



Year in Review



Brendan Dick, former Director of Pension and Benefits, B.C. Hospital Employees' Union (retired), Member Co-Chair, Board of Trustees



Pauline Port, Chief Financial Officer and Vice-President, Corporate Services, Canadian Blood Services, Employer Co-Chair, Board of Trustees

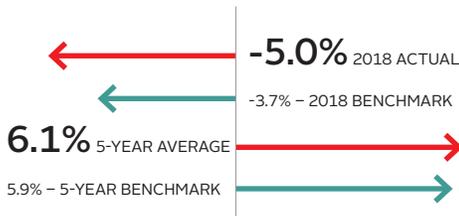
A REPORT TO OUR MEMBERS

Message from the Co-Chairs of the Defined Benefit Pension Plan Board of Trustees

We are committed to keeping members informed of the health of the Plan and are pleased to present the results of our Plan's performance. In order to pay lifetime pensions, and as relatively a young pension plan with a high ratio of active employees to pensioners, we must continue to balance the need to generate strong investment returns with the risk of a significant investment loss. Towards the end of 2018, the capital markets experienced a sharp downturn; however, there has been a rebound during 2019. Even with this downturn in the market, we continued to maintain a healthy asset to liability ratio. We hope you find our report informative and if you have questions contact our plan administrator, Morneau Shepell, using the contact information on the next page.

INVESTMENT RESULTS

RETURNS



INVESTMENT INCOME AND VALUE

\$-19.9M – Investment income, including unrealized loss³

\$381M – Market value of investment

-4.2%¹ – Change in market value

INVESTMENT ALLOCATION



PLAN FUNDING

FUNDING STATUS ON GOING CONCERN BASIS

104% – Estimate 2018

105% – Last funding valuation 2017

2018 ESTIMATED FUNDED STATUS

\$401M – Net Assets (smoothed)

\$387M² – Liabilities

ACTIVE MEMBERS AND PENSIONERS

2,477 – Active

539 – Deferred

1,004 – Pensioners

MEMBER SERVICES

MEMBERSHIP STATUS AND AVERAGE AGE

(as at December 31, 2018)

49 – Average age of active member

69 – Average age of pensioner

2018 ANNUAL COST OF PLAN

(Total, Cost per member, and as a percentage of net assets at December 31, 2017)

TOTAL COSTS

\$2.1M

\$522/member

0.55%

Plan administration
\$0.8M
\$188/member
0.20%

Investment management fees
\$0.9M,
\$201/member
0.24%

Other administrative costs
\$0.4M
\$132/member
0.11%

1. The return of -5.0% reflects total investment income over the average investment market value. The 4.2% decrease in the investment market value represents the year over year percentage that is impacted by investment income, contributions, termination benefit payments and plan expenses.

2. Includes the provision for adverse deviations as required by the new Ontario pension funding regulations.

3. The negative investment income includes investment income of \$10.3M, net realized gains of \$7.3M, and unrealized losses of \$37.6M. Unrealized losses reversed in early 2019.

“Check out Trustee Talk on cbsdbpension.hroffice.com for information on the role of the Trustees, the audited financial statements, Investment Policy, Funding Policy, Records of Decision and more.”

2018 HIGHLIGHTS

Continued efforts were made to fully implement the new investment policy that expands our options to include emerging markets and real estate, which was approved by the Board in 2015. The transition to reduce Canadian equities holdings by including emerging market holdings was completed in 2016 with emerging market holdings being maintained at 4%. In 2017, the Board interviewed and selected a Canadian real estate and a U.S. real estate investment manager. In 2018, the Plan purchased units in Canadian real estate funds representing 0.8% by the end of the year. Plans are already in place to expand the real estate investment holdings to assist in the transition and achieve our real estate holdings target of 6% of total investments, including additional investments in the Canadian real estate fund and the execution of a U.S. real estate subscription agreement in early 2019.

The Plan's negative returns reflect a steep market downturn experienced towards the end of 2018 in the global equity markets, namely the Canadian and international markets. In the first quarter of 2019, these markets rebounded with strong returns.

“WE ARE FOCUSED ON INVESTING IN ASSETS
THAT GENERATE THE RETURNS REQUIRED TO PAY
OUR FUTURE OBLIGATIONS.”

The new Ontario government funding framework was released in spring of 2018 and our Dec 31, 2017 funding valuation has been prepared with consideration to these new regulations. Based on the Dec 31, 2017 funding valuation, Canadian Blood Services and plan members' minimum combined contributions increased from 14.2% to 14.7% of pensionable earnings effective the first pay period in Jan 2019. The increase in the contribution rate is primarily attributable to the decrease in the discount rate by 0.2% from the prior valuation.

In 2018, with consideration to continuous improvements, the Board of Trustees commenced a review of the Plan's governance. This work is expected to continue through 2019.

YOUR BOARD OF TRUSTEES

As the Plan is jointly sponsored, trustees are appointed to the board by each of Canadian Blood Services (the Employer) and the Participating Unions. A total of six trustees and two alternates are appointed. Canadian Blood Services appoints three trustees and one alternate to the board as the Employer representatives, and the Participating Unions appoint three trustees and one alternate as member representatives.

EMPLOYER REPRESENTATIVES

NAME	TRUSTEE/ALTERNATE
Pauline Port (<i>co-chair</i>)	Trustee
Andrew Pateman	Trustee
Kelly Butt	Trustee*
Katarina Gustafsson	Alternate

MEMBER REPRESENTATIVES

NAME	UNION	TRUSTEE/ ALTERNATE
Brendan Dick (<i>co-chair</i>)	Hospital Employees' Union (<i>retired</i>)	Trustee
Cheri Hearty	Ontario Public Service Employees Union	Trustee
Debra Ducharme	British Columbia Nurses' Union (<i>retired</i>)	Trustee**
Josef Rieder	Health Sciences Association of British Columbia	Alternate**

*Kelly Butt was appointed as a trustee in Apr 2018.

**Fil Falbo completed his term as a trustee in Sept 2018. Debra Ducharme, who had been an alternate trustee to Sept 2018, was appointed as a Trustee in Sept 2018. Josef Rieder was appointed as an alternate trustee in Sept 2018.

YOUR ANNUAL PENSION STATEMENT

Your annual pension statement showing your service and pensionable earnings to Dec 31, 2018 provides you a picture of the income you can expect from the pension plan at retirement. Please review the spousal and beneficiary designation portions of the statement and return the enclosed form to Morneau Shepell if any changes are necessary.

FOR MORE INFORMATION

Attend our “Retirement Planning Sessions” scheduled for 2019.

Visit our Canadian Blood Services Defined Benefit Pension Plan Website: cbsdbpension.hroffice.com

Call our Canadian Blood Services' Pension Call Centre (operated by plan administrator Morneau Shepell) 1-877-252-4442

Find a wealth of information about the pension plan, including a summary of the Plan, a pension forecast tool, a member booklet, forms and documents, a copy of your annual statement, valuation reports, audited financial statements and much more.