

Board Meeting Minutes (Public)

Date	Dec. 6-7, 2017	Time	1-4:30 p.m. ET (Dec. 6, 2017) 8:30-4 p.m. ET (Dec. 7, 2017)
Dial-in #	N/A	Conference ID	N/A
Web meeting info	N/A	Location	Alberta and Saskatchewan rooms & Atrium (open)
Chair	Leah Hollins	Recording secretary	Cassandra Tavares
Attendees	<p>Board: Leah Hollins (Chair); Wayne Gladstone; Craig Knight; Dunbar Russel; Suromitra Sanatani; Mike Shaw; Dr. Jeff Scott; Dr. Kevin Glasgow; Kelly Butt; Anne McFarlane; David Lehberg; Elizabeth Martin; Glenda Yeates.</p> <p>EMT: Dr. Graham Sher (Chief Executive Officer); Dr. Christian Choquet (Vice-President, Quality & Regulatory Affairs); Andrew Pateman (Vice-President, People, Culture & Performance); Pauline Port (Chief Financial Officer, and Vice-President, Corporate Services); Ralph Michaelis (Chief Information Officer); Judie Leach Bennett (Vice-President, General Counsel and Corporate Secretary).</p>		
Guests	<p>Dec. 6 Mathias Haun, Director, Strategy Planning & Portfolio Management Andrew Little, Director, Strategic Financial Management</p>		
Joining by phone	N/A		
Absent	<p>Dec. 6-7: Rick Prinzen (Chief Supply Chain Officer) Dec. 6: Glenda Yeates</p>		

Leah Hollins, Chair, called the meeting to order at 1 p.m. ET on Dec. 6, 2017. She welcomed the four new directors – Elizabeth Martin (Toronto), Anne McFarlane (Saanichton, B.C.), Glenda Yeates (Ottawa) and David Lehberg (Toronto) – to their new roles.

- The agenda was approved as presented:
*After review, **ON MOTION** duly made and seconded, the agenda was unanimously approved.*
- On invitation from L. Hollins, no conflicts of interest were declared.
- The public minutes of Sept. 13-14, 2017 were approved, as presented:
*After review, **ON MOTION** duly made and seconded, the public and closed minutes of the Sept. 13-14, 2017 meeting were unanimously approved.*
- The topic of the economic benefit of the Canadian Transplant Registry (CTR) was briefly discussed under business arising. This topic arose from the last board meeting, where the board made a request

for more detail on the economic benefits of increases in kidney transplantation compared to the ongoing costs associated with dialysis care. As part of the discussion, a few key points were highlighted:

- Kidney transplantation is the preferred therapeutic intervention over dialysis care in that it generates savings to the health care system, and significantly improves the quality of life for patients.
- Modelling performed to assess the investment in the Canadian Transplant Registry demonstrates that it generates significant savings on an ongoing basis. Beginning in the second year after a transplant, the health care system avoids between \$33,000 and \$84,000 in patient care costs per year, while at the same time providing better outcomes for patients.
- This calculation does not take into account whether a person is employed, therefore, savings to the health care system are likely under-reported (i.e. generally, a person on dialysis is not able to work, while having a transplant facilitates a person's return to the office).

It was noted that all other matters would be captured in the agenda items to follow.

5. Report of the CEO (G. Sher)

Dr. Graham Sher, CEO of Canadian Blood Services, presented his quarterly reports on: 1) emerging issues and CEO activities; 2) Q2 2017-2018 CEO Report to the Board; and 3) the Q2 2017-2018 Corporate Portfolio Report. These are part of standard reporting every quarter.

Summary of Q2 2017-2018 Emerging Issues

- **Men who have sex with men (MSM)**
 - With the support of Health Canada who provided \$3 million in research funding, Canadian Blood Services and Hema-Quebec are facilitating an ongoing research program to support the collection of data required to consider possible policy changes to the MSM deferral period.
 - The funded research projects will gather insight on a behaviour-based model versus the existing population-based model, the feasibility of potential donor deferral policies, and the risks associated with alternative donor selection policies.
 - Participating researchers will meet in the spring of 2018 to share preliminary findings.
 - Separate from this competition, Canadian Blood Services is investigating the possibility of accepting MSM donors as source plasma donors (for the purposes of further manufacture of this plasma), and how to operationalize such a program, as part of the proposed plasma collection business plan.
- **RFP for plasma protein products (PPP)**
 - Following the release of the PPP RFP results, there has been reaction from stakeholders (patient and physician groups) and one vendor in particular. Implications of product switching are at the core of the issue.
 - Canadian Blood Services continues to work with its stakeholders to navigate the transition period, and there have been several points of engagement, especially within the hemophilia and the immune deficient community.

- In addition, Canadian Blood Services is committed to conducting a post mortem analysis of the latest RFP process and capture any lessons learned.
 - **ACTION** (G. Sher): Continue to update the board on the transition underway, in addition to preparing a post mortem analysis of the latest process.
- **Paradise Papers names CBSI**
 - Canadian Blood Services' subsidiary captive insurance company Canadian Blood Services Insurance Company Limited (CBSI), operating out of Bermuda, was one of the insurance companies named in the November 5th Paradise Papers, an illegal hack of data from Appleby, a law firm with offices in Bermuda and elsewhere.
 - While the shareholding structure and names of a number of the prior and present directors and officers of CBSI were named, there is no wrongdoing on the part of Canadian Blood Services or CBSI. No adverse consequences are anticipated to Canadian Blood Services or the named individuals.
- **Canadian Hemophilia Society report card on the blood system**
 - The Canadian Hemophilia Society released its report card on the blood system on Nov. 22, 2017, their sixth report card over the last 20 years.
 - The report addresses the progress of safety, adequate supply, self-sufficiency and accountability of Canada's blood system.
 - The evaluation of Canadian Blood Services was generally high, with plasma sufficiency being an area showing room for improvement.
 - Canadian Blood Services' response focuses on the value delivered to patients, to the system and to its funders, as per its value proposition.
- **Changes to the Executive Management Team**
 - Two Vice-Presidents departed Canadian Blood Services in September 2017.
 - Judie Leach Bennett assumed the role of Vice-President, General Counsel and Corporate Secretary.
 - Rick Prinzen, Chief Supply Chain Officer, is overseeing the Donor Relations portfolio, in addition to the entire supply chain responsibility.
 - Chief Medical and Scientific Officer, Dr. Dana Devine, assumes a new role as Chief Scientist with Canadian Blood Services effective January 1, 2018.
 - Dr. Isra Levy will become the Vice-President, Medical Affairs and Innovation effective January 2018.

Open Board Meeting

Management provided new directors with a short briefing on the open board meeting to occur the next day. Open meetings occur twice per year, and it is one of Canadian Blood Services' avenues for engaging stakeholders and offering transparency to the public. The meeting will be web-streamed. Eight people have requested to make presentations, and two written submissions have been received. Presentations will include a focus on the commercial plasma industry, and comments from patient and physician groups in light of the recent PPP RFP process.

Q2 2017-2018 CEO Activities

Other than what was provided in the advance material, no other meetings with stakeholders and/or governments were highlighted.

Q2 2017-2018 CEO Report to the Board

There were no further questions related to the Q2 2017-2018 CEO report provided in the advance package.

Q2 2017-2018 Corporate Portfolio Report

Andrew Pateman, Vice-President, People, Culture and Performance, provided a high-level update on the corporate portfolio report for Q2 2017-2018. He highlighted for new directors that the performance and change impacts of Canadian Blood Services' high-visibility projects are reported each quarter. For this quarter, there were no specific issues which needed to be raised. The executive management team will continue to closely monitor and support the performance of high-visibility projects.

Executive Pension Plan Advisory Committee

With the departure of the former chair of the Executive Pension Plan Advisory Committee, the board was asked to recommend a new member to fill this vacancy. Management recommended to the board that the Executive Pension Plan Advisory Committee elect two co-chairs: 1) Pauline Port, Chief Financial Officer and Vice-President Corporate Services and; 2) Wayne Gladstone, Chair of the Finance and Audit Committee. The election of two co-chairs was viewed to be a prudent measure in the event of departures or an inability to attend a meeting. In addition, Judie Leach Bennett, Vice-President, General Counsel and Corporate Secretariat, was recommended for appointment as a member of the Executive Pension Plan Advisory Committee.

To this effect, the following resolution was passed:

*After review and discussion, **ON A MOTION** duly made, seconded and unanimously carried **IT WAS RESOLVED THAT** the board of directors of Canadian Blood Services hereby approve Wayne Gladstone and Pauline Port as co-chairs and appoint Judie Leach Bennett as a member of the Executive Pension Plan Advisory Committee.*

6. Enterprise Risk Management report (A. Pateman)

A. Pateman provided an overview of the Enterprise Risk Management (ERM) program at Canadian Blood Services for the purpose of orienting new directors. His update included a look at the 2017-2018 second quarter corporate risk report.

- The mission of Canadian Blood Services' ERM Program is to support the organization in managing risks that have the potential to impact the organization's ability to deliver on its strategy and operations.
- The board of directors are accountable for governing the ERM program and providing oversight to satisfy themselves management is appropriately addressing emerging risks.
- The quarterly risk report includes an analysis of the current state of these risks and how they are mitigated, and the strength of the current controls aligned to these risks.

- The board retains oversight of six risks from the corporate risk profile, while delegating oversight of the remaining risks to committees of the board.
- Every quarter, management highlights any material change seen in that quarter which extends beyond the defined risk appetite, and outlines the controls in place to mitigate the risk. Committee chairs are encouraged to elevate any risks delegated to them, which are discussed at their respective committees.
- The overall risk exposure for Q2 2017-2018 has heightened, with the increased risk related to Risk E - *Business continuity in the face of internal and/or external disruptive incidents* and Risk L - *Labour relations environment*. Risk A - *Operational independence* and Risk G - *Donor and registrant base* remain high.

7. Business Continuity Management update (A. Pateman)

The board was presented with an overview of the Business Continuity Management (BCM) Program and an update on progress against the internal audit observations.

- In November 2016, an internal audit of the BCM Program was conducted. Management agreed that more work was required to mature the program and that the governance for the program should be transferred to the Enterprise Risk Management (ERM) Program managed by People, Culture and Performance as of April 2017 (formally, the program resided under the supply chain function). Since that time, ERM has been working to mature the BCM Program and close out the audit observations. Six of the ten audit observations are now closed.
- The improvements underway with the Business Continuity Management Program will improve the effectiveness of current controls for Risk E – *Business continuity in the face of internal and/or external disruptive incidents*.
- Updates on the BCM program are provided to the board twice per year. During this time, management provides the board with assurance that the program has the proper controls in place, and that Canadian Blood Services is able to respond appropriately to disruptions, if necessary.
- The board participated in a discussion about the disruptive events occurring over time. A proposal was made to build in an option to stress test business continuity plans, where many staff are involved.
 - **ACTION** (A. Pateman): Consideration for an option to stress test business continuity plans, where many staff are involved (e.g. Pandemic Flu scenario).

8. National Accountability Agreement (J. Leach Bennett)

Judie Leach Bennett, Vice-President, General Counsel and Corporate Secretary provided the board with an update on the negotiations for a national accountability agreement.

- While the notion of a national accountability agreement between Canadian Blood Services and the members has long been discussed, negotiations have recently been renewed.
- A deputy minister working group (including Saskatchewan, Ontario, PEI, and British Columbia), led by the Saskatchewan deputy minister met with Canadian Blood Services' CEO. In addition, a small negotiating team was established, including key Canadian Blood Services'

representatives and provincial/territorial (P/T) officials from Saskatchewan, Ontario, BC and PEI, on behalf of the larger P/T Blood Liaison Committee (PTBLC). The team has held three meetings since July 2017, and a series of additional meetings have been scheduled.

- A parallel set of PTBLC-only working groups has also been established to ensure the agreement represents the views of all jurisdictions.
- A table of contents for the agreement was developed by the lead province in consultation with other jurisdictions and was submitted to the Deputy Ministers, without seeking the feedback of Canadian Blood Services. While the Table of Contents is broad, Canadian Blood Services has some concerns that the agreement delves too deep into operational matters.
- In addition, a group of lawyers from SK, ON and CBS are currently working constructively on a first draft of the agreement, which will later be shared with the negotiating team.
- Canadian Blood Services continues to make efforts to work alongside the negotiating team, towards the creation of an agreement which can provide clarity on governance and financial matters.

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

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Leah Hollins, Chair, called the meeting to order on December 7, 2017, and welcomed members of the public and Canadian Blood Services' staff to the open meeting of the board.

In her opening remarks, L. Hollins commented on the following:

- She recognized Ottawa as being part of the traditional territory of the Algonquin people;
- She commented on her interim role as board chair, until a new chair is elected in the coming weeks;
- She noted the twentieth anniversary of Justice Horace Krever's recommendations for a national, accountable, public blood service, and the principles of openness and transparency by which Canadian Blood Services was founded;
- In October, an Annual General Meeting was held with Canadian Blood Services' corporate members, the provincial and territorial ministers of health from all jurisdictions, except Quebec. At this meeting, Canadian Blood Services' annual report and financial statements were tabled, and two key topics were raised: 1) Canadian Blood Services' plans to increase plasma sufficiency in Canada; and 2) Canadian Blood Services' ability to use surplus funds housed in its captive insurance corporation to finance transformative risk mitigation programs.
- The directors and executive management were introduced. The four new directors who joined Canadian Blood Services in October are: Elizabeth Martin (Toronto), Anne McFarlane (Saanichton, B.C.), Glenda Yeates (Ottawa) and David Lehberg (Toronto).
- Dana Devine, the current Chief Medical & Scientific Officer, will transition to the newly created role of Chief Scientist, which she will pursue on a part-time basis, and Dr. Isra Levy will assume the role on the executive management team as the organization's new Vice-President, Medical Affairs and Innovation.
- Canadian Blood Services is the only charity in the health category to receive an 'A' grade for charity of the year by Financial Post magazine.

9. The agenda was approved as presented:

*After review, **ON MOTION** duly made and seconded, the agenda was unanimously approved.*

10. On invitation from L. Hollins, no conflicts of interest were declared.

11. Report of the Chair (L. Hollins)

L. Hollins did not wish to highlight anything other than what was included in her opening remarks.

12. Report of the CEO (G. Sher)

Dr. Graham Sher, CEO of Canadian Blood Services, presented the mid-year report, an opportunity for board members and members of the public to hear about the progress the organization has made in the first six months of the fiscal year (2017-2018) against its strategy and performance targets. The provision of this information supports and demonstrates Canadian Blood Services' commitment to openness and transparency.

G. Sher opened with a comment on Canadian Blood Services' value proposition, the goal of which is to deliver value by improving patient outcomes, enhancing system performance and by optimizing cost-efficiency. He then commented on progress under each of the organizations' seven key focus areas.

Strategy and progress under key focus areas

1. Earning the right to serve

- Canadian Blood Services continues to deliver above its baseline target of at least 80% when it comes to its public trust scores (summer 2017=86%) as measured by Ipsos polling. Donor satisfaction scores continue to remain above 90% (summer 2017=94%).
- For the first time, Canadian Blood Services has engaged stakeholders in its strategic planning process. Beginning last April, stakeholder consultations were held in Vancouver, Toronto, Ottawa and Halifax. The board posed a question related to representation of the younger donor aged 17-25 years and it was confirmed this demographic was represented in the work undertaken by the Regional Liaison Committees.
- Stakeholders, mainly patient and physician groups, have also been engaged in the most recent Request for Proposal (RFP) process for plasma protein products. Following the RFP process, certain stakeholders indicated some concerns with the breadth of products offered. Canadian Blood Services continues to work with patient and physician groups to address all concerns during the transition period.

2. Manufacture biological products

- Whole blood collections have been below target of 100% five of six months in 2017–2018; this has been offset by lower than forecasted demand for red blood cells. A reduction in the demand for red blood cells is a phenomenon being faced world-wide. Despite falling demand, it has been a challenge to meet collection targets, largely a result of shifts in donor mindsets, expectations and attitudes.
- Collections for plasma (for transfusion) finished the quarter slightly below target at 98.6%; platelet collections exceeded the target at 101.9%.

- Canadian Blood Services continues to meet performance targets set for its national fill rates, with all targets for red cells, platelets and plasma being met or exceeded in Q1 and Q2 of 2017-2018 (a target is only considered met if 100% of the hospital order is fulfilled).
- Discards of whole blood reflect the percentage of whole blood collections discarded prior to distribution, not including hospital discards. The target of 5.8% was hit during the first two quarters of 2017-2018. .
- All six of the criteria for the Cord Blood Inventory Quality Index were exceeded in Q1 and Q2 of 2017-2018. Over the years, the industry has become increasingly strict with its standards and thus, the number of cords banked continues to drop. Canadian Blood Services applies rigorous criteria and today has achieved one of the highest quality cord blood banks in the world.

3. Provide transfusion and transplantation services

- The number of completed stem cells transplants from Canadian patients is on the rise, even in the face of practice change (haploidentical transplants). The majority of Canadian patients are receiving stem cells from international donors, not uncommon as it is not possible for any country to be entirely self-sufficient. Canadian Blood Services' OneMatch registry continues to favour the donation from ethnically diverse males, the hardest to match, and samples from males under 35, who offer patients better post-transplant outcomes.
- As of September 30, 2017, Canadian Blood Services' two kidney registries, the Kidney Paired Donation (KPD) program (launched in 2008) and the Highly Sensitized Patient (HSP) kidney program (launched in 2013), facilitated 534 and 369 kidney transplants respectively. These registries have not only increased inter-provincial sharing, but they have significantly improved the quality of life for patients, who without these transplants, would have remained on dialysis for life. In addition, Canadian Blood Services also operates the National Organ Waitlist, a real-time, online national listing of patients waiting for heart, lung, liver, pancreas, small bowel and multi-organ transplants. As of September 30, 2017, there were 734 active patients (launched 2012).
- In October 2017, Canadian Blood Services ceased testing donated blood for cytomegalovirus (CMV), except for a small number of blood products for intrauterine transfusions. This is based on a body of international research suggesting that leukoreduction, the practice of extracting white cells from blood where CMV resides, and which Canadian Blood Services performs as part of the manufacturing process, is just as effective at reducing the virus. The elimination of this testing is estimated to save health system approximately \$600,000 per year.
- Canadian Blood Services has increased the shelf-life for platelets from five to seven days, as the result of evidence stating that some bacteria in platelets will manifest only after the five day mark. The change is expected to increase patient safety, and maintain usable product shelf-life and platelet yield.
- Canadian Blood Services, in partnership with Héma-Québec and with funding from Health Canada, has funded eleven new research projects focussing on evidence to support a possible change in the current eligibility men-who-have-sex-with-men criteria.

- Research activities underway also include efforts to find IVIG replacements by establishing new translational and industrial research partnerships and ways to modernize quality control testing to result in fewer product discards.
- 4. Transform how we attract, interact with and retain donors**
- For each of its product categories (whole blood, plasma, platelets, stem cells), the donor base continues to grow as a result of Canadian Blood Services' Deeper Connections transformation strategy, which is responding to the shift in donor demographics, preferences and attitudes. Most notably, consents to donate for cord blood have risen 28% in the last year (September 30, 2016 – September 30, 2017).
 - Canadian Blood Services continues to focus on recruiting young, ethnically diverse males for facilitating hard to match patient populations. The OneMatch Stem Cell and Marrow Network now includes over 415,000 donors willing to donate to any patient in need anywhere in the world.
 - The number of appointments booked through digital channels continues to grow (resting now at approximately 30%). Of note, for the first time in Q3 2017-2018, Canadian Blood Services witnessed monthly digital appointments exceed the National Call Centre (NCC) bookings – an important milestone in the organization's shift to digital.
- 5. Deliver our products and services more efficiently**
- Canadian Blood Services realized \$70 million in efficiencies between 2008-2009 and 2011–2012 (verified by the 2013 review by Ernst & Young). The organization is now seeking an additional \$100 million efficiency gain; \$38 million of the \$100 million was realized from 2013–2014 through 2016–2017. Canadian Blood Services continues to strive for further efficiencies in meeting its targets.
 - At the end of Q2 2017-2018, Canadian Blood Services was below target on three of four of its measures contained on its National Productivity Index. Unfavourable results for recruitment, collections, and production productivity in Q2 were driven primarily by lower than planned collection volumes of whole blood. Testing productivity exceeded its target due to efficiencies related to staffing in the Brampton testing site.
 - Canadian Blood Services' cost and labour hours per unit were slightly behind targets at end of Q2, due to the challenge of static fixed costs in the face of decreasing demand.
 - Through the most recent round of bulk purchasing of plasma protein products, Canadian Blood Services will be able to provide patients with access to a selection of plasma products which meet Health Canada regulations and requirements at a lower cost to the system than ever before. Effective April 2018, it is expected that Canadian Blood Services will realize savings of at least \$455 million in cost reduction/avoidance over three years.
 - Utilization of plasma protein products by health systems continues to grow at exponential rates. Immune globulin and Recombinant Factor VIII, which consume more than 60% of Canadian Blood Services' budget for plasma protein products, have increased by 65% and 45% respectively, using fiscal year 2009-2010 as a baseline. Utilization of C1 Berinert, introduced in 2007 has increased by almost 1,000 per cent in this period.
- 6. Advance and mature our quality management system**
- Canadian Blood Services met 6 out of 8 targets on its Quality Index during Q1 and Q2. Targets fell shy as a result of an error identified in the process of diagnostic testing, and

during the most recent quarter, 92 units were recalled in a single event due to a missing temperature log. There have been no adverse patient impacts and a corrective and preventive action (CAPA) has been initiated.

- Canadian Blood Services' Link program, which aims to strengthen the quality management system and culture, is making steady progress. A revised quality policy is anticipated to be launched in the final quarter of this fiscal year. Both employees and the board will complete the training modules.

7. A high-commitment, high-performance culture

- As part of Canadian Blood Services' commitment to creating an inclusive culture, a diversity and inclusion strategy is under development. This includes bias awareness training and LGBTQ and trans awareness training for staff and employees.

Financial Performance

- Canadian Blood Services' cash position continues to be strained. As of Sept. 30, 2017, unreserved operating cash was negative \$18.0 million (or negative 5 days cash on hand), compared to negative \$3.1 million at March 31, 2017 (or negative 1 day cash on hand). The reduction in cash position is attributable to the increase in costs for plasma protein products due to higher demand, and the increase in the receivables of the provinces and territories over the last few years. Discussions are in progress with Ontario officials to address the cash flow constraints caused by delayed payments.
- Due to low cash reserves, \$24 million has been outstanding on Canadian Blood Services' line of credit since May 2016.
- The fair value of CBSI investments has grown by a modest \$1.4 million due to returns during the six months ended Sept 30, 2017. While the portfolio experienced a reduction in the fair value of investments due to the fixed income investments, it continues to perform ahead of benchmark standards.
- Canadian Blood Services' premium net assets – the asset balance remaining after the deduction of reserves for blood risk liability policy, contingent risk indemnification policy, stock throughput policy, regulatory reserve, the market volatility reserve, and the cyber damages and security policy – has gradually grown over the past years. The introduction of a \$10M reserve for cyber damages and security (effective April 1, 2017) partially offset by the \$1.4 million increase in the investment assets, resulted in a reduction of the net premium assets from \$86.9 million at March 31, 2017 to \$78.2 million at Sept. 30, 2017.
- Overall expenses at Sept. 30, 2017 have increased by \$8.8 million, compared to the same period in the prior year. The majority of the increase is in plasma protein products (PPP), partially offset by a decrease in fresh blood. For the first time, a price transfer of \$13.2 million was recorded between the fresh blood and the PPP business lines.
- Total PPP costs have increased by \$23.2 million primarily due to the new transfer price of \$13.2 million from fresh blood and a \$10 million increase in the cost of PPP products as a result of expanding indications and foreign exchange.

Discussion

- The board enquired as to the biggest themes emerging over the last six months. G. Sher noted highlights have included the outcome from the latest plasma protein product RFP procurement process and Canadian Blood Services' plasma plan tabled with governments in January 2017. A third theme has been the high degree of change in the organization transpiring at the moment, especially as it relates to re-organization in order to better respond to shifts in donor demographics. The board expressed their concern with Canadian Blood Services' continued reliance on its line of credit. Dialogue with Canadian Blood Services and ministry staff from Ontario is ongoing. It is hoped that issues of timely payments will be addressed through the creation of a National Accountability Agreement.

13. Business Plan: Ensuring Canadian security of plasma supply for immune globulin (Ig) update (G. Sher)

G. Sher provided the board and the public with an update on activities relating to the submission to governments of the Business Plan: *Ensuring Security of the Canadian Plasma Supply for Immune Globulin*.

- The business plan was delivered to governments in January 2017.
- The federal government has formed a panel to conduct an independent assessment of the risk to the supply of immune globulin for Canada. Canadian Blood Services has presented to the panel and has provided extensive documentation. No funding decision by governments is anticipated prior to the completion of the panel's assessment. The panel's final report is due in March 2018.
- At Canadian Blood Services' Annual General Meeting, as part of the Health Minister's Meeting held in October 2017, Canadian Blood Services continued the dialogue on its plasma plans with members towards arriving at a funding decision in early 2018. Canadian Blood Services continues to stress the importance of the completion of the report prior to March, in order to coincide with its annual funding cycle.
- While there is consensus among provincial/territorial governments about the immediate action required to expand and improve plasma collection in Canada, they have differing views on the best way to achieve this (i.e. non-remunerated versus remunerated plasma collection). Canadian Blood Services' ideal position supports a national, non-remunerated, volunteer system.
- It is Canadian Blood Services' view that long-term security of the plasma supply for immune globulin can only be achieved through increased plasma collection by the publicly funded and publicly accountable not-for-profit blood provider operating on behalf of Canadians. Commercial plasma collectors are not bound to keep the products they collect from Canadians for use by Canadians; they can sell their products on the open market to the highest international bidder.
- Work also continues on the internal organizational design and structure required for the plasma business. Recruitment internally for a plasma project director has successfully concluded. Elizabeth Stucker will start in early December.
- G. Sher commented on the recent coverage in Maclean's magazine (*A bloody mess: The story behind paid plasma in Canada* by Anne Kingston – November 22, 2017) regarding the emergence of the commercial plasma sector in Canada. The article included information obtained

from an Access to Information and Privacy (ATIP) request as well interviews with Health Canada and Canadian Blood Services. The article makes inaccurate statements and conclusions about Canadian Blood Services' interactions in this matter; Canadian Blood Services has submitted a formal written response on its website to correct the record.

- The board acknowledged they have been briefed on the issue of commercial plasma regularly over the years, but asked G. Sher to restate for record the nature and number of meetings with Canadian Plasma Resources (CPR). G. Sher clarified that Canadian Blood Services has met with CPR two times at their request, once in 2009 and once in 2011. It is not uncommon for Canadian Blood Services to meet with vendors who wish to do business in Canada to discuss opportunities for potential collaboration. The first meeting was in regards to CPR's initial plans for bringing plasma collection and fractionation capacity to Canada, gaining an understanding of how Canadian Blood Services' obtains fractionation services, and the potential for Canadian Blood Services to provide testing services. The second meeting was similarly related to opportunities for partnership in fractionation and testing services. At both meetings, Canadian Blood Services expressed that its business interests did not align with those of Canadian Plasma Resources. At no point, has Canadian Blood Services encouraged or enabled Canadian Plasma Resources' entry into the marketplace.
- In addition, Canadian Plasma Resources has sent one letter to Canadian Blood Services with an offer for Canadian Blood Services to purchase their plasma. Canadian Blood Services formally rejected this offer in writing.

There was a break at 10:35 a.m. The board resumed at 10:50 a.m. It was noted that items 17 – Emerging Pathogens, and 18 – National Facilities Redevelopment Program would be postponed in the interest of time.

14. Quarterly IT update (R. Michaelis)

The board received a quarterly IT update from Ralph Michaelis, Chief Information Officer, which included both an educational session on identity management as well as an update on the Q2 2017-2018 cybersecurity report.

Identity Management

- Much like the keys to a locked door, user accounts are the mechanism by which IT systems determine whether to provide a trusted individual with access to information. The discipline of managing user accounts/passwords and access to corporate data, is referred to as 'identity management'.
- Canadian Blood Services' employees must access multiple IT systems to perform job duties, historically each IT system requiring a unique username and password. The result of having multiple usernames and passwords is twofold: Frustrated users adopt poor practices (e.g. writing their passwords on sticky notes hidden under keyboards) and management struggles to effectively manage all of these accounts/passwords. This can effectively compromise information security.
- As part of the organization's cybersecurity strategic plan, management will undertake an enterprise-wide identity management project in the 2018-2019 fiscal year to implement a set of technical and procedural controls, in part by consolidation of unique user names/passwords, to

ensure the improved management of user access to IT systems. The project is expected to be completed in Q2 of the following fiscal year.

Q2 2017-2018 cybersecurity report

There were no other initiatives and operational activities highlighted, other than what was provided in the advance briefing material. Management continues to strive to meet industry performance standards with respect to enhancing, maintaining and monitoring its cybersecurity program.

15. Public Presentations (Public)

The board received eight presentations and two written statements from the public. Canadian Blood Services committed to responding to each presenter in writing following the meeting.

- **ACTION (JP. Bédard):** Respond to each presenter in writing.
- 1. **Angela Diano, Executive Director, Alpha-1 Canada:** A. Diano introduced her organization and reviewed how Alpha-1 Canada is working hard to increase the testing and diagnosis of persons with Alpha-1 and lobbying for equitable access to treatment for Alphas across Canada. Pharmaceutical coverage is not uniform across the country with only British Columbia, Alberta and Quebec providing coverage; some provinces provide special access, and the remaining provide no coverage. Augmentation therapy is available in Canada for persons suffering from severe Alpha-1. Augmentation therapy is an alpha-1antitrypsin (AAT) preparation made from human plasma of blood donors. It has not been shown to cure the disease nor reverse any damage already caused to the lungs, however, it delays and in many cases allows patients to avoid receiving double-lung transplants. This product is not distributed by either Canadian Blood Services or Héma-Québec. G. Sher thanked A. Diano for bringing this matter to the attention of the board and commented on the criteria which must be present for Canadian Blood Services, in consultation with the provinces, to be able to include it in its formulary. G. Sher committed to further examination and a response back in writing.
- 2. **Amanda Vyce, National Health Analyst, Canadian Union of Public Employees –** A. Vyce presented on the role of staff in expanding and improving Canadian Blood Services' services, and the need to ensure that the collection and supply of blood and blood products in Canada is not privatized. Concern was expressed in regards to the opening of private plasma clinics in Saskatchewan and New Brunswick. It was noted that Canadian Blood Services strategy is to move forward, as per its plasma business plan, with a non-remunerated, volunteer system.
- 3. **Kat Lanteigne, Executive director and co-founder, BloodWatch.org:** K. Lanteigne presented ideas for the 20th anniversary of Canadian Blood Services to honour tainted blood survivors and the Krever Commission. She commented on the importance of the Voluntary Blood Donations Act, which has been signed by family members affected by the tainted blood tragedy and members of the legal community who participated in the Krever inquiry. She also remarked on the Macleans article, specifically in regard to Canadian Plasma Resources. G. Sher noted that Canadian Blood Services has issued a response, available on its website.

4. **Adrienne Silnicki, Canadian Health Coalition** – A. Silnicki discussed her concerns with the emergence of the for-profit plasma system in Canada and the Canadian Health Coalition's support for Canadian Blood Services' plan to expand voluntary donor plasma collection centres across Canada. She also commented on the need to promote services and clinics and target youth and students, aged 17-24.
5. **Whitney Goulstone, Canadian Immunodeficiencies Patient Organization** – W. Goulstone spoke about the recent plasma protein products Request for Proposal and the impact of the transition on Immune Deficient patients. She asked Canadian Blood Services to hold a small stock of Subcutaneous product for patients unable to tolerate Cuvitru, to extend the transition time, and implement it in phases. She also requested that patients be better integrated into the RFP process. G. Sher committed to working collaboratively with patients and physicians during the transition period.
6. **Dr. Stephen Betschel, Clinical Immunologist** – Dr. Betschel expressed his respect for the work of Canadian Blood Services and noted his concerns with the recent PPP RFP process and the impact on health care delivery.
7. **Wendy Sauvé, President, Canadian Association for Porphyria** –W. Sauvé introduced the board to porphyria, a rare disease, and to the Canadian Association for Porphyria (CAP). She commented on the current situation in Canada with respect to heme, a blood product that is the only treatment for porphyria, in addition to information about Canadian Blood Services' process of review since June 22, 2017. CAP is advocating for Canadian Blood Services to distribute Normosang and/or Panhematin to ensure optimal care and access to treatment in a timely manner. G. Sher commented on Canadian Blood Services' commitment to work with CAP in the review process, and the recent meeting held with the Provincial and Territorial Blood Liaison Committee in October, where the officials requested an extension on the time to review.
8. **Nazli Topors, Head of Medical, Bioverativ Canada** – Bioverativ Canada is a pharmaceutical company that produces Eloctate and Alprolix products for hemophilia treatments. The presentation by N. Topors outlined recent clinical data about the two products, and concerns about the recent PPP RFP process.
9. **Pat Letendre, Concerned citizen** (written submission, read by Leah Hollins) – P. Letendre posed questions to the board in regards to Canadian Blood Services' administration of an internal poll on the support for paid plasma, and if Canadian Blood Services can encourage Health Canada to make the meetings, processes, decisions of its Expert Panel on Immune Globulin much more transparent to Canadians than they currently are.
10. **David Page, Executive Director, Canadian Hemophilia Society** (written submission, read by Leah Hollins) – D. Page's submission reviewed the recently released CHS Report Card, and highlighted concerns about cost being the primary driver in decisions related to procuring blood products and recombinant alternatives. The submission also commented on CHS' desire to see a fresh approach to plasma collection, (i.e. a public-private partnership with a reputable fractionator) be considered as a way to increase plasma sufficiency.

L. Hollins thanked all presenters for their time, and commented on the importance of public meetings as an important forum to hear from members of the public as part of Canadian Blood Services' commitment to transparency. She assured members of the public that both patient care and the safety and security of supply were at the forefront of all decisions that Canadian Blood Services makes.

The open board meeting adjourned at 12 p.m. ET.

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The board re-convened on December 7, 2017 after the open meeting at 1 p.m. for a continuation of the closed meeting.

16. National Facilities Redevelopment Program (G. Sher on behalf of R. Prinzen)

Deferred from the open meeting, G. Sher provided a brief update to the board on Phase I and Phase IIa of the National Facilities Redevelopment Program (NFRP).

NFRP Phase I

- The testing group began operations in the new Brampton laboratory on May 29, 2017. The final move of equipment ancillary to NAT will be completed in January 2018 and the project will move into close-out.

NFRP Phase IIa

- **Saskatoon:** The first purpose-built automated supply chain collection site is fully operational. The existing building continues to be listed for sale.
- **Regina:** The announcement that production services would be consolidated into the existing Calgary production operations in May of 2018 was made to Regina staff on July 5, 2017.
- **Edmonton:** A conceptual design was completed for the Edmonton Center. Negotiation of the Edmonton Center lease with Alberta Infrastructure continues.
- **Calgary Eau Claire collections site:** The Eau Claire collections site opened for operations as planned on July 10, 2017. A grand opening celebration was held Sept. 19, 2017.
- **Calgary Operations facility:** Construction is progressing well. Erection of the structural steel is 90% complete.

The emerging pathogens update from the open meeting was deferred until a later meeting.

- **ACTION (D. Devine):** Schedule D. Devine to present at a future board meeting.

17. Committee Reports

Finance & Audit (W. Gladstone)

Wayne Gladstone, Committee Chair, presented the report of the Finance & Audit Committee, which met on Dec. 5, 2017. Highlights of the committee included:

- Cash-on-hand continues to be low to meet business requirements, mainly as a result of receivables owed by Ontario. The amount owed was \$74.8 million at September 30, 2017.
- Two resolutions, relating to the Contingency Fund Policy and Defined Contribution Plan text, were presented to the board for approval.
 - The committee reviewed the coverage available for use by the CEO to deal with an issue affecting the safety of the blood system. Twenty million dollars (\$20M) is available from

a cash fund. Another twenty million dollars (\$20M) is available through an insurance policy at CBSI. The following motion was passed:

- *After review and discussion, **ON MOTION**, duly made, seconded and unanimously carried, **IT WAS RESOLVED THAT** the board approve the contingency fund policy, in the form attached.*
- The committee reviewed plan text changes being presented to remove references to the forfeiture account, which is no longer required, and incorporate the temporary additional employer contribution approved in June 2017. Employer contributions will be reviewed at a minimum of every five years. The following motion was passed:
 - *After review and discussion, **ON A MOTION** duly made, seconded and unanimously carried **IT WAS RESOLVED THAT** the board of directors of Canadian Blood Services hereby approve the resolution for Amendment No. 1 to the Canadian Blood Services' Defined Contribution Plan, as Consolidated and Restated as of Jan. 1, 2016, in the form attached.*

Safety, Research, and Ethics (K. Glasgow)

Kevin Glasgow, Acting Committee Chair, presented the report of the Safety, Research and Ethics Committee, which met on Dec. 5, 2017. Highlights of the committee included:

- The new Canadian Blood Services' Quality Policy will be implemented in January 2018; the committee recommended that this be a specific topic on a future full board agenda to determine how the board can contribute to "walking the talk".
- The corporate risk profile rating assigned to the committee, *Donor and Registrant Base*, remains high given fragility of donor acquisition and retention performance. Risk reduction to medium is anticipated with implementation of future controls.
- In terms of emerging risks, Hepatitis E has become an increasing concern in Western Europe, particularly in the Netherlands, Britain, and France. Canadian Blood Services is applying its risk-based decision making model in its assessment of relevance/approach for the Canadian blood supply, although it is not a concern in Canada at this time.
- This was Dr. Dana Devine's last meeting as staff co-lead of this committee. She will assume the non-executive role as Canadian Blood Services' Chief Scientist in 2018, and be succeeded in her Executive Management Team role by Dr. Isra Levy (as Vice-President, Medical Affairs and Innovation).

Talent Management (C. Knight)

Craig Knight, Committee Chair, presented the report of the Talent Management Committee, which met on Dec. 6, 2017. Highlights of the committee included:

- The committee elevated the risk assigned to the committee of *Labour Relations Environment* to the full board, given the ongoing negotiations with OPSEU. Contingency plans, to the extent possible, have been put initiated.
- The committee's Terms of Reference were updated to include removal of the reference to the Pension Committee, which has been absorbed into the Finance & Audit Committee.
- The updated version of the CEO job profile was approved.

Governance (Dunbar Russel)

Dunbar Russel, Acting Committee Chair, presented the report of the Governance Committee, which met on Dec. 6, 2017. Highlights of the committee included:

- The committee focused on the board's recruitment and nomination process in preparation for the commencement of the next recruiting activities in 2018.
- There are to be two more orientation sessions to be scheduled for the March board meeting and the upcoming board retreat.
- A decision was made to defer the Board Evaluation Program to 2019. A consultant to lead and administer this program will be selected through an RFP process by the end of 2018.
- The upcoming board retreat and greater use of the consent agenda were other topics discussed.

National Liaison Committee (K. Glasgow)

Kevin Glasgow presented an update on the National Liaison Committee (NLC) meeting, which met last on September 11 and 12 in Ottawa.

- Two new members joined the committee in September: Elizabeth Myles, National Executive Director with the Kidney Foundation of Canada; and Donna Hartlen, Executive Director of the Guillain-Barre Syndrome and Chronic Inflammatory Demyelinating Polyneuropathy Foundation.
- A number of positions are expected to change in the coming months including the position of representative from the Atlantic Regional Liaison Committee.
- There has also been a number of NLC members participating in various Canadian Blood Services initiatives, including the executive strategy roundtables held across Canada this fall, and participation in the Plasma Protein Product Request for Proposals (PPP RFP) process.
- The next NLC meeting will be held in early March.

CBSI/E (W. Gladstone)

Wayne Gladstone, Committee Chair, gave an update on CBSI/E activities for Q2.

- The business activities of CBSI and CBSE are continuing in good order with no new claims activity and no adverse or negative issues arising at this time. A training session of CBSI/E is intended for a future meeting for the purpose of orienting new directors.
- A CBSI Board meeting was held on November 15, 2017. The next scheduled meeting is via conference call on February 15, 2018.

Consent matters and information items 25-28:

Under the consent and information items, the board discussed the mandate letter the Saskatchewan government has committed to delivering to the board, on behalf of all members, at the 2018 Special Member's Meeting (SMM). The board raised concerns over this letter, and recommended opening a dialogue about the letter in advance.

- **ACTION (G. Sher):** Management to clarify with the lead province the contents of the expected mandate letter.

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L. Hollins expressed her gratitude to the full board, executive management team and all Canadian Blood Services' staff for the hard work in the preparation and delivery of December's board meeting. The next meeting will be held in Ottawa on March 7-9, 2018.

The meeting adjourned at 2:30 p.m. ET.

The board participated in an *in-camera* session, with and without the CEO from 2:45 – 4 p.m. ET.

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