



NESHMM Virtual Education Session

“We Are PDI”

Doug Kowalchuk – Senior Director, Supply Chain

PDI develops and manufactures products specifically for healthcare facilities and other demanding professional environments, with optimized chemical formulations and delivery systems.

It is our mission to “Be the Difference” in the fight against preventable infections and help save lives. We fully recognize our responsibility to our Customers and all the courageous individuals serving on the front lines of the COVID-19 pandemic.

Unfortunately, the COVID-19 pandemic continues to produce uncertainty, stress and trauma in our communities.

When concerns over COVID-19 first surfaced, PDI conducted a full Supply Chain assessment in anticipation of the increased demand. This assessment included evaluating both capacity and raw material availability.

With surface disinfection and hand hygiene being the most critical infection prevention interventions to prevent the spread of the COVID-19 virus, we made the decision to prioritize production of our surface disinfectants and hand sanitizing wipes over all others. As a result, some non-essential products have been deprioritized and are now experiencing longer lead times.

Our goal is to fill every order on time and to help protect those on the front lines when they need it while having plenty of inventory on hand to minimize any gaps in the supply chain wherever possible.

We have made huge strides towards these goals, but unfortunately, we are in the same position as many other companies. Demand is continuing to exceed every expectation, and we haven't yet been able to fulfill our goal completely. This has been compounded by our location in New York in the epicenter of the outbreak.

As global demand for certain infection prevention products continues to exceed supply, PDI is working around the clock to adequately support existing distribution partners and end-user Customers.

- We have ramped up production, including hiring workers (currently at 120% of Jan'20 targets), and adding shifts & line capacity. As a result, PDI is producing 7 days per week, and running the maximum number of production shifts.
- We are working closely with our business partners to manage this growing demand as we continue servicing our existing Customers.
- Unfortunately, some key RMs have been put on allocation, causing significant fluctuations in production scheduling.
- In order to maximize shipping efficiencies, we have had to ask Customers to follow their allocation guidelines based on their identified SKU allocation.
- In addition, PDI is now shipping 7 days per week to accelerate the transport of products. Where feasible, we have modified shipment methods and hired teams of drivers to further reduce the transport time.

PDI has been deemed as an essential business per New York State guidance and will remain in full operation.

NESHMM Virtual Education Session

Our number one priority has always been to keep our employees safe and protected. Through our increased production, we have implemented additional rigorous cleaning and hygiene protocols throughout our facilities and are practicing multiple other safety precautions. We are:

- **Professionally deep cleaning of offices and Production on an on-going basis**
- **Adding plexiglass partitions** in cubes
- Requiring / providing **PPE** throughout all areas
- **Providing temperature checking and health screening** for all Team Members
- Enforcing on-going **social distancing and effective hand-hygiene**
- **Restricting social gathering spaces**—cafés, lunchrooms, etc., and have developed 'in and out' flow where possible
- Suspending **non-essential business travel**; including following CDC guidelines on travel and quarantining after international travel
- **Restricting meetings, conferences, tradeshow**s, etc., to no more than **10 people** (unless strict social distancing guidelines can be met)

We continue to communicate with our internal and external Team(s) frequently. We:

- provide weekly **Associate Updates** and virtual “**Town-Halls**”.
- where necessary, work with each Associate through our **Business Technology** Team to ensure a smooth ‘work from home’ process across the enterprise.
- conduct **company-wide pulse surveys** to understand each Associate’s requirements and challenges; and act to provide the best results for each.
- provide and support our Associates’ with the ability to “**give back**” in our **communities**: Our **H.O.P.E (Helping Others Persevere & Endure) Program**—our initiative to support **healthcare professionals, first responders** and **local food service partners**
- discuss “**return to work**” options and opportunities.
 - We will take a **phased and staggered** approach; and once we believe an orchestrated return is safe, Associates will be **allowed, not required**, to return to the office in **Phase I**—when we will invite back associates whose **job functions** are best supported by **working on site**.
 - **Phase II** timing and practice will be informed by assessing Phase I impact (**safety, progress and business need**), and executed in alignment with **conditions and outcomes** in and outside of PDI.

Prior to the onset of COVID-19, PDI began the process of identifying a new RM, FG, and Production plant in the midwest. The expectation is that it will be fully operational in late 2022.

In the meantime, PDI has been deemed as an essential business per New York State guidance and will remain in full operation.

As part of our ongoing Manufacturing strategy, we will:

- continue to work closely with existing Customers to communicate inventory expectations and allocations where necessary.
- continue to communicate closely with Suppliers to ensure the optimal flow of RMs.
- only take on new business that has no adverse effect on existing Customer allocations.
- increase internal production where feasible (based on RM allocations by Suppliers).
- utilize 3PM Partners to help support increased demand.
- continue to operate 7-days, 3-shifts based on RM availability.

A few **Final Thoughts**:

- PDI is a fourth generation, family-owned company that has weathered good times and bad, ups and downs, and everything in-between. The strength, restless sacrifice, compassion around us, and the level to which global communities are coming together through this pandemic has been extraordinary and inspiring. Because of this, we, and our Customers, will emerge from this much stronger and more resilient in the future.
- We are sparing no expense or effort to ensure that our Customers receive the service that they have come to expect and deserve.
- As with any Supply Chain, there are opportunities; and those become more pronounced when pressure is applied. This happens to be one of those times. Even the most aggressive S&OP models could not have predicted the demand we are experiencing. Fortunately, we have a strong Team, a GREAT culture, a strong Customer base, and solid Supplier Partners who, even though have had to put critical Customers such as us on allocation, continue to work to provide the highest level of service possible.
- We are now steadily moving forward and shipping more product every week as we adjust to operating in this changed world.