

## Board Meeting Minutes

<b>Date</b>	Sept. 13-14, 2017	<b>Time</b>	1:30-4:30 p.m. ET (Sept. 13) 8:30-1 p.m. ET (Sept. 14)
<b>Dial-in #</b>	N/A	<b>Conference ID</b>	N/A
<b>Web meeting info</b>	N/A	<b>Location</b>	Alberta Boardroom
<b>Chair</b>	Leah Hollins	<b>Recording secretary</b>	Cassandra Tavares
<b>Attendees</b>	<p><b>Board:</b> Leah Hollins (Chair); Robert Teskey; Wayne Gladstone; Dr. Gary Glavin; Craig Knight; Dunbar Russel; Suromitra Sanatani; Mike Shaw; Dr. Jeff Scott; Henry Pankratz; Dr. Kevin Glasgow; Kelly Butt; Elaine Sibson.</p> <p><b>EMT:</b> Dr. Graham Sher (Chief Executive Officer); Dr. Christian Choquet (Vice-President, Quality &amp; Regulatory Affairs); Rick Prinzen (Chief Supply Chain Officer); Andrew Pateman (Vice-President, People, Culture &amp; Performance); Pauline Port (Chief Financial Officer, and Vice-President, Corporate Services); Ralph Michaelis (Chief Information Officer); Watson Gale (Vice-President, General Counsel and Corporate Secretary); Mark Donnison (Vice-President, Donor Relations); Jean-Paul Bédard (Vice-President, Public Affairs); Dr. Dana Devine (Chief Medical &amp; Scientific Officer).</p>		
<b>Guests</b>	<p><b>Sept. 14</b> Heidi Elmoazzen, Director, Cord Blood Bank and Stem Cell Manufacturing Mark Newburgh, Associate Director, National Facilities Redevelopment Program</p>		
<b>Joining by phone</b>	N/A		
<b>Absent</b>	<p><b>Sept. 14</b> Dr. Kevin Glasgow</p>		

Leah Hollins, Chair, called the meeting to order at 1:30 p.m. ET on Sept. 13, 2017.

1. The agenda was approved as presented:  
*After review, **ON MOTION** duly made and seconded, the agenda was unanimously approved.*
2. On invitation from L. Hollins, no conflicts of interest were declared.
3. The public minutes of June 22-23, 2017 were approved, as presented:  
*After review, **ON MOTION** duly made and seconded, the public and closed minutes of the June 22-23, 2017 meeting were unanimously approved.*
4. There was no business arising, and it was noted that all matters would be captured in the agenda items to follow.

## 5. Report of the Chair (L. Hollins)

L. Hollins updated the board on recent or upcoming meetings and activities:

- A meeting occurred with health minister Jim Reiter from the lead province of Saskatchewan. The issue of commercial plasma was discussed, and Minister Reiter sought clarity on Canadian Blood Services' position. Minister Reiter intends to send an official letter to Canadian Blood Services, and once received, Canadian Blood Services plans to address his concerns, noting that it is not one commercial plasma collection site which will have an impact, but the proliferation of multiple sites across Canada which could potentially impact the volunteer, non-remunerated system. Canadian Blood Services is monitoring the situation closely.
- Minister Reiter is expected to Chair the upcoming Annual General Meeting (AGM) in October. A call with the Minister and Canadian Blood Services' CEO and officials is planned in advance of the AGM.
- At the AGM, the terms of the Chair of the Board and six other directors expire. The six directors include the regional nominees from British Columbia/Yukon and Ontario, as well as one consumer nominee and three general nominees. The Advisory Committee, of which L. Hollins is a member, has provided a recommendation of at least three names for each director position to the Nominating Committee (consisting of Ministers from Ontario, British Columbia, Prince Edward Island and Saskatchewan). L. Hollins has offered to extend her guidance to the Nominating Committee.
- Two critical matters, the plasma business plan and use of CBSI surplus, will be highlighted at the AGM through the CEO and Board Chair remarks. While it is not Canadian Blood Services' intention to ask members to make a decision with respect to these matters, both will require a decision by the Special Members' Meeting in March 2018.

## 6. Report of the CEO (G. Sher)

Dr. Graham Sher, CEO of Canadian Blood Services, presented his report on highlights of Q1 2017-2018 performance under each of the seven key focus areas of the organization's strategy, and a summary of emerging issues.

### Q1 2017–2018 Performance and Risk Summary

- **Earning the right to serve** – National Accountability Agreement discussions are advancing in partnership with the new lead province, Saskatchewan. One face-to-face meeting has already occurred, which has yielded positive results. The next meeting is scheduled for October.
  - Operational independence risk remains high due to the current fiscal climate and potential complications of obtaining funding for the plasma collections business plan. The risk is expected to trend downwards with the controls management has put into place.
- **Manufacture biological products** – Demand for red blood cells was 4.4 per cent lower than budget. Management is investigating the cause and monitoring the situation closely; adjustments

to the collections plan will be made, as necessary. The quarter closed with a good inventory level. Cord blood bank performance and quality metrics were also strong this quarter.

- Business continuity risk remains medium and is indicating a static six-month trend due to increased governance and oversight of the business continuity management program and a tentative agreement reached with OPSEU.
- **Provide transfusion and transplantation services** – The Canadian Transplant Registry (CTR) 2.0 launched in July 2017. To date, CTR has facilitated approximately 900 kidney transplants and saved the health care system approximately \$20 million dollars in terms of dialysis care avoided. The board voiced interest for seeing a more robust health economic analysis (cumulative over time) on the benefit of CTR compared to dialysis costs. The Centre for Innovation launched a new research funding competition, the Blood Efficiency Accelerator Program (BEAP), which will support the goal of optimal blood product utilization through the funding of innovative research projects.
- **Transform how we attract, interact with and retain donors** – The donor base grew in this quarter, off-setting the decrease in donor frequency occurring as a result of the new criteria implemented earlier this year to protect donor health. Low appointment volumes at the start of the quarter contributed to insufficient collections, and thus, appointment channel dynamics are being actively monitored and managed.
  - Donor and registrant base risk remains high due to a number of issues being carefully monitored in connection with the advancement of the Deeper Connections program.
  - Digital transformation risk remains high but is now trending downwards with projects to enable digital transformation either underway or already funded.
- **Deliver our products and services more efficiently** – All productivity measures were under pressure this quarter due to the lower than budgeted collection performance. CPU is \$10 above target. Management is reviewing the necessary actions required to close the collections gap through the remainder of the fiscal year.
  - Financial health and sustainability risk remains medium, trending upwards, due to Canadian Blood Services' limited financial flexibility to respond to emerging issues or invest in productivity initiatives.
- **Advance and mature our quality management system** – **Six out of eight** quality indicators met target this quarter due to errors in diagnostic services and the timely execution of supplier recalls. There continues to be progress seen with respect to the corrective action/preventive action (CAPA) program, but it is occurring at a slower rate than anticipated. The structure put in place for CAPA investigators is under review in comparison to industry best practices.
  - Non-conforming products and services risk remains medium and continues to indicate a six-month downward trend.
- **A high-commitment, high-performance culture** – Participation in various programs for leadership development is high. The link between effective leadership and the return on investment is being studied. A business case on the future state of leader development at Canadian Blood Services is planned for later this year.
  - Labour relations environment risk remains medium and is indicating a static six-month trend given developments in OPSEU negotiations.

## Summary of Q1 Emerging Issues

- **Hate groups and blood donation** – Through an anonymous caller/inquirer, Canadian Blood Services was advised that a group representing racist and hateful views, called Sons of Odin, would be mobilizing members to donate on Aug. 31. Canadian Blood Services took a proactive stance on the issues by issuing a press release and contacting the RCMP and local police. A positive reaction was received from the community. Canadian Blood Services will be revisiting its in-clinic policy statement to address any lingering concerns.
- **West Nile Virus (WNV)** – As of Sept. 13, WNV testing has identified seven positive donors. More positive donors are expected, particularly in Ontario, which has been the focus of this year's mosquito activity.
- **Organ donation and transplantation rates** – Preliminary data for 2016 shows some significant gains in organ donation and transplantation rates, including in areas of deceased donation (up by 29 per cent), and donation after cardiac death. Canada's deceased donation rate is now among the top 20 in the world. While the progress is encouraging, more work is still needed to bring Canada closer to the best deceased donation rates in the world.
- **Critical need, media ads** – In late June 2017, Canadian Blood Services issued media ads focused on the critical need for blood. A positive response was received from donors and the public through increased donations. A poll from Ipsos after the fact revealed that the message did not negatively impact Canadian Blood Services' reputation with the public. Management continues to closely monitor collection plans and inventory.

## Q1 CEO Activities

G. Sher highlighted relevant meetings with stakeholders and government, as well as recent activities:

- Meeting with Cerus President and CEO – Cerus is a leader in the speciality of pathogen reduction technology;
- Meeting with Terumo BCT President and CEO – Canadian Blood Services shared its strategy scorecard with Terumo BCT, who has an interest in developing something similar;
- A series of meetings with the federal government – With its contribution agreement coming to an end shortly, organ and tissue donation and transplantation has been the subject of discussion. The expert panel on the assessment of immune globulin supply in Canada currently underway has also been the topic of conversation with the federal government.
- There have been ongoing meetings related to recruitment of the new Vice-President Medical Affairs and Innovation.

## CEO Report to the Board

There were no further questions related to the Q1 2017-2018 CEO report provided in the advance package.

## Corporate Portfolio Report

A. Pateman provided a high-level update on the corporate portfolio report including the performance and change impacts of Canadian Blood Services' high-visibility projects for Q1 2017–2018:

- Six projects were added to the corporate portfolio in Q1 2017-2018: Digital Booking and QMS Automation (high-visibility projects), Data Centre Replacement, eTRACE LINE®, Front End Automation and Rare Blood Program.
- One project was removed: Blood Supply Chain Excellence (BSCE) (high-visibility project).
- Three projects reported overall timeline variance: Cord Blood Bank, NFRPII, and Source to pay (Ariba).
- Three projects adjusted final timelines by six months: NFRPII, Source to Pay (Ariba), and Cord Blood Bank.
- There has been an overall decrease in change impacts anticipated for Q2 and Q3 2017–2018.

EMT will continue to closely monitor and support the performance of the high-visibility projects.

#### 7. 2018-2023 Strategy planning update (A. Pateman)

Andrew Pateman, Vice-President, People, Culture & Performance, presented an update on the development of the 2018-2023 strategic plan, including plans for stakeholder consultation.

- Since the June 2017 board meeting there have been two concurrent work streams underway:
  - **Strategy development:** Internal teams have been formed around each of the key strategic questions facing the organization. These ‘think tanks’ include EMT members and key leaders in the organization who will follow a structured approach to develop a recommended strategic choice for the organization.
  - **Stakeholder consultation:** A stakeholder discovery exercise was conducted to identify key high-level leaders in health care and industry to invite to executive roundtable discussions on the future strategy of Canadian Blood Services. Invitations for these discussions have been distributed. A web-based survey will also be distributed to a broader range of stakeholders or to those who are unable to attend the roundtable. A variant of this survey will be used for internal employee consultation. Feedback received from the National Liaison Committee meeting held September 12 will be incorporated into the questions moving forward.

#### 8. Quarterly IT update (R. Michaelis)

The board received a quarterly IT update from Ralph Michaelis, Chief Information Officer, which included an educational session on cloud computing as well as an update on the Q1 2017-2018 cybersecurity report.

##### *Cloud Computing*

- Cloud computing – the practice of using a network of remote servers hosted on the Internet to store, manage, and process data, rather than a local server or a personal computer – is one of the most profound changes to be introduced to enterprise IT in decades.
- The marketplace emerging from the cloud computing revolution has created a more level playing field. Small-to-medium size enterprises have access to the same technology and capacity that was traditionally only available to larger organizations.

- Cloud computing affords software vendors such as Microsoft, Google, and IBM new opportunities to deliver software directly to the end user without having to work through an organization's IT department.
- Numerous service delivery models have emerged around cloud computing. Organizations that adopt the cloud successfully recognize the capabilities and limitations of each of these models. They are able to determine if an organization's current applications and business requirements can be adapted to a cloud service provider's standardized offering.
- The cloud changes an organization's IT investment profile as well as its IT risk profile. Three areas of risk where the exposure and processes are altered are:
  - *Cybersecurity risk* - The cloud service provider assumes accountability for maintaining many of the physical and logical security controls; however, the security of the organization's data remains in the domain of the enterprise.
  - *Service availability* - Cloud services are not immune to service disruptions; however, the cloud availability models are rapidly maturing to respond to market demands for mission-critical applications.
  - *Data sovereignty* (keeping Canadian data within Canada) - As recently as five years ago, the major cloud service providers were primarily based out of the U.S., which caused great concern for Canadian organizations, particularly those in healthcare. However, in 2017, these same cloud providers have built cloud data centres in Canada.
- Canadian Blood Services has already started the journey towards cloud adoption and will continue to invest. An opportune time exists in the lifecycle of each system to consider a move to cloud. At each major application release, management will assess opportunities to prepare for an eventual migration to a cloud model. The proposed data centre strategy will be a critical first step towards broader cloud migration in the organization.
- Conversation with the board on this topic surfaced the issue of the public perception of the cloud, and the need to keep the public informed of the organization's cloud adoption strategy and plans. Other discussion included the repatriation of data from a potential cloud provider, and the consideration for Canadian Blood Services to conduct repatriation testing as part of its disaster recovery strategy.

### ***Q1 2017-2018 cybersecurity report***

- The cybersecurity report was first introduced to the Executive Management Team and the Board in June 2017. The board expressed interest in receiving this report on a quarterly basis.
- The cybersecurity training of all employees was completed end of Q1. Awareness of cybersecurity issues has improved, evidenced by an increased number of employees reporting issues to the national service desk. The need for a security awareness program is ongoing and management is currently examining the requirements for further awareness training.
- There was concern expressed around resources and capacity in the area of cybersecurity. An update on IT resources, capacity and capabilities in the face of an ongoing changing environment will come back to the board at a future meeting.
- A heightened level of comfort on matters of IT and cybersecurity was noted by the board since it has been a regular item on the agenda over the past year.

The board meeting adjourned for the day at 4:06 p.m. ET.

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The board re-convened at 8:30 a.m. for an *in camera* session with and without the CEO.

At 9:45 a.m. the closed portion of the meeting resumed.

### 9. Enterprise Risk Management report (A. Pateman)

The board received the 2017-2018 first quarter corporate risk report which supports the monitoring and management of key risks to Canadian Blood Services' strategic objectives. A. Pateman noted that this has been a relatively calm period due to the controls in place and/or a favourable change in the environment. Management will continue to closely monitor all risks. Three risks were highlighted during discussions:

- **Risk A – Operational independence (high):** This risk is rated as high, but is trending downwards, due to apparent support from Saskatchewan, as new lead province, for clarifying and reaffirming Canadian Blood Services' arm's length governance and operational independence. Management will continue to monitor this risk.
- **Risk H – Digital transformation (high):** This risk is also rated as high, but trending downward. Key projects to enable digital transformation are underway or funded, aligning to the corporate strategy planning process.
- **Risk I – Financial health and sustainability (medium):** This risk is rated as medium, but trending high as a result of Canadian Blood Services' limited financial flexibility to respond to emerging issues or to further its productivity journey. The board expressed concern about the financial sustainability of the organization, and their support for approaching funders if the situation worsens. Management assured the board that the proper controls have been put in place and this risk will be closely monitored.

### 10. Committee Reports

#### Finance & Audit (W. Gladstone)

Wayne Gladstone, Committee Chair, presented the report of the Finance & Audit Committee, which met on Sept. 12, 2017. Highlights of the committee included:

- The financial status for the quarter ending June 30, 2017 and the forecast to year-end were reviewed.
- Cash on hand continues to be low for operating purposes but higher than at year end. Ontario has confirmed that the prior year arrears will be paid in the near future.
- The proposed Foreign Exchange and Hedging Policy for fiscal 2018-2019 plasma product purchases was discussed and the policy was approved.
- A status report from the Internal Auditor was received. No substantive issues were reported.
- An update on the Pension Plan Dispute Resolutions and Corporate Commercial Insurance Program was provided.

- A summary of the External Auditor Evaluation was reviewed. The auditors are performing at a satisfactory level with no significant issues.
- There was considerable discussion on changes to the Net Asset and Contingency Policies. No decisions were made and a further review is being undertaken by staff.
- Updates to the committee's Terms of Reference were reviewed and approved.

#### **CBSI/E (W. Gladstone)**

Wayne Gladstone, CBSI Board Chair, presented a verbal update on CBSI which convened for a teleconference on August 24, 2017. A review of the investments and holdings led by an independent advisor was provided. Presentations by two investment managers on the topics of fixed income and Canadian equity were made.

The following resolution relating to the appointment of the CEO as a proxy for the election of directors at CBSI/E at annual meetings was passed by the board:

*After review and discussion, **ON A MOTION** duly made, seconded and unanimously carried **IT WAS RESOLVED THAT:***

- 1. The CEO of Canadian Blood Services, being Graham Sher, is hereby authorized and empowered to act on behalf of the shareholder, Canadian Blood Services, at the Annual General Meeting of CBS Insurance Company Limited (CBSI) for the purposes of the CBSI Annual General Meeting, including the election of directors, and to deal with other matters as such may arise.*
- 2. The CEO of Canadian Blood Services, being Graham Sher, is hereby authorized and empowered to act on behalf of the shareholder, Canadian Blood Services, at the Annual General Meeting of Canadian Blood Services Captive Insurance Company Limited (CBSE) for the purposes of the CBSE Annual General Meeting, including the election of directors and to deal with other matters as such may arise.*

#### **Safety, Research, and Ethics (G. Glavin)**

Gary Glavin, Committee Chair, presented the report of the Safety, Research and Ethics Committee, which met on Sept. 12, 2017. Highlights of the committee included:

- A report on the Centre for Innovation was received. A transfusion guideline alignment initiative is being pursued with international partners. In this regard, a steering committee chaired by Canadian Blood Services is planning an international meeting co-timed with the International Society of Blood Transfusion Congress in June 2018.
- Francis Rolleston was acknowledged for having completed his dedicated service as Chair of the Research Ethics Board (REB).
- The digital transformation program is progressing well, with 30% of appointment bookings being made electronically since June (vs. a long term target of 60%).

- A creative project to apply the corrective and preventative action (CAPA) process to the donor relations portfolio has been initiated to investigate the inconsistency between appointments booked and those kept.
- An update was provided on emerging infectious agents. Most are trending as expected but there is a close eye on West Nile Virus as the wet summer in the east of Canada may result in more positive cases.
- A "quality mindset" is taking hold within Canadian Blood Services, a positive indicator of the progress of the Quality Management System (QMS).
- *Risk G – donor and registrant base* is being closely monitored to study the connection between the introduction of commercial plasma collection and the willingness of a younger demographic to donate plasma under Canadian Blood Services' non-remunerated model.

The board and EMT took a break for lunch at 11:45 a.m.

The meeting resumed at 12:15 p.m. ET.

#### **Talent Management** (C. Knight)

Craig Knight, Committee Chair, presented the report of the Talent Management Committee, which met on Sept. 13, 2017. Highlights of the committee included:

- An update on labour relations was provided. Most of Canadian Blood Services' collective agreements expire at the end of March 2017. A vote will be held on Monday for a tentative agreement with OPSEU.
- Management is working to standardize the grievance processes across Canadian Blood Services as a result of the Employee Relations Audit findings.
- Minor amendments to the Executive Compensation Framework were approved by the committee.
- Canadian Blood Services' Diversity and Inclusion Strategy was discussed.

#### **Governance** (Henry Pankratz)

Henry Pankratz, Committee Chair, presented the report of the Governance Committee, which met on Sept. 13, 2017. Highlights of the committee included:

- An orientation program for the incoming directors was reviewed. The proposed approach is to spread the delivery of content over three half-day sessions during the period of December to April 2017. The first session is tentatively scheduled for December, pending the confirmation of directors after the Annual General Meeting in October. A mentor system is also planned for implementation with the incoming directors.
- The September and June board meeting agendas were reviewed. It was acknowledged by the committee that over time, the material coming to the board has become better focused and more concise. At the request of the committee, the substantive items have been placed earlier on in the day, and this was found to be captured well in September's agenda. The format of open meetings was briefly discussed.
- As the committee responsible for the Terms of Reference of each committee and ensuring there are no gaps as the result of changes proposed, the Governance Committee reviewed the changes to the Finance & Audit Committee's Terms of Reference. No conflicts were found to exist and the following resolution was passed:

*After consideration and recommendation by the Finance & Audit Committee and Governance Committee, **IT WAS RESOLVED THAT** the amendments to the Terms of Reference for the Finance & Audit Committee, as such were presented to the committee and amended thereby, being amendments dealing with clarifications to the oversight role of the committee on unethical behavior, periodic review of employer contributions to the defined contribution pension plan and compliance with travel and expense policies, be and are hereby approved.*

**National Liaison Committee** (K. Glasgow / B. Teskey)

Bob Teskey presented an update from the National Liaison Committee meeting on September 11 and 12 in Ottawa. On the recommendation of the National Liaison Committee, the board passed the following motion for Donna Hartlen and Elizabeth Myles' nominations:

*After review and discussion, **ON MOTION**, duly made, seconded and unanimously carried, **IT WAS RESOLVED THAT** the board of directors appoint Donna Hartlen, and Elizabeth Myles to three-year terms on the National Liaison Committee, effective September 14, 2017 as per appended information and as per recommendation of the NLC co-chairs Bob Teskey and Kevin Glasgow.*

There was no further discussion under the consent matters and information items.

L. Hollins expressed her gratitude to the full board, EMT and all Canadian Blood Services' staff for the hard work in the preparation and delivery of September's meeting. The next meeting will be held in Ottawa on Dec. 6 -8, 2017.

The meeting adjourned at 12:48 p.m. ET.

The board and CEO participated in a brief *in camera* session.

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