

ECOLAB INC.
Form DEF 14A
March 18, 2016

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 2016 Annual Meeting and
Proxy Statement

Annual Meeting to be Held on May 5, 2016

TABLE OF CONTENTS

<u>NOTICE</u>	1
<u>PROXY STATEMENT SUMMARY</u>	2
<u>VOTING PROCEDURES</u>	5
<u>STOCKHOLDER ACCESS</u>	7
<u>Communications with Directors</u>	7
<u>Future Stockholder Proposals and Director Nomination Process</u>	7
<u>New Director Selection Process</u>	9
<u>SECURITY OWNERSHIP</u>	10
<u>Certain Beneficial Owners</u>	10
<u>Executive Officers and Directors</u>	11
<u>CORPORATE GOVERNANCE</u>	12
<u>Corporate Governance Materials and Code of Conduct</u>	12
<u>Board Structure</u>	12
<u>Board Leadership Structure</u>	12
<u>Board’s Role on Risk Oversight</u>	12
<u>Compensation Risk Analysis</u>	13
<u>Director Attendance</u>	13
<u>Board Committees</u>	14
<u>DIRECTOR COMPENSATION FOR 2015</u>	16
<u>Director Compensation Table</u>	16
<u>Summary</u>	17
<u>Stock Retention and Ownership Guidelines</u>	17
<u>Changes Effective in 2016</u>	18
<u>DIRECTOR INDEPENDENCE STANDARDS AND DETERMINATIONS</u>	18
<u>“Independence” Standards</u>	18
<u>“Independence” Determinations</u>	18

<u>RELATED-PERSON TRANSACTIONS</u>	19
<u>PROPOSAL 1: ELECTION OF DIRECTORS</u>	20
<u>COMPENSATION COMMITTEE REPORT</u>	26
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	26
<u>Executive Summary</u>	26
<u>Program Elements</u>	30
<u>Compensation Philosophy</u>	31
<u>Compensation Process</u>	32
<u>Compensation Benchmarking</u>	32
<u>Base Salaries</u>	33
<u>Adjustments to Reported Financial Results</u>	34
<u>Annual Cash Incentives</u>	35
<u>Long-Term Equity Incentives</u>	38
<u>Executive Benefits and Perquisites</u>	39
<u>Executive Change-in-Control Policy</u>	40
<u>Stock Retention and Ownership Guidelines</u>	40
<u>Compensation Recovery</u>	41
<u>Regulatory Considerations</u>	41
<u>SUMMARY COMPENSATION TABLE FOR 2015</u>	42
<u>GRANTS OF PLAN-BASED AWARDS FOR 2015</u>	44
<u>OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END FOR 2015</u>	45
<u>OPTION EXERCISES AND STOCK VESTED FOR 2015</u>	46
<u>PENSION BENEFITS FOR 2015</u>	47
<u>NON-QUALIFIED DEFERRED COMPENSATION FOR 2015</u>	50
<u>POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL</u>	52
<u>EQUITY COMPENSATION PLAN INFORMATION</u>	56

<u>AUDIT COMMITTEE REPORT</u>	57
<u>AUDIT FEES</u>	58
<u>PROPOSAL 2: RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	59
<u>PROPOSAL 3: APPROVAL OF AN AMENDMENT TO THE ECOLAB INC. 2001 NON-EMPLOYEE DIRECTOR STOCK OPTION AND DEFERRED COMPENSATION PLAN</u>	60
<u>PROPOSAL 4: ADVISORY VOTE TO APPROVE THE COMPENSATION OF EXECUTIVES DISCLOSED IN THE PROXY STATEMENT</u>	65
<u>PROPOSAL 5: STOCKHOLDER PROPOSAL REGARDING PROXY ACCESS</u>	66
<u>OTHER MATTERS</u>	69
<u>Proxy Solicitation Costs</u>	69
<u>Section 16(a) Beneficial Ownership Reporting Compliance</u>	69
<u>Householding Information</u>	69
<u>Important Notice Regarding the Availability of Proxy Materials</u>	69
<u>Voting by Plan Participants</u>	70
<u>APPENDIX A: ECOLAB INC. 2001 NON-EMPLOYEE DIRECTOR STOCK OPTION AND DEFERRED COMPENSATION PLAN (AS AMENDED AND RESTATED EFFECTIVE AS OF AUGUST 1, 2013)</u>	
<u>DECLARATION OF AMENDMENT</u>	71

March 21, 2016

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 5, 2016, 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.ecolab.com/investor.

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 MAY 5, 2016

To the Stockholders of Ecolab Inc.:

The Annual Meeting of Stockholders of Ecolab Inc. will be held on Thursday, May 5, 2016, 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 2017 the 15 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, 2016;
3. To approve an amendment to the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan;
4. To approve, on an advisory basis, the compensation of executives disclosed in the Proxy Statement;
5. To consider a stockholder proposal, if properly presented at the meeting, regarding proxy access; and
6. 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 8, 2016 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

Executive Vice President, General Counsel and Secretary
March 21, 2016

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 5, 2016, at 10:00 a.m.

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

Record Date: March 8, 2016

Meeting Agenda and Items of Business

Proposal	Board's Voting Recommendation	Page Reference
1. Election of Directors	FOR	20
2. Ratification of Independent Accountants	FOR	59
3. Amendment of Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan	FOR	60
4. Advisory Vote to Approve Executive Compensation	FOR	65
5. Stockholder Proposal Regarding Proxy Access Election of Directors	AGAINST	66

Name of Director Nominee Non-Independent Directors	Age	Years of Service	Occupation
Douglas M. Baker, Jr.	57	12	Chairman of the Board and Chief Executive Officer, Ecolab Inc.
Barbara J. Beck	55	8	Chief Executive Officer, Learning Care Group,

Edgar Filing: ECOLAB INC. - Form DEF 14A

Leslie S. Biller	68	18	Inc. Chief Executive Officer, Harborview Capital President and Chief Executive Officer, CHS Inc.
Carl M. Casale	54	2	Chief Executive Officer, Occidental Petroleum Corporation
Stephen I. Chazen	69	3	Chairman of the Board and Chief Executive Officer, Hormel Foods Corporation
Jeffrey M. Ettinger	57	1	Chairman Emeritus and retired Chairman of the Board, U.S. Bancorp Consultant, Blackstone Healthcare Partners
Jerry A. Grundhofer	71	17	Chief investment officer to William H. Gates III
Arthur J. Higgins	60	6	Chairman of JW Levin Management Partners LLC
Michael Larson	56	4	Chairman and Chief Executive Officer, Cargill, Incorporated
Jerry W. Levin	71	23	
David W. MacLennan	56	1	
Tracy B. McKibben	47	1	

Victoria J. Reich	58	6	Founder and President, MAC Energy Advisors, LLC Former Senior Vice President and Chief Financial Officer, Essendent Inc. President, Kilovolt Consulting Inc.
Suzanne M. Vautrinot	56	2	Retired President and Chief Executive Officer, Univar Inc.
John J. Zillmer	60	10	

The Board of Directors of Ecolab Inc. is asking you to elect 15 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 20.

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, 2016. For more information, see page 59.

Amendment of Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan

The Board of Directors is asking you to approve the amendment of the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan. The proposed amendment would place a cap on the aggregate grant date fair value of awards granted to any director under the plan in any calendar year, other than with respect to certain deferred awards. For more information, see page 60.

Advisory Vote to Approve Executive Compensation

The Board of Directors of Ecolab Inc. 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 65.

Stockholder Proposal Regarding Proxy Access

The Board of Directors of Ecolab Inc. is asking you to vote AGAINST the stockholder proposal regarding proxy access. For more information, see page 66.

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 26.

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.

ECOLAB - 2016 Proxy Statement 3

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

MAY 5, 2016

370 Wabasha Street North, 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 2016 Annual Meeting of Ecolab Stockholders. We are first mailing this Proxy Statement and accompanying form of proxy to Ecolab stockholders on or about March 21, 2016.

- Meeting Time and Place – Thursday, May 5, 2016, 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 2017 the 15 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, 2016;
 3. To approve an amendment to the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan;
 4. To approve, on an advisory basis, the compensation of executives disclosed in the Proxy Statement;
 5. To consider a stockholder proposal, if properly presented at the meeting, regarding proxy access; and
 6. 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 8, 2016.
 - Shares Entitled to Vote – As of March 8, 2016, the record date for the meeting, there were 293,636,755 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.

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 – Generally, broker non-votes occur on a proposal when a broker is not permitted under applicable rules to vote on that proposal without instruction from the beneficial owner of the Common Stock and no instruction is given. 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.

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.

Treatment of Abstentions – Shares voting “Abstain” will have no effect on the election of directors. 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.

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.

In a contested election, directors will be elected by a plurality vote. A contested election is an election in which the number of candidates for election as directors exceeds the number of directors to be elected. Under the plurality standard, the 15 nominees receiving the most number of “FOR” votes will be elected as directors.

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 15 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: Approval of an amendment to the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan – 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 will constitute approval of the amendment of the Company's 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, provided that, in compliance with New York Stock Exchange rules, the total votes cast on the proposal (including abstentions) represent over 50% of our total outstanding shares entitled to vote on the proposal. Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted FOR the amendment of the 2001 Non-Employee Director Stock Option and Deferred Compensation Plan.

Proposal 4: 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 5: Stockholder Proposal Regarding Proxy Access – 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 proposal. Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted AGAINST the proposal.

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

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 4, 2017, 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 21, 2016.
- **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 By-Laws in order to

STOCKHOLDER ACCESS

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 4, 2017, the written notice must be received between December 6, 2016 and January 5, 2017, 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.

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 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

8 ECOLAB - 2016 Proxy Statement

STOCKHOLDER ACCESS

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>.

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.

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.

New Director Selection Process

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.

Since our Annual Meeting of Stockholders in May 2015, one director, David W. MacLennan, has joined our Board. As Cargill Incorporated's Chairman and CEO, Mr. MacLennan has significant leadership and strategic planning skills; possesses extensive knowledge and insight in corporate governance, risk management, financial management and global business practices; has considerable knowledge and experience in certain of our key end-markets, including food and energy; and is a prominent figure in the business community in which the Company's headquarters is located. Mr. MacLennan is also a former colleague of director Robert L. Lumpkins, who worked closely with Mr. MacLennan during his nearly 40-year tenure at Cargill, and a professional acquaintance of our Chief Executive Officer, Douglas M. Baker, Jr. Based on Mr. MacLennan's qualifications and experience, and upon the recommendation of Messrs. Lumpkins and Baker, Mr. MacLennan was interviewed by our Lead Director and Governance Committee Chair and other members of the Governance Committee in 2015. Following this process, Mr. MacLennan was appointed to the Board in December 2015 for a term expiring at this year's Annual Meeting. See Mr. MacLennan's biography on page 23.

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	32,286,819 (2)	11.0%
Common	The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	17,722,980 (3)	6.0%
Common	BlackRock, Inc. 55 East 52nd Street New York, NY 10022	15,453,495 (4)	5.3%

- (1) The percent of class is based on the number of voting shares outstanding as of March 8, 2016.
- (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 June 7, 2012. Mr. Gates reports that he has sole power to vote or direct the vote, and to dispose or to direct the disposition, of 27,920,394 shares of Ecolab Common Stock beneficially owned by Cascade, as the sole member of such entity. Additionally, 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. 3 to the Schedule 13G filed on February 11, 2016 by The Vanguard Group, Inc., which we refer to as Vanguard. Vanguard reports that, as of December 31, 2015, they have sole power to vote or direct the vote of 501,330 shares, shared power to vote or direct the vote of 27,000 shares, sole power to dispose or to direct the disposition of 17,197,561 shares and shared power to dispose or direct the disposition of 525,419 shares of Ecolab Common Stock.
- (4) This information is based on Amendment No. 1 to the Schedule 13G filed on February 10, 2016 by BlackRock, Inc. (“BlackRock”). BlackRock reports that, as of December 31, 2015, they have sole power to vote or direct the vote of 13,059,396 shares, and sole power to dispose or to direct the disposition of 15,453,495 shares of Ecolab Common Stock.

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 8, 2016, our current executive officers and directors beneficially owned, in the aggregate, 4,436,908 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)	1,709,745 (1)(2)(4)	*
Daniel J. Schmechel (Chief Financial Officer)	299,187 (1)(2)	*
Thomas W. Handley	370,535 (1)(2)(4)	*
Michael A. Hickey	214,838 (1)(2)	*
Christophe Beck	171,764 (1)(2)	*
Directors and Nominees		
Barbara J. Beck	48,722 (2)(3)	*
Leslie S. Biller	113,823 (2)(3)	*
Carl M. Casale	11,014 (2)(3)	*
Stephen I. Chazen	16,271 (2)(3)	*
Jeffrey M. Ettinger	3,388 (2)(3)	*
Jerry A. Grundhofer	92,452 (2)(3)(4)	*
Arthur J. Higgins	37,614 (2)(3)	*
Joel W. Johnson	124,412 (2)(3)(4)	*
Michael Larson	15,333 (2)(3)(5)	* (5)
Jerry W. Levin	35,878 (2)(3)	*
Robert L. Lumpkins	113,228 (2)(3)(4)	*
David W. MacLennan	5,754 (2)(3)(4)	*
Tracy B. McKibben	3,350 (2)(3)	*
Victoria J. Reich	37,745 (2)(3)(4)	*
Suzanne M. Vautrinot	6,549 (2)(3)	*
John J. Zillmer	46,800 (2)(3)	*
Current Directors and Executive Officers as a Group (30 persons)	4,436,908 (4)(5)	1.5 % (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 as of the last Plan report: Mr. Baker, 9,989; Mr. Schmechel, 5,133; Mr. Handley, 1,016; Mr. Hickey, 7,219; and Mr. Beck, 2,012.
- (2) Includes the following shares which could be purchased under Company-granted stock options within 60 days from March 8, 2016 including, in the case of retirement-eligible officers, options vesting upon retirement from the Company: Mr. Baker, 1,228,689; Mr. Schmechel, 183,708; Mr. Handley, 264,425; Mr. Hickey, 167,777; Mr. Beck, 152,077; Ms. Beck, 30,500; Mr. Biller, 38,800; Mr. Casale, 5,600; Mr. Chazen, 7,800; Mr. Ettinger, 2,200;

Mr. Grundhofer, 15,800; Mr. Higgins, 20,300; Mr. Johnson, 38,800; Mr. Larson, 12,300; Mr. Levin, 4,600; Mr. Lumpkins, 38,800; Mr. MacLennan, 0; Ms. McKibben, 2,600; Ms. Reich, 22,500; Ms. Vautrinot, 5,100; and Mr. Zillmer, 34,000.

(3) Includes the following interests in stock units under our 2001 Non-Employee Director Stock Option and Deferred Compensation Plan: Ms. Beck, 18,221; Mr. Biller, 31,649; Mr. Casale, 1,609; Mr. Chazen, 3,471; Mr. Ettinger, 1,188; Mr. Grundhofer, 45,624; Mr. Higgins, 12,314; Mr. Johnson, 50,782; Mr. Larson, 3,033; Mr. Levin, 31,278; Mr. Lumpkins, 30,740; Mr. MacLennan, 68; Ms. McKibben, 750; Ms. Reich, 14,244; Ms. Vautrinot, 1,448; and Mr. Zillmer, 7,999. 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 19,215 shares held by or on behalf of family members of certain directors or executive officers. Includes 4,297 shares of Mr. Grundhofer and 41,235 shares of Mr. Johnson, indirectly held in foundations by those respective persons in which they have no economic interest but have voting authority and/or power of disposition; 72,500 shares of Mr. Baker, 70,952 shares of Mr. Handley, 10,604 shares of Mr. Johnson, 28,858 shares of Mr. Lumpkins, 5,685 shares of Mr. MacLennan and 1,000 shares of Ms. Reich held in trusts over which they or an immediate family member have voting authority and/or power of disposition; 32,640 shares held for executive officers in Company-sponsored employee benefit plans as of the last plan reports; and 3,318,855 shares to which these persons have the right to acquire beneficial ownership within 60 days of March 8, 2016 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 27,920,394 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 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>.

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 17 members. Messrs. Johnson and Lumpkins will be retiring from the Board as of the 2016 Annual Meeting of Stockholders. As described on page 20 under Proposal 1: Election of Directors, 15 nominees, if elected, will serve a one-year term ending as of the 2017 Annual Meeting expected to be held on May 4, 2017.

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 2015, 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 2015. As detailed in Mr. Levin's biography and qualifications on page 23, Mr. Levin has extensive public company board experience. Mr. Levin also is independent and is the Board's longest-serving director, with 23 years of continuous 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 continues to work closely with Mr. Levin to ensure the smooth and effective operation of the Board.

Board's Role on 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

CORPORATE GOVERNANCE

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 five 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, we have a Lead Director, 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 2015, 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.

Director Attendance

There were six meetings of the Board of Directors during the year ended December 31, 2015. 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 97%. 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.

CORPORATE GOVERNANCE

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 2015, and the charter for the Audit Committee was amended effective August 2015. 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. 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 (Vice Chair) and Vautrinot and Messrs. Casale, Chazen, Johnson (Chair), Lumpkins and MacLennan. The Committee met six times during 2015. 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 2015 with our Chief Financial Officer, Controller and Assistant 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 2015 earnings announcement prior to dissemination of that press release and it being furnished to the SEC on a Form 8-K in February 2016. The Form 10-K for the year ended December 31, 2015, was also discussed by the Committee at its February 2016 meeting prior to filing.

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 57.

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. The Board has determined that each of Mses. McKibben and Reich and Messrs. Casale, Chazen, Johnson, MacLennan and Lumpkins 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, Johnson, MacLennan and Lumpkins 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 six times during 2015. 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 26 of this Proxy Statement.

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.

CORPORATE GOVERNANCE

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 six times during 2015. 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), Johnson, Levin (Chair), MacLennan and Zillmer. The Committee met four times during 2015. Certain functions of the Governance Committee are described on pages 8 and 9 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 (Vice Chair) and Reich and Messrs. Baker, Ettinger, Larson, and Lumpkins (Chair). The Committee met four times during 2015. 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.

ECOLAB - 2016 Proxy Statement 15

DIRECTOR COMPENSATION FOR 2015

Director Compensation Table

The following table summarizes the compensation that our non-employee directors received during 2015.

Name	Fees Earned or Paid in			Total (\$)
	Cash(1) (\$)	Stock Awards(2) (\$)	Option Awards(3) (\$)	
Barbara J. Beck	105,000	100,000	53,614	258,614
Leslie S. Biller	120,000	100,000	53,614	273,614
Carl M. Casale	115,000	100,000	53,614	268,614
Stephen I. Chazen	115,000	100,000	53,614	268,614
Jeffrey M. Ettinger(4)	68,365	65,110	53,614	187,089
Jerry A. Grundhofer	125,000	100,000	53,614	278,614
Arthur J. Higgins	105,000	100,000	53,614	258,614
Joel W. Johnson	125,000	100,000	53,614	278,614
Michael Larson	105,000	100,000	53,614	258,614
Jerry W. Levin	145,000	100,000	53,614	298,614
Robert L. Lumpkins	130,000	100,000	53,614	283,614
David W. MacLennan(5)	8,274	7,880	0	16,154
Tracy B. McKibben(6)	97,111	84,444	63,362	244,917
Victoria J. Reich	115,000	100,000	53,614	268,614
Suzanne M. Vautrinot	115,000	100,000	53,614	268,614
John J. Zillmer	105,000	100,000	53,614	258,614

(1) Represents annual retainer of \$105,000 earned during 2015, 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 under the heading “Proposal 3: Approval of an Amendment to the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan” of this Proxy Statement. The dollar amount of retainer and fees deferred by applicable directors during 2015 is as follows: Ms. Beck, \$105,000; Mr. Chazen, \$57,500; Mr. Ettinger, \$68,365; Mr. Grundhofer, \$125,000; Mr. Higgins, \$105,000; Mr. Johnson, \$125,000; Mr. Lumpkins, \$130,000; and Ms. Reich, \$115,000.

(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 2015, 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 heading “Proposal 3: Approval of an Amendment to the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan” of this Proxy Statement.

(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 2015 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 is summarized in the table below:

Grant Date	Risk Free Rate	Expected Life	Expected Volatility	Expected Dividend Yield
05/07/2015	1.76%	6.12 years	22.86%	1.17%

As of December 31, 2015, the aggregate number of stock options held by each director named in the table above is as follows: Ms. Beck, 30,500; Mr. Biller, 38,800; Mr. Casale, 5,600; Mr. Chazen, 7,800; Mr. Ettinger, 2,200; Mr. Grundhofer, 15,800; Mr. Higgins, 20,300; Mr. Johnson, 38,800; Mr. Larson, 12,300; Mr. Levin, 4,600; Mr. Lumpkins, 38,800; Mr. MacLennan, 0; Ms. McKibben, 2,600; Ms. Reich, 22,500; Ms. Vautrinot, 5,100; and Mr. Zillmer, 34,000.

- (4) Mr. Ettinger was elected to the Board effective May 2015, and received a pro-rated portion of compensation for 2015.
- (5) Mr. MacLennan was appointed to the Board effective December 2015, and received a pro-rated portion of compensation for 2015.
- (6) Ms. McKibben was elected to the Board effective February 2015, and received a pro-rated portion of compensation for 2015. Ms. McKibben received an initial stock option grant in May 2015 valued at \$9,748 under FASB ASC Topic 718 to reflect her prorated service commencing in February, as well as her periodic stock option grant valued at \$53,614.

DIRECTOR COMPENSATION FOR 2015

Summary

During 2015, 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 under the heading “Proposal 3: Approval of an Amendment to the Ecolab Inc. Non-Employee Director Stock Option and Deferred Compensation Plan” 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.

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

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. 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.

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. 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. Director stock options vest 25% at the end of each three-month period following the grant date. The options granted to directors under the 2001 Plan may be transferred to defined family members or legal entities established for their benefit.

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.

Changes Effective in 2016

As set forth under the heading “Proposal 3: Approval of an Amendment to the Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan” of this Proxy Statement, we are asking our stockholders to approve an amendment to our 2001 Plan that will place an \$800,000 cap on 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, 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 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 director has an immediate family member who is a current employee of such a firm and personally works on the Company’s audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company’s audit within that time.
- D. The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation committee.
- E. The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company’s consolidated gross revenues.

The Board of Directors’ independence policy is also available on our website at www.ecolab.com/investors/board-of-directors.

“Independence” Determinations

In February 2016, the Governance Committee undertook a review of director independence by examining the nature and magnitude of transactions and relationships during 2015, 2014 and 2013 between each director serving during 2015 or director nominee, as the case may be (or any member of his or her immediate family or the company he or she is employed by and its subsidiaries and affiliates), and Ecolab, its subsidiaries and affiliates. Appropriate scrutiny is given to any situation which could be reasonably considered a material relationship. Both the existence and nature of the relationship are considered. The relationships include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. Ecolab also endeavors to identify, quantify and evaluate ordinary-course commercial transactions between Ecolab and any company that employs a director or director nominee, including subsidiaries and affiliates of the company. In this regard, the Board’s Governance Committee has reviewed the following transactions and determined that the transactions do not exceed the Board’s categorical “independence” standards described above or adversely affect the director or director nominee for “independence” status

as the combined impact of the transactions is immaterial to Ecolab and the respective organizations:

18 ECOLAB - 2016 Proxy Statement

- Mr. Chazen serves as Chief Executive Officer of Occidental Petroleum Corporation. During 2015, Ecolab's sales to Occidental Petroleum and its affiliates were approximately \$51 million, or less than 0.412% of Occidental Petroleum's revenues, and Ecolab's purchases from Occidental Petroleum and its affiliates were approximately \$9 million, or less than 0.073% of Occidental Petroleum's revenues. Ecolab believes all sales to, and purchases from, Occidental Petroleum were made in the ordinary course, at arm's length, and at prices and on terms customarily available. Further, Ecolab believes Mr. Chazen had no personal interest in, nor received any personal benefit from, such commercial transactions.
- Mr. Ettinger serves as Chairman of the Board and Chief Executive Officer of Hormel Foods Corporation. During 2015, Ecolab's sales to Hormel Foods and its affiliates were approximately \$9 million, or less than 0.099% of Hormel Foods' revenues, and Ecolab's purchases from Hormel Foods and its affiliates were approximately \$600 thousand, or less than 0.007% of Hormel Foods' revenues. Ecolab believes all sales to, and purchases from, Hormel Foods were made in the ordinary course, at arm's length, and at prices and on terms customarily available. Further, Ecolab believes Mr. Ettinger had no personal interest in, or received any personal benefit from, such commercial transactions.
- Mr. Casale serves as President and Chief Executive Officer of CHS, Inc. During 2015, Ecolab's sales to CHS and its affiliates were approximately \$5 million, or less than 0.016% of CHS's revenues. Ecolab believes all sales to CHS were made in the ordinary course, at arm's length, and at prices and on terms customarily available. Further, Ecolab believes Mr. Casale had no personal interest in, or received any personal benefit from, such commercial transactions.
- Mr. MacLennan serves as Chairman and Chief Executive Officer of Cargill, Incorporated. During 2015, Ecolab's sales to Cargill and its affiliates were approximately \$24 million, or less than 0.02% of Cargill's revenues, and Ecolab's purchases from Cargill and its affiliates were approximately \$6 million, or less than 0.006% of Cargill's revenues. Ecolab believes all sales to, and purchases from, Cargill were made in the ordinary course, at arm's length, and at prices and on terms customarily available. Further, Ecolab believes Mr. MacLennan had no personal interest in, or received any personal benefit from, such commercial transactions.

Based on the review of the Governance Committee, the Board of Directors has determined that the following directors or director nominees, as the case may be, including those on the slate of nominees for election to the Board at this year's Annual Meeting (other than Mr. Baker), are, and have been since January 1, 2015, or the date which they became an Ecolab director if later than January 1, 2015, independent in accordance with the listing standards of the New York Stock Exchange, the rules and regulations of the SEC, applicable law, and the Board's "independence" policy: Barbara J. Beck, Leslie S. Biller, Carl M. Casale, Stephen I. Chazen, Jeffrey M. Ettinger, Jerry A. Grundhofer, Arthur J. Higgins, Joel W. Johnson, Michael Larson, Jerry W. Levin, Robert L. Lumpkins, David W. MacLennan, Tracy B. McKibben, Victoria J. Reich, Suzanne M. Vautrinot, and John J. Zillmer.

The Board determined that Douglas M. Baker, Jr. is not "independent," due to his status as the current Chief 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 2015, nor any currently anticipated transactions.

ECOLAB - 2016 Proxy Statement 19

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board of Directors currently consists of 17 members. Messrs. Johnson and Lumpkins will be retiring from the Board as of the 2016 Annual Meeting. Accordingly, the Board has taken action to reduce the size of the Board to 15 members effective immediately prior to the time of the 2016 Annual Meeting. The 15 nominees, if elected, will serve a one-year term ending as of the 2017 Annual Meeting expected to be held on May 4, 2017.

Pursuant to the recommendation of the Governance Committee, Mses. Beck, McKibben, Reich and Vautrinot and Messrs. Baker, Biller, Casale, Chazen, Ettinger, Grundhofer, Higgins, Larson, Levin, MacLennan and Zillmer were nominated for election as Directors. The Board of Directors has no reason to believe that any of the named nominees is not available or will not serve if elected.

Board of Directors' Recommendation – The Board of Directors recommends a vote FOR the election of the 15 nominees named in this Proxy Statement. Unless a contrary choice is specified, proxies solicited by our Board of Directors will be voted FOR each of the nominees named in this Proxy Statement.

The following information with regard to business experience, qualifications and directorships has been furnished by the respective director nominees or obtained from our records.

Nominees for Election to the Board of Directors (Term Ending in May 2017)

DOUGLAS M. BAKER, JR.

Years of Service: 12
Age: 57

of Chairman of the Board in May 2006. Mr. Baker relinquished the office of President in December 2011 upon completion of the Nalco merger. Prior to joining Ecolab in 1989, Mr. Baker was employed by The Procter & Gamble Company in various marketing and management positions.

<p>Board Committees:</p> <p>Safety, Health and Environment Biography</p> <p>Chairman of the Board and Chief Executive Officer of Ecolab.</p> <p>Director of Ecolab since 2004.</p> <p>Member of the Safety, Health and Environment Committee.</p>	<p>Qualifications</p> <p>Mr. Baker has more than 25 years of Ecolab marketing, sales and general management experience, including leadership roles in Ecolab's Institutional, Europe and Kay businesses before becoming Ecolab's Chief Operating Officer in 2002 and Chief Executive Officer in 2004. He has deep and direct knowledge of Ecolab's businesses and operations. In addition, his experience at The Procter & Gamble Company included various marketing and management positions, including in the institutional market in which Ecolab operates. As a director of two other public companies, Mr. Baker also has extensive corporate governance experience.</p> <p>Other directorships held during the past five years</p> <p>Lead Director of Target Corporation and director of U.S. Bancorp.</p>
---	---

Since joining Ecolab in 1989, Mr. Baker has held various leadership positions within our Institutional, Europe and Kay operations. Mr. Baker was named Ecolab's President and Chief Operating Officer in August 2002, was promoted to President and Chief Executive Officer in July 2004, and added the position

BARBARA J. BECK

<p>Years of Service: 8 Age: 55</p>	<p>France), the Middle East and Africa. She previously served as Executive Vice President of Manpower's U.S. and Canada business unit from 2002 to 2005. Prior to joining Manpower, Ms. Beck was an executive of Sprint, a global communications company, serving in various operating and leadership roles for 15 years.</p>
<p>Board Committees:</p>	<p>Qualifications</p>
<p>Safety, Health and Environment Governance Biography</p>	<p>Ms. Beck has extensive North American and European general management and operational experience, including as a current CEO, allowing her to contribute to Ecolab's strategic vision particularly as it relates to Europe, the Middle East and Africa. With her Manpower knowledge of the impact of labor market trends on global and local economies combined with her knowledge of employment services, which tends to be a leading economic indicator, she provides timely insight into near-term projections of general economic activity. As an executive at Sprint, Ms. Beck obtained experience in the information technology field which is relevant to Ecolab's development of its ERP systems as well as field automation tools.</p>
<p>Chief Executive Officer, Learning Care Group, Inc., a leading for-profit early education/child care provider in North America. Director of Ecolab since</p>	<p>Other directorships held during the past five years None.</p>

2008. Vice
Chair of the
Safety, Health
and
Environment
Committee and
member of the
Governance
Committee.

Prior to joining
Learning Care
Group in 2011
as Chief
Executive
Officer, Ms.
Beck spent nine
years as an
executive of
Manpower Inc.,
a world leader
in the
employment
services
industry. From
2006 to 2011,
Ms. Beck was
President of
Manpower's
EMEA
operations,
overseeing
Europe
(excluding

PROPOSAL 1: ELECTION OF DIRECTORS

LESLIE S. BILLER

<p>Years of Service: 18 Age: 68</p>	<p>Chairman and Chief Operating Officer of Wells Fargo & Company in October 2002. He became Chairman of Sterling Financial Corporation in 2010 and served in that capacity until its merger with Umpqua Corporation in April 2014.</p>
<p>Board Committees:</p> <p>Finance</p> <p>Compensation Biography</p> <p>Chief Executive Officer of Harborview Capital, a private investment and consultive company.</p> <p>Director of Ecolab since 1997. Chair of the Finance Committee and member of the Compensation Committee.</p> <p>After holding various positions with Citicorp and Bank of America, Mr. Biller joined Norwest Corporation in 1987 as Executive Vice President in charge of strategic planning and acquisitions for Norwest Banking. He was appointed Executive Vice President in charge of South</p>	<p>Qualifications</p> <p>Throughout his career in banking, including as Vice Chair and Chief Operating Officer of Wells Fargo, Mr. Biller gained extensive public company senior management and board experience. Having spent a significant part of his career in international assignments in Europe, he is familiar with operating businesses in that region, which allows him to provide advice and guidance relevant to our significant European operations. He has extensive knowledge and experience in banking, treasury and finance, which enables him to provide insight and advice on financing, treasury and enterprise risk management areas. As a chemical engineer, he is familiar with chemicals manufacturing and distribution, which allows him to relate well to our operations.</p> <p>Other directorships held during the past five years</p> <p>Former director of Knowledge Schools Inc., Knowledge Universe Education, and Sterling Financial Corporation.</p>

Central
Community
Banking in 1990.
Mr. Biller served
as President and
Chief Operating
Officer of
Norwest
Corporation from
February 1997
until its merger
with Wells Fargo
& Company in
November 1998.
Mr. Biller retired
as Vice

CARL M. CASALE

Years of Service: 2 sales, strategy, marketing and technology-related positions before being named Chief Financial Officer in 2009.
Age: 54

Qualifications

Board Committees: As Chief Executive Officer of CHS, Mr. Casale has experience running a large diverse organization, which includes a significant energy business. In addition to his extensive industry experience, through his more than 25-year career at CHS and Monsanto and his experience as a director of other public companies, Mr. Casale possesses knowledge and experience in finance, international operations, sales, corporate management, strategy, public company governance and board practices. Mr. Casale is also familiar with our water and energy businesses, having served as a director of Nalco Holding Company from 2009 until Ecolab's acquisition of Nalco in 2011.

Audit

Governance

Biography

Other directorships held during the past five years

President and Chief Executive Officer of CHS Inc., a leading integrated agricultural company. Director of Ecolab since 2013. Member of the Audit and Governance Committees.

Formerly a director of Nalco Holding Company.

Mr. Casale joined CHS as President and Chief Executive Officer

in 2011.
Previously he
spent 26 years
with Monsanto
Company,
advancing
through

STEPHEN I. CHAZEN

Years of Service: 3
Age: 69
Executive Vice President and Chief Financial Officer from 1999 to 2007. Prior to joining Occidental in 1994, Mr. Chazen was a Managing Director in Corporate Finance and Mergers and Acquisitions at Merrill Lynch.

Board Committees:
Audit
Finance
Biography
Qualifications
With more than 20 years of senior management experience with a major oil and gas company, Mr. Chazen has significant direct experience in the energy sector, one of the Company's most significant end markets. As Chief Executive Officer of Occidental, Mr. Chazen is intimately familiar with the competitive landscape and trends within the energy sector as well as the regulatory framework. In addition to his important industry experience, through his more than 30-year career at Occidental and Merrill Lynch and his experience as a director of other public companies, Mr. Chazen possesses knowledge and experience in corporate management, strategy, mergers and acquisitions, public company governance and board practices.

Chief Executive Officer of Occidental Petroleum Corporation, an oil, natural gas and chemicals producer.
Director of Ecolab since 2013. Member of the Audit and Finance Committees.
Other directorships held during the past five years
Director of Occidental Petroleum Corporation.

Mr. Chazen became President and Chief Executive Officer of Occidental Petroleum Corporation in 2011. He previously served as Occidental's President from 2011 to 2015, as

President and
Chief Operating
Officer from
2010 to 2011 and
as President and
Chief Financial
Officer from
2007 to 2010. He
was

ECOLAB - 2016 Proxy Statement 21

PROPOSAL 1: ELECTION OF DIRECTORS

JEFFREY M. ETTINGER

Years of Service: 1
Age: 57

2004 to 2015, as President of Jennie-O Turkey Store, the largest subsidiary of Hormel Foods, and in various other positions including Treasurer, Product Manager for Hormel® chili products, and corporate and senior attorney.

Board Committees:

Qualifications

Compensation

Safety, Health and Environment

With more than 25 years of experience with Hormel Foods, a public food products company with global operations, Mr. Ettinger brings directly relevant operational experience in one of Ecolab's major end-markets. As Chairman and Chief Executive Officer of a Fortune 500 public company with global operations, Mr. Ettinger possesses executive leadership attributes and provides relevant insight and guidance with respect to numerous issues important to Ecolab, including public company governance, mergers and acquisitions and regulatory matters.

Other directorships held during the past five years

Biography

Director of Hormel Foods Corporation and The Toro Company.

Mr. Ettinger became Chief Executive Officer of Hormel Foods Corporation in 2005. He joined Hormel Foods in 1989 and previously served as President from

JERRY A. GRUNDHOFER

Years of Service: 17
Age: 71

following a merger of Firststar Corporation and U.S. Bancorp, Mr. Grundhofer was named President and Chief Executive Officer of U.S. Bancorp and added the position of Chairman of the Board in 2003. Mr. Grundhofer retired as CEO in 2006, and as Chairman of the Board in December 2007.

Board Committees:

Qualifications

Compensation

Finance

Biography

Mr. Grundhofer has more than 40 years of leadership experience in the banking and financial services industry, including as Chairman and Chief Executive Officer of U.S. Bancorp. His senior operating experience and public company board experience give him an understanding for leading a public company and allow him to provide strategic vision to the Company. He has extensive knowledge and experience in banking, treasury and finance, which enables him to provide insight and advice on financing, treasury and enterprise risk management areas. He also possesses extensive experience with mergers and acquisitions.

Chairman Emeritus and retired Chairman of the Board of U.S. Bancorp, a financial services holding company. Director of Ecolab since 1999. Chair of the Compensation Committee and member of the Finance Committee.	Other directorships held during the past five years Formerly Chairman of the Board of Santander Holdings USA, Inc. and its wholly-owned subsidiary Sovereign Bank. Formerly Chairman of the Board of Citibank, N.A. Formerly a director of Citigroup.
--	--

Following an extensive career in the commercial banking industry, including serving as Vice Chairman of the Board of BankAmerica Corporation, Mr. Grundhofer joined Star Banc Corporation as President and Chief Executive Officer in 1993, assuming the Chairman post later that year. In November 1998, Star Banc acquired Firststar Corporation and he assumed the position of President and Chief Executive Officer of Firststar Corporation. In 2001,

ARTHUR J. HIGGINS

Years of Service: 6 Age: 60	of Directors of the Pharmaceutical Research and Manufacturers of America (PhRMA), of the Council of the International Federation of Pharmaceutical Manufacturers and Associations (IFPMA) and President of the European Federation of Pharmaceutical Industries and Associations
--------------------------------	--

<p>Board Committees:</p>	<p>(EFPIA).</p>
<p>Governance</p>	<p>Qualifications</p>
<p>Compensation</p>	<p>Mr. Higgins has extensive leadership experience in the global healthcare market. Through leadership positions with large healthcare developers and manufacturers in both the United States and Europe, Mr. Higgins has gained deep knowledge of the healthcare market and the strategies for developing and marketing products in this highly regulated area. This knowledge and industry background allows him to provide valuable insight to Ecolab's growing Healthcare business, which is developing in both the U.S. and Europe. In addition, his global perspective from years of operating global businesses and his background in working with high growth companies fits well with Ecolab's ambitions for global growth and provide him experiences from which to draw to advise the Company on strategies for sustainable growth. In his role as Chief Executive Officer of Bayer HealthCare, he gained significant exposure to enterprise risk management as well as quality and operating risk management necessary in a highly regulated industry such as healthcare.</p>
<p>Biography</p>	<p>Other directorships held during the past five years</p>
<p>Consultant, Blackstone Healthcare Partners of The Blackstone Group. Director of Ecolab since 2010. Vice Chair of the Governance Committee and member of the Compensation Committee.</p>	<p>Director of Endo International plc and Zimmer Holdings Inc. Formerly a director of Resverlogix Corp.</p>
<p>Mr. Higgins joined The Blackstone Group in 2010. Prior to that Mr. Higgins served as Chairman of the Board of Management of Bayer HealthCare AG, a developer and manufacturer of human and animal health products, and Chairman of the Bayer HealthCare Executive Committee. Prior to joining Bayer HealthCare in 2004, Mr. Higgins served as Chairman, President and Chief Executive Officer of Enzon</p>	

Pharmaceuticals, Inc. from 2001 to 2004. Prior to joining Enzon Pharmaceuticals, Mr. Higgins spent 14 years with Abbott Laboratories, most recently as President of the Pharmaceutical Products Division from 1998 to 2001. He is a past member of the Board

PROPOSAL 1: ELECTION OF DIRECTORS

MICHAEL LARSON

Years of Service: 4
Age: 56

Gates' non-Microsoft investments as well as the investment assets of the Bill & Melinda Gates Foundation Trust. Previously, Mr. Larson was at Harris Investment Management, Putnam Management Company and ARCO.

Board Committees:

Qualifications

Finance
Safety, Health and Environment

With more than 30 years of portfolio management experience, Mr. Larson has deep investment expertise and broad understanding of the capital markets, business cycles and capital efficiency and allocation practices. He also has served on several other public company boards providing him relevant corporate governance experience. In addition, as a professional investor and as the investment officer of the Company's largest shareholder, Mr. Larson brings a long-term shareholder perspective to the Board.

Other directorships held during the past five years

Biography

Chief investment officer to William H. Gates III.

Director of Ecolab since 2012. Vice Chair of the Finance Committee and member of the Safety, Health and Environment Committee.

Director of AutoNation, Inc., Republic Services, Inc. and Fomento Mexicano Economico, S.A.B. de C.V. In addition, he is Chairman of the Board of Trustees of two funds within the Western Asset Management fund complex. Formerly a director of Grupo Televisa, S.A.B.

Mr. Larson has been chief investment officer for Mr. Gates and the Business Manager of Cascade Investment, L.L.C., since 1994. He is responsible for Mr.

JERRY W. LEVIN

Years of Service: 23

(formerly known as Sunbeam Corporation) from 1998 to 2005. He joined the Board of Sharper Image in July 2006, and served as interim CEO from September 2006 to April 2007. He became

Edgar Filing: ECOLAB INC. - Form DEF 14A

Age: 71	Chairman and Chief Executive Officer of Wilton Brands in 2009 and Chairman from March 2014 to February 2015.
Board Committees:	Qualifications
Governance Compensation	Mr. Levin has more than 30 years of public company operating experience, including as Chairman and/or Chief Executive Officer of Coleman, Revlon and American Household, and has served on numerous public company boards. In addition to his experience leading companies, he has a background and expertise in mergers and acquisitions, which allows him to provide the company guidance and counsel for its acquisition program. He has experience in operating companies in diverse industries, giving him a unique perspective to provide advice to the Company regarding its many operating units. In addition, with over 20 years on Ecolab's Board, Mr. Levin is our longest serving director and has developed a deep knowledge of our business. His long history with the Company, combined with his leadership skills and operating experience, makes him particularly well-suited to be our Lead Director.
Biography Chairman of JW Levin Management Partners LLC, a private investment and advisory firm. Director of Ecolab since 1992. Lead Director, Chair of the Governance Committee and member of the Compensation Committee.	Other directorships held during the past five years Formally a director of Lorillard, Inc., Saks Incorporated and U.S. Bancorp.
Mr. Levin served in a number of senior executive positions with The Pillsbury Company from 1974 through 1989. In 1989, he joined MacAndrews & Forbes Holdings, Inc., which controlled Revlon, Inc. and The Coleman Company, among other companies. From 1989 through 1997, Mr. Levin served in various capacities at the Coleman Company, Inc., Revlon, Inc.,	

Revlon Consumer Products Corporation and the Cosmetic Center, Inc., including as Chairman and/or Chief Executive Officer. Mr. Levin served as Chairman and Chief Executive Officer of American Household, Inc.

DAVID W. MACLENNAN

Years of Service: 1 Age: 56	He has been Cargill's Chief Executive Officer since 2013, and he held the offices of Chief Operating Officer and President from 2011 until his appointment as Chief Executive Officer. Prior to these roles, Mr. MacLennan held several positions with Cargill, including Chief Financial Officer, President of Cargill Energy and Managing Director of the Value Investment Group. He has also held various management positions with US Bancorp Piper Jaffray and Goldberg Securities.
Board Committees:	

Audit	Qualifications
-------	----------------

Governance	With more than 24 years of leadership experience at Cargill, Mr. MacLennan has developed significant leadership and strategic planning skills, as well as extensive knowledge and insight in corporate governance, risk management, financial management and global business practices.
------------	---

Biography

Other directorships held during the past five years

Chairman and Chief Executive Officer of Cargill, Incorporated. Director of Ecolab since 2015. Member of the Audit and Governance Committees.	Formerly a director and Governance Committee chair of C.H. Robinson Worldwide, Inc.
--	---

In September 2015, Mr. MacLennan became Chairman of the Board of Cargill, Incorporated, a privately held

company and
world-leading
producer and
marketer of food,
agricultural,
financial, and
industrial products
and services.

ECOLAB - 2016 Proxy Statement 23

PROPOSAL 1: ELECTION OF DIRECTORS

TRACY B. MCKIBBEN

Years of Service: 1
Age: 46
Director of European Economic Affairs and EU Relations and as Acting Senior Director for European Affairs. Before joining the National Security Council, she served various senior advisory roles in the U.S. Department of Commerce from March 2001 to July 2003.

Board Committees:
Qualifications

Audit
Finance
Biography
Ms. McKibben has more than 15 years of experience in the energy sector, with a focus on alternative energy, water and infrastructure. In this role and in her prior role at Citigroup, Ms. McKibben developed considerable strategic and financial experience advising energy companies and multinational corporations on strategic investments, M&A, and energy policy. In addition to her experience in the energy and financial sectors, Ms. McKibben has gained extensive public sector and international experience working at the U.S. Department of Commerce and within the National Security Council at The White House where she advised the President of the United States, Cabinet Secretaries and other senior officials on political, security, commercial and international trade issues.

Founder and President of MAC Energy Advisors, LLC, a consulting company that assists clients on investments and strategic opportunities across a global platform.
Director of Ecolab since 2015. Member of the Audit and Finance Committees.

Other directorships held during the past five years

Director of Imation Corporation. Formerly a director of ROI Acquisition Corp. II.

Ms. McKibben has been the President of MAC Energy Advisors since its founding in 2010. From September 2007 to August 2009, she served as Managing Director and Head of Environmental Banking Strategy

at Citigroup
Global Markets.
Prior to joining
Citigroup, Ms.
McKibben
served in the
National Security
Council at the
White House
from July 2003
to August 2007
as

VICTORIA J. REICH

Years of Service: 6 Age: 58	Brunswick European Group, and previously as Senior Vice President and Chief Financial Officer. Before joining Brunswick, Ms. Reich was employed for 17 years at General Electric Company in various financial management positions.
-----------------------------------	---

Board Committees:	Qualifications
----------------------	----------------

Audit Safety, Health and Environment Biography	As a former Chief Financial Officer of a public company, Ms. Reich possesses relevant financial leadership experience with respect to all financial management disciplines relevant to the Company, including public reporting, strategic planning, treasury, IT and financial analysis. Her financial management background at Essendant, Brunswick and General Electric, combined with her experience in European general management at Brunswick, enables her to provide strategic input as well as financial discipline. Essendant operates a cleaning supplies distribution business which provided Ms. Reich familiarity with the institutional market, one of our largest end-markets.
--	---

Former Senior Vice President and Chief Financial Officer of Essendant Inc. (formerly United Stationers Inc.), a broad line wholesale distributor of business products. Director of Ecolab since 2009. Vice Chair of the Audit Committee and member of the Safety, Health and Environment Committee.	Other directorships held during the past five years Director of H&R Block, Inc. and Ingredion Incorporated.
---	--

From 2007 to 2011 Ms. Reich was Senior Vice President and Chief Financial Officer of Essendant Inc. Prior to joining Essendant, Ms. Reich spent ten years as an executive with Brunswick Corporation, last serving as President -

SUZANNE M. VAUTRINOT

<p>Years of Service: 2 Age: 56</p>	<p>Air Forces Cyber, where she was responsible for, among other things, cyber defense operations. Prior to that, General Vautrinot was the Director of Plans and Policy, U.S. Cyber Command and the Special Assistant to the Vice Chief of Staff of the U.S. Air Force. On multiple occasions, she was selected by military leaders and White House officials to spearhead high-profile engagements.</p>
<p>Board Committees:</p>	<p>As a result, she received a number of prestigious awards, including the Symantec Cyber Award, Women in Aerospace Leadership Award, Air Force Association's Aerospace Citation of Honor and the Presidential Award for Training. During her career, she has also been awarded numerous medals and commendations, including the Distinguished Service Medal.</p>
<p>Audit</p>	<p>medals and commendations, including the Distinguished Service Medal.</p>
<p>Finance</p>	<p>Qualifications</p>
<p>Biography</p>	<p>General Vautrinot brings a unique perspective to the Board with her 31-year military career. Having led large and complex organizations she provides insights into the challenges the company faces as a large global organization. As an expert in cyber security, she can advise the company on appropriate protections for its networks. In addition, she has significant experience in strategic planning, organizational design and change management, which allows her to provide advice and insight to the Company as its business grows and develops.</p>
<p>President, Kilovolt Consulting Inc. Retired Major General of the U.S. Air Force. Director of Ecolab since 2014. Member of the Audit and Finance Committees.</p>	<p>Other directorships held during the past five years</p> <p>Director of Symantec Corporation and Wells Fargo & Company.</p>
<p>General Vautrinot retired from the Air Force in 2013. During her</p>	

31-year career in the Air Force, she served in various assignments, including cyber operations, plans and policy, strategic security, space operations and staff work.

General Vautrinot commanded at the squadron, group, wing and numbered Air Force levels, as well as the Air Force Recruiting Service. She has served on the Joint Staff, the staffs at major command headquarters and Air Force headquarters. From 2011 to 2013, she was Commander, 24th Air Force and Commander,

PROPOSAL 1: ELECTION OF DIRECTORS

JOHN J. ZILLMER

<p>Years of Service: 10 Age: 60</p>	<p>industry, most recently as Executive Vice President of ARAMARK Corporation, a provider of food, uniform and support services. During his eighteen-year career with ARAMARK, Mr. Zillmer served as President of ARAMARK's Business Services division, the International division and the Food and Support Services group. Prior to joining ARAMARK, Mr. Zillmer was employed by Szabo Food Services until Szabo was acquired by ARAMARK in 1986.</p>
<p>Board Committees:</p>	<p>Qualifications</p>
<p>Compensation</p>	<p>As the former Chief Executive Officer of Univar and previously Allied Waste, Mr. Zillmer has experience leading both public and large private companies. With Univar, he became intimately familiar with the chemical market, including with respect to chemicals that Ecolab uses to manufacture its products. He also has extensive knowledge of the environmental aspects of chemicals manufacturing and distribution. His experience leading various ARAMARK operations has given him deep knowledge of the institutional market, particularly the contract catering segment, which is a large market for the Company. His roles on the boards of Reynolds American, Allied Waste and United Stationers have provided him with significant public company board experience.</p>
<p>Governance</p>	<p>Other directorships held during the past five years</p>
<p>Biography</p>	<p>Director of Reynolds American Inc., Veritiv Corp. and Performance Food Group Company.</p>
<p>Retired President and Chief Executive Officer of Univar Inc., a global distributor of industrial chemicals and related specialty services. Director of Ecolab since 2006. Vice Chair of the Compensation Committee and member of the Governance Committee.</p>	
<p>Mr. Zillmer joined Univar in 2009 as President and Chief Executive Officer. In 2012, he stepped down as President and CEO and became Executive Chairman until December 2012 when he retired</p>	

from Univar.
Prior to joining
Univar,
Mr. Zillmer
served as
Chairman and
Chief Executive
Officer of Allied
Waste Industries,
a solid waste
management
business, from
2005 until the
merger of Allied
Waste with
Republic
Services, Inc. in
December 2008.
Before Allied
Waste, Mr.
Zillmer spent 30
years in the
managed services

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the following Compensation Discussion and Analysis of the Company with management. Based on their review and discussion, the Compensation Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the Compensation Discussion and Analysis in both the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and the Company's Proxy Statement for the Annual Meeting of Stockholders to be held May 5, 2016.

Dated: February 25, 2016 Leslie S. Biller Arthur J. Higgins
 Jeffrey M. Ettinger Jerry W. Levin
 Jerry A. Grundhofer John J. Zillmer

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ("CD&A") provides information about the principles underlying our executive compensation programs and the key executive compensation decisions that were made for the fiscal year ended December 31, 2015 ("2015"), including the most important factors relevant to those decisions. This CD&A is intended to provide additional context and background for the compensation earned by and awarded to the following named executive officers ("NEOs") for 2015 as reported in the Summary Compensation Table which follows this discussion:

Douglas M. Baker, Jr.	Chairman of the Board and Chief Executive Officer
Daniel J. Schmechel	Chief Financial Officer
Thomas W. Handley	President and Chief Operating Officer
Michael A. Hickey	Executive Vice President and President – Global Institutional
Christophe Beck	Executive Vice President and President – Global Water and Process Services

The Company's compensation programs enable us to attract and retain the leadership talent that is necessary to successfully manage our strong earnings growth and return on invested capital objectives, while balancing necessary investment in the businesses in order to achieve attractive, long-term shareholder returns. Our corporate short-term and long-term incentive plan performance measures are aligned with this strategy by utilizing growth in adjusted diluted earnings per share (hereinafter, "adjusted EPS," unless the context otherwise requires) and adjusted return on invested capital (hereinafter, "adjusted ROIC," unless the context otherwise requires), both as defined later in this CD&A. At the business unit level, we also incorporate business unit sales and operating income performance measures.

Executive Summary

Business Environment

The Company delivered solid financial results for 2015 reflecting our business balance and more than offsetting headwinds from reduced energy activity, slower international economies and unfavorable currency translation. The Company achieved double-digit adjusted earnings per share growth before the impact of currency as the Global Institutional, Global Industrial and Other segments showed mid-single digit fixed currency organic sales growth and continued to expand margins. These strong performances more than offset challenging results in our Global Energy

segment, which itself is outperforming very challenging industry trends.

26 ECOLAB - 2016 Proxy Statement

COMPENSATION DISCUSSION AND ANALYSIS

The chart below summarizes our 1-year adjusted EPS growth as utilized in our short-term compensation plan for 2015:

* Adjusted Diluted EPS is a non-GAAP financial measure that is defined and reconciled to Diluted EPS (as reported in our financial statements) in the section at page 34 entitled “Adjustments to Reported Financial Results.”

** Diluted EPS at the comparison companies represents amounts excluding extraordinary items standardized in accordance with GAAP.

Our Company remains committed to driving attractive sales and adjusted EPS growth as well as continuing to make the right investments to deliver superior shareholder returns for years to come.

Compensation Actions

We took the following actions with respect to our NEOs in 2015:

Compensation Element	2015 NEO Compensation Action
Base salaries	<ul style="list-style-type: none"> • With respect to NEOs who were employed by us in 2014 and 2015, base salaries increased between 3.3% and 5.1% and on average 4.2% versus 2014 excluding promotions
Annual cash incentives	<ul style="list-style-type: none"> • Annual cash incentive bonus payouts were between 0% and 116% of target, and averaged 50% of target • Annual cash incentive bonus payout for our CEO was at 0% of target
Long-term incentives	<ul style="list-style-type: none"> • Long-term equity incentive awards, consisting of stock options and performance-based restricted stock units (“PBRsUs”), were granted in the same proportion as prior years and were within the median range of our size-adjusted competitive market for each NEO • For the 2013 to 2015 PBRsU grant cycle, average award payouts were at 100% of target award opportunities

COMPENSATION DISCUSSION AND ANALYSIS

The charts below illustrate our Company's actual performance relative to our pre-established performance goals as well as our actual award payouts as a percentage of target award opportunities for the annual cash and long-term incentive plans:

* Adjusted ROIC is a non-GAAP financial measure that is described in the section at page 34 entitled "Adjustments to Reported Financial Results."

COMPENSATION DISCUSSION AND ANALYSIS

Compensation Practices

Our compensation programs encourage executive decision-making that is aligned with the long-term interests of our stockholders. We tie a significant portion of pay to Company performance over a multi-year period. Our Compensation Committee has incorporated the following market-leading governance features into our executive compensation programs:

Compensation Philosophy	We maintain a market median range compensation philosophy for all elements of total direct compensation, with Committee discretion to position our NEOs appropriately relative to that range based on factors such as tenure, past performance, and future potential
Goal Setting Process	We have in place a robust planning process to establish financial and business performance metrics for incentive plans
Performance Measures	We use different performance measures in our short-term and long-term incentive plans
Stock Ownership	We maintain stock ownership guidelines that encourage executives to retain a significant long-term position in our stock and thereby align their interests with the interests of our stockholders
Change in Control	We have implemented a balanced change-in-control severance policy that provides our officers severance at two times the sum of base salary plus annual incentive pay at target following a change in control and termination of employment (a so-called “double-trigger”), with no tax gross-ups
Risk Mitigation	We employ features to mitigate against our executives taking excessive risk in order to maximize pay-outs, including varied and balanced performance targets, discretionary authority of the Compensation Committee to reduce award pay-outs, bonus caps at 200% of target and a Policy on Reimbursement of Incentive Payments (or so-called “clawback” policy)
Problematic Practices	We do not provide or permit “single-trigger” vesting in event of change in control, hedging or pledging of our Company stock, or backdating or repricing of stock option awards
Employment Agreements	We do not maintain employment agreements with any of our NEOs

The Compensation Committee oversees the design and administration of our executive compensation programs according to the processes and procedures discussed in the Corporate Governance section of this Proxy Statement. The Compensation Committee is advised by an independent compensation consultant, Cook & Co.

Pay-Versus-Performance Alignment

We emphasize pay-for-performance and structure our programs to provide incentives for executives to drive business and financial results. We believe that the pay of our executives, particularly our CEO, correlates well with our total shareholder returns; and while our incentive programs help to drive results, they do so without encouraging excessive risk taking that would threaten the long-term growth of our business.

Shareholder Outreach and 2015 Say-on-Pay Results

During 2015, we engaged in discussions with stockholders holding approximately 50% of our shares concerning a variety of topics, including our executive compensation program. The stockholders did not raise any significant issues with respect to our program. Additionally, at the 2015 Annual Meeting, Ecolab stockholders approved on an advisory basis the compensation of our NEOs disclosed in that year’s proxy statement, with more than 97% of the total votes cast by holders of shares represented at the meeting voting in favor of our executive compensation proposal. The Compensation Committee took this favorable stockholder support into account in deciding to retain the overall structure and philosophy of our compensation plans and programs in 2015.

ECOLAB - 2016 Proxy Statement 29

COMPENSATION DISCUSSION AND ANALYSIS

Program Elements

The principal elements of our executive compensation programs for 2015 are illustrated below:

30 ECOLAB - 2016 Proxy Statement

COMPENSATION DISCUSSION AND ANALYSIS

To align pay levels for NEOs with the Company's performance, our pay mix places the greatest emphasis on performance-based incentives. Approximately 90% of our CEO's target total direct compensation (salary, target bonus and the grant date fair value of long-term incentive awards), and approximately 78% of the average target total direct compensation of our other NEOs is performance-based, as summarized below, with equity elements depicted in blue and cash elements depicted in gray:

Our Analysis

Our analysis indicates that total direct compensation mix for our NEOs on average is generally consistent with the competitive market. The CEO receives a higher proportion of his total direct compensation allocated to performance-based components than non-performance-based components and more allocated to equity-based compensation than cash-based compensation compared to the other NEOs. The higher emphasis on performance-based compensation for the CEO is designed to reward him for driving company performance and creating long-term shareholder value that is a greater responsibility in his position than in the positions of the other NEOs, and is consistent with the competitive market for the CEO position. The level of compensation of our CEO reflects the many responsibilities of serving as CEO of a public company. Accordingly, our CEO's median range competitive pay levels (including long-term equity awards) reflect his broader scope and greater responsibilities compared to our other NEOs.

Compensation Philosophy

Our executive compensation program is designed to meet the following objectives:

- Support our corporate vision and long-term financial objectives
- Communicate the importance of our business results
- Retain and motivate executives important to our success
- Reward executives for contributions at a level reflecting our performance

Our executive compensation program as a whole, as well as each element, is designed to be market-competitive in order to attract, motivate and retain our executives in a manner that is in the best interests of our stockholders. Our executive compensation program is further designed to reinforce and complement ethical and sustainable management practices, promote sound risk management and align management interests (such as sustainable long-term growth) with those of our stockholders. We believe that our long-term equity incentive program, which typically accounts for at least half of our NEOs' total annual compensation, is an effective tool in aligning our executives' interests with those of our stockholders and in incentivizing long-term value creation.

COMPENSATION DISCUSSION AND ANALYSIS

Our philosophy is to position base salary, annual cash incentives, and long-term equity incentives in the median range of our competitive market, adjusted for the Company's size. We define the median range as within 15% of the median for base salaries and within 20% of the median for annual cash incentive targets and long-term incentive targets. For annual cash incentives, our philosophy generally is to also position them at a level commensurate with the Company's performance based on adjusted EPS compared to EPS growth in the Standard & Poor's 500. We position annual cash incentives and long-term incentives to provide lower than median compensation for lower than competitive market performance and higher than median compensation for higher than competitive market performance. This approach provides motivation to executives without incentivizing inappropriate risk-taking to achieve pay-outs, as we believe that the Company's prospects for growth are generally at least as favorable as the average of the S&P 500.

Our Analysis

For 2015, total direct compensation opportunities for all our NEOs were positioned in the market median range. The Compensation Committee has determined to establish total direct compensation opportunities for our CEO toward the high end of the median range in recognition of his long tenure and sustained exceptional performance.

Compensation Process

For our NEOs, the Compensation Committee reviewed and approved all elements of 2015 compensation, taking into consideration recommendations from our CEO (but not for his own compensation), as well as competitive market guidance and feedback provided by the Compensation Committee's independent compensation consultant and our human resources staff regarding individual performance, time in position and internal pay comparisons. The Compensation Committee reviewed and approved all elements of 2015 compensation for our CEO, taking into consideration the Board's performance assessment of the CEO and recommendations, competitive market guidance and feedback from the Compensation Committee's independent compensation consultant and our human resources staff. Recommendations with respect to the compensation of our CEO are not shared with our CEO.

Compensation Benchmarking

For benchmarking purposes, we define our competitive market for compensation data to be a simple average of median compensation from a 20-company comparison group and size-adjusted median general industry data from third-party surveys in which we participate.

The comparison group is selected by the independent compensation consultant based on input from the Company and the Compensation Committee, and is reviewed and approved annually by the Compensation Committee in the spring of each year. The independent consultant utilizes an objective selection process methodology that consists of the following steps:

- Focus on companies in the chemicals, oil & gas equipment & services, and industrial conglomerates industry groups
- Screen for companies with annual revenues of one-fourth to four times the annual revenues of our Company
- Further screen for companies within a reasonable size range in various other measures such as annual operating income, total assets, total equity, total employees and market capitalization
- Identify companies that meet several other criteria, such as significant international operations, inclusion in the S&P 500, business-to-business focus, and not highly cyclical

COMPENSATION DISCUSSION AND ANALYSIS

The chart below summarizes our Company's percentile ranking versus the 20 companies selected for the comparison group for 2015 based on the above selection criteria:

* All financial and market data are taken from Standard & Poor's Research Insight

The third-party general industry surveys used during 2015 were from Aon Hewitt, Towers Watson and Cook & Co. For benchmarking 2015 base salary and annual cash incentive compensation, we used the average of size-adjusted median compensation data from Aon Hewitt and Towers Watson, as well as median compensation data from the comparison companies. The 2014 Towers Watson CDB Executive Compensation Survey includes over 446 organizations that range in revenue from approximately \$1 billion to over \$47 billion. We also used the 2014 Aon Hewitt TCM Executive Regression Analysis Survey, which includes over 480 organizations that range in revenue from approximately \$115 million to \$476 billion. For benchmarking long-term incentives, we used the average of the median compensation data yielded by the comparison companies, the 2015 Towers Watson CDB General Industry Executive Compensation Survey report and the Cook & Co. 2015 Survey of Long-Term Incentives. The 2015 Towers Watson survey has over 465 participants which range in revenue from less than \$1 billion to greater than \$46 billion. The Cook & Co. survey has 63 participants which range in revenue from \$5.1 billion to \$394 billion.

Base Salaries

The Compensation Committee reviews base salaries for our NEOs and other executives annually in February effective as of April 1 of the current fiscal year, and increases are based on changes in our competitive market, changes in scope of responsibility, individual performance and time in position. Our philosophy is to pay base salaries that are within the median range of our size-adjusted competitive market. When an executive officer is new to his/her position, his/her initial base salary will likely be at the low end of the median range but, if performance is acceptable, his/her base salary will be increased over several years to arrive at the median.

COMPENSATION DISCUSSION AND ANALYSIS

Salary Increases

For 2014 and 2015, annualized base salary rates for our NEOs are summarized below:

Name	2014 Annualized Base Salary Rate (\$)	2015 Annualized Base Salary Rate (\$)	Increase Percentage(1)
Douglas M. Baker, Jr.	1,111,370	1,150,000	3.5%
Daniel J. Schmechel	500,000	525,000	5.0%
Thomas W. Handley	600,000	620,000	3.3%
Michael A. Hickey	490,000	515,000	5.1%
Christophe Beck	515,000	535,000	3.9%

(1) All increases represent merit increases.

Our Analysis

For 2015, base salaries accounted for approximately 10% of total compensation for the CEO and 22% on average for the four other NEOs. 2015 base salary rates were within the median range for all of our NEOs with the exception of Mr. Schmechel, who is below the median range due to being newly promoted to the role of Chief Financial Officer in October 2012. In general, the 2015 merit salary increases for our NEOs were in line with the principles used to deliver the Company's U.S. salary increases broadly.

Adjustments to Reported Financial Results

The Compensation Committee has authority to adjust the reported diluted EPS and ROIC on which incentive compensation payouts are determined in order to eliminate the distorting effect of unusual income or expense items that may occur during a given year that impact year-over-year growth or return percentages.

For purposes of the adjusted EPS performance measure used in our annual cash incentive program, a reconciliation of 2015 diluted EPS as reported to 2015 adjusted diluted EPS is summarized below:

2015 reported diluted EPS	\$
	3.32
Adjustments:	
Special (gains) and charges	\$
	1.25
Discrete tax net expense (benefit)	(\$0.21)
Adjusted diluted EPS	\$
	4.37

Note: Per-share amounts do not necessarily sum due to rounding. Additional information regarding the composition of the adjustments identified in the table above is contained on pages 34-38 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Reported diluted earnings per share and adjusted EPS for the years 2011 through 2015 are provided in our 2015 Annual Report. We believe that in this context adjusted EPS is a more meaningful measure of the Company's underlying business performance than reported diluted earnings per share because it provides greater transparency with respect to our results of operations and that it is more useful for period-to-period comparison of results. In addition, we use adjusted EPS internally to evaluate our performance and in making financial and operational

decisions.

For purposes of the measurement of divisional and business unit performance goals and in the determination of payouts to executives under our annual cash incentive program, the revenue and operating income performance measures are recorded at fixed currency rates of foreign exchange and adjusted for special gains and charges, as well as certain other exceptional items, such as the results of certain businesses acquired during the year and certain strategic initiatives. We include in special gains and charges items that are unusual in nature and significant in amount, as more fully identified on pages 34-36 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. We use these measures internally to evaluate our performance and in making financial and operational decisions, including with respect to incentive compensation. We believe that our use of these measures provides greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparison of results.

34 ECOLAB - 2016 Proxy Statement

COMPENSATION DISCUSSION AND ANALYSIS

For purposes of the adjusted ROIC performance measure used in our PBRUSU program, we define ROIC as the quotient of after-tax operating income divided by the sum of short-term and long-term debt and shareholders' equity, less cash and cash equivalents. The PBRUSU awards provide for adjustment of the ROIC calculation in the event of a large acquisition (such as the Nalco and Champion transactions) or other significant transaction or event approved by the Board. Considering the significant impact of purchase accounting and special gains and charges related to the Nalco and Champion transactions on the ROIC calculation, for the 2016 to 2018 performance cycle, adjusted ROIC is measured excluding the purchase accounting impact and special gains and charges related to these transactions and is also adjusted for acquisitions, accounting or tax changes, gains or losses from discontinued operations, restructurings, and certain other unusual or infrequently occurring charges during the performance period.

This CD&A contains statements regarding incentive targets and goals. These targets and goals are disclosed in the limited context of the Company's compensation programs and should not be understood to be statements of management's expectations or estimates of results or other guidance.

Annual Cash Incentives

The Company maintains annual cash incentive programs for executives referred to as the Management Incentive Plan, or MIP, and Management Performance Incentive Plan, or MPIP. In effect, the MPIP establishes the maximum bonus payouts for the NEOs, while the MIP criteria are used by the Compensation Committee to guide the exercise of its downward discretion in determining the actual pay-outs which have historically been (and were in 2015) well below the MPIP maximum permitted payouts. As further described under the "Regulatory Considerations" heading below, the annual cash incentive programs have been designed and administered in this manner to preserve the federal income tax deductibility of the associated compensation expense by the Company. To determine the 2015 award payments (which were paid in March 2016), the Committee reviewed the performance of the NEOs and other executives at its February 2016 meeting prior to filing. With respect to the 2015 awards, the Committee established a performance goal under the MPIP to determine the maximum pay-out potential and then used the goals described below with respect to the MIP to determine whether and to what degree the actual payout amount for each NEO's annual cash incentive award would be less than the maximum permitted amount.

Target Award Opportunities

Under the MIP, we establish annual target award opportunities expressed as a percentage of base salary paid during the year and various award payment limits expressed as a percentage of the target award. Our annual cash incentive targets are set within the median range relative to our competitive market for each position, and the annual cash incentive plan is structured so that lower performance results in below-market payouts and superior performance drives payouts above the median range. For 2015, target award opportunities were within the median range for all our NEOs, and ranged from 75% to 150% of base salary. Minimum and maximum payout opportunities ranged from 40% to 200% of target award opportunity, respectively, with no payout for performance below the minimum level specified.

Performance Measures

Under the MIP, we use a mix of overall corporate, business unit and individual performance measures to foster cross-divisional cooperation and to assure that executives have a reasonable measure of control over the factors that affect their awards. This performance measure mix varies by executive position.

Performance Goals and Achievement - Corporate

Under the MIP, several performance goals are used, including goals measuring overall corporate performance as well as goals for specific business unit performance for those executives who are responsible for these business units. Overall corporate performance in 2015 was based on adjusted EPS goals. We believe that adjusted EPS is a better measure of the Company's underlying business performance than reported diluted EPS because it provides greater transparency with respect to our results of operations, which is more useful for period-to-period comparison of results. In addition, a total company measure of performance such as adjusted EPS is used as one of the performance measures with respect to our NEOs who manage particular business units because it reinforces our Circle the Customer -- Circle the Globe strategy and fosters cross-divisional cooperation.

COMPENSATION DISCUSSION AND ANALYSIS

In establishing these goals for 2015, we took into consideration our prior year results, overall economic and market trends, other large companies' performance expectations and our anticipated business opportunities, investment requirements and the competitive situation. For 2015, the adjusted EPS goals were:

Payout at 40% of the target award opportunity (minimum level) at	\$4.50
Payout at 100% of the target award opportunity (target level) at	\$4.55
Payout at 140% percent of the target award opportunity (140% level) at	\$4.58
Payout at 200% of the target award opportunity (maximum level) at	\$4.80 or greater

Payouts for results between performance levels are interpolated on a straight-line basis. Actual 2015 adjusted EPS was \$4.37 resulting in the achievement of the adjusted EPS goal at 0% of target.

Performance Goals and Achievement - Division

For Mr. Handley, who is our President and Chief Operating Officer, 30% of his annual cash incentive is based upon a 2015 total division operating income goal. For 2015, the total division operating income goals were:

- 0.1% growth over 2014 total division operating income for payout at 40% of the target award opportunity (minimum level)
- 5.5% growth over 2014 total division operating income for payout at 100% of the target award opportunity (target level)
- 13.2% growth over 2014 total division operating income for payout at 140% percent of the target award opportunity (140% level)
- 19.2% growth over 2014 total division operating income for payout at 200% of the target award opportunity (maximum level)

Payouts for results between performance levels are interpolated on a straight-line basis. Adjusted as noted above, 2015 total division operating income grew 4.7% over 2014 total division operating income resulting in the achievement of the total division operating income goal at 91% of target.

For two of our NEOs, namely Messrs. Hickey and Beck who manage particular business units for us, 70% of their annual cash incentive is based upon their respective 2015 business unit performance goals which are measured against the achievement of revenue and operating income goals. The revenue and operating income goals, which are weighted equally, are set forth below. For the first four months of 2015, Mr. Beck held the position of Executive Vice President and President – Regions before assuming his current position of Executive Vice President and President – Global Water and Process Services for the remaining eight months of 2015. The performance goals applicable to Mr. Beck's time in each position are provided.

The 2015 revenue goal for Mr. Hickey was:

- 0.4% growth over 2014 revenue for payout at the minimum level
- 2.2% growth for payout at the target level
- 3.9% growth for payout at the 140% level
- 6.4% growth for payout at the maximum level

The 2015 revenue goal for Mr. Beck was:

First 4 months of 2015:

-0.5% growth over 2014 revenue for payout at the minimum level

2.6% growth for payout at the target level

4.7% growth for payout at the 140% level

8.6% growth for payout at the maximum level

The 2015 operating income goal for Mr. Hickey was:

1.5% growth over 2014 operating income for payout at the minimum level

5.9% growth for payout at the target level

11.1% growth for payout at the 140% level

13.9% growth for payout at the maximum level

The 2015 operating income goal for Mr. Beck was:

Last 8 months of 2015:

-0.3% growth over 2014 revenue for payout at the minimum level

2.7% growth for payout at the target level

4.6% growth for payout at the 140% level

8.2% growth for payout at the maximum level

First 4 months of 2015:

1.3% growth over 2014 operating income for payout at the minimum level

15.8% growth for payout at the target level

26.1% growth for payout at the 140% level

36.7% growth for payout at the maximum level

Last 8 months of 2015:

0.4% growth over 2014 operating income for payout at the minimum level

10.4% growth for payout at the target level

20.2% growth payout at the 140% level

28.4% growth for payout at the maximum level

COMPENSATION DISCUSSION AND ANALYSIS

No pay-out is made with respect to the business unit revenue goal unless the business unit achieves at least the minimum level on its operating income goal. Pay-outs for results between these two performance levels are interpolated on a straight-line basis. Adjusted as noted above, revenue growth and operating income growth for the business units managed by Mr. Hickey were 5.5% and 11.7%, respectively, resulting in achievement by Mr. Hickey of his business unit goal at 166% of target. Revenue growth and operating income growth for the business units managed by Mr. Beck were 2.5% and 6.6% for his first set of goals during the first four months of 2015, and 2.1% and 9.6% for his second set of goals during the last eight months of 2015, resulting in achievement by Mr. Beck of his business unit goal at 107% and 105% of target, respectively.

Performance Goals and Achievement - Individual

For Mr. Schmechel, who holds a staff position as our Chief Financial Officer, 30% of his annual cash incentive is based upon attainment of individual performance goals. This component of his staff position award under the MIP is set at 30% of the performance measure mix for annual cash incentives so that achievement of these goals is a component of the award but remains balanced against achievement of corporate performance goals. The 2015 individual performance objectives for our Chief Financial Officer are specific, qualitative, and achievable with significant effort and, if achieved, provide benefit to the Company. Mr. Schmechel's individual performance goals covered financial, organizational and strategic initiatives, including delivering on financial objectives, developing talent and projects to increase efficient service delivery. Mr. Schmechel achieved 100% of his individual target performance goals. The Compensation Committee, with input from the CEO, approved an annual cash incentive of \$124,500, including the component based on the Chief Financial Officer's achievement of his 2015 individual performance goals.

2015 Annual Incentive Compensation Pay-Out Summary

Performance Measure Mix

	2015 Base Salary Earnings (\$)	MIP Target Award Opportunity (% of Base Salary)	Business Unit EPS (%) (%)	Business Unit Individual (%) (%)	MIP Target Pay- Out Level (\$)	MIP Perfor- mance Achieved (%) (%)	Pay-Out Based on MIP Performance (\$)	Compensation Committee Adjustments (\$)	Actual Payout (\$)
Douglas M. Baker, Jr.	1,140,343	150	100		1,710,600	0	0	0	
Daniel J. Schmechel	518,750	80	70	30	290,500 124,500	0 100	0 124,500	124,500	124,500
Thomas W. Handley	615,000	90	70	30	387,450 166,050	0 91	0 150,600	150,600	150,600
Michael A. Hickey	508,750	75	30	70	114,469 267,094	0 166	0 442,600	442,600	442,600
Christophe Beck	530,000	75	30	70 70	119,250 92,750 185,500	0 107 105	0 99,550 195,550	295,100	295,100

Discretionary Adjustments

To recognize individual performance, the Compensation Committee also may increase or decrease an NEO's payout from the level recommended by applying the MIP performance metrics (but always subject to the maximum permitted MPIP payout), with input from the CEO (other than as to his own award), based on the individual performance of the NEO. This is done to recognize either inferior or superior individual performance in cases where this performance is not fully represented by the performance measures. No such discretionary adjustments were made to the 2015 annual cash incentive payouts.

The Compensation Committee reviews and approves all adjustments to our overall corporate results and significant adjustments to our business unit performance results. The 2015 annual cash incentive payouts were made in accordance with the overall corporate results and business unit performance results established for the NEOs without adjustment.

COMPENSATION DISCUSSION AND ANALYSIS

Our Analysis

In 2015 the Compensation Committee set the minimum, target and maximum levels of the adjusted EPS component of the annual incentive so that the intended relative difficulty of achieving the various levels is consistent with the past several years, taking into account current prospects and market considerations. Target award opportunities in 2015 accounted for approximately 17% of total compensation on average for the NEOs receiving all elements of our compensation program and were within the median range of our competitive market for each position. Actual award payments for the NEOs averaged 50% of target award opportunities. Ecolab's businesses experienced a number of headwinds in 2015, including reduced energy activity, slower international economies and unfavorable currency translation, which made our executives' performance goals challenging. The 2015 award payouts are indicative of solid adjusted fixed currency sales growth and operating margin gains in our businesses other than our energy business during the year, offset by no payout of the adjusted EPS goal.

Long-Term Equity Incentives

The Compensation Committee granted long-term equity incentives to our NEOs and other executives in December 2015, consistent with its core agenda and past practice of granting these incentives at its regularly scheduled December meeting. For 2015, our long-term equity incentive program consisted of an annual grant of stock options and PBRsUs, weighted approximately equally in terms of grant value.

Our program continues to be based on pre-established grant guidelines that are calibrated annually to our competitive market on a position-by-position basis for the NEOs. Actual grants may be above or below our guidelines based on our assessment of individual performance and future potential. Generally, long-term equity incentives are granted on the same date as our Compensation Committee approval date and in no event is the grant date prior to the approval date.

Stock Options

Our stock options have a 10-year contractual exercise term from the date of grant and vest ratably over three years. Our stock options 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 potential same-day stock volatility. We do not have a program, plan or practice to time stock option grants to executives in coordination with the release of material non-public information. From time to time, in addition to our annual grants, we may make special grants of stock options to our NEOs and other executives in connection with promotions and recruitment, and for general retention purposes. During 2015, we did not make any such special grants of stock options to our NEOs.

Performance-Based Restricted Stock Units

Our PBRsUs cliff-vest after three years, subject to attainment of three-year average annual adjusted ROIC goals over the performance period. We selected ROIC as the performance measure because it reinforces focus on capital efficiency throughout the organization, is highly correlated with shareholder returns, matches well with our long-standing corporate goal of achieving consistent return on beginning equity and is understood by our external market. As further described under the "Regulatory Considerations" heading below, our PBRsUs have been designed and administered in a manner to preserve the federal income tax deductibility of the associated compensation expense by the Company. In this connection, the Compensation Committee annually establishes an adjusted ROIC goal for the executive officers to determine maximum payout potential, with the ability to exercise downward discretion to reduce the actual payout in accordance with the adjusted ROIC goals described below to be applied to a broader group of PBRsU award recipients.

For the 2016 to 2018 performance cycle, 40% of the PBRsUs granted may be earned subject to attainment of a threshold goal of 10% average annual ROIC over the cycle, and 100% of the PBRsUs may be earned subject to attainment of a target goal of 15% average annual ROIC over the cycle, in each case adjusted as described above, with straight-line interpolation for performance results between threshold and target goals. No PBRsUs may be earned if adjusted ROIC is below the threshold goal, and no more than 100% of the PBRsUs may be earned if adjusted ROIC is above the target goal; accordingly, target and maximum are equal. Importantly, the threshold goal exceeds our cost of capital, thereby ensuring that value is created before awards are earned. Excluding the impact of purchase accounting and special gains and charges related to the

COMPENSATION DISCUSSION AND ANALYSIS

Nalco and Champion transactions, the Company's annual adjusted ROIC for 2015 was 20.2%. Dividend equivalents are not paid or accrued on the PBRsUs during the performance period.

Pay-out of Performance-Based Restricted Stock Units Vesting in 2015

The PBRsUs granted by the Committee in December 2012 for the 2012 to 2015 performance cycle vested on December 31, 2015 and the Committee has determined the pay-out for such PBRsUs, including with respect to Messrs. Baker, Schmechel, Handley, Hickey and Beck, to be 100% of the target opportunity. For the PBRsUs granted in December 2012, the target payout would be earned upon attainment of an average annual ROIC, adjusted in a manner consistent with the preceding paragraph, of 15% over the 2012 through 2015 performance cycle. Consistent with the established formula and definition of adjusted ROIC, the Company's average annual ROIC over the cycle, excluding the impact of purchase accounting and special gains and charges relating to the Nalco and Champion transactions, was 20.9%. Based upon this performance, the Committee approved pay-out of 100% of the PBRsUs.

Restricted Stock

From time to time, we may make special grants of restricted stock or restricted stock units subject only to service-based vesting to our NEOs and other executives in connection with promotions and recruitment, and for general retention purposes. During 2015, we did not make any special grants of restricted stock units to our NEOs.

Our Analysis

For the last completed fiscal year, long-term equity incentives accounted for approximately 76% of total target compensation for the CEO and 61% on average for the other NEOs, which is consistent with our competitive market. Actual grants to the NEOs were within the median range for all of our NEOs. Our annual practice of granting equity incentives in the form of stock options and PBRsUs is similar to our competitive market, where other forms of long-term equity and cash compensation are typically awarded in addition to, or in lieu of, stock options. Our selective use of restricted stock or restricted stock units as a retention or recruitment incentive is consistent with our competitive market. We believe that our overall long-term equity compensation cost is within a reasonable range of our competitive market as to our NEOs and also our other employees.

Executive Benefits and Perquisites

Our NEOs participate in all of the same health care, disability, life insurance, pension, and 401(k) benefit plans made available generally to the Company's U.S. employees. In addition, our NEOs are eligible to participate in a deferred compensation program, restoration plans for the qualified 401(k) and pension plans, and, with respect to certain of our NEOs, an executive disability and life benefit and a supplemental retirement benefit. The non-qualified retirement plans supplement the benefits provided under our tax-qualified plans, taking into account compensation and benefits above the IRS limits for qualified plans. The NEOs also receive limited perquisites that are described in more detail in the footnotes to the Summary Compensation Table including certain allowances and limited perquisites received by Mr. Beck related to his relocation.

The Company has maintained a private aircraft use policy for several years authorizing the use of private aircraft for business and personal use by the Company's Chairman of the Board and Chief Executive Officer and, under certain circumstances, business use by its directors and certain other executives. Under the policy, personal use of private aircraft by the Chairman of the Board and Chief Executive Officer is limited to \$100,000 of unreimbursed usage per year. During 2015, the Chairman of the Board and Chief Executive Officer did have unreimbursed personal usage. Additional information with respect to this perquisite is provided in more detail in the footnotes to the Summary Compensation Table.

Our Analysis

We review our executive benefits and perquisites program periodically to ensure it remains market-competitive for our executives and supportable to our stockholders. Excluding allowances and perquisites provided to Mr. Beck to support his

ECOLAB - 2016 Proxy Statement 39

COMPENSATION DISCUSSION AND ANALYSIS

relocation, our perquisites account for 1.0% of total compensation for the CEO and the other NEOs receiving all elements of our compensation program in 2015. Executive benefits and perquisites are consistent with our competitive market.

Executive Change-In-Control Policy

The terms of our Change-In-Control Severance Compensation Policy, including the events constituting a change in control under our policy, are described in Potential Payments upon Termination or Change in Control section of this Proxy Statement. Our policy applies to all elected officers, including the NEOs, except those who are covered by separate change-in-control or similar agreements with the Company or a subsidiary, a circumstance which arises only in the case of an executive having such an agreement with a company we acquire. Such an executive will become covered automatically under the Company's Change-In-Control Severance Compensation Policy when the existing agreements terminate or expire.

Our Analysis

We review our change-in-control protection periodically to ensure it continues to address the best interests of our stockholders. Our analysis indicates that our change-in-control policy, which is structured as a so-called "double-trigger" policy, promotes the interests of stockholders by mitigating executives' concerns about the impact a change in control may have on them, thereby allowing the executives to focus on the best interests of stockholders under such circumstances.

Stock Retention and Ownership Guidelines

We have in place stock retention and ownership guidelines to encourage our NEOs and other executives to accumulate a significant ownership stake so they are vested in maximizing long-term stockholder returns. Our guidelines provide that the CEO own Company stock with a market value of at least six times current base salary. The Company also requires other corporate officers to own Company stock with a market value of at least three times current base salary. Until the stock ownership guideline is met, our CEO, CFO and President are expected to retain 100% of all after-tax profit shares from exercise, vesting or payout of equity awards. Our other officers are expected to retain 50% of all after-tax profit shares from exercise, vesting or payout of equity awards until their stock ownership guidelines are met. For purposes of complying with our guidelines, stock is not considered owned if subject to an unexercised stock option or unvested PBRSU. Shares owned outright, legally or beneficially, by an officer or his or her immediate family members residing in the same household and shares held in the 401(k) plan count towards meeting the guideline. Our NEOs and other officers may not pledge shares or enter into any risk hedging arrangements with respect to Company stock.

NEO Stock Ownership Relative to Guidelines

The table below illustrates the standing of each of our NEOs in relation to their respective stock ownership guidelines as of December 31, 2015, based on the closing market price of our Common Stock on such date of \$114.38 per share.

	2015 Annualized Base Salary (\$)	Stock Ownership Guideline	Stock Ownership (1)	Multiple of 2015 Base Salary
Douglas M. Baker, Jr.	1,150,000	6X salary	457,248	45.5 X salary
Daniel J. Schmechel	525,000	3X salary	112,079	24.4 X salary
Thomas W. Handley	620,000	3X salary	98,703	18.2 X salary

Edgar Filing: ECOLAB INC. - Form DEF 14A

Michael A. Hickey	515,000	3X salary	42,220	9.4 X salary
Christophe Beck	535,000	3X salary	14,916	3.2 X salary

(1) Excludes shares underlying unexercised or unvested long-term incentive awards.

Our Analysis

Our analysis indicates that our stock retention and ownership guidelines are consistent with the design provisions of other companies disclosing such guidelines, as reported in public SEC filings and as periodically published in various surveys and research reports. Our analysis further indicates that our NEOs are in compliance with our guidelines either by having

COMPENSATION DISCUSSION AND ANALYSIS

achieved the ownership guideline or, if the guideline is not yet achieved, by retaining 100% or 50%, as applicable, of all after-tax profit shares from any stock option exercises or restricted stock unit vesting.

Compensation Recovery

The Company's Board of Directors has adopted a policy requiring the reimbursement of annual cash incentive and long-term equity incentive payments made to an executive officer due to the executive officer's misconduct, as determined by the Board based on the recommendation of the Compensation Committee. Each of our executive officers has agreed in writing to this policy. This policy was filed with the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2008 as Exhibit (10)W and is available along with our other SEC filings at our website at www.ecolab.com/investors/corporate-governance.

Regulatory Considerations

We monitor changes in the tax and accounting regulatory environment when assessing the financial efficiency of the various elements of our executive compensation program. We have designed and administered our annual cash incentives, particularly our stockholder-approved MPIP, and long-term equity incentive plans in a manner that is intended to preserve the federal income tax deductibility of the associated compensation expense.

The MPIP is designed to meet the requirements of Internal Revenue Code Section 162(m) regarding performance-based compensation and is administered by the Compensation Committee, which selects the participants each year and establishes the annual performance goal based upon performance criteria that it selects, the performance target and a maximum annual cash award dependent on achievement of the performance goal. For 2015, the Compensation Committee selected reported diluted earnings per share as the performance measure under the MPIP. The Compensation Committee certifies the extent to which the performance goal has been met and the corresponding amount of the award earned by the participants, with the ability to exercise downward discretion to lower, but not raise, the award to an amount based upon the metrics used for our broader-based MIP cash incentive and to recognize individual performance.

The Compensation Committee has similarly positioned the PBRsUs to meet the requirements of Section 162(m). The Compensation Committee annually establishes an adjusted ROIC goal for the executive officers to determine maximum payout potential for Code Section 162(m) purposes, with the ability to exercise downward discretion to reduce the actual payout in accordance with the adjusted ROIC goals to be applied to a broader group of PBRsU award recipients as described above under "Performance-Based Restricted Stock Units."

We have designed and administered our deferred compensation, equity compensation and change-in-control severance plans to be in compliance with federal tax rules affecting non-qualified deferred compensation. In accordance with FASB Accounting Standards Codification 718, Compensation - Stock Compensation, for financial statement purposes, we expense all equity-based awards over the service period for awards expected to vest, based upon their estimated fair value at grant date. Accounting treatment has not resulted in changes in our equity compensation program design for our NEOs.

SUMMARY COMPENSATION TABLE FOR 2015

The following table shows cash and non-cash compensation for the years ended December 31, 2015, 2014 and 2013 for the persons serving as the Company's "Principal Executive Officer" and "Principal Financial Officer" during the year ended December 31, 2015 and for the next three most highly-compensated executive officers who were serving in those capacities at December 31, 2015.

Name & Principal Position	Year	Salary		Stock Awards (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	Change in Pension Value and Non-qualified Deferred Compensation (5)	All Other Compensation (6)	Total (7)
		(1)	Bonus (8)						
Douglas M. Baker, Jr. Chairman of the Board and Chief Executive Officer (principal executive officer)	2015	1,140,340	0	4,355,364	4,453,940	0	3,513,831	139,888	13,603,369
	2014	1,103,270	0	3,701,798	3,778,292	2,564,100	4,049,270	260,078	15,456,822
	2013	1,079,000	0	3,302,468	3,490,562	2,534,600	0	210,935	10,617,564
Daniel J. Schmechel Chief Financial Officer (principal financial officer)	2015	518,750	0	822,722	841,312	124,500	1,000,632	278,152	3,586,073
	2014	487,500	0	740,339	755,664	578,500	902,730	12,078	3,476,811
	2013	450,000	0	613,284	648,297	516,000	89,133	59,458	2,376,172
Thomas W. Handley President and Chief Operating Officer	2015	615,000	0	967,909	989,754	150,600	1,027,947	2,235	3,823,441
	2014	595,000	0	925,475	944,581	806,200	1,017,289	90,088	4,378,625
	2013	580,000	0	943,591	997,237	825,300	357,981	92,151	3,796,260
Michael A. Hickey (7) Executive Vice President and President – Global Institutional	2015	508,750	0	580,745	593,848	442,600	1,161,596	64,022	3,351,556
	2014	486,250	0	555,306	566,748	549,300	1,272,426	68,571	3,498,595
	2013	-	-	-	-	-	-	-	-
Christophe Beck (7) Executive Vice President and President – Global Water and	2015	530,000	0	580,745	593,848	295,100	349,476	150,173	2,499,342
	2014	-	-	-	-	-	-	-	-
	2013	-	-	-	-	-	-	-	-

Process Services

- (1) Includes amounts deferred under Section 401(k) of the Internal Revenue Code pursuant to the Company's Savings Plan and ESOP, amounts deferred under a non-qualified mirror 401(k) deferred compensation plan maintained by the Company for a select group of executives, and any salary reductions per Section 125 or Section 132(f)(4) of the Internal Revenue Code.
- (2) Represents the aggregate grant date fair value of performance-based restricted stock unit (PBRSU) award grants during the year in accordance with FASB ASC Topic 718, based on the average daily share price of the Company's Common Stock at the date of grant, adjusted for the absence of future dividends, and assuming full (maximum) achievement of applicable performance criteria over the performance period. The PBRSU awards cliff-vest after three years, subject to attainment of three-year average annual return on invested capital goals for the Company

over the performance period. See Note 11 to the Company’s Consolidated Financial Statements for the year ended December 31, 2015, located at Item 8 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, for further discussion of the assumptions used in determining these values. See footnote (1) to the Grants of Plan-Based Awards for 2015 table on page 44 for a description of the specific performance goals for the PBRsUs.

- (3) Represents the aggregate grant date fair value of stock option grants during the year in accordance with FASB ASC Topic 718 but with no discount for estimated forfeitures. The value of grants has been determined by application of the lattice (binomial)-pricing model. Key assumptions include: risk-free rate of return, expected life of the option, expected stock price volatility and expected dividend yield. See Note 11 to the Company’s Consolidated Financial Statements for the year ended December 31, 2015, located at Item 8 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2015, for further discussion of the assumptions used in determining these values. The specific assumptions used in the valuation of the options granted in 2015 are summarized in the table below:

Grant Date	Risk Free Rate	Expected Life (years)	Expected Volatility	Expected Dividend Yield
12/02/2015 (all executives)	1.82%	6.13	22.86%	1.18%

(4) Represents the annual cash incentive awards earned and paid in respect of 2015 under the Company’s Management Performance Incentive Plan (“MPIP”). The MPIP is discussed in the Compensation Discussion and Analysis beginning at page 35 and as part of the table entitled “Grants of Plan-Based Awards For 2015” at page 44.

SUMMARY COMPENSATION TABLE FOR 2015

- (5) Represents the change in the actuarial present value of the executive officer's accumulated benefit under the Company's defined benefit plans as of December 31, 2015 over such amount as of December 31, 2014. The Company's defined benefit plans include the Pension Plan, the Mirror Pension Plan and the Supplemental Executive Retirement Plan which are discussed beginning at page 47 and as part of the table entitled Pension Benefits for 2015. There are no "above market" earnings under the Mirror Savings Plan, a non-qualified defined contribution plan, because all earnings under this plan are calculated at the same rate as earnings on one or more externally managed investments available to participants in the Company's broad-based tax-qualified deferred compensation plans. The Mirror Savings Plan is discussed beginning at page 50.
- (6) Amounts reported as All Other Compensation include:
- (a) Payment by the Company of certain perquisites, including costs relating to the following: (i) executive physical examinations for each of the named executive officers; (ii) in the case of Mr. Baker, business entertainment expense and transportation, and \$49,525 for the personal use of corporate aircraft, with incremental cost calculated using a method that takes into account aircraft fuel expenses and engine reserve expense per flight hour, as well as any landing and parking fees, crew travel expenses, on-board catering costs and dead-head flight costs attributable to such use; (iii) allowances in connection with Mr. Beck's relocation to the Company's Naperville worksite, including personal use of a company vehicle, travel of immediate family members, a housing allowance of \$29,167, expenses associated with his relocation of \$25,675, and a gross-up on taxable relocation expenses of \$21,073; and (iv) business travel and accident insurance for each of the named executive officers for which no incremental cost is allocated to the named executive officers.
- (b) Pursuant to the Company's tax equalization policy, the Company paid tax preparation fees, and a gross-up of \$118,048 on foreign income, on behalf of Mr. Schmechel, in connection with income earned during a previous international assignment. The total amount listed in the All Other Compensation Column also reflects \$109,844 in foreign taxes paid on Mr. Schmechel's earnings pursuant to the Company's tax equalization policy.
- (c) Payment by the Company of life insurance premiums in 2015 for: Mr. Baker, \$42,817; Mr. Schmechel, \$23,685; Mr. Handley, \$40,710; Mr. Hickey, \$24,719; and Mr. Beck, \$18,655.
- (d) Payment of matching contributions made by the Company for 2015 as follows: (i) matching contributions of \$10,600 to Messrs. Baker, Schmechel, Handley and Hickey, and of \$14,299 to Mr. Beck, made by the Company under the Company's tax-qualified defined contribution 401(k) Savings Plan and ESOP available generally to all employees; and (ii) matching contributions made or to be made by the Company on base salary and annual cash incentive award earned in respect of 2015 that the executive deferred under a non-qualified mirror 401(k) deferred compensation plan maintained by the Company for a select group of executives, in the following amounts: Mr. Baker, \$35,014; Mr. Schmechel, \$15,130; Mr. Handley, \$20,024; Mr. Hickey, \$27,454; and Mr. Beck, \$33,606.
- (e) The Company maintains a self-funded, supplemental long-term disability benefit plan for certain executives, which benefits Messrs. Baker, Schmechel and Handley. No specific allocation of cost is made to any named executive officer prior to the occurrence of a disability.
- (7) Mr. Hickey was not a named executive officer in 2013, and Mr. Beck was not a named executive officer in either of 2013 or 2014.

GRANTS OF PLAN-BASED AWARDS FOR 2015