



SOLBERG[®]
Filtration • Separation • Silencing

2023 Benefit Report

Fiscal Year 2023 | January 1 - December 31



protecting your equipment • protecting your environment

MESSAGE FROM

Charlie

2023 was a year of balance as we found many things that we try to do coming into equilibrium between International and domestic Solberg businesses. We understand that besides our people and customers, suppliers are the most important asset to a well-run company. We endeavor to be the best by blending international suppliers with local suppliers within 50 miles (80 km) of SMI in Itasca, IL. We found that 60% of our supplier spend is local which attests to our efforts to blend buyout items during a time of world pressure on quality, low pricing, and delivery.

Our relatively new 1,000,000 step challenge or health and well-being goal was a huge hit worldwide this year – participation grew by 60%. Possibly our most impressive achievement was the Inaugural Employee Engagement Survey as we found a lot of opportunity for improvement. We completed the survey questions from 2022 to offer it in 2023. This survey had an incredible 97% participation rate in 2023 which benefited Solberg considerably. Most importantly the survey established a benchmark for future surveys while giving SMI the opportunity to work on the feedback.



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 in the USA was first certified in July 2011. We use the B Corp assessment 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>	14.9	14
<i>Workers</i>	21.8	21
<i>Customers</i>	2.8	0
<i>Environment</i>	44.1	44
<i>Community</i>	21.6	24
<i>Overall Score</i>	105.4	103

Prosperity / Governance

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

Highlights

- Surprise 70th Birthday Bash for CEO Charlie Solberg: Celebrated with a Cinco de Mayo taco truck, a Mariachi band, a big white tent, kegs of beer, family, friends, and 200 employees. Shoutout to Inside Sales for keeping things running!
- Employee Feedback Survey 2022: We nailed it with a 97% participation rate and 300 insightful comments. Used net promoter scoring for 22 questions, scoring an overall NPS of 40 and an average of 32. Thanks for the feedback!
- Monthly Team Lead Meetings: Kicked off monthly meetings to boost transparency and communication. Teams love having time to discuss work matters together.
- SharePoint Success: More sales and engineering folks are now using SharePoint and its resources. Great job, team!
- Employee Retention Win: After two tough years, 2023 saw a 66% improvement in employee retention, stabilizing our production workforce and creating a smooth routine.
- HR Transition to Evolve PEO: Moved to Evolve PEO for handling pay, benefits, time, and vacation. This helps us offer more affordable healthcare and great benefits like Safe Harbor Match and 3% 401K match.
- Vendor Options Expansion: We're expanding our vendor options for critical materials. Purchasing, accounting, and operations teamed up using our new FnO software to optimize order quantities and reset safety stock.



Our candy filled piñatas are always a hit with the kids at our annual picnic.

Goals

- Embrace Guiding Principles: Regularly educate and apply our Guiding Principles to embed them into our work culture.
- Supplier Assessment: Evaluate how our sourcing efforts align with new regulations.
- Enhance Product Knowledge: SMI Purchasing aims to increase their product knowledge to better support engineering, sales, and production, ensuring on-time acceptance(OTA).

Challenges

- Communication: Our employee survey highlighted the need for better open and honest communication.
- Timely Announcements: We need to improve the timing of company announcements based on survey feedback.
- Supplier Strategy: Our new supplier strategy involves extensive testing and approvals. We're working on blending strategies to mix vendors for single products, balancing cost benefits and product consistency. Environmental regulations require thorough assessment of all raw materials.



SOLBERG

People / Workers

People are our most important resource.

We do what we can to make it a special place to work where people feel welcome to be authentic.

Highlights

- **Student Visits:** In 2023, three groups of 20 students each visited our facility. The Engineering department set up hands-on learning stations about filtration, vacuum, and manufacturing. The students were amazed by how clean our production facility is!
- **Solberg Step Challenge:** Our 1 million step challenge was a hit in 2023! We had 43 participants, and 17 of them reached 1 million steps in their best 13 out of 14 weeks. Together, we walked 19,278 miles (31,025 km)! Participants got custom handmade “One Step Beyond” tie-dye t-shirts. Best participation yet!
- **Safety First:** Injuries dropped from 11 in 2022 to 7 in 2023, with no injuries resulting in time off work.
- **Learning Galore:** Employees completed 256 training courses on Percipio, covering topics from Emotional Intelligence to Business Process Improvement, available in Spanish and English. We encourage everyone to take advantage of these courses outside core work hours.
- **Income Advance Program:** Our Income Advance Program has exceeded \$1,000,000 in loans to employees! In 2023, we helped 43 employees in financial hardship with a total of \$219,700.
- **Post-COVID Meetups:** With COVID behind us, we had some fun meetups in our “Cantina,” where production and office staff socialized over keg-tapped beer.



Goals

- **Clear Roles:** Ensure everyone understands their roles and responsibilities at SMI.

Challenges

- **Goal Setting:** We need to improve how we set and achieve goals (3rd worst survey score).
- **Biometric Screenings:** We couldn't offer free biometric screenings this year due to the HR PEO switch

Product / Customers

Providing Public and Environmental benefit of the Products we produce.

Highlights

Air Pollution

- 2023 Impact: Our products captured an estimated 1.79 billion gallons of oil that would have otherwise polluted the atmosphere.
- Plastic Extrusion: Vacuum degassing is key in plastics and polymers. Our condensing technologies along with our solutions leveraging activated carbon have helped to optimize these systems.

Water Pollution

- Crankcase Ventilation: Crankcase blowby can be 25% of a marine engine's emissions. Our advanced systems help:
 - Capture and keep oil mist out of the environment
 - Remove harmful oil-mist emissions that can damage the turbo
 - Extend service intervals
 - Reduce maintenance costs
 - Increase engine efficiency by recirculating unspent fuels back to the combustion chamber for a second chance of ignition.
- Beer Defoaming solutions: Using waterless vacuum pumps in Beer Bottling saves thousands of liters of water each day destined for wastewater treatment

Land Pollution

- Vacuum Truck Filtration: Filters protect vacuum truck systems for efficient, safe, and eco-friendly operations. Filtration is crucial for vacuum trucks, protecting on-board blowers and vacuum sources. Learn more at: [Why Is Filtration Essential for Vacuum Trucks?](#)
- Renewable Natural Gas (RNG): Landfill and agricultural waste create RNG, which powers generators and turbines. The gas must be filtered and treated.



Filtering vacuum truck and RNG applications was a big part of our success in 2023.

Renewable Energy

- Semiconductor Filtration: Ray Kulpa's blog covers filtration solutions for semiconductor and solar panel manufacturing. Vacuum technology is essential for these processes.

Goals

- Employee Education: Increase awareness among employees about the impact of our products.

Challenges

- Production Numbers: We didn't hit our production targets to match 2022's sales banner year.

Planet / Environment

Assessing how we manage our impact to the environment.

Highlights

- **Waste Reduction:** We tackled the waste disposal issue with Microlite and Reemay by reducing scrap and switching to a 72" size. Still searching for a recycling option.
- **Carbon Offset:** Offset 791 MT of CO2 through Cool Effect, supporting biogas projects and cooking stoves. Buying Renewable Energy Certificates complements the solar generation we create at two out of three facilities we own and operate.
- **Peach Harvest:** Enjoyed a bountiful peach harvest from our onsite orchard. Employees loved the extra peaches – they were delicious!
- **Recycling Initiatives:** We recycle cardboard, metal, plastic, Element plastic scrap, poly-olefin, label backing paper, and wood pallets. This year, we added polycarbonate see-through buckets, repurposed as mini-greenhouses and properly recycled the rest.
- **Welding Upgrade:** Invested in Synergic Pulse welding machines, reducing post-weld clean-up by 50%, lowering noise pollution, and cutting grinding dust. This method improves efficiency and quality while using wire made in the USA.
- **Supplier Switch:** Moved to a local supplier for perforated metal, saving significant product costs and reducing scrap.



Goals

- **Litter Pickup Day:** For the 2024 report, plan a dedicated litter pickup day and include photos.

Challenges

- **Waste Diversion:** We estimate diverting 80% of waste from landfills by weight, but finding the exact percentage is tough without daily weighing of garbage bins. We also need a system for foam drop-off.

Philanthropy / Community

Measuring our community outreach

Highlights

- Record-Breaking SCIP 2023: We hit 740 total hours of SCIP PTO! 41 people used their full 8 hours, 103 participated in at least one event (4 hours each). We reached 71.5% participation from 200 eligible employees – a new record!
- Generous Giving: Donations were up this year. Highlights include support for Maui disaster relief, the Urban Hockey Foundation in Detroit, and the Berry Center in Kentucky, which helps farmers grow responsibly and conserve land.
- Veterans Day: Solberg employees and families teamed up with Feed 6 and the Chicago Wolves to package over 100,000 meals for veterans as part of the Hunger Heroes program.
- Food Packing Event: Our first food packing event at a new location saw CEO Charlie and his wife joining in. We support the Northern Illinois Food Bank, Greater Chicago Food Depository, and international group Feed the Children.
- Matter Charity Event: Partnered with the Luol Deng Foundation to ship food to South Sudan. Matter, which repurposes medical supplies, impacts 2.5 million people across 184 hospitals in 26 countries.
- November Telethon: Six people participated in the Red Cross telethon in downtown Chicago.



Our SCIP program provides paid volunteer time for our workers in order to help benefit local, non-profit organizations.

Goals

- SCIP 2024 Goals: Aim for 80% participation from eligible employees and 1,000 hours of community service PTO. With around 200 people, we need an average of 13 new participants each month.

Challenges

- New Giving Program: Developing a program to donate 1% of sales to our worldwide sales footprint.

Property

Spotlighting changes in physical locations.

Highlights

- **New LED Lights:** Installed new LED lights in both buildings in October, improving visibility and saving on electricity.
- **Parking Lots:** Upgraded the parking lots at 1025 and 680 SFI.
- **Monarch Butterflies:** Travis released 12 Monarchs he nurtured from caterpillars, thanks to our abundant onsite milkweed at both buildings.
- **Honey Distribution:** This year, our bees produced about 30 pounds of honey! We distributed jars to 20 lucky people out of 57 interested, drawing from a hat!
- **Truck Docks:** Cleared out extra inventory from our truck docks, reducing the fire hazard and placing them at or near their designated inventory locations.
- **Fabrication Milestone:** Our fabrication company reached a major milestone by putting their seldom-used robot welder into consistent production with the right fixturing table.



Goals

- **More Beehives:** Plan to purchase another beehive to supply honey to more of the interested people.

Challenges

- **Office Landscape:** Figuring out how to create an inviting office landscape that maintains its natural essence. More signs for the orchard and native flower garden might help. We have already improved the appearance with a full cleaning and new mulching.

Passion

Expanding our connection with one another to “Do the Right Thing”. Caring and stepping up to help each other out is in our DNA.

Highlights

- Solberg Cares Presentation: Our Sustainability Manager donated time to Illinois B Corps, sharing insights on Solberg Cares culture, incorporating recycled content, the P:7 Tree, philanthropy, continuous improvement, and creating a better workplace.
- Breast Cancer Walk: In October, we rocked our pink shirts and walked 217 miles to fight breast cancer, raising \$6,282 for the American Cancer Society. Ownership matched every dollar raised!



- Movember Mustaches: In November, we sported mustaches (on our filters too) to raise awareness for men’s health.

Goals

- Intentional Growth: As we aim to grow sales in 2024, we need to focus on intentional interactions, communicate “above the line,” and reinforce our Company Guiding Principles.

Challenges

- Encouraging Participation: We need to encourage more people to engage in training and improve their daily interactions. Creating additional ways for people to share ideas and contribute to the company’s evolution is essential.



Text placeholder for these images.

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.



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