIRECTOR COMPENSATION FOR 2016

Director Compensation Table

The following table summarizes the compensation that our non-employee directors received during 2016.

Name	Fees Earned or Paid in Cash(1) (\$)	Stock Awards(2) (\$)	Option Awards(3) (\$)	All Other Compensation (\$)	Total (\$)
Barbara J. Beck	114,848	100,000	54,280		269,128
Leslie S. Biller	120,000	100,000	54,280		274,280
Carl M. Casale	115,000	100,000	54,280		269,280
Stephen I. Chazen	115,000	100,000	54,280		269,280
Jeffrey M. Ettinger	105,000	100,000	54,280		259,280
Jerry A. Grundhofer	125,000	100,000	54,280		279,280
Arthur J. Higgins	105,000	100,000	54,280		259,280
Joel W. Johnson(4)	42,938	34,350	0	5,000	82,288
Michael Larson	105,000	100,000	54,280		259,280
Jerry W. Levin	145,000	100,000	54,280		299,280
Robert L. Lumpkins(4)	44,655	34,350	0	5,000	84,005
David W. MacLennan(5)	115,000	100,000	77,880		292,880
Tracy B. McKibben	115,000	100,000	54,280		269,280
Victoria J. Reich	121,565	100,000	54,280		275,845
Suzanne M. Vautrinot	115,000	100,000	54,280		269,280
John J. Zillmer	105,000	100,000	54,280		259,280

(1) Represents annual retainer of \$105,000 earned during 2016, plus additional fees paid to the Lead Director, the respective Chairs of Board Committees and the members of the Audit Committee; includes retainer and fees, if any, deferred at the election of directors pursuant to the 2001 Non-Employee Director Stock Option and Deferred Compensation Plan (the “2001 Plan”). The features of the 2001 Plan are described in the Summary below. The dollar amount of retainer and fees deferred by applicable directors during 2016 is as follows: Ms. Beck, \$114,848; Mr. Chazen, \$57,500; Mr. Ettinger, \$105,000; Mr. Grundhofer, \$125,000; Mr. Higgins, \$105,000; Mr. Johnson, \$42,938; Mr. Lumpkins, \$44,655; and Ms. Reich, \$121,565.

(2) Represents the crediting by the Company of \$100,000 (or a pro rata portion thereof) to a deferred stock unit account under the 2001 Plan during 2016, which also represents the full grant date fair value of each stock unit award under FASB ASC Topic 718. The features of the deferred stock unit account are described under the Summary below. The aggregate number of stock units held by each non-employee director is set forth under footnote (3) to the “Security Ownership – Executive Officers and Directors” table at page 11.

(3) Represents the full grant date fair value of each option award, computed in accordance with FASB ASC Topic 718. The value has been determined by application of the lattice (binomial)-pricing model, based upon the terms of the option grant to directors. Director stock options granted in May 2016 to directors have a ten-year contractual exercise term and vest 25% at the end of each three-month period following the date of grant. Key assumptions include: risk-free rate of return, expected life of the option, expected stock price volatility and expected dividend yield. The specific assumptions used in the valuation of these options are summarized in the table below:

Grant Date	Risk Free Rate	Expected Life	Expected Volatility	Expected Dividend Yield
05/05/2016	1.38%	6.13 years	22.84%	1.22%

As of December 31, 2016, the aggregate number of stock options held by each director named in the table above is as follows: Ms. Beck, 32,800; Mr. Biller, 36,300; Mr. Casale, 7,900; Mr. Chazen, 10,100; Mr. Ettinger, 4,500; Mr. Grundhofer, 18,100; Mr. Higgins, 22,600; Mr. Johnson, 34,000; Mr. Larson, 14,600; Mr. Levin, 6,900; Mr. Lumpkins, 34,000; Mr. MacLennan, 3,300; Ms. McKibben, 4,900; Ms. Reich, 24,800; Ms. Vautrinot, 7,400; and Mr. Zillmer, 36,300.

- (4) Messrs. Johnson and Lumpkins retired from the Board effective May 2016, and each received a pro-rated portion of compensation for 2016. In connection with their retirement, the Company agreed to permit Messrs. Johnson and Lumpkins to direct charitable contributions by the Ecolab Foundation in the amount of \$5,000 each.
- (5) Mr. MacLennan received an initial stock option grant in May 2016 valued at \$23,600 under FASB ASC Topic 718 to reflect his prorated service commencing in December 2015, as well as his periodic stock option grant valued at \$54,280.

DIRECTOR COMPENSATION FOR 2016

Summary

During 2016, members of the Board of Directors who are not employees of the Company were entitled to receive base annual compensation valued at \$260,000 as follows:

- An annual retainer of \$105,000;
- \$100,000 annually in the form of stock units (which are described below); and
- Stock options having a grant date fair value of approximately \$55,000.

We also paid the following supplemental retainers to the Lead Director, committee chairs and members of the Audit Committee:

Director Role	Amount (\$)
Lead Director	25,000
Audit Committee Chair	20,000
Compensation Committee Chair	20,000
Finance Committee Chair	15,000
Governance Committee Chair	15,000
Safety, Health and Environment Committee Chair	15,000
Audit Committee Member	10,000

The base annual compensation of \$260,000 per year, excluding committee retainers, is within the median range of our competitive market. For director compensation, we define our competitive market as a group of 20 comparison companies for compensation benchmarking and the median range as within 10% of the median for total annual director compensation. The companies comprising our comparison group are the same as the executive compensation comparison group and are set forth under the heading "Compensation Benchmarking" found under the Compensation Discussion and Analysis of this Proxy Statement at page 33.

All reasonable travel, telephone and other expenses incurred by directors on behalf of Ecolab were reimbursed.

The features of the 2001 Plan are as follows:

- Non-employee directors may elect to defer some, or all, of the cash portion of their annual retainer and additional fees in a cash account or a deferred stock unit account until cessation of Board service. Amounts deferred in the cash account earn interest at market rates and amounts deferred in the stock unit account are credited with dividend equivalents. Upon cessation of Board service, deferred amounts are paid in a lump sum or in equal installments to a maximum of ten years as elected by the director, with payments from the interest-bearing account made in cash and payments from the stock unit account made in shares of our Common Stock.
- Director stock option grants are made on the date of the Annual Meeting of Stockholders and have an exercise price which is the average of the high and low market price on the date of grant. We believe that the use of the average of the high and low market price on the date of the grant removes same-day stock volatility. Director stock options vest 25% at the end of each three-month period following the grant date and will terminate 10 years after the grant date. If a non-employee director ceases to serve as a director of the Company for any reason, then each of his or her stock options will, to the extent it was already exercisable, remain exercisable for the shorter of the remaining term of the stock option or five years after the date service as a director ceased. The stock options granted to directors under the 2001 Plan may be transferred to defined family members or legal entities established for their benefit. We do not have a program, plan or practice to time stock option grants to directors in coordination with the release of material non-public information.

- The 2001 Plan is the only plan or arrangement under which share-based compensation is provided to our non-employee directors.
- Pursuant to an amendment approved by our stockholders on May 5, 2016, the aggregate grant date fair value of 2001 Plan awards denominated in shares that may be made to any non-employee director of the Company during any calendar year may not exceed \$800,000, excluding such awards made at the election of a director to defer the receipt of cash compensation otherwise payable for services as a director.

DIRECTOR COMPENSATION FOR 2016

Stock Retention and Ownership Guidelines

We have in place stock retention and ownership guidelines to encourage our directors to accumulate a significant ownership stake so they are vested in maximizing long-term stockholder returns. Our guidelines provide that our directors own Company stock with a market value of at least five times the annual retainer. Until the stock ownership guideline is met, the director is expected to retain 100% of all after-tax profit shares from stock option exercises. For purposes of complying with our guidelines, stock is not considered owned if subject to an unexercised stock option. Shares owned outright, legally or beneficially, by a director or his or her immediate family members residing in the same household and deferred stock units in the director's deferral plan count towards meeting the guidelines. Our directors may not pledge shares or enter into any risk hedging arrangements with respect to Company stock. Our directors are in compliance with our guidelines by either having achieved the ownership guideline or, if the guideline is not yet achieved, by retaining 100% of all after-tax profit shares from any stock option exercises.

DIRECTOR INDEPENDENCE STANDARDS AND DETERMINATIONS

DIRECTOR INDEPENDENCE STANDARDS AND

DETERMINATIONS

“Independence” Standards

Pursuant to the Board of Directors’ policy, a director is not independent if:

- A. The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer, of the Company.
- B. The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
- C. (A) The director is a current partner or employee of a firm that is the Company’s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the directo