

## Lockington, Elliott (SPAC/PSPC)

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**From:** Lockington, Elliott (SPAC/PSPC)  
**Sent:** May 23, 2020 1:44 PM  
**To:** Kusnick, Chelsea (SPAC/PSPC)  
**Subject:** FW: FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

- Elliott  
PSPC  
Minister Anita Anand  
Elliott.lockington@canada.ca

----- Original message -----

**From:** "Roy, Cecely (SPAC/PSPC)" <cecely.roy@canada.ca>  
**Date:** 2020-05-22 10:44 p.m. (GMT-05:00)  
**To:** "Church, Leslie (SPAC/PSPC)" <leslie.church@canada.ca>, "fitz-morris, James (SPAC/PSPC)" <james.fitz-morris@canada.ca>  
**Cc:** "Lockington, Elliott (SPAC/PSPC)" <elliott.lockington@canada.ca>, "Laycock, Tristan (SPAC/PSPC)" <tristan.laycock@canada.ca>  
**Subject:** RE: FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

Hi team,

In preparation for the story going out tomorrow, I have pulled together updated lines based on the response.

Cecely

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### Key Messages

- We are not paying for masks that we cannot use.
- We have suspended further shipments of KN95 masks from this supplier, and have no intention of taking delivery of any additional masks.
- We received 10.9 million KN95 masks from the supplier and approximately 9.8 million did not meet Canadian standards for this type of mask for medical use.
- As a result, we are exiting the relationship.
- While we received masks that do not meet Canada's standards for medical use from the supplier, close to 2 million have been redirected to organizations outside of the health system, and we expect to deploy more in the near future.
- We are looking at the real value for what we have received and recuperating payment based on that.

*If pressed on why this supplier was contracted & due diligence:*

- **The contracting process was initiated** when the distributor submitted a proposal through the Buy-and-Sell website following the call-out to suppliers for goods and services needed in Canada's response to COVID-19.
- Submissions received through Buy-and-Sell are reviewed and actioned by a team of procurement specialists within the Department of Public Services and Procurement Canada.
- The ability of the supplier to deliver large quantities of masks quickly was a significant consideration - always subject of course to meeting Canada's testing and standards.
- This was **one of the earliest contracts** signed for this product in very high demand, at the outset of the COVID-19 crisis.
- We received 10.9 million KN95 masks from the supplier and approximately 9.8 million did not meet Canadian standards for this type of mask - for use in the health system.
- As a result, we have suspended deliveries of KN95 masks from this supplier and we are exiting the relationship.
- To be clear, we are not paying for masks that we cannot use.

*If pressed on quality assurance:*

- This was one of the earliest contracts signed for this product at the outset of the COVID-19 crisis.
- Since that time, we have continued to adjust and refine our procurement approach.
- We have in place a rigorous quality assurance system beginning at the point of manufacturing.
- Our rigorous approach is the reason why none of these masks that failed to meet our standards have entered the health system.
- N95 masks continue to be in high demand around the world, and our work to bring them into Canada continues.

Thanks,  
Cecely

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**From:** Church, Leslie (SPAC/PSPC)

**Sent:** May 21, 2020 3:27 PM

**To:** fitz-morris, James (SPAC/PSPC) <james.fitz-morris@canada.ca>; Roy, Cecely (SPAC/PSPC) <cecely.roy@canada.ca>

**Cc:** Lockington, Elliott (SPAC/PSPC) <elliott.lockington@canada.ca>; Laycock, Tristan (SPAC/PSPC) <tristan.laycock@canada.ca>

**Subject:** RE: FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

Hi – I'm shortening it further. On the NSE stuff, could we not keep that out of our statement? I just worry that we're giving too much out. What about this...

Ensuring the health and safety of Canadians is our first priority as we've worked to build and access a supply of goods and services needed for Canada's response to COVID-19.

As has been previously discussed, we received an order of approximately 10.9 million KN95 masks from a single supplier and roughly 9.8 million did not meet Canada's standards for this mask type for use in the health system. As a result, we have suspended further shipments of KN95 masks from this supplier and are working on terms of exit from the contract. We have no intention of paying for masks that we cannot use and will not be taking delivery of any additional masks from this supplier.

We are currently determining refunds for masks that did not meet our standards, and discounts for those we've been able to redirect for non-medical use. As discussions are ongoing with respect to the terms of exit from our relationship, we are not in a position to identify the supplier. The Public Health Agency of Canada conducts

rigorous testing on PPE before it is distributed to provinces and territories for use in the health system, and this system worked. We have put in place strong quality assurance measures that have been evolving from the beginning of the response to adapt to changing circumstances. With these in place, we can confirm that none of the masks were distributed to provinces and territories for use in a medical setting. To date, close to 2 million of these masks have been redirected to other organizations outside the health system, and we expect to deploy more in the near future.

This is a Canadian distributor of supplies manufactured internationally. The distributor was awarded a contract after submitting a proposal through the federal government's Buy-and-Sell website following PSPC's call-out to suppliers for goods and services required in response to COVID-19, which was launched in early March. Submissions received through the Buy and Sell portal are reviewed and actioned by a dedicated team of procurement specialists within the Department of Public Services and Procurement Canada. N95 masks continue to be in extremely high demand around the world, and our work to bring them into Canada continues.

#### Background:

- This contract was entered into by the Department of Public Services and Procurement; it **did not** come to the Office of the Minister for approval.
- In order to ensure that we are securing the life-saving equipment and supplies needed to support the health system's response to this pandemic, we have in many cases undergone contracting under the National Security Exemption. Without this exemption, under international trade agreements there are requirements for solicitations to be open for at times 40 days, which would mean that if there was an urgent need for products like masks or gloves on March 11, the bidding would have closed on April 21, leaving a gap in the healthcare system of more than 6 weeks.
- Additionally, as there is fierce global competition for the same goods including N95 masks, and surgical masks etc., if we were to disclose information on specific contracts or suppliers, we would put Canada's supply chains for these life-saving goods at high risk, therefore putting at risk our delivery of these items into Canada and into the hands of frontline healthcare workers.

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**From:** fitz-morris, James (SPAC/PSPC)

**Sent:** May 21, 2020 2:56 PM

**To:** Roy, Cecely (SPAC/PSPC) <[cecely.roy@canada.ca](mailto:cecely.roy@canada.ca)>; Church, Leslie (SPAC/PSPC) <[leslie.church@canada.ca](mailto:leslie.church@canada.ca)>

**Cc:** Lockington, Elliott (SPAC/PSPC) <[elliott.lockington@canada.ca](mailto:elliott.lockington@canada.ca)>; Laycock, Tristan (SPAC/PSPC) <[tristan.laycock@canada.ca](mailto:tristan.laycock@canada.ca)>

**Subject:** RE: FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

I like the framing – I've cut some parts for length:

As has been previously discussed, we received an order of approximately 10.9 million KN95 masks from a single supplier and around 9.8 million did not meet Canada's standards for this mask type for use in the health system. As a result, we have suspended further shipments of KN95 masks from this **supplier** and are working on terms of exit from the contract. To be clear, we have no intention of paying for masks that we cannot use and will not be taking delivery of any additional masks from this supplier.

We are currently determining refunds for masks that did not meet our standards, and discounts for those we've been able to redirect for non-medical use. As discussions are ongoing with respect to the terms of exit from our relationship, we are not in a position to **identify** the supplier. The Public Health Agency of Canada conducts rigorous testing on PPE before it is distributed to provinces and territories for use in the health system, and this system worked. We can confirm that none of the masks were distributed to provinces and territories for use in **a medical**

setting. However, to date, close to 2 million of these masks have been redirected to other organizations outside the health system, and we expect to deploy more in the near future.

This is a Canadian supplier that manufacturers internationally. The supplier was awarded a contract after submitting a proposal through the federal government's Buy and Sell website following PSPC's call-out to suppliers for goods and services required in response to COVID-19, which was launched in early March. Submissions received through the Buy and Sell portal are reviewed and actioned by a dedicated team of procurement specialists within the department of Public Services and Procurement Canada. To be clear, following normal protocol for the federal contracting process, at no time did This contract did not come to the Office of the Minister for approval or sign-off. (considered for on BG)

In the procurement specialist's consideration of this particular submission, the ability of the supplier to deliver large quantities of masks quickly was a significant consideration in the awarding of a contract. As part of the contract, the masks were required to meet certain technical specifications for performance and quality. In working directly with PHAC, our bulk buying procurement response to COVID-19 was launched in early March 2020 to help respond to the urgent needs of provinces and territories and their health systems. This contract was one of the earliest signed for this product type at the outset of the COVID-19 crisis and of the procurement response. At this time, there was an incredible surge in demand for N95 masks and equivalent products globally. We were looking to secure contracts with suppliers for respirator masks that would be able to deliver rapidly and in large quantities, and this supplier's delivery schedule was weeks ahead of other suppliers. It is important to note that we have agreements with numerous suppliers for N95 masks and are now receiving delivery on orders placed earlier on in the pandemic. N95 masks continue to be in extremely high demand around the world, and our work to bring them into Canada continues.

Our quality assurance measures have been evolving from the beginning of the response. Since the time that this contract was signed, we have continued to adjust and refine our procurement approach, and we have in place a rigorous quality assurance system beginning at the point of manufacturing and following through at every stage of the process to the point of distribution to provinces and territories.

We have put the health and safety of Canadians first in the contracting and procurement of goods and services needed in Canada's response to COVID-19. In order to ensure that we are securing the life-saving equipment and supplies needed to support the health system's response to this pandemic, we have in many cases undergone contracting under the National Security Exemption. Without this exemption, under international trade agreements there are requirements for solicitations to be open for at times 40 days, which would mean that if there was an urgent need for products like masks or gloves on March 11, the bidding would have closed on April 21, leaving a gap in the healthcare system of more than 6 weeks. (considered for on BG)

Additionally, as there is fierce global competition for the same goods including N95 masks, and surgical masks etc., if we were to disclose information on specific contracts or suppliers, we would put Canada's supply chains for these life-saving goods at high risk, therefore putting at risk our delivery of these items into Canada and into the hands of frontline healthcare workers.

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**From:** Roy, Cecely (SPAC/PSPC)

**Sent:** May 21, 2020 2:15 PM

**To:** fitz-morris, James (SPAC/PSPC) <[james.fitz-morris@canada.ca](mailto:james.fitz-morris@canada.ca)>; Church, Leslie (SPAC/PSPC) <[leslie.church@canada.ca](mailto:leslie.church@canada.ca)>

**Cc:** Lockington, Elliott (SPAC/PSPC) <[elliott.lockington@canada.ca](mailto:elliott.lockington@canada.ca)>; Laycock, Tristan (SPAC/PSPC) <[tristan.laycock@canada.ca](mailto:tristan.laycock@canada.ca)>

**Subject:** RE: FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

Hi all,

Please see below the draft response (in EN for now) for La Presse. James and I discussed the framing, and I've used many of the lines that were approved. It is a bit long, so happy to cut it down as need.

The approach I would propose would be to provide this in writing, and then follow up by phone with William to walk through the fact that we are not able to confirm the supplier or employees, and that this is due to the fact that we are still engaged in exiting the contract. However in the case of using the NSE, and not being able to provide information on specific suppliers, largely for international procurements, it is 1. To ensure we are getting supplies in as quickly as possible given the current circumstance and 2. Given the extremely competitive and volatile nature of the market internationally right now we can't post publicly as it would put Canada's supply chains for these life-saving items at great risk for potentially losing our access to them. It is an issue of national security given that these products save lives.

Happy to get any further input on this.

PMO all the way up to Katie signed off on the lines this morning apparently, so helpful when we get this into them.

Thanks,  
Cecely

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As has been previously discussed, we received an order of approximately 10.9 million KN95 masks from a single supplier and around 9.8 million did not meet Canada's standards for this mask type for use in the health system. As a result, we have suspended further shipments of KN95 masks from this supplier and are working on terms of exit from the contract. To be clear, we have no intention of paying for masks that we cannot use and will not be taking delivery of any additional masks from this supplier.

We are currently determining refunds for masks that did not meet our standards, and discounts for those we've been able to redirect for non-medical use. As discussions are ongoing with respect to the terms of exit from our relationship, we are not in a position to identify the supplier. The Public Health Agency of Canada conducts rigorous testing on PPE before it is distributed to provinces and territories for use in the health system, and this system worked. We can confirm that none of the masks were distributed to provinces and territories for use in a medical setting. However, to date, close to 2 million of these masks have been redirected to other organizations outside the health system, and we expect to deploy more in the near future.

This is a Canadian supplier that manufacturers internationally. The supplier was awarded a contract after submitting a proposal through the federal government's Buy and Sell website following PSPC's call-out to suppliers for goods and services required in response to COVID-19, which was launched in early March. Submissions received through the Buy and Sell portal are reviewed and actioned by a dedicated team of procurement specialists within the department of Public Services and Procurement Canada. To be clear, following normal protocol for the federal contracting process, at no time did this contract come to the Office of the Minister for approval or sign-off. (considered for on BG)

In the procurement specialist's consideration of this particular submission, the ability of the supplier to deliver large quantities of masks quickly was a significant consideration in the awarding of a contract. As part of the contract, the masks were required to meet certain technical specifications for performance and quality. In working directly with PHAC, our bulk buying procurement response to COVID-19 was launched in early March 2020 to help respond to the urgent needs of provinces and territories and their health systems. This contract was one of the earliest signed for this product type at the outset of the COVID-19 crisis and of the procurement response. At this time, there was an incredible surge in demand for N95 masks and equivalent products globally. We were looking to secure contracts with suppliers for respirator masks that would be able to deliver rapidly and in large quantities, and this supplier's delivery schedule was weeks ahead of other suppliers. It is important to note that we have agreements with numerous suppliers for N95 masks and are now receiving

delivery on orders placed earlier on in the pandemic. N95 masks continue to be in extremely high demand around the world, and our work to bring them into Canada continues.

Our quality assurance measures have been evolving from the beginning of the response. Since the time that this contract was signed, we have continued to adjust and refine our procurement approach, and we have in place a rigorous quality assurance system beginning at the point of manufacturing and following through at every stage of the process to the point of distribution to provinces and territories.

We have put the health and safety of Canadians first in the contracting and procurement of goods and services needed in Canada's response to COVID-19. In order to ensure that we are securing the life-saving equipment and supplies needed to support the health system's response to this pandemic, we have in many cases undergone contracting under the National Security Exemption. Without this exemption, under international trade agreements there are requirements for solicitations to be open for at times 40 days, which would mean that if there was an urgent need for products like masks or gloves on March 11, the bidding would have closed on April 21, leaving a gap in the healthcare system of more than 6 weeks. *(considered for on BG)*

Additionally, as there is fierce global competition for the same goods including N95 masks, and surgical masks etc., if we were to disclose information on specific contracts or suppliers, we would put Canada's supply chains for these life-saving goods at high risk, therefore putting at risk our delivery of these items into Canada and into the hands of frontline healthcare workers.

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**From:** fitz-morris, James (SPAC/PSPC)  
**Sent:** May 21, 2020 6:48 AM  
**To:** Church, Leslie (SPAC/PSPC) <[leslie.church@canada.ca](mailto:leslie.church@canada.ca)>  
**Cc:** Roy, Cecely (SPAC/PSPC) <[cecely.roy@canada.ca](mailto:cecely.roy@canada.ca)>; Lockington, Elliott (SPAC/PSPC) <[elliott.lockington@canada.ca](mailto:elliott.lockington@canada.ca)>; Laycock, Tristan (SPAC/PSPC) <[tristan.laycock@canada.ca](mailto:tristan.laycock@canada.ca)>  
**Subject:** Re: FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

Nicely done.

I think we need one more if pressed because when the story breaks - there will absolutely be pointed questions about these individuals.

We obviously can't go too far, maybe something like:

As discussions are ongoing with respect to the terms of exit from our relationship, we are not in a position to provide the name of the supplier.

That said, there is an integrity regime in place that determines if a company is eligible to do business with the government of Canada.

All of the rules were followed in the awarding of this contract.

The issue is that Canada ordered masks that meet certain specifications - and the items delivered did not meet those standards.

Which is why we have no intention of paying for masks we cannot use and no intention of taking delivery of any additional masks from this supplier.

We have contracts with a wide variety of suppliers - and are continuing to carry out quality assurance tests on new shipments while we also take steps to build our domestic capacity to manufacture PPE.

On May 21, 2020, at 12:17 AM, Church, Leslie (SPAC/PSPC) <[leslie.church@canada.ca](mailto:leslie.church@canada.ca)> wrote:

Tiny tweaks below otherwise I like these!

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**From:** Roy, Cecely (SPAC/PSPC)

**Sent:** May 20, 2020 11:17 PM

**To:** Church, Leslie (SPAC/PSPC) <[leslie.church@canada.ca](mailto:leslie.church@canada.ca)>; Lockington, Elliott (SPAC/PSPC) <[elliott.lockington@canada.ca](mailto:elliott.lockington@canada.ca)>; fitz-morris, James (SPAC/PSPC) <[james.fitz-morris@canada.ca](mailto:james.fitz-morris@canada.ca)>

**Cc:** Laycock, Tristan (SPAC/PSPC) <[tristan.laycock@canada.ca](mailto:tristan.laycock@canada.ca)>

**Subject:** FOR URGENT REVIEW - Lines on KN95 Supplier/Quality

See responsive lines on KN95 supplier below for your review. Sabrina for PMO has asked for these tonight ahead of PM presser tomorrow.

Tristan pulled this together and we reviewed together.

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- We have suspended further shipments of KN95 masks from this supplier.
- To be clear, we have no intention of paying for masks we cannot use and no intention of taking delivery of any additional masks from this supplier.
- While we have received masks that do not meet our standards for medical use from this supplier, close to 2 million have been redirected to organizations outside of the health system, and we expect to deploy more in the near future.
- We are currently determining refunds for masks that did not meet our standards, and discounts for those we've been able to redirect for non-medical used.

*(Identification)*

- This is a Canadian supplier that manufacturers internationally.
- The supplier was awarded a contract after submitting a proposal to the Buy and sell website following our call-out to industry.
- Submissions through Buy and Sell are reviewed and actioned by a dedicated team of procurement specialists at PSPC.
- The ability of the supplier to deliver large quantities of masks quickly was a significant consideration in the awarding of this contract, **always subject of course to meeting our testing and standards.**
- This was one of the earliest contracts signed for this product at the outset of the COVID-19 crisis.
- Since that time, we have **continued to** adjust and refine our procurement approach, **and we have in place a** rigorous quality assurance system beginning at the point of manufacturing.
- **Our rigorous approach is the reason why none of these masks that failed to meet our standards have entered the health system.**
- As discussions are ongoing with respect to the terms of exit from our relationship, we are not in a position to provide the name of the supplier.