



STANDING TOGETHER TO CREATE PROFITABLE OUTCOMES

PMI Annual Report 2020



Dear fellow industry leaders:

An important part of both of our jobs as PMI leaders is talking with you and other industry executives to learn about the challenges and opportunities your organizations are facing. These conversations generally occur at PMI and industry events, and over the phone or email.

Over the past year, we've also completed a formal, confidential survey of PMI member needs, as well as various surveys of those attending PMI events.

Whether in person or via survey, there are a few messages which tend to be repeated again and again. Here's a brief summary of what we're hearing about PMI:

PMI is a primary and trusted source of information and education about issues and trends impacting the plumbing manufacturing industry. Many long-time PMI members have strong connections to fellow members and consider them a valuable community of peers.

PMI's technical expertise and advocacy/government affairs capabilities are its greatest strengths. PMI members rely upon PMI's guidance and credibility in these areas to serve the industry and their organizations well.



Joel Smith
President, PMI Board of Directors
Kohler Co.

PMI members would benefit from an enhanced menu of professional development formats including live events, webinars, web-based interactive learning, podcasts and recordings. A mix of live, personal events and convenient learning opportunities optimizes both networking and the quick dissemination of knowledge.

PMI and the plumbing manufacturing industry would benefit from broader exposure to new audiences, particularly PMI member employees not yet engaged with PMI and young professionals searching for career opportunities.

PMI is at its best when members actively participate in PMI's efforts and initiatives. Your engagement makes PMI stronger. Manufacturers, suppliers, certifiers and vendors – large and small in size – all stand together as PMI members to achieve mutually beneficial outcomes. Your voice is amplified by being a part of PMI.

The accomplishments and signature PMI events presented in this report show how PMI is living up to its core strengths and taking steps to meet the new needs of members and the plumbing manufacturing industry. We hope you will take the time to review how PMI is serving your interests.

And if you'd like to talk, we're always happy to lend an ear.



Nate Kogler
Immediate Past President,
PMI Board of Directors
Bradley Corporation

How Four Notable PMI Accomplishments Benefited PMI Members

PMI's California Task Group stops drastic flow rate reduction in Los Angeles County

1

In response to PMI's advocacy efforts, Los Angeles County removed proposed amendments calling for a 20% reduction in current California plumbing product flow rates by Jan. 1, 2020. PMI's actions avoided disruptions to a major market, inventories and production lines for PMI members.

The work involved to produce that profitable outcome for PMI members was substantial. Shortly after the proposed amendments were announced in August 2019, PMI's California Task Group sprang into action; this group of PMI-member experts had previously persuaded regulators in this bellwether state to amend proposals with potential adverse effects on public health, safety and the industry.

The PMI group quickly reviewed the proposed amendments in detail and started to notify and engage members and allies in developing a response. They included the California Building Industry Association, Alliance for Water Efficiency, American Society of Plumbing Engineers, Laborers' International Union of North America, IAPMO, and International Code Council, as well as expert consultants and scientists such as Dr. Patrick Gurian from Drexel University, Gary Klein, and Dr. Paul Sturman from Montana State University.

The PMI group developed evidence-based talking points about public health and safety threats, infrastructural risks, and the lack of product availability to fulfill the proposed requirements and participated in a meeting and conference call with county staff on Aug. 22. By the end of the discussion, county staff agreed to listen to and consider additional input. Over the next several weeks, the PMI group and its allies continued to email suggestions and comments to the county, encouraging collaboration to achieve the win-win solution announced on Nov. 26.

“Shortly after the proposed amendments were announced...PMI's California Task Group sprang into action”

PMI has ears out in many places

“Having the ability to understand what the rules are, how the rules are changing and how they're going to impact you is important. And if you didn't or if you couldn't, you can wake up and all of a sudden you can't sell your product anymore. There have been instances when we gained valuable information through PMI because PMI gets more feedback, information and input from a lot of different sources that we as a company can't. That ability that makes a big, big difference. They have resources and ears out in many places. I view PMI as insurance, when things are bad you flock to the group so you can survive the times.”

CLAUDE THEISEN, CEO, T&S Brass and Bronze Works, and PMI Strategic Advisory Council Member



PMI government affairs effort protects member investments in WaterSense

2

Protecting PMI member companies' investments in WaterSense product development and marketing, PMI led efforts in an allied coalition that successfully secured report language in both the House and Senate Interior-EPA Appropriations FY2020 bills directing the EPA administrator to continue funding the WaterSense program at FY2019 levels.

To achieve this result, PMI Washington, D.C., government affairs representative Stephanie Salmon and PMI allies arranged meetings with dozens of congressional offices to underscore the importance of the program.

Operating on only a \$3 million annual budget, WaterSense products have saved Americans 3.4 trillion gallons of water and \$84.2 billion in water and energy expenses since 2006. Plumbing manufacturers have developed nearly 30,000 models of WaterSense products for bathrooms (toilets, showerheads, faucets, and urinals) and commercial kitchens.

PMI pays for itself very quickly

“If we had to do all of the lobbying ourselves and keep up to date with all the legislation and regulations the way PMI does, we’d be employing at least several more people and spending several hundred thousand dollars in salary and benefits. That’s where PMI pays for itself very quickly. You get a lot of bang for the buck. Your member dues buy you what would cost you far, far more to do on your own.

“PMI provides the power of numbers. When you have a complete industry in alignment, it has an impactful message when delivered to a regulator or a legislator. No matter where we go, when we speak with the voice of the entire industry, that carries a lot of weight.

“Small companies can have a much bigger voice than they would normally have in the industry just by being part of PMI.”

**JOEL SMITH, Director of Faucets Product Engineering, Kohler Co.,
PMI Board of Directors President**





PMI provides valuable guidance on market trends, tariffs and regulations, proactively assisting PMI members to plan and make smart decisions

3

WaterSense Market Penetration Study. In anticipation of an EPA review of WaterSense specifications, PMI commissioned this 2019 study, which shows tremendous market upside for WaterSense products and market domination for products meeting federal water-efficiency standards. An update of the original 2015 study, the 2019 report presented data showing that virtually all American homes have water-efficient plumbing products, which continue to achieve satisfaction among consumers.

Achieved more than a dozen exclusions on tariffs. PMI led the charge in opposition to proposed tariffs while helping members win more than a dozen exemptions on plumbing-related products and components. As part of seven days of June 2019 International Trade Commission hearings with more than 300 witnesses, PMI CEO/Executive Director Kerry Stackpole testified on the adverse impact of tariffs on manufacturers, their supply chains, workers and consumers, as well as on the construction and renovation markets. His testimony gained positive international media coverage for PMI. Member companies American Standard, Moen, Pfister and Water Pik also testified in opposition to the tariffs. As a member of the Americans for Free Trade Coalition and the National Association of Manufacturers China Task Force, PMI continues to provide updates on tariff issues to help PMI members navigate an ever-changing international trade landscape.

“ PMI commissioned this 2019 study, which shows tremendous market upside for WaterSense products”

PMI Market Outlook. New in 2019, this quarterly report provides key economic trend indicators in 15 market segments, giving PMI members valuable planning information. The economic condition descriptions explained in the outlook are flagged by phases in the business cycle – A for recovery, B for accelerating growth, C for slowing growth and D for recession. The report suggests management objectives for each phase.

PMI Privacy Regulations Guidebook. This helpful guide summarizes consumer data privacy laws and regulations and includes checklists to help guide compliance efforts. Developed to assist PMI members to prepare for expected consumer privacy regulations in several states, the

guidebook is designed to help PMI members to develop data governance practices that comply with the patchwork of laws while remaining nimble enough to allow for innovation in the digital marketplace.

Similar regulatory guides on **conflict minerals**, **NAFTA rules of origin** and **Made in USA** were developed for PMI members during 2019 and are available in the members-only section of SafePlumbing.org.

PMI On-Demand E-Learning. PMI introduced in 2019 two online courses that can be taken at a member's convenience. "Part 1: Primer on Standards, Regulations, Codes and Conformity Assessment" and "Part 2: Standards and Topics in Plumbing" deliver essential knowledge to plumbing manufacturing professionals. In addition, webinars on topics including tariffs, privacy laws, flow rate research, and market forecasts were developed for PMI members.

Website and Media. PMI's website, publications and email campaigns keep members informed about breaking news and trends and serve as a storehouse of valuable information.

To help spread the word about careers in plumbing manufacturing and add value for members, PMI published a webpage listing the career-related website pages of its members, as well as members' LinkedIn company pages. The PMI@Work blog explores efforts to develop the manufacturing workforce for the future, particularly among PMI members whose innovation and work environments are attractive to individuals looking for career opportunities.

PMI raised its visibility both in traditional and social media, particularly through its workforce development, tariffs and WaterSense advocacy, resulting in PMI mentions in the Wall Street Journal, Washington Post and other major media.

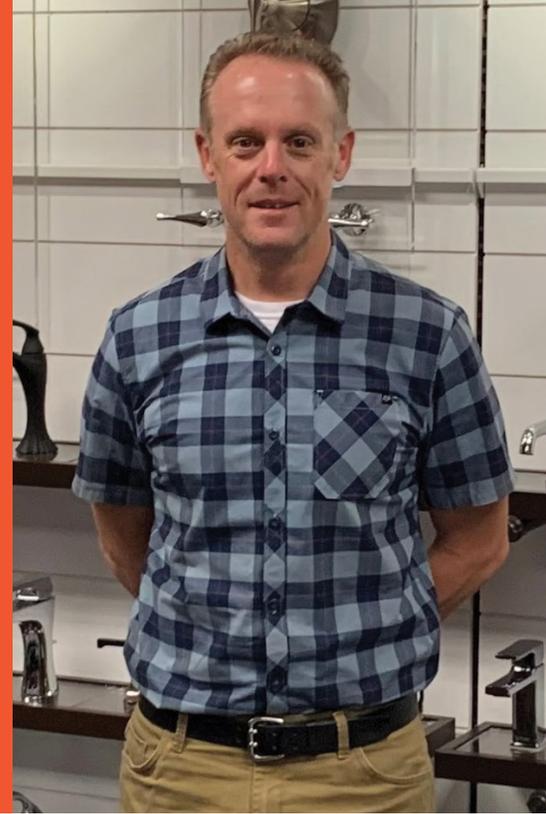
“*PMI raised its visibility both in traditional and social media...resulting in mentions in the Wall Street Journal, Washington Post and other major media*”



Our company would never be able to do what PMI does

“PMI is a great resource for visibility into what is going on with legislation and regulations, not only around the overall country, but in the smaller municipalities and in Canada and Mexico. Our company would never be able to do that on our own. For example, we may not be able to do business in a certain place until we can create a product that would meet a particular specification. That can take six months to a year sometimes depending upon what the product is and where it’s coming from. That could substantially harm our business. Through PMI, we have more visibility to upcoming regulatory and legislative changes.”

RICK MCKEE, Senior Manager, Plumbing Engineering, Pfister Faucets, Spectrum Brands



PMI plays a leadership role on technical and advocacy issues

4

As it did in preventing the drastic increase in flow rates in Los Angeles County, PMI continued in its traditional role as a leading voice on technical and advocacy issues.

Regular PMI conference calls and educational “Tech Talks” give PMI members the opportunity to learn about recent technical and advocacy developments and to voice their opinions as PMI recommendations are formulated.

PMI’s technical accomplishments over the past year are a testament to its ability to bring stakeholders together in pursuit of a common goal.

- A proposed change regarding optional lead requirements in the annex of NSF 61 that would have caused major supply issues for manufacturers was rejected by the NSF Joint Committee on Drinking Water Additives – System Components. PMI contributed to the rejection of the proposed change and developed a proposal to benefit manufacturers by providing them with sufficient time to comply with optional lead requirements. This proposal will be considered by the Drinking Water Additives Optional Lead Task Group in 2020.
- PMI and the Alliance for Water Efficiency came to an agreement on a memorandum of understanding on the topic of multiple showerhead requirements in green codes and standards.
- PMI developed, disseminated and discussed with several water utilities a guidance document intended to help them produce recycled water that will not hamper the performance of residential and commercial indoor plumbing products that can be used with non-potable water, such as toilets and urinals.

- The majority of PMI technical positions or recommendations for the 2021 Uniform Plumbing Code, 2021 International Plumbing and Residential Codes, 2021 National Standard Plumbing Code, 2020 WE-Stand Code, and 2020 National Plumbing Code of Canada were approved.
- The U.S. Access Board accepted PMI's interpretation of grab bar length in the Americans with Disabilities Act Standards for Accessible Design; this interpretation benefits PMI members that manufacture grab bars.
- The PMI Technical Committee submitted written comments to international, federal, state and industry regulatory and standards bodies on issues including ISO 31600 (a standard which looks to establish international appliance efficiency standards for faucets, showerheads, toilets and urinals), EPA WaterSense's Notice of Specification Review, EPA's Development of a Draft Water Reuse Action Plan, and state appliance efficiency standards.
- PMI participated as a selected member in the first meeting of the Water Use Study Workgroup convened by the California Department of Water Resources and State Water Resources Control Board to provide input on required recommendations to the California State Legislature on a new gallons-per-day per capita indoor water use standard.
- PMI technical and advocacy efforts were activated in Washington, D.C., and Canada, as well as in Arizona, California, Colorado, Connecticut, Hawaii, Illinois, Maine, Massachusetts, New York, Nevada, Rhode Island and Washington state and in various municipalities.

“ *PMI's technical accomplishments over the past year are a testament to its ability to bring stakeholders together in pursuit of a common goal”*



PMI helps to protect public health and safety

“Our PMI membership allows our organization to stay on top of industry issues that directly impact the products we test and certify.

“I've always had an interest and passion for public health and safety. Working for an organization that has a direct impact in helping to protect food, water, consumer products and the environment aligns closely with my passions and the positive influence I hope to make in this world.”

SUZAN SOMO, General Manager, Water Systems Plumbing Products, NSF International

Four Signature Events, with One More Planned for 2020

PMI Manufacturing Success Conference

The PMI Manufacturing Success Conference gives PMI members and guests the opportunity to learn about a broad range of issues pertinent to the plumbing manufacturing industry. Held at a beautiful setting on the Gulf of Mexico in St. Pete Beach, Fla., the 2019 conference added expanded educational content to the traditional focus of technical and government affairs topics.

Multigenerational workforce author Lindsey Pollak delivered a keynote address about the challenges and opportunities of having five generations participating in the modern workforce and gave PMI members practical advice on how to fulfill the needs and preferences of today's worker. Speakers including economist Alex Chausovsky, sustainability expert Adam Gendell, and Bill and Melinda Gates Foundation grant winner Dr. Daniel Yeh gave attendees an interesting and valuable glimpse into the future. Shabbir Rawalpindiwalla of Kohler Co. was recognized as the PMI Ambassador of the Year. The close-knit character of the conference provided PMI members with exceptional networking opportunities.





Aspiring Leaders Program fosters creativity within the business setting

“The Aspiring Leaders Program was awesome! We were at the Dali Museum and we got to soak in all that creativity and imagination and the perspective that Salvador Dali had and put that in the perspective of our everyday work.”

CELESTE JOHNSON, Manager, Global Regulatory Affairs, Sloan Valve Company

PMI Aspiring Leaders Program

Designed to prepare promising talent within PMI member companies for leadership roles, the inaugural PMI Aspiring Leaders Program was held at the Dali Museum in St. Petersburg, Fla., with 18 individuals participating. The program is open to PMI member employees nominated by their management.

Dr. Kim Macuare, co-director of the museum’s Innovation Labs, led a workshop and gallery tour demonstrating the commonalities between Salvador Dali’s artistic principles and creative thinking in business. Participants completed a FourSight Thinking Profile to reveal their personal strengths and tendencies and to help them work more collaboratively within a team.

PMI Washington DC Legislative Forum and Fly-In

The annual PMI Washington DC Legislative Forum and Fly-In gives PMI members the opportunity to receive expert briefings on federal issues and to gain access to influential legislators and regulators. The 2019 event covered topics including housing and construction industry projections, tariffs, the United States-Mexico-Canada Agreement (USMCA), EPA water priorities, infrastructure legislation, consumer data privacy, and cybersecurity.

The PMI contingent visited lawmakers and staff in 25 congressional and government agency offices to advocate for the preservation of the WaterSense program, passage of the USMCA, and infrastructure legislation. PMI members highlighted concerns over tariffs, which harm plumbing manufacturers and consumers. PMI emphasized that China must be held accountable for its failures to meet its obligations under the rules-based international trading system but using the American consumer as a means to punish China simply will not work.

“ *Fly-In gives PMI members the opportunity...to gain access to influential legislators and regulators”*



PMI provides access to our congressional representatives

“In 2019, I had the opportunity to join several meetings on behalf of PMI in Washington, D.C. As advocates for the U.S. plumbing industry, we were able to underscore what PMI means to the industry. Beyond our industry meetings, we also had the opportunity to visit with members of Congress representing nearly every area where we have a Delta Faucet Company facility. They were particularly interested in hearing directly from members of the industry about water and WaterSense, its benefit to society and the environment, and its huge return on investment; it was a terrific opportunity to foster important relationships.”

KEN ROBERTS, President, Delta Faucet Company, and PMI Strategic Advisory Council Member

PMI California Legislative Forum and Fly-In

PMI members traveled to Sacramento to meet with regulators and legislators at the PMI California Legislative Forum and Fly-In. Their goals included maintaining current state water-efficiency standards, assuring the safety of recycled water use, and encouraging the replacement of inefficient water fixtures in commercial buildings. Other topics discussed were the California Consumer Privacy Act, Safe Drinking Water and Toxic Enforcement Act (Proposition 65), packaging reform, housing development, flushable wipes, and more. The potential ramifications of these issues on PMI members were continually communicated and discussed among members.

PMI has established itself as a major influencer in California, where legislative and regulatory activity serves as a bellwether for the rest of the nation. PMI's influence has been established by many years of working with California legislators and regulators on key issues through the annual PMI California Legislative Forum and Fly-In and the local presence of PMI government affairs representative Jerry Desmond. Key relationships with allied organizations have been developed over the years by PMI's Advocacy/Government Affairs Committee.

Generally, the California fly-in includes meetings with policymakers involved with legislation and codes relating to plumbing manufacturing and with staff at regulatory agencies such as the California Building Standards Commission, California Department of Housing and Community Development, California Department of Water Resources, and California Energy Commission.

“ PMI has established itself as a major influencer in California”



PMI provides the framework for us to work on common industry problems

“When I think of PMI, I think of unity. I'm involved with various committees and organizations throughout the industry, but there is no one common organization except PMI that all the plumbing manufacturers belong to. PMI serves as an anchor to establish a framework for us to be able to work together on common industry problems.

“It's tough to do what PMI does on your own as a company. Some PMI member companies have advocacy groups and lobbyists. Some have good marketing folks, some have good codes and standards and regulatory people. It's tough to have everything in a company. And I think for most companies it's very hard to get the scale that PMI gives.

C.J. LAGAN, Senior Manager, Product Compliance, LIXIL Water Technology Americas, and PMI Technical Committee Co-Chair



PMI is helping members to attract and retain good talent

“There is a challenge in our industry that a lot of companies are facing with attracting and retaining good talent. It’s great to see that PMI is working with its members to bring experts in and help address the challenges they are facing.”

**RUBEN HERNANDEZ, Strategic Account Manager,
CSA Group**

New in 2020 – PMI CEO Thinking Forum

Designed with the specific challenges facing the plumbing manufacturing industry in mind, the PMI CEO Thinking Forum will be an interactive seminar exploring leadership philosophy, vision and imagination. Participants will engage in open roundtable discussions with fellow CEOs to develop strategies that will keep their companies and our industry on a continual path to success through the 2020s. Co-located with the Washington DC Legislative Forum and Fly-In in 2020, this event is open to CEOs and other c-suite executives.

Make Your Voice Heard through Participation in PMI Committees

Advocacy/Government Affairs

Co-Chairs: Lowell Lampen, Kohler Co., and Troy Benavidez, LIXIL

Allied Member Committee

Commerce

Co-Chairs: Elton Perkins, Fluidmaster, Inc., and Liz Renfro, Delta Faucet Company

Outreach/Communications

Technical

Co-Chairs: Bob Neff, Delta Faucet Company, and C.J. Lagan, LIXIL

Water Efficiency and Sustainability

Co-Chairs: Cambria McLeod, Kohler Co., and Will Wang, Fluidmaster, Inc.

2020 PMI Board of Directors

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Vice President Todd Teter, House of Rohl
Secretary-Treasurer Martin Knieps, Viega LLC
Immediate Past President Nate Kogler, Bradley Corporation

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Shawn Oldenhoff, Kohler Co.
Ken Roberts, Delta Faucet Company
William Strang, TOTO USA
Claude Theisen, T&S Brass and Bronze Works



PMI brings the entire plumbing system together

“The biggest thing that can’t be duplicated among any of the other trade associations or within our company itself is the reach PMI has. You’re basically bringing the entire plumbing system together. PMI looks at the entire plumbing system from a code and regulatory perspective.

“If you are a fixture manufacturer, the reasons you would want to join PMI are different than the pipe and fitting guys. For fixture manufacturers, PMI is the trade association representing your industry. Pipe and fittings, it’s a little bit different. The value of a pipe and fittings manufacturer to join or retain their membership in PMI is simply the fact that you get to see what’s going on from a fixture manufacturer’s side of things. You understand the regulations and the impact they have behind the wall with the pipe and fittings.”

**RICH HOULE, Director, Codes and Standards,
Reliance Worldwide Corporation**

2020 PMI EVENTS

PMI CALIFORNIA LEGISLATIVE FORUM AND FLY-IN April 27-28, Sacramento, Calif.

EMERGING WATER TECHNOLOGY SYMPOSIUM May 12-13, The Westin Riverwalk, San Antonio, Texas

PMI CEO THINKING FORUM June 22-23, Washington, D.C.

PMI WASHINGTON DC LEGISLATIVE FORUM AND FLY-IN June 23-24, Washington, D.C.

PMI ASPIRING LEADERS PROGRAM Nov. 9, USS Midway Museum, San Diego, Calif.

PMI20 MANUFACTURING SUCCESS CONFERENCE Nov. 9-12, Paradise Point, San Diego, Calif.

PMI Staff

Kerry Stackpole, FASAE, CAE, CEO/Executive Director

Matt Sigler, Technical Director

Jodi Stuhrberg, Association Manager

Candace Spradley, Education Manager

Ann Geier, Administrative Assistant



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