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MANUFACTURER

FOURTH QUARTER 2023

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ILLINOIS MANUFACTURERS' ASSOCIATION

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MISSION STATEMENT

The Illinois Manufacturers' Association is the only statewide association dedicated to boldly moving Illinois' makers forward. The IMA is the oldest and largest state manufacturing trade association in the United States, representing nearly 4,000 companies and facilities.

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FEATURE

FROM THE IMA

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PRESIDENT'S REPORT

THE ENERGY TRANSITION

MARK DENZLER, PRESIDENT & CEO

There is no doubt that the United States, and our world, are engaged in a major transition when it comes to energy. Measures championed by President Biden and passed by Congress have infused billions of dollars in new investment for carbon reduction, clean energy, electric vehicles, and supply chains. In Illinois, Governors Bruce Rauner and JB Pritzker signed into law respectively the Future Energy Jobs Act (FEJA) and Climate & Equitable Jobs Act (CEJA) that are upending Illinois' traditional energy landscape faster than nearly every state in the nation.

But the question remains – are we ready for these changes? Do we have enough generation and transmission lines? What will happen to reliability? For the American manufacturing sector which consumes one-third of all energy produced, these are fundamental questions, and recent reports and legislative actions have set off alarm bells. But they are also creating new manufacturing opportunities in many cases.

In early August, the nation's four largest regional grid operators (PJM, MISO, ERCOT, and SPP) that provide electric service to 154 million Americans across 30 states, submitted comments to the United States Environmental Protection Agency (USEPA) outlining serious concerns with energy reliability resulting from the retirement of baseload generation and the lack of new commercialized technologies such as Carbon Capture & Sequestration (CCS) or hydrogen. The National Rural Electric Cooperative Association which represents 900 member-owned electric utilities doubled down on the criticism noting the USEPA plan would compromise reliability and affordability. Even a bipartisan group of lawmakers in Ohio wrote a letter to PJM opining that "the Illinois law is harming reliability and has the potential to cost our consumers hundreds of millions of dollars in transmission upgrades and higher power prices, only to export power from Ohio to Illinois."

When it comes to new energy generation, the IMA and a coalition of stakeholders successfully championed legislation this year that would allow Illinois to build new micronuclear facilities. Illinois has had a moratorium on nuclear construction for more than four decades but new micronuclear technology that is portable, transportable, and self-adjusting holds great promise for providing carbon-free emissions while providing reliable energy. Unfortunately, Governor JB Pritzker vetoed the legislation that was pushed by a coalition of business and labor groups. There will be a battle in the Fall Veto Session to ensure this becomes law.

Illinois companies are on the frontlines of this energy renaissance with companies like Invenergy investing billions of dollars in projects like the Grain Belt Express that will bring energy across Kansas, Missouri, Illinois, and Indiana along with offshore wind. They just inked a new long-term supply deal with Prysmian Group to buy conductor technology, and Prysmian's DuQuoin plant announced an expansion. IMA members are producing electric cars, school buses, trucks, and chargers along with other renewable energy products.

For nearly a year, the Illinois Manufacturers' Association has been part of a small group negotiation at the State Capitol to create a regulatory framework for CCS. Sitting on top of the Illinois basin, we have a unique opportunity to capture and store carbon more than a mile underground beneath a layer of shale. It's an economic development opportunity while also resulting in a cleaner environment. Companies like ADM, Marquis Energy, Prairie State Energy Generating Campus, and Navigator are industry leaders. Despite President Biden's plan to capture more than one billion metric tons of CO2, and more than $250 million in incentives, environmental groups in Illinois are dead set against the deployment of this new carbon capture technology - even though they pushed mandates requiring industry to reduce their carbon emissions.

Manufacturers need safe, reliable, and efficient sources of energy. This sea change in the energy landscape will create a lot of bumps along the way, and we need a well-thought-out plan to ensure a smooth transition so that the lights come on when we flip the switch. We all know that manufacturers are the first class of customers asked to reduce power when we have a shortage.

As part of the IMA's programming to address member needs, we have created a new Energy Buyers Group, led by Constellation, that meets regularly to identify trends and changes in the markets. It's a great way to learn about new programs, processes, and get the latest information as you manage your energy needs. We also recently hosted our annual Energy & Environment Conference on Wednesday, October 18th which is a great resource we offer as well.

If you're concerned about energy and the transition, I'd encourage you to further engage with the IMA.◆

Mark Denzler is President and Chief Executive Officer of the Illinois Manufacturers' Association. He may be reached at mdenzler@ima-net.org, or (217) 718-3726.

ILLINOIS EPA UPDATES NPDES GENERAL INDUSTRIAL PERMIT

SCS ENGINEERS

On July 1, 2023, the Illinois Environmental Protection Agency (IEPA) posted and updated General NPDES Permit No. ILR00 for Industrial Storm Water Discharges (2023 General Permit). The 2023 General Permit is effective July 1, 2023, through June 30, 2028.

Multiple industry sectors must now update their site-specific Storm Water Pollution Prevention Plan (SWPPP) to comply with the 2023 General Permit. Three key updates in the 2023 General Permit are:

1. Permittees are required to submit a Notice of Intent (NOI) for renewal no later than 150 days after the 2023 General Permit is issued (i.e., by November 28, 2023).

2. Permittees must place a sign of permit coverage (except in instances where other laws or local ordinances prohibit such signage) in a safe, publicly accessible location in close proximity to the facility and include:

a. The NPDES ID Number;
b. Information about how the public can request the facility's SWPPP; and
c. How to contact the facility and IEPA if storm water pollution is observed.

3. Benchmark sampling requirement updates, varying based on the industry sector's Standard Industrial Classification (SIC) Code classification:

a. Certain SIC Code groups will be required to re-evaluate existing benchmark sampling constituent thresholds (See the list of these SIC Code groups below, titled **List 1**); and
b. Certain SIC Code groups will have new reporting requirements associated with constituents for which a benchmark threshold has not been established (See the list of these SIC Code groups below, titled **List 2**).

List 1 - SIC Code Groups with Updated Benchmark Sampling Constituents

Subsector C1 & C2
- Agricultural Chemicals (SIC Code 2873-2879)
- Industrial Inorganic Chemicals (SIC Code 2812-2819)

Subsector E1 & E2
- Clay Product Manufacturers (SIC Code 3251-3259; 3261-3269)
- Concrete and Gypsum Product Manufacturers (SIC Code 3271-3275)

Subsector F1 & F2
- Steel Works, Blast Furnaces, and Rolling and Finishing Mills (SIC Code 3312-3317)
- Iron and Steel Foundries (SIC Code 3321-3325)

Subsector H1
- Coal Mines and Related Areas (SIC Code 1221-1241)

Subsector L1
- All Landfill, Land Application Sites, and Open Dumps (Industrial Activity Code "LF")

Subsector M1
- Automobile Salvage Yards (SIC Code 5015)

Subsector Q1
- Water Transportation Facilities (SIC Code 4412-4499)

Subsector AA1
- Fabricated Metal Products, except Coating (SIC Code 3411-3499; 3911-3915)

List 2 - SIC Code Groups with New Benchmark Sampling Requirements for Reporting Purposes Only

Subsector B2
- Pulp Mills (SIC Code 2611); Paper Mills (SIC Code 2621); Paperboard Containers and Boxes (SIC Code 2652-2657); Converted Paper and Paperboard Products, Except Containers and Boxes (SIC Code 2671-2679)

Subsector C5
- Medicinal Chemicals and Botanical Products; Pharmaceutical Preparations; in vitro and in vivo Diagnostic Substances; and Biological Products, Except Diagnostic Substances (SIC Code 2833-2836); Paints, Varnishes, Lacquers, Enamels, and Allied Products (SIC Code 2851); Industrial Organic Chemicals (SIC Code 2861-2869); Miscellaneous Chemical Products (SIC Code 2891-2899); Inks and Paints, Including China Painting Enamels, India Ink, Drawing Ink, Platinum Paints for Burnt Wood or Leather Work, Paints for China Painting, Artist's Paints and Artist's Watercolors (SIC Code 3952 (limited to list of inks and paints)); Petroleum Refining (SIC Code 2911)

Subsector D2
- Miscellaneous Products of Petroleum and Coal (SIC Code 2992, 2999)

Subsector E3
- Flat Glass (SIC Code 3211); Glass and Glassware, Pressed or Blown (SIC Code 3221, 3229); Glass Products Made of Purchased Glass (SIC Code 3231); Hydraulic Cement (SIC Code 3241); Cut Stone and Stone Products (SIC Code 3281); Abrasive, Asbestos, and Miscellaneous Nonmetallic Mineral Products (SIC Code 3291-3299) Miscellaneous Products of Petroleum and Coal (SIC Code 2992, 2999)

Subsector F5
- Primary Smelting and Refining of Nonferrous Metals (SIC Code 3331-3339); Secondary Smelting and Refining of Nonferrous Metals (SIC Code 3341); Miscellaneous Primary Metal Products (SIC Code 3398, 3399)

Subsector I
- Crude Petroleum and Natural Gas (SIC Code 1311); Natural Gas Liquids (Sic Code 1321); Oil and Gas Field Services (SIC Code 1381-1389)

Subsector J3
- Clay, Ceramic, and Refractory Materials (SIC Code 1455,1459); Chemical and Fertilizer Mineral Mining (SIC Code 1474-1479)

Subsector L2
- All Landfill, Land Application Sites and Open Dumps, except Municipal Solid Waste Landfill (MSWLF) Areas Closed in Accordance with 40 CFR 258.60 (Activity Code LF)

Subsector N2
- Source-separated Recycling Facility (SIC Code 5093)

Subsector O1
- Steam Electric Generating Facilities, including coal handling sites (SIC Code SE)

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Subsector P1

• Railroad Transportation (SIC Code 4011, 4013); Local and Highway Passenger Transportation (SIC Code 41114173); Motor Freight Transportation and Warehousing (SIC Code 4212-4231); United States Postal Service (SIC Code 4311); Petroleum Bulk Stations and Terminals (SIC Code 5171) Steam Electric Generating Facilities, including coal handling sites (SIC Code SE)

Subsector R1

• Ship and Boat Building or Repairing Yards (SIC Code 3731, 3732)

Subsector T1

• Treatment Works treating domestic sewage or any other sewage sludge or wastewater treatment device or system, used in the storage, treatment, recycling, and reclamation of municipal or domestic sewage, including land dedicated to the disposal of sewage sludge that are located within the confines of the facility, with a design flow of 1.0 mgd or more, or required to have an approved pretreatment program under 40 CFR Part 403. Not included are farm lands, domestic gardens or lands used for sludge management where sludge is beneficially reused and which are not physically located in the confines of the facility, or areas that are in compliance with section 405 of the CWA (Activity Code TW)

Subsector U3

• Meat Products (SIC Code 2011-2015); Dairy Products (SIC Code 2021-2026); Canned, Frozen, and Preserved Fruits, Vegetables, and Food Specialties (SIC Code 2032-2038); Bakery Products (SIC Code 2051-2053); Sugar and Confectionery Products (SIC Code 2061-2068); Beverages (SIC Code 20822087); Miscellaneous Food Preparations and Kindred Products (SIC Code 2091- 2099); Tobacco Products (SIC Code 2111-2141)

Subsector V1

• Textile Mill Products (SIC Code 2211-2299); Apparel and Other Finished Products Made from Fabrics and Similar Materials (SIC Code 2311-2399); Leather and Leather Products (note: see Sector Z1 for Leather Tanning and Finishing) (SIC Code 3131-3199)

Subsector W1

• Wood Kitchen Cabinets (SIC Code 2434); Furniture and Fixtures (Sic Code 2511-2599)

Subsector X1

• Printing, Publishing, and Allied Industries (SIC Code 2711-2796)

Subsector Y2

• Miscellaneous Plastics Products (SIC Code 3081-3089); Musical Instruments (SIC Code 3931); Dolls, Toys, Games, and Sporting and Athletic Goods (SIC Code 3942-3949); Pens, Pencils, and Other Artists' Materials (SIC Code 3951-3955 (except 3952 – see Sector C)); Costume Jewelry, Costume Novelties, Buttons, and Miscellaneous Notions, Except Precious Metal (SIC Code 3961, 3965); Miscellaneous Manufacturing Industries (SIC Code 3991-3999)

Subsector Z1

• Leather Tanning and Finishing (SIC Code 3111)

Subsector AB1

• Industrial and Commercial Machinery, Except Computer and Office Equipment (see Sector AC) (SIC Code 3511-3599 (except 3571-3579)); Transportation Equipment Except Ship and Boat Building and Repairing (see Sector R) (SIC Code 3711-3799 (except 3731, 3732))

Subsector AC1

• Computer and Office Equipment (SIC Code 3571-3579); Measuring, Analyzing, and Controlling Instruments; Photographic and Optical Goods, Watches, and Clocks (SIC Code 3812-3873); Electronic and Electrical Equipment and Components, Except Computer Equipment (SIC Code 3612-3699)

Contact the authors with questions on how to comply with Illinois storm water regulations.◆

RESILIENCE, REPUTATION & RETURN ON INVESTMENT

FORVIS LLP

The last 5 years have been tumultuous for SMBs and even more so for companies in manufacturing. The massive global response to the pandemic with more than $20 Trillion in cash transfers prevented an economic depression which would have had a devasting impact on small businesses and lower-wage workers as can be seen from the artificial drop in bankruptcy filings (Chart 1). Unfortunately, the excess money supply also resulted in:

- Buoying risky assets with skewed benefit to large technology companies at the expense of small-cap stocks. (Chart 2)
- Inflating prices of goods that were in short supply first due to COVID-19 and then the Russian invasion of Ukraine, caused volatility in many commodities and fuel costs. (Charts 3 and 4)
- Inflation in goods & services also led to wage inflation. (Chart 5)
- Inflation led to the Federal Reserve raising rates rapidly and decisively, which increased borrowing costs. (Chart 6)

While global production and supply chains continue to recover from the effects of the Covid pandemic, they continue to face an increasing threat of extreme weather events across the globe. Examples just in 2023 include the extreme heat wave in Europe (Cerberus), floods and record heat waves in the US and China, and deadly floods in South and East Asia. Regardless of opinions about the causes of climate change, the risks and impacts from climate change are all too factual. Chart 7 summarizes environmental and many other challenges manufacturers face in today's business environment.

What does it take to survive and thrive in this environment of multiple sources of stress and uncertainty?

Having adequate cash flow to survive the dips in the economy is key to survival and allows time to demonstrate the business's value to the market. However, it is a business's Resilience that ensures it has adequate cash in periods of stress and allows it to capitalize on investment opportunities under all circumstances.

The Harvard Business Review defines Resilience as a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances.

The current model of the outside-in view of a business only focuses on the shareholders as having a say in strategy and decisions for the business. This is known as Corporate Capitalism or Shareholder Capitalism where maximizing shareholder value (MSV) is the only goal of a business, but that is an incomplete view of the business and doesn't promote resilience. Corporate Capitalism makes sense, only if the business were to have no impact on anyone other than its owners. However, a business shares the planet with, and therefore impacts, multiple stakeholders both directly and indirectly. To reflect the expectations that all stakeholders have of the business, the traditional outside-in view should be complemented with the inside-out view. Chart 8 shows the relationship between an organization's reputation and stakeholder expectations.

Since the inside-out view of the business considers the impact on all stakeholders, it is called Stakeholder Capitalism or Consumer Capitalism where the term "consumer" is not limited to the customer that pays you to consume the product/service you sell. Employees, regulators, and the community at large interface with and consume various outputs from the business, including pollutants pumped into the surrounding environment. In today's connected economy, all these consumers/stakeholders can post their experiences with the business using just a cellphone, thereby impacting its reputation. Hence, an important way for a business to be resilient is to demonstrate reasonable effort to address all stakeholder expectations and earn their loyalty. It is a simple equation as shown in Chart 9, but is far from simple to accomplish:

Sustainable businesses have what Warren Buffett calls a "durable economic moat" which he defines as a competitive advantage that provides a business protection from attack by competitors. Resilience is an expanded framework where the threat landscape has been expanded beyond competitors to reflect today's reality where even a monopoly could fall prey to the threats in Chart 7.

The goal is to build a durable moat against any threat, not just competitive threats.

The systematic approach to building a resilient organization is encapsulated in the ESG (Environmental, Social & Governance) framework. The idea of ESG has been around for many years as a topic of academic idea and a public relations tactic sometimes employed by companies, also known as "greenwashing". However, in the last three years, three clear trends have emerged crystallizing the benefits of strengthening ESG credentials:

A. Customer and Employee Expectations: Younger consumers and employees are increasingly looking to work with companies that align with their longer-term interest in having a habit-

Chart 9:

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able planet even after 4 or 5 decades. The recent judgment in Montana siding with the younger generation's constitutional right to a clean and healthful environment indicates how societal expectations are changing.

Larger companies are also demanding ESG compliance from their suppliers. This is being driven by many factors including regulatory requirements like the Corporate Sustainability Reporting Directive (CSRD) in the EU which goes far beyond the sustainability data many U.S. companies now track and report. US companies with an office or a large or listed subsidiary in the EU will have to comply with the directive. This will likely require suppliers of all sizes to demonstrate ESG initiatives as well.

B. Access to Capital: As of 2022, the Glasgow Financial Alliance for Net Zero (GFANZ) has 550 members with $150 Trillion in balance sheet assets and over $80 Trillion in assets under management. This is just the beginning and the trend towards ESG investing is accelerating. This is evidenced by the surge in green and social bond issuance which is expected to reach $1.7 Trillion just in 2023.

C. Operational Benefits: Perhaps the greatest potential benefit from pursuing ESG goals is the cost savings from minimizing "gray energy". Gray energy refers to the total amount of energy required to produce, transport, install, and dispose of a product or material throughout its entire lifecycle. Gray energy can be minimized by reducing waste, increasing efficiency and productivity, and tracking both financial and non-financial data to monitor energy usage. The Illinois Climate Action Plan discusses several strategies to minimize gray energy including:

1. Install green infrastructure
2. Minimize waste
3. Electrify vehicle fleets and facility infrastructure and shift to renewable energy for electricity
4. Communicate and educate your stakeholders
5. Track utility and monitoring sensor data to track progress on ESG goals

1. Install green infrastructure: Chicago-based, Omni Ecosystems has been helping companies solve various problems using cost-effective green infrastructure. For example, the Morton Salt facility used Omni Infinity Media to eliminate the need for expensive soil remediation and conventional underground stormwater systems, leading to significant cost reductions. Similarly, Omni Ecosystems helped Bunker Hills condominium project and Tremont Development install green roofs at a fraction of the cost of traditional gray infrastructure solutions while also meeting building and stormwater codes and creating green space for the residents.

2. Minimize Waste: Waste can result from many controllable sources. Companies should:

a) Select durable input materials to create long-lasting products.
b) Perform regular maintenance: to optimize efficiency and minimize unplanned downtime.
c) Optimize Processes: to eliminate unnecessary or redundant steps to save time and cost.
d) Sustainable packaging: design packaging to minimize materials and maximize recyclability of packaging materials.

3. Electrify vehicle fleet & facility infrastructure:

a) Set a roadmap and clear environmentally aware criteria for future capital projects.
b) Replace existing machinery, vehicles, and equipment with more energy-efficient versions.
c) Shift your energy mix to more renewable sources. The Illinois Shines program provides distributed generation and community solar.
d) Programs such as C-PACE are helping businesses by providing financing for rooftop solar projects.

4. Communicate and educate your stakeholders: Share the company's purpose, strategy, and metrics for ESG initiatives. Seek regular feedback by running pilot sustainability projects and measuring customer engagement with these initiatives. Introduce eco-friendly product/service options and evaluate customers' willingness to pay a premium for sustainable offerings.

5. Track utility and monitoring sensor data to track progress on ESG goals:

a) "Greenwashing" refers to corporate tactics to make themselves appear more environmentally friendly than they are. In the past, companies have used and frequently gotten away with making unsubstantiated ESG claims. The Greenwashing Hydra developed by Planet Tracker explains how greenwashing manifests itself.

b) The scrutiny on greenwashing has increased as providers of capital are asking for evidence of their ESG claims. eNGOs like Client Earth have been litigating greenwashing under consumer protection laws. The legal framework is also being tightened:

I. In March 2021, the SEC launched its Climate and ESG Task Force in an effort to, "develop initiatives to proactively identify ESG-related misconduct."

II. In May 2022, the SEC issued two new sets of proposed rules intended to combat greenwashing by investment funds: the "Names Rule"; and the newly required "ESG Disclosure Rule".

c) Avoid greenwashing by:

I. Setting clear goals and implementing transparent ways to track progress before you make any claims about your company's ESG initiatives.
II. Performing independent energy audits on a regular basis.
III. Implementing software systems (Energy Management System or EnMS) to bring transparency to energy usage and sustainability initiatives.

In conclusion, building a resilient business is a function of being responsive to all your stakeholders' expectations. When you take care of your stakeholders, they will take care of you when there are unexpected shocks to the market structure, economy, or physical environment. Together, the stakeholders create a durable economic moat against all threats (Chart 10).◆

AS THE PENDULUM SWINGS: NOW IS THE TIME FOR COMPANIES TO REVIEW THEIR DEI PROGRAMS

BARNES & THORNBURG LLP

Three years ago, the murder of George Floyd sparked a new awareness across the country regarding the detrimental impact differential treatment could have on marginalized groups. In response, Fortune 500 companies across the nation committed or recommitted to diversity, equity, and inclusion (DEI) efforts with their financial contributions and diversification of personnel. The legal pendulum now seems to be swinging in another direction. In light of the U.S. Supreme Court's recent decisions related to affirmative action, companies may have to reassess their diversity efforts to determine if, or to what extent, they are legally compliant and how to avoid being a target of strategic litigation.

In June, the Supreme Court, in two cases, ended race-conscious affirmative action in college and university admissions in Students for Fair Admissions, Inc. v. Harvard and Students for Fair Admissions, Inc. v. UNC. Prior to its decision, the Supreme Court permitted colleges and universities to use race as a factor in admissions because it found that promoting diversity on college campuses was a compelling interest and an educational benefit. The Supreme Court has now made it clear that any use of race in admission decisions runs afoul of the nation's constitution.

The opinions compared the statutory language in Title VI to Title VII of the Civil Rights Act of 1964, possibly opening the door for companies' diversity and inclusion efforts to be called into question. Although this decision only applies to institutions of higher education and their admissions policies, private companies are on notice that their diversity efforts may be in jeopardy of violating the law.

These threats have not been empty. On the same day the Supreme Court released its decision, America First Legal, a national nonprofit public interest law firm, called out several large employers accusing them of mistreating individuals in majority groups on the basis of race and sex with the intent to promote diversity and inclusion. AFL is not alone in its efforts. Attorneys general of 13 states wrote a letter to Fortune 100 CEOs reminding them of their obligations to comply with federal anti-discrimination laws or face the prospect of litigation.

> **"EMPLOYERS SHOULD ALSO UNDERSTAND THAT THEY ARE NOT CURRENTLY HELD TO THE SAME STANDARDS AS COLLEGE AND UNIVERSITIES' ADMISSIONS PROCESSES. COMPANIES DO NOT HAVE TO ABANDON ANY OF THEIR DIVERSITY COMMITMENTS. IN FACT, MANY COMPANIES, INCLUDING THOSE THAT EMPLOY MORE THAN 250 EMPLOYEES, ARE STRENGTHENING THEIR DEI COMMITMENTS."**

The American Alliance for Equal Rights filed two lawsuits claiming that diversity fellowship programs were discriminatory against white candidates because the programs only considered African Americans, Latinx, Native Americans, Native Alaskans, or members of the LGBTQ+ candidates. The lawsuits are strategically initiating litigation with the intent of generating cases to be heard by the Supreme Court. The goal seems to be to limit or prohibit the use of race in employment, contracting, and internship selection processes that could benefit minority groups.

DEI hiring, recruitment, and retention efforts are not the only programs at risk. Companies' environmental, social, and corporate governance (ESG) efforts and other diversity initiatives, being referred to as "woke policies," have also been called into question by critics. Although these efforts are currently lawful under Title VII, they may become unlawful depending on the outcome of pending litigation. The Supreme Court has two cases before it during the 2023 fall term. Both cases are asking the court to determine what type of action should be deemed an adverse employment action under Title VII. Presently, courts uniformly apply Title VII to hiring, promotion, and termination decisions. If the court finds that the statute expands to include other actions that fall within "terms, conditions, or privileges of employment" race-based initiatives may be at risk.

The Supreme Court's decision not only impacts college and university prospective student candidates, but it also has an indirect impact on the diversity of future workforce talent. If student bodies on university campuses are less diverse, it could lead to less diversity in future talent pools. Another impact is the likely increase in litigation for claims of reverse discrimination. In July, a New Jersey federal judge ordered Starbucks to pay a former employee, who was awarded $25.6 million in a wrongful termination suit, an extra $2.7 million in damages; this employee is white and claimed she was fired because of her race. Allegedly, Starbucks, in response to the racial backlash it received after two Black men were arrested at a Philadelphia location, tried to punt the responsibility of the arrest onto the white manager who was not involved in the decision-making process.

Against this backdrop, what should employers do? Obviously, employers should continue to comply with all federal, state, and local laws, and ordinances prohibiting discrimination. Employers should also understand that they are not currently held to the same standards as college and universities' admissions processes. Companies do not have to abandon any of their diversity commitments.

In fact, many companies, including those that employ more than 250 employees, are strengthening their DEI commitments. Over 50% of employers who participated in Bridge Partners LLC's sur-

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MANUFACTURERS POLITICAL ACTION COMMITTEE

The 2023 MPAC Golf Outing was a huge success with a record number of golfers and sponsors. Once again, the sun shined down on our golf outing participants who came together for fun on the course while supporting MPAC. MPAC is the IMA's Political Action Committee, and its funds are used to support our allies in the state legislature, impact campaigns for Representative and Senator across Illinois, and help us fight back against job-killing policies. Whether its tax policy, workers' compensation, employee rights, environment regulations, or BIPA reform, it is important that we elect strong, pro-business and pro-growth candidates from both sides of the political aisle who will tackle these issues in years to come.

Thank you to this year's sponsors who helped make the 2023 MPAC Golf Outing a success!

We hope to see you next year! To learn more about MPAC, please visit https://ima-net.org/mpac/.

vey stated that they feel the Supreme Court's decision will have a positive impact on DEI initiatives, while only 14% felt the decision would be a detriment. Companies' continued commitment to DEI initiatives demonstrates the value they place on DEI programs and the positive benefit the programs have on hiring, retention, and overall bottom line.

We recommend companies and employers should review their DEI efforts and ensure they do not run afoul of anti-discrimination laws. Efforts that equally benefit all individuals will likely remain untouched as long as they maintain a colorblind approach. As stated in a recent HBR article, "So long as employers do not use protected characteristics like race and sex when making concrete employment decisions, they are free to promote a more inclusive culture and break down barriers preventing women, people of color, and other marginalized groups from thriving in their workplaces." For example, employers can continue to recruit at institutions with diverse student bodies. It should be recognized that DEI programs that only benefit people of color may be at risk as the pendulum moves.

Equal Employment Opportunity Commission Chair Charlotte A. Burrows stated the Supreme Court's decision "does not address employer efforts to foster diverse and inclusive workforces or to engage the talents of all qualified workers, regardless of their background. It remains lawful for employers to implement diversity, equity, inclusion, and accessibility programs that seek to ensure workers of all backgrounds are afforded equal opportunity in the workplace." Companies should consider assessing whether their diversity initiatives are applied equally to everyone and steer clear of quotas and numerical targets for specific groups.

This article should not be construed as legal advice or legal opinion on any specific facts or circumstances. The contents are intended for general informational purposes only, and you are urged to consult your own lawyer on any specific legal questions you may have concerning your situation.◆

U.S. EPA'S NATIONAL ENFORCEMENT AND COMPLIANCE INITIATIVES FOR FY 2024 - 2027

HEPLERBROOM LLC

The United States Environmental Protection Agency ("USEPA" or "U.S. EPA") has established, for over 25 years, National Enforcement and Compliance Initiatives ("NECI") to address environmental issues facing the United States. These initiatives are intended to be developed in a non-partisan way across administrations. This article provides background on the NECIs for Fiscal Year ("FY") 2024 - 2027 and then discusses the specific initiatives.

Background

On August 17, 2023, U.S. EPA issued a memorandum detailing the FY 2024-2027 NECIs, stating that the new initiatives focus enforcement and compliance resources on mitigating climate change, addressing exposure to per- and polyfluoroalkyl substances ("PFAS"), and protecting communities from carcinogenic coal ash contamination.

The Office of Enforcement and Compliance Assurance ("OECA") selected six priority areas as NECIs. In selecting these initiatives, OECA relied upon three criteria: "(1) the need to address serious and widespread environmental issues and significant violations impacting human health and the environment, particularly in overburdened and vulnerable communities; (2) a focus on areas where federal enforcement authorities, resources, and/or expertise are needed to hold polluters accountable and promote a level playing field; and (3) alignment with EPA's Strategic Plan."

OECA, in selecting these NECIs, solicited public comment via a Federal Register notice to provide opportunity for stakeholder engagement. OECA received input from states, territories, and tribes, in addition to environmental groups, regulated entities, and the public. Further, the NECIs were developed in collaboration with the U.S. EPA regional offices, which play a key role in the implementation of each initiative.

FY 2024-2027 NECIs

The six NECIs that OECA chose for FY 2024-2027 are as follows:

1. Mitigating Climate Change

2. Addressing Exposure to PFAS

3. Protecting Communities from Coal Ash Contamination

4. Reducing Air Toxics in Overburdened Communities

5. Increasing Compliance with Drinking Water Standards

6. Chemical Accident Risk Reduction

These NECIs are discussed in further detail below.

"IN SELECTING THESE INITIATIVES, OECA RELIED UPON THREE CRITERIA: "(1) THE NEED TO ADDRESS SERIOUS AND WIDESPREAD ENVIRONMENTAL ISSUES AND SIGNIFICANT VIOLATIONS IMPACTING HUMAN HEALTH AND THE ENVIRONMENT, PARTICULARLY IN OVERBURDENED AND VULNERABLE COMMUNITIES; (2) A FOCUS ON AREAS WHERE FEDERAL ENFORCEMENT AUTHORITIES, RESOURCES, AND/OR EXPERTISE ARE NEEDED TO HOLD POLLUTERS ACCOUNTABLE AND PROMOTE A LEVEL PLAYING FIELD; AND (3) ALIGNMENT WITH EPA'S STRATEGIC PLAN."

Mitigating Climate Change

OECA selected "Mitigating Climate Change" as a new NECI because, per OECA, tackling climate change is the U.S. EPA's top priority. Enforcement and compliance efforts that reduce greenhouse gas emissions will help limit the worst effects of climate change.

This NECI will use OECA's criminal and civil enforcement authorities to address three separate and significant contributors to climate change: "(1) methane emissions from oil and gas facilities; (2) methane emissions from landfills; and (3) the use, importation, and production of hydrofluorocarbons ("HFCs")." OECA considers enforcement of long-standing air pollution requirements, such as New Source Performance Standards at oil and gas facilities and landfills, will achieve the ancillary benefit of reducing methane emissions, which is 25 times as potent as carbon dioxide at trapping heat in the atmosphere. Further, OECA hopes to mitigate climate change by reducing harmful HFC emissions through criminal and civil enforcement of the American Innovation and Manufacturing Act.

Addressing Exposure to PFAS

OECA selected "Addressing Exposure to PFAS" as a new NECI to focus on the breadth and scope of PFAS contamination throughout the country. OECA plans to increase enforcement actions to ensure compliance with existing statutes, particularly to protect drinking water supplies. OECA's approach to enforcement action would depend on the designation of PFOA and PFOS as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"). The proposed rule that would designate PFOA and PFOS as hazardous substances under CERCLA was published in the Federal Register on September 6, 2022, and U.S. EPA is currently in the process of reviewing public comments on the proposed rule.

The key goals of the PFAS NECI are to "achieve site characterization, control ongoing releases that pose a threat to human health and the environment, ensure compliance with permits and other agreements to prevent and address PFAS contamination, and address endangerment issues as they arise." Further, initial goals include:

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• identifying and characterizing the extent of PFAS contamination near PFAS manufacturing/use facilities in the country, using authorities such as CERCLA, the Resource Conservation and Recovery Act, the Clean Water Act, and the Safe Drinking Water Act;

• performing oversight of PFAS characterization and control activities at federal facilities to ensure these facilities meet all environmental obligations and serve as a model for the regulated community; and

• continuing to address violations and imminent and substantial endangerment situations by major PFAS manufacturers, federal facilities, and other industrial parties who significantly contributed to the release of PFAS contamination into the environment.

Protecting Communities from Coal Ash Contamination

The next NECI that OECA selected was "Protecting Communities from Coal Ash Contamination." Coal-fired electric utilities generate coal combustion residuals ("CCR"), or coal ash, which contain contaminants that USEPA has determined are associated with cancer and other serious health effects. Per USEPA, neighborhoods that are located near these facilities are often communities with environmental justice concerns.

OECA asserts that noncompliance with CCR requirements under the Resource Conservation and Recovery Act appears to be widespread, and many utilities are not complying with current performance, monitoring, and testing requirements. Thus, OECI is focusing this NECI on conducting investigations, particularly at coal ash facilities impacting vulnerable or overburdened communities; taking enforcement action at coal ash facilities that are violating the law; and protecting and cleaning up contaminated groundwater, surface water, and drinking water resources.

Reducing Air Toxics in Overburdened Communities

OECA next selected "Reducing Air Toxics in Overburdened Communities" as a modification to its existing initiative started in FY 2020 as "Creating Cleaner Air for Communities." This original initiative focused on the adverse health environmental effects from exceedances of National Ambient Air Quality Standards ("NAAQS") for ozone to which sources of volatile organic compounds ("VOC") contribute, in addition to health impacts from emissions of hazardous air pollutants ("HAPs").

OECA decided to focus this initiative on overburdened communities selected by each U.S. EPA Region that are facing high levels of toxic air pollution from HAPs. OECA believes that reducing air toxics will result in corollary benefits of reducing concentrations of criteria air pollutants such as ozone and particulate matter because HAPs can be comprised of criteria pollutant precursor emissions. This initiative seeks to target, investigate, and address noncompliance with HAP regulations with a focus on sources of HAPs in communities already highly burdened with pollution impacts.

Increasing Compliance with Drinking Water Standards

Additionally, OECA selected "Increasing Compliance with Drinking Water Standards" as an existing initiative to continue into the next cycle. The initiative seeks to ensure that the approximately 50,000 regulated drinking water systems in the U.S. that provide water to residents year-round (referred to as Community Water Systems or "CWS") comply with the Safe Drinking Water Act ("SDWA"). OECA states that many overburdened communities often face challenges meeting their obligations under SDWA.

OECA states that considerable improvement in SDWA compliance has been made but further improvement is still needed. OECA will increase its field presence, pursue strategic enforcement to reduce noncompliance, and offer more compliance assistance to prevent and address public health risks. OECA will continue to support and work with states, tribes, territories, local governments, and the regulated community to ensure delivery of safe water to communities.

Chemical Accident Risk Reduction

Lastly, OECA selected "Chemical Accident Risk Reduction" as another existing initiative to continue from the previous cycle. The initiative seeks to reduce risks to human health and the environment by decreasing the likelihood of chemical accidents. OECA considers the failure to implement required risk management programs at facilities handling extremely hazardous substances will result in catastrophic accidents that cause fatalities and serious injuries, evacuations, and shelter-in-place orders.

OECA's work under this NECI will focus on inspecting and addressing noncompliance at facilities using two extremely hazardous substances that pose high risk to communities: anhydrous ammonia and hydrogen fluoride. Anhydrous ammonia is used as an agricultural fertilizer or refrigerant, and hydrogen fluoride is used in petrochemical manufacturing. OECA plans to use all available enforcement tools to address violations of risk management requirements, including holding entities criminally responsible.

Conclusion

Per OECA, the above NECIs were chosen to help U.S. EPA address the most significant public health and environmental challenges. The regulated community should expect increased attention on these areas during inspections or through information requests.◆

HOW TO LEVERAGE REBATES FOR ENERGY EFFICIENCY PROJECTS

CONSTELLATION

As your organization begins to consider energy efficiency projects to meet your carbon reduction goals or federal, state or local regulations, it is important to know that various rebate and incentives may be available from utilities, governments or third-parties. A rebate or incentive refers to a financial or non-financial benefit provided to individuals, businesses, or organizations as a reward or encouragement for implementing energy-saving measures or investing in energy-efficient technologies. These programs are designed to promote energy conservation, reduce greenhouse gas emissions, and enhance sustainability. They can range from new construction or equipment replacement to retrofit projects.

But what kind of rebates and incentives are available to your business? There are a variety of different incentive types that may be offered such as:

Energy Efficiency Rebates: Many utility companies offer rebates for energy-efficient upgrades such as high-efficiency appliances, HVAC systems, insulation, windows, lighting, and more. These rebates typically provide a financial incentive to encourage customers to invest in energy-saving measures.

Demand Response Programs: Some utilities offer demand response programs that provide incentives for reducing electricity usage during peak demand periods. Customers who participate in these programs, typically by adjusting their energy consumption during specific times, can receive financial rewards or lower electricity rates.

Time-of-Use (TOU) Rates: Utilities may offer TOU rates, where the cost of electricity varies based on the time of day. These rates incentivize customers to shift their energy usage to off-peak periods when electricity prices are lower. This can be beneficial for energy efficiency projects that involve scheduling energy-intensive activities during low-demand periods.

Renewable Energy Incentives: Incentives may be available for installing renewable energy systems like solar panels or wind turbines. These incentives can come in the form of tax credits, grants, rebates, or net metering programs that allow you to sell excess electricity back to the grid.

Energy Audits and Assessments: Some utilities or local organizations provide energy audits or assessments for homes or businesses. These assessments help identify areas where energy efficiency improvements can be made. In some cases, the cost of the audit or assessment may be subsidized or even offered for free.

Financing Options: Utilities or third-party organizations may offer low-interest loans, on-bill financing, or other financing options to help fund energy efficiency projects. These programs can make it easier for customers to afford the upfront costs of energy-saving upgrades.

It's important to note that the availability and specifics of these rebates and incentives can vary widely depending on your location and the programs offered by your local utility or government. These programs are often complex and require end-to-end management, coordination, and implementation. Constellation can review your project scope and site list to determine which sites may be eligible for rebates or other incentives, helping you to prioritize projects. We'll help you optimize your schedule, making sure you are aware of deadlines. This optimization process could provide rebate revenue which you may choose to reinvest back into your budget, fund more projects, and achieve more savings.◆

Constellation – 24/7 access to billing and energy usage data

A GREEN PATH FORWARD

EMC INSURANCE

In an era where environmental concerns are front and center, manufacturers striving to maintain eco-friendly practices must carefully navigate a landscape riddled with regulations. While the path to sustainability may be challenging, insurance carriers can help your business meet its environmental and energy management goals.

Here are five tips from an insurance carrier's perspective on going green.

1. Chemical Substitution for Safety and Savings

Substitute hazardous chemicals with biodegradable and less harmful alternatives. Not only does this mitigate exposure risks for workers and the environment, but it can also lead to cost savings through reduced health and environmental liabilities—resulting in fewer potential claims and a greener footprint.

2. Breathe Easy: Enhance Respiratory Protection with Efficiency

Improving ventilation systems can enhance worker safety. However, addressing this often requires careful consideration of energy expenditure. Manufacturers can integrate air filtration and energy recovery systems, effectively striking a balance between maintaining clean air and conserving energy. There are dual benefits to this initiative—promoting health while reducing energy consumption.

3. Quieting the Workplace Saves More Than Just Ears

By investing in quieter equipment, manufacturers not only preserve employee hearing but also sidestep the costs of extensive hearing conservation programs, which generally involve purchasing numerous foam earplugs that contaminate the environment and break down slowly. While this might involve higher upfront expenses, the long-term savings, both in terms of financial and environmental impact, are undeniable.

4. Responsible "End-of-Life" Considerations

Manufacturers should think beyond the production phase and consider the entire lifecycle of their products. Try incorporating recyclable, biodegradable, or reusable materials into product design. By doing so, manufacturers contribute to a circular economy, reducing waste and minimizing their environmental footprint.

5. Embrace Renewable Energy Opportunities

The growing presence of solar energy farms signifies a monumental shift toward sustainability. Manufacturers with available land can tap into this trend, not only decreasing their carbon emissions but also potentially generating surplus energy. Renewable energy can minimize risk exposure by mitigating carbon-related liabilities.

When manufacturers team up with insurance carriers to adopt eco-friendly practices, they not only help the environment but also make their workplaces better. By using cleaner technologies, you can improve air quality and safety for employees. This leads to happier workers who take pride in their green workplace.

Insurance carriers can be a valuable partner in your environmental and energy management journey, providing industry-specific expertise, a holistic view of risk, and solutions that align environmental responsibility with business success. As manufacturers and insurers collaborate, a more sustainable and resilient future can be forged—one where regulatory challenges are met head-on, energy management is optimized and the planet benefits from reduced environmental impact.

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MANUFACTURER OBLIGATIONS UNDER THE DAY AND TEMPORARY LABOR SERVICES ACT

GREENSFELDER, HEMKER & GALE, P.C.

On August 4, 2023, Illinois Governor J.B. Pritzker signed into law amendments to the Day and Temporary Laborer Services Act (the Act), which governs staffing companies and their third-party clients (e.g. manufacturers). The amendments became effective immediately.

On August 7, 2023, the Illinois Department of Labor (IDOL) filed emergency rules effective immediately and proposed permanent rules to implement the amendments. The emergency rules are in place for at least 150 days (from August 7, 2023), or once the proposed permanent rules are adopted, after a 45-day public comment period set to expire on October 2, 2023, whichever comes first.

Notably, on September 13, 2023, the Joint Committee on Administrative Rules (JCAR) unanimously objected to the emergency rules. While the recently passed amendments to the Act itself and emergency rules are still in place, the objection by JCAR requires the IDOL to respond within 90 days and cure several deficiencies in the proposed permanent rules before they can be adopted. As of the publishing of this article, the IDOL had not responded to the objection.

Laborers' right to refuse a placement if there is a labor dispute

Under the Act, staffing companies cannot send a laborer to a manufacturer's facility if there is "a strike, a lockout, or other labor dispute" occurring at the manufacturer's facility where placement is to occur unless the staffing company provides the laborer with appropriate notice in writing at or before the time of placement and in a language the laborer understands. The notice must inform the laborer of the labor dispute and the right to refuse that assignment without prejudice to receiving another assignment. As of the publishing of this article, the applicable rules define "Labor dispute" as "any controversy concerning wages, hours, terms or conditions of employment." Manufacturers must be aware that this overly broad definition arguably could encompass, for example, complaints lodged alleging discriminatory/harassment/retaliation in the workplace, administrative complaints filed with the EEOC, IDHR, NLRB or OSHA, lawsuits, or internal complaints received regarding specific work rules affecting employees' wages, hours or terms and conditions of employment.

Equal Pay for Equal Work

Under the Act, upon request from a staffing company, a manufacturer to which the laborer has been assigned for more than 90 calendar days within any 12-month period (consecutively or intermittently) is required to timely provide the staffing company with all necessary information related to job duties, pay, and benefits of a comparable directly hired employee of the client. This is necessary for the staffing company to comply with the Act's requirements of paying that laborer not less than the rate of pay and equivalent benefits as the manufacturer's lowest paid directly hired employee who has the same level of seniority as the laborer and is performing the same or substantially similar work on jobs requiring substantially similar skill, effort, and responsibility under similar working conditions.

The 90-day count started August 5, 2023, the day after the effective date of the amendments, but, importantly, includes only days actually worked by a laborer for the manufacturer within a 12-month period, not simply the total duration of the contract or assignment. The days worked may be intermittent and do not have to be consecutive. There is no minimum number of hours that work must be performed for a workday to be counted toward the 90-day total. In other words, any calendar days on which the laborer shows up to the manufacturer's work site to work should be counted toward the 90-day total.

"Benefits" means health care, vision, dental, life insurance, retirement, leave (paid and unpaid), other similar employee benefits, and other employee benefits as required by state and federal law. A staffing company may pay the hourly cash equivalent of the actual cost of the benefits in lieu of providing the benefits unless prohibited by state or federal law. As the laborers are solely the employees of the staffing company, manufacturers should not compute on behalf of or for the staffing company the cash equivalent hourly rate; rather, they should provide the necessary information to the staffing company for it to perform that calculation on behalf of its employee (i.e. the laborers). At this time, under the applicable rules, if there is no comparable employee, the staffing company must pay the laborer not less than the rate of pay and equivalent benefits of the manufacturer's lowest paid directly hired employee with the closest level of seniority to the laborer. This has significant implications, for example, if there is no comparable employee currently employed by the manufacturer, and the "lowest paid" directly hired employee at the manufacturer with the same level of seniority is an executive. It is hoped that the IDOL will address this issue through supplemental rule-making in response to JCAR's objections.

Safety, health practice and hazard disclosures, and training responsibilities

Under the Act, prior to a laborer reporting to a manufacturer's worksite, the manufacturer must disclose its safety and health practices and all known hazards at the worksite to the staffing company. This is necessary because the staffing company is required to provide safety training before a laborer's first day at a manufacturer's worksite. The training must cover all existing job hazards at the worksite known to the manufacturer or the staffing company. Manufacturers also are required to provide training to the laborers tailored to the particular hazards at the worksite and any specific tasks the laborer will be performing.

Increased Fees and Penalties

Staffing companies and manufactur-

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ers are subject to civil penalties between $100 and $18,000 for violations, and between $250 and $7,500 for each repeat violation. Each violation constitutes a separate and distinct violation for each day the violation continues or for each laborer who is aggrieved.

Civil Litigation Initiated by an "Interested Party"

There is now a private right of action for any "interested parties" who have a "reasonable belief" that a staffing company and/or a manufacturer has violated the Act in the preceding three years. An "interested party" is "an organization that monitors or is attentive to compliance with public or worker safety laws, wage and hour requirements, or other statutory requirements." Prior to filing a lawsuit, the interested party must first submit a complaint with the IDOL and obtain a notice of right to sue letter. Importantly, violations cured at the IDOL stage appear to prohibit an interested party from filing a lawsuit.

Because the amendments change the temporary worker landscape, manufacturers using day or temporary laborers must take immediate steps to address compliance. They should not attempt to navigate these new obligations without the assistance of legal counsel. For example, for manufacturers that use temporary labor, under a joint employment theory, they can be legally liable to the laborers if a staffing company fails to pay the proper hourly rate, or provide the required benefits, and can be sued by the laborers in a class action. Most template staffing company agreements are drafted to favor solely the staffing company. Thus, it is strongly recommended that manufacturers have legal counsel review such agreements to reduce risk, limit their liability, and provide other benefits that generally are ignored in staffing company template agreements. ◆

PVS CHEMICAL SOLUTIONS: A LEGACY OF INNOVATION AND EXCELLENCE SINCE 1945

Origins and Early Endeavors: PVS Chemical Solutions, Inc., originally known as "Pressure Vessel Service, Inc.," has a remarkable history that traces its roots back to Detroit, Michigan, in 1945. Founded by Floyd A. "Nick" Nicholson and his partners, the company initially embarked on the journey of cleaning boilers and pressure vessels. This niche service proved valuable in post-war America, where industries were booming, and there was a growing need for maintenance and upkeep of critical infrastructure. These early endeavors laid the foundation for the company's future evolution and success. However, the true turning point for the company came when Mr. Nicholson recognized an opportunity to pivot the business model.

Pioneering into Chemical Distribution: Mr. Nicholson's innovative thinking led to a significant shift in PVS's business plan. Leveraging the company's expertise and experience with hydrochloric acid, which was previously used in the cleaning of pressure vessels, PVS began delivering this chemical to other industries. This strategic move marked the company's entry into the chemical distribution business and laid the groundwork for its future success.

Leadership in Sulfuric Acid Manufacturing: While the company initially focused on hydrochloric acid distribution, it was not content with resting on its laurels. In the 1960s, PVS Chemical Solutions, Inc. expanded its horizons and ventured into the sulfuric acid manufacturing space. This bold move set the stage for the company to become a globally recognized leader in the production of this essential chemical.

The journey into sulfuric acid manufacturing was marked by challenges and complexities, but PVS' unwavering commitment to its core values of integrity, quality, and customer satisfaction, known to the company as 'the Nicholson Nine,' continued to be its guiding light. The company's dedication to delivering high-quality chemical products and exceptional customer service allowed it to navigate these challenges successfully.

Success in Chicago: PVS' Chicago facility operates on a plant that is 130-years old this year, originally built by Chappell Chemical in 1893 with a riveting history behind it. "The plant was originally built here in the old industrial sector of Chicago in conjunction to service the industries around it, so it's interesting," said Dean Larson, President of the Solutions Division at PVS. "It really goes to show that if we hadn't pivoted then, we would have been out of business a long time ago being as all of the supporting businesses have dissipated."

PVS has maintained most of the original buildings over the years, and on site each building is marked with the year in which it was completed, preserving its rich heritage. While outlasting the industries the plant was built to support is no small feat, PVS was able to do so through constant adaptation and expansion of their product line.

A Diverse Portfolio of Solutions: Today, PVS stands as a best-in-class manufacturer, distributor, and marketer of high-quality chemical products. The company has diversified its offerings to cater to a wide range of industries, including water treatment, steel and automotive, crop nutrient and processing, and electronic chemicals. PVS Chemical is not just a supplier but a partner that provides specialized solutions to its customers, addressing their unique needs and challenges. This has been the basis for success at PVS, and they are always looking for the next opportunity to expand. While PVS is one of many US manufacturers of sulfuric acid, they are the one of

just two manufacturers that produce ultra-high purity sulfuric acid, and the company has its eyes set on expanding their production of ultra-high purity to support the booming semiconductor industry in the US.

Family-Owned and Operated: A Commitment to Values: One of the most remarkable aspects of PVS is that it has remained a family-owned and operated business since its inception, now in its third generation of leadership. This family-oriented approach has had a profoundly positive impact on the company culture. In a family-owned business, employees often feel a greater sense of belonging and loyalty, and it is very apparent that this is the case at PVS. "We've never had a forced layoff or a strike at this plant. So, for us, it all goes back to the Nicholson Family Values—we want our employees to believe that when they come to work here, they can potentially retire from here if that's what their desire is," said Larson.

Sean Dunkle, Plant Manager expanded, "it is really evident how we take care of our people here when you look at how low our turnover rate is. I think it goes a long way when we do the right thing and care for those around us. If we take care of them, they'll take care of the business, and that's exactly what they do."

"We want our people to come to work and leave the same way they came in every day with no issues. It's a hazardous product that we handle here so we have to spend a lot of time focused on the safety aspect of it," Larson explained. The family's values and long-term vision for the company are deeply ingrained in the company culture, fostering a commitment to safety, sustainability, and community above all else. This sense of unity and shared purpose has contributed to PVS Chemical's success in building lasting relationships with both customers and employees.

Community Engagement: PVS has always recognized the importance of being a responsible corporate citizen. The company actively engages with the local community, supporting various charitable and educational initiatives. They have also committed to exceeding sustainability at the Chicago plant through their partnership with ESG on the Cogen Project which will use the wasted steam to generate power. The company has invested upwards of S14 million in the project with aims of eliminating over 12,700 tons of CO2 emissions per year, lessening utility interruptions from voltage trips, and reducing purchased water and chemical consumption. Through a multitude of efforts, PVS Chemical Inc has made a positive impact on the lives of many.

Conclusion: PVS Chemical Solutions, Inc.'s journey from a small pressure vessel cleaning service to a globally recognized leader in chemical manufacturing and distribution is a testament to innovation, adaptability, and a relentless commitment to excellence. Throughout its history, the company has embraced change and navigated through challenges, always guided by its core values. Today, PVS continues to thrive, serving diverse industries and delivering high-quality chemical products that contribute to the success of its customers worldwide. It stands as a shining example of how vision, determination, and a dedication to core principles can lead to lasting success and a legacy of excellence.

As the only U.S. owned manufacturer producing ultra-high purity sulfuric acid, PVS not only meets industry demands but sets new standards for quality and innovation. Its legacy is not confined to the past; it's a story of resilience, evolution, and a future where PVS continues to lead and inspire within the ever-evolving chemical landscape.♦

IMPLEMENTING A MICROGRID: BENEFITS, CHALLENGES & LESSONS LEARNED

G&W ELECTRIC

In today's fast-paced world, an uninterrupted power supply is more than a luxury; it's a necessity. A minor power outage can spell disaster for businesses, causing revenue loss, product damage, and customer dissatisfaction. The stakes are even higher for mission-critical organizations such as hospitals and military bases, which rely on constant power for public safety and national security. As a result, many of these organizations look to a microgrid solution for premium power and peace of mind.

We share the story of our microgrid implementation here to help organizations who are considering installing a microgrid understand the benefits, challenges, and rewards of embarking on a microgrid journey.

A Pivotal Decision

As a global supplier of electric power equipment, our microgrid journey began when a small glitch in the power system caused downtime in our molding facility. We did have a backup generator in place at the time, yet the transition to this source during outages was not instantaneous. Add to this, our molding equipment was extremely sensitive to power disruptions lasting over five cycles. For any outage longer than five cycles, we lost tens of thousands of dollars and were burdened by added maintenance and discarded materials.

This predicament led us to embark on a revolutionary endeavor. In 2017, we resolved to construct a microgrid right within our campus. The microgrid's core purpose was to furnish uninterrupted, high-quality power, and shield us against the potential havoc wreaked by external grid failures.

Components Powering the Vision

Our microgrid took shape, composed of six critical components:

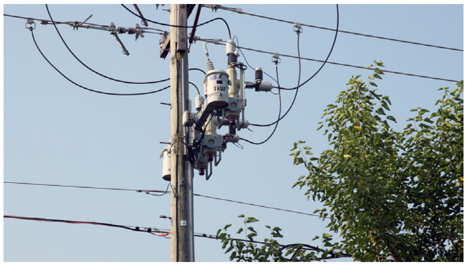
Rooftop Solar Array: Crowning our campus, a 2-megawatt (MW) solar farm was born. Boasting nearly 6,000 bi-facial photovoltaic solar panels sprawled over 370,000 square feet, the solar farm harnesses energy from both direct sunlight and reflection.

Battery Storage System: At the heart of our microgrid stands a modular Flow Battery Energy Storage System (BESS). With four 500-kilowatt (KW) blocks, it has a robust capacity of 2 MW for four hours, extendable to 3 MW for two hours if the need arises. In addition, it utilizes a vanadium electrolyte solution, which is non-degrading and fireproof.

Flywheel: A rapid responder, the flywheel detects outages in a mere ¼ cycle, rapidly dispensing backup power while the battery and solar farm kick in. It can deliver 1 MW of power for 68 seconds.

Generator: The robust backbone of the microgrid, a 2 MW diesel generator stands ready to step in during prolonged outages. It ensures power continuity when sunlight is elusive, or weather is adverse.

Medium-Voltage Switchgear: We harnessed our own 15.5-kilovolt (kV) switchgear to tie the campus together electrically. This seamless integration provides comprehensive control and constant data monitoring of the microgrid.



Pole-Mounted Reclosers: For enhanced power reliability, we leveraged our own reclosers, which enable a rapid transfer to an alternate power source within 10 seconds of a primary feeder failure.

These components effectively converge to offer an unwavering power solution. Instantaneously triggered by utility outages, our microgrid responds, supplying high-quality, renewable energy. And if nature wreaks havoc or outages extend, our diesel generator assures continued manufacturing operations.

Trials and Tribulations

No grand endeavor comes without challenges. Ours spanned three categories – structural, utility-related, and local government hurdles. While each microgrid initiative presents unique trials, organizations contemplating similar paths must be primed for these critical considerations:

Structural Challenges: Our first obstacle surfaced during the solar array installation atop our recently refurbished roof. Piercing the roof's weather-proofing membrane would void the warranty on the new roof. To address this, a specially designed cinder block ballast system was developed to weigh the panels down without harming the roof. Another structural challenge was the batteries' substantial weight, which necessitated an intricately engineered support pad, entailing a continuous pour of concrete to avert cracking—adding logistical and traffic considerations to the plan.

Utility Hurdles: Technical constraints in existing infrastructure confronted us. When transferring to the alternate source, isolating solar generation and battery storage to align with the utility's capacity would be required. Months were consumed establishing an interconnection agreement with the utility, a process crucial for distributed energy system compliance. This delay was, in part, attributable to the COVID-19 pandemic, but regardless, it was a very time-consuming process.

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Local Government Obstacles: Unexpected local ordinances necessitated an enclosure wall around the battery storage system, straining budgets. Then, geographical nuances, including the proximity to a neighboring municipality's underground well, demanded meticulous project adjustments and additional permits. Finally, safety codes had us switch from a centralized inverter to string inverters for use in the solar farm in order to allow for rapid shutdown in an emergency.

5 Key Insights for Microgrid Implementation Success

In the end, our venture proved a resounding success, paying for itself while ensuring smooth operations. Along the journey, we amassed five crucial insights for organizations looking to implement their own microgrid:

1. Have Goal Clarity: Organizations must articulate their unique reasons for pursuing a microgrid. Clear objectives – whether environmental, financial, or continuity-driven – will help ensure that your solution best meets your needs.

2. Conduct Thorough Research: Early and meticulous studies are indispensable. Understanding environmental regulations, local laws, utility capabilities, and potential contingencies can save substantial resources and time.

3. Practice Effective Communication: Coordinating and communicating with numerous vendors to ensure compatibility, timely deliveries, and more, is pivotal. Such coordination can pose several challenges but commitment to effective communication will help to ensure success.

4. Be Adaptable: Unforeseen challenges will inevitably arise. Adaptability and agility enable overcoming these hurdles, whether due to vendor changes, supply chain disruptions, or shifting regulations.

5. Know Metering Responsibilities: Transitioning to primary metering (relinquishing utility ownership), requires diligent coordination. Know who is responsible for the various components to ensure that the right equipment and connections are in place.

The Payoff that Pays off

In a matter of months of being commissioned, our microgrid unveiled its prowess, shielding us from a dozen potential outages and saving nearly half a million dollars in product and materials. On some days, we are even able to "spin the meter back," selling excess energy back to the grid or charging the battery system.

Remember, while our experience provides invaluable insights for others venturing into the microgrid domain, each project will be as distinctive as the institution it serves. Use the advice and insights we share here to inform your journey to microgrid success.◆

TAX INCENTIVES FOR THE CONSTRUCTION OF GREEN ENERGY FACILITIES COME WITH STRINGS ATTACHED

AMUNDSEN DAVIS LLC

On August 29, 2023, the U.S. Department of the Treasury and the Internal Revenue Service (IRS) released more guidance and proposed rules on key provisions in the Inflation Reduction Act (IRA) that requires employers to meet certain labor mandates involving apprenticeship mandates, prevailing wage requirements and possible forced unionization on green energy construction projects. While prevailing wage and apprenticeship requirements are not something new, investors, developers, and employers who do not fully understand these requirements will likely face legal liabilities and issues that they did not expect because compliance is difficult. Additionally, the likely insistence that a Project Labor Agreement (aka union-only contract) be implemented on such projects certainly adds to potential labor headaches and restrictions. The proposed rules are subject to public commentary and a public hearing later this year. It's anticipated that the final rules will be in effect sometime in 2024.

The IRA's prevailing wage and registered apprenticeship requirements apply to the clean energy tax incentives under the law, including the clean energy investment and production tax credits that help finance utility-scale wind, solar, and battery storage projects as well as for the credits for carbon capture, utilization, and storage and clean hydrogen projects. This includes and covers the construction, alteration, and repair of these facilities. If the prevailing wage and registered apprenticeship requirements are satisfied, a taxpayer can claim an enhanced credit or deduction equal to up to five times the value of the regular credit or deduction. Of course, non-compliance will result in fines and penalties being assessed by the IRS.

Any entity seeking the IRA's tax incentives must pay prevailing wages to construction workers building clean energy projects in strict accordance with the U.S. Department of Labor's rules under the Davis-Bacon Act. This essentially means that such workers must be paid union-scale based on the geographic area and the type of work to be performed. With respect to the apprenticeship requirements that must be met, those seeking the IRA's tax incentives must also ensure that apprentices—workers registered in a U.S. Department of Labor apprenticeship program—perform a certain number of labor hours on the project. The labor hours requirement provides that a minimum percentage (12.5% in 2023 and then rising to 15% percent in 2024 forward) of the total labor hours for such a project must be performed by apprentices. There is also a precise apprenticeship to journey worker ratio requirement, which ensures that there are sufficient experienced workers to oversee apprentices, and a participation requirement which requires contractors and subcontractors to utilize apprentices across the full range of work performed, rather than limiting them to one type of work. Additionally, contractors and subcontractors that employ four or more individuals to perform construction, alteration, or repair work on a facility must employ at least one qualified apprentice. In essence, the work to be performed will be inevitably "sliced and diced" in such a way that the labor costs will be significantly higher than what many will likely anticipate. Moreover, finding available apprentices who are actually registered with a U.S. Department of Labor apprenticeship program will be difficult. Apprenticeship rates are down across many trades and the ongoing labor shortage has made finding apprentices very difficult. While the proposed rules do contemplate a "good faith" exception if apprentices are not available, employers will certainly face battles with the federal government in meeting the exception—especially when they are utilizing a non-union workforce.

The proposed rules also provide incentives for the adoption of Project Labor Agreements. A Project Labor Agreement is a type of construction contract that mandates contractors adopt and strictly adhere to area-wide union construction contracts. This will inevitably result in more union-only projects and will further add to inefficiencies created from "slicing and dicing" the work amongst a variety of union trades claiming certain distinct "parts."

Of course, Illinois manufacturers should already be familiar with legislation passed in late 2021 that requires workers on many, if not most, photovoltaic and other renewable energy projects in Illinois to be paid in accordance with the Illinois Prevailing Wage Act (IPWA). Additionally, these same projects may require non-union contractors to be bound by a Project Labor Agreement with labor unions where the system and process make it impossible to remain non-union. Illinois law also requires utility-scale wind and solar projects linked to certain state agency procurements to be constructed under a Project Labor Agreement and in strict compliance with the IPWA on most non-residential wind and solar jobs linked to new Renewable Energy Credits.

With all of this in mind, developers, owners, general contractors, and subcontractors are advised to carefully scrutinize green energy projects and become intimately familiar with all of the strings attached to such projects where public funds are utilized and/or tax incentives are sought.◆

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RAILROADS LEADING THE WAY ON GREEN EFFORTS

ILLINOIS RAILROAD ASSOCIATION

Our state has long been the epicenter of North American transportation, especially within the railroad industry. Chicago is the hub of a railroad spoke system that runs from the Atlantic to the Pacific, and from Canada to Mexico. The Illinois side of the St. Louis region is a historic rail area that brings together railroad, barge, and truck transportation in the heart of our nation. And from the Wisconsin border to the Ohio River, almost 7,000 miles of freight railroad tracks within the Land of Lincoln help our state's manufacturers deliver their goods to the world market.

The competitive advantage of using freight railroads for long-haul transportation is well known; it's a cost-effective way to move items. But what is not as well-known are the environmental benefits of shipping by rail; benefits which continue to improve as emerging technologies for decarbonization become tested and more readily available.

Today, railroads are the most environmentally friendly mode of transporting products across land; manufacturers in Illinois can ship a ton of freight almost 500 miles on railroads using just a single gallon of fuel. The unique nature of steel wheels on rail and the streamlined aspect of trains makes it possible. This allows Illinois railroads to have the lowest emissions in the freight transportation sector, accounting for only 0.5% of total U.S. greenhouse gas emissions.

But the rail industry is not resting on where it is today. Having such low emissions and being the overland green transportation leader only serves to motivate our Class 1 railroads as we intently work toward decarbonization and reducing our impact even further.

All six of our North American Class 1 railroads have worked with the Science Based Targets initiative to individually develop an approved target for a reduction in greenhouse gas emissions. Railroads are not only cutting GHG emissions for long-haul operations, but also in railyards as we look toward battery-powered switcher locomotives, zero-emission electric cranes, and decarbonizing service trucks, all items which can be manufactured here in North America. Efforts to lower emissions in railyards are especially important as these facilities are often located in urban areas that experience the impact of significant transportation congestion.

Railroads also work with our partners in locomotive manufacturing and the refining industry as we transition to fuel such as biodiesel and renewable diesel. The State of Illinois helped lead these efforts recently with the extension of tax incentives for production of biodiesel, leading to more usage of this fuel and a reduction in our carbon footprint.

We are amid a transformative time in the railroad industry, with significant investments toward decarbonization being made by our railroads. Each year over $20 billion in capital investments are made into the systems of our Class 1 railroads, and increasingly those dollars are spent to meet sustainability goals.

Our railways certainly compete against each other for business, but that is not stopping collaboration on environmental plans. For example, CPKC and CSX are partnering to build hydrogen conversion kits for diesel electric locomotives. Union Pacific, Norfolk Southern, BNSF, and CN have instituted efforts to use battery-powered or lower-emission locomotives, especially in railyards, while also testing their capability for wider use in their systems.

North American railroads and our manufacturing sector have long worked together to deliver the products that people use every day. We are dependent upon one another to ensure our businesses run smoothly and profitably. With a renewed vigor for manufacturing in North America, there is a real opportunity for Illinois to advance policies encouraging investments in our state's businesses to continue the leading role our sectors play. Whether it is building railroad-related products here, or timely delivery of the items made in Illinois, it is important that we partner together as we move the economy of our state forward.◆

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MANUFACTURERS MUST LEAD BY EXAMPLE TO INCREASE SUSTAINABILITY EFFORTS

TEK PAK

Manufacturers are known for innovation, and as the world embraces sustainability, our industry must evolve too. Governments and consumers worldwide are demanding greater environmental responsibility. While regulations vary, the need for action is universal. At Tek Pak we've embarked on a sustainability journey. We're setting ambitious goals, aiming to achieve net-zero carbon emissions by 2033. Just as we routinely think outside of the box to find solutions for our customers, we must think outside of the box to help us reach these challenging, but achievable, goals.

Collectively, our industry will be best served by taking a holistic approach that not only includes making investments in day-to-day operations but also exploring alternative solutions to meet customer demands for greater sustainability in the supply chain. With so much at stake, where do manufacturers begin?

Setting a Goal | Defining the Mission

In any corporate endeavor, it's crucial for leadership to establish a clear mission and incorporate accountability measures to ensure project success. Equally important is leadership's belief in the goals they are striving to achieve. In the years to come, preserving our environment as we know it will become increasingly difficult without making changes in our lifestyles to reduce our footprint on this earth. At Tek Pak, we have set a bold agenda, and have defined our mission to reduce our carbon footprint. To reach net zero-carbon emissions by 2033, we must embrace a mix of strategies, including product and materials recycling, building sustainable vendor partnerships, and developing new sustainable product solutions for customers. This is a large undertaking, but our confidence in achieving these goals stems from our commitment to holding ourselves accountable. Work towards our carbon neutrality goal was initiated by the formation of an internal Sustainability Committee at the beginning of 2023. The committee convenes weekly to drive Tek Pak's sustainability agenda forward, ensuring that we remain on track. Additionally, we are actively working towards ISO 14000 registration, with the aim of achieving this milestone by Q3 of 2024.

Leading by Example | Proactive Changes in Internal Operations

As many manufacturers often involve high-energy usage and materials that contribute to environmental challenges, how can we reduce our carbon footprint? The answer lies in our ability to innovate.

Programs and resources are available for manufacturers seeking to make strides in sustainability efforts. Earlier this year, we proactively sought an audit of two of our facilities under the Department of Energy's (DOE) Industrial Assessment Center (IAC) program by the University of Illinois Chicago. The final DOE reports have been issued and recommendations outlined; the improvement recommendations were then submitted to DOE's Workstream 1 Implementation Grant Program for 50% cost share reimbursement.

Tek Pak also became a member of the International Molded Fiber Association in 2023 and is currently developing new sustainable uses for microfiber/molded fiber packaging; our R & D department is working with pulp formulations to find sustainable solutions for customers. Additionally, we operate in the thermoforming industry, specializing in the development of products and packaging for electronics, healthcare, food, and industrial sectors—most using materials made from plastics. While we're advancing alternative packaging solutions derived from our molded fiber division, we recognize the importance of starting with our existing processes to ensure we're being responsible with what we do every day—that includes internal operations and practices on our shop room floors, as well as the relationships we have our suppliers. Operationally, there are several steps companies can take today to make meaningful strides in reducing their carbon footprint, just as we have done at Tek Pak:

• Energy Efficiency: Implementation of the Indoor Air Quality Control (IAC) improvements starting with replacement of existing lighting with an LED equivalent. We will also be installing Variable Frequency Drives (VFDs) for chiller pump motors and fixing any remaining compressed air leaks. Installing photovoltaic systems is envisioned and in the planning stages.

• Installation of Reverse-Osmosis Drinking Water Stations: Installation of reverse-osmosis drinking water stations in facilities and providing reusable water bottles to all our employees to reduce the use of bottled water.

• Development and Expansion of Internal Recycling Programs: Our internal committee now publishes a monthly e-newsletter to keep Tek Pak employees and stakeholders informed about our sustainability activities. We provide educational materials to engage everyone in our journey toward building a circular economy.

• Proper Handling of Materials on Shop Floors: In production areas, ensure that recyclable materials are placed in designated recycling bins, and non-recyclables are disposed of correctly. Contaminants placed in recycling bins and dumpsters pose not only sorting challenges but can also damage recycling processing equipment. Unlike curbside collection at homes, businesses can face contamination fees for improper disposal.

• Recycling Industrial Plastic Scrap: Tek Pak has a longstanding commit-

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ment to recycling industrial plastic scrap that can be replicated across the industry. Trim and setup scrap generated during the production of our carrier tape product is sent to a local plastic recycler for re-pelletizing. We then re-extrude the recycled plastic into new packaging, contributing to the closure of the industrial plastic recycling loop. Any plastic trim waste that we cannot reuse for our own products gets sent to local recycling centers where it is reprocessed and sold on the recycled plastic market.

• Repurposing Unused Equipment and Materials: Machines, parts, screws, bolts; all can be harvested from other equipment that is no longer in use. That tradition has remained at Tak Pak since our inception more than thirty years ago. Any equipment, even office furniture, can be stored and repurposed to fill current needs.

• Fun and Competitive Incentives: In the spirit of employee engagement, we're launching a competition among three of our manufacturing locations. The goal is to determine which location can achieve the most significant reduction in recycling and waste disposal costs compared to historical baseline data. Employees at the winning location will receive an incentive, which is yet to be determined.

Sourcing and Supply Chain Evaluation

In addition to making changes to operations, manufacturers should also look to innovate throughout their supply chains, including sourcing more sustainable office and factory supplies. For instance, consider the shift to biodegradable gloves that naturally decompose in a landfill within just 2.5 years, a significantly faster rate than untreated gloves. Just as we carefully select our supplies, many of us play a vital role in the supply chain for others and have a responsibility to produce products and parts that can also become part of the circular economy. In line with this commitment, Tek Pak joined the Association of Plastic Recyclers (APR) in 2023. This affiliation equips us with the necessary tools to enhance our effectiveness in advancing the circular plastics economy. Additionally, APR offers resources to assist manufacturers in designing products that are more easily recyclable. Our journey towards ISO 14000 registration is slated to commence in 2024.

As manufacturers in energy-intensive industries, reducing our carbon footprint is a challenge. But innovation is our strength. Every company has a responsibility to do its share to help contribute to environmental sustainability. The future cannot be too hot to handle. As an industry, action must be taken now that is intentional, committed, and beyond all other measurements: effective.◆

CONFRONTING THE FEDERAL REGULATORY ONSLAUGHT—IN ILLINOIS AND NATIONWIDE

NATIONAL ASSOCIATION OF MANUFACTURERS

There has been a manufacturing boom in America, and President Joe Biden is seeking to take some credit. The president has certainly brought about major legislative achievements to bolster manufacturing competitiveness, particularly the Bipartisan Infrastructure Law and the CHIPS and Science Act. But now manufacturers—especially small and medium-sized companies—are being walloped by a regulatory onslaught from his administration. The president's manufacturing legacy is now threatened by his own regulatory agenda.

A slew of unbalanced regulations, spread across dozens of agencies, are holding back manufacturers' potential, making it that much more difficult to create jobs, invest in new equipment and technologies and build new products. Business leaders are no strangers to an uncertain or challenging regulatory environment, but the Biden administration's new and revised regulations are among the most burdensome and costly red tape that manufacturers have faced in years.

Unbalanced regulations are forcing manufacturers to make sacrifices that hurt their overall competitiveness. According to the National Association of Manufacturers' Q2 2023 Manufacturers' Outlook Survey, roughly 63% of manufacturers are spending more than 2,000 hours per year complying with federal regulations, and approximately 17% report spending more than 10,000 hours. In this survey, 65.0% of respondents said they would purchase more capital equipment if the regulatory burden on manufacturers decreased, with 46.9% increasing compensation, 43.2% hiring more workers, 40.1% investing in research and 38.1% expanding their U.S. facilities. In other words, unbalanced regulations are holding back our industry's competitiveness.

Among the biggest challenges with the Biden administration's regulatory proposals is that they set goals that are either unachievable, difficult to measure or outright contradictory. Some manufacturers have warned the NAM that there are instances where complying with the mandate of one regulation could lead them to breaking the law in other areas. Some manufacturers that make critical raw materials, such as clean hydrogen and lithium-ion batteries, have ultimately had to build facilities abroad rather than in the U.S. because of regulatory uncertainty and the resulting delays. This can be a major hurdle even for large manufacturers that have extensive access to legal advice and experience dealing with shifting federal regulations; for SMMs with limited resources, it can be even more disruptive.

> **"IN THIS SURVEY, 65.0% OF RESPONDENTS SAID THEY WOULD PURCHASE MORE CAPITAL EQUIPMENT IF THE REGULATORY BURDEN ON MANUFACTURERS DECREASED, WITH 46.9% INCREASING COMPENSATION, 43.2% HIRING MORE WORKERS, 40.1% INVESTING IN RESEARCH AND 38.1% EXPANDING THEIR U.S. FACILITIES. IN OTHER WORDS, UNBALANCED REGULATIONS ARE HOLDING BACK OUR INDUSTRY'S COMPETITIVENESS."**

The impact of many of these regulations will likely be felt far and wide. For example, the Environmental Protection Agency's new National Ambient Air Quality Standard for particulate matter, often referred to by its designation of PM2.5, threatens to undercut manufacturing competitiveness severely. The EPA is seeking to lower the acceptable level of particulate matter in the air, but doing this could require some manufacturing facilities to shut down altogether. The NAM commissioned a study by Oxford Economics to evaluate the impact of the PM2.5 proposal, and the research shows that the rule threatens to curtail as much as $197.4 billion of economic activity and put hundreds of thousands of jobs at risk. According to the study, this regulation alone could jeopardize $6.7 billion of manufacturing activity in Illinois. This would be especially devastating in areas that are already struggling to come into compliance with the EPA's current standards. Illinois would be among the three states most exposed to the impact of these new, unbalanced standards.

The NAM is working closely with the Illinois Manufacturers' Association, our official state partner, and President and CEO Mark Denzler, to inform policymakers about the dangers of the PM2.5 proposal. The IMA has been instrumental in informing policymakers about the dangers of the PM2.5 proposal and has made manufacturers' voices heard on the potential ramifications of the regulation through testimony and public comments to the EPA and with media outreach.

But this EPA proposal is just one out of more than 100 regulations that the NAM is concerned will seriously harm manufacturing competitiveness in the U.S. The Biden administration's regulatory agenda spans a wide gamut, including issues such as employment law; onerous ESG standards for publicly traded companies; corporate governance; and vehicle emissions standards, to name just a few. And even if a regulation ultimately ends up being rescinded before hitting the books, manufacturers still have to spend time and money preparing for the potential impact of a rule being implemented.

So, what can our industry do to push back against the regulatory onslaught? The NAM and our partner associations have formed the Manufacturers for Sensible Regulations coalition, which is engaging with the administration and congressional leaders to illustrate the real-world consequences of regulations. State manufacturing associations across the country, like IMA, are working together to show how these regulations are impacting manufacturing communities across Illinois.

And there's more manufacturers can do to have their voices heard. Besides meetings with administration officials and members of Congress, the coalition is counting on manufacturers of all sizes to share their stories about how regulatory overreach is affecting their teams and their businesses. These stories are by far the most compelling evidence we have to demonstrate the need for the Biden administration to rethink its regulatory approach. You can visit the NAM's online action center at www.nam.org/competing-to-win/regulations/ to learn more, share your story and get involved in outreach to lawmakers.◆

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ESG ACTIONS: A GUIDE FOR MANUFACTURERS

ILLINOIS MANUFACTURING EXCELLENCE CENTER
DAVID BOULAY, PRESIDENT

If there are any constants in manufacturing, it is that new regulations are always being proposed and that these regulations create upfront costs, training burdens, and headaches for manufacturers. As climate change has been at the forefront of the news, ESG (Environmental, Social, and Governance) is gaining significant attention with even the Securities and Exchange Commission (SEC) proposing new rules around ESG.

The ESG framework is a way of evaluating how environmentally friendly, socially responsible, and well-governed a company is. Investors and organizations are using ESG factors more and more to assess the overall environmental sustainability, social responsibility, and ethical behavior of companies. ESG ratings and reports are an input to determine which companies align with their values and long-term goals. Companies that score well on ESG criteria may have a better reputation in the long run and are seen as more attractive suppliers, partners, and potential investments.

So, how does this affect most manufacturers in Illinois, who are small and mid-sized privately held companies not subject to the SEC proposed rules? And how do we blend new expectations and requirements with running a profitable, growing business?

Manufacturing has been here before. The most applicable example that comes to mind was in the 1990s, when total quality management, and the related ISO standards, swept the industry. It was expansive, it was regulatory, and it was navigable. It was also a great transition that led to superior product quality for consumers, training consistency for employees, and a competitive edge.

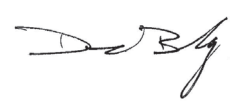
That's why I've been excited to see the attention manufacturing leaders are starting to give to ESG. Those at the forefront will be positioning themselves with a competitive advantage in the industry. They will lead among small and mid-sized manufacturers, both gaining and retaining customers and employees. Not only will they be doing the right thing (being green, helping their communities, etc.) but they will also be improving operations through cost reductions and efficiencies.

So, what are these new reporting requirements looking for? The answer is how companies are adopting sustainable practices to stay environmentally friendly, be good social advocates, give back to their communities, and ensure employee safety. The framework shows how an organization manages risks and opportunities around sustainability issues. It is flexible and can be adapted to each company based on their size, location, industry, and mission.

More and more, manufacturers are enlisting the support of the IMEC team to comprehend how their operations can embrace ESG and bolster their bottom line. Though many seek a concise checklist of actions, it is essential to recognize that ESG encompasses an entire spectrum of considerations. Opportunities to make environmental or social impacts while refining operations can be identified across all departments. Below are examples of ESG-related topics that can also make for good business:

- Clean energy: Engage your electricity supplier to explore Clean Electricity options, even if only for a portion of your energy consumption.
- Behavior-based safety programs: minimize the frequency of health and safety incidents.
- Talent acquisition and retention best practices: Reduce turnover, recruitment, and retention costs through actions to increase employee engagement.
- Expand talent pipelines: intentionally hire justice-impacted individuals or individuals with disabilities leading to reduced retention costs and potential tax incentives
- For food manufacturers, SQF certifications can elevate food safety protocols, thus reducing the risk of fines.
- Waste reduction and environmental programs: Intentional approaches, such as the ISO 14001 standard, to rigorously diminish wastes and improve costs and efficiencies.
- Cybersecurity measures: Safeguard your company, data, and assets to mitigate risks while upholding compliance regulations.
- Strengthen supply chain networks by prioritizing supplier diversity and taking action to forge a more resilient supply chain.

I expect many companies are already working on at least a few of these topics. And, I have no doubt that Illinois manufacturing leaders will apply their entrepreneurial spirit to convert these new expectations into a business asset, fostering your company's enduring success.◆



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MEMBER NEWS

AT&T Distributes Devices at New Life Centers Chicagoland

What's the problem? The lack of large screen devices puts many low-income families at a sizable disadvantage for education and jobs. In the U.S., 41% of adults with lower incomes do not have a desktop or laptop computer.

Who gets the free laptops? We asked trusted groups including the Marillac St. Vincent Family Services, New Life Centers, and local Boys & Girls Clubs to identify students and young adults who need a laptop.

How excited are the students? Take a look here.

Boeing St. Louis Makes Local News Headlines with Site Expansion Request

ST. LOUIS (KMOX) - Boeing announced plans Friday for a two-billion-dollar expansion to its St. Louis County operations, creating about 500 new jobs.

The news follows an announcement in May of the aircraft builder expanding its secretive "Phantom Works" research and prototype unit.

Boeing is not saying exactly what would be constructed in the expansion, which still needs to go through the approval process.

Greater St. Louis Inc. CEO Jason Hall appeared on KMOX's Total Information PM and had this reaction, "Companies don't make decisions like this accidentally. You've got to win on the merits."

Hall said a group of local stakeholders has been engaged on this project for more than a year, "I think it just underscores we're competing differently as a region. We're getting serious about the economy. The business leadership of this region is stepping-up, getting engaged, and trying to win the future."

CADDi raises $89 million in Series C funding

CHICAGO -- July 5, 2023 -- CADDi Inc., a global procurement solutions provider for the manufacturing industry, announced that it has secured a $89 million Series C funding round, raising its total capital to $164 million.

The round was co-led by existing investors including Globis Capital Partners, DCM Ventures, Global Brain, World Innovation Lab (WiL), JAFCO Group and Minerva Growth Partners with participation from four new investment partners.

CADDi Inc., established in November 2017, aims to revolutionize the manufacturing sector by providing two innovative solutions: CADDi Manufacturing, a parts procurement platform, and CADDi Drawer, a cloud service for managing drawing data.

The new investment will be primarily deployed to bolster the "CADDi Manufacturing" division, enhance technological capabilities of "CADDi Drawer," and expand the global workforce to achieve our goals of generating $10 billion in revenue by 2030, with CADDi Drawer contributing over $100 million in ARR within a few years and $1 billion in revenue by 2030.

To achieve our targets, the US office will expand to 100 employees within a year. CADDi, a global company with nearly 600 employees, is focusing on both geographical and vertical growth. The company expanded its supplier operations in Mexico to better serve

American manufacturers. Furthermore, CADDi recently introduced CADDi Drawer in the U.S., a tool designed to help manufacturers optimize their use of drawings — a critical asset in their digital transformation journeys.

CADDi is committed to rapid expansion in pursuit of our mission to unlock the potential of customers, partners, employees, and all entities engaged in manufacturing.

Gilster-Mary Lee announces 2nd Create A Crunch Contest for Local High Schools as Part of October National Manufacturing Month

October is National Manufacturing Month, when manufacturers across the country showcase the importance of manufacturing through a series of events. Manufacturing jobs are an extremely important part of the economy and impact everyone, every day in numerous ways.

"It's critically important for our nation's future that we attract the next generation of creators and makers, dreamers and doers who want to make our world a better place to live. Create a Crunch is a fun and innovative way to encourage kids to explore all facets of manufacturing", said Mark Denzler, president & CEO of the Illinois Manufacturers' Association. "Manufacturing is an economic engine in Illinois, employing more than 650,000 women and men who contribute the single largest share of our economy. The manufacturing sector creates life-saving medicine, feeds the world, transports people and product around the globe and into space, builds our infrastructure, and provides for our nation's defense."

After the success of various celebrity cereals it has manufactured recently, Gilster-Mary Lee launched the Create A Crunch contest in 2023 to reach out to new creators and makers – local high school students near its facilities in Illinois and Missouri. Last year the contest winner from Red Bud High School developed and produced Musketeer Cinnamon Crunch to honor their school in Red Bud, IL.

This year participating students will answer a very timely question about Artificial Intelligence (AI) in manufacturing. What do you think are the best things that AI can do for manufacturing, and do you think there are any things we should be concerned about? The winning student will again work Gilster-Mary Lee to create a custom breakfast cereal featuring their high school. The student will pick the type of cereal, create the packaging, and learn about all that goes into manufacturing food products today. 2500 boxes of the unique cereal will be produced and given to their school. The contest will run through October 31st, 2023.

Gilster-Mary Lee is excited to make Create A Crunch a part of National Manufacturing Month and through it help inspire the manufacturers of tomorrow.

New Customer Assistance Program Based On Customer's Income Now Available

ILLINOIS AMERICAN WATER

Belleville, Ill – (August 9, 2023) – Illinois American Water's new customer assistance program will provide financial assistance to customers based on their household income.

Illinois American Water has partnered with Dollar Energy to launch the new income-based, discount program. As part of the new program, approved water and/or wastewater customers will receive a monthly discount on their water and/or wastewater bill.

An applicant for the Income-based Discount Program must be a residential customer of Illinois American Water to qualify. Eligible participants can receive a 70 percent discount on their monthly volumetric usage. A customer's total gross income must be at or below

150 percent of the Federal Poverty Income Guidelines. Once enrolled, customers will be required to recertify their number of household members and income information on an annual basis to remain enrolled in the program.

For questions about the program, or to apply for the Income-Based Discount Program, customers can call Dollar Energy at 1.888.282.6816 or they can apply directly at the company's website that includes an income calculator and a link to the application. Website: https://www.dollarenergy.org/need-help/illinois/ilaw-income-based-discount-program/

"This new assistance program will help our residential customers who need financial help the most," said Rebecca Losli, president, Illinois American Water. "Our goal is to make water and wastewater service affordable to our customers."

American Space Manufacturing in the Midwest: Ingersoll Machine Tools Team Receives Recognition for Artemis & Orion Work

INGERSOLL Machine Tools

Rockford (IL), 14 July 2023. Advanced manufacturing for deep space exploration is occurring at Ingersoll Machine Tools' manufacturing, assembly and testing center in Rockford, Illinois. Ingersoll Machine Tools is hosting an event with Lockheed Martin to celebrate the successful Artemis-1 launch and continuation of America's return to the moon and beyond.

Lockheed Martin will recognize several Ingersoll employees directly involved in the production of structural components for the Orion capsule that will transport astronauts into deep space. Ingersoll has been a manufacturing supplier partner for several years and is active in the large, complex manufacturing space.

The event will start at 9.00 a.m. on 19 July when Ingersoll's Chief Executive Officer, Dr. Jeffrey Ahrstrom will be joined by representatives from Lockheed Martin, Boeing, Northrop, NASA, guests, and representatives from across the full spectrum of American manufacturing for presentation of the award and a guided tour of the facilities.

The company is active within the Space, Aerospace, Defense, and other industrial segments.

The Rockford, Illinois based Ingersoll Machine Tools builds and sells very large, complex 3D additive, Carbon Fiber, and Subtractive machine tools to similar industries. Ingersoll is nearing completion of a program that provides the United States Army the worlds largest hybrid 3D metal printing & Milling. This massive machine provides the volumetric printing and milling capability to manufacture a tank hull in situ.

The group also sells large vertical and horizontal machines from the Camozzi Groups INNSE BERARDI based in Brescia, Italy.

Sustainable Supply Chain Alliance Recognizes S&C Electric Company's Landfill-Free Initiative with Supplier Case Study Award

S&C ELECTRIC COMPANY
Excellence Through Innovation

CHICAGO, October 2, 2023 – S&C Electric Company, a leader in reliable and resilient electrical grid solutions, was recently honored for its ongoing sustainability efforts by the Electric Utility Sustainable Supply Chain Alliance (SSCA) with a 'Leading Practices in Supply Chain Sustainability Case Study' Award.

SSCA, an organization of utilities and suppliers working together to advance sustainability best practices in utility supply-chain activities and supplier networks, recognized S&C for its global initiative to become a 99% Landfill-Free Company. The award was presented at the 2023 SSCA Sustainable Sourcing Conference in September.

"At S&C, our vision to create an outage-free, sustainable electrical energy future means that our work to transform the grid into one that is more intelligent, reliable, and resilient is done in conjunction with proactive programs that help to reduce our environmental footprint," said Anders Sjoelin, president and CEO of S&C Electric Company. "Responsible stewardship is one of our fundamental guiding principles at S&C, and our Landfill-Free Initiative is one of the ways we honor this commitment in our communities."

In 2018, S&C formalized a companywide goal to divert 99% of waste generated by its global manufacturing operations from landfills. As of 2022, four out of six manufacturing locations had surpassed this goal. Of the total waste generated globally, 98.7% was diverted from landfills in 2022. About 80% was recycled, with the remaining waste converted to energy or alternative fuels, composted, or treated.

Read more about S&C's 99% Landfill-Free Initiative.◆

NEW IMA MEMBERS

BRISTOL MYERS SQUIBB (BMS)
LIBERTYVILLE, IL

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Please Join Us in Chicago for the 2023

IMA ANNUAL LUNCHEON

Sheraton Grand Chicago • 301 E. North Water St

Reception 11:00am | Luncheon 12:00pm

Friday, December 8, 2023

SPONSORSHIP INFORMATION

Sponsorship Opportunities

- ***Event Sponsor*** – $25,000 (prime seating & 2 tables of 10)
- ***Program Sponsor*** – $20,000 (2 tables of 10)
- ***Lunch Sponsor*** – $15,000 (1 table of 10)
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- ***Table*** – $2,500 (1 table of 10)
- ***Individual Ticket*** – $200

All major sponsors will receive recognition in the meeting program, on the IMA website, and in IMA publications.

Cancellations must be received IN WRITING by November 24th. Refunds will not be made after November 24, 2023.

Sponsorship commitments must be received by November 17, 2023 to be included in program materials.

To register, email Christine Sisk at csisk@ima-net.org, or register online at ima-net.org/annual-luncheon

Questions? Call Christine at 217-718-4213

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