



**SOLBERG**<sup>®</sup>  
Filtration • Separation • Silencing

# 2021 **Benefit Report**

*Fiscal Year 2021 | January 1 - December 31*



**protecting your equipment • protecting your environment**

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## MESSAGE FROM

# Charlie

*It is amazing to see SMI's natural environmental tendencies provided the baseline for our Sustainability efforts. Many have heard of the Solberg's' camping trips which molded the discipline for preserving nature. We have lived by the tenet "Leave your campsite better than when you arrived". 19 years ago, SMI and SIL worked together to create "We love our planet" as one of our six "Guiding Principles". 10 years ago, SMI started the garden at 1151. I am curious how our decisions from the past and those of today will affect future generations.*

**CHARLIE SOLBERG**



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## MESSAGE FROM SMI'S

# Sustainability Director

*2021 turned into a flat-out unique year. From the sustainability side of things, or the underlying fabric of life, lots of changes were happening. We had repeated stress with labor and computer program issues, however; simultaneously we seemed to become even closer as a team. If Solberg MFG was a ship, colleagues supported each other so that it could survive the storm of outer turbulence. We had office personnel working in assembly. We had people put in much overtime work to get orders out of the door. It truly was beautiful to watch and an honor to be a part of the feeling of team work.*

**TRAVIS SOLBERG**



# Our Seven P's

In 2010, Solberg defined seven key categories to track holistic efforts. Today our 7 P's are: Prosperity, People, Product, Planet, Philanthropy, Property, and Passion. The number seven in American Indian tradition indicates a dedication to making decisions with seven generations ahead in mind. Solberg focuses on long term decisions by incorporating our 7 P's in business decisions.



## PROSPERITY



## PEOPLE



## PRODUCT



## PLANET



## PHILANTHROPY



## PROPERTY



## PASSION

## B-CORP

# Overview

Solberg MFG was first certified in July 2011. We use the B-corp assesment as our third party public benefit score. Every 3 years B Corps administer a verified score on their assessment for each member. We received a 105.4 verified score on our last assessment. B Corps asked us to include our international entities into our overall B Corp score. We will see on our next verified report up in April of 2024. In the meantime, feel free to ask us questions and share ideas for our improvement.

<i>Category</i>	<i>Current Score</i>	<i>Previous Score</i>
<i>Governance</i>	<b>14.9</b>	<b>14</b>
<i>Workers</i>	<b>21.8</b>	<b>21</b>
<i>Customers</i>	<b>2.8</b>	<b>0</b>
<i>Environment</i>	<b>44.1</b>	<b>44</b>
<i>Community</i>	<b>21.6</b>	<b>24</b>
<i>Overall Score</i>	<b>105.4</b>	<b>103</b>

# Prosperity / Governance

Our Guiding Principles provide the blueprint for prosperity to all engaged with the company.

## Our Guiding Principles

### WE SUCCEED AS A FAMILY

*We are committed and accountable to our business family. Our ability to connect and care for each other ensures our well-being.*

### WE DO THE RIGHT THING

*We can be trusted to keep our promises and treat others as we would like to be treated.*

### WE ENDEAVOR TO BE THE BEST

*We attract, develop, and empower great people. We continually seek ways to improve everything we do.*

### WE TAKE CARE OF THE CUSTOMER

*We partner with our customers by innovating and responding to their needs. We do whatever it takes to ensure their satisfaction.*

### WE PLAY HARD TO WIN

*We rise to every challenge. Our strong work ethic and desire to succeed drives us to outperform the competition.*

### WE LOVE OUR PLANET

*Everyday we all do our part to lessen the environmental impact of our business. We actively seek ways to protect and preserve our environment*

## Highlights

- We maintained our USA employee base of 196 without a single person losing a job.
- We became an Essential Company because SMI supplied the hospital, power generation and food industries.
- Both Domestic and International sales had record years. 2021 was the first year we had 20k international orders.
- Our loan assistance program started in 2001 with one person. In 2021 SMI issued 21 loans to employees in need of unplanned money for a total of \$94,500. Total loans since inception reached \$640,901! Loans are offered at employee beneficial interest rates.
- Tor's One Takes company internal announcements started. These announcements informed employees on company highlights, goals, and challenges.



*This is a Classic picture of both owners working together on the assembly line for the first time in 30 years. Everyone was helping to get products out on time as best as possible.*

## Goals

- Keep doors open during Covid by providing a safe workplace.
- Weather supply chain storm of delivery issues and price increases.

## Challenges

- Finding new manual labor that wants to stay.

# People / Workers

People are our most important resource. We aim to provide a place to work for career employment.

## Highlights

- More effort was dedicated into improving our employee onboarding program by creating a pamphlet to give newcomers more guidance and comfort coming into a new place.
- We were able to maintain the Living Wage by increasing from \$13.60 to \$16.33 for our base pay.
- 2021 was the first full year of PTO looped all into one bucket, meaning there is no difference in a sick day or a personal day. Employees appreciated the change.
- English as Second Language class continued the momentum from 2020 by adding two more 10-week classes with 7 attendees in each one. Solberg is hosting the FREE class through College of DuPage while employees are asked to use their own time.
- 58 employees participated in our free biometric screening that is provided each year through a health service. SMI offers these blood tests to help people gauge their overall health and uncover any concerns.
- Solberg created a career employee benchmark of 25 years and more of service as a Lifetime Achievement Award receiving a special prize upon retirement:
- Retired: Martha Garcia- 36 years and Jose Salamanca- 35 years of service. Happy Retirement!



## Goals

- In our inaugural steps contest, as part of the Illinois Manufacturing Association, we had 8 international and 31 local Chicago participants achieve a combined total of 30 million steps! Activities like bicycling and swimming are converted to steps. We hope to attend this event again next year.



## Challenges

- Improve job training.
- Inability to see and talk with people in person.
- Inevitably people come and go. Our challenge is to integrate new employees.
- Moving on from the loss of our 13 year employee, Paco Camorlinga.



# Product / Customers

Public and environmental benefit of the Products we produce.

## Highlights

### Shipping

- Only 33 shipments were reported as incurring product damage in shipment.
- We use skeleton crates when we send large units like this one to a renewable natural gas site.



*Easier to handle and reuse. The walls are screwed in. The plastic wrap is 100% recyclable. We hope that customers find another use of the crate!*

### Air Pollution

- Winning crankcase filtration with a well known USA engine producer.
- The United Kingdom team, with some help from Belgium and USA, successfully installed an oil breather for Sir David Attenborough's boat that went to Antarctica. We had 2 weeks to fix a system that "has been left to open vent and has now caused a mess". Our oil mist solution completely removed this concern.

### Noise Pollution

- Our first product line was filter silencers for air compressors that are used by a wide variety of customers to reduce noise. In 2021, we sold 371,101 filter silencers housings, which is 14% more than five years ago maintaining the upward trend. These filter silencers limit the noise from pneumatic equipment that would otherwise be objectionable to the public.
- A factory in Pennsylvania was approached by their town to reduce the exterior "obnoxious" noise of their factory. We created a custom solution that resulted as if no sound was being exhausted into the once loud neighborhood!

### Land Pollution

- A customer named Manusbio utilizes "smart cell factories" to convert plant cells into a variety of products by replicating nature's process of cell growth. We sold a 3" knock out tank to separate solids from air.

### Power

- Battery manufacturers exploded into huge CSL Vacuum business in China.

## Goals

- Improve our product's environmental impact points through B Corporation on our next assessment. We need to uncover more data to prove any statement of benefit from our customers.

## Challenges

- Getting data from customers to be able to share more stories.
- Receiving empty containers on time to ship product to international entities.

# Planet / Environment

This section assesses how we manage and impact the environment.

## Highlights

- We choose to use an oven for most of our elements because ovens enable us to take control of our emissions and maintain a competitive product price. Since we create air emissions using gas oven element production, we have worked extensively with suppliers to minimize Volatile Organic Compounds (VOCs). Our emissions are so low that we are classified as an EPA low emitter. If we used generic plastisol products, we would not be eligible as a EPA low emitter and subject to substantial fees. Our determination to minimize emissions inspired one supplier to create a low VOC product for SMI which led to a new commercial line!
- Since the oven is powered by gas, we go beyond basic business practice by offsetting 100% of our gas usage through purchasing certified carbon credits. These carbon credits supported Indigenous Mexicans, cookstoves in Honduras, and rural India solar electricity projects.
- We continued to buy wind RECs (renewable energy certificate) for all grid electric usage because of the lowest cost among RECs. The REC pays to produce wind energy.
- Solberg purchased additional carbon credits towards international container shipments for the first time.
- 55% of our philanthropy went to environmental causes including local and national groups. We recognize that the environment typically has the lowest financial support. We enjoy our partnership and learning from all these groups.
- An employee started to make nature-themed repurposed metal art after work from our production scrap metal.



*Homemade folk art made from in-house repurposed metal*

## Goals

- Capture more of our product shipment carbon offsets.

## Challenges

- The emissions from our shipping are tremendous. The more we voluntarily offset our shipping, the clearer how much emissions are created by transporting items.
- Encouraging suppliers to put in the same effort to reduce their environmental footprint as SMI.

# Philanthropy / Community

Measuring our community outreach.

## Highlights

- Every Thanksgiving employees are given a turkey or ham supplied by a local Illinois farm. This year there were 3 extra turkeys. We gave them to a Veterans of Foreign War bar in West Dundee to share with their customers on Thanksgiving.
- Impact Investing began this year with the goal of partnering with an investment firm who only invests in companies where financial returns are linked to positive social and environmental impacts. Impact Engine, based in Chicago, was selected and since our involvement, has invested in exciting companies such as Perfect Power - Battery, Energy, Hybrid Energy ([www.perfectpowerllc.com](http://www.perfectpowerllc.com)) and Zero Waste Recycling ([www.zerowastellc.com](http://www.zerowastellc.com)). This is an exciting new chapter as it means that our invested returns can be reinvested repeatedly, maximizing our original investment.
- We switched to a different musician, Conor Mulroy, for spicing up our incoming calls. Please ask to be put on hold for a longer listen. His traditional Irish music is a self-composed instrumental. Check out his music at [www.conormulroy.com](http://www.conormulroy.com)
- Employees took advantage of free admission tickets to the Field Museum in Chicago and absolutely loved it. This is one of our many donations that make up 1% of our annual domestic sales revenue. Chicago Botanic Gardens also gave out free tickets that employees used this year. Employees are encouraged to visit places that we support.
- The COVID pandemic impacted our Solberg Community Involvement Program (SCIP) yet again by causing low participation hours volunteered in Chicagoland. Our annual hours of service were 156. Below are some pictures of a Red Cross Event that people thoroughly enjoyed being a part of the experience.
- The remaining 45% of our philanthropy was donated to Humanitarian, Arts, and Food groups.



*We sent volunteers to the Red Cross and Greater Chicago Food Depository to help in continuing support for our community during the pandemic.*

## Goals

- Increase SCIP to have 75% of employee participation in 2022- depending on state of Covid.

## Challenges

- We were unable to visit suppliers for formal sustainability audits. We did however maintain our core group of suppliers during these hard times.



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# Property

The intent of this section is to include all of our physical locations as a worldwide company.

## International Properties

Here is a fun collage sharing some of our international employees who all run local shops that support the communities that they are in.

### Belgium



### China



### Slovakia



### Brazil



## Highlights



*These are delicious apples grown onsite at Office orchard. We were fortunate enough to have a banner crop this year so a group of interested people gathered to make fresh apple cider. Delicious!*

## Goals

- Be ecologically thoughtful at all applicable properties within the Solberg International umbrella.

- 40 pounds of honey from an onsite beehive managed by an employee were sold to other employees at a discounted rate. This honey is simply spectacular. Some believe it's because of the native prairie planted by us near it. The other 2 of 3 buildings in Illinois have orchards. They are only ½ mile from the beehive which means they are within distance for the bees to pollinate. It is also worth noting that all 3 buildings have over ten milkweed plants which make them sites Monarch butterflies could visit. It is important to take this opportunity to state that all 3 buildings are in an industrial park.
- Interested people in Itasca participated in a fun event to make fresh apple cider from our onsite apple trees.

## Challenges

- In 2017 we purchased a 1MW battery to be used for frequency regulation. Unfortunately, it has not worked out yet. We continue to seek ways to improve it.
- Even though our solar panels at our production facility in Itasca, Illinois under preformed, it still generated more than our building needs during summer months. We continue to research a way to fix the solar panels that are not properly working.

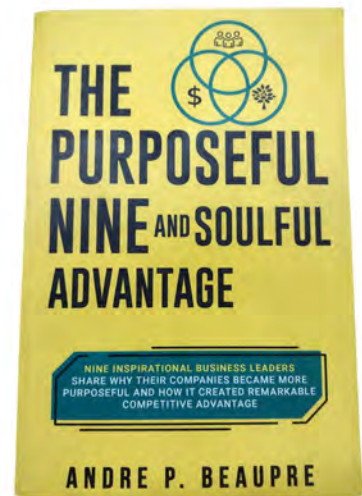
# Passion

Expanding our connection with one another to “Do the Right Thing”

We take great pride in making our home in Itasca, Illinois, on the ancestral lands of various indigenous tribes and communities. The name “Illinois,” which means “best people,” and “Itasca,” signifying “true source,” are a testament to the profound wisdom and contributions of those tribes. We are fortunate to be located here with our extraordinary team that surrounds us.

## Highlights

- Started to give out company T-shirts to new employees who had worked for two weeks to help ease them into our company culture.
- Even with Covid, we continued our tradition of taco and tamale day to celebrate the Hispanic heritage of our workers.
- 8 paid time off holidays are given to all employees.
- Each summer employees and family members celebrate with a picnic at a local Forest Preserve. This year people were invited to play a song on open mic. It was a cultural masterpiece with numerous people contributing! Proceeds from renting the space go to the Forest Preserve to help fund natural areas around us.
- Posting of worker birthdays, pictures of past Solberg events, and introductions of new employees on the TV screen promote company family culture.
- Improved our ranking in Real Leaders Impact Award to 48th out of the top 150 highlighted applicants. The award solves business problems with integrity and passion.
- Culturally, we donated to American Indigenous Business Leaders, Honor the Earth, and First People Fund to support American Indians. Embarc and Summer of a Lifetime (Noble Network) supports Chicago inner city children to grant them fun experiences and inspiration to rise out of poverty. The Field Museum supports a wide variety of cultural education. Water Step supports water availability in third world countries. Acumen supports investing in typically third world country entrepreneurs.



*SMI's passion is featured in this book. We encourage people to look into purchasing it.*

## Goals

- Solberg Intranet was created this year. We aim to have it be a place all employees go to learn more about what is going on.
- A company culture group was formed to investigate the pulse of the company. The group was comprised of various managers. Their task is to work on improving the company culture.

## Challenges

- If we are to live with the vision of growth, Solberg needs abundant passion and care to make that growth happen.



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# ILLINOIS BENEFIT CORPORATION Status

*SMI is an Illinois Benefit Corporation LLC. This designation supports our mission as an environmentally and socially responsible company.*

*This annual report provides for three essential requirements. First, it is used as part of our formal reporting requirements as a benefit corporation. Second, it serves as an annual internal assessment that we can ensure our efforts are directed in the most positive ways. And third, it lets us share our accomplishments, experiences, and future objectives with our customers, suppliers, and families.*

