



## **Covid-19 Coronavirus Update – March 9, 2020**

**1. Does your company have any manufacturing operations in China?**

No

**2. Does your company currently source any raw materials, component parts, or finished goods from China?**

Yes, like most companies, we do source some components and finished goods from China. However, the majority of our products are already Made in USA. Only ~27% of our overall portfolio is made in China. The percentage from China is expected to continue to decline as part of our ongoing tariff mitigation and localization strategy.

**3. Have you completed a Supply Chain Risk Assessment related to the current coronavirus outbreak?**

Yes, and we're monitoring both Demand and Supply Side risks on a daily basis.

**4. If your company does have operations, raw materials, component parts or finished goods coming from China, do you anticipate any disruptions from the Coronavirus**

We have adequate safety stock in place to cover some delays. However, ongoing delays and/or large, unexpected orders may create minor disruption.

Most suppliers continue a gradual ramp-up, with partial staffing expected through March and into April. We are following the news closely and we're also in daily communication with our team on the ground in Asia, as well as with our suppliers.

**5. If you do believe there may be disruptions, how do you plan to mitigate these risks (i.e., use of alternative locations, adequate safety stock, etc.)?**

We're doing everything possible to monitor, expedite and mitigate risks. Fortunately, we're in a healthy inventory position, due to the low overall % of products Made in China, the planned ramp-up for CNY and forecasted growth across the NSi business (that is already reflected in our inventory pipeline).

Internally, we have developed a Coronavirus Dashboard that tracks inventory by Category, capturing inventory in three different buckets...weeks-on-hand, in-transit and on-order. In some cases, we have already shifted production out of China. In other cases, we are already in the process of setting up production outside of China (as part of tariff mitigation efforts already underway).

The key takeaway though, is that we continue to see encouraging signs of suppliers returning to work / production. We have adequate safety stock to cover the delays we currently have visibility to, so any backorders should be limited, not widespread. With the situation still very fluid, we continue to monitor the situation closely.

**6. Can you provide a specific list of items that have the greatest risk of disruption?**

Overall, our TORK portfolio has a higher concentration of products currently made in China. However, we are in a healthy inventory position and expect any backorders to be limited.

**7. Have you established or plan to establish a regular customer communication update to advise of any changes in your supply chain?**

Yes, we are publishing regular Coronavirus Updates and will adapt communication as needed.

**8. Do you have plans in place to institute countermeasures such as allocation of goods?**

No, not at this time. However, we're watching for big, unusual orders to address any potential hoarding issues.

**9. Have any of NSi's employees been infected?**

No. In the meantime, we are limiting travel outside the U.S. and continue to monitor the situation closely.