



# 2019 Benefit Report

*Fiscal Year 2019 | January 1 - December 31*

**protecting your equipment • protecting your environment**

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## MESSAGE FROM SMI'S

# President

*I write this with the year 2019 behind us and as Covid strikes everywhere worldwide. It's a particularly good time to take stock in what makes us strong and resilient in challenging times. We are comforted by making products that are needed in many of the industries tackling the Pandemic. As important, with the goal of bettering ourselves each year, the accomplishments of 2019 were timely, especially in the Social areas of the business as our employees look to us for guidance in how to respond and act in these difficult times.*

*The release of our Mantra & Mindset statement that complements our Mission and Guiding Principles and underscores*

*the recognition that even though we each are one person, we are a part of something much bigger than ourselves. Each one of us are counted upon to carry our own weight (and then some!) for the benefit of all and that we're connected by our collective purpose and being a part of our business family. We show this in the most basic of ways. We deliver dependable products and systems in the most responsible ways when we say we will 98% of the time!*

*We hope you enjoy this year's annual report and see that our efforts to be intentional in the way we behave day in and day out are making a positive impact, some of which are tough to quantify!*

## TOR SOLBERG

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## MESSAGE FROM SMI'S

# Sustainability Director

*2019 was an eventful year at Solberg. Each year we strive to improve our processes and become more responsible socially and environmentally. The B Corp evaluation gives us the opportunity to reflect on this effort each year. Being one of the few manufacturing companies participating as a benefit corporation, we hope our annual report inspires other manufacturers to go for it. Each year we learn and grow*

*from studying our peers. Our greatest accomplishment this year was growing our carbon offset program!*

*We are grateful to be a certified B Corp company and to share our efforts from 2019 in this report.*

*Thank you for reading, If you have any questions or comments, please feel free contacting me.*

## TRAVIS SOLBERG

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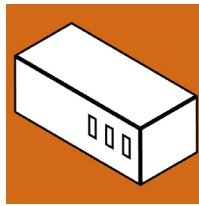
# Our Seven P's

In 2010, Solberg defined seven key categories to track holistic efforts. People, Planet, Product, Property, Power, Prosperity, and Philanthropy have become known as the Seven P's. The number seven in Iroquois tradition indicates a dedication to making decisions with seven generations ahead in mind. This report will use the Seven P's to highlight our commitment to responsible manufacturing.

The 2019 annual Benefit Report is a place to share the year's accomplishments, goals, and challenges. Highlighting these P's in B Corp's five broad performance categories (Governance & Operations, Workers, Customers, Environment, and Community) demonstrates dedication to responsible manufacturing across all our operations.



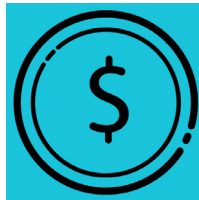
**PEOPLE**



**PROPERTY**



**PLANET**



**PROSPERITY**



**PRODUCT**



**PHILANTHROPY**



**POWER**



**SOLBERG**

# B-CORP Overview

As B Corps continues to refine the assessment process it becomes more challenging year over year to improve our score. In 2017 we scored 102.5. This year we were scored at 105.4. We thank B Corps for recognizing our efforts in the Customer category, which we received an N/A in for 2017. We will continue to work diligently to grow that category in coming years.

Throughout this report we will expand upon each category relative to it's scoring.

## Overall B Impact Score

Solberg Manufacturing, Inc.

For Fiscal Year End Date: December 31st, 2019

105.4



Category	Questions Answered	Overall Score
Governance	29/29	14.9
Workers	55/55	21.8
Community	55/55	21.6
Environment	67/67	44.1
Customers	11/11	2.8

# Governance & Operations

This section evaluates our accountability and transparency, focusing on our Mission and Guiding Principles, stakeholder engagement, and overall transparency of company practices and policies.

## Overview

Primary objectives were to update our Code of Conduct, create a Mantra & Mindset statement, and create our operating Strategic plan. All were completed and released. Further work on the Code of Conduct will resume in 2021 once some time has passed with the current revision. The Mantra & Mindset statement was added to give further meaning to our Mission & Guiding principles. All operating groups took these new initiatives into account when developing their strategic plans. We scored 14.9 this year and 13.7 in 2017. Governance is an important yet challenging category that we aim to continue addressing and improve ourselves.

## Highlights

- Solberg's revised Code of Conduct focused on spreading a Culture of Helpfulness throughout the company. It seeks to build an ethos of positive intention where, one, we ask for help from others when we need it and, two, do our best to give help to others when asked. It is especially applied in our Continuous Improvement efforts as many mistakes stem from failing to adhere to one or both of the two conditions.
- The Mantra & Mindset statements were created to address the challenges of growth. As Solberg grows, making sure each and every employee feels connected and an essential part of the whole company becomes harder and harder. With that connection comes engagement in all that we all do. Our Mantra "Our business family counts on ALL OF US" and Mindset "We are all Scouts" address these concerns.
- All operating groups' Strategic Plans focused on the coming year 2020. They were presented to the Leadership Board and approved.
- Solberg Fabrication Industries started operation at one of our three buildings in Itasca, IL. It is a metal fabrication company that is learning its craft through first supplying SMI needs and then fabricating for other companies in large scale tanks and ASME certified metal fabrication.



## Goals

- Integrate Culture of Helpfulness everywhere, track wins and reinforce wanted behaviors.
- Bring in specific Diversity, Equity, and Inclusion events for stronger awareness and establish actionable items
- Apply for inclusion for the Real Leaders Impact Award

## Challenges

- Prioritize Governance goals and achieve more milestones
- Reinforce Mission & Guiding Principles, Code of Conduct, and Mantra/Mindset statements



# Workers

This section measures how SMI treats its workers through compensation, benefits, training, and ownership opportunities, as well as overall work environment. It includes management/worker communication, job flexibility, corporate culture, and worker health & safety practices.



## Overview

In 2019 our commitment to our workers was exemplified through providing living wages, short term loans, scheduling ESL classes for 2020, and implementing an employer contribution match for our 401K program. Solberg's Employee Loan program was active this year having given 36 loans to employees totaling approximately \$90,000 helping our people develop credit for them to go to outside sources in the future.

## Highlights

- We have maintained paying the living wage to all employees who have worked at SMI for over one year.
- In 2019 we lent \$90K in short term loans to our employees. The program helps our employees deal with unexpected expenses and build credit history by offering an ultra low interest rate.
- We researched and scheduled English as a Second Language classes that we will begin to offer to our employees in 2020.
- We implemented an Employer Contribution Safe Harbor Match for our 401K offering.

## Goals

- Improve professional growth of the production department by providing outside resources for production methodology training.
- Create and execute companywide strategic planning
- Become Safety and Health Achievement Recognition Program (SHARP) certified. (In 2019 SHARP did not have availability)
- Improve machinery and tooling maintenance program to ensure all workers are equipped with high-quality tools to operate safely and efficiently.

## Challenges

- Scheduling conflicts with certifications and new programs
- No Financial classes nor diversity and inclusion were given this year.

# Customers

This section measures our impact on customers. It covers how our products promote public benefit. It also spans our efforts in creating products that solve environmental issues or reduce negative effects. Categories include health improvement, environmental preservation, economic opportunity, arts/sciences, and capital support to purpose-driven enterprises.

## Overview

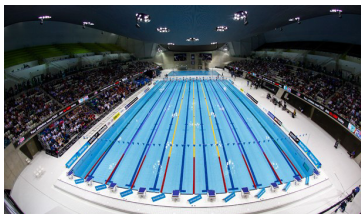
As Solberg set out to be the most needed filtration company in the vacuum markets by partnering with its customers to help them innovate it put itself in perfect position to contribute public benefit. Solberg's solutions profoundly impact the environment through both oil mist collection and water savings from waterless vacuum technology

Our Score of 2.8 in 2019 is small yet we scored 0 in 2017 showing the beginnings of recognition for the work we do to help our customers reduce oil emissions and conserve water use.



## Highlights

- By our calculations, our products captured a staggering 610 Olympic pools worth of oil in 2019. While we've been involved in Oil Mist Exhaust filtration since the early 80's our entry into the crankcase ventilation market for engines and compressors significantly increased the amount of waste oil captured and recirculated back into their respective systems.
- Oil mist collection at a customer's low emissions CHP Plant in Germany resulted in the customer asserting that these values are setting new standards in the CHP market.
- Water Pollution/reduction: Widmer's brewery's massive water savings by using our filters!  
<https://www.atlascopco.com/en-us/vacuum-solutions/vacuum-pumps-landing/widmer-brothers-brewing-customer-story>



***An estimated 610 Olympic pools worth of oil mist exhaust was captured by Solberg products in 2019.***

## Goals

The main goal is to report at least one successful project each year in the following forms of pollution:

- Air Pollution - i.e. oil mist collection
- Water Pollution - i.e. conservation of water
- Noise Pollution - i.e. OSHA excessive noise in a space
- Land pollution - i.e. soil restoration

## Challenge

- Getting data showing the impact our products contribute to newly designed mechanical and combustion systems continues to hamper our ability to show true environmental impact





# Environment

This section showcases our significant efforts in minimizing our effect on the environment. This spans our energy- and waste-reduction measures, as well as other actions to enhance stewardship.

## Overview

In the same way Quality is intertwined with Safety to produce excellent products, minimizing our effect on the environment has lowered our operating costs by investing in technologies that lower our ecological footprint while saving on inputs that help us compete worldwide.

## Highlights

- 1151 Facility commissioned a new air compressor. Along with the energy savings we achieved, it operates more quietly, making the work environment more pleasant to work in.
- Initiated a program to return crates to wire mesh supplier – Each year we enlist one more supplier to accept return crates, pallets, or reusable containers..
- Based on baseline total utility costs of \$130,133 in 2008, which include gas and electricity, we generated \$26,502 overall income via our roof-top solar systems in 2019.
- Successfully offset our Scope 1 + 2 carbon emissions and employee airline emissions. This year 5 international salespeople were included along with our ocean container shipments to international entities. We supported a biogas digester project in Vietnam, the Jacunda Forest Preserve in Brazil that works along indigenous tribes, and affordable and safe cookstoves in Uganda, Africa. The Cool Effects organization was used to purchase our tax deductible carbon offsets.
- Office and janitor supply programs have maintained excellent % of using recycled content. Two F250 trucks were purchased to move product and material safely between buildings and local suppliers.

## Goals

- For 2020, the goal is to capture more of our product shipment offsets.



## Challenges

- Capture our 1151 office energy usage. Since renovating our office to LEED Silver standards, energy use has exceeded previous levels as more HVAC equipment was required to meet the standard.
- The Solar panel system at our Production building showed a 45% reduction of power from the contracted amount at the beginning of the year. After extensive review of the system, internal staff were able to revive approximately 22% of the non-functioning areas of the system. 2019 saw an overall production of 404 mwh which was down from 438mwh in 2018. We are determined to make more improvements in 2020 to get the system operating to its expected levels of production.
- Our Energy Storage System still lies dormant due to technical difficulties our suppliers are failing to solve.

# Community

This section measures our impact on customers. It covers how our products promote public benefit. It also spans our efforts in creating products that solve environmental issues or reduce negative effects. Categories include health improvement, environmental preservation, economic opportunity, arts/sciences, and capital support to purpose-driven enterprises.

## Overview

Our Solberg Community Impact Program (SCIP) started off strong in 2019 raising employee awareness and participation company-wide. The success of our SCIP program elevated our involvement to new levels and enriched our employees' experience at Solberg.

Our score did not reflect this major achievement because we slipped in other areas such as carrying out our supplier sustainability audit. We scored 21.6 pts in 2019 and 24.2pts in 2017.

## Highlights

- SCIP has one year under its belt. 592 SCIP hours were tallied in 2019! That's almost 15 each 40-hour work weeks and reflects a 64% participation rate within the company. Two people even took unpaid time off to volunteer= that's dedication.
- \$1,660 Itasca food pantry annual donation. Each year the employees gift the CEO and President at the Holiday event at the end of the year. This gift is now passed on to organizations in need in our community.
- \$4,157.50 making strides for American Breast Cancer walk. Right in line with recent years total amount. This has turned into a very effective program.
- "Movember Initiative" (12 guys). The guys had fun growing beards, with many keeping them.
- Travis Solberg, Chief Sustainability Steward, attended an unique National Wildlife Federation (NWF) event at the Shedd Aquarium in Chicago. The event taught attendees about the Great Lakes Business Network. The network was created and is monitored by NWF to create a unified business voice for the Great Lakes Region to protect our treasured water resources. Inspired, Solberg MFG soon thereafter became a member of the Great Lakes Business Network.

## Goals

- Formally become a member of the Great Lakes Business Network to be an active member in the public safety and environmental protection of our region.
- Increase SCIP to have 75% of employee participation.

## Challenge

- As our sales grow, so does our philanthropy, since we donate 1% of all sales. This challenges us to elevate our Giving Practices going forward for strategic philanthropy giving.



**SOLBERG**

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# Awards Received

- Inaugural Real Leader Impact 100 company. From Real Leader Magazine:  
“The Real Leaders 100 Top Impact Companies is the first ranking of positive impact companies. The Awards rank the top companies applying capitalism for greater profit and greater good. These companies are driving a dynamic segment of the economy, bearing a new vision of capitalism that demonstrates that every transaction is an opportunity for both growth and a better world.” Asheville, NC was the host site to this inaugural award.
- Environment and Energy Top 100 company presented by Environmental Leader. Travis Solberg went to Denver to accept the award at a luncheon. As the title suggests, this is for those who go beyond and truly commit to exceling in energy efficiency.



- YPO Regional Impact Business finalist. We commend Jamin Arvig, CEO of US Water Filter, for winning our region and Recode for winning the global impact award. One may learn more on the YPO Ignite Blog.
- Europort nomination for Green4Sea. Our smart shipping program maximizing product in each container helped us gain recognition. The nomination is for companies actively reducing shipping impact. We commend our shipping team on both sides of the oceans that are manually loading our product in containers. We know it is tough work and greatly appreciate their dedication to help us improve our environmental impact.

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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, so 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.*



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# Mission / Purpose

We partner with our customers, colleagues, and suppliers to help them innovate and discover new possibilities.

## MANTRA

*Our Business family counts on ALL OF US.*

## MINDSET

*We are all Scouts!*

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# 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*



**SOLBERG**