

2020 ANNUAL REPORT



INNOVATION AND DETERMINATION

Accelerating to expand our impact



INNOVATION AND DETERMINATION

A trusted partner at nearly 3 million customer locations, Ecolab Inc. is the global leader in hygiene, infection prevention and water solutions and services that protect people and vital resources. Ecolab's 44,000 associates deliver comprehensive solutions, data-driven insights and personalized service to advance food safety, maintain clean and safe environments, optimize water and energy use, and improve operational efficiencies and sustainability for customers in the food, healthcare, hospitality and industrial markets in more than 170 countries.

From restaurants, hotels and healthcare facilities to food and beverage plants and manufacturing facilities across the globe, Ecolab's 24,000 direct sales-and-service associates, the industry's largest and best trained, utilize innovative technologies and digital solutions to help solve the most pressing operational and sustainability challenges our customers face. Many of the world's most recognizable companies rely on Ecolab to help ensure product quality, operational efficiencies, sustainability and brand reputation.

Ecolab is headquartered in St. Paul, Minn., and its common stock is listed under the ticker symbol ECL on the New York Stock Exchange. For more Ecolab information, visit ecolab.com or call **1.800.2.ECOLAB**. Follow us on LinkedIn @Ecolab, Twitter @Ecolab, Instagram @Ecolab_Inc and Facebook @Ecolab.

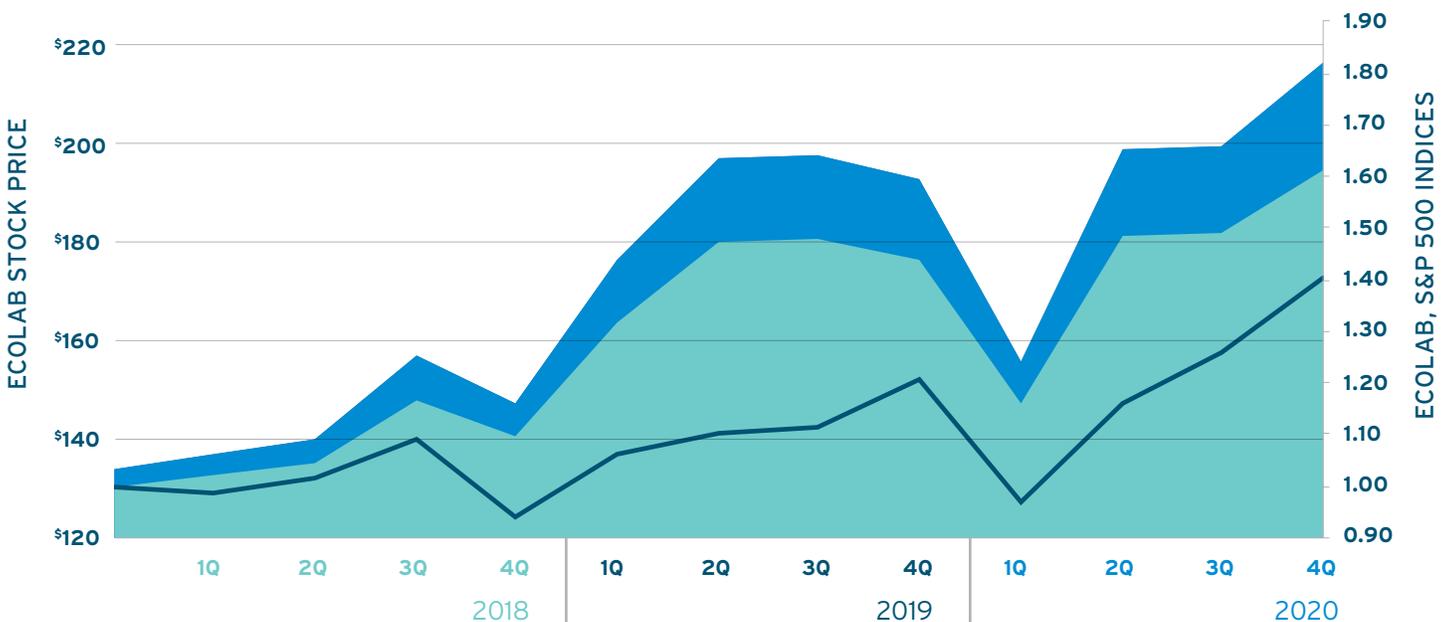
FORWARD-LOOKING STATEMENTS AND RISK FACTORS

We refer readers to the company's disclosure entitled "Forward-Looking Statements and Risk Factors," which begins on page 16 of the Form 10-K.

ECOLAB STOCK PERFORMANCE

	HIGH	LOW
2020		
4Q	\$227.29	\$181.25
3Q	213.41	183.04
2Q	231.36	145.31
1Q	211.24	124.60
2019		
4Q	\$199.43	\$181.43
3Q	209.87	191.56
2Q	200.93	177.17
1Q	182.19	141.30
2018		
4Q	\$162.91	\$135.77
3Q	159.92	138.65
2Q	150.46	132.79
1Q	140.50	125.74

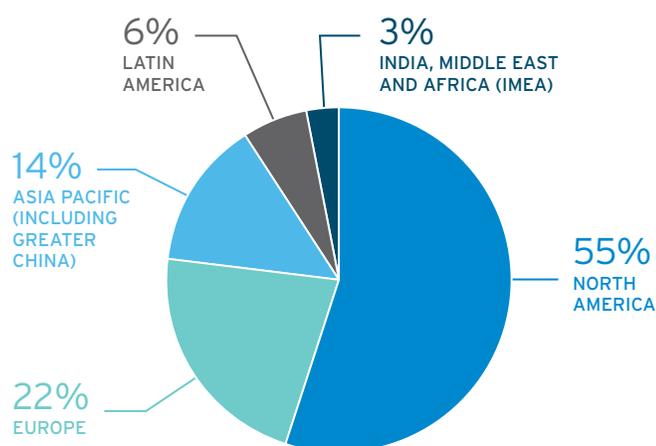
ECOLAB STOCK PERFORMANCE AND COMPARISON ■ ECOLAB STOCK PRICE ■ ECOLAB INDEX ■ S&P 500 INDEX



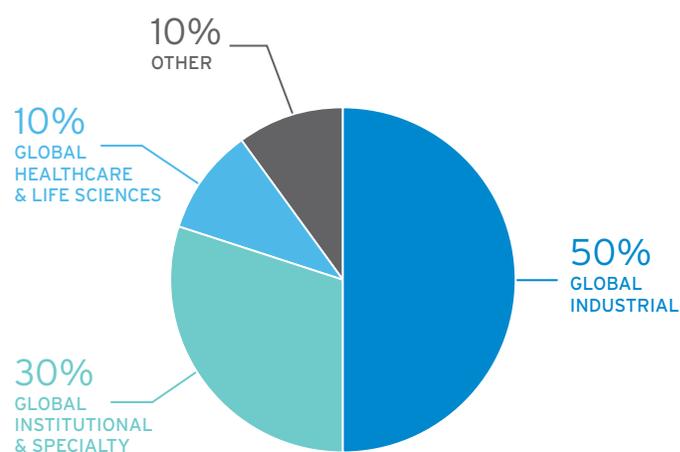
SUMMARY MILLIONS, EXCEPT PER SHARE

	2020	2019	2018	PERCENT CHANGE	
				2020	2019
Net Sales	\$11,790.2	\$12,562.0	\$12,222.1	-6%	3%
Net Income from Continuing Operations Attributable to Ecolab	\$967.4	\$1,425.6	\$1,250.3	-32%	14%
Net Income from Continuing Operations as a Percent of Sales	8.2%	11.3%	10.2%	-	-
Diluted Earnings per Share from Continuing Operations	3.33	4.87	4.27	-32%	14%
Adjusted Diluted Earnings per Share from Continuing Operations (non-GAAP measure)	4.02	5.12	4.58	-21%	12%
Diluted Weighted-Average Common Shares Outstanding	290.3	292.5	292.8	-1%	0%
Cash Dividends Declared per Common Share	1.89	1.85	1.69	2%	9%
Cash Provided by Operating Activities from Continuing Operations	1,741.8	2,046.7	2,006.9	-15%	2%
Capital Expenditures	489.0	731.3	778.7	-33%	-6%
Ecolab Shareholders' Equity	6,166.5	8,685.3	8,003.2	-29%	9%
Return on Beginning Equity	11.1%	17.8%	16.5%	-	-
Total Debt	6,686.6	6,353.6	7,044.2	5%	-10%
Net Debt to EBITDA	2.4	2.3	2.7	-	-
Total Assets	\$18,126.0	\$20,869.1	\$20,074.5	-13%	4%

SALES BY REGION 2020
(PERCENT OF TOTAL SALES)



BUSINESS MIX 2020
(PERCENT OF TOTAL SALES)



WELL-POSITIONED TO SOLVE THE CHALLENGES OF TODAY AND TOMORROW



In a wildly unpredictable year, the Ecolab team excelled when our customers and society needed us most. We are exceptionally proud of how our team rose to the challenges of the COVID-19 pandemic, took care of each other and implemented new and innovative ways to deliver essential expertise and solutions for our customers. It was a year that tested us on many fronts, but one that showed the true strength of the Ecolab team, our business model and our ability to positively impact the world.

Global need for our critical solutions and expertise yielded very strong sales and income performance in our Healthcare & Life Sciences segment and steady sales and strong income growth in our Industrial segment. Overall, 80% of our business showed good sales and strong income growth, partially offsetting impacts to our Institutional business from the unprecedented global declines in traffic at restaurants, hotels and entertainment venues.

PROVIDING ESSENTIAL EXPERTISE AND SOLUTIONS TO COMBAT COVID-19

From the onset of the pandemic, we focused on two priorities: protect the safety of our people and safely serve our customers. To protect our people, we enhanced our stringent cleaning and sanitizing protocols, provided personal protection equipment and implemented social distancing. We also supported our team through pay protection and expanded healthcare coverage.

These actions helped ensure our ability to safely serve customers and meet increased demand for our critical cleaners, disinfectants and hygiene solutions, which rose five to 15 times over normal volumes. We increased production capacity for these core products and accelerated the use of remote monitoring and servicing technologies for customer sites with restricted access. Our R&D and Regulatory teams worked quickly to ensure that our products were recognized by governmental authorities for their ability to fight SARS-CoV-2, the virus that causes COVID-19. Ecolab offers one of the broadest product portfolios proven to kill SARS-CoV-2, including our Sink & Surface Cleaner Sanitizer, the first registered by the U.S. EPA to kill the virus in 15 seconds.

The need for our infection prevention and public health expertise and solutions has never been greater, and the Ecolab team delivered when the world needed us most.

ENABLING CUSTOMERS TO RESTORE CONSUMER CONFIDENCE

As the global economy reopens, businesses must maintain clean, safe and healthy operations to gain consumer trust. To support our customers, we launched Ecolab Science Certified™, a science-based program that helps deliver a higher level of cleanliness by combining advanced chemistries, comprehensive public health procedures, training and auditing to help consumers feel more confident to return to the places where they eat, stay and shop.

Through Ecolab Science Certified and other innovative solutions, we are well-positioned to support the global recovery and to help customers thrive as higher levels of hygiene are expected.

ACCELERATING OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PERFORMANCE

Ecolab is a recognized leader in ESG performance, and we keep striving for greater positive impact. In 2020, we launched aggressive 2030 Impact Goals, which will guide us as we expand our impact with customers, accelerate sustainable outcomes within our operations and live our values in our workplace.

By 2030, we aim to restore more water than we consume in water-stressed areas, halve our carbon emissions and attain 100% renewable electricity use. We'll also continue to support a diverse and inclusive workforce by ensuring gender pay equity globally and increasing management diversity. We also set aggressive goals to help customers conserve water, ensure high-quality food, provide safe medical care and become carbon neutral.

Ecolab also joined with others to drive positive action. We signed on to the Business Ambition for 1.5°C, a growing group of companies committed to reducing carbon emissions by 50% by 2030 and to net-zero by 2050. We also were a co-founder of the Water Resilience Coalition, a corporate-led initiative to drive collective action and net positive water impact by 2050.



A LEGACY OF IMPRESSIVE GROWTH

Through his 31 years with Ecolab, and 16+ years as Ecolab's chief executive officer, Doug Baker built the company to become the global leader in water, hygiene, infection prevention solutions and services. He also has been an exemplary leader in the community, supporting many initiatives to advance economic growth, social equity and sustainability.

Ecolab's growth under Doug's leadership has been remarkable. The company expanded into water, a critical customer need, and built the food retail, healthcare and life sciences businesses, quadrupling the company's global market opportunity from \$35 billion to \$135 billion. He also positioned Ecolab as a purpose-driven company and a true leader in sustainability, recognized for its ethical practices and positive impact on the world.

BAKER BY THE NUMBERS:

Sales grew by more than 213%	Net income grew by more than 347%	Earnings per share grew by more than 318%	Share price of Ecolab stock grew by more than 690%	Market capitalization grew by more than 775%	Number of Ecolab associates increased by more than 111%	More than 120 acquisitions
------------------------------	-----------------------------------	---	--	--	---	----------------------------

Net income and earnings per share amounts are adjusted to exclude the impact of special gains and charges and discrete tax items.

MAINTAINING OUR FOCUS ON THE FUTURE

While we successfully managed the impacts of the pandemic, we kept our focus on the long term and maintained the investments that will enable us to capitalize on future opportunities, including new chemistry platforms, core infrastructure improvements and global roll-out of digital technologies to enhance field service speed and effectiveness, customer experience and operational performance. Our new digital field tools enable sales, remote service and process efficiencies, and will serve as the foundation for our sales and service capabilities moving forward.

Our market share continued to grow, highlighted by record new business wins. We continued to expand opportunities through new business lines, including one focused on serving data centers as well as expanded capabilities in animal health following our acquisition of leading biosecurity solutions provider CID Lines.

To enable greater focus on our core businesses, in June, we completed the separation of our Upstream Energy business, which combined with Apergy Corporation in a tax-free transaction to create ChampionX, a leader in oilfield solutions.

During the year, Roberto Inchaustegui retired after 39 years with Ecolab. Bobby held leadership positions in our Global Services and Specialty, Food & Beverage, Institutional and International divisions, and his passion for building businesses and serving our customers inspired us all. We also said farewell to Alex Blanco, who significantly shaped our Supply Chain performance and culture, and to Judy McNamara, who was instrumental in our ability to effectively navigate the global tax landscape.

With Doug retiring as chief executive officer, Christophe, previously our president and chief operating officer, was elected to the role, effective Jan. 1, 2021; Doug remains chairman of the board. While leadership responsibilities have changed, the

fundamentals that have driven Ecolab's success will remain constant: We will continue to grow our company and our impact, and do so the right way. We'll continue to invest in our key differentiators and business drivers – people, products and digital – to drive even better results and value for our customers and ultimately, our shareholders.

WELL-POSITIONED TO CAPTURE GROWTH

The pandemic has shown the importance of what we do, and how we do it, for the well-being of our people, our customers and the world. We demonstrated the value of Ecolab's product and service expertise, delivered essential solutions and strengthened customer relationships. And we reinforced our position as the global leader in water, hygiene and infection prevention.

We are proud of what the Ecolab team accomplished in 2020 and enter 2021 a stronger company. With heightened focus on hygiene globally, we are responding with unmatched expertise, breakthrough solutions and a brand that inspires trust. With water and climate challenges becoming more urgent, we're uniquely positioned to help customers achieve their sustainability goals at a high financial return. And with an unbeatable global team supported by innovative solutions and digital technologies, we look toward the future with great confidence.

Sincerely,

Christophe Beck
PRESIDENT AND CEO

Douglas M. Baker, Jr.
EXECUTIVE CHAIRMAN

LEVERAGING OUR EXPERTISE TO COMBAT THE COVID-19 PANDEMIC



The pandemic dramatically increased global demand for effective cleaning and sanitizing solutions, protocols and training. As a global leader in infection prevention solutions and expertise, we accelerated our work with customers throughout the world to ensure they had the right hygiene protocols and solutions to help reduce risks and protect public health while protecting the health and safety of our employees.

Our ability to quickly ramp up production, provide expert consultation on best practices, implement effective solutions and utilize our advanced remote monitoring and servicing capabilities effectively supported these critical efforts.

DELIVERING NEEDED SOLUTIONS

We took extensive measures to ensure our ability to meet customer demand for our core solutions to combat COVID-19. Ecolab offers one of the broadest product portfolios proven to kill SARS-CoV-2, the virus that causes COVID-19, including disinfectants and food-contact sanitizers.

Our Sink & Surface Cleaner Sanitizer was the first registered by the U.S. EPA to kill the virus in 15 seconds. Our Peroxide Multi Surface Cleaner and Disinfectant was the first EPA-registered disinfectant to kill the virus when used with electrostatic spray technology. Our AdvaCare™ Disinfectant was the first laundry disinfectant and oxidizer to receive EPA approval as effective against the virus. And our Bioquell hydrogen peroxide vapor systems received emergency authorizations to decontaminate N95 respirators.

We also launched Ecolab Science Certified™, a comprehensive, science-based program that helps deliver a higher level of cleanliness through advanced chemistries, comprehensive public health and food safety training and procedures, and periodic auditing.



Our public health experts developed more stringent hygiene protocols for our customers, and our field team worked to ensure that our nearly 3 million customers globally had the right solutions to meet their needs. Examples include:

- We helped the Four Seasons in New York City develop procedures for the safety of the healthcare workers it housed during the pandemic.
- Our Quick Service Restaurant and Pest Elimination teams provided needed disinfection services for restaurants serving medical teams in Wuhan, China.
- Our Life Sciences team provided solutions for sterile environments as the University of Oxford and pharmaceutical manufacturers worked to develop COVID-19 vaccines.

SUPPORTING THE HOSPITALITY INDUSTRY

We continued our commitment to the hospitality industry and its workforce by supporting numerous initiatives, including the Restaurant Employee Relief Fund, which provides financial assistance to U.S. restaurant workers, the “Change Is on the Menu” campaign, which provides training and support for restaurant workers, and the Restaurant Revival Campaign. We also expanded several hotel and travel industry partnerships.

ASSISTING OUR COMMUNITIES

Since the onset of the pandemic, Ecolab has positively impacted communities throughout the world by donating more than \$11 million of critical cleaning, sanitizing and hygiene products to help fight COVID-19. We also donated \$5 million in grant funding for organizations that provided COVID-19 relief and supported basic needs and job training.



MAINTAINING OUR FOCUS ON THE FUTURE



Formed an Animal Health Business

In May, we purchased the global livestock biosecurity and hygiene provider CID Lines, and through that, formed a new Animal Health business unit within our Food & Beverage division. The new business unit expands our focus to add swine and poultry livestock biosecurity to our existing dairy farm offerings. Through this transaction, we enable customers to better protect animal health through improved environmental sanitation, which reduces the need for antibiotics for the animals within our food chain.

Launched the Ecolab Science Certified Program and Seal

Also in June, the Ecolab Science Certified program was launched to help protect public health. The comprehensive program is designed to deliver a higher level of cleanliness through science-based solutions and protocols to help reduce the risk of exposure to germs in commercial settings.

The program focuses on four key elements:

- ① **Create clean** through hospital disinfecting products and food-contact sanitizers, and elevated hygiene standards and protocols;
- ② **Check clean** through detailed public health and food safety training and periodic auditing to determine whether procedures are being followed;
- ③ **See clean** in action through front-of-house cleaning and disinfecting procedures; and
- ④ **Believe clean** through a visible commitment to advancing cleaner, safer practices with the Ecolab Science Certified seal.

2020

Separated the Upstream Energy Business

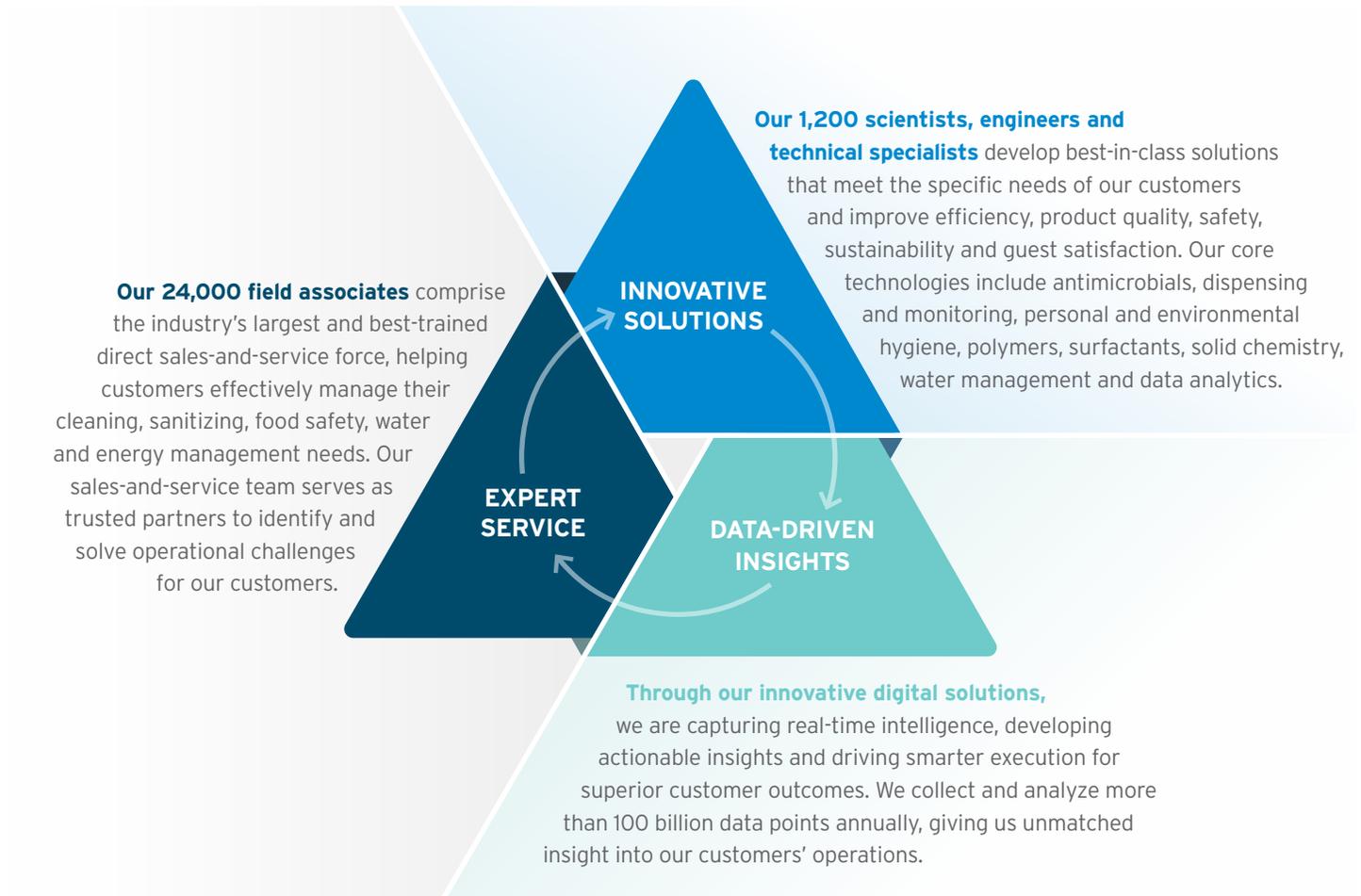
In June, we completed the separation of the Upstream Energy business, which simultaneously combined with Apergy Corporation in a tax-free transaction. The combined company, renamed ChampionX, is a global leader in oilfield production-optimization solutions.

Announced Ambitious 2030 Sustainability Impact Goals

In July, we launched our 2030 Sustainability Impact Goals to significantly increase our positive impact. Through these goals, we will help our customers meet ambitious sustainability goals and accelerate efforts within our own operations, including our approach to product sustainability and support for diversity, equity and inclusion.

AN UNMATCHED COMBINATION OF INNOVATION, INSIGHTS AND SERVICE

Our approach to solving our customers' most pressing operational and sustainability challenges is consistent across the nearly 3 million customer locations we serve throughout the world: combine best-in-class technologies, data-driven insights and personalized service to deliver the best results at the lowest total cost for our customers. Our industry-leading approach gives us a competitive advantage that cannot be matched.



BY THE NUMBERS

24,000 sales-and-service associates	1,200 scientists, engineers and technical specialists	300 digital technology professionals	10,000+ patents
---	---	--	--------------------

REPORTING SEGMENTS

Through Ecolab's innovative solution and service mix, customers throughout the world may utilize the offerings of several of our reportable segments.



GLOBAL INDUSTRIAL

Provides water treatment and process applications, and cleaning and sanitizing solutions primarily to large industrial customers within the manufacturing, food and beverage processing, transportation, chemical, primary metals and mining, power generation, global refining, petrochemical, and pulp and paper industries. Operating units within this reporting segment include Water, Food & Beverage, Downstream and Paper.



GLOBAL HEALTHCARE & LIFE SCIENCES

Provides specialized cleaning and sanitizing products to the healthcare, personal care and pharmaceutical industries. Operating units within this reporting segment include Healthcare and Life Sciences.

GLOBAL INSTITUTIONAL & SPECIALTY

Provides specialized cleaning and sanitizing products to the foodservice, hospitality, lodging, government, education and food retail industries. Operating units within this reporting segment include Institutional and Specialty.



OTHER

Provides pest elimination services to the foodservice, food and beverage processing, healthcare, lodging, grocery and other commercial settings through the Pest Elimination business. Commercial laundry wash process products and services are provided by the Textile Care business for uniform and linen rental, hospitality and healthcare laundries. Colloidal silica for binding and polishing applications is provided through our Colloidal Technologies Group for semiconductor, aerospace and other industries.



AN UNWAVERING COMMITMENT TO OPERATING RESPONSIBLY AND SUSTAINABLY

ANNUALLY, WE HELP OUR CUSTOMERS:



Conserve more than 200 billion gallons of water

Ecolab has long been recognized for its commitment to generating the right results, the right way. We help make the world cleaner, safer and healthier, and protect people and vital resources, and to achieve our purpose, we need to operate ethically, responsibly, safely and sustainably.

As a leading environmental, social and governance (ESG) company, we operate with concern for the well-being of people and believe in diversity, equity and inclusion. We also strive to enrich and strengthen our communities by supporting organizations that help develop important underpinnings of society.

ENRICHING AND STRENGTHENING OUR COMMUNITIES

We focus our support in the areas of youth and education, civic and community development, arts and culture, environment and conservation, and community-based giving. In 2020, we saw an increased need for financial support and our cleaning and sanitizing product donations due to the financial and public health hardships caused by the pandemic.

\$23M+ in contributions

\$11M+ in cleaning, sanitizing and public health products

We responded by providing more than \$23 million in contributions, including more than \$11 million of critical cleaning, sanitizing and public health products to help combat COVID-19 in 16 countries throughout the world.

Ecolab also provided more than \$9 million for organizations that offered COVID-19 relief, supported basic needs and job training, and focused on education, arts and the environment. Nearly \$6 million focused on social equity investments in our communities.

\$9M+ in contributions to community organizations

\$6M focused on social equity investments

Volunteerism is a core component of Ecolab's culture, and in 2020, Ecolab associates volunteered more than 74,000 hours and gave more than \$3 million in contributions to nonprofit organizations through the company's Community Giving Program. The Ecolab Foundation matched these donations with an additional \$500,000.

74,000+ hours volunteered

\$3M+ donated to nonprofit organizations

SOLUTIONS FOR LIFE

Our Solutions for Life program enhances our mission to conserve water and improve hygiene around the world through collaborations with non-governmental organizations, global philanthropy and employee volunteerism. Through Solutions for Life, **we partnered with The Nature Conservancy** to restore water resources throughout the world. A contribution from the Ecolab Foundation kicked off The Nature Conservancy's program to protect the headwaters of the Mississippi River, and by the end of 2020, the program covered more than 50,000 acres in this watershed and restored thousands of acres in tributary rivers.

In 2020, we formed a partnership with Water.org to provide 100,000 people in India with access to sustainable drinking water and improved sanitation while contributing more than 26.4 million gallons of water per year to support watershed health in extremely high-stress river basins.

SUSTAINABLE SOLUTIONS FOR A HEALTHIER WORLD



Reduce energy use by
more than 25 trillion Btu



Avoid 1.5 million metric tonnes
of greenhouse gas emissions



Eliminate more than
100 million pounds of waste

Sustainability is core to our purpose to make the world cleaner, safer and healthier. Across every industry we serve, we partner with our customers to deliver the best results at the lowest total cost while reducing water and energy use, greenhouse gas emissions and waste. From how we operate to the way we help customers achieve operational goals, we are working to support a more sustainable future, and through these efforts, grow our business and our positive impact.

OUR 2030 SUSTAINABILITY IMPACT GOALS

In July, we launched Ecolab's most ambitious sustainability goals to date. With these new goals, we'll continue to increase our positive impact through our work with our customers, accelerate efforts within our own operations, nurture our talent and live our values in our workplace.

Within our own operations, by 2030, we will focus on:

- **Achieving a positive water impact by:**
 - Restoring greater than 50% water withdrawal and achieving Alliance for Water Stewardship Standard certification in high-risk watersheds where we operate
 - Meeting a positive water impact goal of 40% per unit of production across our enterprise
- **Halving our carbon emissions, as verified by the Science Based Targets initiative (SBTi), and achieving 100% renewable electricity**
- **Supporting a diverse and inclusive workforce by:**
 - Committing to UN Sustainable Development Goal 5: Gender Equality for Women and Girls
 - Expanding Ecolab's gender pay equity standard globally
 - Increasing management-level gender diversity to 35% with the ultimate goal of gender parity
 - Increasing management-level ethnic/racial diversity to 25% as we pursue full representation of the U.S. workforce at all levels
- **Prioritizing safety by training and educating 100% of our associates to work safely 100% of the time**

These new sustainability goals build on our existing commitments, including our alignment with the U.N. Business Ambition for 1.5°C, our Water Resilience Coalition commitment to net positive water impact and our virtual power purchasing agreement with renewable energy producer Clearway, which will cover 100% of Ecolab's annual electricity use in the U.S.

In addition to our work within our own operations, by 2030, we aim to help customers:

- Conserve 300 billion gallons of water each year, equivalent to the annual drinking water needs of 1 billion people
- Provide high-quality and safe food for 1.8 billion people for an entire year, preventing 11 million foodborne illnesses
- Clean 50 billion hands and provide safe medical care for 116 million people each year, helping to reduce more than 1.7 million infections
- Become carbon neutral by reducing greenhouse gas emissions by 4.5 million metric tonnes, preventing 7.3 million pollution-related illnesses



More information on Ecolab's sustainability initiatives and the complete Global Reporting Initiative's (GRI) Index are available at [ecolab.com/sustainability](https://www.ecolab.com/sustainability).

ADVANCING SUSTAINABILITY AND SAFETY FOR GSK



GlaxoSmithKline (GSK) is a global healthcare company that discovers, develops and manufactures pharmaceuticals, vaccines and consumer healthcare products. Ensuring the safety of its products and processes is paramount. So is maximizing its long-term impact in improving health around the world. This includes a pledge to reduce its environmental impact by 25% by 2030, cutting greenhouse gas emissions, reducing water impact and redirecting waste for beneficial use.



INNOVATION

GSK's sites must maintain specific temperatures to safely produce and store products. This means boilers, cooling towers, chillers and other temperature-related systems must operate consistently, which often requires a lot of water.

GSK relies on Ecolab to operate safely and sustainably through a partnership that began in 2005 with Nalco Water. Today, GSK has more than 130 3D TRASAR™ installations worldwide, monitoring water in its systems at all times. The technology has produced significant water and energy savings by reducing the need for maintenance and by reusing water and optimizing energy usage. We earned a Sustainability Supplier Award from GSK, which cited it as a solution that "addressed carbon footprints and made bold strategic changes to reduce impact now and in the future."

Bringing together the expertise of both the Nalco Water and Life Sciences divisions, Ecolab enhanced cleaning and sanitation efficiency with Clean-in-Place and Open-Plant Cleaning, and helped minimize the risk of waterborne pathogens with a Legionella Risk Management Program.

IMPACT

GSK's partnership with Ecolab has advanced its goals of reducing water and energy use and greenhouse gas emissions. GSK also reduced solid waste through Ecolab's PORTA-FEED™ program, replacing plastic, single-use drums with steel, reusable bulk containers. This has reduced chemical drum disposal by at least 80% and has enhanced safety and productivity by eliminating the need for GSK employees to handle chemistry.

ANNUAL SAVINGS DELIVERED

180M gallons of water

3.9B Btu of energy

1,500 plastic drums eliminated

202 metric tons of CO₂ emissions

3,000 hours of labor gained by avoiding chemistry handling

\$623,000

REDUCING WATER USE AT DATA CENTERS

A research and management company in California has a central water treatment plant that provides cooling for more than 1 million square feet of office space as well as the on-site data center that hosts the company's critical files. The central plant generates 3,000 tons of cooling and operates 24/7/365.

The data center wanted to use recycled wastewater to lower cooling tower water usage and improve operating costs and sustainability, but per city requirements, 100% of the water was required to be a municipal recycled water source. The site struggled with the water source due to high levels of impurities, resulting in the need to send more water to the sewer and lower cooling tower cycles. The constantly changing levels of these impurities also made it difficult to eliminate scale and buildup within the system.



INNOVATION

Nalco Water analyzed and modeled the incoming water source using the 3D TRASAR™ Optimizer to determine the needed treatment plan based on operating conditions. 3D TRASAR Cooling Water controllers can monitor and control 25 different water characteristics, and our engineer utilized this technology to model various conditions.

The site was concerned about monitoring and managing the system due to water variability, and our engineer utilized Nalco Water 360™ Service to provide 24/7/365 real-time monitoring and response, which also eliminated the need for chemical drums due to hands-free chemical delivery. The combination of 3D TRASAR tower control technology with a unique scale and corrosion inhibitor, Nalco Water 360 Service and the PORTA-FEED chemical delivery program, would meet the goals of reducing water use and improving operating costs and sustainability.

IMPACT

The facility now utilizes state-of-the-art control technology to ensure reliable cooling, reduce water and energy use, and eliminate plastic waste while lowering operating costs. The customized Nalco Water program enabled the site to increase cooling tower operating cycles from an average of 1.8 to 3.3 cycles, saving 2.9 million gallons of water annually. The elimination of scale and buildup in the chillers resulted in an energy use reduction of 565,000 kilowatt hours annually, helping to improve sustainability.



THE RIGHT RESULTS, THE RIGHT WAY

The Ecolab team operates with a strong commitment to integrity, innovation, sustainability and social responsibility. We always strive for the best results for our customers and our company, and in 2020, we were recognized by several leading organizations for our commitment to operating responsibly and sustainably.



A World's Most Ethical Company

For the 14th consecutive year, Ecolab was named to Ethisphere Institute's list of the World's Most Ethical Companies.



A World's Most Admired Company

For the sixth consecutive year, Ecolab was named to Fortune's list of the World's Most Admired Companies, ranking second in the chemicals industry.



A Best Employer for Women

For the third consecutive year, Ecolab was named to Forbes' Best Employers for Women list, which ranks leading employers based on several gender-equality factors, including parental leave programs and pay equity.



A Top Company for Women Executives

Ecolab was named a Top Company for Executive Women by the National Association of Female Executives, which ranks companies based on best practices that move women to senior positions.



A Leading Company for Gender Equality

Ecolab was named to Bloomberg's 2020 Gender-Equality Index, which tracks the financial performance of public companies committed to supporting gender equality.



A Best Company to Sell For

For the fifth consecutive year, Ecolab was named a Best Company to Sell For by Selling Power Magazine, ranking 25th on the 2020 list.



A Best Place to Work

For the eighth consecutive year, Ecolab was named a Best Place to Work for LGBTQ Equality by the Human Rights Coalition for its perfect score on the Corporate Equality Index.



An Inclusive Company

For the second consecutive year, Ecolab ranked in the top 10% on Diversity Best Practices' Inclusion Index, which evaluates companies on their actions to recruit, retain and advance diversity.

Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA



A Global Leader in Sustainability

Ecolab was named to the Dow Jones Sustainability™ World Index, which tracks leading sustainability-driven public companies globally.

An Elite Company for Tackling Climate Change and Protecting Water Security

Ecolab was recognized on CDP's prestigious A-Lists for tackling climate change and protecting water security. Ecolab is one of a small number of companies that achieved CDP's double A rating.



FTSE4Good

A Leading ESG Company

For the sixth consecutive year, Ecolab was named to the FTSE4Good Index, which recognizes companies for strong environmental, social and governance practices.



A Best Corporate Citizen

For the seventh consecutive year, Ecolab was in the top 10 on Corporate Responsibility Magazine's list of the Best Corporate Citizens, ranking seventh in 2020.



A Top Company for Diversity

Ecolab was named a Top Company for Diversity by DiversityInc, ranking 39th on the leading assessment of diversity management in corporate America.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 1-9328

ECOLAB INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-0231510
(I.R.S. Employer
Identification No.)

1 Ecolab Place, St. Paul, Minnesota 55102
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: **1-800-232-6522**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$1.00 par value	ECL	New York Stock Exchange
2.625% Euro Notes due 2025	ECL 25	New York Stock Exchange
1.000% Euro Notes due 2024	ECL 24	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer
Non-accelerated filer

Accelerated filer
Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Aggregate market value of voting and non-voting common equity held by non-affiliates of registrant on June 30, 2020, the last business day of the Registrant's most recently completed second fiscal quarter: \$56,528,667,907 (see Item 12, under Part III hereof), based on a closing price of registrant's Common Stock of \$198.95 per share.

The number of shares of registrant's Common Stock, par value \$1.00 per share, outstanding as of January 29, 2021: 285,849,956 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the Annual Meeting of Stockholders to be held May 6, 2021, and to be filed within 120 days after the registrant's fiscal year ended December 31, 2020 (hereinafter referred to as "Proxy Statement"), are incorporated by reference into Part III.

ECOLAB INC.
FORM 10-K
For the Year Ended December 31, 2020

TABLE OF CONTENTS

	Beginning Page
PART I	
Item 1. Business.	3
Item 1A. Risk Factors.	17
Item 1B. Unresolved Staff Comments.	23
Item 2. Properties.	23
Item 3. Legal Proceedings.	25
Item 4. Mine Safety Disclosures.	25
PART II	
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.	25
Item 6. Selected Financial Data.	26
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.	27
Item 7A. Quantitative and Qualitative Disclosures about Market Risk.	50
Item 8. Financial Statements and Supplementary Data.	50
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.	103
Item 9A. Controls and Procedures.	103
Item 9B. Other Information.	104
PART III	
Item 10. Directors, Executive Officers and Corporate Governance.	104
Item 11. Executive Compensation.	104
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.	105
Item 13. Certain Relationships and Related Transactions, and Director Independence.	105
Item 14. Principal Accounting Fees and Services.	105
PART IV	
Item 15. Exhibit and Financial Statement Schedules.	106
Item 16. Form 10-K Summary.	112

PART I

Except where the context otherwise requires, references in this Form 10-K to (i) "Ecolab," "Company," "we" and "our" are to Ecolab Inc. and its subsidiaries, collectively; (ii) "Nalco" are to Nalco Company LLC, a wholly-owned subsidiary of the Company; and (iii) "Nalco transaction" are to the merger of Ecolab and Nalco Holding Company completed in December 2011.

Item 1. Business.

General Development of Business.

Ecolab was incorporated as a Delaware corporation in 1924. Our fiscal year is the calendar year ending December 31. International subsidiaries are included in the consolidated financial statements on the basis of their U.S. GAAP (accounting principles generally accepted in the United States of America) November 30 fiscal year ends to facilitate the timely inclusion of such entities in our consolidated financial reporting.

On June 3, 2020, the Company completed the previously announced separation of its Upstream Energy business (the "ChampionX business") in a Reverse Morris Trust transaction (the "Transaction") through the split-off of ChampionX Holding Inc. ("ChampionX"), formed by Ecolab as a wholly owned subsidiary to hold the ChampionX business, followed immediately by the merger (the "Merger") of ChampionX with a wholly owned subsidiary of ChampionX Corporation (f/k/a Apergy Corporation, "Apergy").

As discussed in Note 5 Discontinued Operations, the ChampionX business met the criteria to be reported as discontinued operations because the separation of ChampionX was a strategic shift in business that had a major effect on our operations and financial results. Therefore, we are reporting the historical results of ChampionX, including the results of operations and cash flows as discontinued operations, and related assets and liabilities were retrospectively reclassified for all periods presented herein. Unless otherwise noted, the accompanying financial information has been revised to reflect the effect of the separation of ChampionX and prior year balances have been revised accordingly to reflect continuing operations only.

Subsequent to the separation of ChampionX, the Company no longer reports the Upstream Energy segment, which previously held the ChampionX business. We are aligned into three reportable segments and Other.

Effective in the first quarter of 2020, and in anticipation of the separation of the Upstream Energy business, we created the Upstream and Downstream operating segments from the Global Energy operating segment, which was also a reportable segment. We eliminated the Global Energy reportable segment and created the Downstream operating segment and the Upstream operating segment, which are reported in the Global Industrial reportable segment and newly established Upstream Energy reportable segment which is reported in discontinued operations, respectively. Also, in the first quarter of 2020, we announced leadership changes which allow for shared oversight and focus on the Healthcare and Life Sciences operating segments and established the Global Healthcare & Life Sciences reportable segment. This segment is comprised of the Healthcare operating segment which was previously aggregated in the Global Institutional reportable segment and the Life Sciences operating segment which was previously aggregated in the Global Industrial reportable segment. Additionally, the Textile Care operating segment is reported in Other, which had previously been aggregated in the Global Industrial reportable segment. We also renamed the Global Institutional reportable segment to the Global Institutional & Specialty reportable segment. We made other immaterial changes, including the movement of certain customers and cost allocations between reportable segments.

We continued to invest in and build our business through various acquisitions that complement our strategic vision. See Part II, Item 8, Note 4 of this Form 10-K for additional information about the acquisitions and divestitures of the Company.

Narrative Description of Business.

General

With 2020 sales of \$11.8 billion, we believe we are the global leader in water, hygiene and infection prevention solutions and services. We deliver comprehensive solutions, data-driven insights and personalized service to advance food safety, maintain clean and safe environments, optimize water and energy use, and improve operational efficiencies and sustainability for customers in the food, healthcare, hospitality and industrial markets in more than 170 countries around the world. Our cleaning and sanitizing programs and products and pest elimination services support customers in the foodservice, food and beverage processing, hospitality, healthcare, government and education, retail, textile care and commercial facilities management sectors. Our products and technologies are also used in water treatment, pollution control, energy conservation, refining, primary metals manufacturing, papermaking, mining and other industrial processes.

We pursue a "Circle the Customer – Circle the Globe" strategy by providing an array of innovative programs, products and services designed to meet the specific operational and sustainability needs of our customers throughout the world. Through this strategy and our varied product and service mix, one customer may utilize the offerings of several of our operating segments. Important in our business proposition for customers is our ability to produce improved results while reducing their water and energy use. With that in mind, we focus on continually innovating to optimize both our own operations and the solutions we provide to customers, aligning with our corporate strategy to address some of the world's most pressing and complex sustainability challenges such as water scarcity and climate change.

The work we do matters, and the way we do it matters to our employees, customers, investors and the communities in which we and our customers operate.

Sustainability is core to our business strategy. We deliver sustainable solutions that help companies around the world achieve their business goals while reducing environmental impacts. We partner with customers at approximately three million customer locations around the world to reduce water and energy use as well as greenhouse gas emissions through our high-efficiency solutions. By partnering with our customers to help them do more with less through the use of our innovative and differentiated solutions, we aim to help our customers conserve more than 300 billion gallons of water annually by 2030. In 2019, we helped our customers conserve more than 206 billion gallons of water and avoid more than 1.5 million metric tons of greenhouse gas emissions.

The following description of our business is based upon our reportable segments as reported in our consolidated financial statements for the year ended December 31, 2020, which are located in Item 8 of Part II of this Form 10-K. Operating segments that share similar economic characteristics and future prospects, nature of the products and production processes, end-use markets, channels of distribution and regulatory environment have been aggregated into three reportable segments: Global Industrial, Global Institutional & Specialty and Global Healthcare & Life Sciences. Operating segments that were not aggregated and do not exceed the quantitative criteria to be separately reported have been combined into Other. We provide similar information for Other as compared to our three reportable segments as we consider the information regarding its underlying operating segments as useful in understanding our consolidated results.

Global Industrial

This reportable segment consists of the Water, Food & Beverage, Downstream and Paper operating segments, which provide water treatment and process applications, and cleaning and sanitizing solutions, primarily to large industrial customers within the manufacturing, food and beverage processing, transportation, chemical, primary metals and mining, power generation, global refining, petrochemical, pulp and paper industries. The underlying operating segments exhibit similar manufacturing processes, distribution methods and economic characteristics. Descriptions of the four operating segments which comprise our Global Industrial reportable segment follow below.

Water

Water serves customers across industrial and institutional markets. Within Water, our light industry markets include food and beverage, manufacturing and transportation, institutional clients including commercial buildings, hospitals, universities and hotels, and global high technology serving customers including data centers and microelectronics. Heavy industries served include power, chemicals and primary metals and mining.

Water provides water treatment products and water technologies programs for cooling water, waste water, boiler water and process water applications. Our cooling water treatment programs are designed to control challenges associated with cooling water systems — corrosion, scale and microbial fouling and contamination — in open recirculating, once-through and closed systems. Our wastewater products and programs focus on improving overall plant economics, addressing compliance issues, optimizing equipment efficiency and improving operator capabilities and effectiveness. We provide integrated chemical and digitally-based solutions, process improvements and mechanical component modifications to optimize boiler performance and control corrosion and scale build-up. Our programs assist in the use of water for plant processes by optimizing the performance of treatment chemicals and equipment in order to minimize costs and maximize returns on investment.

Our offerings include specialty products such as scale and corrosion inhibitors, antifoulants, pre-treatment solutions, membrane treatments, coagulants and flocculants, and anti-foamers, as well as our 3D TRASAR™ technologies, which combines chemistry, remote services and monitoring and control. We provide products and programs for water treatment and process applications aimed at combining environmental benefits with economic gains for our customers. Typically, water savings, energy savings and operating efficiency are among our primary sources of value creation for our customers, with product quality and production enhancement improvements also providing key differentiating features for many of our offerings. Our offerings are sold primarily by our corporate account and field sales employees.

We believe we are one of the leading global suppliers of products and programs for chemical applications within the industrial water treatment industry.

Food & Beverage

Food & Beverage addresses cleaning and sanitation to facilitate the processing of products for human consumption. Food & Beverage provides detergents, cleaners, sanitizers, lubricants and animal health products, as well as cleaning systems, digitally-based dispensers, monitors and chemical injectors for the application of chemical products, primarily to dairy plants, dairy, swine and poultry farms, breweries and soft-drink bottling plants, as well as meat, poultry and other food processors. Food & Beverage is also a leading developer and marketer of antimicrobial products used in direct contact with meat, poultry, seafood and produce during processing in order to reduce microbial contamination. Food & Beverage also designs, engineers and installs CIP (“clean-in-place”) process control systems and facility cleaning systems for its customer base. Water savings, energy savings, and operating efficiency are among our sources of value creation for our customers. Products for use in processing facilities are sold primarily by our corporate account and field sales employees, while products for use on farms are sold through dealers and independent, third-party distributors.

We believe we are one of the leading global suppliers of cleaning and sanitizing products to the dairy plant, dairy, swine and poultry farm, beverage/brewery, food, meat and poultry, and beverage/brewery processing industries.

Downstream

Downstream provides products and programs for process and water treatment applications specific to the petroleum refining and fuels industry, enabling our customers to profitably refine and upgrade hydrocarbons. We solve our customers’ toughest process and water challenges so they can sustainably, reliably and profitably refine fuels and process petrochemicals. Our proven chemistry and digital technologies combined with service increase refinery and petrochemical plant reliability and the useful life of customer assets while improving product quality and yields. Our product portfolio includes corrosion inhibitors, antifoulants, hydrogen sulfide removal, cold flow improvers, lubricity inhibitors, crude desalting, reactive monomer inhibitors, olefins, anti-polymerants, anti-oxidants and traditional water treatment.

Our customers include many of the largest publicly traded oil, refining and petrochemical companies, as well as national refining and petrochemical companies, and large independent refining companies. Our downstream offerings are sold primarily by our corporate account and field sales employees and, to a lesser extent, through Engineering, procurement, and construction contractors (EPC), Technology licensors, distributors, sales agents and joint ventures.

We believe we are one of the leading global providers of specialty chemicals to downstream refineries and petrochemical operations.

Paper

Paper provides water and process applications for the pulp and paper industries, offering a comprehensive portfolio of programs that are used in all principal steps of the papermaking process and across all grades of paper, including graphic grades, board and packaging, and tissue and towel. While Paper provides its customers similar types of products and programs for water treatment and wastewater treatment as those offered by Water, Paper also offers two specialty programs that differentiate its offerings from Water—pulp applications and paper applications. Our pulp applications maximize process efficiency and increase pulp cleanliness and brightness in bleaching operations, as well as predict and monitor scaling potential utilizing on-line monitoring to design effective treatment programs and avoid costly failures. Our paper process applications focus on improving our customers’ operational efficiency, in part through water savings, energy savings and operating efficiency. Advanced digital sensing, monitoring and automation combine with innovative chemistries and detailed process knowledge to provide a broad range of customer solutions. Specialty products include flocculants, coagulants, dewatering aids and digester yield additives. Our offerings are sold primarily by our corporate account and field sales employees.

We believe we are one of the leading global suppliers of water treatment products and process aids to the pulp and papermaking industry.

Global Institutional & Specialty

This reportable segment consists of the Institutional and Specialty operating segments, which provide specialized cleaning and sanitizing products to the foodservice, hospitality, lodging, government, education and retail industries. The underlying operating segments exhibit similar manufacturing processes, distribution methods and economic characteristics. Descriptions of the two operating segments which comprise our Global Institutional & Specialty reportable segment follow below.

Institutional

Institutional sells specialized cleaners and sanitizers for washing dishes, glassware, flatware, foodservice utensils and kitchen equipment (“warewashing”), plus specialized cleaners for various applications throughout food service operations, for on-premise laundries (typically used by hotel and healthcare customers) and for general housekeeping functions. We also sell food safety products and equipment, water filters, dishwasher racks and related kitchen sundries to the foodservice, lodging, educational and healthcare industries. Institutional also provides pool and spa treatment programs for hospitality and other commercial customers, as well as a broad range of janitorial cleaning and floor care products and programs to customers in hospitality, healthcare and commercial facilities. Institutional develops various digital monitoring and chemical dispensing systems which are used by our customers to efficiently and safely dispense our cleaners and sanitizers, and through these products, systems and our on-site sales and service expertise, develop better results for our customers while also developing water savings, energy savings and operating efficiency. In addition, Institutional markets a lease

program comprised of energy-efficient dishwashing machines, detergents, rinse additives and sanitizers, including full machine maintenance. Through our EcoSure Food Safety Management business, Institutional also provides customized on-site evaluations, training and quality assurance services to foodservice operations. With the Lobster Ink business, Institutional provides our customers with end-to-end digital training solutions designed to drive corrective actions and optimal frontline execution.

Institutional sells its products and programs primarily through its direct field sales and corporate account sales personnel. Corporate account sales personnel establish relationships and negotiate contracts with larger multi-unit or "chain" customers. We also utilize independent, third-party foodservice, broad-line and janitorial distributors to provide logistics to end customers that prefer to work through these distributors. Many of these distributors also participate in marketing our product and service offerings to the end customers. Through our field sales personnel, we generally provide the same customer support to end-use customers supplied by these distributors as we do to direct customers.

We believe we are one of the leading global suppliers of warewashing and laundry products and programs to the food service, hospitality and lodging markets.

Specialty

Specialty supplies cleaning and sanitizing chemical products and related items primarily to regional, national and international quick service restaurant ("QSR") chains and food retailers (i.e., supermarkets and grocery stores). Its products include specialty and general purpose hard surface cleaners, degreasers, sanitizers, polishes, hand care products and assorted cleaning tools and equipment which are primarily sold under the "Ecolab" and "Kay" brand names. Specialty's cleaning and sanitation programs are customized to meet the needs of the market segments it serves and are designed to provide highly effective cleaning performance, promote food safety, reduce labor, water and energy costs and enhance user and guest safety. A number of dispensing options are available for products in the core product range. Specialty supports its product sales with training programs and technical support designed to meet the special needs of its customers.

Both Specialty's QSR business and its food retail business utilize their corporate account sales force which manages relationships with customers at the corporate and regional office levels (and, in the QSR market segment, at the franchisee level) and their field sales force which provides program support at the individual restaurant or store level. QSR customers are primarily supplied through third party distributors while most food retail customers utilize their own distribution networks. While Specialty's customer base has broadened over the years, Specialty's business remains largely dependent upon a limited number of major QSR chains and franchisees and large food retail customers.

We believe we are one of the leading suppliers of cleaning and sanitizing products to the global QSR market and a leading supplier of cleaning and sanitizing products to the global food retail market.

Global Healthcare & Life Sciences

This reportable segment consists of the Healthcare and Life Sciences operating segments, which provide specialized cleaning and sanitizing products to the healthcare, personal care and pharmaceutical industries. The underlying operating segments exhibit similar manufacturing processes, distribution methods and economic characteristics. Descriptions of the two operating segments which comprise our Global Healthcare & Life Sciences reportable segment follow below.

Healthcare

Healthcare provides infection prevention and surgical solutions to acute care hospitals, surgery centers and medical device Original Equipment Manufacturers ("OEM"). Healthcare's proprietary infection prevention and surgical solutions (hand hygiene, hard surface disinfection, digital monitoring systems, instrument cleaning, patient drapes, equipment drapes and surgical fluid warming and cooling systems) are sold primarily under the "Ecolab," "Microtek," and "Anios" brand names to various departments within the acute care environment (Infection Control, Environmental Services, Central Sterile and Operating Room). Healthcare sells its products and programs principally through its field sales personnel and corporate account personnel but also sells through healthcare distributors.

We believe we are one of the leading suppliers of infection prevention and surgical solutions in the United States and Europe.

Life Sciences

Life Sciences provides end-to-end cleaning and contamination control solutions to pharmaceutical and personal care manufacturers. Products are sold under the "Ecolab" brand names, and include detergents, cleaners, sanitizers, disinfectants, surface wipes, as well as cleaning systems, electronic dispensers and chemical injectors for the application of chemical products. The portfolio also includes decontamination systems and services utilizing hydrogen peroxide vapor, which are sold under the "Bioquell" brand name. The pharmaceutical clean room environment is the primary area that both products are utilized. Products and programs are sold primarily through our field sales and corporate account personnel, and to a lesser extent through distributors.

Life Sciences is comprised of customers and accounts related to manufacturing in the following industries: pharmaceutical, animal health and medicine, biologic products, cosmetics and medical devices. Our tailored, comprehensive solutions and technical know-how focus on ensuring product quality, safety and compliance standards are met while improving operational efficiency in customers' cleaning,

sanitation and disinfection processes. We believe we are one of the leading suppliers of contamination control solutions in Europe, with a growing presence in North America and other regions.

Other

Other consists of the Pest Elimination, Textile Care and Colloidal Technologies Group operating segments. These operating segments do not meet the quantitative criteria to be separately reported. We disclose these operating segments within Other as we consider the information useful in understanding our consolidated results.

Pest Elimination

Pest Elimination provides services designed to detect, eliminate and prevent pests, such as rodents and insects, in restaurants, food and beverage processors, educational and healthcare facilities, hotels, quick service restaurant and grocery operations and other institutional and commercial customers. The services of Pest Elimination are sold and performed by our field sales and service personnel.

In addition to the United States, which constitutes the largest operation, we operate in various countries in Asia Pacific, Western Europe, Latin America and South Africa, with the largest operations in France, the United Kingdom (U.K.) and Greater China.

We believe Pest Elimination is a leading supplier of pest elimination programs to the commercial, hospitality and institutional markets in the geographies it serves.

Textile Care

Textile Care provides products and services that manage the entire wash process through custom designed programs, premium products, dispensing equipment, water and energy management and reduction, and real time data management for large scale, complex commercial laundry operations including uniform rental, hospitality, linen rental and healthcare laundries. Textile Care's programs are designed to meet our customers' needs for exceptional cleaning, while extending the useful life of linen and reducing our customers' overall operating costs. Products and programs are marketed primarily through our field sales employees and, to a lesser extent, through distributors. We believe we are one of the leading global suppliers in the laundry markets in which we compete.

Colloidal Technologies Group

The Colloidal Technologies Group ("CTG") produces and sells colloidal silica, which is comprised of nano-sized particles of silica in water. These products and associated programs are used primarily for binding and polishing applications. CTG serves customers across various industries, including semiconductor manufacturing, catalyst manufacturing, chemicals and aerospace component manufacturing.

CTG incorporates strong collaboration with customers to develop customized solutions that meet the technical demands of their operations. Our silica-based applications are widely used for polishing of silicon wafers, semiconductor substrates and the precision surface finishing of optics, watch crystals and other glass components. We offer a variety of silica-based particles that can be used as binders in heterogeneous catalyst systems and as silica nutrients for manufacturing specialty zeolites. Our silica products are used worldwide as a binder for precision investment casting slurries, which ultimately facilitate the manufacture of near net-shape metal parts such as turbine blades and golf club heads.

Our products are sold primarily by our corporate account employees. We believe we are one of the leading global suppliers of colloidal silica.

Additional Information

International Operations

We directly operate in approximately 90 countries outside of the United States through wholly-owned subsidiaries or, in some cases, through a joint venture with a local partner. In certain countries, selected products are sold by our export operations to distributors, agents or licensees, although the volume of those sales is not significant in terms of our overall revenues. In general, our businesses conducted outside the United States are similar to those conducted in the United States.

Our business operations outside the United States are subject to the usual risks of foreign operations, including possible changes in trade and foreign investment laws, international business laws and regulations, tax laws, currency exchange rates and economic and political conditions. The profitability of our international operations is generally lower than the profitability of our businesses in the United States, due to (i) the additional cost of operating in numerous and diverse foreign jurisdictions with varying laws and regulations, (ii) higher costs of importing certain raw materials and finished goods in some regions, (iii) the smaller scale of international operations where certain operating locations are smaller in size, and (iv) the additional reliance on distributors and agents in certain countries which can negatively impact our margins. Proportionately larger investments in sales and technical support are also necessary in certain geographies in order to facilitate the growth of our international operations.

Competition

In general, the markets in which the businesses in our Global Industrial reportable segment compete are led by a few large companies, with the rest of the market served by smaller entities focusing on more limited geographic regions or a smaller subset of products and services. Our businesses in this segment compete on the basis of their demonstrated value, technical expertise, innovation, chemical formulations, customer support, detection equipment, monitoring capabilities, and dosing and metering equipment.

The businesses in our Global Institutional & Specialty reportable segment and Other have two significant classes of competitors. First, we compete with a small number of large companies selling directly or through distributors on a national or international scale. Second, we have numerous smaller regional or local competitors which focus on more limited geographies, product lines and/or end-use customer segments. We compete principally by providing superior value, premium customer support, and innovative and differentiated products to help our customers protect their brand reputation.

Within the Global Healthcare & Life Sciences reportable segment, the Healthcare business competes geographically with companies primarily focused on a smaller range of product categories, with few globally scaled competitors. Life Sciences business competes in the European market versus several mid-size and regional competitors and competes against one large and other mid-size or regional competitors in North America. Outside of North America and Europe competitors are much more fragmented and do not offer the same level of service or coverage as Ecolab. Our businesses in this segment compete on the basis of their demonstrated value, technical performance, innovation, chemical formulations and extensive customer support.

Sales

Our products, systems and services are primarily marketed in domestic and international markets by our Company-trained direct field sales personnel who also advise and assist our customers in the proper and most efficient use of the products and systems in order to meet a full range of cleaning and sanitation, water treatment and process chemistry needs. Independent, third-party distributors and, to a lesser extent, sales agents, are utilized in several markets, as described in the segment descriptions found above.

Customers and Classes of Products

We believe our business is not materially dependent upon a single customer. Additionally, although we have a diverse customer base and no customer or distributor constituted 10 percent or more of our consolidated revenues in 2020, 2019 or 2018, we do have customers and independent third-party distributors, the loss of which could have a material adverse effect on results of operations for the affected earnings periods; however, we consider it unlikely that such an event would have a material adverse impact on our financial position. No material part of our business is subject to renegotiation or termination at the election of a governmental unit.

We sold one class of products within the Global Institutional & Specialty reportable segment which comprised 10% or more of consolidated net sales in the last three years. Sales of warewashing products were approximately 11%, 13%, and 13% of consolidated net sales in 2020, 2019, and 2018, respectively.

Human Capital

As of December 31, 2020, Ecolab employed approximately 44,000 employees, including approximately 24,000 sales and service and 1,300 research, development, and engineering associates. Approximately 43% of the associates are employed in North America, 22% in Europe, 8% in Asia Pacific, 16% in Latin America, 4% in India, Middle East Africa, and 7% in China.

We are committed to developing a culture that is diverse, equitable, inclusive, and fully leverages our employees' talents as we work together to serve the needs of our customers. We believe in providing comprehensive training and career development opportunities and in compensating and rewarding our employees equitably. Our commitment to the safety of our employees, contractors and customers is evident in all we do, from the way we operate, to the products we develop and to the customers we serve. In addition, we are committed to promoting the health and well-being of our employees, our customers, and their customers by contributing to programs and initiatives that enhance the quality of life in the communities where they work and live. In support of these overall objectives, key areas of focus include:

Diversity, Equity, and Inclusion: We have a long-standing belief that a diverse, equitable and inclusive workforce is a critical foundation for the shared success of our associates, our company, our customers, and our communities. To build that strong foundation, we have worked to embed diversity and inclusion throughout all people processes, including recruitment, promotional practices, training and development and total rewards. To help guide our work and ensure a broad commitment to progress, Ecolab utilizes a Diversity Council made up of senior leaders throughout our company and chaired by our CEO. We review key metrics and practices, including diverse representation, hiring practices and retention with the Council and with senior executives and business leads monthly. We set diversity goals at or above market availability and require diverse slates for all hiring activity. As a part of our 2030 impact goals, we have committed to the following:

- Committing to the UN Sustainable Development Goal 5: Gender Equality for Women and Girls
- Maintaining Ecolab's pay equity in the U.S. and expanding globally
- Increasing management level gender diversity to 35% with the ultimate goal of gender parity
- Increasing management level ethnic/racial diversity to 25% as we seek to meet full representation of the U.S. workforce at all levels

We have a vibrant and growing community of Employee Resource Groups (ERGs) to help associates connect with colleagues, take part in career and leadership development experiences, and provide important insights in support of advancing our work in diversity, equity, and inclusion. These employee-led ERGs create community and focus across several dimensions of diversity, including gender, race/ethnicity, gender identity, sexual orientation, ability/disability, military service and more. All employees are welcome and encouraged to join, participate or become leaders within any of our 11 ERGs.

Employee Training and Development: At our core, Ecolab's growth is rooted in decades of science, learning and innovation. We have ambitious solution-oriented teams and we continually look for ways to help our employees learn and grow. Beyond rigorous technical, functional, and business-specific training courses, our Global Corporate Flagship Development Programs are designed to deepen leadership capability and prepare successors for key leadership roles.

Safety, Health and Wellness: At Ecolab, the safety of our employees and contractors is our top priority and is embedded into our company values. Our safety goals are simple: zero accidents, zero injuries and zero violations. We communicate that this is a collective goal all employees commit to, own, and deliver on every day. Our leadership teams and a network of Safety, Health and Environment professionals around the world support employees with proven safety programs, processes and platforms. Understanding underlying and potential risks is a critical component to improving safety outcomes. Our Global Safety Dashboard tracks our performance on a range of leading and lagging safety indicators and helps us measure the effectiveness of our safety programs.

Additionally, a Be Well Program is available to U.S. employees and their families to empower, educate and support their personal journey to overall well-being by making positive lifestyle choices while creating a culture of wellness throughout Ecolab. In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate. These changes include requiring all employees who can do their work remotely to work from home and implementing additional safety measures for our employees working in the field and in our plant and warehouse locations. We also introduced new benefits and caregiver resources to help associates balance the unique demands of work and personal responsibilities.

For additional detail regarding our Human Capital Management metrics and focus areas, please refer to our Corporate Responsibility GRI Report published at our website at <https://www.ecolab.com/sustainability/sustainability-reporting-resources>.

Patents and Trademarks

We own and license a number of patents, trademarks and other intellectual property. While we have an active program to protect our intellectual property by filing for patents or trademarks and pursuing legal action, when appropriate, to prevent infringement, except for the items listed below, we do not believe our overall business is materially dependent on any individual patent or trademark.

- Patents related to our TRASAR and 3D TRASAR technology, which are material to our Global Industrial reportable segment. U.S. and foreign patents protect aspects of our key TRASAR and 3D TRASAR technology until at least 2024.
- Trademarks related to Ecolab, Nalco and 3D TRASAR, which collectively are material to all of our reportable segments. The Ecolab, Nalco and 3D TRASAR trademarks are registered or applied for in all of our key markets and we anticipate maintaining them indefinitely.

Seasonality

We experience variability in our quarterly operating results due to seasonal sales volume and business mix fluctuations in our operating segments. Part II, Item 8, Note 19, entitled "Quarterly Financial Data" of this Form 10-K is incorporated herein by reference.

Investments in Equipment

We have no unusual working capital requirements. We have invested in the past, and will continue to invest in the future, in process control and monitoring equipment consisting primarily of systems used by customers to dispense our products as well as to monitor water systems. The investment in such equipment is discussed under the heading "Investing Activities" in Management's Discussion and Analysis of Financial Condition and Results of Operations of this Form 10-K.

Manufacturing and Distribution

We manufacture most of our products and related equipment in Company-operated manufacturing facilities. Some products are also produced for us by third-party contract manufacturers. Other products and equipment are purchased from third-party suppliers. Additional information on product/equipment sourcing is found in the segment discussions above and additional information on our manufacturing facilities is located under Part I, Item 2. "Properties," of this Form 10-K.

Deliveries to customers are made from our manufacturing plants and a network of distribution centers and third-party logistics service providers. We use common carriers, our own delivery vehicles, and distributors for transport. Additional information on our plant and distribution facilities is located under Part I, Item 2. "Properties," of this Form 10-K.

Raw Materials

Raw materials purchased for use in manufacturing our products are inorganic chemicals, including alkalis, acids, biocides, phosphonates, phosphorous materials, silicates and salts; and organic chemicals, including acids, alcohols, amines, fatty acids, surfactants, solvents, monomers and polymers. Healthcare purchases plastic films and parts to manufacture medical devices that serve the surgical and infection prevention markets. Pesticides used by Pest Elimination are purchased as finished products under contract or purchase order from the producers or their distributors. We also purchase packaging materials for our manufactured products and components for our specialized cleaning equipment and systems. We purchase more than 10,000 raw materials, with the largest single raw material representing less than 4% of raw material purchases. Our raw materials, with the exception of a few specialized chemicals which we manufacture, are generally purchased on an annual contract basis and are ordinarily available in adequate quantities from a diverse group of suppliers globally. When practical, global sourcing is used so that purchasing or production locations can be shifted to control product costs at globally competitive levels.

Research and Development

Our research and development program consists principally of developing and validating the performance of new products, processes, techniques and equipment, improving the efficiency of those already existing, improving service program content, evaluating the environmental compatibility of products and technical support. Key disciplines include analytical and formulation chemistry, microbiology, data science and predictive analytics, process and packaging engineering, digital and remote monitoring engineering and product dispensing technology. Substantially all of our principal products have been developed by our research, development and engineering personnel.

We believe continued research and development activities are critical to maintaining our leadership position within the industry and will provide us with a competitive advantage as we seek additional business with new and existing customers.

Joint Ventures

Over time, we have entered into partnerships or joint ventures in order to meet local ownership requirements, to achieve quicker operational scale, to expand our ability to provide our customers a more fully integrated offering or to provide other benefits to our business or customers. During 2020, the impact on our consolidated net income of our joint ventures, in the aggregate, was approximately three percent. We will continue to evaluate the potential for partnerships and joint ventures that can assist us in increasing our geographic, technological and product reach.

Environmental and Regulatory Considerations

Our businesses are subject to various legislative enactments and regulations relating to the protection of the environment and public health. While we cooperate with governmental authorities and take commercially practicable measures to meet regulatory requirements and avoid or limit environmental effects, some risks are inherent in our businesses. Among the risks are costs associated with transporting and managing hazardous materials and waste disposal and plant site clean-up, fines and penalties if we are found to be in violation of law, as well as modifications, disruptions or discontinuation of certain operations or types of operations including product recalls and reformulations. Similarly, the need for certain of our products and services is dependent upon or might be limited by governmental laws and regulations. Changes in such laws and regulations, including among others, air, water, chemical and product regulations, could impact the sales of some of our products or services. In addition to an increase in costs of manufacturing and delivering products, a change in production regulations or product regulations could result in interruptions to our business and potentially cause economic or consequential losses should we be unable to meet the demands of our customers for products.

Additionally, although we are not currently aware of any such circumstances, there can be no assurance that future legislation or enforcement policies will not have a material adverse effect on our consolidated results of operations, financial position or cash flows. Environmental and regulatory matters most significant to us are discussed below.

Ingredient Legislation: Various laws and regulations have been enacted by state, local and foreign jurisdictions pertaining to the sale of products which contain phosphorous, volatile organic compounds, or other ingredients that may impact human health or the environment. Under California Proposition 65, for example, label disclosures are required for certain products containing chemicals listed by California. Chemical management initiatives that promote pollution prevention through research and development of safer chemicals and safer chemical processes are being advanced by several states.

Environmentally preferable purchasing programs for cleaning products have been enacted in a number of states to date, and in recent years have been considered by several other state legislatures. Cleaning product ingredient disclosure legislation has been introduced in the U.S. Congress in each of the past few years but has not passed, and several states are considering further regulations in this area. In 2017, California passed the Cleaning Product Right to Know Act of 2017, that required ingredient transparency on-line and on-label by 2020 and 2021, respectively. New York has proposed similar ingredient disclosure regulation. The U.S. Government is monitoring “green chemistry” initiatives through a variety of initiatives, including its “Design for the Environment” (“DfE”) / “Safer Choice” program. DfE/Safer Choice has three broad areas of work (recognition of safer products on a DfE/Safer Choice label, development of best practices for industrial processes and evaluation of safer chemicals), and we are involved in these to varying degrees. Our Global Institutional and Global Industrial cleaning products are subject to the regulations and may incur additional stay-in-market expenses associated with conducting the required alternatives analyses for chemicals of concern. To date, we generally have been able to comply with such legislative requirements by reformulation or labeling modifications. Such legislation has not had a material adverse effect on our consolidated results of operations, financial position or cash flows to date.

TSCA: The nation’s primary chemicals management law, the Toxic Substances Control Act (“TSCA”), was updated for the first time in 40 years with the passage of the Frank R. Lautenberg Chemical Safety for the 21st Century Act (“LCSA”) in 2016. The LCSA modernizes the original 1976 legislation, aiming to establish greater public confidence in the safety of chemical substances in commerce, improve the U.S. Environmental Protection Agency’s (“EPA”) capability and authority to regulate existing and new chemical substances, and prevent further state action or other notification programs like REACH (see below). For Ecolab, the TSCA changes mainly impact testing and submission costs for new chemical substances in the United States. In addition, the EPA likely will be more aggressively using the existing TSCA tools to manage chemicals of concern. We anticipate that compliance with new requirements under TSCA could be similar to the costs associated with REACH in the European Union, which is discussed below.

REACH: The European Union has enacted a regulatory framework for the Registration, Evaluation and Authorization of Chemicals (“REACH”), which aims to manage chemical safety risks. REACH established a European Chemicals Agency (“ECHA”) in Helsinki, Finland, which is responsible for evaluating data to determine hazards and risks and to manage this program for authorizing chemicals for sale and distribution in Europe. We met all REACH registration requirements. To help manage this program, we have been simplifying our product lines and working with chemical suppliers to comply with registration requirements. In addition, Korea, Taiwan, Turkey and other countries are implementing similar requirements. Potential costs to us are not yet fully quantifiable but are not expected to have a material adverse effect on our consolidated results of operations or cash flows in any one reporting period or on our financial position.

GHS: In 2003, the United Nations adopted a standard on hazard communication and labeling of chemical products known as the Globally Harmonized System of Classification and Labeling of Chemicals (“GHS”). GHS is designed to facilitate international trade and increase safe handling and use of hazardous chemicals through a worldwide system that classifies chemicals based on their intrinsic hazards and communicates information about those hazards through standardized product labels and safety data sheets (“SDSs”). Most countries in which we operate adopted GHS-related legislation by 2020. The primary cost of compliance revolves around reclassifying products and revising SDSs and product labels. We have met applicable deadlines and are working toward a phased-in approach to mitigate the costs of GHS implementation in remaining countries (e.g., Peru, Chile, India). Potential costs to us are not expected to have a material adverse effect on our consolidated results of operations or cash flows in any one reporting period or on our financial position.

Pesticide and Biocide Legislation: Various international, federal and state environmental laws and regulations govern the manufacture and/or use of pesticides. We manufacture and sell certain disinfecting, sanitizing and material preservation products that kill or reduce microorganisms (bacteria, viruses, fungi) on hard environmental surfaces, in process fluids and on certain food products. Such products constitute “pesticides” or “antimicrobial pesticides” under the current definitions of the Federal Insecticide, Fungicide, and Rodenticide Act (“FIFRA”), as amended by the Food Quality Protection Act of 1996, the principal federal statute governing the manufacture, labeling, handling and use of pesticides. We maintain several hundred product registrations with the U.S. Environmental Protection Agency (“EPA”). Registration entails the necessity to meet certain efficacy, toxicity and labeling requirements and to pay on-going registration fees. In addition, each state in which these products are sold requires registration and payment of a fee. In general, the states impose no substantive requirements different from those required by FIFRA. However, California and certain other states have adopted additional regulatory programs, and California imposes a tax on total pesticide sales in that state. While the cost of complying with rules as to pesticides has not had a material adverse effect on our consolidated results of operations, financial condition, or cash flows to date, the costs and delays in receiving necessary approvals for these products continue to increase. Total fees paid to the EPA and the states to obtain or maintain pesticide registrations are not expected to significantly affect our consolidated results of operations or cash flows in any one reporting period or our financial position.

In Europe, the Biocidal Products Regulation established a program to evaluate and authorize marketing of biocidal active substances and products. We are working with suppliers and industry groups to manage these requirements and have met all relevant deadlines of the program by the timely submission of dossiers for active substances and biocide products. Anticipated registration costs, which will be incurred through the multi-year phase-in period, will be significant; however, these costs are not expected to significantly affect our consolidated results of operations or cash flows in any one reporting period or our financial position. The same is true for emerging biocide regulations in Asia.

In addition, Pest Elimination applies restricted-use pesticides that it generally purchases from third parties. That business must comply with certain standards pertaining to the use of such pesticides and to the licensing of employees who apply such pesticides. Such regulations are enforced primarily by the states or local jurisdictions in conformity with federal regulations. We have not experienced material difficulties in complying with these requirements.

FDA Antimicrobial Product Requirements: Various laws and regulations have been enacted by federal, state, local and foreign jurisdictions regulating certain products manufactured and sold by us for controlling microbial growth on humans, animals and foods. In the United States, these requirements generally are administered by the U.S. Food and Drug Administration ("FDA"). However, the U.S. Department of Agriculture and EPA also may share in regulatory jurisdiction of antimicrobials applied to food. The FDA codifies regulations for these product categories in order to ensure product quality, safety and effectiveness. The FDA also has been expanding requirements applicable to such products, including proposing regulations for over-the-counter antiseptic drug products, which may impose additional requirements associated with antimicrobial hand care products and associated costs when finalized by the FDA. FDA regulations associated with the Food Safety Modernization Act may impose additional requirements related to safety product lines. To date, such requirements have not had a material adverse effect on our consolidated results of operations, financial position or cash flows.

Medical Device and Drug Product Requirements: As a manufacturer, distributor and marketer of medical devices and human drugs, we also are subject to regulation by the FDA and corresponding regulatory agencies of the state, local and foreign governments in which we sell our products. These regulations govern the development, testing, manufacturing, packaging, labeling, distribution and marketing of medical devices and medicinal products. We also are required to register with the FDA as a medical device and drug manufacturer, comply with post-market reporting (e.g., Adverse Event Reporting, MDR and Recall) requirements, and to comply with the FDA's current Good Manufacturing Practices and Quality System Regulations which require that we have a quality system for the design and production of our products intended for commercial distribution in the United States and satisfy recordkeeping requirements with respect to our manufacturing, testing and control activities. Countries in the European Union require that certain products being sold within their jurisdictions obtain a "CE mark," an international symbol of adherence to quality assurance standards, and be manufactured in compliance with certain requirements (e.g., Medical Device Directive 93/42/EE, Medical Device Regulation (EU) 2017/745, and ISO 13485). We have CE mark approval to sell various medical device and medicinal products in Europe. Our other international non-European operations also are subject to government regulation and country-specific rules and regulations. Regulators at the federal, state and local level have imposed, are currently considering and are expected to continue to impose regulations on medical devices and drug products. No prediction can be made of the potential effect of any such future regulations, and there can be no assurance that future legislation or regulations will not increase the costs of our products or prohibit the sale or use of certain products.

Equipment: Ecolab's products are dispensed by equipment that is subject to state and local regulatory requirements, as well as being subject to UL, NSF, and other approval requirements. For certain digitally connected product offerings, Federal Communication Commission ("FCC") and corresponding international requirements are applicable. We have both dedicated manufacturing facilities and third-party production of our equipment. We are developing processes to monitor and manage changing regulatory regimes and assist with equipment systems compliance. To date, such requirements have not had a material adverse effect on our consolidated results of operations, financial position or cash flows.

Other Environmental Legislation: Our manufacturing plants are subject to federal, state, local or foreign jurisdiction laws and regulations relating to discharge of hazardous substances into the environment and to the transportation, handling and disposal of such substances. The primary federal statutes that apply to our activities in the United States are the Clean Air Act, the Clean Water Act and the Resource Conservation and Recovery Act. We are also subject to the Superfund Amendments and Reauthorization Act of 1986, which imposes certain reporting requirements as to emissions of hazardous substances into the air, land and water. The products we produce and distribute into Europe are also subject to directives governing electrical waste (WEEE Directive 2012/19/EU) and restrictive substances (RoHS Directive 2011/65/EU). Similar legal requirements apply to Ecolab's facilities globally. We make capital investments and expenditures to comply with environmental laws and regulations, to promote employee safety and to carry out our announced environmental sustainability principles. To date, such expenditures have not had a significant adverse effect on our consolidated results of operations, financial position or cash flows. Our capital expenditures for environmental, health and safety projects worldwide were approximately \$18 million in 2020 and \$32 million in 2019. Approximately \$33 million has been budgeted globally for projects in 2021.

Climate Change: Various laws and regulations pertaining to climate change have been implemented or are being considered for implementation at the international, national, regional and state levels, particularly as they relate to the reduction of greenhouse gas (GHG) emissions. We have not determined that any of these laws directly impact Ecolab at the present time; however, as a matter of corporate policy, we support a balanced approach to reducing GHG emissions while sustaining economic growth.

Furthermore, climate-related risks are assessed within our Enterprise Risk Management process and Annual Business Significance Risks Assessment, which is aligned with recommendations of the Financial Stability Board (FSB) Task Force on Climate-related Financial Disclosures (TCFD). We report TCFD disclosures in our annual CDP Climate report located at <https://www.ecolab.com/sustainability/sustainability-reporting-resources>. We are evaluating further application of the recommendations of the TCFD over the next two to four years, in alignment with the recommended timeline from the TCFD.

To further bolster our climate commitment, in 2019 we announced new goals to reduce our GHG emissions by half by 2030 and achieve net zero by 2050, in alignment with the United Nations Global Compact's Business Ambition for 1.5°C. In 2020, we further committed to move to 100% renewable energy by 2030 and set a science-based target (SBT) addressing our Scope 1, 2 and 3 GHG emissions. Our SBT commits us to reduce absolute Scope 1 and 2 emissions by 50% by 2030 from a 2018 base year, and to work with our suppliers representing 70% of our Scope 3 emissions to set science-based reduction targets by 2024.

In addition to managing our operational and supply chain sustainability performance, we partner with customers at more than three million customer locations around the world to reduce energy and GHG emissions through our high-efficiency solutions in cleaning and sanitation, water, paper, and energy services. Showcasing our global team's dedication to helping our customers thrive and make a positive impact in the world, we have set a 2030 goal to help our customers reduce their GHG emissions by 4.5 million metric tons.

Ecolab recognizes the climate-water nexus. As part of our 2030 Impact Goals, we have committed to restore greater than 50% of our water withdrawal and achieve Alliance for Water Stewardship Standard certification in high-risk watersheds. In addition, we aim to reduce net water withdrawals by 40% per unit of production across our enterprise. We also magnify our impact through the water-saving solutions we deliver to our customers, and have set a goal to help our customers conserve more than 300 billion gallons of water annually by 2030.

Environmental Remediation and Proceedings: Along with numerous other potentially responsible parties ("PRP"), we are currently involved with waste disposal site clean-up activities imposed by the federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or state equivalents at 20 sites in the United States. Additionally, we have similar liability at four sites outside the United States. In general, under CERCLA, we and each other PRP that actually contributed hazardous substances to a Superfund site are jointly and severally liable for the costs associated with cleaning up the site. Customarily, the PRPs will work with the EPA to agree and implement a plan for site remediation.

Based on an analysis of our experience with such environmental proceedings, our estimated share of all hazardous materials deposited on the sites referred to in the preceding paragraph, and our estimate of the contribution to be made by other PRPs which we believe have the financial ability to pay their shares, we have accrued our best estimate of our probable future costs relating to such known sites. In establishing accruals, potential insurance reimbursements are not included. The accrual is not discounted. It is not feasible to predict when the amounts accrued will be paid due to the uncertainties inherent in the environmental remediation and associated regulatory processes.

We have also been named as a defendant in lawsuits where our products have not caused injuries, but the claimants wish to be monitored for potential future injuries. We cannot predict with certainty the outcome of any such tort claims or the involvement we or our products might have in such matters in the future, and there can be no assurance that the discovery of previously unknown conditions will not require significant expenditures. In each of these chemical exposure cases, our insurance carriers have accepted the claims on our behalf (with or without reservation) and our financial exposure should be limited to the amount of our deductible; however, we cannot predict the number of claims that we may have to defend in the future and we may not be able to continue to maintain such insurance.

We have also been named as a defendant in a number of lawsuits alleging personal injury due to exposure to hazardous substances, including multi-party lawsuits alleging personal injury in connection with our products and services. While we do not believe that any of these suits will be material to us based upon present information, there can be no assurance that these environmental matters could not have, either individually or in the aggregate, a material adverse effect on our consolidated results of operations, financial position or cash flows.

Our worldwide net expenditures for contamination remediation were approximately \$0.6 million in 2020 and \$1.0 million in 2019. Our worldwide accruals at December 31, 2020 for probable future remediation expenditures, excluding potential insurance reimbursements, totaled approximately \$6.2 million. We review our exposure for contamination remediation costs periodically and our accruals are adjusted as considered appropriate. While the final resolution of these issues could result in costs below or above current accruals and, therefore, have an impact on our consolidated financial results in a future reporting period, we believe the ultimate resolution of these matters will not have a material effect on our consolidated results of operations, financial position or cash flows.

Iran Threat Reduction and Syria Human Rights Act of 2012

Under the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) of the Securities Exchange Act of 1934, the Company is required to disclose in its periodic reports if it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with entities or individuals designated pursuant to certain Executive Orders. Disclosure is required even where the activities are conducted outside the U.S. by non-U.S. affiliates in compliance with applicable law, and even if the activities are not covered or prohibited by U.S. law.

As authorized by the U.S. Treasury's Office of Foreign Assets Control (OFAC), a non-U.S. subsidiary of the Company completed sales of products used for process and water treatment applications in upstream oil and gas production related to the operation of and production from the Rhum gas field off the Scottish coast (Rhum) totaling \$0.3 million from the beginning of the subsidiary's 2020 fiscal year until June 3, 2020. The net profit before taxes associated with these sales was nominal. Rhum is jointly owned by Serica Energy plc and Iranian Oil Company (U.K.) Limited.

The Rhum sales were a part of the ChampionX Business conducted by a non-U.S. subsidiary of the Company prior to the June 3, 2020 completion of the ChampionX transaction described in Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-K and, as a result of such transaction, sales made on and after such date, if any, would be under the purview of ChampionX Corporation.

Available Information.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers, including us, that file electronically with the SEC at <https://www.sec.gov>.

General information about us, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as any amendments and exhibits to those reports, are available free of charge through our website at <https://investor.ecolab.com> as soon as reasonably practicable after we file them with, or furnish them to, the SEC.

In addition, the following governance materials are available on our web site at <https://investor.ecolab.com/corporate-governance>: (i) charters of the Audit, Compensation, Finance, Governance and Safety, Health and Environment Committees of our Board of Directors; (ii) our Board's Corporate Governance Principles; and (iii) our Code of Conduct.

We include our website addresses throughout this report for reference only. The information contained on our websites, including the corporate responsibility and climate reports identified in this report, is not incorporated by reference into this report.

Information about our Executive Officers.

The persons listed in the following table are our current executive officers. Officers are elected annually. There is no family relationship among any of the directors or executive officers and no executive officer has been involved during the past ten years in any legal proceedings described in applicable Securities and Exchange Commission regulations.

Name	Age	Office	Positions Held Since Jan. 1, 2016
Douglas M. Baker, Jr.	62	Executive Chairman of the Board Chairman of the Board and Chief Executive Officer	Jan. 2021 – Present Jan. 2016 – Dec. 2020
Christophe Beck	53	President and Chief Executive Officer President and Chief Operating Officer Executive Vice President and President – Industrial Executive Vice President and President – Global Nalco Water Executive Vice President and President – Global Water & Process Services	Jan. 2021 – Present Apr. 2019 – Dec. 2020 May 2018 – Mar. 2019 May 2017 – May 2018 Jan. 2016 – May 2017
Larry L. Berger	60	Executive Vice President and Chief Technical Officer	Jan. 2016 – Present
Darrell R. Brown	57	Executive Vice President and President – Global Industrial Executive Vice President and President – Energy Services Executive Vice President, Global Downstream & WellChem Executive Vice President and President – Europe	Apr. 2019 – Present Jan. 2018 – Mar. 2019 Apr. 2017 – Dec. 2017 Jan. 2016 – Mar. 2017
Angela M. Busch	54	Executive Vice President – Corporate & Business Development Senior Vice President – Corporate Development	Aug. 2018 – Present Jan. 2016 – Aug. 2018

Name	Age	Office	Positions Held Since Jan. 1, 2016
Jérôme Charton	56	Executive Vice President – Special Initiatives Executive Vice President and President – Global Markets Executive Vice President and President – Western Europe Senior Vice President and General Manager – Global Paper Senior Vice President and General Manager – Food & Beverage, Europe	Feb. 2021 – Present Apr. 2020 – Jan 2021 Mar. 2018 – Apr. 2020 June 2017 – Feb. 2018 Jan. 2016 – May 2017
Alexander A. De Boo	53	Executive Vice President and President – Global Markets Executive Vice President and President – Western Europe Senior Vice President and General Manager – Industrial, Europe Senior Vice President and General Manager – Food & Beverage, Europe Vice President and General Manager – Textile Care, Europe	Feb. 2021 - Present Apr. 2020 – Jan. 2021 Oct. 2018 – Apr. 2020 June 2017 – Oct. 2018 Jan. 2016 – June 2017
Machiel Duijser (1)	49	Executive Vice President and Chief Supply Chain Officer	Feb. 2020 – Present
Scott D. Kirkland	47	Senior Vice President and Corporate Controller Senior Vice President – Finance, Global Energy Services Vice President – Finance Global Institutional	June 2019 – Present May 2016 – May 2019 Jan. 2016 – Apr. 2016
Laurie M. Marsh	57	Executive Vice President – Human Resources	Jan. 2016 – Present
Michael C. McCormick	58	Executive Vice President, General Counsel and Secretary Executive Vice President, General Counsel and Assistant Secretary Chief Compliance Officer, Deputy General Counsel and Assistant Secretary Chief Compliance Officer and Assistant Secretary	Oct. 2017 – Present Mar. 2017 – Sep. 2017 June 2016 – Feb. 2017 Jan. 2016 – May 2016
Timothy P. Mulhere	58	Executive Vice President and President – Global Institutional & Specialty Services Executive Vice President and President – Global Institutional Executive Vice President and President – Regions	Jan. 2020 – Present July 2018 – Jan. 2020 Jan. 2016 – June 2018
Gail Peterson (2)	42	Senior Vice President – Global Marketing & Communications Vice President – Marketing Global Healthcare Vice President – Corporate Strategy	Jan. 2021 – Present July 2017 – Dec. 2020 Oct. 2016 – June 2017
Daniel J. Schmechel	61	Chief Financial Officer Chief Financial Officer and Treasurer Chief Financial Officer	Nov. 2019 – Present Jan. 2017 – Nov. 2019 Jan. 2016 – Dec. 2016
Elizabeth A. Simermeyer	56	Executive Vice President and President – Global Healthcare and Life Sciences Executive Vice President – Global Marketing & Communications and Life Sciences	Dec. 2019 – Present Jan. 2016– Dec. 2019
Jill S. Wyant	49	Executive Vice President – Innovation and Transformation Executive Vice President and President – Global Regions Executive Vice President and President – Global Regions and Global Healthcare Executive Vice President and President – Global Food & Beverage, Healthcare and Life Sciences Executive Vice President and President – Global Food & Beverage	Apr. 2020 – Present Dec. 2019 – Apr. 2020 Jan. 2018 – Dec. 2019 May 2016 – Dec. 2017 Jan. 2016 – Apr. 2016

(1) Prior to joining Ecolab in February 2020, Mr. Duijser was employed by Reckitt Benckiser Group plc (RB), a global provider of health, hygiene and home products, as Chief Supply Officer since November 2018. Mr. Duijser joined RB from Amazon.com, Inc., a global service provider for e-commerce, cloud computing, digital streaming, and artificial intelligence, where he served as Vice President Worldwide Engineering from 2016 to 2018.

(2) Prior to joining Ecolab in October 2016, Ms. Peterson was employed by General Mills, a global manufacturer and marketer of branded consumer foods, most recently as Business Unit Director for the Meals Operating Unit.

Forward-Looking Statements

This Form 10-K, including Part I, Item 1, entitled “Business,” and the MD&A within Part II, Item 7, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include expectations concerning items such as:

- amount, funding and timing of cash expenditures relating to our restructuring and other initiatives, as well as savings from such initiatives
- future cash flows, access to capital, targeted credit rating metrics and impact of credit rating downgrade
- adequacy of cash reserves
- uses for cash, including dividends, share repurchases, debt repayments, capital investments and strategic business acquisitions
- global market risk
- long-term potential of our business
- impact of changes in exchange rates and interest rates
- customer retention rate
- bad debt experience, non-performance of counterparties and losses due to concentration of credit risk
- disputes, claims and litigation
- environmental contingencies
- impact and cost of complying with laws and regulations
- sustainability and human capital targets
- returns on pension plan assets
- contributions to pension and postretirement healthcare plans
- amortization expense
- impact of new accounting pronouncements
- income taxes, including tax attributes, valuation allowances, uncertain tax positions and permanent reinvestment assertions
- recognition of share-based compensation expense
- payments under operating leases
- future benefit plan payments
- market position
- the impact of the coronavirus outbreak

Without limiting the foregoing, words or phrases such as “will likely result,” “are expected to,” “will be,” “will continue,” “is anticipated,” “we believe,” “we expect,” “estimate,” “project” (including the negative or variations thereof), “intends,” “could,” or similar terminology, generally identify forward-looking statements. Forward-looking statements may also represent challenging goals for us. These statements, which represent our expectations or beliefs concerning various future events, are based on current expectations that involve a number of risks and uncertainties that could cause actual results to differ materially from those of such forward-looking statements. We caution that undue reliance should not be placed on such forward-looking statements, which speak only as of the date made. For a further discussion of these and other factors which could cause results to differ from those expressed in any forward-looking statement, see Item 1A of this Form 10-K, entitled “Risk Factors.” Except as may be required under applicable law, we undertake no duty to update our forward-looking statements.

Item 1A. Risk Factors.

The following are important factors which could affect our financial performance and could cause our actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Form 10-K. See the section entitled "Forward-Looking Statements" set forth above.

We may also refer to this disclosure to identify factors that may cause results to differ materially from those expressed in other forward-looking statements including those made in oral presentations, including telephone conferences and/or webcasts open to the public.

Economic & Operational Risks

The COVID-19 pandemic has materially and adversely impacted, and we expect will continue to materially and adversely impact, our business.

The COVID-19 pandemic has had a rapid and significant negative impact on the global economy, including a significant downturn in the foodservice, hospitality and travel industries. Measures taken to alleviate the pandemic (such as stay-at-home orders and other responsive measures) have significantly impacted our restaurant and hospitality customers and negatively affected demand for our products and services in these segments, resulting in a material adverse effect on our business and results of operations. Prolonged economic weakness, including an extended period of elevated levels of unemployment in the key countries we serve, could further reduce discretionary consumer spending and consumer confidence, which could have a further adverse effect on our business and results of operations. We expect the full impact of the COVID-19 pandemic, including the extent of its effect on our business, results of operations and financial condition, to be dictated by future developments which remain uncertain and cannot be predicted, such as the severity of the disease, the duration of the outbreak, the distribution and efficacy of vaccines, the likelihood of a resurgence of the outbreak, actions that may be taken by governmental authorities intended to minimize the spread of the pandemic or to stimulate the economy and other unintended consequences. In addition to the reduction in the demand for our products and services, the COVID-19 pandemic has had, and we expect will continue to have, certain negative impacts on our business, including, but not limited to, the following:

- We rely on a global workforce and take measures to protect the health and safety of our employees, customers and others with whom we do business while continuing to effectively manage our employees and maintain business operations. We have taken additional measures and incurred additional expenses to protect the health and safety of our employees to comply with applicable government requirements and safety guidance. Additionally, our business operations may be disrupted if a significant portion of our workforce is unable to work safely and effectively due to illness, quarantines, government actions or other restrictions or measures responsive to the pandemic, or if members of senior management or our Board of Directors are unable to perform their duties for an extended period of time. Measures taken across our business operations to address health and safety may not be sufficient to prevent the spread of COVID-19 among our employee base, customers and others. Therefore, we could face operational disruptions and incur additional expenses, including devoting additional resources to assisting employees diagnosed with COVID-19 and further changing health and safety protocols and processes, that could adversely affect our business and results of operations.
- A significant number of our employees, as well as customers and others with whom we do business, continue to work remotely in response to the COVID-19 pandemic. Our business operations may be disrupted, and we may experience increased risk of adverse effects to our business, if a significant portion of our workforce or certain business operations are negatively impacted as a result of remote work arrangements, including due to cybersecurity risks or other disruption to our technology infrastructure. Further, if our key operating facilities experience closures or worker shortages as a result of COVID-19, whether temporary or sustained, our business operations could be significantly disrupted.
- Cost management and various cost-containment actions implemented across our business in response to the COVID-19 pandemic could hinder execution of our business strategy, including the deferral of planned capital expenditures, and could adversely affect our business and results of operations.
- We take measures to appropriately reserve for expected credit losses, however we cannot be certain that loss or delay in the collection of accounts receivable will not have a material adverse effect on our results of operations and financial condition.

Our results depend upon the continued vitality of the markets we serve.

Economic downturns, and in particular downturns in our larger markets including the foodservice, hospitality, travel, health care, food processing, refining, pulp and paper, mining and steel industries, can adversely impact our end-users. This year we are experiencing the negative impact of the COVID-19 pandemic on the demand for our products and services provided to customers in the full-service restaurant, hospitality, lodging and entertainment industries. In recent years, the weaker global economic environment, particularly in Europe, has also negatively impacted certain of our end-markets. During these periods of weaker economic activity, our customers and potential customers may reduce or discontinue their volume of purchases of cleaning and sanitizing products and water treatment and process chemicals, which has had, and may continue to have, a material adverse effect on our business, financial condition, results of operation or cash flows.

Our results are impacted by general worldwide economic factors.

Economic factors such as the worldwide economy, capital flows, interest rates and currency movements, including, in particular, our exposure to foreign currency risk, have affected our business in the past and may have a material adverse impact on our business in the future. For example, in 2011 and 2012, the European Union's sovereign debt crisis negatively impacted economic activity in that region as well as the strength of the euro versus the U.S. dollar. Additionally, the June 2016 Brexit vote resulted in a sharp decline in the value of the British pound, as compared to the U.S. dollar and other currencies, and has caused increased fluctuations and unpredictability in foreign currency exchange rates. The possibility for referendum by other EU member states may lead to further market volatility. Other regions of the world, including emerging market areas, also expose us to foreign currency risk. As a result of increasing currency controls, importation restrictions, workforce regulations, pricing constraints and local capitalization requirements, we deconsolidated our Venezuelan subsidiaries effective as of the end of the fourth quarter of 2015. Prior to deconsolidation, across the second through fourth quarters of 2015, we devalued our Venezuelan bolivar operations within various of our operating segments, including Water, Paper, Food & Beverage and Institutional. Similar currency devaluations, credit market disruptions or other economic turmoil in other countries could have a material adverse impact on our consolidated results of operations, financial position and cash flows by negatively impacting economic activity, including in our key end-markets, and by further weakening the local currency versus the U.S. dollar, resulting in reduced sales and earnings from our foreign operations, which are generated in the local currency, and then translated to U.S. dollars.

We may be subject to information technology system failures, network disruptions and breaches in data security.

We rely to a large extent upon information technology systems and infrastructure to operate our business. The size and complexity of our information technology systems make them potentially vulnerable to failure, malicious intrusion and random attack. Acquisitions have resulted in further de-centralization of systems and additional complexity in our systems infrastructure. Likewise, data security breaches by employees or others with permitted access to our systems may pose a risk that sensitive data may be exposed to unauthorized persons or to the public. While we have invested in protection of data and information technology, there can be no assurance that our efforts will prevent failures, cybersecurity attacks or breaches in our systems that could cause reputational damage, business disruption or legal and regulatory costs; could result in third-party claims; could result in compromise or misappropriation of our intellectual property, trade secrets or sensitive information; or could otherwise adversely affect our business. Certain of our customer offerings include digital components, such as remote monitoring of certain customer operations. A breach of those remote monitoring systems could expose customer data giving rise to potential third-party claims and reputational damage. There may be other related challenges and risks as we complete implementation of our ERP system upgrade.

We depend on key personnel to lead our business.

Our continued success will largely depend on our ability to attract, retain and develop a high caliber of talent and on the efforts and abilities of our executive officers and certain other key employees, particularly those with sales and sales management responsibilities to drive business growth, development and profitability. As we continue to grow our business, make acquisitions, expand our geographic scope and offer new products and services, we need the organizational talent necessary to ensure effective succession for executive officer and key employee roles in order to meet the growth, development and profitability goals of our business. Our operations could be materially and adversely affected if for any reason we were unable to attract, retain or develop such officers or key employees and successfully execute organizational change and management transitions at leadership levels.

Our results could be materially and adversely affected by difficulties in securing the supply of certain raw materials or by fluctuations in the cost of raw materials.

The prices of raw materials used in our business can fluctuate from time to time, and in recent years we have experienced periods of increased raw material costs. Changes in raw material prices, unavailability of adequate and reasonably priced raw materials or substitutes for those raw materials, or the inability to obtain or renew supply agreements on favorable terms can materially and adversely affect our consolidated results of operations, financial position or cash flows. In addition, volatility and disruption in economic activity and conditions could disrupt or delay the performance of our suppliers and thus impact our ability to obtain raw materials at favorable prices or on favorable terms, which may materially and adversely affect our business.

Severe public health outbreaks may materially and adversely impact our business.

Our business could be adversely affected by the effect of a public health epidemic. Besides the COVID-19 pandemic, the United States and other countries have experienced, and may experience in the future, public health outbreaks such as Zika virus, Avian Flu, SARS and H1N1 influenza. A prolonged occurrence of a contagious disease such as these could result in a significant downturn in the foodservice, hospitality and travel industries and also may result in health or other government authorities imposing restrictions on travel further impacting our end markets. Any of these events could result in a significant drop in demand for some of our products and services and materially and adversely affect our business. Uncertainty with respect to the impact on our financial results of the COVID-19 pandemic is discussed further in Management Discussion & Analysis located at Part II, Item 7, of this form 10-K under the heading "Global Economic and Political Environment."

Strategic Risks

If we are unsuccessful in executing on key business initiatives, including restructurings and our Enterprise Resource Planning (“ERP”) system upgrades, our business could be materially and adversely affected.

We continue to execute key business initiatives, including restructurings and investments to develop business systems, as part of our ongoing efforts to improve our efficiency and returns. In particular, we are undertaking the Accelerate 2020 plan to simplify and automate processes and tasks, reduce complexity and management layers, consolidate facilities and focus on key long term growth areas by leveraging technology and structural improvements as discussed under Note 3 entitled “Special (Gains) and Charges” of this Form 10-K. Additionally, we are continuing implementation of our ERP system upgrades, which are expected to continue in phases over the next several years. These upgrades, which include sales, supply chain and certain finance functions, are expected to improve the efficiency of certain financial and related transactional processes. These upgrades involve complex business process design and a failure of certain of these processes could result in business disruption. If the projects in which we are investing or the initiatives which we are pursuing are not successfully executed, our consolidated results of operations, financial position or cash flows could materially and adversely be affected.

Our growth depends upon our ability to compete successfully with respect to value, innovation and customer support.

We have numerous global, national, regional and local competitors. Our ability to compete depends in part on providing high quality and high value-added products, technology and service. We must also continue to identify, develop and commercialize innovative, profitable and high value-added products for niche applications and commercial digital applications. We have made significant investments in commercial digital product offerings, and our culture and expertise must continue to evolve to develop, support and profitably deploy commercial digital offerings, which are becoming an increasingly important part of our business. There can be no assurance that we will be able to accomplish our technology development goals or that technological developments by our competitors will not place certain of our products, technology or services at a competitive disadvantage in the future. In addition, certain of the new products that we have under development will be offered in markets in which we do not currently compete, and there can be no assurance that we will be able to compete successfully in those new markets. If we fail to introduce new technologies or commercialize our digital offerings on a timely and profitable basis, we may lose market share and our consolidated results of operations, financial position or cash flows could be materially and adversely affected.

Our significant non-U.S. operations expose us to global economic, political and legal risks that could impact our profitability.

We have significant operations outside the United States, including joint ventures and other alliances. We conduct business in approximately 170 countries and, in 2020, approximately 48% of our net sales originated outside the United States. There are inherent risks in our international operations, including:

- exchange controls and currency restrictions;
- currency fluctuations and devaluations;
- tariffs and trade barriers;
- export duties and quotas;
- changes in the availability and pricing of raw materials, energy and utilities;
- changes in local economic conditions;
- changes in laws and regulations, including the imposition of economic or trade sanctions affecting international commercial transactions;
- impact from Brexit and the possibility of similar events in other EU member states;
- difficulties in managing international operations and the burden of complying with international and foreign laws;
- requirements to include local ownership or management in our business;
- economic and business objectives that differ from those of our joint venture partners;
- exposure to possible expropriation, nationalization or other government actions;
- restrictions on our ability to repatriate dividends from our subsidiaries;
- unsettled political conditions, military action, civil unrest, acts of terrorism, force majeure, war or other armed conflict; and
- countries whose governments have been hostile to U.S.-based businesses.

As a result of a referendum in June 2016, the UK withdrew from the European Union on January 31, 2020. It began a transition period in which to negotiate a new trading relationship for goods and services that ended on December 31, 2020. On December 24, 2020, the EU and UK agreed to a trade deal with no tariffs nor quotas on products, regulatory and customs cooperation mechanisms as well as provisions ensuring a level playing field for open and fair competition. Since the referendum, there have been periods of significant volatility in the global stock markets and currency exchange rates, as well as challenging market conditions in the UK. Given the lack of comparable precedent, it is unclear what financial, trade, regulatory and legal implications the agreed Brexit trade deal will have on our business, particularly our UK and other European operations, however, Brexit and its related effects could adversely affect our relationships with customers, suppliers and employees and could have a material adverse effect on our business.

In addition, changes in U.S. or foreign government policy on international trade, including the imposition or continuation of tariffs, could materially and adversely affect our business. In 2018, the U.S. imposed tariffs on certain imports from China and other countries, resulting in retaliatory tariffs by China and other countries. While the U.S. and China signed what is being known as the Phase One Deal in January 2020, which included the suspension and rollback of tariffs, any new tariffs imposed by the U.S., China or other countries or any additional retaliatory measures by any of these countries, could increase our costs, reduce our sales and earnings or otherwise have an adverse effect on our operations.

Also, because of uncertainties regarding the interpretation and application of laws and regulations and the enforceability of intellectual property and contract rights, we face risks in some countries that our intellectual property rights and contract rights would not be enforced by local governments. We are also periodically faced with the risk of economic uncertainty, which has impacted our business in some countries. Other risks in international business also include difficulties in staffing and managing local operations, including managing credit risk to local customers and distributors.

Further, our operations outside the United States require us to comply with a number of United States and international regulations, including anti-corruption laws such as the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act, as well as U.S. and international economic sanctions regulations. We have internal policies and procedures relating to such regulations; however, there is risk that such policies and procedures will not always protect us from the misconduct or reckless acts of employees or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of such laws and regulations could result in disruptive investigations of us, significant fines and sanctions, which could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Our overall success as a global business depends, in part, upon our ability to succeed in differing economic, social, legal and political conditions. We may not continue to succeed in developing and implementing policies and strategies that are effective in each location where we do business, which could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Consolidation of our customers and vendors could materially and adversely affect our results.

Customers and vendors in the foodservice, hospitality, travel, healthcare, energy, food processing and pulp and paper industries, as well as other industries we serve, have consolidated in recent years and that trend may continue. This consolidation could have a material adverse impact on our ability to retain customers and on our pricing, margins and consolidated results of operations.

We enter into multi-year contracts with customers that could impact our results.

Our multi-year contracts with some of our customers include terms affecting our pricing flexibility. There can be no assurance that these restraints will not have a material adverse impact on our margins and consolidated results of operations.

If we are unsuccessful in integrating acquisitions, our business could be materially and adversely affected.

As part of our long-term strategy, we seek to acquire complementary businesses. There can be no assurance that we will find attractive acquisition candidates or succeed at effectively managing the integration of acquired businesses into existing businesses. If the underlying business performance of such acquired businesses deteriorates, the expected synergies from such transactions do not materialize or we fail to successfully integrate new businesses into our existing businesses, our consolidated results of operations, financial position or cash flows could be materially and adversely affected.

Legal, Regulatory & Compliance Risks

Our business depends on our ability to comply with laws and governmental regulations, and we may be materially and adversely affected by changes in laws and regulations.

Our business is subject to numerous laws and regulations relating to the environment, including evolving climate change standards, and to the manufacture, storage, distribution, sale and use of our products as well as to the conduct of our business generally, including employment and labor laws and anti-corruption laws. Compliance with these laws and regulations exposes us to potential financial liability and increases our operating costs. A violation of these laws and regulations could expose us to financial liability that may have a material adverse effect on our results of operations and cash flows. Regulation of our products and operations continues to increase with more stringent standards, causing increased costs of operations and potential for liability if a violation occurs. The potential cost to us relating to environmental and product registration laws and regulations is uncertain due to factors such as the unknown magnitude and type of possible contamination and clean-up costs, the complexity and evolving nature of laws and regulations, and the timing and expense of compliance. Changes to current laws (including tax laws), regulations and policies could impose new restrictions, costs or prohibitions on our current practices which would have a material adverse effect on our consolidated results of operations, financial position or cash flows. Changes to labor and employment laws and regulations, as well as related rulings by courts and administrative bodies, could materially and adversely affect our operations and expose us to potential financial liability.

Potential indemnification liabilities pursuant to the separation and split-off of our Upstream Energy business could materially and adversely affect our business and financial statements.

With respect to the separation and subsequent split-off of our Upstream Energy business, we entered into a separation and distribution agreement with ChampionX Holding Inc. and ChampionX Corporation (f/k/a Apergy Corporation and taken together with ChampionX Holding Inc., "ChampionX") as well as certain other agreements to govern the separation and related transactions and our relationship with ChampionX going forward. These agreements provide for specific indemnity and certain other obligations of each party and could lead to disputes between ChampionX and us. If we are required to indemnify ChampionX under the circumstances set forth in these agreements, we may be subject to substantial related liabilities. In addition, with respect to the liabilities for which ChampionX has agreed to indemnify us under these agreements, there can be no assurance that the indemnity rights we have against ChampionX will be sufficient to protect us against the full amount of such liabilities, or that ChampionX will be able to fully satisfy its indemnification obligations. Each of these risks could negatively affect our business and our consolidated results of operations, financial position or cash flows could be materially and adversely affected.

A chemical spill or release could materially and adversely impact our business.

As a manufacturer and supplier of chemical products, there is a potential for chemicals to be accidentally spilled, released or discharged, either in liquid or gaseous form, during production, transportation, storage or use. Such a release could result in environmental contamination as well as a human or animal health hazard. Accordingly, such a release could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

Extraordinary events may significantly impact our business.

The occurrence of (a) litigation or claims, (b) the loss or insolvency of a major customer or distributor, (c) repeated or prolonged federal government shutdowns or similar events, (d) war (including acts of terrorism or hostilities which impact our markets), (e) natural or manmade disasters, (f) water shortages or (g) severe weather conditions affecting our operations or the energy, foodservice, hospitality and travel industries may have a material adverse effect on our business.

Defense of litigation, particularly certain types of actions such as antitrust, patent infringement, personal injury, product liability, wage hour and class action lawsuits, can be costly and time consuming even if ultimately successful, and if not successful could have a material adverse effect on our consolidated results of operations, financial position or cash flows.

While we have a diverse customer base and no customer or distributor constitutes 10 percent or more of our consolidated revenues, we do have customers and independent, third-party distributors, the loss of which could have a material adverse effect on our consolidated results of operations or cash flows for the affected earnings periods.

Federal government shutdowns can have a material adverse effect on our consolidated results of operations or cash flows by disrupting or delaying new product launches, renewals of registrations for existing products and receipt of import or export licenses for raw materials or products.

War (including acts of terrorism or hostilities), natural or manmade disasters, water shortages or severe weather conditions affecting the energy, foodservice, hospitality, travel, health care, food processing, pulp and paper, mining, steel and other industries can cause a downturn in the business of our customers, which in turn can have a material adverse effect on our consolidated results of operations, financial position or cash flows. In particular, the U.S. Gulf Coast is a region with significant refining, petrochemicals and chemicals operations which provide us raw materials, as well as being an important customer base for our Downstream and Water operating segments. Hurricanes or other severe weather events impacting the Gulf Coast could materially and adversely affect our ability to obtain raw materials at reasonable cost, or at all, and could adversely affect our business with our customers in the region.

Financial Risks

If the separation and split-off of our Upstream Energy business or certain internal transactions undertaken in anticipation of the divestiture are determined to be taxable in whole or in part, we and our stockholders may incur significant tax liabilities.

In connection with the separation and split-off of our Upstream Energy business that was consummated on June 3, 2020, we obtained opinions of outside tax counsel that the related merger and exchange offer will qualify as tax-free transactions to us and our stockholders, except to the extent that cash was paid to Ecolab stockholders in lieu of fractional shares. We have not sought or obtained a ruling from the Internal Revenue Service (IRS) on the tax consequences of these transactions. An opinion of counsel is not binding on the IRS or the courts, which may disagree with the opinion. Even if the merger and exchange offer otherwise qualified as tax-free transactions, they may become taxable to us if certain events occur that affect either Ecolab or ChampionX Corporation. While ChampionX Corporation has agreed not to take certain actions that could cause the transactions not to qualify as tax-free transactions and is generally obligated to indemnify us against any tax consequences if it breaches this agreement, the potential tax liabilities could have a material adverse effect on us if we were not entitled to indemnification or if the indemnification obligations were not fulfilled. If the merger or exchange offer were determined to be taxable, we could be subject to a substantial tax liability, and each U.S. holder of our common stock who participated in the exchange offer could be treated as exchanging the Ecolab shares surrendered for ChampionX Corporation shares in a taxable transaction.

Changes in tax laws and unanticipated tax liabilities could materially and adversely affect the taxes we pay and our profitability.

We are subject to income and other taxes in the United States and foreign jurisdictions, and our operations, plans and results are affected by tax and other initiatives around the world. In particular, we are affected by the impact of changes to tax laws or related authoritative interpretations in the United States, including tax reform under the 2017 Tax Cuts and Jobs Act (the "Tax Act"), which includes broad and complex changes to the United States tax code, and the state tax response to the Tax Act, including, but not limited to variability in our future tax rate. We are also subject to changes in tax law outside the United States. For example, the Organization for Economic Co-operation and Development ("OECD"), which represents a coalition of member countries, is supporting changes to numerous long-standing tax principles through its base erosion and profit shifting project ("BEPS"), which is focused on a number of issues, including improving tax disclosure and transparency and eliminating structures and activities that could be perceived by a particular country as resulting in tax avoidance. The changes recommended by the OECD have been or are being adopted by many of the countries in which we do business. Some of the BEPS and related proposals, if enacted into law in the United States and in the foreign countries where we do business, could increase the burden and costs of our tax compliance, the amount of taxes we incur in those jurisdictions and our global effective tax rate. In addition, we are impacted by settlements of pending or any future adjustments proposed by the IRS or other taxing authorities in connection with our tax audits, all of which will depend on their timing, nature and scope. Increases in income tax rates, changes in income tax laws (including regulations which interpret the Tax Act) or unfavorable resolution of tax matters could have a material adverse impact on our financial results.

Future events may impact our deferred tax position, including the utilization of foreign tax credits and undistributed earnings of international affiliates that are considered to be reinvested indefinitely.

We evaluate the recoverability of deferred tax assets and the need for deferred tax liabilities based on available evidence. This process involves significant management judgment about assumptions that are subject to change from period to period based on changes in tax laws or variances between future projected operating performance and actual results. We are required to establish a valuation allowance for deferred tax assets if we determine, based on available evidence at the time the determination is made, that it is more likely than not that some portion or all of the deferred tax assets will not be realized. In making this determination, we evaluate all positive and negative evidence as of the end of each reporting period. Future adjustments (either increases or decreases), to the deferred tax asset valuation allowance are determined based upon changes in the expected realization of the net deferred tax assets. The realization of the deferred tax assets ultimately depends on the existence of sufficient taxable income in either the carry-back or carry-forward periods under the tax law. Due to significant estimates used to establish the valuation allowance and the potential for changes in facts and circumstances, it is reasonably possible that we will be required to record adjustments to the valuation allowance in future reporting periods. Changes to the valuation allowance or the amount of deferred tax liabilities could have a material adverse effect on our consolidated results of operations or financial position. Further, should we change our assertion regarding the permanent reinvestment of the undistributed earnings of international affiliates, a deferred tax liability may need to be established.

Our indebtedness may limit our operations and our use of our cash flow, and any failure to comply with the covenants that apply to our indebtedness could materially and adversely affect our liquidity and financial statements.

As of December 31, 2020, we had approximately \$6.7 billion in outstanding indebtedness, which was comprised almost entirely of fixed rate debt. Our debt level and related debt service obligations may have negative consequences, including:

- requiring us to dedicate significant cash flow from operations to the payment of principal and interest on our debt, which reduces the funds we have available for other purposes such as acquisitions and capital investment;
- reducing our flexibility in planning for or reacting to changes in our business and market conditions; and
- increasing our cost of funds and materially and adversely affecting our liquidity and access to the capital markets should we fail to maintain the credit ratings assigned to us by independent rating agencies.

If we add new debt, the risks described above could increase.

We incur significant expenses related to the amortization of intangible assets and may be required to report losses resulting from the impairment of goodwill or other assets recorded in connection with the Nalco transaction and other acquisitions.

We expect to continue to complete selected acquisitions and joint venture transactions in the future. In connection with acquisition and joint venture transactions, applicable accounting rules generally require the tangible and intangible assets of the acquired business to be recorded on the balance sheet of the acquiring company at their fair values. Intangible assets other than goodwill are required to be amortized over their estimated useful lives and this expense may be significant. Any excess in the purchase price paid by the acquiring company over the fair value of tangible and intangible assets of the acquired business is recorded as goodwill. If it is later determined that the anticipated future cash flows from the acquired business may be less than the carrying values of the assets and goodwill of the acquired business, the assets or goodwill may be deemed to be impaired. In this case, the acquiring company may be required under applicable accounting rules to write down the value of the assets or goodwill on its balance sheet to reflect the extent of the impairment. This write-down of assets or goodwill is generally recognized as a non-cash expense in the statement of operations of the acquiring company for the accounting period during which the write down occurs. As of December 31, 2020, we had goodwill of \$6.0 billion which is maintained in various reporting units, including goodwill from the Nalco transaction. If we determine that any of the assets or goodwill recorded in connection with the Nalco transaction or any other prior or future acquisitions or joint venture transactions have become impaired, we will be required to record a loss resulting from the impairment. Impairment losses could be significant and could have a material adverse effect on our consolidated results of operations and financial position.

Item 1B. Unresolved Staff Comments.

We have no unresolved comments from the staff of the Securities and Exchange Commission.

Item 2. Properties.

Our manufacturing philosophy is to manufacture products wherever an economic, process or quality assurance advantage exists or where proprietary manufacturing techniques dictate in-house production. Currently, most products that we sell are manufactured at our facilities. We position our manufacturing locations and warehouses in a manner to permit ready access to our customers.

Our manufacturing facilities produce chemical products as well as medical devices and equipment for all of our operating segments, although Pest Elimination purchases the majority of their products and equipment from outside suppliers. Our chemical production process consists of blending purchased raw materials into finished products in powder, liquid, and solid form. Additionally, intermediates from reaction chemistries are used in some of the blends and are also packaged directly into finished goods. Our devices and equipment manufacturing operations consist of producing chemical product dispensers and injectors and other mechanical equipment, medical devices, dishwasher racks, related sundries, dish machine refurbishment and water monitoring and maintenance equipment system from purchased components and subassemblies.

The following table profiles our more significant physical properties with approximately 70,000 square feet or more with ongoing production activities, as well as certain other facilities important in terms of specialization and sources of supply. In general, manufacturing facilities located in the United States serve our U.S. markets and facilities located outside of the United States serve our international markets. However, most of the United States facilities do manufacture products for export.

PLANT PROFILES

Location	Approximate Size (Sq. Ft.)	Segment	Majority Owned or Leased
Joliet, IL USA	610,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Tai Cang, CHINA	468,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Sainghin, FRANCE	360,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
South Beloit, IL USA	313,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences, Other	Owned
Jianghai, CHINA	296,000	Global Industrial	Owned
Chalons, FRANCE	280,000	Global Institutional & Specialty, Global Industrial	Owned
Clearing, IL USA	270,000	Global Industrial, Global Healthcare & Life Sciences, Other (Colloidal)	Owned
Nanjing, CHINA	240,000	Global Industrial	Owned
Garland, TX USA	239,000	Global Institutional & Specialty, Global Industrial	Owned
Martinsburg, WV USA	228,000	Global Institutional & Specialty, Global Industrial	Owned
Elwood City, PA USA	222,000	Global Industrial	Owned
Weavergate, UNITED KINGDOM	222,000	Global Institutional & Specialty, Global Industrial	Owned
Celra, SPAIN	218,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Greensboro, NC USA	193,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Owned
Fresno, TX USA	192,000	Global Industrial	Owned
Santiago, CHILE	188,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Las Americas, DOMINICAN REPUBLIC	182,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Owned
Jacksonville, FL USA	181,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Leased
Garyville, LA USA	178,000	Global Industrial	Owned
Gul Lane, SINGAPORE	169,000	Global Industrial	Owned
Nieuwegein, NETHERLANDS	168,000	Global Institutional & Specialty, Global Industrial	Owned

Location	Approximate Size (Sq. Ft.)	Segment	Majority Owned or Leased
La Romana, DOMINICAN REPUBLIC	160,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Leased
Tessenderlo, BELGIUM	153,000	Global Institutional & Specialty, Global Industrial	Owned
Cheltenham, AUSTRALIA	145,000	Global Institutional & Specialty, Global Industrial	Owned
Suzano, BRAZIL	142,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
McDonough, GA USA	141,000	Global Institutional & Specialty, Global Industrial	Owned
Darra, AUSTRALIA	138,000	Global Institutional & Specialty, Global Industrial	Owned
Burlington, ON CANADA	136,000	Global Industrial	Owned
Eagan, MN USA	133,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences, Other	Owned
Huntington, IN USA	127,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Rozzano, ITALY	126,000	Global Institutional & Specialty, Global Industrial	Owned
City of Industry, CA USA	125,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Mississauga, ON CANADA	120,000	Global Institutional & Specialty, Global Industrial	Leased
Elk Grove Village, IL USA	115,000	Global Institutional & Specialty	Leased
Biebesheim, GERMANY	109,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Fort Worth, TX USA	101,000	Global Institutional & Specialty	Leased
Johannesburg, SOUTH AFRICA	100,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Pilar, ARGENTINA	96,000	Global Institutional & Specialty, Global Industrial	Owned
Hamilton, NEW ZEALAND	96,000	Global Institutional & Specialty, Global Industrial	Owned
Konnagar, India	88,000	Global Industrial	Owned
Kwinana, AUSTRALIA	87,000	Global Institutional & Specialty, Global Industrial	Owned
Yangsan, KOREA	85,000	Global Industrial	Owned
Cisterna, ITALY	80,000	Global Industrial	Owned
Cuautitlan, MEXICO	76,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Barueri, BRAZIL	75,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Leased
Citereup, Indonesia	74,000	Global Industrial	Owned
Mullingar, IRELAND	74,000	Global Institutional & Specialty, Global Industrial	Leased
Mosta, MALTA	73,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Leased
Aubagne, FRANCE	65,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Leased
Siegsdorf, GERMANY	56,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned
Verona, ITALY	55,000	Global Institutional & Specialty, Global Healthcare & Life Sciences	Owned
Guangzhou, CHINA	55,000	Global Institutional & Specialty, Global Industrial	Owned
Navanakorn, THAILAND	53,000	Global Institutional & Specialty, Global Industrial	Leased
Lerma, MEXICO	49,000	Global Industrial	Owned
Maribor, SLOVENIA	46,400	Global Institutional & Specialty, Global Industrial	Owned
Leeds, UNITED KINGDOM	25,000	Global Institutional & Specialty	Owned
Baglan, UNITED KINGDOM	24,400	Global Institutional & Specialty, Global Healthcare & Life Sciences	Leased
Noda, JAPAN	22,000	Global Institutional & Specialty, Global Industrial, Global Healthcare & Life Sciences	Owned

Generally, our manufacturing facilities are adequate to meet our existing in-house production needs. We continue to invest in our plant sites to maintain viable operations and to add capacity as necessary to meet business imperatives.

Most of our manufacturing plants also serve as distribution centers. In addition, we operate distribution centers around the world, most of which are leased, and utilize third party logistics service providers to facilitate the distribution of our products and services.

Our corporate headquarters is comprised of a 17-story building that we own in St. Paul, Minnesota. We also own a 90-acre campus in Eagan, Minnesota that houses a significant research and development center, a data center and training facilities as well as several of our administrative functions. We also have a significant business presence in Naperville, Illinois, where our Water and Paper operating segments maintain their principal administrative offices and research center, as well as in Greensboro, North Carolina, where our Specialty operating segment maintains its principal administrative offices and a research center. Our Downstream operating segment leases administrative and research facilities in Sugar Land, Texas and maintains additional Company-owned research facilities in Fresno, Texas.

Significant regional administrative and/or research facilities are located in Campinas, Brazil; Leiden, Netherlands; and Pune, India, which we own, and in Dubai, UAE; Monheim, Germany; Singapore; Shanghai, China; and Zurich, Switzerland, which we lease. We also have a network of small leased sales offices in the United States and, to a lesser extent, in other parts of the world.

Item 3. Legal Proceedings.

Discussion of legal proceedings is incorporated by reference from Part II, Item 8, Note 16, "Commitments and Contingencies," of this Form 10-K and should be considered an integral part of Part I, Item 3, "Legal Proceedings."

Discussion of other environmental-related legal proceedings is incorporated by reference from Part I, Item 1 above, under the heading "Environmental and Regulatory Considerations."

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Market Information

Our common stock is listed on the New York Stock Exchange under the symbol "ECL." Our common stock is also traded on an unlisted basis on certain other United States exchanges.

Holder

On January 29, 2021, we had 5,383 holders of record of our Common Stock.

Issuer Purchases of Equity Securities

Period	Total number of shares purchased (1)	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs (3)	Maximum number of shares that may yet be purchased under the plans or programs (3)
October 1-31, 2020	21,418	\$188.8075	21,180	6,321,388
November 1-30, 2020	82,925	188.9141	81,442	6,239,946
December 1-31, 2020	8,680	223.0651	-	6,239,946
Total	113,023	\$191.5166	102,622	6,239,946

- (1) Includes 10,401 shares reacquired from employees and/or directors to satisfy the exercise price of stock options or shares surrendered to satisfy statutory tax obligations under our stock incentive plans.
- (2) The average price paid per share includes brokerage commissions associated with publicly announced plan purchases plus the value of such other reacquired shares.
- (3) As announced on February 24, 2015, our Board of Directors authorized the repurchase of up to 20,000,000 shares. Subject to market conditions, we expect to repurchase all shares under these authorizations, for which no expiration date has been established, in open market or privately negotiated transactions, including pursuant to Rule 10b5-1 and accelerated share repurchase program.

Item 6. Selected Financial Data.

The following selected consolidated financial information for 2020, 2019 and 2018 has been obtained from our Consolidated Financial Statements. The selected historical statement of income data for the fiscal year ended December 31, 2017 has been derived from our audited consolidated financial statements included in Form 8-K filed September 25, 2020. The selected historical statement of income data for the fiscal year ended December 31, 2016 and balance sheet data as of December 31, 2017 and 2016, have not been recast for discontinued operations, are unaudited and have been derived from our accounting records. The information below is not necessarily indicative of the results of future operations and should be read in conjunction with the consolidated financial statements, related notes, and other financial information included therein.

(millions, except per share amounts)	2020 ⁽¹⁾	2019 ⁽²⁾	2018 ⁽³⁾	2017 ⁽⁴⁾	2016 ⁽⁵⁾
Year ended December 31:					
Net sales	\$11,790.2	\$12,562.0	\$12,222.1	\$11,531.1	\$13,151.8
Operating income	1,395.7	1,845.2	1,728.3	1,747.3	1,870.2
Net income from continuing operations attributable to Ecolab	967.4	1,425.6	1,250.3	1,352.3	
Net (loss) income from discontinued operations, net of tax	(2,172.5)	133.3	178.8	152.3	
Net (loss) income attributable to Ecolab	(1,205.1)	1,558.9	1,429.1	1,504.6	1,229.0
Basic earnings (loss) per share:					
Continuing operations	3.37	4.95	4.33	4.67	
Discontinued operations	(7.57)	0.46	0.62	0.53	
Earnings (loss) attributable to Ecolab	(4.20)	5.41	4.95	5.20	4.20
Diluted earnings (loss) per share, as reported (U.S. GAAP):					
Continuing operations	3.33	4.87	4.27	4.60	
Discontinued operations	(7.48)	0.46	0.61	0.52	
Earnings (loss) attributable to Ecolab	(4.15)	5.33	4.88	5.12	4.14
Cash dividends declared per common share	1.89	1.85	1.69	1.52	1.42
Diluted earnings per share from continuing operations, as reported (U.S. GAAP)					
Adjustments:	\$3.33	\$4.87	\$4.27	\$4.60	\$4.14
Special (gains) and charges	0.88	0.45	0.30	0.14	0.21
Discrete tax expense (benefits)	(0.19)	(0.20)	0.01	(0.64)	0.01
Adjusted diluted earnings per share from continuing operations (Non-GAAP)	\$4.02	\$5.12	\$4.58	\$4.10	\$4.37
At December 31:					
Total assets	\$18,126.0	\$20,869.1	\$20,074.5	\$19,963.5	\$18,331.1
Current assets of discontinued operations	-	950.8	990.2		
Long-term assets of discontinued operations	-	3,332.8	3,341.1		
Long-term debt (excluding portions due within one year)	6,669.3	5,973.1	6,301.5	6,758.3	6,145.7

Selected financial data for 2016 is not presented on a comparable basis as it has not been recast for discontinued. Per share amounts do not necessarily sum due to rounding.

(1) Special (gains) and charges for 2020 include the following charges net of tax, debt refinancing charges of \$64.0, restructuring charges of \$60.6, disposal and impairment charges of \$41.5, charges for pay protection for certain employees impacted by COVID-19 net of government subsidies of \$27.4, acquisition and integration charges of \$10.6 and litigation and other charges of \$50.0.

Discrete tax expense (benefits) for 2020 primarily include benefits associated with share-based compensation excess tax benefits of \$(57.3), favorable adjustments due to the reduction of income tax reserves for uncertain tax positions of \$(9.8) and expense related to the filing of prior year tax returns and other adjustments of \$11.3.

(2) Special (gains) and charges for 2019 include the following charges net of tax, net restructuring charges of \$88.7, pension settlement and curtailment charges associated with ChampionX separation of \$6.4, acquisition and integration charges of \$9.9 and litigation and other charges of \$23.3.

Discrete tax expense (benefits) for 2019 include benefits associated with share-based compensation excess tax benefits of \$(43.1), favorable adjustments to the estimate for U.S. tax reform one-time repatriation tax benefit of \$(3.1) and other tax net benefits of \$(11.5).

(3) Special (gains) and charges for 2018 include the following charges net of tax, a commitment to the Ecolab Foundation of \$18.9, net restructuring charges of \$61.9, acquisition and integration charges of \$5.7 and litigation and other charges of \$2.3.

Discrete tax expense (benefits) for 2018 include adjustments to the estimate for U.S. tax reform one-time repatriation tax expense of \$66.0, benefits associated with share-based compensation excess tax benefits of \$(27.7), a favorable adjustment related to changes in estimates and an IRS approved method change in our filed U.S. federal tax returns of \$(39.9) and other tax expense of \$3.7.

(4) Special (gains) and charges for 2017 include the following charges net of tax, acquisition and integration charges of \$18.5, net restructuring charges of \$32.3, and charges on extinguished debt of \$13.6. Gains, net of tax, include gain on sale of Equipment Care of \$(12.4), tax benefits on the repatriation of cash to the U.S. of \$(7.8) and a net gain of \$(2.5) from other activity.

Discrete tax expense (benefits) for 2017 include a net benefit of \$(158.9) for repricing of U.S. deferred tax positions to the U.S. tax reform rate and share-based compensation excess tax benefits of \$(39.5). Expenses include recognizing adjustments from filing our 2016 U.S. federal income tax return and release of uncertain tax positions totaling \$9.8 and other charges of \$0.2.

(5) Special (gains) and charges for 2016 include net of tax, charges of \$50.0 associated with the downturn in the global energy market and litigation related charges of \$26.4. Gains, net of tax, include a net gain for restructuring and a net gain for other activity of \$(3.2).

Discrete tax expense (benefits) for 2016 include net expense of \$3.9 driven primarily from adjustments to deferred tax asset and liability positions, recognizing adjustments from filing our 2015 U.S. federal income tax return, tax charges related to optimizing our business structure and settlement of international tax matters offset by benefits driven primarily by the release of reserves for uncertain tax positions due to expiration of statute of limitations in non-U.S. jurisdictions, settlement of international tax matters, remeasurements of certain deferred tax assets and liabilities resulting from the application of an updated tax rate in an international jurisdiction and valuation allowance releases.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

The following management discussion and analysis (“MD&A”) provides information that we believe is useful in understanding our operating results, cash flows and financial condition. We provide quantitative information about the material sales drivers including the impact of changes in volume and pricing and the effect of acquisitions and changes in foreign currency at the corporate and reportable segment level. We also provide quantitative information regarding special (gains) and charges, discrete tax items and other significant factors we believe are useful for understanding our results. Such quantitative drivers are supported by comments meant to be qualitative in nature. Qualitative factors are generally ordered based on estimated significance.

The discussion should be read in conjunction with the consolidated financial statements and related notes included in this Form 10-K. Our consolidated financial statements are prepared in accordance with U.S. GAAP. This discussion contains various Non-GAAP Financial Measures and also contains various forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We refer readers to the statements and information set forth in the sections entitled “Non-GAAP Financial Measures” at the end of this MD&A, and “Forward-Looking Statements” and “Risk Factors” within Items 1 and 1A of this Form 10-K. We also refer readers to the tables within the section entitled “Results of Operations” of this MD&A for reconciliation information of Non-GAAP measures to U.S. GAAP.

Comparability of Results

ChampionX Transaction

On June 3, 2020, we completed the previously announced separation of our Upstream Energy business (the “ChampionX business”) in a Reverse Morris Trust transaction (the “Transaction”) through the split-off of ChampionX Holding Inc. (“ChampionX”), formed by Ecolab as a wholly owned subsidiary to hold the ChampionX Business, followed immediately by the merger of ChampionX (the “Merger”) with a wholly owned subsidiary of ChampionX Corporation (f/k/a Apergy Corporation, “Apergy”).

The ChampionX business met the criteria to be reported as discontinued operations because the separation of ChampionX is a strategic shift in business that has a major effect on our operations and financial results. Therefore, we report the historical results of ChampionX, including the results of operations, cash flows, and related assets and liabilities, as discontinued operations for all periods presented herein. Unless otherwise noted, the accompanying MD&A has been revised to reflect the ChampionX business as discontinued operations and prior year balances have been revised accordingly to reflect continuing operations only.

Fixed Currency Foreign Exchange Rates

Management evaluates the sales and operating income performance of our non-U.S. dollar functional currency international operations based on fixed currency exchange rates, which eliminate the impact of exchange rate fluctuations on our international operations. Fixed currency amounts are updated annually at the beginning of each year based on translation into U.S. dollars at foreign currency exchange rates established by management, with all periods presented using such rates. Public currency rate data provided within the “Segment Performance” section of this MD&A reflect amounts translated at actual public average rates of exchange prevailing during the corresponding period and is provided for informational purposes only.

Comparability of Reportable Segments

Effective in the first quarter of 2020, and in anticipation of the separation of the Upstream Energy business, we created the Upstream and Downstream operating segments from the Global Energy operating segment, which was also a reportable segment. Subsequent to the separation of ChampionX, we will no longer report the Upstream Energy segment, which previously held the ChampionX business.

The Downstream operating segment has been aggregated into the Global Industrial reportable segment. Also, in the first quarter of 2020, we announced leadership changes which allow for shared oversight and focus on the Healthcare and Life Sciences operating segments and established the Global Healthcare & Life Sciences reportable segment. This segment is comprised of the Healthcare operating segment which was previously aggregated in the Global Institutional reportable segment and the Life Sciences operating segment which was previously aggregated in the Global Industrial reportable segment. Additionally, the Textile Care operating segment, which is now being reported in Other, had previously been aggregated in the Global Industrial reportable segment. We also renamed the Global Institutional reportable segment to the Global Institutional & Specialty reportable segment. We made other immaterial changes, including the movement of certain customers and cost allocations between reportable segments.

Impact of Acquisitions and Divestitures

Acquisition adjusted growth rates exclude the results of our acquired businesses from the first twelve months post acquisition, the results of our divested businesses from the twelve months prior to divestiture and the Venezuelan results of operations from all comparable periods.

EXECUTIVE SUMMARY

In 2020, we faced significant effects from the COVID-19 pandemic. While the greater use of cleaning and sanitizing products benefited consolidated results and led to strong growth in the Healthcare & Life Sciences segment, this was more than offset by reduced overall volumes in the Institutional & Specialty, Industrial and Other segments primarily due to lower levels of global economic activity resulting from mandated government restrictions implemented to control the pandemic spread. Despite the range of actions we took to expand our sales and benefit our earnings through new products, programs, investments in the business and cost efficiency programs, as well as to position us for long term growth, the more substantial impact from the pandemic resulted in lower sales and a significant earnings decline for the full year.

Sales

Reported sales decreased 6% to \$11.8 billion in 2020 from \$12.6 billion in 2019. When measured in fixed rates of foreign currency exchange, fixed currency sales decreased 5% compared to the prior year. Acquisition adjusted fixed currency sales decreased 7% compared to the prior year.

Gross Margin

Our reported gross margin was 41.4% of sales for 2020, compared to our 2019 reported gross margin of 43.9%. Excluding the impact of special (gains) and charges included in cost of sales from both 2020 and 2019, our adjusted gross margin was 41.8% in 2020 and 44.2% in 2019.

Operating Income

Reported operating income decreased 24% to \$1.4 billion in 2020, compared to \$1.8 billion in 2019. Adjusted operating income, excluding the impact of special (gains) and charges, decreased 19% in 2020. When measured in fixed rates of foreign currency exchange, adjusted fixed currency operating income decreased 18% in 2020.

Earnings from Continuing Operations Attributable to Ecolab Per Common Share ("EPS")

Reported continuing operations diluted EPS decreased 32% to \$3.33 in 2020 compared to \$4.87 in 2019. Special (gains) and charges had an impact on both years. Special (gains) and charges in 2020 were driven primarily by the impact of debt refinancing charges, restructuring charges, disposal and impairment charges, discrete tax items, acquisition and integration charges, charges for pay protection for certain employees impacted by COVID-19 net of government subsidies and litigation and other charges. Special (gains) and charges in 2019 were driven primarily by the impact of restructuring charges, discrete tax items, acquisition and integration charges and litigation and other charges. Special (gains) and charges in 2018 were driven primarily by the impact of restructuring charges and our commitment to the Ecolab Foundation. Adjusted continuing operations diluted EPS, which exclude the impact of special (gains) and charges and discrete tax items decreased 21% to \$4.02 in 2020 compared to \$5.12 in 2019.

Balance Sheet

We remain committed to maintaining "A" range ratings metrics, supported by our current credit ratings of A-/Baa1/A- by Standard & Poor's, Moody's Investor Services and Fitch, respectively. Our strong balance sheet has allowed us continued access to capital at attractive rates.

Net Debt to EBITDA

Our net debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") was 2.4 and 2.3 for 2020 and 2019, respectively. We view these ratios as important indicators of the operational and financial health of our organization. See the "Net Debt to EBITDA" table on page 45 for reconciliation information.

Cash Flow

Cash flow from continuing operations operating activities was \$1.7 billion in 2020 compared to \$2.0 billion in 2019. We continued to generate strong cash flow from operations, allowing us to fund our ongoing operations, acquisitions, investments in our business, debt repayments, pension obligations and return cash to our shareholders through share repurchases and dividend payments.

Dividends

We increased our quarterly cash dividend 2% in December 2020, bringing annual dividends declared to \$1.89 per share. The increase represents our 29th consecutive annual dividend rate increase and the 84th consecutive year we have paid cash dividends. Our outstanding dividend history reflects our long term growth and development, strong cash flows, solid financial position and confidence in our business prospects for the years ahead.

CRITICAL ACCOUNTING ESTIMATES

Our consolidated financial statements are prepared in accordance with U.S. GAAP. We have adopted various accounting policies to prepare the consolidated financial statements in accordance with U.S. GAAP. Our significant accounting policies are disclosed in Note 2 of the Notes to the Consolidated Financial Statements ("Notes").

Preparation of our consolidated financial statements, in conformity with U.S. GAAP, requires us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Estimates are considered to be critical if they meet both of the following criteria: (1) the estimate requires assumptions to be made about matters that are highly uncertain at the time the accounting estimate is made, and (2) different estimates that we reasonably could have used for the accounting estimate in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period, have a material impact on the presentation of our financial condition or results of operations.

In March 2020, coronavirus 2019 ("COVID-19") was declared a pandemic ("pandemic") by the World Health Organization. As the impact of the pandemic continues to evolve, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require judgment. These estimates and assumptions may change in future periods and will be recognized in the consolidated financial information as new events occur and additional information becomes known. To the extent actual results differ materially from those estimates and assumptions, our future financial statements could be affected.

Besides estimates that meet the "critical" estimate criteria, we make many other accounting estimates in preparing our financial statements and related disclosures. All estimates, whether or not deemed critical, affect reported amounts of assets, liabilities, revenues or expenses as well as disclosures of contingent assets and liabilities. Estimates are based on experience and other information available prior to the issuance of the financial statements. Materially different results can occur as circumstances change and additional information becomes known, even from estimates not deemed critical. Our critical accounting estimates include the following:

Revenue Recognition

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service. Revenue from product and sold equipment is recognized when obligations under the terms of a contract with the customer are satisfied, which generally occurs with the transfer of the product or delivery of the equipment. Revenue from service and leased equipment is recognized when the services are provided, or the customer receives the benefit from the leased equipment, which is over time. Service revenue is recognized over time utilizing an input method and aligns with when the services are provided. Typically, revenue is recognized over time using costs incurred to date because the effort provided by the field selling and service organization represents services provided, which corresponds with the transfer of control. Revenue for leased equipment is accounted for under Topic 842 Leases and recognized on a straight-line basis over the length of the lease contract.

Our revenue policies do not provide for general rights of return. We record estimated reductions to revenue for customer programs and incentive offerings including pricing arrangements, promotions and other volume-based incentives based primarily on historical experience and anticipated performance over the contract period. Depending on market conditions, we may increase customer incentive offerings, which could reduce gross profit margins over the term of the incentive. We also record estimated reserves for product returns and credits based on specific circumstances and credit conditions. We record an allowance for uncollectible accounts based on our estimates of expected future credit losses. For additional information on our allowance for doubtful accounts, see discussion below.

The revenue standard can be applied to a portfolio of contracts with similar characteristics if it is reasonable that the effects of applying the standard at the portfolio would not be significantly different than applying the standard at the individual contract level. We apply the portfolio approach primarily within each operating segment by geographical region. Application of the portfolio approach was focused on those characteristics that have the most significant accounting consequences in terms of their effect on the timing of revenue recognition or the amount of revenue recognized. We determined the key criteria to assess with respect to the portfolio approach, including the related deliverables, the characteristics of the customers and the timing and transfer of goods and services, which most closely aligned within the operating segments. In addition, the accountability for the business operations, as well as the operational decisions on how to go to market and the product offerings, are performed at the operating segment level. For additional information on revenue recognition, see Note 18.

Valuation Allowances and Accrued Liabilities

Allowances for Doubtful Accounts

Accounts receivable are carried at the invoiced amounts, less an allowance for doubtful accounts, and generally do not bear interest. Our allowance for doubtful accounts reflects our expectations of expected credit losses and is determined by analyzing accounts receivable balances by age and applying historical write-off and collection trend rates. Our estimates separately consider macroeconomic trends and specific circumstances and credit conditions of customer receivables. Account balances are written off against the allowance when it is determined the receivable will not be recovered.

Our allowance for doubtful accounts balance was \$84 million and \$56 million, as of December 31, 2020 and 2019, respectively. These amounts include our allowance for sales returns and credits of \$16 million and \$17 million as of December 31, 2020 and 2019, respectively. Our bad debt expense as a percent of reported net sales was 0.5%, 0.2% and 0.1% in 2020, 2019, and 2018. Our 2020 bad debt expense reflects a slight deterioration in the collectability of our credit portfolio due to the COVID-19 pandemic. We believe that the COVID-19 pandemic may continue to have an impact on future results consistent with 2020 experience. However, if the financial condition of our customers were to deteriorate, resulting in an inability to make payments, or if unexpected events, economic downturns, or significant changes in future trends were to occur, additional allowances may be required. For additional information on our allowance for doubtful accounts, see Note 2.

Accrued Liabilities

Our business and operations are subject to extensive environmental laws and regulations governing, among other things, air emissions, wastewater discharges, the use and handling of hazardous substances, waste disposal and the investigation and remediation of soil and groundwater contamination. Some risk of environmental liability is inherent in our operations.

We record liabilities related to pending litigation, environmental claims and other contingencies when a loss is probable and can be reasonably estimated. Estimates used to record such liabilities are based on our best estimate of probable future costs. We record the amounts that represent the points in the range of estimates that we believe are most probable or the minimum amount when no amount within the range is a better estimate than any other amount. Potential insurance reimbursements generally are not anticipated in our accruals for environmental liabilities or other insured losses. Expected insurance proceeds are recorded as receivables when recovery is deemed certain. While the final resolution of litigation and environmental contingencies could result in amounts different than current accruals, and therefore have an impact on our consolidated financial results in a future reporting period, we believe the ultimate outcome will not have a significant impact on our consolidated financial position. For additional information on our commitments and contingencies, see Note 16.

Actuarially Determined Liabilities

Pension and Postretirement Healthcare Benefit Plans

The measurement of our pension and postretirement benefit obligations are dependent on a variety of assumptions determined by management and used by our actuaries. These assumptions affect the amount and timing of future contributions and expenses.

The significant assumptions used in developing the required estimates are the discount rate, expected return on assets, projected salary and health care cost increases and mortality table.

- The discount rate assumptions for our U.S. plans are assessed using a yield curve constructed from a subset of bonds yielding greater than the median return from a population of non-callable, corporate bond issues that have an average rating of AA when averaging available Moody's Investor Services, Standard & Poor's and Fitch ratings. The discount rate is calculated by matching the plans' projected cash flows to the bond yield curve. For 2020 and 2019, we measured service and interest costs by applying the specific spot rates along that yield curve to the plans' liability cash flows. We believe this approach provides a more precise measurement of service and interest costs by aligning the timing of the plans' liability cash flows to the corresponding spot rates on the yield curve. In determining our U.S. pension obligations for 2020, our weighted-average discount rate decreased to 2.48% from 3.20% at year end 2019. In determining our U.S. postretirement health care obligation for 2020, our weighted-average discount rate decreased to 2.37% from 3.16% at year end 2019.
- The expected rate of return on plan assets reflects asset allocations, investment strategies and views of investment advisors, and represents our expected long-term return on plan assets. Our weighted-average expected return on U.S. plan assets used in determining the U.S. pension and U.S. postretirement health care expenses was 7.25% for 2021, 2020 and 2019.
- Projected salary and health care cost increases are based on our long-term actual experience, the near-term outlook and assumed inflation. Our weighted-average projected salary increase used in determining the U.S. pension expenses was 4.03% for 2020, 2019 and 2018.
- For postretirement benefit measurement purposes as of December 31, 2020, the annual rates of increase in the per capita cost of covered health care were assumed to be 8.00% for pre-65 costs and 10.75% for post-65 costs. The rates are assumed to decrease each year until they reach 5% in 2028 and remain at those levels thereafter.
- In determining our U.S. pension and U.S. postretirement health care obligation for 2020, we utilized the most recent mortality table, MP-2020 projection scale (applied to the Pri-2012 mortality table).

The effects of actual results differing from our assumptions, as well as changes in assumptions, are reflected in the unrecognized actuarial loss and amortized over future periods and, therefore, will generally affect our recognized expense in future periods. Significant differences in actual experience or significant changes in assumptions may materially affect future pension and other postretirement obligations. The unrecognized net actuarial loss on our U.S. qualified and non-qualified pension plans increased to \$691 million as of December 31, 2020 from \$632 million as of December 31, 2019 (both before tax), primarily due to current year net actuarial losses.

The effect of a decrease in the discount rate or decrease in the expected return on assets assumption as of December 31, 2020, on the December 31, 2020 defined benefit obligation and 2021 expense is shown below, assuming no changes in benefit levels and no amortization of gains or losses for our significant U.S. plans. Expense amounts reflect the accounting for actuarial gains as a component of other comprehensive income and recognition of the impacts into income over the remaining service period:

(millions)	Effect on U.S. Pension Plans		
	Assumption	Increase in	Higher
	Change	Recorded	2021
Discount rate	-0.25 pts	\$71.9	\$3.3
Expected return on assets	-0.25 pts	N/A	5.3

(millions)	Effect on U.S. Postretirement Health Care Benefits Plans		
	Assumption	Increase in	Higher
	Change	Recorded	2021
Discount rate	-0.25 pts	\$4.5	\$0.2
Expected return on assets	-0.25 pts	N/A	-

Our international pension obligations and underlying plan assets represent approximately one third of our global pension plans, with the majority of the amounts held in the U.K. and Eurozone countries. We use assumptions similar to our U.S. plan assumptions to measure our international pension obligations, however, the assumptions used vary by country based on specific local country requirements and information.

See Note 17 for further discussion concerning our accounting policies, estimates, funded status, contributions and overall financial positions of our pension and postretirement plan obligations.

Self-Insurance

Globally we have insurance policies with varying deductible levels for property and casualty losses. We are insured for losses in excess of these deductibles, subject to policy terms and conditions and have recorded both a liability and an offsetting receivable for amounts in excess of these deductibles. We are self-insured for health care claims for eligible participating employees, subject to certain deductibles and limitations. We determine our liabilities for claims on an actuarial basis.

Restructuring

Our restructuring activities are associated with plans to enhance our efficiency, effectiveness and sharpen the competitiveness of our businesses. These restructuring plans include net costs associated with significant actions involving employee-related severance charges, contract termination costs and asset write-downs and disposals. Employee termination costs are largely based on policies and severance plans, and include personnel reductions and related costs for severance, benefits and outplacement services. These charges are reflected in the quarter in which the actions are probable and the amounts are estimable, which typically is when management approves the associated actions. Contract termination costs include charges to terminate leases prior to the end of their respective terms and other contract termination costs. Asset write-downs and disposals include leasehold improvement write-downs, other asset write-downs associated with combining operations and disposal of assets.

Restructuring charges have been included as a component of cost of sales and special (gains) and charges on the Consolidated Statement of Income. Amounts included as a component of cost of sales include supply chain related severance and other asset write-downs associated with combining operations. Restructuring liabilities have been classified as a component of both other current and other noncurrent liabilities on the Consolidated Balance Sheet. Our restructuring liability balance was \$102 million and \$103 million as of December 31, 2020 and 2019, respectively. For additional information on our restructuring activities, see Note 3.

Income Taxes

Judgment is required to determine the annual effective income tax rate, deferred tax assets and liabilities, valuation allowances recorded against net deferred tax assets and uncertain tax positions.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Act") was enacted, which reduced the U.S. federal corporate tax rate from 35% to 21%, required companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and created new taxes on certain foreign sourced earnings. The Tax Act added many new provisions including changes to bonus depreciation, the deduction for executive compensation and interest expense, a tax on global intangible low taxed income ("GILTI"), the base erosion anti abuse tax ("BEAT") and a deduction for foreign derived intangible income ("FDII"). We have elected the period cost method and included the GILTI impact in our tax expense.

We recorded updates to the estimated discrete tax expense (benefit) of the one-time transition tax in 2018 and 2019 of \$66 million and \$(3.1) million, respectively, primarily due to the issuance of technical guidance in both years, the finalization of certain estimates as a result of filing the 2017 and 2018 U.S. federal tax returns and the finalization of the balance sheet positions used in the calculation of the transition tax. We have completed our accounting for the effects of the Tax Act as they relate to the repricing of deferred tax balances and the one-time transition tax.

Effective Income Tax Rate

Our effective income tax rate is based on annual income, statutory tax rates and tax planning available in the various jurisdictions in which we operate. Our annual effective income tax rate includes the impact of reserve provisions. We recognize the amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority. We adjust these reserves in light of changing facts and circumstances.

Tax regulations require items to be included in our tax returns at different times than the items are reflected in our financial statements. As a result, the effective income tax rate reflected in our financial statements differs from that reported in our tax returns. Some of these differences are permanent, such as expenses that are not deductible on our tax return, and some are temporary differences, such as depreciation expense.

Deferred Tax Assets and Liabilities and Valuation Allowances

Deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities, applying enacted tax rates expected to be in effect for the year in which the differences are expected to reverse. Based on the evaluation of available evidence, both positive and negative, we recognize tax assets, such as net operating loss carryforwards and tax credit carryforwards, to the extent that realizing these benefits is considered to be more likely than not. Relevant factors in determining the realizability of deferred tax assets include historical results, sources of future taxable income, the expected timing of the reversal of temporary differences, tax planning strategies and the expiration dates of the various tax attributes.

Uncertain Tax Positions

A number of years may elapse before a particular tax matter, for which we have established a reserve, is audited and finally resolved. The number of tax years with open tax audits varies depending on the tax jurisdiction. The Internal Revenue Service ("IRS") has completed its examinations of our U.S. federal income tax returns through 2016 and the years 2017 and 2018 are currently under audit. In addition to the U.S. federal examinations, we have ongoing audit activity in several U.S. state and foreign jurisdictions.

The tax positions we take are based on our interpretations of tax laws and regulations in the applicable federal, state and international jurisdictions. We believe our tax returns properly reflect the tax consequences of our operations, and our reserves for tax contingencies are appropriate and sufficient for the positions taken. Because of the uncertainty of the final outcome of these examinations, we have reserved for potential reductions of tax benefits (including related interest and penalties) for amounts that do not meet the more-likely-than-not thresholds for recognition and measurement as required by authoritative guidance. The tax reserves are reviewed throughout the year, taking into account new legislation, regulations, case law and audit results. Settlement of any particular issue could result in offsets to other balance sheet accounts, cash payments or receipts and/or adjustments to tax expense. Tax reserves are presented in the Consolidated Balance Sheet within other non-current liabilities. Our gross liability for uncertain tax positions was \$21 million and \$27 million as of December 31, 2020 and 2019, respectively. For additional information on income taxes see Note 13.

Long-Lived Assets, Intangible Assets and Goodwill

Long-Lived and Amortizable Intangible Assets

We review our long-lived and amortizable intangible assets, the net value of which was \$5.3 billion and \$5.4 billion as of December 31, 2020 and 2019, respectively, for impairment and when significant events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Such circumstances may include a significant decrease in the market price of an asset or asset group, a significant adverse change in the manner in which asset or asset groups are being used or history of operating or cash flow losses associated with the use of the asset or asset group. Impairment losses could occur when the carrying amount of an asset or asset group exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset or asset group and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated as the excess of the asset's or assets group's carrying amount over its estimated fair value.

We use the straight-line method to recognize amortization expense related to our amortizable intangible assets, including our customer relationships. We consider various factors when determining the appropriate method of amortization for our customer relationships, including projected sales data, customer attrition rates and length of key customer relationships.

Globally, we have a broad customer base. Our retention rate of significant customers has aligned with our acquisition assumptions, including the customer bases acquired from our Nalco, Anios and CID Lines transactions, which made up the majority of our unamortized customer relationships. Our historical retention rate, coupled with our consistent track record of keeping long-term relationships with our customers, supports our expectation of consistent sales generation for the foreseeable future from the acquired customer bases. If our customer retention rates or other post-acquisition operational activities change materially, we would evaluate the financial impact and any corresponding triggers which could result in impairment of our customer relationship intangible assets, or absent an impairment, an acceleration of amortization.

In addition, we periodically reassess the estimated remaining useful lives of our long-lived and amortizable intangible assets. Changes to estimated useful lives would impact the amount of depreciation and amortization expense recorded in earnings. We have experienced no significant changes in the carrying amount or estimated remaining useful lives of our long-lived or amortizable intangible assets.

Goodwill and Indefinite Life Intangible Assets

We had total goodwill of \$6.0 billion and \$5.6 billion as of December 31, 2020 and 2019, respectively. We test our goodwill for impairment at the reporting unit level on an annual basis during the second quarter. Our reporting units are aligned with our eleven operating segments.

For our annual 2020 goodwill impairment assessment, we completed a quantitative impairment assessment for each of our eleven reporting units using discounted cash flow analyses that incorporated assumptions regarding future growth rates, terminal values, and discount rates. Our goodwill impairment assessments for 2020 indicated the estimated fair values of each of our reporting units exceeded the respective carrying amount of the reporting unit by a significant margin. We assess the need to test our reporting units for impairment during interim periods between our scheduled annual assessments when significant events or changes in business circumstances indicate that the carrying amount of the reporting unit may not be recoverable. Additionally, no events noted during the second half of 2020 indicated a need to update any of our analyses or conclusions reached in the second quarter of 2020 for any of our eleven reporting units. There has been no impairment of goodwill in any of the periods presented.

The Nalco trade name is our only indefinite life intangible asset. During the second quarter of 2020, we completed our annual impairment assessment of the Nalco trade name using the relief from royalty discounted cash flow method, which incorporates assumptions regarding future sales projections, royalty rates and discount rates. Based on this testing, the estimated fair value of the Nalco trade name exceeded its carrying amount by a significant margin; therefore, no adjustment to the \$1.2 billion carrying value of this asset was necessary. There has been no impairment of the Nalco trade name intangible since it was acquired.

Assets Held for Sale

Assets and liabilities are classified as held for sale and presented separately on the balance sheet when all of the following criteria for a plan of sale have been met: (1) management, having the authority to approve the action, commits to a plan to sell the assets; (2) the assets are available for immediate sale, in their present condition, subject only to terms that are usual and customary for sales of such assets; (3) an active program to locate a buyer and other actions required to complete the plan to sell the assets have been initiated; (4) the sale of the assets is probable and is expected to be completed within one year; (5) the assets are being actively marketed for a price that is reasonable in relation to their current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. The ChampionX business met the criteria to be held for sale immediately prior to the Separation. The ChampionX business was previously recorded in the Global Energy reportable segment, which became the Upstream Energy reportable segment beginning in 2020 and subsequently has been reported in discontinued operations. The assets and liabilities held for sale are recorded on our Consolidated Balance Sheet as Current assets of discontinued operations, Long-term assets of discontinued operations, Current liabilities of discontinued operations and Long-term liabilities of discontinued operations, respectively.

Discontinued Operations

Discontinued operations comprise those activities that were disposed of during the period or which were classified as held for sale at the end of a period and represent a strategic shift that has or will have a major effect on our operations and financial results. The ChampionX business met the criteria to be reported as discontinued operations because it was a strategic shift in business that had a major effect on our operations and financial results. The ChampionX business is presented on the Consolidated Balance Sheet and Consolidated Statement of Income as discontinued operations. Refer to Note 5, Discontinued Operations, for additional information.

RESULTS OF OPERATIONS

Net Sales

(millions)	Percent Change				
	2020	2019	2018	2020	2019
Product and equipment sales	\$9,466.6	\$10,129.0	\$9,903.6		
Service and lease sales	2,323.6	2,433.0	2,318.5		
Reported GAAP net sales	\$11,790.2	\$12,562.0	\$12,222.1	(6)%	3 %
Effect of foreign currency translation	131.7	35.4	(207.4)		
Non-GAAP fixed currency sales	\$11,921.9	\$12,597.4	\$12,014.7	(5)%	5 %

The percentage components of the year-over-year sales change are shown below:

(percent)	2020	2019
Volume	(9)%	1 %
Price changes	2	3
Acquisition adjusted fixed currency sales change	(7)	4
Acquisitions & divestitures	2	1
Fixed currency sales change	(5)	5
Foreign currency translation	(1)	(2)
Reported GAAP net sales change	(6)%	3 %

Amounts do not necessarily sum due to rounding.

Cost of Sales (“COS”) and Gross Profit Margin (“Gross Margin”)

(millions/percent)	2020		2019		2018	
	COS	Gross Margin	COS	Gross Margin	COS	Gross Margin
Product and equipment cost of sales	\$5,481.3		\$5,617.5		\$5,510.6	
Service and lease cost of sales	1,424.5		1,428.3		1,364.7	
Reported GAAP COS and gross margin	\$6,905.8	41.4 %	\$7,045.8	43.9 %	\$6,875.3	43.7 %
Special (gains) and charges	48.2		38.5		4.8	
Non-GAAP adjusted COS and gross margin	\$6,857.6	41.8 %	\$7,007.3	44.2 %	\$6,870.5	43.8 %

Our COS values and corresponding gross margin are shown above. Our gross margin is defined as sales less cost of sales divided by sales.

Our reported gross margin was 41.4%, 43.9%, and 43.7% for 2020, 2019, and 2018, respectively. Our 2020, 2019 and 2018 reported gross margins were negatively impacted by special (gains) and charges of \$48.2 million, \$38.5 million, and \$4.8 million, respectively. Special (gains) and charges items impacting COS are shown within the “Special (Gains) and Charges” table on page 35.

Excluding the impact of special (gains) and charges, our 2020 adjusted gross margin was 41.8% compared against a 2019 adjusted gross margin of 44.2%. The decrease primarily reflected the impact of lower volume, reduced operating leverage and unfavorable business mix, which more than offset pricing.

Excluding the impact of special (gains) and charges, our adjusted gross margin was 44.2% and 43.8% for 2019 and 2018, respectively. The increase was driven primarily by pricing, which more than offset unfavorable sales mix.

Selling, General and Administrative Expenses (“SG&A”)

(percent)
SG&A Ratio

2020	2019	2018
28.1 %	28.3 %	28.7 %

The decreased SG&A ratio (SG&A expenses as a percentage of reported net sales) comparing 2020 against 2019 was driven primarily by lower incentive compensation, discretionary spend reductions and cost savings initiatives which offset the effects of lower sales. The decreased SG&A ratio comparing 2019 against 2018 was driven primarily by sales leverage, restructuring efforts and cost savings, which more than offset investments in the business

Special (Gains) and Charges

Special (gains) and charges reported on the Consolidated Statement of Income included the following items:

(millions)	2020	2019	2018
Cost of sales			
Restructuring activities	\$7.4	\$20.4	\$5.4
Acquisition and integration activities	3.9	7.6	(0.6)
COVID-19 activities, net	12.5	-	-
Other	24.4	10.5	-
Cost of sales subtotal	48.2	38.5	4.8
Special (gains) and charges			
Restructuring activities	71.4	93.2	75.9
Acquisition and integration activities	8.5	5.6	8.8
Disposal and impairment activities	41.4	-	-
COVID-19 activities, net	23.6	-	-
Other	34.7	21.4	28.0
Special (gains) and charges subtotal	179.6	120.2	112.7
Operating income subtotal	227.8	158.7	117.5
Interest expense, net	83.8	0.2	0.3
Other (income) expense	0.4	9.5	-
Total special (gains) and charges	\$312.0	\$168.4	\$117.8

For segment reporting purposes, special (gains) and charges are not allocated to reportable segments, which is consistent with our internal management reporting.

Restructuring Activities

Restructuring activities are primarily related to the Institutional Advancement Program and Accelerate 2020, both of which are described below. These activities have been included as a component of cost of sales, special (gains) and charges, and other (income) expense on the Consolidated Statement of Income. Restructuring liabilities have been classified as a component of other current and other noncurrent liabilities on the Consolidated Balance Sheet.

Further details related to our restructuring charges are included in Note 3.

Institutional Advancement Program

During 2020, we approved a restructuring plan focused on the Institutional business (“the Institutional Plan”) which is intended to enhance our Institutional sales and service structure and allow the sales team to capture share and penetration while maximizing service effectiveness by leveraging our ongoing investments in digital technology. In February 2021, we expanded the Institutional Plan, and expect that these restructuring charges will be completed by 2023, with total anticipated costs of \$80 million (\$60 million after tax) or \$0.21 per diluted share. The costs are expected to be primarily cash expenditures for severance and facility closures. We also anticipate non-cash charges related to equipment disposals. We expect total program savings of approximately \$50 million by the end of 2024. Actual costs may vary from these estimates depending on actions taken.

Certain activities contemplated in this Institutional Plan were previously approved in 2020 and included as part of Accelerate 2020 announced in 2018. These activities have been reclassified to the Institutional Plan. In 2020, we recorded total restructuring charges, including those reclassified from Accelerate 2020, of \$35.2 million (\$26.4 million after tax) or \$0.09 per diluted share, primarily related to severance and costs to support the transition to the new sales structure. All of these charges are recorded within the special (gains) and charges line on the Consolidated Statement of Income. The liability related to the Institutional Plan was \$24.7 million as of December 31, 2020. The majority of the pretax charges represent net cash expenditures which are expected to be paid over a period of a few months to several quarters which continue to be funded from operating activities.

Accelerate 2020

During 2018, we formally commenced a restructuring plan Accelerate 2020 (“the Plan”), to leverage technology and system investments and organizational changes. The goal of the Plan is to further simplify and automate processes and tasks, reduce complexity and management layers, consolidated facilitates and focus on key long-term growth areas by further leveraging technology and structural improvements. In the third quarter of 2020, we expanded the Plan for additional costs and savings to further leverage the technology and structural improvements. Following the establishment of the separate Institutional Plan, we now expect that the restructuring activities will be completed by the end of 2022, with total anticipated costs of \$255 million (\$195 million after tax), or \$0.67 per diluted share, over this period of time, when revised for continuing operations. Costs are expected to be primarily cash expenditures for severance costs and some facility closure costs relating to team reorganizations. Actual costs may vary from these estimates depending on actions taken.

We recorded restructuring charges of \$41.8 million (\$33.0 million after tax) or \$0.11 per diluted share in 2020. Of these expenses, \$0.3 million (\$0.2 million after tax) or less than \$0.01 per diluted share is recorded in other (income) expense. The liability related to the Plan was \$71.8 million as of the end of the year. We have recorded \$239.2 million (\$183.8 million after tax), or \$0.63 per diluted share, of cumulative restructuring charges under the Plan. The majority of the pretax charges represent net cash expenditures which are expected to be paid over a period of a few months to several quarters which continue to be funded from operating activities.

The Plan has delivered \$200 million of cumulative cost savings with estimated annual cost savings of \$315 million by 2022.

Other Restructuring Activities

During 2020, we incurred restructuring charges of \$1.8 million (\$1.2 million after tax), or less than \$0.01 per diluted share, related to an immaterial restructuring plan. The charges are comprised of severance, facility closure costs, including asset disposals, and consulting fees.

Prior to 2018, we engaged in a number of restructuring plans which have been completed, except for final payments. During 2019, net restructuring gains related to restructuring plans entered into prior to 2018 were \$1.5 million (\$1.1 million after tax) or less than \$0.01 per diluted share. The gains recorded were due to finalizing estimates upon completion of projects. During 2018, we recorded restructuring charges of \$3.1 million (\$2.4 million after tax) or \$0.01 per diluted share.

The restructuring liability balance for all other restructuring plans excluding Accelerate 2020 and the Institutional Advancement Program was \$5.9 million and \$7.7 million as of December 31, 2020 and 2019, respectively. The reduction in liability was driven primarily by severance payments. The remaining liability is expected to be paid over a period of a few months to several quarters and will continue to be funded from operating activities. Cash payments during 2020 related to these plans were \$2.7 million.

Acquisition and integration related costs

Acquisition and integration costs reported in special (gains) and charges on the Consolidated Statement of Income in 2020 include \$8.5 million (\$6.9 million after tax) or \$0.02 per diluted share. Charges are related to Copal Invest NV, including its primary operating entity CID Lines (collectively, “CID Lines”), Bioquell PLC (“Bioquell”) and the Laboratoires Anios (“Anios”) acquisitions and consist of integration costs and advisory and legal fees. Acquisition and integration costs reported in product and equipment cost of sales on the Consolidated Statement of Income in 2020 include \$3.9 million (\$3.2 million after tax) or \$0.01 per diluted share and are related to the recognition of fair value step-up in the CID Lines inventory, severance and the closure of a facility. In conjunction with our acquisitions, we incurred \$0.7 million (\$0.6 million after tax), or less than \$0.01 per diluted share, of interest expense in 2020.

During 2019, acquisition and integration costs reported in special (gains) and charges on the Consolidated Statement of Income in 2019 include \$5.6 million (\$4.1 million after tax) or \$0.01 per diluted share. Charges are primarily related to Bioquell and Anios acquisitions and consist of integration costs, advisory and legal fees. Acquisition and integration costs reported in product and equipment cost of sales on the Consolidated Statement of Income in 2019 include \$7.6 million (\$5.6 million after tax) or \$0.02 per diluted share and are related to recognition of fair value step-up in the Bioquell inventory and facility closure costs. In conjunction with our acquisitions, we incurred \$0.2 million (\$0.1 million after tax), or less than \$0.01 per diluted share, of interest expense in 2019.

During 2018, acquisition and integration costs reported in special (gains) and charges on the Consolidated Statement of Income included \$8.8 million (\$6.1 million after tax), or \$0.02 per diluted share, of charges primarily related to Anios integration costs, advisory and legal fees. The acquisition and integration gains reported in cost of sales on the Consolidated Statement of Income in 2018 related to changes in estimates related to an early lease exist. In conjunction with our acquisitions, we incurred \$0.3 million (\$0.2 million after tax), or less than \$0.01 per diluted share, of interest expense in 2018.

Disposal and impairment charges

Disposal and impairment charges reported in special (gains) and charges on the Consolidated Statement of Income include \$41.4 million (\$41.5 million after tax) or \$0.14 per diluted share in the 2020. During 2020, we recorded a \$28.6 million (\$28.6 million after tax) or \$0.10 per diluted share impairment for a minority equity method investment due to the COVID-19 impact on the economic environment and the liquidity of the minority equity method investment. In addition, we recorded charges of \$12.8 million (\$12.9 million after tax) or \$0.04 per diluted share related to the disposal of Holchem Group Limited (“Holchem”) for the loss on sale and related transaction fees during 2020. Further information related to the disposal is included in Note 4.

COVID-19

During 2020, we recorded charges of \$57.1 million to protect the pay for certain employees directly impacted by the COVID-19 pandemic. In addition, we received subsidies and government assistance, which was recorded as a special (gain) of (\$23.4) million during 2020. Finally, we recorded testing charges related to the COVID-19 pandemic of \$2.4 million. COVID-19 pandemic charges are recorded in product and equipment sales, service and lease sales, and special (gains) and charges on the Consolidated Statement of Income. Total after tax net charges (gains) related to COVID-19 pandemic were \$27.4 million or \$0.09 per diluted share.

Other

During 2020 and 2019, we recorded special charges of \$24.4 million (\$16.0 million after tax) or \$0.06 per diluted share and \$10.5 million (\$7.1 million after tax) or \$0.02 per diluted share, respectively, recorded in product and equipment cost of sales on the Consolidated Statement of Income primarily related to a Healthcare product recall in Europe.

Other special charges of \$34.7 million (\$33.9 million after tax) or \$0.12 per diluted share recorded in 2020 and \$21.4 million (\$16.2 million after tax), or \$0.06 per diluted share recorded in 2019 relate primarily to a specific legal reserve and related legal charges, partially offset by a litigation settlement in 2019, which are recorded in special (gains) and charges on the Consolidated Statement of Income. We also recorded a \$7.2 million or \$0.02 per diluted share, special charge related to the separation of ChampionX as a tax expense on the Consolidated Statement of Income

During 2018, we recorded other special charges of \$28.0 million (\$21.2 million after tax), or \$0.07 per diluted share, which primarily consisted of a \$25.0 million (\$18.9 million after tax), or \$0.06 per diluted share, commitment to the Ecolab Foundation. Other charges, primarily litigation related charges, were minimal and have been included as a component of special (gains) and charges on the Consolidated Statement of Income.

Other (Income) Expense

During 2020 and 2019, we recorded other expense of \$0.4 million (\$0.3 million after tax) or less than \$0.01 per diluted share and \$9.5 million (\$7.2 million after tax) or \$0.02 per diluted share, respectively, related to pension curtailments and settlements for ChampionX separation and Accelerate 2020, as discussed further above. These charges have been included as a component of other (income) expense on the Consolidated Statement of Income.

Interest expense, net

During 2020, we recorded special charges of \$83.1 million (\$64.0 million after tax) or \$0.22 per diluted share in interest expense on the Consolidated Statement of Income related to debt refinancing charges. In addition, during 2020, 2019 and 2018, an immaterial amount of interest expense was recorded due to acquisition and integration costs.

Operating Income and Operating Income Margin

	Percent Change				
(millions)	2020	2019	2018	2020	2019
Reported GAAP operating income	\$1,395.7	\$1,845.2	\$1,728.3	(24)%	7 %
Special (gains) and charges	227.8	158.7	117.5		
Non-GAAP adjusted operating income	1,623.5	2,003.9	1,845.8	(19)	9
Effect of foreign currency translation	23.8	9.1	(26.5)		
Non-GAAP adjusted fixed currency operating income	\$1,647.3	\$2,013.0	\$1,819.3	(18)%	11 %

(percent)	2020	2019	2018
Reported GAAP operating income margin	11.8 %	14.7 %	14.1 %
Non-GAAP adjusted operating income margin	13.8 %	16.0 %	15.1 %
Non-GAAP adjusted fixed currency operating income margin	13.8 %	16.0 %	15.1 %

Our operating income and corresponding operating income margin are shown in the previous tables. Operating income margin is defined as operating income divided by sales.

Our reported operating income decreased 24% when comparing 2020 to 2019 primarily due to the overall negative impact of the COVID-19 pandemic on results, which yielded lower sales and reduced operating leverage, unfavorable business mix, more than offsetting cost savings, favorable pricing and lower variable compensation. Our reported operating income increased 7% when comparing 2019 to 2018 primarily driven by pricing and cost savings, which more than offset investments in the business. Our reported operating income for 2020, 2019 and 2018 was impacted by special (gains) and charges. Excluding the impact of special (gains) and charges from all three years, 2020 adjusted operating income decreased 19% when compared to 2019 adjusted operating income and 2019 adjusted operating income increased 9% when compared to 2018 adjusted operating income.

As shown in the previous table, foreign currency translation had a minimal impact on adjusted operating income growth for 2020 and 2019.

Other (Income) Expense

(millions)	2020	2019	2018
Reported GAAP other (income) expense	(\$55.9)	(\$77.0)	(\$79.9)
Special (gains) and charges	0.4	9.5	-
Non-GAAP adjusted other (income) expense	(\$56.3)	(\$86.5)	(\$79.9)

Our reported other income was \$55.9 million, \$77.0 million and \$79.9 million in 2020, 2019 and 2018, respectively. Excluding the impact of pension curtailments and settlements in 2020 and 2019, our adjusted other income was \$56.3 million and \$86.5 million, respectively, reflecting the return on pension assets and non-service costs of our pension obligations.

Interest Expense, Net

(millions)	2020	2019	2018
Reported GAAP interest expense, net	\$290.2	\$190.7	\$221.1
Special (gains) and charges	83.8	0.2	0.3
Non-GAAP adjusted interest expense, net	\$206.4	\$190.5	\$220.8

Our reported net interest expense totaled \$290.2 million, \$190.7 million and \$221.1 million during 2020, 2019 and 2018, respectively.

We incurred \$83.8 million (\$64.6 million after tax), or \$0.22 per diluted share, \$0.2 million (\$0.1 million after tax), or less than \$0.01 per diluted share and \$0.3 million (\$0.2 million after tax), or less than \$0.01 per diluted share, of interest expense in conjunction with our debt refinancing and acquisitions during 2020, 2019 and 2018, respectively.

The increase in our 2020 adjusted net interest expense compared to 2019 was driven primarily by higher outstanding debt. The decrease in our 2019 adjusted net interest expense compared to 2018 was driven primarily by lower outstanding debt and higher interest income.

Provision for Income Taxes

The following table provides a summary of our tax rate:

(percent)	2020	2019	2018
Reported GAAP tax rate	15.2 %	16.7 %	20.2 %
Tax rate impact of:			
The Tax Act	-	0.1	(3.9)
Special (gains) and charges	0.7	0.6	0.3
Discrete tax items	3.8	2.9	3.8
Non-GAAP adjusted tax rate	19.7 %	20.3 %	20.4 %

Our reported tax rate was 15.2%, 16.7%, and 20.2% for 2020, 2019 and 2018, respectively. The change in our tax rate includes the tax impact of special (gains) and charges and discrete tax items, which have impacted the comparability of our historical reported tax rates, as amounts included in our special (gains) and charges are derived from tax jurisdictions with rates that vary from our tax rate, and discrete tax items are not necessarily consistent across periods. The tax impact of special (gains) and charges and discrete tax items will likely continue to impact comparability of our reported tax rate in the future.

We recognized a total net benefit related to discrete tax items of \$55.8 million during 2020. The tax benefit related to share-based compensation excess tax benefit contributed \$57.3 million. The amount of this tax benefit is subject to variation in stock price and award exercises. We recorded changes in reserves in non-U.S. and U.S. jurisdictions due to audit settlements and expiration of statutes of limitations which resulted in a \$9.8 million tax benefit. Additionally, we recognized a net tax expense of \$11.3 million primarily related to the filing of the prior year federal, state and foreign tax returns and other income tax adjustments.

We recognized total net benefit related to discrete tax items of \$57.7 million during 2019. Share-based compensation excess tax benefit contributed \$42.3 million in 2019. We recognized \$15.6 million tax benefit related to changes in local tax law, which primarily includes \$30.4 million benefit due to the passage of the Swiss Tax Reform and AHV Financing Act, a Swiss federal tax law, offset by a tax expense of \$10.2 million due to the release of the final Treasury Regulation governing taxation of foreign dividends. We recorded changes in reserves in non-U.S. and U.S. jurisdictions due to audit settlements and statutes of limitations which resulted in a \$13.8 million tax benefit. We finalized the 2015 and 2016 IRS audit, which also resulted in discrete tax expense of \$11.0 million. The remaining discrete tax expense was primarily related to changes in estimates in non-U.S. jurisdictions.

We recognized total net expense related to discrete tax items of \$2.1 million during 2018. We filed U.S. federal tax returns which resulted in favorable adjustments of \$39.9 million related to changes in estimates and an IRS approved method change. The Tax Act resulted in \$66.0 million expense for 2018 related to updates to the one-time transition tax primarily due to the issuance of technical guidance and finalization of estimates. Share-based compensation excess tax benefit contributed \$27.7 million in 2018. Included within the 2018 provision for income taxes is \$38.0 million of discrete charges to correct immaterial errors in prior years. The remaining discrete tax expense was primarily related to changes in reserves in non-U.S. jurisdictions, audit settlements and both international and U.S. changes in estimates.

The change in our adjusted tax rates from 2018 to 2020 was primarily driven by global tax planning projects and geographic income mix. Future comparability of our adjusted tax rate may be impacted by various factors, including but not limited to other changes in global tax rules, further tax planning projects and geographic income mix.

Net Income from Discontinued Operations, net of tax

(millions)	2020	2019	2018
Reported GAAP net (loss) income from discontinued operations, net of tax	(\$2,172.5)	\$133.3	\$178.8
Adjustments:			
Special (gains) and charges	2,210.7	74.3	14.0
Discrete tax net expense (benefit)	22.7	(0.7)	2.6
Non-GAAP adjusted net income from discontinued operations, net of tax	\$60.9	\$206.9	\$195.4

Special charges reported in discontinued operations consist primarily of ChampionX separation charges and restructuring.

Net Income from Continuing Operations Attributable to Ecolab

(millions)	2020	2019	2018	Percent Change	
				2020	2019
Reported GAAP net income from continuing operations attributable to Ecolab	\$967.4	\$1,425.6	\$1,250.3	(32)%	14 %
Adjustments:					
Special (gains) and charges, after tax	254.1	128.3	88.8		
Discrete tax net (benefit) expense	(55.8)	(57.7)	2.1		
Non-GAAP adjusted net income attributable to Ecolab	\$1,165.7	\$1,496.2	\$1,341.2	(22)%	12 %

Diluted EPS from Continuing Operations

(dollars)	2020	2019	2018	Percent Change	
				2020	2019
Reported GAAP diluted EPS from continuing operations	\$ 3.33	\$ 4.87	\$ 4.27	(32)%	14 %
Adjustments:					
Special (gains) and charges, after tax	0.88	0.45	0.30		
Discrete tax net (benefit) expense	(0.19)	(0.20)	0.01		
Non-GAAP adjusted diluted EPS	\$ 4.02	\$ 5.12	\$ 4.58	(21)%	12 %

Per share amounts do not necessarily sum due to rounding.

Currency translation had an unfavorable \$0.05 impact on reported and adjusted diluted EPS when comparing 2020 to 2019 and unfavorable \$0.12 impact when comparing 2019 to 2018.

SEGMENT PERFORMANCE

The non-U.S. dollar functional currency international amounts included within our reportable segments are based on translation into U.S. dollars at the fixed currency exchange rates established by management for 2020. The difference between the fixed currency exchange rates and the actual currency exchange rates is reported as "effect of foreign currency translation" in the following tables. All other accounting policies of the reportable segments are consistent with U.S. GAAP and the accounting policies described in Note 2. Additional information about our reportable segments is included in Note 19.

Fixed currency net sales and operating income for 2020, 2019 and 2018 for our reportable segments are shown in the following tables.

Net Sales	Percent Change				
	2020	2019	2018	2020	2019
(millions)					
Global Industrial	\$5,959.9	\$5,994.6	\$5,688.5	(1)%	5 %
Global Institutional & Specialty	3,577.2	4,412.1	4,255.2	(19)	4
Global Healthcare & Life Sciences	1,189.1	979.0	915.7	21	7
Other	1,093.3	1,211.7	1,155.3	(10)	5
Corporate	102.4	-	-	100	-
Subtotal at fixed currency	11,921.9	12,597.4	12,014.7	(5)	5
Effect of foreign currency translation	(131.7)	(35.4)	207.4		
Total reported net sales	\$11,790.2	\$12,562.0	\$12,222.1	(6)%	3 %

Operating Income	Percent Change				
	2020	2019	2018	2020	2019
(millions)					
Global Industrial	\$1,106.0	\$902.7	\$753.7	23 %	20 %
Global Institutional & Specialty	321.9	939.8	901.5	(66)	4
Global Healthcare & Life Sciences	207.6	124.5	124.4	67	0
Other	131.5	167.0	164.0	(21)	2
Corporate	(347.5)	(279.7)	(241.8)	24	16
Subtotal at fixed currency	1,419.5	1,854.3	1,701.8	(23)	9
Effect of foreign currency translation	(23.8)	(9.1)	26.5		
Total reported operating income	\$1,395.7	\$1,845.2	\$1,728.3	(24)%	7 %

The following tables reconcile the impact of acquisitions and divestitures within our reportable segments.

Net Sales	Year ended December 31					
	2020			2019		
	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
(millions)						
Global Industrial	\$5,959.9	(81.4)	\$5,878.5	\$5,994.6	(34.7)	\$5,959.9
Global Institutional & Specialty	3,577.2	(31.2)	3,546.0	4,412.1	-	4,412.1
Global Healthcare & Life Sciences	1,189.1	(24.2)	1,164.9	979.0	(1.5)	977.5
Other	1,093.3	(1.1)	1,092.2	1,211.7	(0.1)	1,211.6
Corporate	102.4	(102.4)	-	-	-	-
Subtotal at fixed currency	11,921.9	(240.3)	11,681.6	12,597.4	(36.3)	12,561.1
Effect of foreign currency translation	(131.7)			(35.4)		
Total reported net sales	\$11,790.2			\$12,562.0		

Operating Income	Year ended December 31					
	2020			2019		
	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted	Fixed Currency	Impact of Acquisitions and Divestitures	Acquisition Adjusted
(millions)						
Global Industrial	\$1,106.0	(7.2)	\$1,098.8	\$902.7	(1.6)	\$901.1
Global Institutional & Specialty	321.9	(2.2)	319.7	939.8	-	939.8
Global Healthcare & Life Sciences	207.6	0.3	207.9	124.5	(0.2)	124.3
Other	131.5	(0.3)	131.2	167.0	-	167.0
Corporate	(119.7)	-	(119.7)	(121.0)	-	(121.0)
Non-GAAP adjusted fixed currency operating income	1,647.3	(9.4)	1,637.9	2,013.0	(1.8)	2,011.2
Special (gains) and charges	227.8			158.7		
Subtotal at fixed currency	1,419.5			1,854.3		
Effect of foreign currency translation	(23.8)			(9.1)		
Total reported operating income	\$1,395.7			\$1,845.2		

Global Industrial

	2020	2019	2018
Sales at fixed currency (millions)	\$5,959.9	\$5,994.6	\$5,688.5
Sales at public currency (millions)	5,870.8	5,980.2	5,806.8
Volume	(3)%	1 %	
Price changes	2 %	3 %	
Acquisition adjusted fixed currency sales change	(1)%	4 %	
Acquisitions and divestitures	1 %	1 %	
Fixed currency sales change	(1)%	5 %	
Foreign currency translation	(1)%	(2)%	
Public currency sales change	(2)%	3 %	
Operating income at fixed currency (millions)	\$1,106.0	\$902.7	\$753.7
Operating income at public currency (millions)	1,086.9	899.0	772.5
Fixed currency operating income change	23 %	20 %	
Fixed currency operating income margin	18.6 %	15.1 %	13.2 %
Acquisition adjusted fixed currency operating income change	22 %	20 %	
Acquisition adjusted fixed currency operating income margin	18.7 %	15.1 %	*
Public currency operating income change	21 %	16 %	

* Not meaningful

Amounts do not necessarily sum due to rounding.

Net Sales

Fixed currency sales for Global Industrial decreased in 2020 as lower volume more than offset pricing and increased in 2019 driven by pricing and volume gains. The 2020 sales decrease was impacted by regional declines in North America and Asia Pacific, partially offset by growth in all other regions. Regional results for 2019 were impacted by growth in all major regions.

At an operating segment level, **Water** fixed currency sales decreased 2% in 2020 and increased 6% in 2019. Modest Light industry sales growth in 2020 and good sales gains in 2019 were led by innovative technology and service offerings. Heavy industry sales were moderately lower in 2020, impacted by lower end market demand, but grew moderately in 2019 as they benefitted from sales force investments and improved market conditions while mining sales were led by new business wins. **Food & Beverage** fixed currency sales increased 5% (3% acquisition adjusted) in 2020 as share gains and pricing more than offset generally flat industry trends. Globally, we saw strong growth in our dairy, food, beverage and brewing segments, with moderate growth in the protein business. Fixed currency sales growth was strong across major regions. Fixed currency sales increased 9% in 2019, benefiting from share gains and pricing more than offset generally flat industry trends. **Downstream** fixed currency sales decreased 8% and increased 1% in 2020 and 2019, respectively, as substantial reductions in transportation fuel demand and additive use hurt 2020 results, while improved pricing in 2019 more than offset lower volume. **Paper** fixed currency sales were flat in 2020 despite softer industrial containerboard market conditions which reduced volumes in major regions. Fixed currency sales increased 1% in 2019 despite softer containerboard market conditions which reduced volumes in major regions.

Operating Income

Fixed currency operating income and fixed currency operating income margins for Global Industrial increased in 2020 and 2019.

Acquisition adjusted fixed currency operating income margins increased 3.6 percentage points in 2020. The favorable impacts of cost savings, pricing, lower delivered product costs and lower variable compensation added approximately 4.2 percentage points during 2020, which more than offset the 0.7 percentage point negative impact of lower volume. Acquisition adjusted fixed currency operating income margins increased in 2019 compared to 2018, positively impacted by pricing and cost savings initiatives, partially offset by investments in the business and lower sales volume leverage.

Global Institutional & Specialty

	2020	2019	2018
Sales at fixed currency (millions)	\$3,577.2	\$4,412.1	\$4,255.2
Sales at public currency (millions)	3,553.2	4,401.5	4,302.0
Volume	(21)%	1 %	
Price changes	2 %	2 %	
Acquisition adjusted fixed currency sales change	(20)%	3 %	
Acquisitions and divestitures	1 %	1 %	
Fixed currency sales change	(19)%	4 %	
Foreign currency translation	0 %	(1)%	
Public currency sales change	(19)%	2 %	
Operating income at fixed currency (millions)	\$321.9	\$939.8	\$901.5
Operating income at public currency (millions)	320.3	937.0	906.2
Fixed currency operating income change	(66)%	4 %	
Fixed currency operating income margin	9.0 %	21.3 %	21.2 %
Acquisition adjusted fixed currency operating income change	(66)%	5 %	
Acquisition adjusted fixed currency operating income margin	9.0 %	21.3 %	*
Public currency operating income change	(66)%	3 %	

* Not meaningful

Amounts do not necessarily sum due to rounding.

Net Sales

Fixed currency sales for Global Institutional & Specialty decreased in 2020 driven by a significant decline in the Institutional business due to the impact of the COVID-19 pandemic and increased in 2019 benefiting from pricing, volume growth and acquisitions. At a regional level, the 2020 sales decreased in all major regions.

At an operating segment level, **Institutional** fixed currency sales decreased 27% in 2020, reflecting strong hand and surface hygiene sales that were more than offset by the negative effects of mandated reductions for in-unit dining and domestic and international travel that significantly reduced foot traffic at full-service restaurants, occupancy rates at hotels and customer visits to other entertainment facilities through the year. Fixed currency sales increased 2% in 2019 as global lodging demand showed moderate growth while global full-service restaurant industry foot traffic was soft. **Specialty** fixed currency sales increased 8% (5% acquisition adjusted) in 2020, as strong food retail sales growth, benefiting from continued expanded cleaning protocols and frequency in the grocery stores in response to the COVID-19 pandemic and new customer additions, was partially offset by moderately lower quickservice sales, which saw strong hand and surface sanitizer sales more than offset by COVID-19 pandemic related impacts on restaurant volumes. Fixed currency sales increased 9% in 2019, led primarily from strong ongoing business and new account wins.

Operating Income

Fixed currency operating income for our Global Institutional & Specialty segment decreased in 2020 and increased in 2019 when compared to prior periods. Fixed currency operating income margins decreased in 2020 and remained flat in 2019.

Acquisition adjusted fixed currency operating income margins decreased 12.3 percentage points during 2020. Margins were negatively impacted approximately 15.0 percentage points during 2020 from volume declines, unfavorable mix and higher bad debt expense, which more than offset the 2.1 percentage points positive impact of cost savings. Acquisition adjusted fixed currency operating income margins increased in 2019 due to pricing and cost savings initiatives, which were partially offset by investments in the business and selling related expenses.

Global Healthcare & Life Sciences

	2020	2019	2018
Sales at fixed currency (millions)	\$1,189.1	\$979.0	\$915.7
Sales at public currency (millions)	1,181.9	972.8	939.5
Volume	18 %	2 %	
Price changes	1 %	1 %	
Acquisition adjusted fixed currency sales change	19 %	2 %	
Acquisitions and divestitures	2 %	4 %	
Fixed currency sales change	21 %	7 %	
Foreign currency translation	0 %	(3)%	
Public currency sales change	21 %	4 %	
Operating income at fixed currency (millions)	\$207.6	\$124.5	\$124.4
Operating income at public currency (millions)	205.0	122.9	127.7
Fixed currency operating income change	67 %	0 %	
Fixed currency operating income margin	17.5 %	12.7 %	13.6 %
Acquisition adjusted fixed currency operating income change	67 %	0 %	
Acquisition adjusted fixed currency operating income margin	17.8 %	12.7 %	*
Public currency operating income change	67 %	(4)%	

* Not meaningful

Amounts do not necessarily sum due to rounding.

Net Sales

Fixed currency sales increased for Global Healthcare & Life Sciences in both 2020 and 2019 as growth in both years was driven by volume and pricing gains. At an operating segment level, **Healthcare** fixed currency sales increased 18% (16% acquisition adjusted) in 2020. Strong COVID-19 pandemic related hand and surface disinfection sales growth more than offset the unfavorable effects of delayed elective surgical procedures. Fixed currency sales increased 1% in 2019 as good growth in Europe was offset by a product recall, while North America sales were flat as good differentiated product and program growth was partially offset by lower sales of deemphasized non-core products. **Life Sciences** fixed currency sales increased 35% in 2020. Results were led by strong demand for biodecontamination units, business wins and pricing in our cleaning and disinfection programs for both the pharmaceutical and personal care markets, with strong growth in Europe and moderate North America gains. Fixed currency sales increased 37% (12% acquisition adjusted) in 2019 led by business wins and pricing in our cleaning and disinfection programs for both the pharmaceutical and personal care markets, with strong growth in Europe and moderate North America gains.

Operating Income

Fixed currency operating income for our Global Healthcare & Life Sciences segment increased in 2020 and remained flat in 2019 when compared to prior periods. Fixed currency operating income margins increased in 2020 and decreased in 2019.

Acquisition adjusted fixed currency operating income margins increased 5.1 percentage points in 2020. Strong volume gains, reduced discretionary spending and pricing positively impacted margins by approximately 6.6 percentage points, partially offset by the 1.1 percentage point negative impact of higher delivered product costs. Acquisition adjusted fixed currency operating income margins decreased in 2019 compared to 2018, negatively impacted by investments in the business and the impact of the Healthcare recall, partially offset by sales volume leverage and cost savings initiatives.

Other

	2020	2019	2018
Sales at fixed currency (millions)	\$1,093.3	\$1,211.7	\$1,155.3
Sales at public currency (millions)	1,084.3	1,207.5	1,173.8
Volume	(11)%	3 %	
Price changes	2 %	2 %	
Acquisition adjusted fixed currency sales change	(10)%	5 %	
Acquisitions and divestitures	0 %	0 %	
Fixed currency sales change	(10)%	5 %	
Foreign currency translation	0 %	(2)%	
Public currency sales change	(10)%	3 %	
Operating income at fixed currency (millions)	\$131.5	\$167.0	\$164.0
Operating income at public currency (millions)	130.6	166.3	165.5
Fixed currency operating income change	(21)%	2 %	
Fixed currency operating income margin	12.0 %	13.8 %	14.2 %
Acquisition adjusted fixed currency operating income change	(21)%	2 %	
Acquisition adjusted fixed currency operating income margin	12.0 %	13.8 %	*
Public currency operating income change	(21)%	0 %	

* Not meaningful

Amounts do not necessarily sum due to rounding.

Net Sales

Fixed currency sales for Other decreased in 2020. At a regional level, the decline in 2020 sales results mostly impacted North America and Europe. Fixed currency sales increased in 2019 with growth in all major regions.

At an operating segment level, **Pest Elimination** was impacted by the COVID-19 pandemic due to partial and full customer closures along with limited vendor access. Fixed currency sales decreased 2% in 2020 with sales growth in food and beverage plants, grocery stores and healthcare facilities offset by the impact of lower restaurant and hospitality volumes. Fixed currency sales increased 6% in 2019 with good growth across all major regions and markets. **Textile Care** fixed currency sales decreased 27% in 2020 and increased 2% in 2019. **Colloidal Technologies Group** fixed currency sales decreased 18% in 2020 and increased 5% in 2019.

Operating Income

Fixed currency operating income in Other decreased in 2020 and increased in 2019 as compared to the prior year. Fixed currency operating income margins declined in 2020 and declined slightly in 2019.

Acquisition adjusted fixed currency operating income margins in Other decreased 1.8 percentage points in 2020. Lower volume and unfavorable mix negatively impacted margins by approximately 4.5 percentage points, which more than offset the 3.2 percentage point positive impact of cost savings and pricing. Acquisition adjusted fixed currency operating income margins decreased in 2019, negatively impacted by field investments, which more than offset pricing, volume gains and cost savings initiatives.

Corporate

Consistent with our internal management reporting, Corporate amounts in the table on page 40 include sales to ChampionX in accordance with the long-term supply agreement entered into with the Transaction, as discussed in Note 5. Corporate also includes intangible asset amortization specifically from the Nalco merger and special (gains) and charges that are not allocated to our reportable segments. Items included within special (gains) and charges are shown in the table on page 35.

FINANCIAL POSITION, CASH FLOW AND LIQUIDITY

Financial Position

Total assets were \$18.1 billion as of December 31, 2020, compared to total assets of \$20.9 billion as of December 31, 2019.

Total liabilities were \$11.9 billion as of December 31, 2020, compared to total liabilities of \$12.1 billion as of December 31, 2019. Total debt was \$6.7 billion as of December 31, 2020 and \$6.4 billion as of December 31, 2019. See further discussion of our debt activity within the "Liquidity and Capital Resources" section of this MD&A.

Our net debt to EBITDA is shown in the following table. EBITDA is a non-GAAP measure discussed further in the "Non-GAAP Financial Measures" section of this MD&A.

	2020	2019	2018
(ratio)			
Net debt to EBITDA	2.4	2.3	2.7
(millions)			
Total debt	\$6,686.6	\$6,353.6	\$7,044.2
Cash	1,260.2	118.8	63.9
Net debt	\$5,426.4	\$6,234.8	\$6,980.3
Net income including noncontrolling interest	\$984.8	\$1,442.9	\$1,265.9
Provision for income taxes	176.6	288.6	321.2
Interest expense, net	290.2	190.7	221.1
Depreciation	594.3	569.1	535.9
Amortization	218.4	206.2	194.5
EBITDA	\$2,264.3	\$2,697.5	\$2,538.6

Cash Flows

Operating Activities

	2020	2019	2018	2020	2019
				Dollar Change	
(millions)					
Cash provided by operating activities	\$1,741.8	\$2,046.7	\$2,006.9	(\$304.9)	\$39.8

We continue to generate strong cash flow from operations, amidst the COVID-19 pandemic, allowing us to fund our ongoing operations, acquisitions, investments in the business and pension obligations along with returning cash to our shareholders through dividend payments and share repurchases.

Comparability of cash generated from operating activities across 2020 to 2018 was impacted by fluctuations in accounts receivable, inventories and accounts payable ("working capital"), the combination of which increased \$32 million, \$128 million and \$133 million in 2020, 2019 and 2018 respectively. The 2020 cash flow impact from working capital accounts was driven by lower sales volume, partially offset by lower inventory turnover and slower accounts receivable collection.

The impact on operating cash flows of pension and postretirement plan contributions, cash activity related to restructuring, cash paid for income taxes and cash paid for interest, are shown in the following table:

	2020	2019	2018	2020	2019
				Dollar Change	
(millions)					
Pensions and postretirement plan contributions	\$70.7	\$186.0	\$60.0	(\$115.3)	\$126.0
Restructuring payments	71.1	82.5	46.0	(11.4)	36.5
Income tax payments	366.9	337.4	365.1	29.5	(27.7)
Interest payments	262.5	189.4	206.4	73.1	(17.0)

Investing Activities

(millions)	Dollar Change				
	2020	2019	2018	2020	2019
Cash used for investing activities	(\$857.7)	(\$1,129.6)	(\$961.9)	\$271.9	(\$167.7)

Cash used for investing activities is primarily impacted by the timing of business acquisitions and dispositions as well as from capital investments in the business.

Total cash paid for acquisitions, net of cash acquired and net of cash received from dispositions, in 2020, 2019 and 2018 was \$371 million, \$385 million and \$221 million, respectively. Our acquisitions and divestitures are discussed further in Note 4. We continue to target strategic business acquisitions which complement our growth strategy and expect to continue to make capital investments and acquisitions in the future to support our long-term growth.

We continue to make capital investments in the business, including merchandising and customer equipment and manufacturing facilities. Total capital expenditures were \$489 million, \$731 million and \$779 million in 2020, 2019 and 2018, respectively.

Financing Activities

(millions)	Dollar Change				
	2020	2019	2018	2020	2019
Cash provided by (used for) financing activities	(\$340.2)	(\$1,346.6)	(\$1,171.4)	\$1,006.4	(\$175.2)

Our cash flows from financing activities primarily reflect the issuances and repayment of debt, common stock repurchases, proceeds from common stock issuances related to our equity incentive programs, dividend payments and acquisition-related contingent considerations.

Shares are repurchased for the purpose of partially offsetting the dilutive effect of our equity compensation plans and stock issued in acquisitions, to manage our capital structure and to efficiently return capital to shareholders. We repurchased a total of \$146 million, \$354 million, and \$562 million of shares in 2020, 2019 and 2018, respectively.

The impact on financing cash flows of commercial paper and notes payable repayments, long-term debt borrowings and long-term debt repayments, are shown in the following table:

(millions)	Dollar Change				
	2020	2019	2018	2020	2019
Net (repayments) issuances of commercial paper and notes payable	(\$65.5)	(\$252.0)	\$341.8	\$186.5	(\$593.8)
Long-term debt borrowings	1,855.9	-	—	1,855.9	—
Long-term debt repayments	(1,570.0)	(400.6)	(551.6)	(1,169.4)	151.0

In December 2020, we increased our indicated annual dividend rate by 2%. This represents the 29th consecutive year we have increased our dividend. We have paid dividends on our common stock for 84 consecutive years. Cash dividends declared per share of common stock, by quarter, for each of the last three years were as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2020	\$0.47	\$0.47	\$0.47	\$0.48	\$1.89
2019	\$0.46	\$0.46	\$0.46	\$0.47	\$1.85
2018	\$0.41	\$0.41	\$0.41	\$0.46	\$1.69

Liquidity and Capital Resources

We currently expect to fund all of our cash requirements which are reasonably foreseeable for the next twelve months, including scheduled debt repayments, new investments in the business, share repurchases, dividend payments, possible business acquisitions and pension and postretirement contributions with cash on hand, cash generated from operating activities, and as needed, additional short-term and/or long-term borrowings. We continue to expect our operating cash flow to remain strong.

As of December 31, 2020, we had \$1,260 million of cash and cash equivalents on hand, of which \$59 million was held outside of the U.S. As of December 31, 2019, we had \$119 million of cash and cash equivalents on hand, of which \$91 million was held outside of the U.S. We have increased our available cash on hand during the year to meet current and any future potential operational cash needs as a result of COVID-19 pandemic. We will continue to evaluate our cash position in light of future developments.

As of December 31, 2020, we had a \$2.0 billion multi-year credit facility, which expires in November 2022. The credit facility has been established with a diverse syndicate of banks and supports our U.S. and Euro commercial paper programs. The maximum aggregate amount of commercial paper that may be issued under our U.S. commercial paper program and our Euro commercial paper program may not exceed \$2.0 billion. At year end, we had no outstanding commercial paper under our Euro or U.S. program. There were no borrowings under our credit facility as of December 31, 2020 or 2019. As of December 31, 2020, both programs were rated A-2 by Standard & Poor's, P-2 by Moody's and F-1 by Fitch.

As of December 31, 2020, we have a \$500 million 364-day revolving credit agreement, which expires in April 2021. The revolving credit agreement is to be used for general corporate purposes with a diverse syndicate of banks to provide for further liquidity in response to the coronavirus pandemic. There were no borrowings under this revolving credit agreement as of December 31, 2020. In addition, we executed a \$305 million term credit agreement in April 2020, which we drew on and repaid \$303 million during the second quarter of 2020.

Additionally, we have uncommitted credit lines with major international banks and financial institutions. These credit lines support our daily global funding needs, primarily our global cash pooling structures. We have \$123 million of bank supported letters of credit, surety bonds and guarantees outstanding in support of our commercial business transactions. We do not have any other significant unconditional purchase obligations or commercial commitments.

As of December 31, 2020, Standard & Poor's and Fitch both rated our long-term credit at A- (stable outlook) and Moody's rated our long-term credit at Baa1 (positive outlook). A reduction in our credit ratings could limit or preclude our ability to issue commercial paper under our current programs or could also adversely affect our ability to renew existing, or negotiate new, credit facilities in the future and could increase the cost of these facilities.

We are in compliance with our debt covenants and other requirements of our credit agreements and indentures.

A schedule of our various obligations as of December 31, 2020 are summarized in the following table:

(millions)	Total	Payments Due by Period			More Than 5 Years
		Less Than 1 Year	2-3 Years	4-5 Years	
Notes payable	\$ 15	\$ 15	\$ -	\$ -	\$ -
One-time transition tax	103	13	-	50	40
Long-term debt	6,671	2	902	1,366	4,401
Operating leases	474	142	183	73	76
Interest*	2,627	204	378	331	1,714
Total	\$ 9,890	\$ 376	\$ 1,463	\$ 1,820	\$ 6,231

* Interest on variable rate debt was calculated using the interest rate at year end 2020.

As of December 31, 2020, our gross liability for uncertain tax positions was \$21 million. We are not able to reasonably estimate the amount by which the liability will increase or decrease over an extended period of time or whether a cash settlement of the liability will be required. Therefore, these amounts have been excluded from the schedule of contractual obligations.

We do not have required minimum cash contribution obligations for our qualified pension plans in 2020. We are required to fund certain international pension benefit plans in accordance with local legal requirements. We estimate contributions to be made to our international plans will approximate \$47 million in 2020. These amounts have been excluded from the schedule of contractual obligations.

We lease certain sales and administrative office facilities, distribution centers, research and manufacturing facilities and other equipment under longer-term operating leases. Vehicle leases are generally shorter in duration. Vehicle leases have residual value requirements that have historically been satisfied primarily by the proceeds on the sale of the vehicles.

Off-Balance Sheet Arrangements

We do not participate in off-balance sheet financing arrangements. Through the normal course of business, we have established various joint ventures, some of which have not been consolidated within our financial statements as we neither control, nor are the primary beneficiary. The joint ventures help us meet local ownership requirements, achieve quicker operational scale, expand our ability to provide customers a more fully integrated offering or provide other benefits to our business or customers. These entities have not been utilized as special purposes entities, which are sometimes established for the purpose of facilitating off-balance sheet financial arrangements or other contractually narrow or limited purposes. As such, we are not exposed to financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Market Risk

We enter into contractual arrangements (derivatives) in the ordinary course of business to manage foreign currency exposure and interest rate risks. We do not enter into derivatives for speculative or trading purposes. Our use of derivatives is subject to internal policies that provide guidelines for control, counterparty risk, and ongoing monitoring and reporting, and is designed to reduce the volatility associated with movements in foreign exchange and interest rates on our income statement and cash flows.

We enter into foreign currency forward contracts to hedge certain intercompany financial arrangements, and to hedge against the effect of exchange rate fluctuations on transactions related to cash flows denominated in currencies other than U.S. dollars. We use net investment hedges as hedging instruments to manage risks associated with our investments in foreign operations. As of December 31, 2020, we had a total of €1,150 million senior notes designated as net investment hedges.

We manage interest expense using a mix of fixed and floating rate debt. To help manage borrowing costs, we may enter into interest rate swap agreements. Under these arrangements, we agree to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed-upon notional principal amount. As of December 31, 2020, we had no interest rate swaps outstanding.

See Note 9 for further information on our hedging activity.

Based on a sensitivity analysis (assuming a 10% change in market rates) of our foreign exchange and interest rate derivatives and other financial instruments, changes in exchange rates or interest rates would increase/decrease our financial position and liquidity by approximately \$213 million. The effect on our results of operations would be substantially offset by the impact of the hedged items.

GLOBAL ECONOMIC AND POLITICAL ENVIRONMENT

Coronavirus disease 2019 (COVID-19)

In March 2020, the coronavirus disease 2019 (COVID-19) was declared a pandemic by the World Health Organization. The COVID-19 pandemic affected global economies and financial markets throughout 2020, and industries faced challenges from restricted economic conditions resulting from government and private efforts to address the pandemic. As the pandemic continued and new variants of COVID-19 were identified, most countries required companies to limit or suspend business operations and implemented travel restrictions. These conditions had and are expected to continue to have a negative impact on market conditions and customer demand throughout the world over the foreseeable future until the pandemic diminishes. We experienced, and anticipate continued, overall adverse impacts and disruptions in our restaurant, hospitality and entertainment-related business operations, with modest impact on our Industrial segment businesses and limited or no adverse impacts on certain other parts of our business, supply chain and business continuity plans from COVID-19 restrictions; in addition, certain of our business have and will continue to benefit from increased cleaning and sanitizing product demand.

While we anticipate our 2021 results of operations to be generally comparable to 2019, we are not yet able to adequately estimate the full impact of the coronavirus outbreak on our end markets and our business due to the pandemic's evolving nature and the public and private responses to it. While we expect favorable conditions to resume in our industrial markets, and expect conditions to continue to be favorable in our healthcare and life sciences markets, we anticipate products and services provided to the full-service restaurant, hospitality, lodging and entertainment industries will continue to be negatively impacted over the near term due to the regulatory and organizational operating restrictions and mandates that have been put in place and affecting those end markets. We have taken, and are continuing to take, steps to drive revenue growth through new products, programs and markets, as well as steps to reduce costs, including reductions in capital expenditures, as well as other ongoing cost initiatives.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. We have taken advantage of the employer payroll tax (FICA) deferral offered by the CARES Act, which allowed us to defer the payment of employer payroll taxes for the period from March 27, 2020 to December 31, 2020. The deferred FICA liability was \$66.4 million and will be payable in equal installments at December 2021 and December 2022.

Global Economies

Almost half of our sales are outside of the United States. Our international operations subject us to changes in economic conditions and foreign currency exchange rates as well as political uncertainty in some countries which could impact future operating results.

Argentina has continued to experience negative economic trends, evidenced by multiple periods of increasing inflation rates, devaluation of the Argentine Peso, and increasing borrowing rates. Argentina is classified as a highly inflationary economy in accordance with U.S. GAAP, and the U.S. dollar is the functional currency for our subsidiaries in Argentina. During 2020, sales in Argentina represented less than 1% of our consolidated sales. Assets held in Argentina at the end of 2020 represented less than 1% of our consolidated assets.

Brexit Referendum

December 31, 2020 marked the end of the Brexit Transition Period and with it the UK's departure from the European Union (EU) customs union and single market. The EU and UK arrived at a Trade and Cooperation Agreement, (TCA) allowing companies to trade tariff free on products having EU origins. We are working through the details of this TCA impact with the expectation that much of our trade will in fact be free of tariff.

During 2020, net sales of our U.K. operations were approximately 3% of our consolidated net sales.

NEW ACCOUNTING PRONOUNCEMENTS

Information regarding new accounting pronouncements is included in Note 2.

SUBSEQUENT EVENTS

Subsequent to year end, we separately acquired European Institutional and Healthcare businesses. The aggregate purchase consideration for these two acquisitions was approximately \$100 million. The acquisitions are not material to our consolidated financial statements individually or in the aggregate.

NON-GAAP FINANCIAL MEASURES

This MD&A includes financial measures that have not been calculated in accordance with U.S. GAAP. These non-GAAP measures include:

- Fixed currency sales
- Acquisition adjusted fixed currency sales
- Adjusted cost of sales
- Adjusted gross margin
- Fixed currency operating income
- Fixed currency operating income margin
- Adjusted operating income
- Adjusted operating income margin
- Adjusted fixed currency operating income
- Adjusted fixed currency operating income margin
- Acquisition adjusted fixed currency operating income
- Acquisition adjusted fixed currency operating income margin
- Adjusted other (income) expense
- Adjusted interest expense, net
- EBITDA
- Adjusted tax rate
- Adjusted net income from discontinued operations, net of tax
- Adjusted net income from continuing operations attributable to Ecolab
- Adjusted diluted EPS from continuing operations

We provide these measures as additional information regarding our operating results. We use these non-GAAP measures internally to evaluate our performance and in making financial and operational decisions, including with respect to incentive compensation. We believe that our presentation of these measures provides investors with greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparison of results.

Our non-GAAP financial measures for cost of sales, gross margin, interest expense and operating income exclude the impact of special (gains) and charges, and our non-GAAP measures for tax rate, net income from continuing operations attributable to Ecolab and diluted EPS from continuing operations further exclude the impact of discrete tax items. We include items within special (gains) and charges and discrete tax items that we believe can significantly affect the period-over-period assessment of operating results and not necessarily reflect costs and/or income associated with historical trends and future results. After tax special (gains) and charges are derived by applying the applicable local jurisdictional tax rate to the corresponding pre-tax special (gains) and charges.

EBITDA is defined as the sum of net income including non-controlling interest, provision for income taxes, net interest expense, depreciation and amortization. EBITDA is used in our net debt to EBITDA ratio, which we view as important indicators of the operational and financial health of our organization.

We evaluate the performance of our international operations based on fixed currency rates of foreign exchange. Fixed currency amounts included in this Form 10-K are based on translation into U.S. dollars at the fixed foreign currency exchange rates established by management at the beginning of 2020. Fixed currency amounts during 2018 for Argentina operations are reflected at the Argentine Peso rate established by management at the beginning of the year.

Acquisition adjusted growth rates exclude the results of our acquired businesses from the first twelve months post acquisition, exclude the results of our divested businesses from the twelve months prior to divestiture and the Venezuelan results of operations from all comparable periods.

These non-GAAP measures are not in accordance with, or an alternative to U.S. GAAP, and may be different from non-GAAP measures used by other companies. Investors should not rely on any single financial measure when evaluating our business. We recommend that investors view these measures in conjunction with the U.S. GAAP measures included in this MD&A and we have provided reconciliations of reported U.S. GAAP amounts to the non-GAAP amounts.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk.

The discussion under the heading entitled "Market Risk" and "Global Economic and Political Environment" is incorporated by reference from Part II, Item 7 of this Form 10-K.

Item 8. Financial Statements and Supplementary Data.

REPORTS OF MANAGEMENT

To our Shareholders:

Management's Responsibility for Financial Statements

Management is responsible for the integrity and objectivity of the consolidated financial statements. The statements have been prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include certain amounts based on management's best estimates and judgments.

The Board of Directors, acting through its Audit Committee composed solely of independent directors, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and maintains internal control over financial reporting. The Audit Committee recommends to the Board of Directors the appointment of the Company's independent registered public accounting firm, subject to ratification by the shareholders. It meets regularly with management, the internal auditors and the independent registered public accounting firm.

The independent registered public accounting firm has audited the consolidated financial statements included in this annual report and have expressed their opinion regarding whether these consolidated financial statements present fairly in all material respects our financial position and results of operation and cash flows as stated in their report presented separately herein.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, an evaluation of the design and operating effectiveness of internal control over financial reporting was conducted based on the 2013 framework in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation under the framework in Internal Control — Integrated Framework, management concluded that internal control over financial reporting was effective as of December 31, 2020.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2020 as stated in their report which is included herein.



Christophe Beck
President and Chief Executive Officer



Daniel J. Schmechel
Chief Financial Officer

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Ecolab Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of Ecolab Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment – Downstream Reporting Unit

As described in Note 2 to the consolidated financial statements, the carrying value of goodwill was \$6.0 billion as of December 31, 2020, a portion of which is allocated to the Downstream reporting unit. During the second quarter of 2020, management completed its annual assessment for goodwill impairment across its eleven reporting units. Management continued to assess the need to test its reporting units for impairment during interim periods since its scheduled annual assessments. The goodwill impairment assessment was completed using quantitative analyses using discounted cash flow analyses, that incorporated assumptions regarding future growth rates, terminal values, and discount rates. If the carrying amount of the reporting unit exceeds its fair value, the Company will recognize an impairment loss for the amount by which the reporting unit's carrying value exceeds its fair value, but not to exceed the carrying amount of goodwill assigned to that reporting unit.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Downstream reporting unit is a critical audit matter are (i) a high degree of auditor judgment and subjectivity in performing procedures relating to estimating the fair value of the Downstream reporting unit due to the significant judgment by management when estimating the fair value; (ii) a high degree of audit effort in performing procedures and evaluating audit evidence related to the discount rate assumption; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the discount rate assumption used in the discounted cash flow analysis to estimate the fair value of the Downstream reporting unit. These procedures also included, among others, testing management's process for estimating the fair value of the Downstream reporting unit, evaluating the appropriateness of the discounted cash flow analysis, and evaluating the reasonableness of the discount rate assumption. Evaluating management's assumption related to the discount rate involved evaluating whether the assumption used was reasonable considering the cost of capital of comparable businesses and relevant industry factors. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of the discounted cash flow analysis and evaluating the reasonableness of the discount rate assumption.



PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 26, 2021

We have served as the Company's auditor since 1970.

CONSOLIDATED STATEMENT OF INCOME

(millions, except per share amounts)

	2020	2019	2018
Product and equipment sales	\$9,466.6	\$10,129.0	\$9,903.6
Service and lease sales	2,323.6	2,433.0	2,318.5
Net sales	11,790.2	12,562.0	12,222.1
Product and equipment cost of sales	5,481.3	5,617.5	5,510.6
Service and lease cost of sales	1,424.5	1,428.3	1,364.7
Cost of sales (including special charges (a))	6,905.8	7,045.8	6,875.3
Selling, general and administrative expenses	3,309.1	3,550.8	3,505.8
Special (gains) and charges	179.6	120.2	112.7
Operating income	1,395.7	1,845.2	1,728.3
Other (income) expense (b)	(55.9)	(77.0)	(79.9)
Interest expense, net (c)	290.2	190.7	221.1
Income before income taxes	1,161.4	1,731.5	1,587.1
Provision for income taxes	176.6	288.6	321.2
Net income from continuing operations, including noncontrolling interest	984.8	1,442.9	1,265.9
Net income from continuing operations attributable to noncontrolling interest	17.4	17.3	15.6
Net income from continuing operations attributable to Ecolab	967.4	1,425.6	1,250.3
Net (loss) income from discontinued operations, net of tax (Note 5) (d)	(2,172.5)	133.3	178.8
Net (loss) income attributable to Ecolab	(\$1,205.1)	\$1,558.9	\$1,429.1
Earnings (loss) attributable to Ecolab per common share			
Basic			
Continuing operations	\$ 3.37	\$ 4.95	\$ 4.33
Discontinued operations	(\$ 7.57)	\$ 0.46	\$ 0.62
Earnings (loss) attributable to Ecolab	(\$ 4.20)	\$ 5.41	\$ 4.95
Diluted			
Continuing operations	\$ 3.33	\$ 4.87	\$ 4.27
Discontinued operations	(\$ 7.48)	\$ 0.46	\$ 0.61
Earnings (loss) attributable to Ecolab	(\$ 4.15)	\$ 5.33	\$ 4.88
Weighted-average common shares outstanding			
Basic	287.0	288.1	288.6
Diluted	290.3	292.5	292.8

- (a) Cost of sales includes special charges of \$39.3 in 2020, \$38.5 in 2019, and \$4.8 in 2018, which is included in product and equipment cost of sales. Cost of sales includes special charges of \$8.9 in 2020, which is included in service and lease cost of sales.
- (b) Other (income) expense includes special charges of \$0.4 in 2020 and \$9.5 in 2019.
- (c) Interest expense, net includes special charges of \$83.8 in 2020, \$0.2 in 2019 and \$0.3 in 2018.
- (d) Net (loss) income from discontinued operations, net of tax includes noncontrolling interest of \$2.2, \$0.0 and \$(4.4) in 2020, 2019 and 2018, respectively.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(millions)	2020	2019	2018
Net (loss) income attributable to Ecolab	(\$1,205.1)	\$1,558.9	\$1,429.1
Net income from continuing operations attributable to noncontrolling interest	17.4	17.3	15.6
Net income (loss) from discontinued operations attributable to noncontrolling interest	2.2	-	(4.4)
Net (loss) income attributable to Ecolab, including noncontrolling interest	(\$1,185.5)	\$1,576.2	\$1,440.3
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments			
Foreign currency translation	50.0	(45.1)	(223.3)
Separation of ChampionX	229.9	-	-
(Loss) gain on net investment hedges	(87.7)	31.4	57.5
Total foreign currency translation adjustments	192.2	(13.7)	(165.8)
Derivatives and hedging instruments	(17.0)	(3.4)	28.4
Pension and postretirement benefits			
Current period net actuarial loss	(139.2)	(251.1)	(37.8)
Pension and postretirement prior period service benefits and (costs)	5.1	(0.3)	(2.3)
Amortization of net actuarial loss and prior service costs included in net periodic pension and postretirement costs	56.0	(0.2)	13.2
Postretirement benefits changes	-	-	44.9
Total pension and postretirement benefits	(78.1)	(251.6)	18.0
Subtotal	97.1	(268.7)	(119.4)
Total comprehensive (loss) income, including noncontrolling interest	(1,088.4)	1,307.5	1,320.9
Comprehensive income attributable to noncontrolling interest	21.4	15.4	10.1
Comprehensive (loss) income attributable to Ecolab	(\$1,109.8)	\$1,292.1	\$1,310.8

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(millions, except per share amounts)

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$1,260.2	\$118.8
Accounts receivable, net	2,273.8	2,382.0
Inventories	1,285.2	1,081.6
Other current assets	298.2	295.2
Current assets of discontinued operations	-	950.8
Total current assets	5,117.4	4,828.4
Property, plant and equipment, net	3,124.9	3,228.3
Goodwill	6,006.9	5,569.1
Other intangible assets, net	2,977.0	2,927.5
Operating lease assets	423.8	466.7
Other assets	476.0	516.3
Long-term assets of discontinued operations	-	3,332.8
Total assets	\$18,126.0	\$20,869.1
LIABILITIES AND EQUITY		
Current liabilities		
Short-term debt	\$17.3	\$380.5
Accounts payable	1,160.6	1,075.3
Compensation and benefits	469.3	565.7
Income taxes	96.1	136.9
Other current liabilities	1,188.9	1,110.7
Current liabilities of discontinued operations	-	361.5
Total current liabilities	2,932.2	3,630.6
Long-term debt	6,669.3	5,973.1
Postretirement health care and pension benefits	1,226.2	1,084.4
Deferred income taxes	483.9	537.3
Operating lease liabilities	300.5	346.0
Other liabilities	312.4	269.8
Long-term liabilities of discontinued operations	-	302.1
Total liabilities	11,924.5	12,143.3
Commitments and contingencies (Note 16)		
Equity (a)		
Common stock	362.6	359.6
Additional paid-in capital	6,235.0	5,907.1
Retained earnings	8,243.0	9,993.7
Accumulated other comprehensive loss	(1,994.4)	(2,089.7)
Treasury stock	(6,679.7)	(5,485.4)
Total Ecolab shareholders' equity	6,166.5	8,685.3
Noncontrolling interest	35.0	40.5
Total equity	6,201.5	8,725.8
Total liabilities and equity	\$18,126.0	\$20,869.1

(a) Common stock, 800.0 shares authorized, \$1.00 par value, 285.7 shares outstanding at December 31, 2020 and 288.4 shares outstanding at December 31, 2019. Shares outstanding are net of treasury stock.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(millions)	2020	2019	2018
OPERATING ACTIVITIES			
Net (loss) income including noncontrolling interest	(\$1,185.5)	\$1,576.2	\$1,440.3
Less: Net (loss) income from discontinued operations including noncontrolling interest	(\$2,170.3)	133.3	174.4
Net income from continuing operations including noncontrolling interest	\$984.8	\$1,442.9	\$1,265.9
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	594.3	569.1	535.9
Amortization	218.4	206.2	194.5
Deferred income taxes	(45.8)	(22.1)	122.6
Share-based compensation expense	82.1	84.0	88.0
Pension and postretirement plan contributions	(70.7)	(186.0)	(60.0)
Pension and postretirement plan expense	42.0	22.6	25.7
Restructuring charges, net of cash paid	7.8	29.9	40.2
Debt refinancing	77.1	-	-
Other, net	61.0	17.6	19.1
Changes in operating assets and liabilities, net of effect of acquisitions:			
Accounts receivable	155.6	(173.1)	(132.5)
Inventories	(179.5)	22.3	(100.5)
Other assets	42.3	(70.4)	(76.8)
Accounts payable	55.9	22.9	99.8
Other liabilities	(283.5)	80.8	(15.0)
Cash provided by operating activities - continuing operations	1,741.8	2,046.7	2,006.9
Cash provided by operating activities - discontinued operations	118.4	374.0	270.8
Cash provided by operating activities	1,860.2	2,420.7	2,277.7
INVESTING ACTIVITIES			
Capital expenditures	(489.0)	(731.3)	(778.7)
Property and other assets sold	5.3	7.5	28.0
Acquisitions and investments in affiliates, net of cash acquired	(487.0)	(391.4)	(229.8)
Divestiture of businesses	116.2	6.8	9.2
Other, net	(3.2)	(21.2)	9.4
Cash used for investing activities - continuing operations	(857.7)	(1,129.6)	(961.9)
Cash provided by (used for) investing activities - discontinued operations	443.2	(69.5)	(68.1)
Cash used for investing activities	(414.5)	(1,199.1)	(1,030.0)
FINANCING ACTIVITIES			
Net (repayments) issuances of commercial paper and notes payable	(65.5)	(252.0)	341.8
Long-term debt borrowings	1,855.9	-	-
Long-term debt repayments	(1,570.0)	(400.6)	(551.6)
Reacquired shares	(146.2)	(353.7)	(562.4)
Dividends paid	(560.8)	(552.9)	(494.8)
Exercise of employee stock options	241.5	186.8	114.5
Debt refinancing	(77.1)	-	-
Other, net	(18.0)	25.8	(18.9)
Cash used for financing activities - continuing operations	(340.2)	(1,346.6)	(1,171.4)
Cash used for financing activities - discontinued operations	(1.6)	(3.0)	(1.3)
Cash used for financing activities	(341.8)	(1,349.6)	(1,172.7)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(30.1)	20.4	7.6
Increase (decrease) in cash, cash equivalents and restricted cash	1,073.8	(107.6)	82.6
Cash, cash equivalents and restricted cash, beginning of period - continuing operations (a)	118.8	243.2	163.3
Cash, cash equivalents and restricted cash, beginning of period - discontinued operations	67.6	50.8	48.1
Cash, cash equivalents and restricted cash, beginning of period (a)	186.4	294.0	211.4
Cash, cash equivalents and restricted cash, end of period - continuing operations (b)	1,260.2	118.8	243.2
Cash, cash equivalents and restricted cash, end of period - discontinued operations	-	67.6	50.8
Cash, cash equivalents and restricted cash, end of period (b)	\$1,260.2	\$186.4	\$294.0
SUPPLEMENTAL CASH FLOW INFORMATION			
Income taxes paid	\$366.9	\$337.4	\$365.1
Net interest paid	262.5	189.4	206.4

Restricted cash is recorded in Other assets on the Consolidated Balance Sheet

- (a) Beginning of period 2020, 2019, and 2018 included restricted cash of \$0.0, \$179.3 and \$0.0, respectively.
- (b) Restricted cash was \$0.0, \$0.0 and \$179.3 as of December 31, 2020, 2019 and 2018, respectively.

Presentation of 2019 and 2018 cash flow has been conformed to the current year presentation. There was no change to cash provided by or (used for) operating activities, investing activities or financial activities.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF EQUITY

(millions, except shares and per share amounts)	Common Stock	Additional Paid-in Capital	Retained Earnings	OCI (Loss)	Treasury Stock	Ecolab Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance, December 31, 2017	\$354.7	\$5,435.7	\$8,011.6	(\$1,643.4)	(\$4,575.0)	\$7,583.6	\$70.2	\$7,653.8
New accounting guidance adoption (a)			(43.6)			(43.6)		(43.6)
Net income			1,429.1			1,429.1	11.2	1,440.3
Comprehensive income (loss) activity				(118.3)		(118.3)	(1.1)	(119.4)
Cash dividends declared (b)			(487.6)			(487.6)	(22.7)	(510.3)
Changes in noncontrolling interests		(7.7)				(7.7)	(7.2)	(14.9)
Stock options and awards	2.3	205.2			2.5	210.0		210.0
Reacquired shares					(562.3)	(562.3)		(562.3)
Balance, December 31, 2018	357.0	5,633.2	8,909.5	(1,761.7)	(5,134.8)	8,003.2	50.4	8,053.6
New accounting guidance adoption (c)			58.4	(61.2)		(2.8)		(2.8)
Net income			1,558.9			1,558.9	17.3	1,576.2
Comprehensive income (loss) activity				(266.8)		(266.8)	(1.9)	(268.7)
Cash dividends declared (b)			(533.1)			(533.1)	(25.1)	(558.2)
Changes in noncontrolling interests		0.2				0.2	(0.2)	0.0
Stock options and awards	2.6	273.7			3.1	279.4		279.4
Reacquired shares					(353.7)	(353.7)		(353.7)
Balance, December 31, 2019	359.6	5,907.1	9,993.7	(2,089.7)	(5,485.4)	8,685.3	40.5	8,725.8
New accounting guidance adoption (d)			(4.3)			(4.3)		(4.3)
Net income			(1,205.1)	95.3		(1,205.1)	19.6	(1,185.5)
Comprehensive income (loss) activity						95.3	1.8	97.1
Cash dividends declared (b)			(541.3)			(541.3)	(21.0)	(562.3)
Separation of ChampionX		(8.5)			(1,051.4)	(1,059.9)	3.4	(1,056.5)
Changes in noncontrolling interests		17.6				17.6	(9.3)	8.3
Stock options and awards	3.0	318.8			3.3	325.1		325.1
Reacquired shares					(146.2)	(146.2)		(146.2)
Balance, December 31, 2020	\$362.6	\$6,235.0	\$8,243.0	(\$1,994.4)	(\$6,679.7)	\$6,166.5	\$35.0	\$6,201.5

- (a) In 2018, upon adoption of ASU 2016-16, Intra-Entity Transfers of Assets Other than Inventory, the Company recorded an adjustment to retained earnings representing the write-off of income tax effects that had been deferred from past transactions and the recording of deferred tax assets which previously were not allowed to be recognized.
- (b) Dividends declared per common share were \$1.89, \$1.85 and \$1.69 in 2020, 2019 and 2018, respectively.
- (c) In 2019, upon adoption of ASU 2018-02, Income Statement – Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, the Company reclassified stranded tax effects resulting from the Tax Cut and Jobs Act from accumulated other comprehensive income to retained earnings. Also, upon adoption of ASU 2016-02, Leases (Topic 842), the Company has established right-of-use assets and lease liabilities for operating leases and the cumulative effect of applying the standard is recognized in retained earnings at the beginning of the period adopted.
- (d) In 2020, upon adoption of ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, the Company reclassified the cumulative effect of applying the standard to retained earnings at the beginning of the period adopted.

See Note 2 for additional information regarding adoption of new accounting standards.

COMMON STOCK ACTIVITY

Year ended December 31	2020		2019		2018	
	Common Stock	Treasury Stock	Common Stock	Treasury Stock	Common Stock	Treasury Stock
Shares, beginning of year	359,569,234	(71,159,472)	356,958,100	(69,243,979)	354,715,896	(65,393,098)
Stock options	2,577,231	35,122	2,220,815	41,575	1,833,004	38,679
Stock awards	406,978	40,122	390,319	29,173	409,200	18,481
Reacquired shares	-	(761,245)	-	(1,986,241)	-	(3,908,041)
Separation of ChampionX	-	(4,955,552)	-	-	-	-
Shares, end of year	362,553,443	(76,801,025)	359,569,234	(71,159,472)	356,958,100	(69,243,979)

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Ecolab is a global leader in water, hygiene and infection prevention solutions and services that protect people and vital resources. The Company delivers comprehensive solutions, data-driven insights and personalized service to advance food safety, maintain clean and safe environments, optimize water and energy use and improve operational efficiencies and sustainability for customers in the food, healthcare, hospitality and industrial markets in more than 170 countries.

The Company's cleaning and sanitizing programs and products and pest elimination services support customers in the foodservice, food and beverage processing, hospitality, healthcare, government and education, retail, textile care and commercial facilities management sectors. The Company's products and technologies are also used in water treatment, pollution control, energy conservation, refining, primary metals manufacturing, papermaking, mining and other industrial processes.

On June 3, 2020, the Company completed the previously announced separation of its Upstream Energy business (the "ChampionX business") in a Reverse Morris Trust transaction (the "Transaction") through the split-off of ChampionX Holding Inc. ("ChampionX"), formed by Ecolab as a wholly owned subsidiary to hold the ChampionX business, followed immediately by the merger (the "Merger") of ChampionX with a wholly owned subsidiary of ChampionX Corporation (f/k/a Apergy Corporation, "Apergy").

As discussed in Note 5 Discontinued Operations, the ChampionX business met the criteria to be reported as discontinued operations because it was a strategic shift in business that had a major effect on the Company's operations and financial results. Therefore, the Company is reporting the historical results of ChampionX, including the results of operations and cash flows as discontinued operations, and the related assets and liabilities are classified as current assets of discontinued operations, long-term assets of discontinued operations, current liabilities of discontinued operations and long-term liabilities of discontinued operations for all periods presented herein. Unless otherwise noted, the accompanying Notes to the Consolidated Financial Statements have all been revised to reflect the effect of the separation of ChampionX and all prior year balances have been revised accordingly to reflect continuing operations only.

Effective in the first quarter of 2020, and in anticipation of the separation of the Upstream Energy business, the Company created the Upstream and Downstream operating segments from the Global Energy operating segment, which was also a reportable segment. Subsequent to the separation of ChampionX, the Company no longer reports the Upstream Energy segment, which previously held the ChampionX business.

The Downstream operating segment has been aggregated into the Global Industrial reportable segment. Also, in the first quarter of 2020, the Company announced leadership changes which allow for shared oversight and focus on the Healthcare and Life Sciences operating segments and established the Global Healthcare & Life Sciences reportable segment. This segment is comprised of the Healthcare operating segment which was previously aggregated in the Global Institutional reportable segment and the Life Sciences operating segment which was previously aggregated in the Global Industrial reportable segment. Additionally, the Textile Care operating segment, which is now being reported in Other, had previously been aggregated in the Global Industrial reportable segment. The Company also renamed the Global Institutional reportable segment to the Global Institutional & Specialty reportable segment. The Company made other immaterial changes, including the movement of certain customers and cost allocations between reportable segments.

The Company is aligned into three reportable segments: Global Industrial, Global Institutional & Specialty, and Global Healthcare & Life Sciences as discussed in Note 19 Operating Segments and Geographical Information. Operating segments that were not aggregated and do not exceed the quantitative criteria to be separately reported have been combined into Other.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries in which the Company has a controlling financial interest. Investments in companies, joint ventures or partnerships in which the Company does not have control but has the ability to exercise significant influence over operating and financial decisions, are reported using the equity method of accounting. The cost method of accounting is used in circumstances where the Company does not significantly influence the investee, and the investment has no readily determinable fair value. International subsidiaries are included in the financial statements on the basis of their U.S. GAAP November 30 fiscal year ends to facilitate the timely inclusion of such entities in the Company's consolidated financial reporting. All intercompany transactions and profits are eliminated in consolidation.

Use of Estimates

The preparation of the Company's financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from these estimates. The Company's critical accounting estimates include revenue recognition, valuation allowances and accrued liabilities, actuarially determined liabilities, restructuring, income taxes, long-lived assets, intangible assets and goodwill.

In March 2020, coronavirus 2019 (“COVID-19”) was declared a pandemic (“pandemic”) by the World Health Organization. As the impact of the pandemic continues to evolve, estimates and assumptions about future events and their effects cannot be determined with certainty and therefore require judgment. These estimates and assumptions may change in future periods and will be recognized in the consolidated financial information as new events occur and additional information becomes known. To the extent actual results differ materially from those estimates and assumptions, the Company’s future financial statements could be affected.

Foreign Currency Translation

Financial position and reported results of operations of the Company’s non-U.S. dollar functional currency international subsidiaries are measured using local currencies as the functional currency. Assets and liabilities of these operations are translated at the exchange rates in effect at each fiscal year end. The translation adjustments related to assets and liabilities that arise from changes in exchange rates from period to period are included in accumulated other comprehensive loss in shareholders’ equity. Income statement accounts are translated at average rates of exchange prevailing during the year. As discussed in Note 19 Operating Segments and Geographic Information, the Company evaluates its international operations based on fixed rates of exchange; however, changes in exchange rates from period to period impact the amount of reported income from consolidated operations.

Concentration of Credit Risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted. The Company believes the likelihood of incurring material losses due to concentration of credit risk is minimal. The principal financial instruments subject to credit risk are as follows:

Cash and Cash Equivalents - The Company maintains cash deposits with major banks, which from time to time may exceed insured limits. The possibility of loss related to financial condition of major banks has been deemed minimal. Additionally, the Company’s investment policy limits exposure to concentrations of credit risk and changes in market conditions.

Accounts Receivable - A large number of customers in diverse industries and geographies, as well as the practice of establishing reasonable credit lines, limits credit risk. Based on historical trends and experiences, the allowance for doubtful accounts is adequate to cover expected credit risk losses.

Foreign Currency and Interest Rate Contracts and Derivatives - Exposure to credit risk is limited by internal policies and active monitoring of counterparty risks. In addition, the Company uses a diversified group of major international banks and financial institutions as counterparties. The Company does not anticipate nonperformance by any of these counterparties.

Cash and Cash Equivalents

Cash equivalents include highly-liquid investments with a maturity of three months or less when purchased.

Restricted Cash

Cash and cash equivalents that are restricted as to withdrawal or use under the terms of certain contractual agreements are recorded in Other assets on the Consolidated Balance Sheet and primarily relate to acquisition activities.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are carried at the invoiced amounts, less an allowance for doubtful accounts, and generally do not bear interest. The Company’s allowance for doubtful accounts estimates the amount of expected future credit losses by analyzing accounts receivable balances by age and applying historical write-off and collection experience. The Company’s estimates separately considered macroeconomic trends and specific circumstances and credit conditions of customer receivables. Account balances are written off against the allowance when it is determined the receivable will not be recovered.

The Company’s allowance for doubtful accounts balance also includes an allowance for the expected return of products shipped and credits related to pricing or quantities shipped of \$16 million, \$17 million and \$16 million as of December 31, 2020, 2019, and 2018, respectively. Returns and credit activity is recorded directly as a reduction to revenue.

The following table summarizes the activity in the allowance for doubtful accounts:

(millions)	2020	2019	2018
Beginning balance	\$55.5	\$52.4	\$64.8
Adoption of new standard	4.3	-	-
Bad debt expense (a)	57.7	21.5	13.7
Write-offs	(31.6)	(19.1)	(19.7)
Other (b)	(1.6)	0.7	(6.4)
Ending balance	\$84.3	\$55.5	\$52.4

- (a) Bad debt expense in 2020 reflects the impact of deteriorations and increased uncertainty in the macroeconomic outlook, primarily the Institutional customer base, as a result of the COVID-19 pandemic.
- (b) Other amounts are primarily the effects of changes in currency translations and the impact of allowance for returns and credits.

Inventory Valuations

Inventories are valued at the lower of cost or net realizable value. Certain U.S. inventory costs are determined on a last-in, first-out (“LIFO”) basis. LIFO inventories represented 26% and 33% of consolidated inventories as of December 31, 2020 and 2019, respectively. All other inventory costs are determined using either the average cost or first-in, first-out (“FIFO”) methods. Inventory values at FIFO, as shown in Note 6, approximate replacement cost.

Property, Plant and Equipment

Property, plant and equipment assets are stated at cost. Merchandising and customer equipment consists principally of various dispensing systems for the Company’s cleaning and sanitizing products, warewashing machines and process control and monitoring equipment. Certain dispensing systems capitalized by the Company are accounted for on a mass asset basis, whereby equipment is capitalized and depreciated as a group and written off when fully depreciated. The Company capitalizes both internal and external costs to develop or purchase computer software. Costs incurred for data conversion, training and maintenance associated with capitalized software are expensed as incurred. Expenditures for major renewals and improvements, which significantly extend the useful lives of existing plant and equipment, are capitalized and depreciated. Expenditures for repairs and maintenance are charged to expense as incurred. Upon retirement or disposition of plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income.

Depreciation is charged to operations using the straight-line method over the assets’ estimated useful lives ranging from 5 to 40 years for buildings and leasehold improvements, 3 to 20 years for machinery and equipment, 3 to 20 years for merchandising and customer equipment and 3 to 7 years for capitalized software. The straight-line method of depreciation reflects an appropriate allocation of the cost of the assets to earnings in proportion to the amount of economic benefits obtained by the Company in each reporting period. Depreciation expense was \$594 million, \$569 million and \$536 million for 2020, 2019 and 2018, respectively.

Goodwill and Other Intangible Assets

Goodwill

Goodwill arises from the Company’s acquisitions and represents the amount of purchase consideration exchanged, at fair value, in excess of the fair value of acquired net assets. The Company’s reporting units are its operating segments. The Company assesses goodwill for impairment on an annual basis during the second quarter. If circumstances change or events occur that demonstrate it is more likely than not that the carrying amount of a reporting unit exceeds its fair value, the Company completes an interim goodwill assessment of that reporting unit prior to the next annual assessment. If the results of a goodwill assessment demonstrate the carrying amount of a reporting unit is greater than its fair value, the Company will recognize an impairment loss for the amount by which the reporting unit’s carrying amount exceeds its fair value, but not to exceed the carrying amount of goodwill assigned to that reporting unit.

During the second quarter of 2020, the Company completed its annual goodwill impairment assessment for each of its eleven reporting units using discounted cash flow analyses that incorporated assumptions regarding future growth rates, terminal values, and discount rates. The Company’s goodwill impairment assessment for 2020 indicated the estimated fair values of each of its reporting units exceeded their respective carrying amounts by significant margins. Additionally, no events noted during the second half of 2020 indicated a need to update any of the Company’s analyses or conclusions reached in the second quarter of 2020 for any of its eleven reporting units. There has been no impairment of goodwill in any of the periods presented.

The changes in the carrying amount of goodwill for each of the Company's reportable segments are as follows:

(millions)	Global Industrial	Global Institutional & Specialty	Global Healthcare & Life Sciences	Global Energy	Other	Total
December 31, 2018	\$2,730.8	\$1,015.3	\$-	\$1,442.7	\$205.3	\$5,394.1
Segment change (a)	1,230.8	(597.5)	775.3	(1,442.7)	34.1	-
December 31, 2018 revised	\$3,961.6	\$417.8	\$775.3	\$-	\$239.4	\$5,394.1
Current year business combinations (b)	-	135.3	99.0	-	0.7	235.0
Prior year business combinations (c)	(0.2)	-	-	-	-	(0.2)
Effect of foreign currency translation	(37.7)	(4.9)	(14.9)	-	(2.3)	(59.8)
December 31, 2019	\$3,923.7	\$548.2	\$859.4	\$-	\$237.8	\$5,569.1
Current year business combinations (b)	275.7	-	-	-	-	275.7
Prior year business combinations (c)	-	-	0.6	-	-	0.6
Dispositions	(47.6)	-	-	-	-	(47.6)
Effect of foreign currency translation	136.1	15.9	49.8	-	7.3	209.1
December 31, 2020	\$4,287.9	\$564.1	\$909.8	\$-	\$245.1	\$6,006.9

- (a) Relates to reclassifications made as a result of changes in reportable segments during the first quarter of 2020. The ChampionX business was previously recorded in the Global Energy reportable segment and has been reported as discontinued operations. The goodwill that was previously assigned to the Global Energy reportable segment, which was also an operating segment and reporting unit, was reassigned to ChampionX and the Downstream operating segment, which both became separate reporting units during the first quarter of 2020, based on a relative fair value allocation. The Downstream operating segment is now aggregated into the Global Industrial reportable segment. In addition, the Company established the Global Healthcare & Life Sciences reportable segment during the first quarter of 2020 which is comprised of the Healthcare and Life Sciences operating segments, which were previously included in the Global Institutional and Global Industrial reportable segments, respectively. These were, and continue to be reporting units, therefore goodwill did not need to be reassigned as a result of the changes in segments. The Company also renamed the Global Institutional reportable segment to the Global Institutional & Specialty reportable segment. Refer to Note 19 for further information.
- (b) For 2020, the goodwill related to businesses acquired is not tax deductible. For 2019, \$49.4 of the goodwill related to businesses acquired is expected to be tax deductible.
- (c) Represents purchase price allocation adjustments for acquisitions deemed preliminary as of the end of the prior year.

Other Intangible Assets

The Nalco trade name is the Company's only indefinite life intangible asset. During the second quarter of 2020, the Company completed its annual impairment assessment of the Nalco trade name using the relief from royalty discounted cash flow method, which incorporates assumptions regarding future sales projections, royalty rates and discount rates. Based on this testing, the estimated fair value of the Nalco trade name exceeded its carrying amount by a significant margin; therefore, no adjustment to the \$1.2 billion carrying amount of the Nalco trade name was necessary. Additionally, no events during the second half of 2020 indicated a need to update the Company's conclusions reached during the second quarter of 2020. There has been no impairment of the Nalco trade name intangible asset since it was acquired.

The Company's intangible assets subject to amortization include customer relationships, trademarks, patents and other technology primarily acquired through business combinations. The fair value of intangible assets acquired in business combinations is estimated primarily using discounted cash flow methods at the time of acquisition. Intangible assets are amortized on a straight-line basis over their estimated lives. The weighted-average useful life of amortizable intangible assets was 14 years as of both December 31, 2020 and 2019.

The weighted-average useful life by type of amortizable asset at December 31, 2020 is as follows:

(years)	
Customer relationships	14
Trademarks	14
Patents	15
Other technology	7

The straight-line method of amortization reflects an appropriate allocation of the cost of the intangible assets to earnings in proportion to the amount of economic benefits obtained by the Company in each reporting period. The Company evaluates the remaining useful life of its intangible assets subject to amortization each reporting period to determine whether events and circumstances warrant a change to the estimated remaining period of amortization. If the estimate of an intangible asset's remaining useful life is changed, the remaining carrying amount of the intangible asset will be amortized prospectively over the revised remaining useful life. Total amortization expense related to other intangible assets during the last three years and future estimated amortization is as follows:

(millions)	
2018	\$ 193
2019	206
2020	219
2021	223
2022	219
2023	214
2024	207
2025	200

Long-Lived Assets

The Company reviews its long-lived and amortizable intangible assets for impairment when significant events or changes in business circumstances indicate that the carrying amount of the assets, or asset group to which it is assigned, may not be recoverable. Such circumstances may include a significant decrease in the market price of an asset or asset group, a significant adverse change in the manner in which the asset or asset group is being used or history of operating or cash flow losses associated with the use of an asset or asset group. Impairment losses could occur when the carrying amount of an asset or asset group exceeds the anticipated future undiscounted cash flows expected to result from the use of the asset or asset group and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated by the excess of the asset's or asset group's carrying value over its fair value.

In addition, the Company periodically reassesses the estimated remaining useful lives of its long-lived assets. Changes to estimated useful lives would impact the amount of depreciation and amortization recorded in earnings. The Company has not experienced significant changes in the carrying amount or estimated remaining useful lives of its long-lived or amortizable intangible assets.

Rental and Leases

Change in Accounting Principle

The Company adopted Accounting Standards Codification Topic 842 Leases prospectively on January 1, 2019. The adoption changed the manner in which the Company accounts for leases. The accounting policy and Note 14 have been revised for the change on a prospective basis.

Lessee

The Company determines whether a lease exists at the inception of the arrangement. In assessing whether a contract is or contains a lease, the Company evaluates whether the arrangement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company accounts for lease components separately from the nonlease components (e.g., common-area maintenance costs). Operating leases are recorded in operating lease assets, other current liabilities and operating lease liabilities in the Consolidated Balance Sheet.

Operating lease assets and operating lease liabilities are measured and recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Company uses the rate implicit in the lease when available or determinable. When the rate implicit in the lease is not determinable, the Company uses its incremental borrowing rate based on the information available at commencement date to determine the present value of future payments. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Variable lease payments are not included in the lease liability and are recognized as incurred. The Company identified real estate, vehicles and other equipment as the primary classes of leases. Certain leases with a similar class of underlying assets are accounted for as a portfolio of leases.

The Company does not record operating lease assets or liabilities for leases with terms of twelve months or less. Those lease payments will continue to be recognized in the Consolidated Statement of Income on a straight-line basis over the lease term.

Many of the Company's leases include options to renew or cancel, which are at the Company's sole discretion. Renewal terms can extend the lease term from one month to multiple years. The lease start date is when the asset is available for use and in possession of the Company. The lease end date, which includes any options to renew or cancel that are reasonably certain to be exercised, is based on the terms of the contract. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's lease agreements do not contain any material restrictive covenants.

Lessor

The Company accounts for lease and nonlease components separately. The nonlease components, such as product and service revenue, are accounted for under Topic 606 Revenue from Contracts with Customers, refer to Note 18 for more information. Revenue from leasing equipment is recognized on a straight-line basis over the life of the lease. Cost of sales includes the depreciation expense for assets under operating leases. The assets are depreciated over their estimated useful lives. Initial lease terms range from one year to five years and most leases include renewal options.

Lease contracts convey the right for the customer to control the equipment for a period of time as defined by the contract. There are no options for the customer to purchase the equipment and therefore the equipment remains the property of the Company at the end of the lease term. See Note 14 for additional information regarding rental and leases.

Income Taxes

Income taxes are recognized during the period in which transactions enter into the determination of financial statement income, with deferred income taxes provided for the tax effect of temporary differences between the carrying amount of assets and liabilities and their tax bases. The Company records a valuation allowance to reduce its deferred tax assets when uncertainty regarding their realizability exists. Relevant factors in determining the realizability of deferred tax assets include historical results, sources of future taxable income, the expected timing of the reversal of temporary differences, tax planning strategies and the expiration dates of the various tax attributes. The Company records liabilities for income tax uncertainties in accordance with the U.S. GAAP recognition and measurement criteria guidance. The Company recognizes interest and penalties related to income tax uncertainties in our income tax provision.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted, which reduced the U.S. federal corporate tax rate from 35% to 21%, requires companies to pay a one-time transition tax on earnings of certain foreign subsidiaries that were previously tax deferred and creates new taxes on certain foreign sourced earnings. The Tax Act added many new provisions including changes to bonus depreciation, the deduction for executive compensation and interest expense, a tax on global intangible low taxed income ("GILTI"), the base erosion anti abuse tax ("BEAT") and a deduction for foreign derived intangible income ("FDII"). The Company has elected the period cost method and considers the estimated GILTI impact in tax expense beginning in 2018. See Note 13 for additional information regarding income taxes.

Share-Based Compensation

The Company measures compensation expense for share-based awards at fair value at the date of grant and recognizes compensation expense over the service period for awards expected to vest. The majority of grants to retirement eligible recipients (age 55 with required years of service) are recorded to expense using the non-substantive vesting method and are fully expensed over a six-month period following the date of grant. In addition, the Company includes a forfeiture estimate in the amount of compensation expense being recognized based on an estimate of the number of outstanding awards expected to vest.

All excess tax benefits or deficiencies are recognized as discrete income tax items on the Consolidated Statement of Income. The extent of excess tax benefits is subject to variation in stock price and stock option exercises. See Note 12 for additional information regarding equity compensation plans.

Restructuring Activities

The Company's restructuring activities are associated with plans to enhance its efficiency, effectiveness and sharpen its competitiveness. These restructuring plans include net costs associated with significant actions involving employee-related severance charges, contract termination costs and asset write-downs and disposals. Employee termination costs are largely based on policies and severance plans, and include personnel reductions and related costs for severance, benefits and outplacement services. These charges are reflected in the quarter in which the actions are probable and the amounts are estimable, which typically is when management approves the associated actions. Contract termination costs include charges to terminate leases prior to the end of their respective terms and other contract termination costs. Asset write-downs and disposals include leasehold improvement write-downs, other asset write-downs associated with combining operations and disposal of assets. See Note 3 for additional information regarding restructuring activities.

Revenue Recognition

Revenue is measured as the amount of consideration expected to be received in exchange for transferring goods or providing service.

Product and Sold Equipment

Revenue from product and sold equipment is recognized when obligations under the terms of a contract with the customer are satisfied, which generally occurs with the transfer of the product or delivery of the equipment.

Service and Lease Equipment

Revenue from service and leased equipment is recognized when the services are provided, or the customer receives the benefit from the leased equipment, which is over time. Service revenue is recognized over time utilizing an input method and aligns with when the services are provided. Typically, revenue is recognized using costs incurred to date because the effort provided by the field selling and service organization represents services provided, which corresponds with the transfer of control. Revenue for leased equipment is accounted for under Topic 842 Leases and recognized on a straight-line basis over the length of the lease contract.

Other Considerations

Contracts with customers may include multiple performance obligations. For contracts with multiple performance obligations, the consideration is allocated between products and services based on their stand-alone selling prices. Stand-alone selling prices are generally based on the prices charged to customers or using an expected cost plus margin. Judgment is used in determining the amount of service that is embedded within the Company's contracts, which is based on the amount of time spent on the performance obligation activities. The level of effort, including the estimated margin that would be charged, is used to determine the amount of service revenue. Depending on the terms of the contract, the Company may defer the recognition of revenue when a future performance obligation has not yet occurred.

Taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue-producing transaction, which are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight are recognized in cost of sales when control over the product has transferred to the customer.

Other estimates used in recognizing revenue include allocating variable consideration to customer programs and incentive offerings, including pricing arrangements, promotions and other volume-based incentives at the time the sale is recorded. These estimates are based primarily on historical experience and anticipated performance over the contract period. Based on the certainty in estimating these amounts, they are included in the transaction price of the contracts and the associated remaining performance obligations. The Company recognizes revenue when collection of the consideration expected to be received in exchange for transferring goods or providing services is probable.

The Company's revenue policies do not provide for general rights of return. Estimates used in recognizing revenue include the delay between the time that products are shipped and when they are received by customers, when title transfers and the amount of credit memos issued in subsequent periods. Depending on market conditions, the Company may increase customer incentive offerings, which could reduce gross profit margins over the term of the incentive.

Earnings Per Common Share

The difference in the weighted average common shares outstanding for calculating basic and diluted earnings attributable to Ecolab per common share is a result of the dilution associated with the Company's equity compensation plans. As noted in the table below, certain stock options and units outstanding under these equity compensation plans were not included in the computation of diluted earnings attributable to Ecolab per common share because they would not have had a dilutive effect.

The computations of the basic and diluted earnings attributable to Ecolab per share amounts were as follows:

(millions, except per share)	2020	2019	2018
Net income from continuing operations attributable to Ecolab	\$967.4	\$1,425.6	\$1,250.3
Net (loss) income from discontinued operations	(2,172.5)	133.3	178.8
Net (loss) income attributable to Ecolab	(\$1,205.1)	\$1,558.9	\$1,429.1
Weighted-average common shares outstanding			
Basic	287.0	288.1	288.6
Effect of dilutive stock options and units	3.3	4.4	4.2
Diluted	290.3	292.5	292.8
Earnings (loss) attributable to Ecolab per common share			
Basic EPS			
Continuing operations	\$ 3.37	\$ 4.95	\$ 4.33
Discontinued operations	(\$ 7.57)	\$ 0.46	\$ 0.62
Earnings (loss) attributable to Ecolab	(\$ 4.20)	\$ 5.41	\$ 4.95
Diluted EPS			
Continuing operations	\$ 3.33	\$ 4.87	\$ 4.27
Discontinued operations	(\$ 7.48)	\$ 0.46	\$ 0.61
Earnings (loss) attributable to Ecolab	(\$ 4.15)	\$ 5.33	\$ 4.88
Anti-dilutive securities excluded from the computation of diluted EPS	1.9	1.1	2.9

Amounts do not necessarily sum due to rounding.

Assets Held for Sale

Assets and liabilities are classified as held for sale and presented separately on the balance sheet when all of the following criteria for a plan of sale have been met: (1) management, having the authority to approve the action, commits to a plan to sell the assets; (2) the assets are available for immediate sale, in their present condition, subject only to terms that are usual and customary for sales of such assets; (3) an active program to locate a buyer and other actions required to complete the plan to sell the assets have been initiated; (4) the sale of the assets is probable and is expected to be completed within one year; (5) the assets are being actively marketed for a price that is reasonable in relation to their current fair value; and (6) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn. The ChampionX business met the criteria to be held for sale immediately prior to the Separation. The ChampionX business was previously recorded in the Global Energy reportable segment, which became the Upstream Energy reportable segment beginning in 2020 and subsequently has been reported in discontinued operations. The assets and liabilities held for sale are recorded on the Company's Consolidated Balance Sheet as current assets of discontinued operations, long-term assets of discontinued operations, current liabilities of discontinued operations and long-term liabilities of discontinued operations, respectively.

Discontinued Operations

Discontinued operations comprise those activities that were disposed of during the period or which were classified as held for sale at the end of the period and represent a strategic shift that has or will have a major effect on the Company's operations and financial results. The ChampionX business met the criteria to be reported as discontinued operations because it was a strategic shift in business that had a major effect on the Company's operations and financial results. The ChampionX business is presented on the Consolidated Statement of Income as discontinued operations. Refer to Note 5, Discontinued Operations, for additional information.

Other Significant Accounting Policies

The following table includes a reference to additional significant accounting policies that are described in other notes to the financial statements, including the note number:

<u>Policy</u>	<u>Note</u>
Fair value measurements	8
Derivatives and hedging transactions	9
Share-based compensation	12
Research and development expenditures	15
Legal contingencies	16
Pension and post-retirement benefit plans	17
Reportable segments	19

New Accounting Pronouncements

Standards that are not yet adopted:

Standard	Date of Issuance	Description	Required Date of Adoption	Effect on the Financial Statements
ASU 2019-12 - Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	December 2019	Simplifies the accounting for income taxes by removing certain exceptions to the general principles related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and recognition of deferred tax liabilities for outside basis differences. The new standard also simplifies the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the basis of goodwill.	January 1, 2021	The adoption of this standard will not have a significant impact on the Company's financial statements.
ASU 2020-04 - Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting	March 2020	LIBOR, a widely used reference rate for pricing financial products is scheduled to be discontinued on December 31, 2021. This standard provides optional expedients and exceptions if certain criteria are met when accounting for contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.	Application of guidance is optional until December 31, 2022 and varies based on expedient elected.	The Company has not elected any expedients to date and is currently evaluating any potential future impacts on the Company's financial statements.

Standards that were adopted:

Standard	Date of Issuance	Description	Date of Adoption	Effect on the Financial Statements
ASU 2018-15 - Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract (a consensus of the FASB Emerging Issues Task Force)	August 2018	Aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The amendments require an entity (customer) in a hosting arrangement that is a service contract to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense.	January 1, 2020	The Company adopted the prospective transition method. Adoption of this guidance did not have a material impact on the Company's financial statements.
ASU 2018-14 - Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	August 2018	Modifies disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. This includes, but is not limited to, the removal of the requirement to disclose the amounts in accumulated other comprehensive income expected to be recognized as components of net periodic benefit cost over the next fiscal year, and the addition of a requirement to disclose the weighted-average interest crediting rates for cash balance plans and other plans with promised interest crediting rates.	January 1, 2020	Adoption of the standard did not impact the Company's consolidated balance sheet or income statement. Annual disclosure requirements have been updated to align with the new standard, and changes in disclosure was not material.
ASU 2017-04 - Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment	January 2017	Simplifies subsequent measurement of goodwill by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill.	January 1, 2020	The new standard changes the manner of how goodwill impairment losses are measured when the carrying amount of a reporting unit exceeds its fair value. Adoption of this standard impacted the financial statements to the extent the carrying amount of any of the Company's reporting units exceeds their fair values during future goodwill assessments.
Credit Losses ASUs: ASU 2019-11 - Codification Improvements to Topic 326, Financial Instruments - Credit Losses ASU 2019-05 - Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief ASU 2018-19 - Codification Improvements to Topic 326, Financial Instruments - Credit Losses ASU 2016-13 - Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments	Various	Addresses the recognition, measurement, presentation and disclosure of credit losses on trade and reinsurance receivables, loans, debt securities, net investments in leases, off-balance-sheet credit exposures and certain other instruments. Amends guidance on reporting credit losses from an incurred model to an expected model for assets held at amortized cost, such as accounts receivable, loans and held-to-maturity debt securities. Additional disclosures will also be required.	January 1, 2020	The Company adopted the standard for expected credit losses using the modified retrospective approach. The effects of adoption were reflected as a \$4.3 million reduction to retained earnings as of January 1, 2020 and did not materially impact the Company's consolidated balance sheet, income statement or cash flows.

No other new accounting pronouncement issued or effective has had or is expected to have a material impact on the Company's consolidated financial statements.

3. SPECIAL (GAINS) AND CHARGES

Special (gains) and charges reported on the Consolidated Statement of Income included the following:

(millions)	2020	2019	2018
Cost of sales			
Restructuring activities	\$7.4	\$20.4	\$5.4
Acquisition and integration activities	3.9	7.6	(0.6)
COVID-19 activities, net	12.5	-	-
Other	24.4	10.5	-
Cost of sales subtotal	48.2	38.5	4.8
Special (gains) and charges			
Restructuring activities	71.4	93.2	75.9
Acquisition and integration activities	8.5	5.6	8.8
Disposal and impairment activities	41.4	-	-
COVID-19 activities, net	23.6	-	-
Other	34.7	21.4	28.0
Special (gains) and charges subtotal	179.6	120.2	112.7
Operating income subtotal	227.8	158.7	117.5
Interest expense, net	83.8	0.2	0.3
Other (income) expense	0.4	9.5	-
Total special (gains) and charges	\$312.0	\$168.4	\$117.8

For segment reporting purposes, special (gains) and charges are not allocated to reportable segments, which is consistent with the Company's internal management reporting.

Restructuring Activities

Restructuring activities are primarily related to the Institutional Advancement Program and Accelerate 2020, both of which are described below. Restructuring activities have been included as a component of both cost of sales, special (gains) and charges and other (income) expense on the Consolidated Statement of Income. Restructuring liabilities have been classified as a component of other current and other noncurrent liabilities on the Consolidated Balance Sheet.

Institutional Advancement Program

During 2020, the Company approved a restructuring plan focused on the Institutional business ("the Institutional Plan") which is intended to enhance our Institutional sales and service structure and allow the sales team to capture share and penetration while maximizing service effectiveness by leveraging our ongoing investments in digital technology. In February 2021, the Company expanded the Institutional Plan, and expect that these restructuring charges will be completed by 2023, with total anticipated costs of \$80 million (\$60 million after tax). The costs are expected to be primarily cash expenditures for severance and facility closures. We also anticipate non-cash costs related to equipment disposals. We expect total program savings of approximately \$50 million by the end of 2024. Actual costs may vary from these estimates depending on actions taken.

Certain activities contemplated in this Institutional Plan were previously approved in 2020 and included as part of Accelerate 2020 announced in 2018. These activities have been reclassified to the Institutional Plan. The Company recorded restructuring charges, including those reclassified from Accelerate 2020, of \$35.2 million (\$26.4 million after tax) primarily related to severance and costs to support the transition to the new sales structure. All of these charges are recorded within the Special (gains) and charges line on the Consolidated Statement of Income. The liability related to the Institutional Plan was \$24.7 million as of December 31, 2020 and is expected to be paid over a period of a few months to several quarters and will continue to be funded from operating activities.

Restructuring activity related to the Institutional Plan since inception of the underlying actions includes the following:

(millions)	Employee Termination Costs	Asset Disposals	Other	Total
2020 Activity				
Recorded expense (income) and accrual	\$25.6	\$-	\$9.6	\$35.2
Net cash payments	(0.9)	-	(9.6)	(10.5)
Non-cash net charges	-	-	-	-
Effect of foreign currency translation	-	-	-	-
Restructuring liability, December 31, 2020	\$24.7	\$-	\$-	\$24.7

Accelerate 2020

During 2018, the Company formally commenced a restructuring plan Accelerate 2020 (“the Plan”), to leverage technology and systems investments and organizational changes. The goal of the Plan is to simplify and automate processes and tasks, reduce complexity and management layers, consolidate facilities and focus on key long-term growth areas by further leveraging technology and structural improvements. In the third quarter of 2020, the Company expanded the Plan for additional costs and savings to further leverage the technology and structural improvements. Following the establishment of the separate Institutional Program, the Company now expects that the restructuring activities will be completed by the end of 2022, with total anticipated costs of \$255 million (\$195 million after tax) over this period of time, when revised for continuing operations. The costs are expected to be primarily cash expenditures for severance costs and some facility closure costs relating to team reorganizations. Actual costs may vary from these estimates depending on actions taken.

The Company recorded restructuring charges of \$41.8 million (\$33.0 million after tax), \$113.0 million (\$86.5 million after tax) and \$84.4 million (\$64.3 million after tax) in 2020, 2019 and 2018, respectively, primarily related to severance. Of these expenses, \$0.3 million (\$0.2 million after tax) and \$2.0 million (\$1.5 million after tax) during 2020 and 2019, respectively, is recorded in other income expense and related to pension settlements and curtailments. The liability related to this Restructuring Plan was \$71.8 million and \$95.5 million as of December 31, 2020 and 2019, respectively. The remaining liability is expected to be paid over a period of a few months to several quarters and will continue to be funded from operating activities. The Company has recorded \$239.2 million (\$183.8 million after tax) of cumulative restructuring charges under the Plan.

Restructuring activity related to the Plan since inception of the underlying actions includes the following:

(millions)	Employee Termination Costs	Asset Disposals	Other	Total
2018 Activity				
Recorded expense	\$80.2	\$-	\$4.2	\$84.4
Net cash payments	(22.2)	-	(1.1)	(23.3)
Non-cash charges	-	-	-	0.0
Effect of foreign currency translation	(0.5)	-	-	(0.5)
Restructuring liability, December 31, 2018	57.5	-	3.1	60.6
2019 Activity				
Recorded expense	102.3	0.2	10.5	113.0
Net cash payments	(65.3)	1.2	(10.1)	(74.2)
Non-cash charges	-	(1.4)	(2.0)	(3.4)
Effect of foreign currency translation	(0.5)	-	-	(0.5)
Restructuring liability, December 31, 2019	94.0	-	1.5	95.5
2020 Activity				
Recorded expense	29.5	7.8	4.5	41.8
Net cash payments	(56.8)	-	(1.0)	(57.8)
Non-cash charges	-	(7.8)	-	(7.8)
Effect of foreign currency translation	0.1	-	-	0.1
Restructuring liability, December 31, 2020	\$66.8	\$-	\$5.0	\$71.8

Other Restructuring Activities

During 2020, the Company incurred restructuring charges of \$1.8 million (\$1.2 million after tax) related to an immaterial restructuring plan. The charges are comprised of severance, asset disposals, and consulting fees. During 2019, net restructuring gains related to restructuring plans entered into prior to 2018 were \$1.5 million (\$1.1 million after tax). The gains recorded were due to finalizing estimates upon completion of projects. During 2018, the Company recorded restructuring charges of \$3.1 million (\$2.4 million after tax).

The restructuring liability balance for all other restructuring plans excluding Accelerate 2020 and the Institutional Plan was \$5.9 million and \$7.7 million as of December 31, 2020 and 2019, respectively. The reduction in liability was driven primarily by severance payments. The remaining liability is expected to be paid over a period of a few months to several quarters and will continue to be funded from operating activities. Cash payments during 2020 related to these restructuring plans were \$2.7 million.

Acquisition and integration related costs

Acquisition and integration costs reported in special (gains) and charges on the Consolidated Statement of Income in 2020 include \$8.5 million (\$6.9 million after tax). Charges are related to Copal Invest NV, including its primary operating entity CID Lines (collectively, “CID Lines”), Bioquell, PLC (“Bioquell”) and the Laboratoires Anios (“Anios”) acquisition and consist of integration costs, advisory and legal fees. Acquisition and integration costs reported in product and equipment cost of sales on the Consolidated Statement of Income in 2020 include \$3.9 million (\$3.2 million after tax) and are related to recognition of fair value step-up in CID Lines inventory, severance and the closure of a facility. In conjunction with its acquisitions, the Company incurred \$0.7 million (\$0.6 million after tax) of interest expense in 2020.

During 2019, acquisition and integration costs reported in special (gains) and charges on the Consolidated Statement of Income in 2019 include \$5.6 million (\$4.1 million after tax). Charges are primarily related to the Bioquell and Anios acquisitions and consist of integration costs, advisory and legal fees. Acquisition and integration costs reported in product and equipment cost of sales on the Consolidated Statement of Income in 2019 include \$7.6 million (\$5.6 million after tax) and are related to recognition of fair value step-up in the Bioquell inventory and facility closure costs. In conjunction with the acquisitions, the Company incurred \$0.2 million (\$0.1 million after tax) of interest expense in 2019.

During 2018, acquisition and integration costs reported in special (gains) and charges on the Consolidated Statement of Income included \$8.8 million (\$6.1 million after tax). Charges are primarily related to Anios integration costs, advisory and legal fees. The acquisition and integration gain reported in product and equipment cost of sales on the Consolidated Statement of Income in 2018 relate to changes in estimates related to an early lease exit. In conjunction with its acquisitions, the Company incurred \$0.3 million (\$0.2 million after tax) of interest expense in 2018.

Disposal and impairment charges

Disposal and impairment charges reported in special (gains) and charges on the Consolidated Statement of Income include \$41.4 million (\$41.5 million after tax) in 2020. During 2020, the Company recorded a \$28.6 million (\$28.6 million after tax) impairment for a minority equity method investment due to the COVID-19 impact on the economic environment and the liquidity of the minority equity method investment. In addition, the Company recorded charges of \$12.8 million (\$12.9 million after tax) related to the disposal of Holchem Group Limited ("Holchem") for the loss on sale and related transaction fees during 2020.

COVID-19

During 2020, the Company recorded charges of \$57.1 million to protect the pay for certain employees directly impacted by the COVID-19 pandemic. In addition, the Company received subsidies and government assistance, which was recorded as a special (gain) of (\$23.4) million during 2020. Finally, the Company recorded testing charges related to the COVID-19 pandemic of \$2.4 million. COVID-19 pandemic charges are recorded in product and equipment sales, service and lease sales, and special (gains) and charges on the Consolidated Statement of Income. Total after tax net charges (gains) related to COVID-19 pandemic were \$27.4 million.

Other

During 2020 and 2019, the Company recorded special charges of \$24.4 million (\$16.0 million after tax) and \$10.5 million (\$7.1 million after tax), respectively, recorded in product and equipment cost of sales on the Consolidated Statement of Income primarily related to a Healthcare product recall in Europe.

Other special charges of \$34.7 million (\$33.9 million after tax) recorded in 2020 and \$21.4 million (\$16.2 million after tax) recorded in 2019 relate primarily to legal charges for specific legal cases and a specific legal reserve, which are recorded in special (gains) and charges on the Consolidated Statement of Income. The Company also recorded a \$7.2 million special charge related to the separation of ChampionX as a tax expense on the Consolidated Statement of Income.

During 2018, the Company recorded other special charges of \$28.0 million (\$21.2 million after tax) which primarily consisted of a \$25.0 million (\$18.9 million after tax) commitment to the Ecolab Foundation. Other charges, primarily litigation related charges, were minimal and have been included as a component of special (gains) and charges on the Consolidated Statement of Income.

Other (Income) Expense

During 2020 and 2019, the Company recorded other expense of \$0.4 million (\$0.3 million after tax) and \$9.5 million (\$7.2 million after tax) related to pension curtailments and settlements due to the ChampionX separation and Accelerate 2020 as discussed further above. These charges have been included as a component of other income expense on the Consolidated Statement of Income.

Interest Expense, net

During 2020, the Company recorded special charges of \$83.1 million (\$64.0 million after tax) in interest expense on the Consolidated Statement of Income related to debt refinancing charges. During 2020, 2019 and 2018, an immaterial amount of interest expense was also recorded due to acquisition and integration costs.

4. ACQUISITIONS AND DISPOSITIONS

Acquisitions

The Company makes business acquisitions that align with its strategic business objectives. The assets and liabilities of acquired businesses are recorded in the Consolidated Balance Sheet at fair value as of their acquisition date. The purchase price allocation is based on estimates of the fair value of assets acquired, liabilities assumed and consideration paid. Purchase consideration is reduced by the amount of cash or cash equivalents acquired. Acquisitions during 2020, 2019 and 2018 were not significant to the Company's consolidated financial statements; therefore, pro forma financial information is not presented.

2020 Activity

CID Lines Acquisition

During 2020, the Company acquired CID Lines for total consideration of \$506.9 million in cash. CID Lines had annualized pre-acquisition sales of approximately \$110 million and is a leading global provider of livestock biosecurity and hygiene solutions based in Belgium.

The CID Lines acquisition has been accounted for as a business combination with the assets acquired and liabilities assumed recognized at fair value as of the acquisition date. Fair value measurement of certain carry over tax attributes, deferred income taxes, income tax uncertainties, and goodwill are not yet finalized and are subject to changes as the information necessary to complete the analyses is obtained and analyzed. Purchase accounting for this transaction is not yet complete pending finalization of certain estimated values. The amounts recorded reflect the Company's best estimates as of December 31, 2020 and are subject to change.

The Company incurred certain transaction and integration costs associated with the acquisition that were expensed and are reflected in the Consolidated Statement of Income. Further information related to the Company's special (gains) and charges is included in Note 3.

The following table summarizes the preliminary value of CID Lines assets acquired and liabilities assumed as of the acquisition date.

(millions)	2020
Tangible assets	\$54.1
Identifiable intangible assets	
Customer relationships	147.5
Trademarks	58.6
Acquired technologies and product registrations	47.7
Total assets acquired	307.9
Goodwill	275.7
Total liabilities	98.1
Net consideration transferred to sellers	\$485.5

Tangible assets acquired primarily consist of accounts receivable of \$30.3 million, property, plant and equipment of \$7.3 million and inventory of \$16.3 million. Liabilities assumed primarily consist of deferred tax liabilities of \$64.8 million and current liabilities of \$33.3 million. Identified intangible assets primarily consist of customer relationships, trademarks, and acquired technology and product registrations and are being amortized over average lives of 14, 14, and 16 years, respectively.

Goodwill of \$275.7 million arising from the acquisition consists largely of the synergies and economies of scale expected through adding complementary geographies and innovative products to our Food and Beverage businesses. CID Lines became part of the Global Industrial reportable segment. None of the goodwill recognized from the acquisition is expected to be deductible for income tax purposes.

Other Acquisitions

Other than CID Lines, the Company did not close on any other business acquisitions during 2020.

2019 Activity

During 2019, the Company acquired Bioquell, a life sciences business which sells bio-decontamination products and services to the Life Sciences and Healthcare industries. This business became part of the Global Industrial reportable segment. During 2018, the Company deposited \$179.3 million (£140.5 million) in an escrow account that was released upon closing of the transaction in February 2019. As shown within Note 5, this was recorded as restricted cash within other assets on the Consolidated Balance Sheet as of December 31, 2018.

The Company also acquired Lobster Ink, a leading provider of end-to-end online customer training solutions. This acquired business became part of the Global Institutional & Specialty reportable segment. The purchase price included an earn-out based on the achievement of a revenue threshold in any of the three fiscal years following the acquisition. The acquisition date fair value of the earn-out was reflected in the overall purchase consideration exchanged for the acquisition and recorded as contingent consideration. The earn-out has not yet been paid or settled and the contingent consideration liability is recorded within other liabilities as of December 31, 2020.

The Company also acquired Chemstar Corporation, a leading provider of cleaning and sanitizing products for the retail industry with a focus on cleaning chemicals and food safety. This acquired business became part of the Global Institutional & Specialty reportable segment.

The Company also acquired Gallay Medical & Scientific which sells, installs, and services medical equipment and associated chemistry primarily for hospitals, healthcare facilities, and dental clinics. The acquired business became part of the Global Healthcare & Life Sciences reportable segment.

Pre-acquisition sales for the businesses acquired in 2019 were \$134 million.

Purchase accounting for these acquisitions was finalized in 2020 resulting in insignificant purchase price adjustments being recorded.

2018 Activity

During 2018, the Company acquired a water business which provides a range of services to Nalco Water institutional customers. This acquired business became part of the Company's Global Industrial reportable segment. In addition, the Company acquired an institutional business which provides a range of cleaning and disinfection products for the hospitality, leisure, residential care, housekeeping and janitorial sectors. These acquisitions have been accounted for using the acquisition method of accounting. In addition, there were insignificant purchase price adjustments related to prior year acquisitions.

Acquisitions

The components of the cash paid for other acquisitions, excluding the CID Lines acquisition (as further disclosed above), for 2020, 2019 and 2018, are shown in the following table.

(millions)	2020	2019	2018
Net tangible assets (liabilities) acquired and equity method investments	\$-	(\$8.0)	\$30.1
Identifiable intangible assets			
Customer relationships	-	115.7	101.5
Trademarks	-	24.1	3.9
Non-compete agreements	-	-	2.6
Other technology	-	48.9	6.5
Total intangible assets	-	188.7	114.5
Goodwill	-	234.8	81.9
Total aggregate purchase price	-	415.5	226.5
Acquisition-related liabilities and contingent considerations	-	(24.1)	(1.5)
Net cash paid for acquisitions, including acquisition-related liabilities and contingent considerations	\$-	\$391.4	\$225.0

During 2020, the Company recorded purchase accounting adjustments associated with its 2019 acquisitions. As a result of these purchase accounting adjustments, the net intangible assets and goodwill recognized from these acquisitions increased by \$0.9 million and \$0.6 million, respectively. In conjunction with the finalization of its purchase accounting, the Company made \$3.5 million of acquisition-related payments which primarily consisted of the release of holdback liabilities and payment of contingent consideration. The 2019 and 2018 acquisition-related liabilities primarily consist of holdback liabilities and contingent considerations.

The weighted average useful lives of identifiable intangible assets acquired were 14, 12, and 13 years as of December 31, 2020, 2019 and 2018, respectively.

Dispositions

In the second quarter of 2020, the Company completed the sale of Holchem, a U.K. based supplier of hygiene and cleaning products and services for the food and beverage, foodservice and hospitality industries for total consideration of \$106.6 million. Consideration consisted of \$55.4 million of cash and the receipt of notes valued at \$51.2 million from the acquirer. In the fourth quarter of 2020, all outstanding principal and interest on the notes was paid by the acquirer. After the recognition of transaction costs, the Company recognized an after-tax loss of \$12.8 million, which was classified within special charges in the Consolidated Statement of Income. Annual sales of Holchem were approximately \$55 million and were included in the Global Industrial reportable segment prior to disposition.

As discussed in Note 5, the ChampionX separation met the criteria to be reported as discontinued operations. No other dispositions were significant to the Company's consolidated financial statements for 2020, 2019 or 2018.

Subsequent Event Activity

Subsequent to year end, the Company separately acquired European Institutional and Healthcare businesses. The aggregate purchase consideration paid for these two acquisitions was approximately \$100 million. The acquisitions are not material to the Company's consolidated financial statements individually or in the aggregate.

5. DISCONTINUED OPERATIONS

On June 3, 2020, the Company effected the split-off of ChampionX through an offer to exchange (the "Exchange Offer") all shares of ChampionX common stock owned by Ecolab for outstanding shares of Ecolab common stock. In the Exchange Offer, which was oversubscribed, the Company accepted approximately 5.0 million shares of Ecolab common stock in exchange for approximately 122.2 million shares of ChampionX common stock. In the Merger, each outstanding share of ChampionX common stock was converted into the right to receive one share of Apergy common stock, and ChampionX survived the Merger as a wholly owned subsidiary of ChampionX Corporation. In connection with and in accordance with the terms of the Transaction, prior to the consummation of the Exchange Offer and the Merger, ChampionX distributed \$527.4 million in cash to Ecolab.

The following is a summary of the assets and liabilities transferred to ChampionX as part of the separation:

(millions)	
Assets:	
Cash and cash equivalent	\$60.6
Current assets	810.5
Non-current assets	3,222.3
	4,093.4
Liabilities:	
Current liabilities	313.0
Non-current liabilities	293.7
	606.7
Net assets distributed to ChampionX	(\$3,486.7)
Fair value of shares exchanged	1,051.4
Cash received from ChampionX	527.4
Consideration received less net assets	(1,907.9)
ChampionX cumulative translation adjustment ("CTA") write-off	(229.9)
Loss on separation	(\$2,137.8)

The Company accounted for this transaction as a sale and recognized a loss based on ChampionX net assets exceeding the effective proceeds.

As the sale of this business represented a strategic shift in the operations of the Company that had a major effect on the Company's operations and results, the discontinued operations criteria were met for the ChampionX business. The historical financial results of the ChampionX business are reflected in the Company's consolidated financial statements as discontinued operations, for all periods presented, and assets and liabilities were retrospectively reclassified as assets and liabilities of discontinued operations.

Summarized results of the Company's discontinued operations are as follows:

(millions)	2020	2019	2018
Product and equipment sales	\$858.9	\$2,109.9	\$2,225.0
Service and lease sales	99.6	234.4	221.1
Net sales	958.5	2,344.3	2,446.1
Product and equipment cost of sales	621.7	1,488.9	1,567.9
Service and lease cost of sales	80.4	188.7	182.7
Cost of sales (including special charges)	702.1	1,677.6	1,750.6
Selling, general and administrative expenses	180.5	406.7	462.8
Special (gains) and charges	2,221.7	91.4	14.0
Operating (loss) income	(2,145.8)	168.6	218.7
Other (income) expense	0.3	0.7	-
Interest expense (income), net	0.2	0.5	1.2
(Loss) income before income taxes	(2,146.3)	167.4	217.5
Provision for income taxes	24.0	34.1	43.1
Net (loss) income including noncontrolling interest	(2,170.3)	133.3	174.4
Net (loss) income attributable to noncontrolling interest	2.2	-	(4.4)
Net (loss) income from discontinued operations, net of tax	(\$2,172.5)	\$133.3	\$178.8

Special (gains) and charges of \$2,221.7 million, \$91.4 million and \$18.8 million in 2020, 2019 and 2018, respectively, primarily relate to the loss on sale, professional fees incurred to support the Transaction and restructuring charges specifically related to the ChampionX business. These charges have been included as a component of both cost of sales and special (gains) and charges in discontinued operations.

Assets and liabilities of discontinued operations are summarized below:

(millions)	December 31 2019
ASSETS	
Current assets	
Cash and cash equivalents	\$67.6
Accounts receivable, net	414.5
Inventories	424.0
Other current assets	44.7
Total current assets	950.8
Property, plant and equipment, net	726.6
Goodwill	1,682.6
Other intangible assets, net	745.0
Operating lease assets	110.8
Other assets	67.8
Total assets	\$4,283.6
LIABILITIES AND EQUITY	
Current liabilities	
Short-term debt	\$0.1
Accounts payable	209.0
Compensation and benefits	33.8
Income taxes	5.9
Other current liabilities	112.7
Total current liabilities	361.5
Long-term debt	0.4
Postretirement health care and pension benefits	3.6
Deferred income taxes	203.1
Operating lease liabilities	79.2
Other liabilities	15.8
Total liabilities	\$663.6

As of December 31, 2020, there were no assets or liabilities classified as discontinued operations.

In connection with the Transaction, the Company entered into agreements with ChampionX and Apergy to effect the separation and to provide a framework for the relationship following the separation, which included a Separation and Distribution Agreement, an Intellectual Property Matters Agreement, an Employee Matters Agreement, a Transition Services Agreement, and a Tax Matters Agreement. Transition services primarily involve the Company providing certain services to ChampionX related to general and administrative services for terms of up to 18 months following the separation. The amounts billed for transition services provided under the above agreements were \$14.3 million during 2020.

The Company also entered into a Master Cross Supply and Product Transfer agreement with ChampionX to provide, receive or transfer certain products for a period up to 36 months. Sales of product to ChampionX under this agreement are recorded in product and equipment sales in the Corporate segment along with the related cost of sales, while purchases from ChampionX are recorded in inventory. Sales of product to ChampionX post-separation for 2020 were \$99.7 million.

6. BALANCE SHEET INFORMATION

(millions)	December 31 2020	December 31 2019
Accounts receivable, net		
Accounts receivable	\$2,358.1	\$2,437.5
Allowance for doubtful accounts	(84.3)	(55.5)
Total	\$2,273.8	\$2,382.0
Inventories		
Finished goods	\$789.6	\$668.5
Raw materials and parts	511.2	437.9
Inventories at FIFO cost	1,300.8	1,106.4
FIFO cost to LIFO cost difference	(15.6)	(24.8)
Total	\$1,285.2	\$1,081.6
Other current assets		
Prepaid assets	\$99.1	\$101.8
Taxes receivable	168.6	107.0
Derivative assets	3.2	53.3
Other	27.3	33.1
Total	\$298.2	\$295.2
Property, plant and equipment, net		
Land	\$159.7	\$158.9
Buildings and leasehold improvements	1,060.0	965.5
Machinery and equipment	1,830.1	1,701.7
Merchandising and customer equipment	2,691.0	2,742.9
Capitalized software	820.8	750.4
Construction in progress	219.8	348.1
	6,781.4	6,667.5
Accumulated depreciation	(3,656.5)	(3,439.2)
Total	\$3,124.9	\$3,228.3
Other intangible assets, net		
Intangible assets not subject to amortization		
Trade names	\$1,230.0	\$1,230.0
Intangible assets subject to amortization		
Customer relationships	2,530.9	2,378.9
Trademarks	348.0	285.2
Patents	492.5	459.0
Other technology	240.1	214.5
	3,611.5	3,337.6
Accumulated amortization		
Customer relationships	(1,319.1)	(1,147.6)
Trademarks	(155.0)	(135.1)
Patents	(244.6)	(221.7)
Other technology	(145.8)	(135.7)
	(1,864.5)	(1,640.1)
Net intangible assets subject to amortization	1,747.0	1,697.5
Total	\$2,977.0	\$2,927.5
Other assets		
Deferred income taxes	\$163.2	\$136.2
Pension	33.0	31.1
Derivative asset	-	25.4
Other	279.8	323.6
Total	\$476.0	\$516.3

(millions)	December 31 2020	December 31 2019
Other current liabilities		
Discounts and rebates	\$304.1	\$331.4
Dividends payable	137.2	135.6
Interest payable	51.7	40.9
Taxes payable, other than income	151.8	102.9
Derivative liabilities	25.8	5.2
Restructuring	98.1	98.5
Contract liability	80.4	76.7
Operating lease liabilities	125.6	122.1
Other	214.2	197.4
Total	\$1,188.9	\$1,110.7
Accumulated other comprehensive loss		
Unrealized gain (loss) on derivative financial instruments, net of tax	(\$21.1)	(\$4.1)
Unrecognized pension and postretirement benefit expense, net of tax	(935.2)	(823.8)
Cumulative translation, net of tax	(1,038.1)	(1,261.8)
Total	(\$1,994.4)	(\$2,089.7)

7. DEBT AND INTEREST

Short-term Debt

The following table provides the components of the Company's short-term debt obligations, along with applicable interest rates as of December 31, 2020 and 2019:

(millions)	2020		2019	
	Carrying Value	Average Interest Rate	Carrying Value	Average Interest Rate
Short-term debt				
Commercial paper	\$-	- %	\$55.1	(0.30)%
Notes payable	15.5	7.07 %	24.5	3.53 %
Long-term debt, current maturities	1.8		300.9	
Total	\$17.3		\$380.5	

Line of Credit

As of December 31, 2020, the Company had in place a \$2.0 billion multi-currency revolving credit facility which expires in November 2022. The credit facility has been established with a diverse syndicate of banks and supports the Company's U.S. and Euro commercial paper programs. There were no borrowings under the Company's credit facility as of December 31, 2020 and 2019.

As of December 31, 2020, the Company had a \$500 million 364-day revolving credit agreement which expires in April 2021. The credit agreement has been established with a diverse syndicate of banks and is to be used for general corporate purposes. There were no borrowings under the Company's 364-day credit facility as of December 31, 2020.

Commercial Paper

The Company's commercial paper program is used as a potential source of liquidity and consists of a \$2.0 billion U.S. commercial paper program and a \$2.0 billion Euro commercial paper program. The maximum aggregate amount of commercial paper that may be issued by the Company under its commercial paper programs may not exceed \$2.0 billion.

As of December 31, 2019, the Company had \$55.1 million (€50.0 million) of commercial paper outstanding under its Euro program. The Company had no outstanding commercial paper under its Euro or U.S. program as of December 31, 2020.

As of December 31, 2020, the Company's short-term borrowing program was rated A-2 by Standard & Poor's, P-2 by Moody's and F-1 by Fitch.

Notes Payable

The Company's notes payable consists of uncommitted credit lines with major international banks and financial institutions, primarily to support global cash pooling structures. As of December 31, 2020 and 2019, the Company had \$15.5 million and \$24.5 million, respectively, outstanding under these credit lines. Approximately \$1,734 million and \$1,378 million of these credit lines were available for use as of December 31, 2020 and 2019, respectively.

Long-term Debt

The following table provides the components of the Company's long-term debt obligations, along with applicable interest rates as of December 31, 2020 and 2019:

(millions)	Maturity by Year	2020			2019		
		Carrying Value	Stated Interest Rate	Effective Interest Rate	Carrying Value	Stated Interest Rate	Effective Interest Rate
Long-term debt							
Public notes (2020 principal amount)							
Five year 2015 senior notes (\$300 million)	2020	-	- %	- %	300.0	2.25 %	2.79 %
Ten year 2011 senior notes (\$1.02 billion)	2021	-	- %	- %	1,018.3	4.35 %	4.43 %
Five year 2017 senior notes (\$500 million)	2022	498.6	2.38 %	2.55 %	497.8	2.38 %	2.55 %
Seven year 2016 senior notes (\$400 million)	2023	399.0	3.25 %	3.49 %	398.5	3.25 %	3.49 %
Seven year 2016 senior notes (€575 million)	2024	682.0	1.00 %	1.18 %	628.4	1.00 %	1.10 %
Ten year 2015 senior notes (€575 million)	2025	682.9	2.63 %	2.85 %	630.0	2.63 %	2.96 %
Ten year 2016 senior notes (\$750 million)	2026	745.3	2.70 %	2.93 %	744.5	2.70 %	2.93 %
Ten year 2017 senior notes (\$500 million)	2027	496.0	3.25 %	3.37 %	495.4	3.25 %	3.37 %
Ten year 2020 senior notes (\$750 million)	2030	765.2	4.80 %	4.64 %	-	- %	- %
Ten year 2020 senior notes (\$600 million)	2031	594.4	1.30 %	1.34 %	-	- %	- %
Thirty year 2011 senior notes (\$458 million)	2041	452.2	5.50 %	5.56 %	451.9	5.50 %	5.56 %
Thirty year 2016 senior notes (\$250 million)	2046	246.4	3.70 %	3.76 %	246.2	3.70 %	3.76 %
Thirty year 2017 senior notes (\$700 million)	2047	611.9	3.95 %	4.16 %	610.4	3.95 %	4.15 %
Thirty year 2020 senior notes (\$500 million)	2050	490.1	2.13 %	2.15 %	-	- %	- %
Private note (2020 principal amount)							
Series B private placement senior notes (\$250 million)	2023	-	- %	- %	249.6	4.32 %	4.36 %
Finance lease obligations and other							
		7.1			3.0		
Total debt		6,671.1			6,274.0		
Long-term debt, current maturities		(1.8)			(300.9)		
Total long-term debt		\$6,669.3			\$5,973.1		

Public Notes

The Company's public notes may be redeemed by the Company at its option at redemption prices that include accrued and unpaid interest and a make-whole premium. Upon the occurrence of a change of control accompanied by a downgrade of the notes below investment grade rating, within a specified time period, the Company would be required to offer to repurchase the public notes at a price equal to 101% of the aggregate principal amount thereof, plus any accrued and unpaid interest to the date of repurchase. The public notes are senior unsecured and unsubordinated obligations of the Company and rank equally with all other senior and unsubordinated indebtedness of the Company.

Private Note

In September 2020, the Company redeemed the private note at redemption prices that included accrued and unpaid interest and a make-whole premium.

Covenants and Future Maturities

The Company is in compliance with all covenants under the Company's outstanding indebtedness at December 31, 2020.

As of December 31, 2020, the aggregate annual maturities of long-term debt for the next five years were:

(millions)	
2021	\$ 2
2022	502
2023	400
2024	683
2025	683

Net Interest Expense

Interest expense and interest income incurred during 2020, 2019 and 2018 were as follows:

(millions)	2020	2019	2018
Interest expense	\$304.8	\$214.4	\$235.5
Interest income	(14.6)	(23.7)	(14.4)
Interest expense, net	\$290.2	\$190.7	\$221.1

Interest expense generally includes the expense associated with the interest on the Company's outstanding borrowings. Interest expense also includes the amortization of debt issuance costs and debt discounts, which are both recognized over the term of the related debt.

During 2020, the Company retired certain long-term debt, and incurred debt refinancing charges of \$83.1 million (\$64.0 million after tax), which are included as a component of interest expense, net on the Consolidated Statement of Income.

8. FAIR VALUE MEASUREMENTS

The Company's financial instruments include cash and cash equivalents, restricted cash, accounts receivable, accounts payable, contingent consideration obligations, commercial paper, notes payable, foreign currency forward contracts, interest rate swap agreements and long-term debt.

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. The hierarchy is broken down into three levels:

Level 1 - Inputs are quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 - Inputs include observable inputs other than quoted prices in active markets.

Level 3 - Inputs are unobservable inputs for which there is little or no market data available.

The carrying amount and the estimated fair value for assets and liabilities measured on a recurring basis were:

(millions)	December 31, 2020			
	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	\$15.5	\$-	\$15.5	\$-
Liabilities				
Foreign currency forward contracts	69.9	-	69.9	-
	December 31, 2019			
(millions)	Carrying Amount	Fair Value Measurements		
		Level 1	Level 2	Level 3
Assets				
Foreign currency forward contracts	\$83.9	\$-	\$83.9	\$-
Liabilities				
Foreign currency forward contracts	10.0	-	10.0	-

The carrying value of foreign currency forward contracts is at fair value, which is determined based on foreign currency exchange rates as of the balance sheet date and classified within level 2. The carrying value of interest rate swap contracts is at fair value, which is determined based on current interest rates and forward interest rates as of the balance sheet date and is classified within level 2. For purposes of fair value disclosure above, derivative values are presented gross. See further discussion of gross versus net presentation of the Company's derivatives within Note 9.

Contingent consideration liabilities are recognized and measured at fair value at the acquisition date and thereafter until paid or settled. Contingent consideration is classified within level 3 as the underlying fair value is determined using income-based valuation approaches appropriate for the terms and conditions of each respective earn-out. The consideration expected to be transferred is based on the Company's expectations of various financial measures. The ultimate payment of contingent consideration could deviate from current estimates based on the actual results of these financial measures. Contingent consideration activities during 2020, 2019 and 2018 were not significant to the Company's consolidated financial statements.

The carrying values of accounts receivable, accounts payable, cash and cash equivalents, restricted cash, commercial paper and notes payable approximate fair value because of their short maturities, and as such are classified within level 1.

The fair value of long-term debt is based on quoted market prices for the same or similar debt instruments (classified as level 2). The carrying amount and the estimated fair value of long-term debt, including current maturities, held by the Company were:

	December 31, 2020		December 31, 2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current maturities	\$6,671.2	\$7,704.4	\$6,274.0	\$6,861.6

9. DERIVATIVES AND HEDGING TRANSACTIONS

The Company uses foreign currency forward contracts, interest rate swap agreements and foreign currency debt to manage risks associated with foreign currency exchange rates, interest rates and net investments in foreign operations. The Company does not hold derivative financial instruments of a speculative nature or for trading purposes. The Company records derivatives as assets and liabilities on the balance sheet at fair value. Changes in fair value are recognized immediately in earnings unless the derivative qualifies and is designated as a hedge. Cash flows from derivatives are classified in the statement of cash flows in the same category as the cash flows from the items subject to designated hedge or undesignated (economic) hedge relationships. The Company evaluates hedge effectiveness at inception and on an ongoing basis. If a derivative is no longer expected to be effective, hedge accounting is discontinued.

The Company is exposed to credit risk in the event of nonperformance of counterparties for foreign currency forward exchange contracts and interest rate swap agreements. The Company monitors its exposure to credit risk by using credit approvals and credit limits and by selecting major global banks and financial institutions as counterparties. The Company does not anticipate nonperformance by any of these counterparties, and therefore, recording a valuation allowance against the Company's derivative balance is not considered necessary.

Derivative Positions Summary

Certain of the Company's derivative transactions are subject to master netting arrangements that allow the Company to net settle contracts with the same counterparties. These arrangements generally do not call for collateral and as of the applicable dates presented below, no cash collateral had been received or pledged related to the underlying derivatives.

The respective net amounts are included in other current assets, other assets, other current liabilities and other liabilities on the Consolidated Balance Sheet.

The following table summarizes the gross fair value and the net value of the Company's outstanding derivatives.

(millions)

	Derivative Assets		Derivative Liabilities	
	December 31 2020	December 31 2019	December 31 2020	December 31 2019
(millions)				
Derivatives designated as hedging instruments				
Foreign currency forward contracts	\$8.1	\$67.4	\$54.3	\$2.1
Derivatives not designated as hedging instruments				
Foreign currency forward contracts (a)	7.4	16.5	15.6	7.9
Gross value of derivatives	15.5	83.9	69.9	10.0
Gross amounts offset in the Consolidated Balance Sheet	(12.3)	(4.2)	(12.3)	(4.2)
Net value of derivatives	\$3.2	\$79.7	\$57.6	\$5.8

(a) Foreign currency forward contract derivatives not designated as hedging instruments includes discontinued operations of \$1.0 of derivative assets and \$0.6 of derivative liabilities as of December 31, 2019.

The following table summarizes the notional values of the Company's outstanding derivatives.

(millions)	Notional Values	
	December 31 2020	December 31 2019
Foreign currency forward contracts (a)	\$ 3,702	\$ 4,004

(a) Foreign currency forward contract notional values include discontinued operations of approximately \$9 million as of December 31, 2019.

Cash Flow Hedges

The Company utilizes foreign currency forward contracts to hedge the effect of foreign currency exchange rate fluctuations on forecasted foreign currency transactions, including inventory purchases and intercompany royalty, intercompany loans, management fee and other payments. These forward contracts are designated as cash flow hedges. The changes in fair value of these contracts are recorded in accumulated other comprehensive income ("AOCI") until the hedged items affect earnings, at which time the gain or loss is reclassified into the same line item in the Consolidated Statement of Income as the underlying exposure being hedged. Cash flow hedged transactions impacting AOCI are forecasted to occur within the next three years. For forward contracts designated as hedges of foreign currency exchange rate risk associated with forecasted foreign currency transactions, the Company excludes the changes in fair value attributable to time value from the assessment of hedge effectiveness. The initial value of the excluded component (i.e., the forward points) is amortized on a straight-line basis over the life of the hedging instrument and recognized in the same line item in the Consolidated Statement of Income as the underlying exposure being hedged for intercompany loans. For all other cash flow hedge types, the forward points are mark-to-market monthly and recognized in the same line item in the Consolidated Statement of Income as the underlying exposure being hedged. The difference between fair value changes of the excluded component and the amount amortized in the Consolidated Statement of Income is recorded in AOCI.

Fair Value Hedges

The Company manages interest expense using a mix of fixed and floating rate debt. To help manage exposure to interest rate movements and to reduce borrowing costs, the Company may enter into interest rate swaps under which the Company agrees to exchange, at specified intervals, the difference between fixed and floating interest amounts calculated by reference to an agreed upon notional principal amount. The mark-to-market of these fair value hedges is recorded as gains or losses in interest expense and is offset by the gain or loss of the underlying debt instrument, which also is recorded in interest expense. These fair value hedges are highly effective and thus, there is no impact on earnings due to hedge ineffectiveness.

Net Investment Hedges

The Company designates its outstanding \$1,365 million (€1,150 million as of year end 2020) senior notes ("euronotes") and related accrued interest as a hedge of existing foreign currency exposures related to investments the Company has in certain euro denominated functional currency subsidiaries. Certain Euro commercial paper was also designated as a hedge of existing foreign currency exposures and matured in the third quarter of 2020 and fourth quarter of 2019. The revaluation gains and losses on the euronotes and Euro commercial paper, which are designated and effective as hedges of the Company's net investments, have been included as a component of the cumulative translation adjustment account, and were as follows:

(millions)	2020	2019	2018
Revaluation (losses) gains, net of tax	(\$87.7)	\$31.4	\$57.5

Derivatives Not Designated as Hedging Instruments

The Company also uses foreign currency forward contracts to offset its exposure to the change in value of certain foreign currency denominated assets and liabilities held at foreign subsidiaries, primarily receivables and payables, which are remeasured at the end of each period. Although the contracts are effective economic hedges, they are not designated as accounting hedges. Therefore, changes in the value of these derivatives are recognized immediately in earnings, thereby offsetting the current earnings effect of the related foreign currency denominated assets and liabilities.

Effect of all Derivative Instruments on Income

The gain (loss) of all derivative instruments recognized in product and equipment cost of sales ("COS"), selling, general and administrative expenses ("SG&A") and interest expense, net ("interest") is summarized below:

(millions)	2020			2019			2018		
	COS	SG&A	Interest	COS	SG&A	Interest	COS	SG&A	Interest
Gain (loss) on derivatives in cash flow hedging relationship:									
Foreign currency forward contracts									
Amount of gain (loss) reclassified from AOCI to income	\$10.1	(\$108.3)	\$-	\$15.4	\$39.5	\$-	(\$7.7)	\$84.1	\$-
Amount excluded from the assessment of effectiveness recognized in earnings based on changes in fair value	-	-	27.5	-	-	28.7	-	-	37.4
Interest rate swap agreements									
Amount of gain (loss) reclassified from AOCI to income	-	-	(2.4)	-	-	(0.9)	-	-	(5.5)
Gain (loss) on derivatives in fair value hedging relationship:									
Interest rate swaps									
Hedged items	-	-	-	-	-	0.2	-	-	(4.0)
Derivatives designated as hedging instruments	-	-	-	-	-	(0.2)	-	-	4.0
Gain (loss) on derivatives not designated as hedging instruments:									
Foreign currency forward contracts									
Amount of gain (loss) recognized in income (a)	-	(12.3)	-	-	30.0	(0.1)	-	25.1	5.3
Total gain (loss) of all derivative instruments	\$10.1	(\$120.6)	\$25.1	\$15.4	\$69.5	\$27.7	(\$7.7)	\$109.2	\$37.2

- (a) Gain (loss) on derivatives not designated as hedging instruments recognized in income recorded in SG&A includes discontinued operations of \$(2.5), \$(5.1) and \$(8.7) for the years ended December 31, 2020, 2019 and 2018, respectively.

10. OTHER COMPREHENSIVE INCOME (LOSS) INFORMATION

Other comprehensive income (loss) includes net income, foreign currency translation adjustments, unrecognized gains and losses on securities, defined benefit pension and postretirement plan adjustments, gains and losses on derivative instruments designated and effective as cash flow hedges and non-derivative instruments designated and effective as foreign currency net investment hedges that are charged or credited to the accumulated other comprehensive loss account in shareholders' equity.

The following table provides other comprehensive income (loss) information related to the Company's derivatives and hedging instruments and pension and postretirement benefits. See Note 9 for additional information related to the Company's derivatives and hedging transactions. See Note 17 for additional information related to the Company's pension and postretirement benefits activity.

(millions)	2020	2019	2018
Derivative and Hedging Instruments			
Unrealized (losses) gains on derivative & hedging instruments			
Amount recognized in AOCI	(\$93.3)	\$78.1	\$144.4
(Gains) losses reclassified from AOCI into income			
COS	(10.1)	(15.4)	7.7
SG&A	108.3	(39.5)	(84.1)
Interest (income) expense, net	(25.1)	(27.8)	(31.9)
	73.1	(82.7)	(108.3)
Other activity	(0.3)	0.8	-
Tax impact	3.5	0.4	(7.7)
Net of tax	(\$17.0)	(\$3.4)	\$28.4
Pension and Postretirement Benefits			
Amount recognized in AOCI			
Current period net actuarial loss and prior service costs	(\$189.9)	(\$326.3)	(\$56.5)
Amount reclassified from AOCI into income			
Amortization of net actuarial loss and prior service costs and benefits	68.1	0.4	28.4
Pension and postretirement benefits changes	-	-	59.3
	(121.8)	(325.9)	31.2
Tax impact	43.7	74.3	(13.2)
Net of tax	(\$78.1)	(\$251.6)	\$18.0

11. SHAREHOLDERS' EQUITY

Authorized common stock, par value \$1.00 per share, was 800 million shares at December 31, 2020, 2019 and 2018. Treasury stock is stated at cost. Dividends declared per share of common stock were \$1.89 for 2020, \$1.85 for 2019 and \$1.69 for 2018.

The Company has 15 million shares, without par value, of authorized but unissued and undesignated preferred stock.

Share Repurchase Authorization

In February 2015, the Company's Board of Directors authorized the repurchase of up to 20 million additional shares of its common stock, including shares to be repurchased under Rule 10b5-1. As of December 31, 2020, 6,239,946 shares remained to be repurchased under the Company's repurchase authorization. The Company intends to repurchase all shares under its authorization, for which no expiration date has been established, in open market or privately negotiated transactions, subject to market conditions.

Share Repurchases

During 2020 and 2019, the Company reacquired 761,245 and 1,986,241 shares, respectively, of its common stock, of which 565,064 and 1,846,384, respectively, related to share repurchases through open market or private purchases, and 196,181 and 139,857, respectively, related to shares withheld for taxes on exercise of stock options and vesting of stock awards and units.

Separation of ChampionX

On June 3, 2020, the Company effected the split-off of ChampionX through the Exchange Offer and all shares of ChampionX common stock owned by Ecolab were exchanged for outstanding shares of Ecolab common stock. In the Exchange Offer, which was oversubscribed, the Company accepted 4,955,552 shares of Ecolab common stock in exchange for approximately 122.2 million shares of ChampionX common stock.

12. EQUITY COMPENSATION PLANS

The Company's equity compensation plans provide for grants of stock options, performance-based restricted stock units ("PBRsUs") and non-performance-based restricted stock units ("RSUs") and restricted stock awards ("RSAs"). Common shares available for grant as of December 31, 2020, 2019 and 2018 were 8,644,262, 9,029,645 and 10,152,863, respectively. The Company generally issues authorized but previously unissued shares to satisfy stock option exercises and stock award vestings.

The Company's annual long-term incentive share-based compensation program is made up of 50% stock options and 50% PBRsUs. The Company also periodically grants RSUs. Total compensation expense related to all share-based compensation plans was \$81 million (\$68 million net of tax benefit), \$84 million (\$70 million net of tax benefit) and \$88 million (\$73 million net of tax benefit) for 2020, 2019 and 2018, respectively. As of December 31, 2020, there was \$120 million of total measured but unrecognized compensation expense related to non-vested share-based compensation arrangements granted under all of the Company's plans. That cost is expected to be recognized over a weighted-average period of 2.1 years.

Stock Options

Stock options are granted to purchase shares of the Company's stock at the average daily share price on the date of grant. These options generally expire within ten years from the grant date. The Company generally recognizes compensation expense for these awards on a straight-line basis over the three year vesting period. Stock option grants to retirement eligible recipients are attributed to expense using the non-substantive vesting method.

A summary of stock option activity and average exercise prices is as follows:

	2020		2019		2018	
	Number of Options	Exercise Price (a)	Number of Options	Exercise Price (a)	Number of Options	Exercise Price (a)
Outstanding, beginning of year	9,042,320	\$ 121.72	10,516,633	\$ 108.28	11,380,013	\$ 95.76
Granted	931,750	220.95	879,862	184.31	1,202,314	158.23
Exercised	(2,733,130)	97.52	(2,270,374)	82.93	(1,942,192)	64.63
Canceled	(91,660)	166.67	(83,801)	143.08	(123,502)	127.02
Separation of ChampionX	(346,865)	126.37	-	-	-	-
Outstanding, end of year	6,802,415	\$ 144.20	9,042,320	\$ 121.72	10,516,633	\$ 108.28
Exercisable, end of year	5,051,927	\$ 125.08	7,048,422	\$ 109.34	7,993,297	\$ 97.13
Vested and expected to vest, end of year	6,697,614	\$ 143.25				

(a) Represents weighted average price per share.

The total aggregate intrinsic value of options (the amount by which the stock price exceeded the exercise price of the option on the date of exercise) that were exercised during 2020, 2019 and 2018 was \$299 million, \$227 million and \$161 million, respectively.

The total aggregate intrinsic value of options outstanding as of December 31, 2020 was \$492 million, with a corresponding weighted-average remaining contractual life of 6.6 years. The total aggregate intrinsic value of options exercisable as of December 31, 2020 was \$458 million, with a corresponding weighted-average remaining contractual life of 5.7 years. The total aggregate intrinsic value of options vested and expected to vest as of December 31, 2020 was \$491 million, with a corresponding weighted-average remaining contractual life of 6.5 years.

The lattice (binomial) option-pricing model is used to estimate the fair value of options at grant date. The Company's primary employee option grant occurs during the fourth quarter. The weighted-average grant-date fair value of options granted and the significant assumptions used in determining the underlying fair value of each option grant, on the date of grant were as follows:

	2020	2019	2018
Weighted-average grant-date fair value of options granted at market prices	\$ 44.16	\$ 40.30	\$ 37.34
Assumptions			
Risk-free rate of return	0.5 %	1.6 %	2.8 %
Expected life	6 years	6 years	6 years
Expected volatility	23.0 %	23.0 %	22.5 %
Expected dividend yield	0.9 %	1.0 %	1.2 %

The risk-free rate of return is determined based on a yield curve of U.S. treasury rates from one month to ten years and a period commensurate with the expected life of the options granted. Expected volatility is established based on historical volatility of the Company's stock price. The expected dividend yield is determined based on the Company's annual dividend amount as a percentage of the average stock price at the time of the grant.

PBRsUs, RSUs and RSAs

The expense associated with PBRsUs is based on the average of the high and low share price of the Company's common stock on the date of grant, adjusted for the absence of future dividends. The awards vest based on the Company achieving a defined performance target and with continued service for a three year period. Upon vesting, the Company issues shares of its common stock such that one award unit equals one share of common stock. The Company assesses the probability of achieving the performance target and recognizes expense over the three year vesting period when it is probable the performance target will be met. PBRsU awards granted to retirement eligible recipients are attributed to expense using the non-substantive vesting method. The awards are generally subject to forfeiture in the event of termination of employment.

The expense associated with shares of non-performance based RSUs and RSAs is based on the average of the high and low share price of the Company's common stock on the date of grant, adjusted for the absence of future dividends and is amortized on a straight-line basis over the periods during which the restrictions lapse. The Company currently has RSUs that vest over periods between 12 and 60 months. The awards are generally subject to forfeiture in the event of termination of employment.

A summary of non-vested PBRsUs and restricted stock activity is as follows:

	PBRsU Awards	Grant Date Fair Value (a)	RSAs and RSUs	Grant Date Fair Value (a)
December 31, 2017	1,362,836	\$ 115.24	249,402	\$ 116.66
Granted	284,104	152.59	109,074	138.69
Vested / Earned	(324,561)	103.15	(92,032)	113.03
Canceled	(55,026)	114.25	(19,975)	115.05
December 31, 2018	1,267,353	\$ 126.75	246,469	\$ 127.09
Granted	207,704	178.20	102,941	177.38
Vested / Earned	(334,351)	114.38	(64,597)	119.08
Canceled	(23,808)	135.70	(19,300)	124.77
December 31, 2019	1,116,898	\$ 139.83	265,513	\$ 149.46
Granted	202,187	215.23	62,693	203.09
Vested / Earned	(333,676)	112.78	(81,150)	130.72
Canceled	(26,285)	157.32	(15,996)	162.51
Separation of ChampionX	(44,494)	142.10	(67,377)	161.82
December 31, 2020	914,630	\$ 165.76	163,683	\$ 172.92

(a) Represents weighted average price per share.

13. INCOME TAXES

Income before income taxes consisted of:

(millions)	2020	2019	2018
United States (U.S.)	\$100.5	\$787.1	\$690.1
International	1,060.9	944.4	897.0
Total	\$1,161.4	\$1,731.5	\$1,587.1

The provision (benefit) for income taxes consisted of:

(millions)	2020	2019	2018
U.S. federal and state	(\$43.9)	\$134.4	\$105.1
International	259.8	176.3	93.5
Total current	215.9	310.7	198.6
U.S. federal and state	12.0	37.9	52.7
International	(51.3)	(60.0)	69.9
Total deferred	(39.3)	(22.1)	122.6
Provision for income taxes	\$176.6	\$288.6	\$321.2

The Company's overall net deferred tax assets and deferred tax liabilities were comprised of the following:

December 31 (millions)	2020	2019
Deferred tax assets		
Pension and post-retirement benefits	\$234.3	\$207.4
Other accrued liabilities	154.7	127.5
Lease liability	95.5	104.8
Credit carryforwards	76.6	18.7
Loss carryforwards	63.4	48.0
Share-based compensation	44.8	55.0
Other, net	77.0	57.5
Valuation allowance	(45.3)	(24.5)
Total deferred tax assets	701.0	594.4
Deferred tax liabilities		
Intangible assets	(598.9)	(569.9)
Property, plant and equipment	(317.8)	(258.1)
Lease asset	(95.4)	(105.2)
Other, net	(9.6)	(62.3)
Total deferred tax liabilities	(1,021.7)	(995.5)
Net deferred tax liabilities balance	(\$320.7)	(\$401.1)

As of December 31, 2020, the Company has tax effected federal, state and international net operating loss carryforwards of \$0.1 million, \$20.2 million and \$43.1 million, respectively, which will be available to offset future taxable income. The federal and state loss carryforwards of \$20.3 million expire from 2021 to 2041. The international loss carryforwards of \$13.9 million expire from 2021 to 2041 and \$29.2 million have no expiration. The tax loss carryforwards expiring in 2021 are not material.

Additionally, the Company has \$76.6 million of credit carryforwards that are primarily related to foreign tax credits and various state credits. The foreign tax credit carryforwards of \$57.7 million expire from 2028 to 2030 and the state credit carryforwards of \$19.1 million expire from 2021 to 2028.

The Company has valuation allowances on certain deferred tax assets of \$45.3 million and \$24.5 million at December 31, 2020 and 2019, respectively. The increase in valuation allowance from year end 2019 to year end 2020 was primarily due to U.S. capital loss carryforwards and state tax attributes.

In 2020, the Company obtained tax benefits from tax holidays in two foreign jurisdictions, the Dominican Republic and Singapore. The Company received a permit of operation, which expires in July 2021, from the National Council of Free Zones of Exportation for the Dominican Republic. Companies operating under the Free Zones are not subject to income tax in the Dominican Republic on export income. The Company has a tax incentive awarded by the Singapore Economic Development Board. This incentive provides for a preferential 10% tax rate on certain headquarter income which expires in January 2021. The tax reduction as the result of the tax holidays for 2020 was \$26.9 million (\$0.09 per diluted share), 2019 was \$29.2 million (\$0.10 per diluted share) and 2018 was \$25.6 million (\$0.09 per diluted share). The Company is in the process of extending or mitigating the impact of the expiring tax holidays.

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective income tax rate is as follows:

	2020	2019	2018
Statutory U.S. rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal benefit	0.4	1.8	1.2
Foreign operations	(1.3)	5.5	(15.5)
R&D credit	(1.1)	(1.0)	(1.0)
Change in valuation allowance	0.6	(8.2)	10.3
Excess stock benefits	(4.9)	(2.4)	(1.7)
One-time transition tax	-	(0.2)	4.2
Prior year adjustments	-	-	2.9
Other, net	0.5	0.2	(1.2)
Effective income tax rate	15.2 %	16.7 %	20.2 %

The change in the Company's effective income tax rate includes the tax impact of special (gains) and charges and discrete tax items, which have impacted the comparability of the Company's historical effective income tax rates, as amounts included in special (gains) and charges are derived from tax jurisdictions with rates that vary from the statutory U.S. rate, and discrete tax items are not necessarily consistent across periods. The tax impact of special (gains) and charges and discrete tax items will likely continue to impact comparability of the Company's effective income tax rate in the future.

The Company's 2020 effective tax rate of 15.2% includes \$57.9 million of net tax benefits on special (gains) and charges, and net tax benefits of \$55.8 million associated with discrete items. During 2020, the Company recorded a discrete tax benefit of \$57.3 million related to share-based compensation excess tax benefits. The extent of excess tax benefits is subject to variation in stock price and award exercises. The Company recorded changes in reserves in non-U.S. and U.S. jurisdictions due to audit settlements and the expiration of statutes of limitations which resulted in a \$9.8 million tax benefit. Additionally, the Company recognized a net tax expense of \$11.3 million primarily related to the filing of prior year federal, state and foreign tax returns and other income tax adjustments.

The Company's 2019 effective tax rate of 16.7% includes \$40.1 million of net tax benefits on special (gains) and charges, net tax benefits of \$54.6 million associated with discrete tax items and \$3.1 million of net benefit associated with updates to the one-time transition tax primarily due to the issuance of further technical guidance with respect to the Tax Act. During 2019, the Company recorded a discrete tax benefit of \$42.3 million related to share-based compensation excess tax benefits. The Company recognized \$15.6 million tax benefit related to changes in local tax law, which primarily includes \$30.4 million benefit due to the passage of the Swiss Tax Reform and AHV Financing Act, a Swiss federal tax law, offset by a tax expense of \$10.2 million due to the release of the final Treasury Regulation governing taxation of foreign dividends. The Company recorded changes in reserves in non-U.S. and U.S. jurisdictions due to audit settlements and statutes of limitations which resulted in a \$13.8 million tax benefit. The Company finalized the 2015 and 2016 IRS audit in 2019, which resulted in a discrete tax expense of \$11.0 million. The remaining discrete tax expense was primarily related to changes in estimates in non-U.S. jurisdictions.

The Company's 2018 effective tax rate of 20.2% includes \$66.0 million of net tax expense associated updates to the one-time transition tax primarily due to the issuance of further technical guidance with respect to the Tax Act, \$29.0 million of net tax benefits on special (gains) and charges, and net tax benefits of \$64.0 million associated with discrete tax items. During 2018, the Company recorded a discrete tax benefit of \$27.7 million related to share-based compensation excess tax benefits. In addition, the Company recorded net discrete benefit of \$39.5 million related to adjustments from filing the 2017 U.S. federal income tax return and IRS approved method change. Included within the 2018 provision for income taxes is \$38.0 million of discrete charges recorded in the fourth quarter to correct immaterial errors in prior years. The remaining discrete expense was primarily related to changes in reserves, audit settlements, international and U.S. changes in estimates, and accounting for internal entity reorganization.

The Company continues to assert permanent reinvestment of the undistributed earnings of international affiliates unless the earnings can be remitted in a net income tax benefit or tax-neutral manner. If there are policy changes, the Company would record the applicable taxes in the period of change. Due to the complexity of the legal entity structure, the number of legal entities and jurisdictions involved, and the complexity of the laws and regulations, the Company believes it is not practicable to estimate the amount of additional taxes which may be payable upon distribution of these undistributed earnings. Accordingly, no deferred taxes have been provided for withholding taxes or other taxes on permanently reinvested earnings.

A reconciliation of the beginning and ending amount of gross liability for unrecognized tax benefits is as follows:

(millions)	2020	2019	2018
Balance at beginning of year	\$27.0	\$49.0	\$60.6
Additions based on tax positions related to the current year	3.3	2.1	3.0
Additions for tax positions of prior years	-	1.0	2.0
Reductions for tax positions of prior years	(1.1)	(18.4)	(8.7)
Reductions for tax positions due to statute of limitations	(9.1)	(5.7)	(5.8)
Settlements	-	(0.6)	(0.8)
Foreign currency translation	0.6	(0.4)	(1.3)
Balance at end of year	\$20.7	\$27.0	\$49.0

The total amount of unrecognized tax benefits, if recognized would affect the effective tax rate by \$18.3 million as of December 31, 2020, \$23.7 million as of December 31, 2019 and \$35.6 million as of December 31, 2018.

The Company files U.S. federal income tax returns and income tax returns in various U.S. state and non- U.S. jurisdictions. With few exceptions, the Company is no longer subject to state and foreign income tax examinations by tax authorities for years before 2017. The IRS has completed examinations of the Company's U.S. federal income tax returns through 2016, and the years 2017 and 2018 are currently under audit. In addition to the U.S. federal examination, there is ongoing audit activity in several U.S. state and foreign jurisdictions. The Company anticipates changes to uncertain tax positions due to closing of various audits and statutes closing on years mentioned above. The Company does not believe these changes will result in a material impact during the next twelve months. Decreases in the Company's gross liability could result in offsets to other balance sheet accounts, cash payments, and adjustments to tax expense. The occurrence of these events and/or other events not included above within the next twelve months could change depending on a variety of factors.

The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes. During 2020, 2019 and 2018 the Company released \$2.0 million, \$1.9 million and \$1.2 million related to interest and penalties, respectively. The Company had \$4.1 million, \$6.1 million and \$8.0 million of accrued interest, including minor amounts for penalties, at December 31, 2020, 2019, and 2018, respectively.

14. RENTALS AND LEASES

Lessee

The Company leases sales and administrative office facilities, distribution centers, research and manufacturing facilities, as well as vehicles and other equipment under operating leases. Certain of the Company's lease arrangements are finance leases, which are immaterial individually and in the aggregate.

The Company's operating lease cost was as follows:

(millions)	2020	2019
Operating lease cost*	\$183.8	\$179.8

*Includes immaterial short-term and variable lease costs

Future maturity of operating lease liabilities as of December 31, 2020 is as follows:

(millions)	
2021	142
2022	110
2023	73
2024	44
2024	29
Thereafter	76
Total lease payments	474
Less: imputed interest	49
Present value of lease liabilities	\$ 425

Total rental expense under the Company's operating leases was \$172 million in 2018.

The Company's operating leases term and discount rate were as follows:

	December 31 2020	December 31 2019
Weighted-average remaining lease terms (years)	5.52	5.83
Weighted-average discount rate	3.72%	4.00%

The Company's other lease information was as follows:

(millions)	December 31 2020	December 31 2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$164.2	\$159.0
Leased assets obtained in exchange for new operating lease liabilities	60.4	116.5

Lessor

The Company leases warewashing and water treatment equipment to customers under operating leases.

Gross assets under operating leases recorded in Property, plant and equipment, net is \$1,190.3 million and \$1,091.7 million, and related accumulated depreciation is \$646.1 million and \$606.7 million, as of December 31, 2020 and 2019, respectively.

The Company's operating lease revenue was as follows:

(millions)	2020	2019
Operating lease revenue*	\$356.3	\$412.7

*Includes immaterial variable lease revenue

Revenue from operating leases for existing contracts as of December 31, 2020 is as follows:

(millions)	
2021	331
2022	253
2023	191
2024	122
2024	49
Thereafter	14
Total lease revenue	\$ 960

The Company mitigates the risk of residual value subsequent to the lease term by redeploying assets. As such, the Company expects to receive revenue from the operating lease assets through the remaining useful life and therefore subsequent to the initial contract termination date.

15. RESEARCH AND DEVELOPMENT EXPENDITURES

Research expenditures that relate to the development of new products and processes, including significant improvements and refinements to existing products, are expensed as incurred. Such costs were \$185 million in 2020, \$190 million in 2019 and \$193 million in 2018. The Company did not participate in any material customer sponsored research during any of the years.

16. COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims and contingencies related to, among other things, workers' compensation, general liability (including product liability), automobile claims, health care claims, environmental matters and lawsuits. The Company is also subject to various claims and contingencies related to income taxes, which are discussed in Note 13. The Company also has contractual obligations including to lease commitments, which are discussed in Note 14.

The Company records liabilities where a contingent loss is probable and can be reasonably estimated. If the reasonable estimate of a probable loss is a range, the Company records the most probable estimate of the loss or the minimum amount when no amount within the range is a better estimate than any other amount. The Company discloses a contingent liability even if the liability is not probable or the amount is not estimable, or both, if there is a reasonable possibility that a material loss may have been incurred.

Insurance

Globally, the Company has insurance policies with varying deductible levels for property and casualty losses. The Company is insured for losses in excess of these deductibles, subject to policy terms and conditions and has recorded both a liability and an offsetting receivable for amounts in excess of these deductibles. The Company is self-insured for health care claims for eligible participating employees, subject to certain deductibles and limitations. The Company determines its liabilities for claims on an actuarial basis.

Litigation and Environmental Matters

The Company and certain subsidiaries are party to various lawsuits, claims and environmental actions that have arisen in the ordinary course of business. These include from time to time antitrust, commercial, patent infringement, product liability and wage hour lawsuits, as well as possible obligations to investigate and mitigate the effects on the environment of the disposal or release of certain chemical substances at various sites, such as Superfund sites and other operating or closed facilities. The Company has established accruals for certain lawsuits, claims and environmental matters. The Company currently believes that there is not a reasonably possible risk of material loss in excess of the amounts accrued related to these legal matters. Because litigation is inherently uncertain, and unfavorable rulings or developments could occur, there can be no certainty that the Company may not ultimately incur charges in excess of recorded liabilities. A future adverse ruling, settlement or unfavorable development could result in future charges that could have a material adverse effect on the Company's results of operations or cash flows in the period in which they are recorded. The Company currently believes that such future charges related to suits and legal claims, if any, would not have a material adverse effect on the Company's consolidated financial position.

Environmental Matters

The Company is currently participating in environmental assessments and remediation at approximately 30 locations, the majority of which are in the U.S., and environmental liabilities have been accrued reflecting management's best estimate of future costs. Potential insurance reimbursements are not anticipated in the Company's accruals for environmental liabilities.

17. RETIREMENT PLANS

Pension and Postretirement Health Care Benefits Plans

The Company has a non-contributory, qualified, defined benefit pension plan covering the majority of its U.S. employees. The Company also has non-contributory, non-qualified, defined benefit plans, which provide for benefits to employees in excess of limits permitted under its U.S. pension plans. Various international subsidiaries have defined benefit pension plans. The Company provides postretirement health care benefits to certain U.S. employees and retirees.

The non-qualified plans are not funded and the recorded benefit obligation for the non-qualified plans was \$134 million and \$127 million at December 31, 2020 and 2019, respectively. The measurement date used for determining the U.S. pension plan assets and obligations is December 31.

International plans are funded based on local country requirements. The measurement date used for determining the international pension plan assets and obligations is November 30, the fiscal year end of the Company's international subsidiaries. The U.S. postretirement health care plans are contributory based on years of service and choice of coverage (family or single), with retiree contributions adjusted annually. The measurement date used to determine the U.S. postretirement health care plan assets and obligations is December 31. Certain employees outside the U.S. are covered under government-sponsored programs, which are not required to be fully funded. The expense and obligation for providing international postretirement health care benefits are not significant.

The following table sets forth financial information related to the Company's pension and postretirement health care plans:

(millions)	U.S. Pension (a)		International Pension		U.S. Postretirement Health Care	
	2020	2019	2020	2019	2020	2019
Accumulated benefit obligation, end of year	\$2,728.4	\$2,535.9	\$1,759.8	\$1,585.5	\$172.4	\$165.7
Projected benefit obligation						
Projected benefit obligation, beginning of year	\$2,562.5	\$2,241.0	\$1,667.6	\$1,436.7	\$165.7	\$147.3
Service cost	68.4	72.8	30.8	30.2	1.2	1.4
Interest cost	70.3	89.0	22.3	31.2	4.4	5.6
Participant contributions	-	-	2.6	3.0	3.8	3.4
Curtailements and settlements	(0.6)	3.4	(34.3)	(18.6)	-	0.6
Plan amendments	-	-	(1.7)	0.1	-	-
Actuarial (gain) loss	241.8	336.4	83.6	235.8	12.2	22.2
Other events	-	-	0.3	0.6	-	-
Benefits paid	(214.0)	(180.1)	(39.6)	(37.6)	(14.9)	(14.8)
Foreign currency translation	-	-	102.6	(13.8)	-	-
Projected benefit obligation, end of year (b)	\$2,728.4	\$2,562.5	\$1,834.2	\$1,667.6	\$172.4	\$165.7
Plan assets						
Fair value of plan assets, beginning of year	\$2,292.9	\$1,981.4	\$1,027.1	\$925.6	\$6.1	\$6.0
Actual returns on plan assets	281.3	366.9	87.7	110.5	0.8	1.1
Company contributions	13.3	129.0	41.3	43.3	13.7	13.8
Participant contributions	-	-	2.6	3.0	-	-
Curtailements and settlements	(0.6)	(4.3)	(25.7)	(17.6)	-	-
Benefits paid	(214.0)	(180.1)	(39.6)	(37.6)	(14.9)	(14.8)
Foreign currency translation	-	-	54.6	(0.1)	-	-
Fair value of plan assets, end of year (c)	\$2,372.9	\$2,292.9	\$1,148.0	\$1,027.1	\$5.7	\$6.1
Funded Status, end of year	(\$355.5)	(\$269.6)	(\$686.2)	(\$640.5)	(\$166.7)	(\$159.6)
Amounts recognized in the Consolidated Balance Sheet:						
Other assets	\$-	\$-	\$37.0	\$31.1	\$-	\$-
Other current liabilities	(14.7)	(12.5)	(24.0)	(23.6)	(5.5)	(5.2)
Postretirement healthcare and pension benefits	(340.8)	(257.1)	(699.2)	(647.8)	(161.2)	(154.4)
Net liability	(\$355.5)	(\$269.6)	(\$686.2)	(\$640.3)	(\$166.7)	(\$159.6)
Amounts recognized in accumulated other comprehensive loss (income):						
Unrecognized net actuarial loss (gain)	\$691.3	\$632.4	\$595.6	\$527.7	\$1.3	(\$10.5)
Unrecognized net prior service costs (benefits)	(32.7)	(40.0)	(1.2)	0.6	-	(11.0)
Tax (benefit) expense	(165.1)	(149.1)	(151.9)	(129.6)	(2.0)	3.4
Accumulated other comprehensive loss (income), net of tax (d)	\$493.5	\$443.3	\$442.5	\$398.7	(\$0.7)	(\$18.1)
Change in accumulated other comprehensive loss (income):						
Amortization of net actuarial (gain) loss	(\$51.8)	(\$23.5)	(\$29.5)	(\$17.3)	(\$0.1)	\$4.1
Amortization of prior service costs	7.4	11.5	(0.2)	1.1	11.0	23.2
Current period net actuarial loss (gain)	113.3	119.0	66.4	185.8	11.9	21.4
Current period prior service costs	-	-	(1.7)	0.1	-	-
Curtailements and settlements	(2.7)	(1.5)	(2.2)	1.8	-	0.2
Tax (benefit) expense	(16.0)	(25.7)	(22.3)	(36.9)	(5.4)	(11.7)
Foreign currency translation	-	-	33.3	(5.2)	-	-
Other comprehensive loss (income)	\$50.2	\$79.8	\$43.8	\$129.4	\$17.4	\$37.2

(a) Includes qualified and non-qualified plans

(b) Projected benefit obligation includes discontinued operations of \$5.3 as of December 31, 2019.

(c) Fair value of the plan assets includes discontinued operations of \$0.6 as of December 31, 2019.

(d) Accumulated other comprehensive includes discontinued operations of \$2.9 as of December 31, 2019.

Estimate amounts in accumulated other comprehensive loss expected to be reclassified to net period cost during 2021 are as follows:

(millions)	U.S. Pension (a)	International Pension	U.S. Post- Retirement Health Care
Net actuarial loss	\$64.8	\$28.5	\$0.7
Net prior service benefits	(6.9)	(0.2)	-
Total	\$57.9	\$28.3	\$0.7

(a) Includes qualified and non-qualified plans.

Service cost is included with employee compensation cost in cost of sales and selling, general and administrative expenses in the Consolidated Statement of Income while all non-service components are included in other (income) expense in the Consolidated Statement of Income.

The aggregate projected benefit obligation, accumulated benefit obligation and fair value of pension plan assets for plans with accumulated benefit obligations in excess of plan assets were as follows:

December 31, (millions)	2020	2019
Aggregate projected benefit obligation (a)	\$4,155.4	\$3,970.3
Accumulated benefit obligation (b)	4,098.6	3,877.4
Fair value of plan assets (c)	3,085.2	3,040.5

- (a) Projected benefit obligation includes discontinued operations of \$5.3 as of December 31, 2019.
(b) Accumulated benefit obligation includes discontinued operations of \$1.1 as of December 31, 2019.
(c) Fair value of plan assets includes discontinued operations of \$0.6 as of December 31, 2019.

These plans include the U.S. non-qualified pension plans which are not funded as well as the U.S. qualified pension plan. These plans also include various international pension plans which are funded consistent with local practices and requirements.

For the year ended December 31, 2020 and 2019, the most significant driver of the increases in benefit obligations for the plans was the higher actuarial losses experienced by the majority of the Company's plans. The pension plans incurred actuarial losses primarily due to decreases in bond yields that resulted in decreases to many of the plans' discount rates.

Net Periodic Benefit Costs and Plan Assumptions

Pension and postretirement health care benefits expense for the Company's operations are as follows:

(millions)	U.S. Pension (a)			International Pension			U.S. Postretirement Health Care		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Service cost	\$68.4	\$72.8	\$74.5	\$30.8	\$30.2	\$33.2	\$1.2	\$1.4	\$2.7
Interest cost on benefit obligation	70.3	89.0	83.1	22.3	31.2	29.1	4.4	5.6	5.6
Expected return on plan assets	(152.9)	(149.5)	(161.9)	(63.9)	(59.9)	(63.2)	(0.4)	(0.4)	(0.4)
Recognition of net actuarial loss (gain)	51.9	23.6	39.0	26.1	16.3	17.2	0.1	(4.1)	(1.9)
Amortization of prior service benefit	(7.4)	(11.5)	(6.8)	(0.1)	(0.9)	(0.9)	(11.0)	(23.2)	(19.7)
Curtailments and settlements	2.5	9.1	-	2.2	(1.9)	2.3	-	0.3	-
Total expense (benefit) (b)	\$32.8	\$33.5	\$27.9	\$17.4	\$15.0	\$17.7	(\$5.7)	(\$20.4)	(\$13.7)

- (a) Includes qualified and non-qualified plans.
(b) Service cost includes discontinued operations of \$2.5, \$7.8, and \$7.1 for the years ended December 31, 2020, 2019, and 2018, respectively.

Plan Assumptions (percent)	U.S. Pension (a)			International Pension			U.S. Postretirement Health Care		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Weighted-average actuarial assumptions used to determine benefit obligations as of year end:									
Discount rate	2.48 %	3.20 %	4.34 %	1.13%	1.52 %	2.49 %	2.37 %	3.16 %	4.29 %
Projected salary increase	4.03	4.03	4.03	2.12	2.50	2.46			
Weighted-average actuarial assumptions used to determine net cost:									
Interest credit rate for cash balance plans	1.81	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Discount rate	3.20	4.34	3.70	1.84	2.66	2.29	3.16	4.29	3.66
Expected return on plan assets	7.25	7.25	7.75	6.24	6.66	6.67	7.25	7.25	7.75
Projected salary increase	4.03	4.03	4.03	2.81	2.70	2.67			

- (a) Includes qualified and non-qualified plans.

The discount rate assumptions for the U.S. plans are developed using a bond yield curve constructed from a population of high-quality, non-callable, corporate bond issues with maturities ranging from six months to thirty years. A discount rate is estimated for the U.S. plans and is based on the durations of the underlying plans.

The Company measures service and interest costs by applying the specific spot rates along that yield curve to the plans' liability cash flows. The Company believes this approach provides a more precise measurement of service and interest costs by aligning the timing of the plans' liability cash flows to the corresponding spot rates on the yield curve.

The expected long-term rate of return used for the U.S. plans is based on the pension plan's asset mix. The Company considers expected long-term real returns on asset categories, expectations for inflation, and estimates of the impact of active management of the assets in determining the final rate to use. The Company also considers historical returns.

The expected long-term rate of return used for the Company's international plans is determined in each local jurisdiction and is based on the assets held in that jurisdiction, the expected rate of returns for the type of assets held and any guaranteed rate of return provided by the investment. The other assumptions used to measure the international pension obligations, including discount rate, vary by country based on specific local requirements and information.

The Company uses most recently available mortality tables as of the respective U.S. and international measurement dates.

For postretirement benefit measurement purposes as of December 31, 2020, the annual rates of increase in the per capita cost of covered health care were assumed to be 8.00% for pre-65 costs and 10.75% for post-65 costs. The rates are assumed to decrease each year until they reach 5% in 2028 and remain at those levels thereafter. Health care costs for certain employees which are eligible for subsidy by the Company are limited by a cap on the subsidy.

During the second quarter of 2018, an amendment to eligibility requirements of the U.S. retiree death benefit plan was approved and communicated to all eligible participants. As a result of the approval and communication to the beneficiaries, the plan was remeasured, resulting in an \$18.9 million (\$14.4 million after tax), reduction of postretirement benefit obligations, with a corresponding impact to accumulated other comprehensive income. The re-measurement was completed using a discount rate of 4.36%. As a result of this action, the Company's U.S. postretirement healthcare costs decreased by \$4.5 million in 2018.

During the fourth quarter of 2018, the qualified U.S. pension plan was amended to allow unlimited lump sums for participants with the Final Average Pay benefit formula, effective with payments starting on or after June 1, 2019. This amendment allows participants to receive a lump sum benefit based on the present value of the accrued benefit at normal retirement age based on Internal Revenue Code Section 417(e) interest and mortality rates. As a result of this action, the U.S. pension plan benefit obligation was reduced by \$40.4 million with a corresponding impact to accumulated other comprehensive income.

Plan Asset Management

The Company's U.S. investment strategy and policies are designed to maximize the possibility of having sufficient funds to meet the long-term liabilities of the qualified pension plan, while achieving a balance between the goals of asset growth of the qualified pension plan and keeping risk at a reasonable level. Current income is not a key goal of the policy.

The asset allocation position reflects the Company's ability and willingness to accept relatively more short-term variability in the performance of the qualified pension plan asset portfolio in exchange for the expectation of better long-term returns, lower pension costs and better funded status in the long run. The qualified pension plan's assets are diversified across a number of asset classes and securities. Selected individual portfolios within the asset classes may be undiversified while maintaining the diversified nature of total plan assets. The Company has no significant concentration of risk in its U.S. qualified pension plan assets.

Assets of funded retirement plans outside the U.S. are managed in each local jurisdiction and asset allocation strategy is set in accordance with local rules, regulations and practice. Therefore, no overall target asset allocation is presented. Although non-U.S. equity securities are all considered international for the Company, some equity securities are considered domestic for the local plan. The funds are invested in a variety of equities, bonds and real estate investments and, in some cases, the assets are managed by insurance companies which may offer a guaranteed rate of return. The Company has no significant concentration of risk in the assets of its international pension plans.

The fair value hierarchy is used to categorize investments measured at fair value in one of three levels in the fair value hierarchy. This categorization is based on the observability of the inputs used in valuing the investments. See Note 8 for definitions of these levels.

The fair value of the Company's U.S. qualified pension plan assets are as follows:

(millions)	Fair Value as of December 31, 2020			Fair Value as of December 31, 2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash	\$38.3	\$-	\$38.3	\$13.2	\$-	\$13.2
Equity securities:						
Large cap equity	610.0	-	610.0	785.9	-	785.9
Small cap equity	36.5	68.3	104.8	201.7	-	201.7
International equity	95.8	42.9	138.7	350.4	-	350.4
Fixed income:						
Core fixed income	360.3	327.8	688.1	410.0	-	410.0
High-yield bonds	76.3	-	76.3	107.9	-	107.9
Emerging markets	-	55.6	55.6	41.7	-	41.7
Insurance company accounts	-	-	-	-	0.3	0.3
Total investments at fair value	1,217.2	494.6	1,711.8	1,910.8	0.3	1,911.1
Investments measured at NAV			666.9			387.9
Total	\$1,217.2	\$494.6	\$2,378.7	\$1,910.8	\$0.3	\$2,299.0

The Company had no level 3 assets as part of its U.S. qualified pension plan assets as of December 31, 2020 or 2019.

The allocation of the Company's U.S. qualified pension plan assets plans are as follows:

Asset Category	Target Asset Allocation Percentage		Percentage of Plan Assets	
	2020	2019	2020	2019
December 31				
Cash	- %	- %	2 %	1 %
Equity securities:				
Large cap equity	27	34	26	34
Small cap equity	4	9	4	8
International equity	16	15	15	15
Fixed income:				
Core fixed income	30	18	29	18
High-yield bonds	4	5	3	5
Emerging markets	2	2	2	2
Other:				
Real estate	6	6	7	7
Private equity	8	8	9	7
Distressed debt	3	3	3	3
Total	100 %	100 %	100 %	100 %

The fair value of the Company's international plan assets for its defined benefit pension plans are as follows:

(millions)	Fair Value as of December 31, 2020			Fair Value as of December 31, 2019		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Cash	\$11.0	\$-	\$11.0	\$7.7	\$-	\$7.7
Equity securities:						
International equity	-	467.0	467.0	-	418.1	418.1
Fixed income:						
Corporate bonds	9.1	218.6	227.7	8.2	207.6	215.8
Government bonds	6.8	241.9	248.7	12.6	215.8	228.4
Insurance company accounts	-	149.6	149.6	-	144.2	144.2
Total investments at fair value	26.9	1,077.1	1,104.0	28.5	985.7	1,014.2
Investments measured at NAV			44.0			12.9
Total	\$26.9	\$1,077.1	\$1,148.0	\$28.5	\$985.7	\$1,027.1

The Company had no level 3 assets as part of its international plan assets as of December 31, 2020 or 2019.

The allocation of plan assets of the Company's international plan assets for its defined benefit pension plans are as follows:

Asset Category	Percentage of Plan Assets	
	2020	2019
December 31		
Cash	1 %	1 %
Equity securities:		
International equity	40	41
Fixed income:		
Corporate bonds	20	21
Government bonds	22	22
Total fixed income	42	43
Other:		
Insurance contracts	14	14
Debt securities	2	-
Real estate	1	1
Total	100 %	100 %

Cash Flows

As of year end 2020, the Company's estimate of benefits expected to be paid in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter for the Company's pension and postretirement health care benefit plans are as follows:

(millions)	All Plans
2021	\$ 232
2022	262
2023	247
2024	253
2025	261
2026 - 2030	1,254

Depending on plan funding levels, the U.S. qualified pension plan provides certain terminating participants with an option to receive their pension benefits in the form of lump sum payments.

The Company is currently in compliance with all funding requirements of its U.S. pension and postretirement health care plans. The Company is required to fund certain international pension benefit plans in accordance with local legal requirements. There were no voluntary contributions made to its non-contributory qualified U.S. pension plan. In September of 2019, the Company made a voluntary contribution of \$120 million to its non-contributory qualified U.S. pension plan. The Company estimates contributions to be made to its international plans will approximate \$47 million in 2021.

The Company seeks to maintain an asset balance that meets the long-term funding requirements identified by the projections of the pension plan's actuaries while simultaneously satisfying the fiduciary responsibilities prescribed in ERISA. The Company also takes into consideration the tax deductibility of contributions to the benefit plans.

Savings Plan and ESOP

The Company provides a 401(k) savings plan for the majority of its U.S. employees under the Company's two main 401(k) savings plans, the Ecolab Savings Plan and ESOP for Traditional Benefit Employees (the "Traditional Plan") and the Ecolab Savings Plan and ESOP (the "Ecolab Plan").

Employees under the Traditional Plan are limited to active employees accruing a final average pay or 5% cash balance benefits in the Ecolab Pension Plan. Employee before-tax contributions made under the Traditional Plan of up to 3% of eligible compensation are matched 100% by the Company and employee before-tax contributions over 3% and up to 5% of eligible compensation are matched 50% by the Company.

Employees under the Ecolab Plan are limited to active employees accruing benefits under the 3% cash balance formula of the Ecolab Pension Plan and employees of Nalco eligible for certain legacy final average pay benefits. Employee before-tax contributions made under the Ecolab Plan of up to 4% of eligible compensation are matched 100% by the Company and employee before-tax contributions over 4% and up to 8% of eligible compensation are matched 50% by the Company.

The Company's matching contributions are 100% vested immediately. The Company's matching contribution expense was \$72 million, \$76 million and \$72 million in 2020, 2019 and 2018, respectively.

18. REVENUES

Revenue Recognition

Product and Sold Equipment

Product revenue is generated from cleaning, sanitizing, water and colloidal silica products. In addition, the Company sells equipment which may be used in combination with its specialized products. Revenue recognized from product and sold equipment is recognized at the point in time when the obligations in the contract with the customer are satisfied, which generally occurs with the transfer of the product or delivery of the equipment.

Service and Lease Equipment

Service and lease equipment revenue is generated from providing services or leasing equipment to customers. Service offerings include installing or repairing certain types of equipment, activities that supplement or replace headcount at the customer location, or fulfilling deliverables included in the contract. Services provided in Other primary includes services designed to detect, eliminate and prevent pests. Services in the Global Industrial segment are associated with water treatment and paper process applications while Global Institutional & Specialty services include water treatment programs and process applications, and wash process solutions. Global Healthcare & Life Sciences services include pharmaceutical, personal care, infection and containment control solutions. Revenue recognized from leased equipment primarily relates to warewashing and water treatment equipment. Service revenue is recognized over time utilizing an input method and aligns with when the services are provided. Typically, revenue is recognized over time using costs incurred to date because the effort provided by the field selling and service organization represents services provided, which corresponds with the transfer of control. Revenue for leased equipment is accounted for under Topic 842 Leases and recognized on a straight-line basis over the length of the lease contract. Refer to Note 14 for additional information related to lease equipment.

Practical Expedients and Exemptions

The revenue standard can be applied to a portfolio of contracts with similar characteristics if it is reasonable that the effects of applying the standard at the portfolio would not be significantly different than applying the standard at the individual contract level. The Company applies the portfolio approach primarily within each operating segment by geographical region. Application of the portfolio approach was focused on those characteristics that have the most significant accounting consequences in terms of their effect on the timing of revenue recognition or the amount of revenue recognized. The Company determined the key criteria to assess with respect to the portfolio approach, including the related deliverables, the characteristics of the customers and the timing and transfer of goods and services, which most closely aligned within the operating segments. In addition, the accountability for the business operations, as well as the operational decisions on how to go to market and the product offerings, are performed at the operating segment level.

The following table shows principal activities, separated by reportable segments, from which the Company generates its revenue. The reportable segments have been revised to align with the Company's reportable segments in the current year. Corporate segment includes sales to ChampionX under the Master Cross Supply and Product Transfer agreements entered into as part of the ChampionX Separation. For more information about the Company's reportable segments, refer to Note 19.

Net sales at public exchange rates by reportable segment are as follows:

(millions)	2020	2019	2018
Global Industrial			
Product and sold equipment	\$5,052.3	\$5,174.1	\$4,992.8
Service and lease equipment	818.5	806.1	814.0
Global Institutional & Specialty			
Product and sold equipment	2,968.7	3,701.9	3,673.5
Service and lease equipment	584.5	699.6	628.5
Global Healthcare & Life Sciences			
Product and sold equipment	1,071.4	890.6	877.2
Service and lease equipment	110.5	82.2	62.3
Other			
Product and sold equipment	274.5	362.4	360.1
Service and lease equipment	809.8	845.1	813.7
Corporate			
Product and sold equipment	99.7	-	-
Service and lease equipment	0.3	-	-
Total			
Total product and sold equipment	\$9,466.6	\$10,129.0	\$9,903.6
Total service and lease equipment	2,323.6	2,433.0	2,318.5

Net sales at public exchange rates by geographic region are as follows:

(millions)	Global Industrial			Global Institutional & Specialty		
	2020	2019	2018	2020	2019	2018
United States	\$2,564.3	\$2,668.1	\$2,564.9	\$2,400.4	\$3,021.3	\$2,899.0
Europe	1,262.6	1,204.2	1,147.9	510.3	622.3	654.0
Asia Pacific	747.2	774.3	752.4	203.9	235.7	235.0
Latin America	491.7	525.8	512.1	128.3	162.2	161.5
Greater China	333.0	325.4	340.9	114.9	119.4	112.8
Canada	157.9	163.4	167.8	155.6	188.4	187.1
India, Middle East and Africa ("IMEA")	314.1	319.0	320.8	39.8	52.2	52.6
Total	\$5,870.8	\$5,980.2	\$5,806.8	\$3,553.2	\$4,401.5	\$4,302.0

(millions)	Global Healthcare & Life Sciences			Other		
	2020	2019	2018	2020	2019	2018
United States	\$432.6	\$410.3	\$395.7	\$645.7	\$710.8	\$676.4
Europe	643.6	513.8	506.4	228.8	268.4	272.1
Asia Pacific	69.8	22.5	12.3	64.8	74.5	77.5
Latin America	6.1	4.5	4.1	50.3	50.2	49.4
Greater China	3.6	2.0	1.4	63.4	66.5	59.4
Canada	6.4	5.2	5.7	16.9	19.1	21.0
IMEA	19.8	14.5	13.9	14.4	18.0	18.0
Total	\$1,181.9	\$972.8	\$939.5	\$1,084.3	\$1,207.5	\$1,173.8

(millions)	Corporate		
	2020	2019	2018
United States	\$75.2	\$-	\$-
Europe	4.8	-	-
Asia Pacific	2.8	-	-
Latin America	13.1	-	-
Greater China	0.9	-	-
Canada	0.7	-	-
IMEA	2.5	-	-
Total	\$100.0	\$-	\$-

Net sales by geographic region were determined based on origin of sale. There were no sales from a single foreign country or individual customer that were material to the Company's consolidated net sales. Sales of warewashing products were approximately 11%, 13%, and 13% of consolidated net sales in 2020, 2019 and 2018, respectively.

Contract Liability

Payments received from customers are based on invoices or billing schedules as established in contracts with customers. Accounts receivable are recorded when the right to consideration becomes unconditional. The contract liability relates to billings in advance of performance (primarily service obligations) under the contract. Contract liabilities are recognized as revenue when the performance obligation has been performed, which primarily occurs during the subsequent quarter.

(millions)	December 31 2020	December 31 2019
Contract liability as of beginning of the year	\$76.7	\$67.7
Revenue recognized in the year from:		
Amounts included in the contract liability at the beginning of the year	(76.7)	(67.7)
Increases due to billings excluding amounts recognized as revenue during the year ended	79.8	70.2
Business combinations	0.6	6.5
Contract liability as of end of period	\$80.4	\$76.7

19. OPERATING SEGMENTS AND GEOGRAPHIC INFORMATION

The Company's organizational structure consists of global business unit and global regional leadership teams. The Company's eleven operating segments follow its commercial and product-based activities and are based on engagement in business activities, availability of discrete financial information and review of operating results by the Chief Operating Decision Maker at the identified operating segment level.

The Company's operating segments that share similar economic characteristics and future prospects, nature of the products and production processes, end-use markets, channels of distribution and regulatory environment have been aggregated into three reportable segments: Global Industrial, Global Institutional & Specialty and Global Healthcare & Life Sciences. The Company's operating segments that do not meet the quantitative criteria to be separately reported have been combined into Other. The Company provides similar information for Other as the Company considers the information regarding its underlying operating segments as useful in understanding its consolidated results.

Comparability of Reportable Segments

Effective in the first quarter of 2020, and in anticipation of the separation of the Upstream Energy business, the Company created the Upstream and Downstream operating segments and reporting units from the Global Energy operating segment and reporting unit, which was also a reportable segment. The Downstream operating segment, which was previously included in the Global Energy reportable segment has been aggregated into the Global Industrial reportable segment. The table below reflects the elimination of the Global Energy reportable segment and creation of the Downstream operating segment. Also, in the first quarter of 2020, the Company announced leadership changes which allow for shared oversight and focus on the Healthcare and Life Sciences operating segments and established the Global Healthcare & Life Sciences reportable segment. This segment is comprised of the Healthcare operating segment which was previously aggregated in the Global Institutional reportable segment and the Life Sciences operating segment which was previously aggregated in the Global Industrial reportable segment. Additionally, the table reflects the Textile Care operating segment being reported in Other, which had previously been aggregated in the Global Industrial reportable segment. The Company also renamed the Global Institutional reportable segment to the Global Institutional & Specialty reportable segment. The Company made other immaterial changes, including the movement of certain customers and cost allocations between reportable segments. These changes are reflected in the "Segment Change" column in the table below.

Subsequent to the separation of ChampionX, the Company no longer reports the Upstream Energy segment, which is reflected in discontinued operations.

The Company's eleven operating segments are aggregated as follows:

Global Industrial

Includes the Water, Food & Beverage, Paper, and Downstream operating segments. It provides water treatment and process applications, and cleaning and sanitizing solutions primarily to large industrial customers within the manufacturing, food and beverage processing, transportation, chemical, primary metals and mining, power generation, pulp and paper, commercial laundry, global petroleum and petrochemical industries. The underlying operating segments exhibit similar manufacturing processes, distribution methods and economic characteristics.

Global Institutional & Specialty

Includes the Institutional and Specialty operating segments. It provides specialized cleaning and sanitizing products to the foodservice, hospitality, lodging, government and education and retail industries. The underlying operating segments exhibit similar manufacturing processes, distribution methods and economic characteristics.

Global Healthcare & Life Sciences

Includes the Healthcare and Life Sciences operating segments. It provides specialized cleaning and sanitizing products to the healthcare, personal care and pharmaceutical industries. The underlying operating segments exhibit similar manufacturing processes, distribution methods and economic characteristics.

Other

Includes the Pest Elimination operating segment which provides services to detect, eliminate and prevent pests, such as rodents and insects, the CTG operating segment which produces and sells colloidal silica, which is comprised of nano-sized particles of silica in water used primarily for binding and polishing applications and the Textile Care operating segment which provides products and services that manage the entire wash process through custom designed programs, premium products, dispensing equipment, water and energy management and reduction, and real time data management.

Corporate

Consistent with the Company's internal management reporting, Corporate amounts in the table above include sales to ChampionX in accordance with the long-term supply agreement entered into with the Transaction, as discussed in Note 5. Corporate also includes intangible asset amortization specifically from the Nalco merger and special (gains) and charges, as discussed in Note 3, that are not allocated to the Company's reportable segments.

Comparability of Reportable Segments

The Company evaluates the performance of its non-U.S. dollar functional currency international operations based on fixed currency exchange rates, which eliminate the impact of exchange rate fluctuations on its international operations. Fixed currency amounts are updated annually at the beginning of each year based on translation into U.S. dollars at foreign currency exchange rates established by management, with all periods presented using such rates. The "Fixed Currency Rate Change" column shown in the following table reflects the impact on previously reported values related to fixed currency exchange rates established by management for 2020 and have been updated from the 2019 rates reflected in the Company's 2019 Form 10-K. The "Other" column in the table reflects immaterial changes between segments, primarily cost allocations. Further information related to the Company's special (gains) and charges is included in Note 3.

The ChampionX business, which includes the direct revenues, operating expenses and certain other expenses directly attributable to the ChampionX business, is reflected in the Company's historical financial statements as discontinued operations. Allocations of overhead expenses included in historical Upstream Energy segment results are reallocated to the remaining segments. These changes are presented in the "Discontinued operations and related allocation changes" columns in the table below.

The impact of the preceding changes on previously reported full year 2019 and 2018 reportable segment net sales and operating income is summarized as follows:

	December 31, 2019					
	2019 Reported Valued at 2019 Management Rates	Segment Change	Fixed Currency Rate Change	2019 Reported Valued at 2020 Management Rates	Discontinued Operations and Related Allocation Charges	2019 Revised Valued at 2020 Management Rates
(millions)						
Net Sales						
Global Industrial	\$5,569.9	\$479.2	\$(52.7)	\$5,996.4	\$(1.8)	\$5,994.6
Global Institutional & Specialty	5,235.5	(800.1)	(23.3)	4,412.1	-	4,412.1
Global Healthcare & Life Sciences	-	991.7	(12.7)	979.0	-	979.0
Upstream Energy	-	2,350.0	2.9	2,352.9	(2,352.9)	-
Global Energy	3,334.0	(3,334.0)	-	-	-	-
Other	907.5	313.2	(9.0)	1,211.7	-	1,211.7
Subtotal at fixed currency rates	15,046.9	-	(94.8)	14,952.1	(2,354.7)	12,597.4
Effect of foreign currency translation	(140.6)	-	94.8	(45.8)	10.4	(35.4)
Consolidated reported GAAP net sales	\$14,906.3	\$-	\$-	\$14,906.3	\$(2,344.3)	\$12,562.0
Operating Income						
Global Industrial	\$854.7	\$133.4	\$(7.5)	\$980.6	\$(77.9)	\$902.7
Global Institutional & Specialty	1,042.2	(93.4)	(1.5)	947.3	(7.5)	939.8
Global Healthcare & Life Sciences	-	136.7	(1.6)	135.1	(10.6)	124.5
Upstream Energy	-	188.2	(0.3)	187.9	(187.9)	-
Global Energy	379.1	(379.1)	-	-	-	-
Other	167.3	14.2	(0.9)	180.6	(13.6)	167.0
Corporate	(409.1)	-	1.2	(407.9)	128.2	(279.7)
Subtotal at fixed currency rates	2,034.2	-	(10.6)	2,023.6	(169.3)	1,854.3
Effect of foreign currency translation	(20.4)	-	10.6	(9.8)	0.7	(9.1)
Consolidated reported GAAP operating income	\$2,013.8	\$-	\$-	\$2,013.8	\$(168.6)	\$1,845.2

December 31, 2018

(millions)	2018 Reported Valued at 2019 Management Rates	Segment Change	Fixed Currency Rate Change	2018 Reported Valued at 2020 Management Rates	Discontinued Operations and Related Allocation Charges	2018 Revised Valued at 2020 Management Rates
Net Sales						
Global Industrial	\$5,220.2	\$520.9	(\$50.8)	\$5,690.3	(\$1.8)	\$5,688.5
Global Institutional & Specialty	5,066.0	(788.3)	(22.5)	4,255.2	-	4,255.2
Global Healthcare & Life Sciences	-	928.2	(12.5)	915.7	-	915.7
Upstream Energy	-	2,419.8	2.5	2,422.3	(2,422.3)	-
Global Energy	3,388.8	(3,388.8)	-	-	-	-
Other	855.7	308.2	(8.6)	1,155.3	-	1,155.3
Subtotal at fixed currency rates	14,530.7	-	(91.9)	14,438.8	(2,424.1)	12,014.7
Effect of foreign currency translation	137.5	-	91.9	229.4	(22.0)	207.4
Consolidated reported GAAP net sales	\$14,668.2	\$-	\$-	\$14,668.2	(\$2,446.1)	\$12,222.1
Operating Income						
Global Industrial	\$724.4	\$116.2	(\$6.6)	\$834.0	(\$80.3)	\$753.7
Global Institutional & Specialty	1,007.3	(100.8)	(1.5)	905.0	(3.5)	901.5
Global Healthcare & Life Sciences	-	136.8	(1.7)	135.1	(10.7)	124.4
Upstream Energy	-	170.7	1.6	172.3	(172.3)	-
Global Energy	338.5	(338.5)	-	-	-	-
Other	160.0	15.6	(1.0)	174.6	(10.6)	164.0
Corporate	(303.6)	-	0.9	(302.7)	60.9	(241.8)
Subtotal at fixed currency rates	1,926.6	-	(8.3)	1,918.3	(216.5)	1,701.8
Effect of foreign currency translation	20.4	-	8.3	28.7	(2.2)	26.5
Consolidated reported GAAP operating income	\$1,947.0	\$-	\$-	\$1,947.0	(\$218.7)	\$1,728.3

Reportable Segment Information

Financial information for each of the Company's reportable segments is as follows:

(millions)	Net Sales			Operating Income (Loss)		
	2020	2019	2018	2020	2019	2018
Global Industrial	\$5,959.9	\$5,994.6	\$5,688.5	\$1,106.0	\$902.7	\$753.7
Global Institutional & Specialty	3,577.2	4,412.1	4,255.2	321.9	939.8	901.5
Global Healthcare & Life Sciences	1,189.1	979.0	915.7	207.6	124.5	124.4
Other	1,093.3	1,211.7	1,155.3	131.5	167.0	164.0
Corporate	102.4	-	-	(347.5)	(279.7)	(241.8)
Subtotal at fixed currency	11,921.9	12,597.4	12,014.7	1,419.5	1,854.3	1,701.8
Effect of foreign currency translation	(131.7)	(35.4)	207.4	(23.8)	(9.1)	26.5
Consolidated	\$11,790.2	\$12,562.0	\$12,222.1	\$1,395.7	\$1,845.2	\$1,728.3

The profitability of the Company's operating segments is evaluated by management based on operating income.

The Company has an integrated supply chain function that serves all of its reportable segments. As such, asset and capital expenditure information by reportable segment has not been provided and is not available, since the Company does not produce or utilize such information internally. In addition, although depreciation and amortization expense is a component of each reportable segment's operating results, it is not discretely identifiable.

Geographic Information

Long-lived assets at public exchange rates by geographic region are as follows:

(millions)	Long-Lived Assets, net	
	2020	2019
United States	\$6,739.4	\$6,990.8
Europe	3,062.0	2,515.2
Asia Pacific, excluding Greater China	846.1	831.1
Latin America	443.0	469.9
IMEA	178.5	177.2
Canada	89.3	93.9
Greater China	1,226.5	1,163.1
Total	\$12,584.8	\$12,241.2

Geographic data for long-lived assets is based on physical location of those assets. Refer to Note 18 for net sales by geographic region.

20. QUARTERLY FINANCIAL DATA (UNAUDITED)

(millions, except per share)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2020					
Net sales	\$3,020.6	\$2,685.7	\$3,018.6	\$3,065.3	\$11,790.2
Operating expenses					
Cost of sales (a)	1,720.2	1,635.7	1,769.6	1,780.3	6,905.8
Selling, general and administrative expenses	908.3	788.6	802.6	809.6	3,309.1
Special (gains) and charges	15.9	69.4	35.0	59.3	179.6
Operating income	376.2	192.0	411.4	416.1	1,395.7
Other (income) expense (a)	(15.4)	(15.1)	(15.1)	(10.3)	(55.9)
Interest expense, net (a)	48.3	58.7	134.8	48.4	290.2
Income before income taxes	343.3	148.4	291.7	378.0	1,161.4
Provision for income taxes	47.0	14.1	42.4	73.1	176.6
Net income from continuing operations, including noncontrolling interest	296.3	134.3	249.3	304.9	984.8
Net income from continuing operations attributable to noncontrolling interest	4.3	5.4	3.1	4.6	17.4
Net income from continuing operations attributable to Ecolab	292.0	128.9	246.2	300.3	967.4
Net income (loss) from discontinued operations, net of tax (b)	(8.6)	(2,163.9)	-	-	(2,172.5)
Net income (loss) attributable to Ecolab	\$283.4	(\$2,035.0)	\$246.2	\$300.3	(\$1,205.1)
Earnings (loss) attributable to Ecolab per common share					
Basic					
Continuing operations	\$ 1.01	\$ 0.45	\$ 0.86	\$ 1.05	\$ 3.37
Discontinued operations	(\$ 0.03)	(\$ 7.51)	\$ -	\$ -	(\$ 7.57)
Earnings (loss) attributable to Ecolab	\$ 0.98	(\$ 7.06)	\$ 0.86	\$ 1.05	(\$ 4.20)
Diluted					
Continuing operations	\$ 1.00	\$ 0.44	\$ 0.85	\$ 1.04	\$ 3.33
Discontinued operations	(\$ 0.03)	(\$ 7.42)	\$ -	\$ -	(\$ 7.48)
Earnings (loss) attributable to Ecolab	\$ 0.97	(\$ 6.98)	\$ 0.85	\$ 1.04	(\$ 4.15)
Weighted-average common shares outstanding					
Basic	288.8	288.2	285.4	285.6	287.0
Diluted	292.6	291.5	288.4	288.7	290.3
2019					
Net sales	\$2,924.7	\$3,169.1	\$3,224.0	\$3,244.2	\$12,562.0
Operating expenses					
Cost of sales (a)	1,675.5	1,780.3	1,780.9	1,809.1	7,045.8
Selling, general and administrative expenses	896.1	900.0	869.2	885.5	3,550.8
Special (gains) and charges	39.5	24.4	24.9	31.4	120.2
Operating income	313.6	464.4	549.0	518.2	1,845.2
Other (income) expense	(21.2)	(20.9)	(20.8)	(14.1)	(77.0)
Interest expense, net (a)	49.3	49.2	46.1	46.1	190.7
Income before income taxes	285.5	436.1	523.7	486.2	1,731.5
Provision for income taxes	29.9	88.8	83.4	86.5	288.6
Net income from continuing operations, including noncontrolling interest	255.6	347.3	440.3	399.7	1,442.9
Net income from continuing operations attributable to noncontrolling interest	4.0	3.9	4.4	5.0	17.3
Net income from continuing operations attributable to Ecolab	251.6	343.4	435.9	394.7	1,425.6
Net income from discontinued operations, net of tax (b)	44.9	25.2	28.3	34.9	133.3
Net income attributable to Ecolab	\$296.5	\$368.6	\$464.2	\$429.6	\$1,558.9

(millions, except per share)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Earnings attributable to Ecolab per common share					
Basic					
Continuing operations	\$ 0.87	\$ 1.19	\$ 1.51	\$ 1.37	\$ 4.95
Discontinued operations	\$ 0.16	\$ 0.09	\$ 0.10	\$ 0.12	\$ 0.46
Earnings attributable to Ecolab	\$ 1.03	\$ 1.28	\$ 1.61	\$ 1.49	\$ 5.41
Diluted					
Continuing operations	\$ 0.86	\$ 1.18	\$ 1.49	\$ 1.35	\$ 4.87
Discontinued operations	\$ 0.15	\$ 0.09	\$ 0.10	\$ 0.12	\$ 0.46
Earnings attributable to Ecolab	\$ 1.01	\$ 1.26	\$ 1.59	\$ 1.47	\$ 5.33
Weighted-average common shares outstanding					
Basic	288.2	287.6	288.1	288.3	288.1
Diluted	292.3	292.1	292.8	292.6	292.5

Per share amounts do not necessarily sum due to changes in the calculation of shares outstanding for each discrete period and rounding. Gross profit is calculated as net sales minus cost of sales. As discussed in Note 5, the ChampionX separation met the criteria to be reported as discontinued operations and prior periods have been conformed to current period presentation.

- (a) Cost of sales includes special charges of \$9.1, \$27.0, \$9.5 and \$2.6 in Q1, Q2, Q3 and Q4 of 2020, respectively and \$3.6, \$7.8, \$11.4 and \$15.7 in Q1, Q2, Q3 and Q4 of 2019, respectively. Other (income) expense includes special charges of \$0.4 and \$9.5 in Q4 of 2020 and 2019, respectively. Net interest expense includes special charges of \$0.7 and \$83.1 in Q2 and Q3 of 2020, respectively and \$0.2 in Q1 of 2019.
- (b) Net income from discontinued operations, net of tax includes noncontrolling interest of \$2.5 and (\$0.3) in Q1 and Q2 of 2020, respectively and \$(0.1), \$(0.3), \$0.7 and \$(0.3) in Q1, Q2, Q3 and Q4 of 2019, respectively.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Disclosure Controls and Procedures

As of December 31, 2020, we carried out an evaluation, under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 as amended). Based upon that evaluation, our President and Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures are effective.

Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision and with the participation of our management, including our President and Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the 2013 framework in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under this framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2020.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP, has audited the effectiveness of the Company's internal control over financial reporting as of December 31, 2020. Their report, and our management reports, can be found in Item 8 of Part II of this Form 10-K.

During the period October 1 - December 31, 2020 there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

We are continuing our implementation of our enterprise resource planning ("ERP") system upgrades, which are expected to occur in phases over the next several years. These upgrades, which include supply chain and certain finance functions, are expected to improve the efficiency of certain financial and related transactional processes. These upgrades of the ERP systems will affect the processes that constitute our internal control over financial reporting and will require testing for effectiveness.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

Information about our directors is incorporated by reference from the discussion under the heading "Proposal 1: Election of Directors" located in the Proxy Statement. Information about compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, is incorporated by reference from the discussion under the heading "Delinquent Section 16(a) Reports" located in the Proxy Statement. Information about our Audit Committee, including the members of the Committee, and our Audit Committee financial experts, is incorporated by reference from the discussion under the heading "Corporate Governance," and sub-headings "Board Committees" and "Audit Committee," located in the Proxy Statement. Information about our Code of Conduct is incorporated by reference from the discussion under the heading "Corporate Governance Materials and Code of Conduct" located in the Proxy Statement. Information regarding our executive officers is presented under the heading "Information about our Executive Officers" in Part I, Item 1 of this Form 10-K, and is incorporated herein by reference.

Item 11. Executive Compensation.

Information appearing under the following headings of the Proxy Statement is incorporated herein by reference:

- Director Compensation for 2020
- Compensation Risk Analysis
- Compensation Committee Interlocks and Insider Participation
- Compensation Committee Report
- Compensation Discussion and Analysis
- Summary Compensation Table for 2020
- Grants of Plan-Based Awards for 2020
- Outstanding Equity Awards at Fiscal Year End for 2020
- Option Exercises and Stock Vested for 2020
- Pension Benefits for 2020
- Non-Qualified Deferred Compensation for 2020
- Potential Payments Upon Termination or Change in Control
- Pay Ratio Disclosure

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Information appearing under the heading entitled "Security Ownership" located in the Proxy Statement is incorporated herein by reference.

A total of 1,249,726 shares of Common Stock held by our directors and executive officers, some of whom may be deemed to be "affiliates" of the Company, have been excluded from the computation of market value of our Common Stock on the cover page of this Form 10-K. This total represents that portion of the shares reported as beneficially owned by our directors and executive officers as of June 30, 2020 which are actually issued and outstanding.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	8,085,944 (1)	\$ 144.32 (1)	8,644,262
Equity compensation plans not approved by security holders	9,200 (2)	55.60 (2)	-
Total	8,095,144	\$ 144.20	8,644,262

- (1) Includes 214,416 Common Stock equivalents representing deferred compensation stock units earned by non-employee directors under our 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, 914,630 Common Stock equivalents under our 2010 Stock Incentive Plan representing performance-based restricted stock units payable to employees, and 163,683 Common Stock equivalents under our 2010 Stock Incentive Plan representing restricted stock units payable to employees. All of the Common Stock equivalents described in this footnote (1) are not included in the calculation of weighted average exercise price of outstanding options, warrants and rights in column (b) of this table. The reported amount additionally includes 5,094 shares of Common Stock subject to stock options assumed by us in connection with the Nalco merger. Such options, which have a weighted-average exercise price of \$40.53, are included in the calculation of weighted average exercise price of outstanding options, warrants and rights in column (b) of this table.
- (2) The reported amount represents shares of our Common Stock which were formerly reserved for future issuance under the Amended and Restated Nalco Holding Company 2004 Stock Incentive Plan (the "rollover shares") and granted to legacy Nalco associates on December 1, 2011, under the Ecolab Inc. 2010 Stock Incentive Plan in the form of stock options. These rollover shares are deemed exempt from shareholder approval under Rule 303A.08 of the New York Stock Exchange in accordance with our notice to the New York Stock Exchange dated December 16, 2011. The Nalco plan was amended to prohibit future grants.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

Information appearing under the headings entitled "Director Independence Standards and Determinations" and "Related Person Transactions" located in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services.

Information appearing under the heading entitled "Audit Fees" located in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibit and Financial Statement Schedules.

The following information required under this item is filed as part of this report:

(a)(1) Financial Statements.

Document:	Page:
(i) Report of Independent Registered Public Accounting Firm.	51
(ii) Consolidated Statements of Income for the years ended December 31, 2020, 2019 and 2018.	53
(iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2020, 2019 and 2018.	54
(iv) Consolidated Balance Sheets at December 31, 2020 and 2019.	55
(v) Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018.	56
(vi) Consolidated Statements of Equity for the years ended December 31, 2020, 2019 and 2018.	58
(vii) Notes to Consolidated Financial Statements.	59

Exhibit No.:	Document:	Method of Filing:
(a)(2)	Financial Statement Schedules.	
	All financial statement schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or the accompanying notes to the consolidated financial statements. The separate financial statements and summarized financial information of subsidiaries not consolidated and of fifty percent or less owned persons have been omitted because they do not satisfy the requirements for inclusion in this Form 10-K.	
(a)(3)	The documents below are filed as exhibits to this Report. We will, upon request and payment of a fee not exceeding the rate at which copies are available from the Securities and Exchange Commission, furnish copies of any of the following exhibits to stockholders.	
(2.1)	Agreement and Plan of Merger and Reorganization, dated December 18, 2019, by and among Ecolab Inc., ChampionX Holding Inc., Apergy Corporation and Athena Merger Sub, Inc.	Incorporated by reference to Exhibit (2.1) of our Form 8-K, dated December 18, 2019. (File No. 001-9328)
(2.2)	Separation and Distribution Agreement, dated December 18, 2019, by and among Ecolab Inc., ChampionX Holding Inc. and Apergy Corporation	Incorporated by reference to Exhibit (2.1) of our Form 8-K, dated December 18, 2019. (File No. 001-9328)
(3.1)	Restated Certificate of Incorporation of Ecolab Inc., dated January 2, 2013.	Incorporated by reference to Exhibit (3.2) of our Form 8-K, dated January 2, 2013. (File No. 001-9328)
(3.2)	By-Laws, as amended through December 3, 2015.	Incorporated by reference to Exhibit (3.1) of our Form 8-K, dated December 3, 2015. (File No. 001-9328)
(4.1)	Common Stock.	See Exhibits (3.1) and (3.2)
(4.2)	Form of Common Stock Certificate effective October 2, 2017	Incorporated by reference to Exhibit (4.1) of our Form 10-Q Quarterly Report for the quarter ended September 30, 2017. (File No. 001-9328)

Exhibit No.:	Document:	Method of Filing:
(4.3)	Amended and Restated Indenture, dated January 9, 2001, between Ecolab Inc. and The Bank of New York Trust Company, N.A. (as successor in interest to J.P. Morgan Trust Company, N.A. and Bank One, N.A.), as Trustee.	Incorporated by reference to Exhibit (4)(A) of our Form 8-K, dated January 23, 2001. (File No. 001-9328)
(4.4)	Second Supplemental Indenture, dated December 8, 2011, between Ecolab Inc., Wells Fargo Bank, National Association, as Trustee and the Bank of New York Mellon Trust Company, N.A. (formerly known as The Bank of New York Trust Company, N.A., as successor in interest to J.P. Morgan Trust Company, N.A. and Bank One, N.A.), as original trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated December 5, 2011. (File No. 001-9328)
(4.5)	Form of 5.500% Notes due 2041.	Included in Exhibit (4.4) above.
(4.6)	Indenture, dated January 12, 2015, between Ecolab Inc. and Wells Fargo Bank, National Association, as Trustee.	Incorporated by reference to Exhibit 4.1 of our Form 8-K, dated January 15, 2015. (File No. 001-9328)
(4.7)	Second Supplemental Indenture, dated July 8, 2015, by and among Ecolab Inc., Wells Fargo Bank, National Association, as Trustee, Elavon Financial Services Limited, UK Branch, as paying agent, and Elavon Financial Services Limited, as transfer agent and registrar.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated July 8, 2015. (File No. 001-9328)
(4.8)	Form of 2.625% Euro Notes due 2025.	Included in Exhibit (4.7) above.
(4.9)	Third Supplemental Indenture, dated January 14, 2016, between Ecolab Inc. and Wells Fargo Bank, National Association, as Trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated January 11, 2016. (File No. 001-9328)
(4.10)	Form of 3.250% Notes due 2023.	Included in Exhibit (4.9) above.
(4.11)	Fourth Supplemental Indenture, dated October 18, 2016, between Ecolab Inc. and Wells Fargo Bank, National Association, as Trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated October 13, 2016. (File No. 001-9328)
(4.12)	Forms of 2.700% Notes due 2026 and 3.700% Notes due 2046.	Included in Exhibit (4.11) above.
(4.13)	Fifth Supplemental Indenture, dated December 8, 2016, by and among Ecolab Inc., Wells Fargo Bank, National Association, as Trustee, Elavon Financial Services DAC, UK Branch, as paying agent, and Elavon Financial Services DAC, as transfer agent and registrar.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated December 1, 2016. (File No. 001-9328)
(4.14)	Form of 1.000% Euro Notes due 2024.	Included in Exhibit (4.13) above.
(4.15)	Sixth Supplemental Indenture, dated August 10, 2017, between Ecolab Inc. and Wells Fargo Bank, National Association, as Trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated August 10, 2017. (File No. 001-9328)
(4.16)	Form of 2.375% Notes due 2022.	Included in Exhibit (4.15) above.
(4.17)	Seventh Supplemental Indenture, dated November 27, 2017, between Ecolab Inc. and Wells Fargo Bank, National Association, as Trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K, dated November 30, 2017. (File No. 001-9328)
(4.18)	Form of 3.250% Notes due 2027.	Included in Exhibit (4.17) above.
(4.19)	Form of 3.950% Notes due 2047.	Included in Exhibit (4.17) above.

Exhibit No.:	Document:	Method of Filing:
(4.20)	Eighth Supplemental Indenture, dated March 24, 2020, between Ecolab Inc. and Wells Fargo bank, National Association, as Trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K filed on March 24, 2020. (File No. 001-9328)
(4.21)	Form of 4.800% Notes due 2030.	Included in Exhibit (4.20) above.
(4.22)	Ninth Supplemental Indenture, dated August 13, 2020, between Ecolab Inc. and Wells Fargo bank, National Association, as Trustee.	Incorporated by reference to Exhibit (4.2) of our Form 8-K filed by Ecolab Inc. on August 13, 2020. (File No. 001-9328)
(4.23)	Form of 1.300% Notes due 2031.	Included in Exhibit (4.22) above.
(4.24)	Form of 2.125% Notes due 2050.	Included in Exhibit (4.22) above.
(4.25)	Description of Securities.	Incorporated by reference to Exhibit (4.20) of our Form 10-K Annual Report for the year ended December 31, 2019. (File No. 001-9328)

Copies of other constituent instruments defining the rights of holders of our long-term debt are not filed herewith, pursuant to Section (b)(4)(iii) of Item 601 of Regulation S-K, because the aggregate amount of securities authorized under each of such instruments is less than 10% of our total assets on a consolidated basis. We will, upon request by the Securities and Exchange Commission, furnish to the Commission a copy of each such instrument.

(10.1)	Second Amended and Restated \$2.0 billion 5-Year Revolving Credit Facility, dated November 28, 2017, among Ecolab Inc., the lenders party thereto, the issuing banks party thereto, Bank of America, N.A., as administrative agent and swing line bank, and Citibank, N.A., JPMorgan Chase Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., as co-syndication agents.	Incorporated by reference to Exhibit (10.1) of our Form 8-K, dated November 30, 2017. (File No. 001-9328)
(10.2)	Documents comprising global Commercial Paper Programs.	
	(i) U.S. \$2,000,000,000 Euro-Commercial Paper Programme.	
	(a) Amended and Restated Dealer Agreement, dated 9 June 2017, between Ecolab Inc., Ecolab Lux 1 S.À R.L., Ecolab Lux 2 S.À R.L., Ecolab NL 10 B.V. and Ecolab NL 11 B.V. (as Issuers), Ecolab Inc. (as Guarantor in respect of the notes issued by Ecolab Lux 1 S.À R.L., Ecolab Lux 2 S.À R.L. and Ecolab NL 10 B.V. and Ecolab NL 11 B.V.), Credit Suisse Securities (Europe) Limited (as Arranger), and Citibank Europe plc, UK Branch, Credit Suisse Securities (Europe) Limited, Citigroup Global Markets Europe AG, Credit Suisse Securities Sociedad de Valores S.A. and Credit Suisse International (as Dealers).	Incorporated by reference to Exhibit (10.1)(a) of our Form 10-Q for the quarter ended June 30, 2017. (File No. 001-9328)
	(b) Amended and Restated Note Agency Agreement, dated 9 June 2017, between Ecolab Inc., Ecolab Lux 1 S.À R.L., Ecolab Lux 2 S.À R.L., Ecolab NL 10 B.V. Ecolab NL 11 B.V. (as Issuers), Ecolab Inc. (as Guarantor in respect of the notes issued by Ecolab Lux 1 S.À R.L., Ecolab Lux 2 S.À R.L., Ecolab NL 10 B.V. and Ecolab NL 11 B.V.), and Citibank, N.A., London Branch (as Issue and Paying Agent).	Incorporated by reference to Exhibit (10.1)(b) of our Form 10-Q for the quarter ended June 30, 2017. (File No. 001-9328)
	(c) Deed of Covenant made on 9 June 2017 by Ecolab Inc., Ecolab Lux 1 S.À R.L., Ecolab Lux 2 S.À R.L., Ecolab NL 10 B.V. and Ecolab NL 11 B.V. (as Issuers)	Incorporated by reference to Exhibit (10.1)(c) of our Form 10-Q for the quarter ended June 30, 2017. (File No. 001-9328)

Exhibit No.:	Document:	Method of Filing:
	(d) Deed of Guarantee made on 9 June 2017 by Ecolab Inc. (in respect of notes issued by Ecolab Lux 1 S.À R.L., Ecolab Lux 2 S.À R.L., Ecolab NL 10 B.V. and Ecolab NL 11 B.V.)	Incorporated by reference to Exhibit (10.1)(d) of our Form 10-Q for the quarter ended June 30, 2017. (File No. 001-9328)
	(ii) U.S. \$2,000,000,000 U.S. Commercial Paper Program.	
	(a) Form of Commercial Paper Dealer Agreement for 4(a)(2) Program, dated September 22, 2014. The dealers for the program are Barclays Capital Inc., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, BofA Securities, Inc., Mizuho Securities USA LLC, and Wells Fargo Securities, LLC.	Incorporated by reference to Exhibit (10.1)(a) of our Form 10-Q for the quarter ended September 30, 2014. (File No. 001-9328)
	(b) Issuing and Paying Agency Agreement, dated September 18, 2017, between Ecolab Inc. and MUFG Union Bank, N.A., as Issuing and Paying Agent.	Incorporated by reference to Exhibit (10.1)(a) of our Form 10-Q for the quarter ended September 30, 2017. (File No. 001-9328)
	(c) Corporate Commercial Paper – Master Note, dated September 18, 2017, together with annex thereto.	Incorporated by reference to Exhibit (10.1)(b) of our Form 10-Q for the quarter ended September 30, 2017. (File No. 001-9328)
(10.3)	† (i) Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, as amended and restated, effective as of August 1, 2013.	Incorporated by reference to Exhibit (10.6) of our Form 10-K Annual Report for the year ended December 31, 2013. (File No. 001-9328)
	† (ii) Declaration of Amendment, dated May 5, 2016, to Ecolab Inc. 2001 Non-Employee Director Stock Option and Deferred Compensation Plan, as amended and restated, effective as of August 1, 2013.	Incorporated by reference to Exhibit (10.1) of our Form 10-Q for the quarter ended June 30, 2016. (File No. 001-9328)
	† (iii) Master Agreement Relating to Periodic Options, as amended, effective as of May 1, 2004.	Incorporated by reference to Exhibit (10)D(ii) of our Form 10-Q for the quarter ended June 30, 2004. (File No. 001-9328)
	† (iv) Amendment No. 1 to Master Agreement Relating to Periodic Options, as amended, effective as of May 2, 2008.	Incorporated by reference to Exhibit (10)B of our Form 10-Q for the quarter ended September 30, 2008. (File No. 001-9328)
(10.4)	† Form of Director Indemnification Agreement. Substantially identical agreements are in effect as to each of our directors.	Incorporated by reference to Exhibit (10)I of our Form 10-K Annual Report for the year ended December 31, 2003. (File No. 001-9328)
(10.5)	† (i) Ecolab Executive Death Benefits Plan, as amended and restated, effective as of March 1, 1994.	Incorporated by reference to Exhibit (10)H(i) of our Form 10-K Annual Report for the year ended December 31, 2006. See also Exhibit (10.12) hereof. (File No. 001-9328)
	† (ii) Amendment No. 1 to Ecolab Executive Death Benefits Plan, effective as of July 1, 1997.	Incorporated by reference to Exhibit (10)H(ii) of our Form 10-K Annual Report for the year ended December 31, 1998. (File No. 001-9328)
	† (iii) Second Declaration of Amendment to Ecolab Executive Death Benefits Plan, effective as of March 1, 1998.	Incorporated by reference to Exhibit (10)H(iii) of our Form 10-K Annual Report for the year ended December 31, 1998. (File No. 001-9328)
	† (iv) Amendment No. 3 to the Ecolab Executive Death Benefits Plan, effective as of August 12, 2005.	Incorporated by reference to Exhibit (10)B of our Form 8-K, dated December 13, 2005. (File No. 001-9328)

Exhibit No.:	Document:	Method of Filing:
	† (v) Amendment No. 4 to the Ecolab Executive Death Benefits Plan, effective as of January 1, 2005.	Incorporated by reference to Exhibit (10)H(v) of our Form 10-K Annual Report for the year ended December 31, 2009. (File No. 001-9328)
	† (vi) Amendment No. 5 to the Ecolab Executive Death Benefits Plan, effective as of May 6, 2015.	Incorporated by reference to Exhibit 10.2 of our Form 10-Q for the quarter ended June 30, 2015. (File No. 001-9328)
	† (vii) Amendment No. 6 to the Ecolab Executive Death Benefits Plan, effective as of June 23, 2017	Incorporated by reference to Exhibit 10.1(vii) of Ecolab's Form 8-K dated June 23, 2017. (File No. 001-9328)
(10.6)	† (i) Ecolab Executive Long-Term Disability Plan, as amended and restated, effective as of January 1, 1994.	Incorporated by reference to Exhibit (10)I of our Form 10-K Annual Report for the year ended December 31, 2004. See also Exhibit (10.12) hereof. (File No. 001-9328).
	† (ii) Amendment No. 1 to the Ecolab Executive Long-Term Disability Plan, effective as of August 21, 2015.	Incorporated by reference to Exhibit 10.1 of our Form 10-Q for the quarter ended September 30, 2015. (File No. 001-9328)
(10.7)	† (i) Ecolab Supplemental Executive Retirement Plan, as amended and restated, effective as of January 1, 2014.	Incorporated by reference to Exhibit 10.11 of our Form 10-K Annual Report for the year ended December 31, 2013. See also Exhibit (10.12) hereof. (File No. 001-9328).
	† (ii) Amendment No. 1 to the Ecolab Supplemental Executive Retirement Plan, effective as of May 6, 2015.	Incorporated by reference to Exhibit 10.1 of our Form 10-Q for the quarter ended June 30, 2015. (File No. 001-9328)
	† (iii) Amendment No. 2 to the Ecolab Supplemental Executive Retirement Plan, effective as of December 31, 2020.	Filed herewith electronically.
(10.8)	† (i) Ecolab Mirror Savings Plan, as amended and restated, effective as of January 1, 2014.	Incorporated by reference to Exhibit 10.12 of our Form 10-K Annual Report for the year ended December 31, 2013. See also Exhibit (10.12) hereof. (File No. 001-9328)
	† (ii) Amendment No. 1 to Ecolab Mirror Savings Plan, as amended and restated, effective as of December 31, 2020.	Filed herewith electronically.
(10.9)	† (i) Ecolab Mirror Pension Plan, as amended and restated, effective as of January 1, 2014.	Incorporated by reference to Exhibit 10.13 of our Form 10-K Annual Report for the year ended December 31, 2013. See also Exhibit (10.12) hereof. (File No. 001-9328).
	† (ii) Amendment No. 1 to Ecolab Mirror Pension Plan, as amended and restated, effective as of December 31, 2020.	Filed herewith electronically.
(10.10)	† (i) Ecolab Inc. Administrative Document for Non-Qualified Plans, as amended and restated, effective as of January 1, 2011.	Incorporated by reference to Exhibit (10.16) of our Form 10-K Annual Report for the year ended December 31, 2011. (File No. 001-9328)
	† (ii) Amendment No. 1 to the Ecolab Inc. Administrative Document for Non-Qualified Plans, effective as of January 1, 2013.	Incorporated by reference to Exhibit (10.14)(II) of our Form 10-K Annual Report for the year ended December 31, 2013. (File No. 001-9328)
(10.11)	† (i) Ecolab Inc. Change in Control Severance Compensation Policy, as amended and restated, effective as of February 26, 2010.	Incorporated by reference to Exhibit (10) of our Form 8-K, dated February 26, 2010. (File No. 001-9328)

Exhibit No.:	Document:	Method of Filing:
	† (ii) Amendment No. 1 to Ecolab Inc. Change-in-Control Severance Policy, as amended and restated, effective as of February 26, 2010.	Incorporated by reference to Exhibit (10.18)(ii) of our Form 10-K Annual Report for the year ended December 31, 2011. (File No. 001-9328)
(10.12)	† Description of Ecolab Management Incentive Plan.	Incorporated by reference to Exhibit (10.16) of our Form 10-K Annual Report for the year ended December 31, 2015. (File No. 001-9328)
(10.13)	† (i) Ecolab Inc. 2010 Stock Incentive Plan, as amended and restated, effective as of May 2, 2013.	Incorporated by reference to Exhibit (10.1) of our Form 8-K, dated May 2, 2013. (File No. 001-9328)
	† (ii) Declaration of Amendment, effective as of February 22, 2019, to Ecolab Inc. 2010 Stock Incentive Plan, as amended and restated, effective as of May 2, 2013.	Incorporated by reference to Exhibit (10.3) of our Form 10-Q, dated May 2, 2019. (File No. 001-9328)
	† (iii) Sample form of Non-Statutory Stock Option Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted May 6, 2010.	Incorporated by reference to Exhibit (10)B of our Form 8-K, dated May 6, 2010. (File No. 001-9328)
	† (iv) Sample form of Restricted Stock Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted May 6, 2010.	Incorporated by reference to Exhibit (10)C of our Form 8-K, dated May 6, 2010. (File No. 001-9328)
	† (v) Sample form of Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted August 4, 2010.	Incorporated by reference to Exhibit (10)A of our Form 10-Q, for the quarter ended September 30, 2010. (File No. 001-9328)
	† (vi) Sample form of Performance-Based Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted December 6, 2017.	Incorporated by reference to Exhibit (10.16)(viii) of our Form 10-K Annual Report for the year ended December 31, 2017. (File No. 001-9328)
	† (vii) Sample form of Performance-Based Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted December 4, 2018.	Incorporated by reference to Exhibit (10.15)(viii) of our Form 10-K Annual Report for the year ended December 31, 2018. (File No. 001-9328)
	† (viii) Sample form of Performance-Based Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted December 3, 2019.	Incorporated by reference to Exhibit (10.15)(ix) of our Form 10-K Annual Report for the year ended December 31, 2019. (File No. 001-9328)
	† (ix) Sample form of Performance-Based Restricted Stock Unit Award Agreement under the Ecolab Inc. 2010 Stock Incentive Plan, adopted December 3, 2020.	Filed herewith electronically.
(10.14)	† Policy on Reimbursement of Incentive Payments, as amended February 22, 2019.	Incorporated by reference to Exhibit (10.16) of our Form 10-K Annual Report for the year ended December 31, 2018. (File No. 001-9328)
(10.15)	† Second Amended and Restated Nalco Holding Company 2004 Stock Incentive Plan, effective as of December 1, 2011.	Incorporated by reference to Exhibit (4.3) of our Post-Effective Amendment No. 1 on Form S-8 to Form S-4 Registration Statement dated December 2, 2011. (File No. 001-9328)
(10.16)	† Form of Nalco Company Death Benefit Agreement and Addendum to Death Benefit Agreement.	Incorporated by reference from Exhibit (99.2) on Form 8-K of Nalco Holding Company filed on May 11, 2005. (File No. 001-32342)
(10.17)	† Employee Matters Agreement, dated December 18, 2019, by and among Ecolab, Inc., ChampionX Holding Inc. and Apergy Corporation.	Incorporated by reference to Exhibit (10.1) of our Form 8-K, dated December 18, 2019. (File No. 001-9328)

Exhibit No.:	Document:	Method of Filing:
(10.18)	† Employment Transition Agreement, dated March 11, 2020 between Ecolab Inc. and Jill Wyant.	Incorporated by reference to Exhibit (10.1) of our Form 10-Q Quarterly Report for the quarter ended March 31, 2020. (File No. 001 9328)
(14.1)	Ecolab Code of Conduct, as amended November 26, 2012.	Incorporated by reference to Exhibit (14.1) of our Form 10-K Annual Report for the year ended December 31, 2012. (File No. 001-9328)
(21.1)	List of Subsidiaries.	Filed herewith electronically.
(23.1)	Consent of Independent Registered Public Accounting Firm.	Filed herewith electronically.
(24.1)	Powers of Attorney.	Filed herewith electronically.
(31.1)	Rule 13a-14(a) CEO Certification.	Filed herewith electronically.
(31.2)	Rule 13a-14(a) CFO Certification.	Filed herewith electronically.
(32.1)	Section 1350 CEO and CFO Certifications.	Filed herewith electronically.
(101.INS)	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.	Filed herewith electronically.
(101.SCH)	Inline XBRL Taxonomy Extension Schema.	Filed herewith electronically.
(101.CAL)	Inline XBRL Taxonomy Extension Calculation Linkbase.	Filed herewith electronically.
(101.DEF)	Inline XBRL Taxonomy Extension Definition Linkbase.	Filed herewith electronically.
(101.LAB)	Inline XBRL Taxonomy Extension Label Linkbase.	Filed herewith electronically.
(101.PRE)	Inline XBRL Taxonomy Extension Presentation Linkbase.	Filed herewith electronically.
(104)	Cover Page Interactive Data File.	Formatted as Inline XBRL and contained in Exhibit 101.

† This exhibit is an executive compensation plan or arrangement.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Ecolab Inc. has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 26th day of February, 2021.

ECOLAB INC.
(Registrant)

By: /s/ Christophe Beck
Christophe Beck
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Ecolab Inc. and in the capacities indicated, on the 26th day of February, 2020.

/s/ Christophe Beck
Christophe Beck
President and Chief Executive Officer
(Principal Executive Officer and Director)

/s/ Daniel J. Schmechel
Daniel J. Schmechel
Chief Financial Officer
(Principal Financial Officer)

/s/ Scott D. Kirkland
Scott D. Kirkland
Senior Vice President and Corporate Controller
(duly authorized officer and Chief Accounting Officer)

/s/ Michael C. McCormick
Michael C. McCormick
Directors

as attorney-in-fact for:
Douglas M. Baker Jr., Shari L. Ballard, Barbara J. Beck, Jeffrey M. Ettinger, Arthur J. Higgins, Michael Larson, David W. MacLennan, Tracy B. McKibben, Lionel L. Nowell, III, Victoria J. Reich, Suzanne M. Vautrinot and John J. Zillmer

INVESTOR INFORMATION

ANNUAL MEETING

Ecolab's annual meeting of stockholders will be held virtually on Thursday, May 6, 2021, at 9:30 a.m. (Central Time) by means of a live webcast. To attend, vote and submit questions during our annual meeting, visit www.virtualshareholdermeeting.com/ECL2021 and enter the 16-digit control number included in your Notice of Internet Availability of Proxy Materials, voting instruction form or proxy card.

COMMON STOCK

Our stock trading symbol is ECL. Ecolab common stock is listed and traded on the New York Stock Exchange (NYSE). Ecolab stock also is traded on an unlisted basis on certain other exchanges. Options are traded on the NYSE.

Ecolab common stock is included in the S&P 500 Materials sector of the Global Industry Classification Standard. As of January 29, 2021, Ecolab had 5,383 shareholders of record. The closing stock price on the NYSE on January 29, 2021, was \$204.51 per share.

DIVIDEND POLICY

Ecolab has paid common stock dividends for 84 consecutive years. Quarterly cash dividends are typically paid on the 15th of January, April, July and October, or the ensuing business day.

DIVIDEND REINVESTMENT PLAN

Stockholders of record may elect to reinvest their dividends. Plan participants also may elect to purchase Ecolab common stock through this service. To enroll in the plan, stockholders may contact the plan sponsor, Computershare, for a brochure and enrollment form.

GOVERNANCE

Disclosures concerning our board of directors' policies, governance principles and corporate ethics practices, including our Code of Conduct, are available online at www.investor.ecolab.com/corporate-governance.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP
45 South Seventh Street, Suite 3400
Minneapolis, MN 55402

INVESTOR INQUIRIES

Securities analysts, portfolio managers and representatives of financial institutions should contact:

Ecolab Investor Relations
1 Ecolab Place
St. Paul, MN 55102
Phone: **651.250.2500**

INVESTOR RESOURCES

SEC FILINGS: Copies of Ecolab's Form 10-K, 10-Q and 8-K reports as filed with the Securities and Exchange Commission (SEC) are available free of charge. These documents may be obtained on our website at www.investor.ecolab.com/sec-filings promptly after such reports are filed with, or furnished to, the SEC, or by contacting:

Ecolab Inc.
Attn: Corporate Secretary
1 Ecolab Place
St. Paul, MN 55102
Email: investor.info@ecolab.com

INVESTMENT PERFORMANCE

The following stock performance graph assumes investment of \$100 on December 31, 2015, in Ecolab Common Stock, the Standard & Poor's 500 Index and the company's self-selected composite peer group indices for 2019* and 2020*, and daily reinvestment of all dividends. In 2019, Ecolab utilized competitive data from its self-selected peer group of 18 companies (the "2019 Peer Group") for purposes of benchmarking compensation for certain executives. In 2020, Ecolab revised its comparison group by eliminating four cyclical oil and gas equipment and service companies due to Ecolab's divestiture of its ChampionX upstream energy business and one other company ceasing to satisfy selection criteria and by adding eight S&P 500 companies based on criteria such as size, GICS sub-industry, EBITDA margin and international sales, bringing the new total to 21 companies (the "2020 Peer Group"). Therefore, in the performance graph below, Ecolab presents the total return performance for both 2019 Peer Group and 2020 Peer Group indices. Further information regarding the peer group can be found in Ecolab's proxy statement for the annual meeting to be held on May 6, 2021.



*COMMON 2019 AND 2020 PEERS:

3M Co.
Air Products and Chemicals Inc.
Celanese Corp.
Danaher Corp.
Eastman Chemical Co.
Emerson Electric Co.
General Mills Inc.
Illinois Tool Works Inc.
Linde plc

LyondellBasell Industries NV
PPG Industries Inc.
Roper Technologies Inc.
Sherwin-Williams Co.

*PEERS REMOVED IN 2020:

Ashland Global Holdings Inc.
Baker Hughes Co.
Halliburton Co.
National Oilwell Varco Inc.
Schlumberger Ltd.

*PEERS ADDED IN 2020:

Cintas Corp.
Clorox Co.
Dover Corp.
Dow Inc.
DuPont de Nemours Inc.
Eaton Corporation plc
Republic Services Inc.
Waste Management Inc.

TRANSFER AGENT, REGISTRAR AND DIVIDEND PAYING AGENT

Stockholders of record may contact the transfer agent, Computershare Trust Company, N.A., to request assistance with a change of address, transfer of share ownership, replacement of lost stock certificates, dividend payment or tax reporting issues. If your Ecolab stock is held in a bank or brokerage account, please contact your bank or broker for assistance.

COURIER ADDRESS:

Computershare
462 South 4th Street, Suite 1600
Louisville, KY 40202

TELEPHONE:

1.312.360.5203 or
1.800.322.8325

GENERAL CORRESPONDENCE AND DIVIDEND REINVESTMENT PLAN CORRESPONDENCE:

Computershare
P.O. Box 505000
Louisville, KY 40233-5000

HEARING IMPAIRED:

1.312.588.4110 or
1.800.822.2794

Computershare provides telephone assistance to stockholders Monday through Friday from 8:30 a.m. to 6 p.m. (Eastern Time). Around-the-clock service is also available online and via the telephone Interactive Voice Response system.

WEBSITE:

www.computershare.com

BOARD OF DIRECTORS

Douglas M. Baker, Jr.

Executive Chairman of the Board and former Chief Executive Officer of Ecolab Inc., Director since 2004, Safety, Health and Environment Committee

Shari L. Ballard

Former Senior Executive Vice President and President, Multi-Channel Retail of Best Buy Co., Inc. (consumer electronics products and services retailer), Director since 2018, Audit and Safety, Health and Environment Committees

Barbara J. Beck

Executive Advisor to American Securities LLC (private equity firm), Director since 2008, Safety, Health and Environment* and Governance Committees

Christophe Beck

President and Chief Executive Officer of Ecolab Inc., Director since 2020, Safety, Health and Environment Committee

Jeffrey M. Ettinger

Retired Chairman of the Board of Hormel Foods Corporation (food products company), Director since 2015, Governance* and Compensation Committees and Lead Director

Arthur J. Higgins

Consultant to Blackstone Healthcare Partners L.L.C. of The Blackstone Group L.P. (investment company), Director since 2010, Compensation and Safety, Health and Environment Committees

Michael Larson

Chief investment officer to William H. Gates, III and Business Manager of Cascade Investment, L.L.C. (holding and investment company), Director since 2012, Finance* and Safety, Health and Environment Committees

David W. MacLennan

Chairman and Chief Executive Officer of Cargill, Incorporated (food, agricultural, financial, and industrial products and services company), Director since 2015, Audit and Governance Committees

Tracy B. McKibben

Founder and Chief Executive Officer of MAC Energy Advisors LLC (consulting company for alternative energy and clean technology investments), Director since 2015, Audit and Finance Committees

Lionel L. Nowell, III

Former Senior Vice President and Treasurer of PepsiCo, Inc. (food and beverage company), Director since 2018, Audit and Finance Committees

Victoria J. Reich

Former Senior Vice President and Chief Financial Officer of Essendant Inc. (wholesale distributor of business products), Director since 2009, Audit* and Governance Committees

Suzanne M. Vautrinot

President of Kilovolt Consulting Inc. (consulting company for cyber security strategy and technology) and a retired Major General of the United States Air Force, Director since February 2014, Compensation and Finance Committees

John J. Zillmer

Chief Executive Officer and Director of Aramark (provider of food, facilities management and uniform services), Director since 2006, Compensation* and Governance Committees

*Denotes committee chair

COMMUNICATION WITH DIRECTORS

Stakeholders and other interested parties, including our investors and associates, with substantive matters requiring the attention of our board (e.g., governance issues or potential accounting, control or auditing irregularities) may use the contact information for our board located on our website at www.investor.ecolab.com/corporate-governance/contact-the-board.

Matters not requiring the direct attention of our board – such as employment inquiries, sales solicitations, questions about our products and other such matters – should be submitted to the company's management at our Global Headquarters in St. Paul, Minn. In addition to online communication, interested parties may direct correspondence to our board at:

Ecolab Inc.
Attn: Corporate Secretary
1 Ecolab Place
St. Paul, MN 55102

CORPORATE OFFICERS

Anil Arcalgud

Executive Vice President and Chief Information Officer

Douglas M. Baker, Jr.

Executive Chairman of the Board

Christophe Beck

President and Chief Executive Officer

Larry L. Berger

Executive Vice President and Chief Technical Officer

Darrell R. Brown

Executive Vice President and President – Global Industrial

Angela M. Busch

Executive Vice President – Corporate Strategy and Business Development

Jerome Charton

Executive Vice President – Special Initiatives

Alexander (Sam) De Boo

Executive Vice President and President – Global Markets

Machiel (Mike) Duijser

Executive Vice President and Chief Supply Chain Officer

Scott D. Kirkland

Senior Vice President and Corporate Controller

Kevin S. Krumm

Senior Vice President and Treasurer

Laurie M. Marsh

Executive Vice President – Human Resources

Michael C. McCormick

Executive Vice President, General Counsel and Secretary

Timothy P. Mulhere

Executive Vice President and President – Global Institutional and Specialty Services

Joanne Jirik Mullen

Chief Compliance Officer and Chief Employment Counsel

Gail Peterson

Senior Vice President – Global Marketing and Communications

Daniel J. Schmechel

Chief Financial Officer

Elizabeth A. Simermeyer

Executive Vice President and President – Global Healthcare and Life Sciences

Thomas E. Strobel

Senior Vice President – Tax

Jill S. Wyant

Executive Vice President – Innovation and Transformation

 **REDUCE, RE-USE, RECYCLE**

If you received multiple copies of this report, you may have duplicate investment accounts. Help save resources. Please contact your broker or the transfer agent to request assistance with consolidating any duplicate accounts.

This report was printed by a WBENC-certified firm using agri-based inks on FSC®-certified paper.

All product names appearing in the text of this Annual Report are the trademarks, brand names, service marks or copyrights of Ecolab USA Inc. or affiliated Ecolab group companies.

Global Headquarters
1 Ecolab Place, St. Paul, MN 55102
ecolab.com
1 800 2 ECOLAB

©2021 Ecolab USA Inc. All rights reserved. 57205/0800/0321

ECOLAB®
Everywhere It Matters.™