



## Upstream Spin-Off: Frequently Asked Questions for Suppliers

October 2019

*This document contains answers to questions that Ecolab suppliers may have about the planned spin-off of Nalco Champion's Upstream business into a stand-alone publicly traded company.*

### General and Organizational Questions

- What will happen to Nalco Champion's Upstream business?
  - Ecolab is planning to spin off Nalco Champion's Upstream business into a stand-alone publicly traded company by mid-2020. The new company will be called ChampionX and be separate from Ecolab.
  - We have chosen this name as a link to Upstream business's rich and successful heritage of delivering value for our customers while helping them manage their operations safely and efficiently. ChampionX will shape the market by delivering the same forward-thinking innovations through the unique chemistry of its people and technologies.
  - Until the spin-off is finalized, the Upstream business will continue to be part of Nalco Champion, an Ecolab company.
- What will happen to Nalco Champion's Downstream business?
  - After the Upstream spin-off is completed, Nalco Champion's Downstream business will remain with Ecolab and will continue delivering value to customers under the Nalco Water brand. This enables our Downstream business to leverage the 90 years of success and innovation in process and water treatment technologies that customers have come to expect under the Nalco name. Process expertise is core to the Nalco Water Industrial business and to the Downstream business, and we will continue to provide industry-leading process offerings to customers during and after the transition.
- Who will lead the Upstream business? How will it be structured?
  - EVP and President Deric Bryant continues to lead Nalco Champion's Upstream business. Prior to the spin-off, there will be an announcement about the leadership and organizational structure of ChampionX.
- Who will lead the Downstream business? How will it be structured?
  - SVP Danny Rey will continue to lead Downstream as a business within Ecolab's Industrial group.
- Will any plants shut down before or after the spin-off?
  - There are no planned shutdowns for any extensive periods beyond current normal shutdown schedules (where applicable).
- Will the spin-off have an impact on production volume at existing plants?
  - We will continue to maximize productivity within our plants to meet customer demand, ensuring safe, high-quality, and cost-effective operations. For the remainder of 2019, order volumes and demand are expected to remain consistent.

## Supplier Readiness Related Questions

- What is the process for separating the Upstream business from Ecolab?
  - There are two stages: **Operational Separation** and **Legal Separation**.
  - **Operational Separation** is the stage when we carefully migrate many business processes while we continue to function as one company.
  - Operational Separation will happen during three waves, starting on December 1, 2019 and ending on February 1, 2020.
  - During this period, we will make changes to our ERP system, which manages billing, invoices, purchase orders, bills of lading and other documents and associated processes.
  - Suppliers will be required to set up a new customer profile to ensure business continuity.
  - We began sharing specific details about these planned changes in September.
  - During this time, it is important to remember that throughout these changes and waves, that we continue to be Nalco Champion, an Ecolab company. There will be no changes to our products, services or the way we support our customers and their business.
  - **Legal Separation** is the final stage in the process when ChampionX will become a stand-alone publicly traded company, separate from Ecolab.
  - We expect Legal Separation to take place in mid-2020.
- Which countries are scheduled for which wave?
  - Wave 1 – Dec. 1, 2019: Includes Algeria, Angola, Brunei, Ecuador, Egypt, Equatorial Guinea, Gabon, Ghana, Indonesia, Kazakhstan, Libya, Mauritius and Nigeria
  - Wave 2 – Jan. 1, 2020: Includes Australia, Austria, Azerbaijan, Denmark, France, Germany, Greece, India, Italy, Malaysia, Netherlands, New Zealand, Norway, Oman, Philippines, Papua New Guinea, Russia, Saudi Arabia, Singapore, Spain, Switzerland, UAE, UK and Vietnam
  - Wave 3 – Feb. 1, 2020: Includes Argentina, Brazil, Canada, China, Colombia, Dominican Republic, Guyana, Mexico, Puerto Rico, Trinidad & Tobago, United States and Venezuela
- What do suppliers need to do to prepare for the spin-off?
  - To ensure business continuity, suppliers will need to create a new customer profile, or profiles. The information on how to do this is being provided to suppliers in a letter. The new customer profile(s) will contain a customer name, address and tax registration number.
  - The letter also will inform suppliers about where to send invoices and about the information that must be included in invoice reference fields.
  - Until a country's operational separation wave takes place, the supplier in that country will continue to receive purchase orders based on current practices.
  - After operational separation takes place, all purchase orders will be placed with the new customer profile, and invoices must be sent to the customer profile listed on the purchase order.
  - If a supplier is supplying to multiple countries for Ecolab, that supplier will receive this information on a country-by-country basis.
  - For more information, suppliers should go to the portal that we have created on Ecolab.com [Ecolab.com/about/suppliers](http://Ecolab.com/about/suppliers).
  - If you have questions regarding the customer profile setup, please reach out to your local contact provided in the country specific letter.
  - If you have questions regarding the invoicing and payment process, please reach out to your local contact provided in the country specific letter