UNLOCKING OPPORTUNITIES
FOR CANADA

2015–2016
ANNUAL REPORT

Standards Council of Canada
Conseil canadien des normes

Canada

UNLOCKING OPPORTUNITIES FOR CANADA

In 2015–2016, the Standards Council of Canada committed to developing and implementing innovative standardization solutions in order to provide value to Canada and seize opportunities to advance our nation's interests, at home and abroad.

OUR MANDATE

To promote efficient and effective voluntary standardization in Canada, where standardization is not expressly provided for by law.

OUR MISSION

To lead and facilitate the development and use of national and international standards and accreditation services in order to enhance Canada's competitiveness and well-being.

OUR CORE VALUES

- Respect
- Integrity
- Professionalism

OUR VISION

To be a global leader driving prosperity and well-being for Canada through innovative standardization solutions.

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MESSAGE FROM THE CHAIR AND THE CEO

Canada needs standards. We may not always realize it, but standards protect our health and safety, as well as our environment. Many products and services Canadians rely on every day work properly and safely because of standards—from products like hair dryers or microwaves, to the cars we drive or even the sophisticated mobile devices we use. And standards do more than protect us; they fuel our economy. In fact, developing and adopting standards is essential if we want Canada to remain competitive and to prosper in the years to come.

As the leader of Canada's standardization network, the Standards Council of Canada (SCC) has been working to ensure that governments, industry and consumers understand the role that standards play in our lives and our economy. We collaborate with our standardization partners across the country and around the world to deliver value to Canada by developing and implementing innovative standardization solutions that promote trade, drive innovation, support sustainable development and boost our economy. If we want Canada to continue to compete and grow, we need to remain an international standardization leader. Over the past year, we have worked hard to make this happen, doing our part to help protect Canadians and unlock opportunities for growth.

In today's global economy, businesses of all sizes operate in a virtually borderless marketplace. More than ever before, companies need to understand and embrace standardization if they are to succeed. By working with small and medium-sized enterprises, we are building a collaborative, responsive and innovative standardization network that meets industry needs and helps them achieve success.

DRIVING INNOVATION THROUGH STANDARDIZATION

A key to Canada's continued growth will be innovation. But it is not enough to simply come up with innovative ideas and technologies to succeed. Canadian companies need to be able to market them and have them adopted around the world. Standards create the framework to do this and to turn Canada's innovators into global leaders. Essentially, standards drive innovation.

Many nations are already building standardization into their innovation and growth strategies. If Canada is going to keep up with these countries, and continue to grow, we need to remain competitive and achieve greater impact. SCC is laying the foundation for Canadian innovators by influencing and leading the development of international standards.

SUPPORTING NATIONAL PRIORITIES THROUGH STANDARDIZATION

Supporting the areas and sectors that matter most to Canada's well-being and economic prosperity is a priority for SCC. We remain focused on eliminating internal barriers to facilitate trade between Canadian provinces and territories. And we continue to work with government departments and agencies to monitor the approximately 1,377 standards referenced in Canadian regulations to ensure that they are up to date and effective.

Making sure our infrastructure can adapt to a changing climate and keeping our communities resilient are also critical to Canada's future. Over the past year, SCC continued to deliver its work in support of the Northern Infrastructure Standardization Initiative to provide tangible and long-term improvements in Northern infrastructure design, planning and management. And we supported and promoted the reduction of greenhouse gas (GHG) emissions, as the only Canadian organization offering internationally recognized accreditation for GHG validation and verification bodies.

BROADENING CANADA'S INTERNATIONAL INFLUENCE

SCC has continued to help open the doors to new markets by playing a supporting role in the negotiation of international trade agreements and boosting Canada's international influence and profile. Strengthening partnerships with key national standards bodies around the world continues to be a priority.

Standards development is about international experts collaborating to establish an agreed upon standard that is used around the world. The more stakeholders that participate in Canada's standardization network, the stronger it will be—and the more opportunities it will provide for Canadians in the future. If Canada is to remain a world leader in standardization in areas of strategic importance for our country, we need to ensure we continue to have a strong voice at the table and actively participate in this decision-making process.

SCC coordinates Canadian participation on international standardization committees and in international conformity assessment bodies. We know that if we do not have the right experts sitting on the right international committees, Canada will not be able to capitalize on opportunities for growth. Under our leadership, participation in international standardization committees has increased over the last year. The invaluable contribution of the Canadian experts who volunteer their time and expertise to advance the work of standards development and conformity assessment is critical to securing a competitive advantage for Canada.

DELIVERING VALUE TO CANADA

We are pleased to present this report and to once again demonstrate the significant value that standardization brings to Canada. This could only have been achieved through our shared vision and in cooperation with our stakeholders— governments, industry and consumer organizations. And SCC's significant accomplishments could not have been achieved without the ongoing dedication and commitment of SCC's staff and Council members, in addition to the thousands of volunteer participants. Their professionalism and commitment to excellence are, once again, notable. What a pleasure it has been for us to work with all of you.

Looking to the future, we will develop and use standards to help fuel a more competitive and innovative Canadian economy. We will help businesses thrive and compete. We will work to keep Canadians safe and support clean growth and infrastructure. We are committed to building an even stronger nation in the future—with the help of standards.

Kathy Milsom, P.Eng., ICD.D
Chair

John Walter
Chief Executive Officer

2015–2016 PERFORMANCE AGAINST OBJECTIVES

STRATEGIC PRIORITY

	OUTCOME	PLAN	MEASURE
VALUE TO CANADA	SCC has developed and implemented a highly competitive agenda incorporating government and industry priorities that will benefit the economic and social well-being of Canada. SCC has capitalized on opportunities to deliver standardization solutions that align national priorities with global initiatives, both regionally and internationally, resulting in growth and increased economic success for Canada.	Support *Agreement on Internal Trade*	• Internal trade barriers quantified for product(s) selected in three industry sectors to support and inform Canada's policy decisions in reducing internal barriers to trade
		Promote cooperation between provinces and territories	• Inventories developed for 10 provinces and territories that detail standards referenced in provincial and territorial regulations
		Protect Canada's North: Northern Infrastructure Standardization Initiative (NISI)	• Fifth National Standard of Canada 50% complete for first phase of NISI
		Standardization solutions for national priorities	• Provide 10 standardization solutions (standards, roadmaps, contract management) for government and industry use
		Industry engagement: Year-over-year increase	• Determine baseline for industry investment
INTERNATIONAL LEADER	Canada is recognized as a standardization leader and an essential player on the global stage, strategically positioning itself to secure a competitive advantage for Canada. Canadian companies and stakeholders help shape marketplace rules that directly and positively affect their ability to compete globally.	Bringing Canadian innovation to the global stage	• 2% year-over-year increase in the success rate of new work item proposals approved by Canada
		Canadians as standards makers	• 2% year-over-year increase in number of new Canadian experts participating at the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) • 1.5% year-over-year increase in number of Canadian experts in leadership positions on ISO and IEC committees • 95% Canadian voting submission rate in ISO and IEC technical standards development • 90% of Canadian policy decisions, in the majority, that are accepted at ISO and IEC
		Support trade opportunities for Canada through standardization	• 2 additional joint Canada-U.S. national standards facilitated and supported by SCC
		Accelerate adoptions of international standards	• 2% year-over-year increase in number of national adoptions, international or regional standards, or international documents
INNOVATION	Canada possesses an adaptive, responsive and innovative standardization network that works collaboratively under SCC's leadership. The organization provides a high-performance, skilled environment that is aligned in support of Canada's key standardization priorities and positioned to seize opportunities that advance SCC as an international leader.	Culture of excellence	• 71% employee engagement • Maintain less than 5% voluntary staff attrition • 1.5% of base salary yearly investment in staff training and development aligned with industry benchmark
		Business modernization	• 100% complete Quality Management System (QMS) modernization • 80% complete Information Management/Information Technology (IM/IT) modernization
		Accreditation services	• 80% customer satisfaction • Successfully complete international peer evaluation by Asia Pacific Laboratory Accreditation Cooperation (APLAC) so that SCC is recognized as a global leader in conformity assessment
		Canadian Experts/ Membership satisfaction rate	• Develop baseline for Canadian experts satisfaction rate

RESULT	STATUS
• Decision to focus on two sectors to support Innovation, Science and Economic Development Canada (ISED) priorities. Report to be published in fiscal year 2016–2017	ACHIEVED
• 8 of 10 contracts in place	PARTIALLY ACHIEVED
• Standard is 57% complete	ACHIEVED
• 23 active standardization solution projects	EXCEEDED
• More than 50 industry stakeholders engaged, including organizations within ISED portfolio. Financial contribution from industry increased	EXCEEDED
• 17 new work items proposals approved by Canada, success rate achieved	ACHIEVED
• Currently at 3,153 members participating on international technical committees, up from 3,049, or more than a 3% increase	EXCEEDED
• With the introduction of an online recruitment tool and successful outreach to ISED portfolio entities and industry organizations, a net increase of 11% (16 leadership positions) has been achieved	EXCEEDED
• Voting submission rate in ISO and IEC was 99.6%	EXCEEDED
• 100% of Canadian policy decisions accepted at ISO and IEC	EXCEEDED
• Notices of intent issued to develop 11 joint Canada-U.S. national standards. 4 joint standards published, including 2 joint standards for personal flotation devices and immersion suits	EXCEEDED
• 114 adoptions, or 15% year-over-year increase	EXCEEDED
• Survey conducted with 73% employee engagement score achieved	EXCEEDED
• 2.2% voluntary staff attrition	ACHIEVED
• 1.5% of base salary invested in staff training and development	ACHIEVED
• QMS modernization complete	ACHIEVED
• Project delayed due to vendor delivery issues. Solution scope reduced	DELAYED
• 82% customer satisfaction score achieved	EXCEEDED
• Successfully completed international peer evaluation by APLAC	ACHIEVED
• Survey completed - baseline of 68% established	ACHIEVED

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MANAGEMENT DISCUSSION AND ANALYSIS

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SCC'S OPERATING ENVIRONMENT AND CONTEXT

The Standards Council of Canada (SCC) monitors national and global trends, as well as social, economic and political factors, that impact on the organization's operating environment and ability to deliver against strategic priorities. Business and government priorities— such as reducing trade barriers to expand market access within Canada and internationally, fostering innovation and improving economic performance— all continue to be essential to strengthening Canada's standardization network. Delivering value to consumers through increased product choice and reduced cost is of paramount importance to Canadians.

SUPPORTING REGULATORY AND POLICY OBJECTIVES

Standardization has long been a pillar that supports economic prosperity, enhances competitiveness and fosters innovation and growth. Standardization activities directly support the federal government's plan for a strong and competitive Canada and serve as a valuable tool that influences many public policy objectives, including building a strong economy, reducing barriers to domestic and international trade, and supporting clean and innovative technologies to reduce environmental impacts and create resilient infrastructure.

ACCORDING TO A CONFERENCE BOARD OF CANADA REPORT COMMISSIONED BY SCC, STANDARDIZATION WAS ASSOCIATED WITH:

16.1%
GROWTH OF LABOUR PRODUCTIVITY

7.8%
GROWTH OF REAL GDP

between 1981 and 2014.
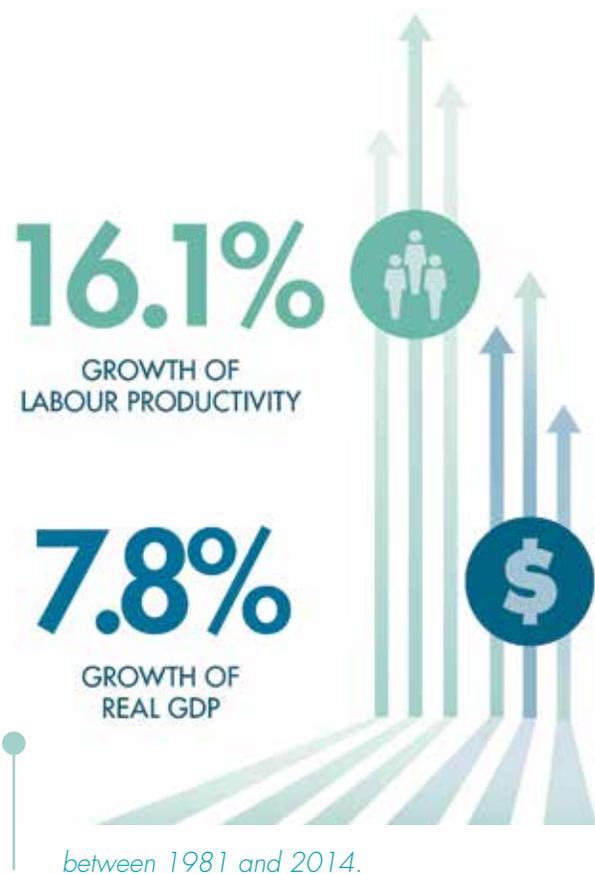
"SCC approaches challenges as opportunities, thus ensuring that standardization continues to fuel a more competitive and innovative economy. We can achieve so much by working together in a strong national network. Providing the right standards for Canadian business benefits all of us. We continue to work with Canadian industry to determine where Canada has specific and unique expertise in order to drive innovation and to ensure long-term economic growth for Canada.

John Walter, CEO, SCC

Federal, provincial and territorial government regulators turn to SCC for standardization solutions that support their regulatory objectives. We work closely with Canadian regulators to offer standardization solutions to help achieve policy objectives and to track and advise on the status of standards, codes, and inspection and certification requirements referenced in regulations. The federal Assistant Deputy Minister (ADM) Committee on Standardization is helping SCC work with federal regulators to continue to identify and align standardization priorities that will provide the greatest benefit to Canada.

Having standards and accreditation services in place ensures that products and services meet regulatory requirements. This limits risks, improves safety and increases the marketability of Canadian products across the country and around the world. Through standardization, organizations are able to adopt the latest technological advances and improve processes and production. This, in turn, leads to reduced costs, enhanced performance and increased consumer confidence.

An important policy objective for the Government of Canada is to reduce greenhouse gas emissions and adapt to climate change. This is an area where standardization can help, particularly in terms of supporting efforts to ensure that infrastructure is resilient in the face of a changing climate. For example, SCC will facilitate the development of urgently needed standards for the collection and acquisition of weather data and climate information. SCC will also initiate a program to support the update of a broad range of existing critical standards currently referenced in federal, provincial and territorial regulations and codes. These measures, as well as ongoing investments in new standards to support Northern infrastructure, will support the climate readiness of infrastructure projects not only in Canada's North but across the country.

BREAKING DOWN TRADE BARRIERS WITHIN CANADA'S BORDERS

Although Canadians can travel freely between provinces and territories, many goods and workers cannot. The mobility of some products, tradespeople and professionals between Canadian jurisdictions is subject to certain restrictions. Requirements such as educational qualifications and certifications, paperwork to meet provisions, or product-specific manufacturing and testing may differ between jurisdictions. As a result, internal barriers to trade exist between Canadian provinces and territories.

For example, different Canadian Registration Number (CRN) requirements for boilers, pressure vessels and fittings between all provinces and territories create extra costs and burdensome registration requirements for industry. Some products, like water heaters, must also adhere to different standards in various jurisdictions, or undergo duplicative testing requirements for identical standards between jurisdictions. This is either due to the differences between federal, provincial, territorial and municipal requirements, or to the differences in how these jurisdictions adopt federal requirements.

For Canadian consumers, these trade barriers translate into higher costs and less choice. SCC is working to identify and support the alignment of standards in order to break down these internal barriers to trade to build a stronger, more competitive economy.

REDUCING BARRIERS TO INTERNATIONAL TRADE

The world of trade is changing: international trade is more competitive and complex than ever before. As Canadian organizations enter new export markets, they face increasingly stringent legal, technical and regulatory requirements. At the same time, the world of standardization is adapting to this changing landscape to better support the needs of both exporters and importers. By supporting Canadian businesses as they enter new markets or expand in existing markets, standardization plays a key role in promoting global trade and helping Canada to reach its full potential.

Standardization has had a significant impact on smaller-sized exporters in particular. For these businesses, becoming certified to standards and establishing credentials with global customers greatly enhances the probability of long-term growth and success. Third-party conformity assessment is a way for these small and medium-sized enterprises (SMEs) to demonstrate that they have met the necessary criteria to do business in a given market. By being certified to applicable standards, SMEs can become suppliers of choice and gain a competitive edge in markets around the world.

Canadian exporters must adhere to a broadening and evolving spectrum of standards and conformity assessment requirements to access U.S. and global markets. SCC recognizes that a more responsive and effective standardization network will provide the flexibility necessary to adjust to the realities of this shifting marketplace. The organization is working to further align standardization practices to help improve economic opportunities for Canadians.

We know that the adoption of international standards further eases the entry of products and services into foreign markets, leading to increased opportunities for Canadian businesses. By working closely with our stakeholders, we have taken significant steps to improve Canada's policies on adopting international standards and other international deliverables (i.e. technical reports or specifications) making these adoptions timelier and more cost-effective.

APPROXIMATELY

80%

OF THE WORLD'S TRADE
IS AFFECTED BY STANDARDS.

"
If you think about our catalogue of domestic standards, 15 years ago we used to have more than 5,000 standards in our catalogue. We have approximately 2,900 now and the trend is to have fewer domestic standards. We rely more and more on regional or international standards and whether it is in sectors such as forestry or mining, or to support the export of products and ensure safety, more and more we are seeing that you need to comply with regional and international standards if you want to succeed.

Michel Girard, Vice-President, Strategy and Stakeholder Engagement Branch, SCC

Canada's marketplace framework encourages entrepreneurship, innovation, investment and competitiveness, while protecting the interests of Canadian citizens. For a growing number of accreditation service providers, the move to align standards across the globe is opening the doors to both regulated and non-regulated markets. As such, SCC supports this marketplace framework by continuing to provide value to its customers. The Accreditation Services Branch continues to prioritize its programs for delivery, review its pricing model for all programs, and ensure that it remains activity-based, transparent and fair.

POSITIONING CANADA AS AN INTERNATIONAL LEADER

SCC continues to engage industry leaders to ensure that they have a solid understanding of how participation in the standardization network can contribute to their bottom line. To further strengthen Canada's standardization network, the organization works with leaders in industry sectors that are key to Canadian competitiveness to ensure that they understand how standardization supports and advances their priorities, delivers returns on investments and enhances Canada's economic and social well-being.

Countries around the world are strategically positioning themselves to gain a global competitive edge and achieve greater economic benefits. Many of these countries adopt standards and seek positions on international technical committees to promote their own technologies and to influence the marketplace in their favour. As the global economy further aligns, SCC will ensure that Canada has a strong voice on international committees that are of strategic importance to our country and will have the greatest benefit to our economy and our citizens.

To maintain Canada's place as an international standardization leader, SCC will attract our nation's best experts to participate in international standards development, especially in those sectors that are most important to Canada's economy. With input from its stakeholders, SCC continues to update its policies and procedures to reduce barriers to participation on international technical committees and ease the way for qualified young professionals to replace retiring experts on key international committees.

3,153
CANADIANS

participated in international standards development committees.

PUTTING THE FOCUS ON INNOVATION

Innovation and international standards-setting increasingly go hand-in-hand. Standards can help a new technology secure its place in a global supply chain or a growth position in an emerging economy. SCC is collaborating with Canadian innovators who are developing emerging technologies that have potential economic value for Canada and where standards could strategically support their market entry or growth. Examples of emerging technologies include boron nitride nanotubes in advanced materials manufacturing (which is a large fraction of Canada's future high-value manufacturing) and geotube dewatering technology (a geotextile technology that has the potential to save Canada billions of dollars a year through the reduction of wastewater volume).

FIGURE 1: KEY FACTS, FIGURES AND TRENDS

	2014–2015		2015–2016
Number of active Canadian standards	2,927	▲	2,943
Number of standards maintained by key international standardization organizations (ISO, the IEC, ITU)	31,958	▲	32,988
Number of active technical committees of ISO, the IEC and ITU	1,012	▶	1,012
Number of Canadian volunteer members participating in international standards development committees	3,049	▲	3,153
Number of standards incorporated by reference in federal regulations	1,354	▲	1,377

PERFORMANCE HIGHLIGHTS

Standards do more than just protect our health and safety, they open the doors to a wealth of opportunities. Standards fuel the economy by breaking down trade barriers and by creating access to new domestic and international markets. They provide regulators with an efficient and effective policy tool. They also help companies reduce costs, increase productivity, reduce risk and gain the competitive edge needed to succeed in today's global economy. In fact, using and complying with standards offers businesses and organizations—big and small—the means to unlock potential opportunities for growth and innovation.

But standards do not just support business and drive our economy. Having effective standards in place means Canadians can feel confident that the goods and services they depend on every day are safe and reliable. Standards also reduce costs for consumers and give us access to products from around the world—products that we know are safe because of standards.

In 2015–2016, SCC focused on the following strategic priorities to create new and exciting opportunities for Canada.

1. **VALUE TO CANADA**

   SCC delivers value to Canada by developing and implementing standardization solutions that create a more competitive and innovative economy and protect the health and safety of all Canadians.

2. **INTERNATIONAL LEADER**

   SCC protects and promotes Canada's interest in the economic sectors that matter most to our country and our citizens, and helps provide access to global markets for Canadian businesses.

3. **INNOVATION**

   SCC supports a more innovative economy by ensuring that Canada's standardization network delivers value to government, industry and consumers. With the support of an efficient and effective standardization network, Canadian businesses are developing and adopting innovative practices that help them gain a competitive edge.

"

Our recent commissioned study, Getting Aligned: How Adopting Standards Affects Canada's Productivity and Growth*, which was undertaken by the Conference Board of Canada, clearly demonstrates that developing and using standards helps fuel a more competitive and innovative Canadian economy. As the leader of Canada's standardization network, SCC remains committed to delivering strategic standardization solutions in sectors that support Canada's economic well-being.*

Sandra Watson, Vice-President Communications and Corporate Planning Branch & Corporate Secretary, SCC

VALUE TO CANADA

Over the past fiscal year, SCC continued to strengthen Canada's standardization network and deliver standardization solutions that bring real value to the nation. Through a shared vision and cooperation with governments, standards development organizations (SDOs), Canadian industry and partners around the world, SCC has been able to do even more to protect consumers, promote domestic and international trade, support sustainable development and drive Canada's economy. By remaining focused on our work with industry and government to secure the right support to advance our priorities, we are confident that we will continue to deliver significant value to Canada.

ACCORDING TO A CONFERENCE BOARD OF CANADA REPORT COMMISSIONED BY SCC ON STANDARDIZATION IN CANADA

Research continues to show that there is a clear link between standards, labour productivity and economic growth. In fact, a study commissioned by SCC entitled *Getting Aligned: How Adopting Standards Affects Canada's Productivity and Growth* confirmed that standards are critical to our nation's economic growth—in 2014 alone they contributed nearly $3 billion of the $39 billion increase in Canada's real GDP.

$91 BILLION

It is estimated that between 1981 and 2014 growth in the number of standards contributed $91 billion to real GDP.

2.5% ANNUALLY

Between 1981 and 2014, the number of standards rose an average of 1.2 per cent per year, and real GDP grew at an average of 2.5 per cent annually.

BREAKING DOWN INTERNAL BARRIERS TO TRADE

As the result of varying rules, requirements and certifications between territories and provinces, internal barriers to trade have been created that restrict the mobility of some products, tradespeople and certified professionals. These trade barriers restrict Canadian businesses and workers, and often translate into higher costs and less choice for consumers. That is why SCC continues to focus on creating more opportunities for Canadian companies and workers by identifying and supporting the alignment of standards in priority sectors.

SCC is also helping break down internal trade barriers by providing input into the negotiations for a modernized *Agreement on Internal Trade* (AIT), an intergovernmental trade agreement that came into effect in 1995. Through our work with the Provincial-Territorial Advisory Committee (PTAC) and with the National Public Safety Advisory Committee (NPSAC), SCC is helping to ensure that the updated AIT supports efforts to align standards, conformity assessment practices and regulations across Canada.

In 2015–2016, SCC completed the second year of a three-year research initiative to identify the impact and cost of unaligned standards, codes or certification requirements in key sectors. The first case studies looked at technical barriers to trade in the crane sector, heating and plumbing sector, water heater sector and emerging regulatory sectors. The second phase of the project is currently examining the impact of duplicative CRN requirements.

This research supports SCC's ongoing focus on aligning standardization requirements from coast to coast to coast. Having one standard and one test across the country will not only reduce internal barriers to trade, it will also benefit all Canadians by creating a healthier economy and opportunities for growth in the years ahead.

GENERATING CONCRETE RESULTS FOR GOVERNMENT

Our governments are responsible for protecting the health, safety and security of all Canadians. Regulations are the primary means by which they do this. These regulations often contain references to standards, known as "incorporation by reference" or IBR. There are thousands of different standards incorporated by reference in federal, provincial, territorial and, in some cases, municipal regulations. SCC is working with regulators across the country to identify and align standards, codes and testing, and inspection and certification requirements referenced in Canadian regulations. To help make this happen, SCC is completing an inventory of standards referenced in provincial and territorial regulations, which is an important first step toward achieving our long-term goal of reducing internal trade barriers and enhancing coordination across Canada.

But achieving this coordination will take more than identifying areas where standards are referenced in regulation and determining where updates are needed; we must also ensure that best practices are followed as we go forward. That is why SCC has also shared lessons learned with federal regulators and provided advice on how to effectively incorporate standards in federal regulations to ensure that standards referenced in regulations are relevant and up to date.

PROVIDING STANDARDIZATION SOLUTIONS TO SUPPORT NATIONAL PRIORITIES

Standardization has long been a pillar that supports economic growth, enhances competitiveness and fosters innovation. Standardization directly supports the federal government's plan for a strong and competitive Canada by influencing many public policy areas—including the economy, domestic and international trade, the environment and healthcare.

Federal, provincial and territorial government regulators also look to SCC to help support their regulatory objectives. SCC will continue to work closely with Canadian regulators to offer standardization solutions as policy alternatives and to track and advise on the status of standards, codes and testing, as well as on inspection and certification requirements referenced in regulations. SCC's ADM Committee on Standardization is also working with federal regulators to identify and align the standardization priorities that are of the greatest benefit to Canada.

In 2015–2016, SCC continued to follow through on its commitment to modernize standards referenced in regulations. This was clearly demonstrated with the release of four new National Standards of Canada (NSCs). Over the past fiscal year, SCC worked with the Canadian General Standards Board (CGSB) and the Canadian Food Inspection Agency (CFIA) to publish two updated NSCs for the organic agriculture industry. These standards prevent deceptive practices in the marketplace and assess operational compliance of organic production systems to ensure that they are in keeping with the principles of organic agriculture. SCC also worked with the Bureau de normalisation du Québec (BNQ) and Natural Resources Canada (NRCan) to publish two national standards that will help ensure the safe storage and manufacturing of explosives.

WORKING TOGETHER TO KEEP CANADIAN GOODS FLOWING

Duplicative standards and conformity assessment requirements cost our economy billions of dollars every year, whether it is duplication between Canada and our largest trading partner—the United States—or within our own country. They also increase costs for Canadian consumers by widening the price gap between products in Canada and the United States. But SCC is working hard to create opportunities for Canadian companies by breaking down barriers to trade between Canada and the United States—and the world. By doing our part to identify and develop standardization solutions that will make the concept of *one standard, one test… accepted everywhere* a reality, SCC is creating a stronger standardization network that will benefit industry, governments and consumers.

This year, SCC continued to take a leadership role in the harmonization of standards and certification programs. SCC continues to work with its counterparts in North America to explore mechanisms for greater harmonization of standards and conformity assessment procedures in order to enhance regulatory cooperation and increase economic ties. SCC recently signed memorandums of understanding with the American National Standards Institute (ANSI) and Mexico's Direction General for Standards (DGN), which are instrumental in promoting cooperation and the harmonization and alignment of standards, testing and certification procedures at the regional and international level.

In February 2016, John Walter, Chief Executive Officer (CEO), SCC, and Michel Girard, Vice-President, Strategy and Stakeholder Engagement Branch, SCC, spoke to U.S. stakeholders and business associations at the Embassy of Canada in Washington, D.C., about the importance of working together to identify opportunities for developing joint Canada-U.S. standards. Walter and Girard pointed out that joint Canada-U.S. standards will not only ease the flow of goods between our two countries, they will also reduce duplication, increase the efficiency of supply chains, lower costs for exporters and importers, and lead to the development of joint standards in new and emerging technology sectors.

During the past year, SCC launched several pilot projects that will promote the development of joint Canada-U.S. standards and create opportunities for greater collaboration and cooperation in the future. Underwriters Laboratories (UL) and Underwriters Laboratories of Canada (ULC), the Canadian Institute of Plumbing and Heating, and the Heating, Refrigeration and Air Conditioning Institute of Canada have been instrumental in this work. In the case of UL, the organization worked with Transport Canada and the U.S. Coast Guard to develop joint Canada-U.S. standards for marine flotation devices by developing joint standards for life jackets and immersion suits.

HELPING CANADA'S NORTH ADAPT TO CLIMATE CHANGE

A key priority for the Government of Canada is finding solutions to facilitate the adaptation capacity and to strengthen the resilience of Northern communities and infrastructure to the impacts of climate change. Changes in climate have made Northern buildings, bridges and other infrastructure vulnerable, threatening public safety and potentially disrupting economic activities. In recent years, Canada's standardization network has become a leader in developing standardization solutions that will help mitigate the risks that come with climate change—building stronger communities in Canada's North in the process.

With support from Indigenous and Northern Affairs Canada, SCC continued to lead the Northern Infrastructure Standardization Initiative (NISI), which includes developing a suite of standards and a corresponding training program, including training videos that provide information and know-how for people living in the North to address the impact of climate change in Canada's North. SCC commissioned the development of five standards to address issues such as how to ensure appropriate community drainage systems, deal with changing snow loads on roofs, improve thermosyphon foundations and manage the effects of permafrost degradation on existing buildings. Four standards have already been completed and approved as NSCs, and work on a fifth standard dealing with geotechnical site investigations for building foundations in permafrost began in 2015.

SCC is also working with federal partners, as well as provinces and territories, to prioritize critical infrastructure standards across Canada that need to be developed or updated and deployed. In the 2016 federal budget, SCC received additional funding that will create even more opportunities to improve Canada's ability to adapt to climate change by:

- facilitating the development of urgently needed standardization guidance for weather data, climate information and climate change projections to ensure that infrastructure is resilient to a changing climate

- initiating a program to support the update of a broad range of existing critical infrastructure standards currently referenced in federal, provincial and territorial regulations and codes in order to ensure that infrastructure projects across Canada are climate-ready

- continuing to invest in new standards to support Northern infrastructure

SCC also began a collaboration with the Verified Carbon Standard (VCS) Program, the world's largest voluntary greenhouse gas (GHG) program, to create more choice when it comes to accreditation services for Canadian greenhouse gas validation and verification bodies (VVBs). Under this agreement, SCC and VCS are working together to expand SCC's GHG accreditation program offering. VCS project developers will now have more options in selecting a VVB as SCC can now accredit additional VVBs to provide GHG validation and verification services.

HELPING CANADIAN BUSINESSES COMPETE GLOBALLY

Over the past year, SCC continued to engage leaders in key sectors such as plumbing and heating, manufacturing and exporting to ensure that they have a solid understanding of the benefits of standardization and how participation in the standardization network can open doors for them—and, ultimately, boost their bottom line. To succeed in today's global economy, it is essential for businesses to know which standards to use and how to apply them. Participating in the standardization network can give industry leaders an

advantage over their competitors by providing insight into the latest business and technical developments and can help them play a leading role in supporting the economy.

In 2015–2016, SCC also created a Canadian Young Professionals Program Advisory Panel to offer the next generation of experts the opportunity to participate in Canada's standardization network in the future. By engaging young professionals now, we can ensure an even stronger standardization network in the future. SCC also introduced a new online portal to make it easy for Canadians to have a say in the development of international standards, including simplifying the process for Canadians to either suggest new standards they think are needed or recommend changes to existing ones.

SCC honoured the work of five dedicated consumer volunteers at a Consumer Representative Award Ceremony held on June 30, 2015, during the annual meeting of SCC's Consumer and Public Interest Panel (CPIP). Consumers play a key role in Canada's standardization network. CPIP members represent Canadian consumers and provide important feedback on consumer issues that can have an impact on standards development, both nationally and internationally. The following five award recipients were recognized for being outstanding and active consumer representatives in standardization.

Elizabeth Nielsen, Ph.D., (Ottawa, Ontario) was recognized for her work on SCC's Consumer and Public Interest Panel, National Mirror Committees and ISO technical committees to reduce injuries caused by consumer products, especially among children and seniors. On behalf of SCC, she was the International Chair of ISO Technical Committee 243, Project Committee: Consumer product safety. She also led the development of ISO 10377, *Consumer product safety – Guidelines for suppliers.*

Jennifer Hillard (Winnipeg, Manitoba) was recognized as a leading consumer expert, an active member of SCC's National Mirror Committee to ISO Technical Committee 207, Environmental Management, and as the Chair of the Environmental Labelling Subcommittee. She also represented Canada on working groups for ISO 14067, *Greenhouse gases – Carbon footprint of products – Requirements and guidelines for quantification and communication.*

Norma McCormick (Winnipeg, Manitoba) was recognized for her work as a consumer representative on CSA Group committees addressing workplace safety and ergonomics, such as CSA Z1600, *Emergency Management and Business Continuity*, and CSA Z1000-06, *Occupational Health and Safety Management.* She also served two terms representing SCC as the International Chair of the ISO Consumer Policy Committee (COPOLCO), and served as past Chair of CPIP for two terms.

Christine Simpson (Toronto, Ontario) was recognized for her contribution to several national technical committees, as well as to a National Mirror Committee for ISO Technical Committee 181, *Safety of Toys.* She is well respected for her expertise in injury prevention and product safety.

Jeanne Bank (Toronto, Ontario) was recognized for playing a leading role in several COPOLCO working groups, including being International Convenor of the Priorities Working Group on behalf of SCC. She has worked on standards projects that meet the needs of an aging society and persons with disabilities, and led the establishment of the Consumer Program at CSA Group.

INTERNATIONAL LEADER

The world of trade is changing, which offers new opportunities for Canadian business, but it also creates new challenges. To enter new export markets, Canadian organizations face more stringent legal, technical and regulatory requirements than ever before. But through SCC's leadership, Canada's standardization network is adapting to this changing landscape to better support the needs of both exporters and importers and help them remain competitive in today's global marketplace. By supporting Canadian businesses as they enter new markets or expand into existing ones, standardization plays a key role in promoting global trade, ensuring Canadian competitiveness and helping Canada reach its full potential.

As a world leader in standardization, SCC also continues to work hard to ensure that Canada remains an influential voice in the international arena. By ensuring that the best and brightest Canadian experts take part in international standardization activities, we are helping to provide Canada with a strategic advantage and to open the doors to economic opportunities for Canada.

PROVIDING A STRONG VOICE FOR CANADA ON THE INTERNATIONAL STAGE

Countries around the world are adopting standards and strategically positioning themselves on international technical committees to promote their own technologies and gain a competitive edge by influencing the marketplace to their advantage. As economies around the world become even more integrated, SCC will ensure that Canada has a strong voice on international committees that are of strategic importance to our country. This will help Canadian businesses take advantage of the opportunities that international standards can provide and will position our nation to achieve greater economic growth in the future.

For the first six months of 2015, a total of

1,543 VOTES
WERE CAST AT ISO/IEC,

with Canada participating in each required ballot, thus ensuring Canada's influence at the international level remains strong.

To maintain Canada's place as a leader internationally, SCC has remained focused on recruiting and retaining our nation's best experts to participate in international standards development, particularly in those sectors that are most important to Canada's economy. With input from our stakeholders, SCC continues to update its policies and procedures to break down barriers to participation on international technical committees and ease the way for qualified young professionals to replace retiring experts on key committees.

SCC also continues to build on its reputation as an international standardization leader by working with regional standardization organizations, such as the Pacific Area Standards Congress (PASC) and the Pan American Standards Commission (COPANT). SCC has worked closely with these organizations in recent years to develop their strategic plans and help set their priorities. We are now providing support to them as they implement these plans. By ensuring that these plans align with SCC's international interests, SCC is ultimately helping to enhance trade opportunities for Canadians.

In 2015–2016, SCC continued to solidify relationships with key trading partners such as the United States, Mexico, Korea and members of the European Union. The organization signed cooperation agreements to reinforce these important trade relationships and build integrated standardization networks that will help to open doors for Canadian businesses in the years to come. SCC also met with Standards Australia and Standards New Zealand to discuss opportunities for our organizations to work together more closely in the future. SCC and Standards Australia are also collaborating to ensure that national standardization member bodies of similar size and economies are well-represented at international and regional levels.

SCC also hosted delegations from China, Costa Rica and Trinidad and Tobago to exchange information on Canada's standards and conformity assessment system and share practical knowledge of how standards are applied in Canada. This collaboration helps advance trade opportunities for Canadian companies in those countries.

ESTABLISHING CANADA AS A STANDARDS MAKER

Canada's long-term economic health depends on our ability to take advantage of new opportunities in the global marketplace. SCC remains determined to secure a competitive advantage for Canadian companies by ensuring that Canada plays a leading role in the development of key international standards. As the member body at both ISO and the International Electrotechnical Commission (IEC), SCC has the power to influence and shape international standards in areas that are critical to Canada and to our ability to compete globally. Ensuring international standards align with Canadian priorities will help open the doors to key foreign markets and provide a platform for innovative Canadian technologies, products, processes and services.

"

At the 6th IEC General Meeting in October 2015, not only did we get to learn more about the IEC, but we were also able to pursue opportunities to collaborate with other young professionals, influential committees and members. I am pleased to have had this incredible opportunity to represent Canada's young professionals.

Dustin Tessier, SCC representative to the IEC Young Professionals Workshop

"

Over the coming years, the IEC will be faced with many challenges, including the need for standards to promote energy efficiency, renewable energy, the "Internet of Things," security and safety. Standards are often invisible to Canadians, but their use is critical, and our place on IEC's Standardization Management Board will ensure that Canada's interests are represented while solutions are developed to meet these worldwide challenges.

Tony Capel, Owner and President of Comgate Engineering Limited, elected in 2015 to a three-year term on the IEC's Standardization Management Board

CREATING TRADE OPPORTUNITIES FOR CANADA AROUND THE WORLD

Our nation's future success depends on our ability to ensure that Canada has a strong voice internationally and that Canadian perspectives are infused in new international standards. To maintain Canada's place as an international leader, we are also paving the way for qualified young professionals to replace retiring experts on key international committees through initiatives such as the Member Mentorship Program, designed to support ongoing leadership in standardization by connecting new members with experienced members.

In 2015, SCC released updated *Requirements & Guidance – Committee Accreditation and Financial Assistance*, which outlines how organizations participating in international standards development on behalf of SCC can obtain SCC accreditation and financial assistance. Through this program, SCC supports and facilitates the participation of 860 Canadians on more than 450 international committees in areas that are of strategic importance to Canada's economic success and long-term well-being. Having Canadians participate in standardization at the international level ensures that the views of Canadian stakeholders are reflected in the international standards development process and helps Canadian businesses grow by learning about developments in their field.

SCC has also taken significant steps to improve Canada's policies on adopting international standards and other international deliverables, such as technical reports or specifications. This makes these adoptions timelier, and more cost-effective.

In 2015, SCC hosted a meeting of the Chairs and CEOs of SCC-accredited SDOs to discuss ways to break down trade barriers by aligning North American standards. By working closely with our stakeholders, SCC also continues to ensure that Canada has a strong voice internationally. As emerging nations strategically position themselves to gain a more influential voice internationally, Canada and its North American counterparts Mexico and the United States need to work together more than ever before to protect our shared interests and support North American competitiveness.

SCC also continues to help create trade opportunities for Canada by providing advice on standardization-related components of international free trade agreements that are critical to Canadian competitiveness, such as the Canada and European Union Comprehensive Economic and Trade Agreement (CETA). By assisting emerging countries with standardization-related capacity-building projects through COPANT and PASC, the organization is also forging new relationships that will open the doors to future trade opportunities for Canada.

" *International trade activity has established the need to use as reference the standards agreed by world consensus within international bodies. A partnership between SCC and Direction General for Standards avoids technical barriers or unfair competition, as well as provides technical assistance to merge more between both Canadian and Mexican systems.*

Jesús Lucatero, General Deputy Director of Operations, Direction General for Standards (Mexico)

" *As an international standardization leader, SCC helps open doors for Canadian industry to create more opportunities in the global marketplace. By supporting the negotiation of appropriate clauses on standards development and conformity assessment programs in international trade agreements, such as CETA and TPP, SCC helps to reduce trade barriers. As a result, Canadian businesses have greater access to international markets.*

Sylvie Lafontaine, Vice-President, Standards and International Relations Branch, SCC

Canadian industry leaders elected to key positions at the International Electrotechnical Commission

Canadian industry leaders Ed Tymofichuk and Tony Capel were elected to leadership positions at the 2015 International Electrotechnical Commission (IEC) General Meeting, a significant opportunity to have credible and expert Canadians representing Canada's interests internationally.

Ed Tymofichuk (far left) and Tony Capel (far right) are pictured here with Frans Vreeswijk, General Secretary and Chief Executive Officer of the IEC (centre).

INNOVATION

The important role standards play in creating trade opportunities is increasingly understood by governments and industry. But standards also play a key role in fostering the innovation necessary for our nation's long-term growth. In fact, standards can often make the difference between success and failure when it comes to innovative businesses. Standards play an integral role in the system that works behind the scenes to support a business' ability to bring innovative ideas and products to markets around the world. They create a common framework for innovation and, as a result, can accelerate an organization's path to success by providing credibility, helping to attract investment and stimulating further research and development. That is why SCC has made it a priority to ensure that both governments and industry understand how standards can help create opportunities when it comes to innovation.

As an organization, SCC is also providing innovative services that make use of technology. These services make it easier for Canadians to suggest new standards, comment on draft standards, and participate on committees, thereby engaging Canadians in standards development work and making the country's standardization network stronger than ever before.

FOSTERING CANADIAN INNOVATION FOR LONG-TERM GROWTH

In today's world, generating and commercializing new technologies is fundamental to a country's economic health. More and more, businesses, leaders, governments and customers understand that international standards play a key role in successfully introducing these innovative technologies and products into the marketplace. SCC is committed to creating opportunities for Canadian innovators to compete globally by ensuring that Canada plays a leadership role in the development of international standards for new and emerging technologies. SCC is also helping innovators understand how to navigate the standardization process and how they can take advantage of opportunities to use standards to their benefit.

Standardization acts in combination with other factors such as R&D to catalyze innovative activity and generate gains in productivity.

There is no question that innovation and international standards-setting increasingly go hand-in-hand. When new standards are shaped around an emerging technology, it can help that technology secure its place in global supply chains or capitalize on growth opportunities in emerging economies. In 2015–2016, SCC began laying the foundation to play an even greater role in building a more innovative economy and driving innovation through international standards setting. By proposing an initiative to identify, prioritize and guide emerging technologies, services and processes through the course of the development of a new standard, SCC hopes to support the advancement of both influential international standards and commercially successful Canadian innovations.

SCC is working closely with the federal government and international stakeholders as it focuses on using standardization to encourage and support innovation. For example, SCC partnered with the National Research Council Industrial Research Assistance Program (NRC-IRAP) to leverage mutual strengths and expand respective networks. We also hosted a meeting with an ISO Ad Hoc Group, chaired by John Walter, CEO, SCC, on the future standards development environment. At the meeting, international leaders convened

to discuss emerging trends in standards development, including innovative technologies that could shape the future of standardization. By actively participating in these discussions, we have positioned ourselves to be better aware of trends influencing standardization around the globe. This way, we can continue to bring value for stakeholders and ensure that Canada benefits, where possible, and influences standardization developments, as needed.

To increase Canadian participation in standards development, SCC introduced a new online portal to allow users to provide input into the development of international standards. By taking an active role in the standardization network, Canadians can influence the standards that impact them the most, gain insight into business and technical developments and play a role in supporting sectors that are critical to Canada's economic growth.

USING TECHNOLOGY TO ENGAGE CANADIANS IN STANDARDIZATION AND ACCREDITATION

Encouraging more Canadians to participate in standardization and accreditation is essential to making the standardization network even stronger going forward. On World Standards Day 2015, SCC celebrated the international theme of "Standards—the world's common language" with online activities that increased awareness of the value of standards to the global economy and to our everyday lives. To promote the benefits of accreditation and certification to Canadian stakeholders for World Accreditation Day, SCC launched an online orientation module entitled *Accreditation: Where Standards Conformity and Quality Meet*. We also created three new videos containing interviews with Accreditation Services customers focusing on the benefits and value of three different SCC accreditation programs.

Over this past year, SCC also made improvements to its website to better serve Canadian businesses and help them understand the opportunities that standardization offers—and how it can boost their bottom line. New online resources provide information to help users identify how standardization can help businesses access new markets, gain a competitive advantage, reduce costs, increase revenue and manage business risk—within Canada and around the world.

OFFERING ACCREDITATION SOLUTIONS THAT SUPPORT CANADIANS

SCC's Accreditation Services Branch helps strengthen the quality of products, systems and services used by Canadians every day by offering in-depth technical expertise that is essential to the development of a strong and effective standardization network.

This fiscal year, the branch successfully completed a peer evaluation by the Asia Pacific Laboratory Accreditation Cooperation (APLAC), an international, non-governmental organization of laboratory accreditation bodies. SCC's accreditation programs for laboratories and medical laboratories were successfully evaluated in conformance to international standards, an achievement that remains key to SCC's ability to continue to deliver value to Canadians.

In June 2015, SCC also conducted an online customer satisfaction survey of Accreditation Services customers. The survey responses will help Accreditation Services Branch focus on solutions that will help them to do an even better job of meeting the needs of its customers and improve the efficiency of its services. SCC's post-assessment surveys with customers demonstrate that the Accreditation Services Branch continues to consistently deliver high quality assessments and provide good customer service.

"

Having standards and accreditation services in place ensures that products and services meet regulatory requirements and build customer confidence—limiting risks, improving safety and increasing the marketability of Canadian products across the country and around the world.

Chantal Guay, Vice-President, Accreditation Services Branch, SCC

FIGURE 2: NUMBER OF ACCREDITATION SERVICES BRANCH CUSTOMERS,* BY PROGRAM AREA

PROGRAM AREA	2014–2015		2015–2016
Laboratories: • Medical • General • SCC partners	2 230 94	▼	2 226 94
Good Laboratory Practice (GLP – OECD) Recognition	44	▲	46
Product certification bodies *(ISO/IEC Guide 65)*	40	▶	40
Management systems certification bodies *(ISO/IEC 17021)*	21	▲	23
Personnel certification bodies *(ISO/IEC 17024)*	7	▼	5
Inspection bodies *(ISO/IEC 17020)*	20	▼	19
GHG verification bodies *(ISO 14065)*	6	▶	6
Standards development organizations	8	▶	8
TOTAL NUMBER OF ACCREDITATIONS ISSUED	**472**	▼	**469**

*Includes applicants as well as customers who have been accredited or suspended.

MODERNIZING THE CANADIAN STANDARDS DEVELOPMENT PROGRAM

In 2015, SCC released a new suite of requirements and guidance documents for the accreditation of SDOs and for the designation of NSCs and National Adoptions of Canada. The documents are an integral part of SCC's modernized business processes. They were developed with input from all eight SCC-accredited SDOs and will help to advance the Canadian economy, promote the health and safety of Canadians, and further strengthen the Canadian standards development system by ensuring that it responds effectively to regulatory and market needs. These new documents make the requirements for accreditation clearer and will allow SDOs to address the duplication of standards and effort.

Each year, SCC presents Employee Recognition Awards for staff to honour their years of service and to thank them for their ongoing commitment and contributions to the organization's success.

SCC CEO John Walter (back row, third from left in photo) presented this year's awards during the organization's all-staff meeting on February 19, 2016. Receiving awards were (back row from left) Guyang Zhang, David Folkerson, Pat Bonnilla, Sylvie Lafontaine, (front row from left) Jennifer Fowler, Cristina Draghici, Stephen Head, Hélène Couturier and Claude Potvin.

BUILDING A CULTURE OF EXCELLENCE

SCC is a knowledge-based organization. Our success rests on our ability to attract and maintain a skilled and engaged staff who are equipped with innovative tools and processes to efficiently respond to stakeholder needs. To effectively compete for these highly skilled workers, SCC is committed to maintaining a stigma-free, healthy workplace that focuses on respect, integrity and professionalism. With a 73 per cent overall score, a recent staff survey demonstrated that SCC employees continue to be engaged. And the 92 per cent response rate for this survey is yet another positive indicator of a high level of engagement of staff—something senior management and council members are very pleased with.

To ensure the organization continues to retain and attract highly qualified staff with the skills and expertise to serve Canadians effectively in the future—and build capacity to meet future priorities—SCC will foster a culture of excellence through training and development, improving leadership skills and ensuring succession planning and management strategies that reduce organizational risk.

In 2015–2016, staff were also provided with SCC's Statement of Values: Respect, Integrity and Professionalism and associated Code of Conduct in an orientation module. These tools demonstrate SCC's commitment to fostering a healthy, supportive and respectful workplace that does not tolerate harassment or discrimination and where all employees are respected.

In June 2015, SCC moved to a new, lower-cost office space at 55 Metcalfe Street in downtown Ottawa. The new office—a predominantly open space that brings all staff together on a single floor—is consistent with Government of Canada Workplace 2.0 standards.

SCC also confirmed alignment of its policies, guidelines and practices for travel, hospitality, conference and event expenditures with Treasury Board Secretariat (TBS) policies and directives, demonstrating an ongoing commitment to responsibly managing public funds while accomplishing the goals of the organization.

SCC YEAR IN NUMBERS

469
ACCREDITATION SERVICES CUSTOMERS

IN AREAS SUCH AS:

HEALTHCARE

THE ENVIRONMENT

FOOD SAFETY

$965,000+
INVESTED TO SUPPORT A STRONGER CANADIAN VOICE AT ISO AND THE IEC

IN AREAS SUCH AS:

HEALTHCARE TECHNOLOGY

INFORMATION TECHNOLOGY

ENERGY

MINING

ENVIRONMENT

HEALTH PROTECTION AND SAFETY

PETROLEUM AND RELATED TECHNOLOGIES

1,377

REFERENCES TO STANDARDS IN CANADIAN REGULATIONS, INCLUDING FEDERAL, PROVINCIAL AND TERRITORIAL (APPROXIMATELY)

2,943

ACTIVE CANADIAN STANDARDS

1,012

ACTIVE ISO, IEC, ITU
TECHNICAL COMMITTEES

3,153

VOLUNTEER CANADIAN
EXPERTS PARTICIPATING IN

521

ACTIVE INTERNATIONAL
STANDARDIZATION TECHNICAL
COMMITTEES AT ISO,
THE IEC AND ITU, ON WHICH
CANADA PARTICIPATES

184

CANADIANS IN LEADERSHIP
ROLES AT ISO AND THE IEC

99.6%

VOTING SUBMISSION RATE
MAINTAINED BY CANADIANS
IN ISO AND IEC TECHNICAL
STANDARDS DEVELOPMENT WORK

4
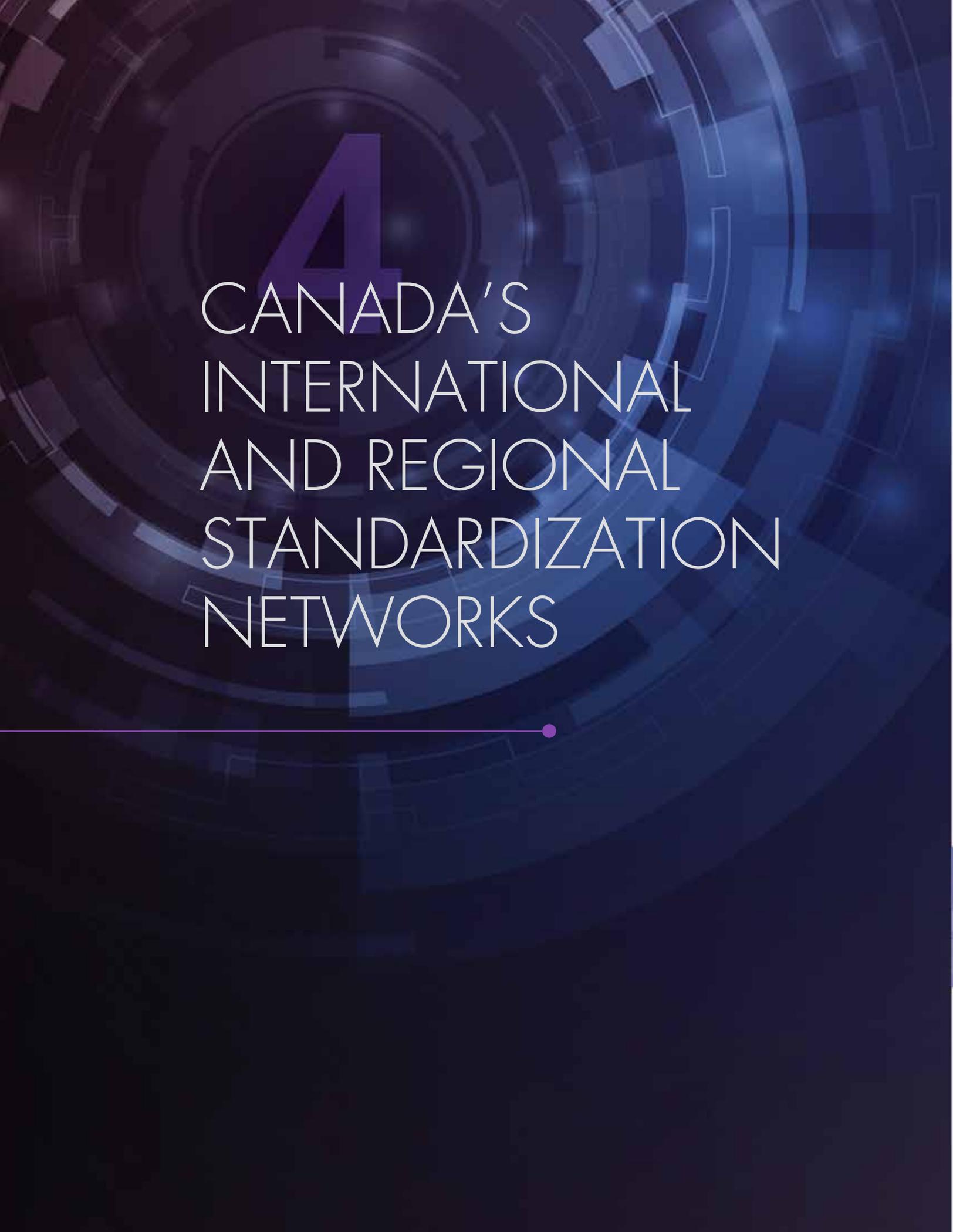
CANADA'S INTERNATIONAL AND REGIONAL STANDARDIZATION NETWORKS

SCC plays a critical role in supporting Canadian businesses as they expand and enter new export markets. By collaborating with national, regional and international standardization bodies from around the world, SCC helps to facilitate the trade of Canadian goods and services with these countries.

Regionally, SCC continues to reinforce its relationships with COPANT and PASC, particularly in helping them implement their strategic plans. We also continue to strengthen our work with counterparts in Canada's key trading nations, including the United States and Mexico. This fiscal year, SCC renewed its Cooperation Agreement with ANSI and

signed a new one with Mexico's national standards body, DGN. North America is one of the most dynamic economic regions in the world and the economies of Canada, the United States and Mexico are deeply integrated. Signing Cooperation Agreements with our North American counterparts is an important building block for increased regional standardization that supports the flow of trade and the success of Canada's exporters.

Internationally, SCC has Cooperation Agreements with the Standardization Administration of China, the Mongolian Agency for Standardization and Metrology, and the Korean Agency for Technology and Standards (renewed in 2015).

"Canada is an important export market for European companies. By continuing our successful cooperation with SCC we can make further progress on removing technical barriers to trade, thereby supporting growth and jobs in Europe and Canada.

Elena Santiago Cid, Director General of the European Committee for Standardization and the European Committee for Electrotechnical Standardization (CEN-CENELEC)

CEN-CENELEC Director General Elena Santiago Cid and SCC CEO John Walter sign Cooperation Agreement, January 2016.

SCC also recently renewed its joint Cooperation Agreement with the European Committee for Standardization and the European Committee for Electrotechnical Standardization (CEN-CENELEC). This agreement supports the ongoing removal of technical barriers to trade and helps facilitate the flow of goods and services between Europe and Canada.

By taking on international leadership positions and being involved in key standardization committees, Canada has considerable input into governance and policy at the international level. This enables Canadian participants to improve Canada's ability to compete globally by influencing and shaping marketplace rules. SCC's CEO John Walter was reappointed as Vice-President (Policy) of the International Organization for Standardization (ISO) until December 2017, allowing him to continue to play a key role in overseeing governance and policy at ISO, as well as providing Canada with a strong voice internationally. He is also a member of COPANT's Board of Directors and PASC's Executive Council.

SCC CEO John Walter and Korean Agency for Technology and Standards Administrator Daeshik Jeh sign Cooperation Agreement, September 2015.

Chantal Guay, SCC's Vice-President, Accreditation Services Branch, also holds a position on the Chairman's Policy and Coordination Group (CPC) of ISO's Committee on Conformity Assessment (CASCO). The CPC coordinates the technical work of CASCO and assists the CASCO Chair in identifying strategic conformity assessment issues. As a recognized and active member of the International Accreditation Forum, the International Laboratory Accreditation Cooperation, the Inter-American Accreditation Cooperation and the Asia Pacific Laboratory Accreditation Cooperation, SCC is also strategically positioned to influence and reinforce the value of accreditation both regionally and on the international stage.

As governments around the world look to standards and accreditation as a way to improve their competitiveness, SCC's international activities will remain critical to ensuring that standardization continues to help fuel Canada's economy. SCC's input at the international table helps to ensure that the needs, requirements and product attributes of Canadian manufacturers, as well as the needs of Canadian consumers, will be considered when international standards are being developed.

Undersecretary for Competitiveness and Regulation of Mexico's Ministry of Economy María del Rocío Ruiz Chávez and SCC CEO John Walter sign Cooperation Agreement, April 2015.

SCC CEO John Walter and ANSI President and CEO S. Joe Bhatia sign Cooperation Agreement, April 2015.

CANADA'S INTERNATIONAL AND REGIONAL STANDARDIZATION NETWORKS

APPROXIMATELY 80% OF THE WORLD'S TRADE IS AFFECTED BY STANDARDS.[1]

Association RNF
Member of the Association RNF: Sylvie Lafontaine, Vice-President, Standards and International Relations Branch

IAF
Member of IAF and various working groups

IAAC
Member of IAAC and various working groups

COPANT
Member of COPANT's Board of Directors: John Walter, CEO, SCC

FINCA

INTERNATIONAL

REGIONAL

COOPERATION AGREEMENT

1. United States
2. Mexico
3. Europe
4. China
5. Mongolia
6. South Korea

[1] Source: Organisation for Economic Co-operation and Development.

ISO
- ISO Vice-President (Policy): John Walter, CEO, SCC
- Member of ISO Technical Management Board: John Walter, CEO, SCC
- Member of the Chairman's Policy and Coordination Group (CPC) of the ISO/CASCO: Chantal Guay, Vice-President, Accreditation Services Branch

ILAC
Member of ILAC and various working groups

PASC
Member of PASC and PASC's Executive Committee: John Walter, CEO, SCC

IEC
- IEC Past President and President of the Canadian National Committee of the IEC (CANC/IEC): Jacques Régis
- Member of the IEC Council Board: Ed Tymofichuk
- Member of the IEC Standardization Management Board: Tony Capel
- Member of the IEC Conformity Assessment Board: Shawn Paulsen
- Chair of the Canadian Committee for IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components (CNC/IECEE): Joe Gryn
- Chair of the Canadian Committee for IEC System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres (CNC/IECEx): Dave Adams
- Chair of the Canadian Committee for IEC Renewable Energy System (CANC/IECRE): Shawn Paulsen

APLAC
Member of APLAC and various working groups

5 CORPORATE GOVERNANCE

Reporting to Parliament through the Innovation, Science and Economic Development (ISED) Minister, SCC's Governing Council is made up of 13 members who represent a broad spectrum of stakeholder interests. Ten members are appointed by the federal government and three are members by virtue of the Chair/Vice-Chair positions they hold on statutory committees established in the *Standards Council of Canada Act.*

SCC's Governing Council is responsible for organizational stewardship, setting SCC's strategic direction, overseeing the development and implementation of the organization's corporate plan, providing relevant policy direction and periodically reviewing SCC's legislated mandate to ensure the organization's continuing relevance. SCC's Governing Council and its two standing committees, the Corporate Governance and Audit Committees, oversee SCC's management in delivery against SCC's strategic initiatives.

The Governing Council is also supported by two advisory committees:

PROVINCIAL-TERRITORIAL ADVISORY COMMITTEE (PTAC)

PTAC is established in the *Standards Council of Canada Act.* PTAC promotes cooperation and communication between the provinces, territories and SCC, and provincial and territorial participation in Canadian standardization activities.

STANDARDS DEVELOPMENT ORGANIZATIONS ADVISORY COMMITTEE (SDOAC)

SDOAC is also established in the *Standards Council of Canada Act.* SDOAC makes recommendations to the Governing Council on matters related to voluntary standards development and promotes cooperation and communication between SCC and SCC-accredited SDOs.

SDOAC and PTAC report regularly to Council through their Council representative, with respect to their actions. Their reports support SCC's strategic priorities and help develop standardization solutions that reduce duplication in federal, provincial and territorial regulations and standards.

SETTING STANDARDIZATION PRIORITIES

During 2015–2016, Council focused on the important role of standardization in supporting public policy objectives and providing value to Canadian governments, industry and consumers by ensuring that standards bolster Canada's efforts to build a more competitive and innovative economy. Council maintained a key role in setting and monitoring SCC's strategic direction and providing advice aimed at delivering greater value to Canada through standardization. The Council also reviewed governance aspects of SCC programming, such as standards development, NSCs and accreditation program requirements.

COMINGS AND GOINGS

The SCC Council Chair and members were actively engaged throughout the year to ensure that the organization had the members it needed to accomplish its mission. In November 2015, PTAC Chair David Wigmore retired. PTAC Vice-Chair Jim Young assumed the PTAC Chair position, and Paul Pierlot was appointed PTAC Vice-Chair. Other Council changes included Colin Clark's move to the Audit Committee and Claude Bédard's move to the Corporate Governance Committee.

MEMBERS OF SCC'S GOVERNING COUNCIL
(as of March 31, 2016)

Claude Bédard
President, Euclid Admixture Canada, Inc., and Vice-President of Key Accounts, The Euclid Chemical Company

Colin Clark
Chief Technical Officer, Brookfield Renewable Energy Group

Kathryn Coll
President and Managing Partner, HR Atlantic

G. Rae Dulmage
SDOAC Chair
Director, Standards Development, Government Relations Office and Regulatory, ULC Standards and Underwriters Laboratories of Canada

Glenn Feltham, PhD
President and CEO, Northern Alberta Institute of Technology

Suzanne Gignac
Audit Committee Chair
Partner, Ernst & Young LLP

Merete Heggelund
Chief Administrative Officer, City of Medicine Hat

Kathy Milsom
Chair
Corporate Director

Paul Pierlot
PTAC Vice-Chair
Senior Manager, Competitiveness Initiatives, Government of Manitoba

Richard Raymond
Former Senior Executive, Steel fabrication and product distribution

W.A. Sam Shaw, PhD
Vice-Chair and Corporate Governance Chair
Corporate Director

Sara Jane Snook
Independent Engineering Consultant, Energy and Environment

Jim Young
PTAC Chair
Director, Environment Division, Department of Communities, Land and Environment, Government of Prince Edward Island

SCC's Governing Council and CEO: (standing left to right) Colin Clark, G. Rae Dulmage, Paul Pierlot, Claude Bédard, Richard Raymond, Glenn Feltham, (seated left to right) W.A. Sam Shaw, Merete Heggelund, Jim Young, John Walter (CEO), Kathy Milsom (Council Chair), Suzanne Gignac and Kathryn Coll. Absent from photo: Sara Jane Snook.

6 CORPORATE PROFILE

MANDATE

SCC's mandate is to promote efficient and effective voluntary standardization in Canada, where the law does not expressly provide for standardization activities. In particular, SCC has a mandate to:

- Promote the participation of Canadians in voluntary standards activities

- Promote public- and private-sector cooperation in voluntary standardization in Canada

- Coordinate and oversee the efforts of people and organizations involved in Canada's network of standardization professionals

- Foster quality, performance and technological innovation in Canadian goods and services through standardization-related activities

- Develop standardization-related strategies and long-term objectives to advance the national economy; support sustainable development; benefit the health, safety and welfare of workers and the public; assist and protect consumers; facilitate domestic and international trade; and further international cooperation in relation to standardization

ORGANIZATIONAL STRUCTURE

The organization's work is led by its CEO, John Walter. The CEO is supported by SCC's Executive Team.

JOHN WALTER Chief Executive Officer				
CHANTAL GUAY	**SYLVIE LAFONTAINE**	**MICHEL GIRARD**	**SANDRA WATSON**	**ERNIE BRIARD**
Vice-President, Accreditation Services Branch	Vice-President, Standards and International Relations Branch	Vice-President, Strategy and Stakeholder Engagement Branch	Vice-President, Communications and Corporate Planning Branch & Corporate Secretary	Vice-President, Corporate Services Branch & Chief Financial Officer (April 2015–January 2016)

SCC's Executive Team: (from left to right) Chantal Guay, Vice-President, Accreditation Services Branch; Michel Girard, Vice-President, Strategy and Stakeholder Engagement Branch; John Walter, CEO; Sylvie Lafontaine, Vice-President, Standards and International Relations Branch; Sandra Watson, Vice-President, Communications and Corporate Planning Branch & Corporate Secretary. Absent from photo: Ernie Briard, Vice-President, Corporate Services & Chief Financial Officer (April 2015–January 2016).

ACCREDITATION SERVICES BRANCH

SCC's Accreditation Services Branch provides accreditation services to various customers, including SCC-accredited SDOs, product, process and service certifiers, management system certifiers, GHG verifiers and validators, personnel certifiers and testing and calibration laboratories. The branch also administers the Organisation for Economic Co-operation and Development (OECD) Good Laboratory Practice (GLP) quality system, and is the Canadian GLP Compliance Monitoring Authority. Compliance with the OECD GLP principles helps to ensure that non-clinical studies are carried out according to internationally accepted requirements. Having this recognition facilitates the acceptance of these studies by OECD member countries.

The Accreditation Services Branch is a signatory to several Mutual Recognition Agreements and Multilateral Agreements with international accreditation forums that foster the acceptance of *one standard, one test … accepted everywhere*. These forums have been created by accreditation bodies around the world to assist with international acceptance of conformity assessment results. The agreements are part of greater efforts to form a global accreditation system.

The branch is responsible for the Accreditation Advisory Panel, which provides policy advice with a view to ensuring fairness and impartiality in relevant SCC policies and programming.

STANDARDS AND INTERNATIONAL RELATIONS BRANCH

The Standards and International Relations Branch facilitates Canada's participation in the standards development activities of ISO and the IEC, two of the world's largest voluntary standardization bodies. The branch also coordinates Canada's interest in regional standards organizations such as COPANT, the Pacific Area Standards Congress (PASC), the Forum of the IEC National Committees of the Americas (FINCA) and the Association RNF (Réseau Normalisation et Francophonie). In doing so, SCC engages in capacity building activities intended to strengthen the standardization infrastructures of key regional and international trade partners.

The branch also oversees Canadian standards development activities under SCC-accredited standards development organizations, sets recommended requirements used for the accreditation of standards development organizations, provides process governance and guidance to ensure compliance with appropriate requirements for the development, adoption and publication of NSCs, and manages the sale of ISO and IEC standards and NSCs.

The branch provides secretariat services to the SDOAC and facilitates SCC's discussions with the following committee and panels, which are made up of regulatory, industry and consumer stakeholders, as well as other Canadian subject-matter experts:

- **CANADIAN NATIONAL COMMITTEE OF THE INTERNATIONAL ELECTROTECHNICAL COMMISSION (CANC/IEC)**

  CANC/IEC provides strategic and policy advice to SCC on Canada's strategic priorities for organizations operating in the energy, electrotechnical or electrical sector, as well as on IEC-related matters.

- **CONSUMER AND PUBLIC INTEREST PANEL (CPIP)**

  CPIP provides strategic and policy advice on standardization matters that impact Canadian consumers and public interest groups, as well as the Consumer Policy Committee of ISO (COPOLCO).

- **YOUNG PROFESSIONALS ADVISORY PANEL**

  The Young Professionals Advisory Panel operates virtually and provides SCC with feedback on its Canadian Young Professionals Program.

STRATEGY AND STAKEHOLDER ENGAGEMENT BRANCH

The Strategy and Stakeholder Engagement Branch plays a leading role in the development of strategies that enable SCC to achieve results in key areas. Through the development of policy positions on cross-cutting national, regional and international issues, the branch provides advice and support to the CEO, senior management, the Governing Council and other SCC branches. The Strategy and Stakeholder Engagement Branch also works to identify and define the conditions required for Canada to optimize its use of standardization.

To ensure that SCC meets its strategic priorities, the Strategy and Stakeholder Engagement Branch works with key stakeholders at senior-level meetings with representatives from federal departments, provincial and territorial governments, and industry. The branch provides secretariat functions for PTAC and NPSAC, which is the only national body working at the policy level to promote the common adoption and consistent administration of safety codes and standards for the following discipline areas:

- Elevating devices; passenger ropeways (e.g. ski lifts)
- Amusement rides
- Fuel (e.g. oil, natural gas and propane)
- Boilers and pressure vessels
- Electrical safety

COMMUNICATIONS AND CORPORATE PLANNING BRANCH

The Communications and Corporate Planning Branch leads the organization's research, corporate planning, risk management, government reporting (including Access to Information and Privacy requests) and standards inventory monitoring. The Corporate secretariat role, which provides secretariat and governance advice and policy support to SCC's Governing Council, falls under the purview of the branch.

The branch also provides corporate communications services for the organization that include communications planning, a full line of communications products, website and event management, social media and translation services.

CORPORATE SERVICES BRANCH

The Corporate Services Branch provides professional services support to the organization. Its functions include financial management, human resources, investment planning and business advisory services, information management and information technology (IM/IT), corporate administration, procurement and contract management, as well as travel.

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FINANCIAL PERFORMANCE

CONTENTS

In 2015–2016, SCC's total revenue (excluding federal government funding) was $9.5 million, which was 11 per cent higher than the $8.6 million recorded during 2014–2015. The increase from last year was primarily due to increases in Accreditation Services ($599,000) and royalties from the sale of standards ($365,000). Also, an increase in other income ($25,000) was partially offset by a year-over-year-decrease in innovative services revenue ($20,000).

Revenue from Accreditation Services fees was $7.3 million, which increased by 9 per cent, from the $6.7 million recorded during 2014–2015. Assessment-related revenue was $3.1 million from over 450 assessment activities during 2015–2016, which was an increase of $389,000 and 98 activities versus last fiscal year. Annual fee revenue also increased by $211,000 to $4.1 million, which was primarily due to a one-time fee reconciliation across the client base.

Royalties from the sale of standards totalled $1.4 million, which was an increase of 35 per cent from last year's $1.0 million. This increase is mainly attributable to higher sales on standards for ISO 9000/9001, *Quality Management*, and ISO 14001, *Environmental Management Systems*. Also, SCC received one-time retrocessions for sub-licensees' sales from prior years. Foreign exchange rate changes since the prior fiscal year had a favourable impact on the sale of standards since royalties are received in Swiss francs. Finally, increased availability through electronic formats and diversity of suppliers helped to increase the purchase of standards.

Revenue from innovative services and other income amounted to $834,000, which was consistent with the $829,000 recognized during the prior fiscal year.

Expenses for 2015–2016 were $20.6 million, which was $216,000 higher than last fiscal year's expenses of $20.4 million. Year-over-year increases were:

- Salaries and benefits expenses were $507,000 higher than in the previous fiscal year, which was primarily the result of timing related to the filling of vacant positions and inflationary increases within SCC's compensation program.

- Other expenses were $366,000 higher than last fiscal year due to a writedown of capital under construction related to its Business Management Systems project, which is a component of SCC's overall IM/IT modernization project. SCC also incurred higher off site storage costs as a result of having to relocate storage from Libraries and Archives Canada.

- Accommodations, telecommunications and postage increased by $155,000 since last year due to one-time charges associated with SCC's new facility lease, and the resulting move.

- Travel-related expenses were $153,000 higher than last fiscal year, driven primarily by incremental recoverable assessment activity and increased participation in international meetings.

- Memberships in international organizations also increased by $71,000 due to foreign exchange fluctuations. Memberships are primarily paid in Swiss francs, and the currency impact of this expense is largely offset by royalty revenue, which is similar in magnitude and also received in Swiss francs.

Partially offsetting these increases were year-over-year decreases:

- Professional fees decreased by $904,000 since the prior fiscal year as SCC completes strategic projects like the updating of standards available for government and industry use, as well as NISI.

- All other remaining expenses were $132,000 lower than the prior fiscal year due primarily to cost savings on meetings and public relations as SCC used online formats for promotion of key corporate events like World Accreditation Day and World Standards Day.

Federal government funding of $10.2 million was recognized during 2015–2016 and was $2.7 million lower than the $12.9 million recognized during 2014–2015. Of this variance, a decrease of $2 million was due to SCC's appropriations re-profile catch-up in 2014–2015 and $695,000 was from lower spending on reimbursable one-time expenses.

FINANCIAL OVERVIEW 2011–2012 – 2015–2016

FINANCIAL OVERVIEW	2011–2012	2012–2013	2013–2014	2014–2015	BUDGET 2015–2016	ACTUAL 2015–2016
REVENUE						
Accreditation Services	$6,455,019	$6,804,962	$6,627,001	$6,689,077	$7,391,900	$7,288,407
Royalties from Standards Sales	870,068	888,558	866,856	1,032,148	900,000	1,397,631
Innovative Services	615,231	761,409	659,081	405,140	404,100	385,346
Other Income	722,867	786,151	770,607	424,151	567,000	448,761
	8,663,185	**9,241,080**	**8,923,545**	**8,550,516**	**9,263,000**	**9,520,145**
EXPENSES						
Accreditation Services	4,228,137	4,742,703	5,016,755	4,751,161	5,197,700	5,090,102
Standards Solutions and Strategy	4,505,399	5,392,967	7,160,327	8,008,512	7,918,700	7,419,560
Management and Administrative Services	6,176,392	7,445,050	7,545,819	7,663,053	8,077,800	8,129,030
	14,909,928	**17,580,720**	**19,722,901**	**20,422,726**	**21,194,200**	**20,638,692**
DEFICIT FROM OPERATIONS	**(6,246,743)**	**(8,339,640)**	**(10,799,356)**	**(11,872,210)**	**(11,931,200)**	**(11,118,547)**
GOVERNMENT FUNDING						
Parliamentary appropriations	8,059,060	10,318,993	8,081,241	12,889,535	9,829,000	10,194,937
ANNUAL SURPLUS/(DEFICIT)	**$1,812,317**	**$1,979,353**	**$(2,718,115)**	**$1,017,325**	**$(2,102,200)**	**$(923,610)**

The overall net annual deficit of $924,000 during 2015–2016 was a $1.2 million improvement over the $2.1 million deficit budgeted for the same time period, due to the following:

- $257,000 of total revenue that exceeded budget, driven by increased royalties from the sales of standards that were partially offset by lower income from the Monitoring Standards in Regulations project.
- $658,000 of lower expenses related to strategic initiatives, due primarily to reduced support for delegate participation on technical committees and delayed milestones on contractual commitments related to the development of standardization solutions for government and industry.

- $265,000 decrease in all other expenses, stemming mostly from meeting and events expenses due to cost containment, inability to host events during the Canadian election period, and the increased use of online formats for promotion of key corporate events, World Accreditation Day and World Standards Day.

At March 31, 2016, the accumulated surplus was $5.3 million. $1.0 million is reserved for adherence to SCC's Accumulated Surplus Target Policy. The balance is planned for reinvestment into the organization's strategic investments to advance SCC's key priorities.

ENTERPRISE RISK MANAGEMENT ASSESSMENT

SCC's overall risks are annually determined as part of its corporate planning process. The organization uses the international standard ISO 31000, *Risk Management—Principles and Guidelines*, to guide its risk management process and ensure that SCC has appropriate risk mitigation strategies in place.

Corporate risks are linked directly to the organization's performance. These indicators are closely monitored and updated using SCC's corporate risk and performance reporting framework. This framework is updated and regularly reported to both management and SCC's Audit Committee. As part of SCC's risk management plan, the organization also reviews salient quarterly financial impacts, with a view to assessing these impacts against ongoing corporate risk areas.

During fiscal year 2015–2016, SCC's key areas of focus included:

- Disciplined execution on SCC's key strategic investments
- IM/IT modernization
- Achievement of Accreditation Services financial results

Overall, SCC continues to experience an accumulated surplus because of spending and contract delays in the execution of some key strategic investments. However, these funds have been leveraged towards strategic investments and infrastructure spending to alleviate any risk with carrying out the organization's planned strategic objectives.

Operating expenses are lower than planned mainly because of reduced travel and event expenses, along with project delays related to SCC's IM/IT integrated business management solution. SCC remains focused on carefully monitoring the delivery of its IM/IT integrated business management solution, to upgrade essential tools needed to effectively deliver on key areas of SCC's programming.

Accreditation Services met its year-end margin targets for fiscal year 2015–2016. The branch also successfully updated its quality management system (QMS) with scheduling and efficiency monitoring procedures better aligned with customer expectations to deliver a higher quality service. Through process improvements and a keener focus on customer service, SCC reaffirmed its signatory status with both the Inter-American Accreditation Cooperation (IAAC) and APLAC.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements and all information in the Annual Report are the responsibility of SCC. The financial statements were prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

SCC management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. These controls and procedures are also designed to provide reasonable assurance that transactions are in accordance with the objectives of SCC's Governing Council, and are within SCC's mandate as stated in the *Standards Council of Canada Act.*

SCC's Governing Council, through its Audit Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. Comprised solely of Council members, the Audit Committee meets with management to review the financial statements on a quarterly basis and audited financial statements annually and reports on them to the Governing Council.

The Office of the Auditor General of Canada conducts an independent examination, in accordance with Canadian auditing standards, and expresses its opinion on the financial statements. The Office of the Auditor General of Canada has full and free access to financial management of SCC and meets with SCC when required.

John Walter
Chief Executive Officer

Jason Hergert, CPA, CA
Chief Financial Officer

Ottawa, Canada
June 1, 2016

AUDITOR'S REPORT

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Innovation, Science and Economic Development

Report on the Financial Statements

I have audited the accompanying financial statements of the Standards Council of Canada, which comprise the statement of financial position as at 31 March 2016, and the statement of operations, statement of changes in net financial assets and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Standards Council of Canada as at 31 March 2016, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Standards Council of Canada that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Standards Council of Canada Act* and regulations, the by-laws of the Standards Council of Canada, and the directive issued pursuant to section 89 of the *Financial Administration Act* described in Note 1 to the financial statements.

Riowen Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada

1 June 2016
Ottawa, Canada

STANDARDS COUNCIL OF CANADA
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31,	2016	2015
FINANCIAL ASSETS		
Cash and cash equivalents *(Notes 2b, 4)*	$2,999,849	$4,044,887
Accounts receivable *(Note 4)*	3,931,766	3,343,442
Federal government departments and agencies receivable *(Note 13)*	344,135	362,428
Parliamentary appropriations receivable *(Note 13)*	365,937	1,160,535
	7,641,687	**8,911,292**
LIABILITITES		
Accounts payable and accrued liabilities *(Note 6)*	2,319,002	2,610,191
Contributions received *(Notes 2e, 7)*	97,285	92,502
Deferred revenue *(Notes 2e, 8)*	2,402,971	1,812,707
Deferred lease inducement *(Note 2f)*	1,113,995	0
	5,933,253	**4,515,400**
NET FINANCIAL ASSETS	**1,708,434**	**4,395,892**
NON-FINANCIAL ASSETS		
Tangible capital assets (net) *(Note 5)*	2,493,500	1,015,160
Prepaid expenses	1,136,970	851,462
	3,630,470	**1,866,622**
ACCUMULATED SURPLUS	**$5,338,904**	**$6,262,514**

Measurement uncertainty (Note 2l). *Contractual commitments* (Note 12).

The accompanying notes are an integral part of these financial statements.
Approved by the Governing Council:

W.A. Sam Shaw, *Interim SCC Chair*   **John Walter,** *Chief Executive Officer*

STANDARDS COUNCIL OF CANADA
STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31,	2016 BUDGET (NOTE 14)	2016	2015
REVENUES FROM OPERATIONS			
Accreditation Services fees	$7,391,900	$7,288,407	$6,689,077
Royalties from sales of standards *(Note 9)*	900,000	1,397,631	1,032,148
Innovative Services	404,100	385,346	405,140
Other income	567,000	448,761	424,151
	9,263,000	**9,520,145**	**8,550,516**
EXPENSES *(NOTE 11)*			
Accreditation Services	5,197,700	5,090,102	4,751,161
Standards Solution and Strategy	7,918,700	7,419,560	8,008,512
Management and Administrative Services	8,077,800	8,129,030	7,663,053
	21,194,200	**20,638,692**	**20,422,726**
DEFICIT FROM OPERATIONS	**(11,931,200)**	**(11,118,547)**	**(11,872,210)**
Parliamentary appropriations	9,829,000	10,194,937	12,889,535
SURPLUS/(DEFICIT)	**(2,102,200)**	**(923,610)**	**1,017,325**
ACCUMULATED SURPLUS, BEGINNING OF YEAR	**5,627,200**	**6,262,514**	**5,245,189**
ACCUMULATED SURPLUS, END OF YEAR	**$3,525,000**	**$5,338,904**	**$6,262,514**

The accompanying notes are an integral part of these financial statements.

STANDARDS COUNCIL OF CANADA
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

FOR THE YEAR ENDED MARCH 31,	2016 BUDGET (NOTE 14)	2016	2015
Total surplus/(deficit)	$(2,102,200)	$(923,610)	$1,017,325
Acquisition of tangible capital assets	(2,302,000)	(2,129,001)	(884,875)
Write-down of tangible capital assets	-	326,392	108,648
Amortization of tangible capital assets	588,000	324,269	331,758
Acquisition of prepaid expense	(1,842,300)	(2,508,145)	(1,824,012)
Use of prepaid expense	1,833,300	2,222,637	1,823,343
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	(3,825,200)	(2,687,458)	572,187
Net financial assets at beginning of year	3,655,200	4,395,892	3,823,705
NET FINANCIAL ASSETS AT END OF YEAR	$(170,000)	$1,708,434	$4,395,892

The accompanying notes are an integral part of these financial statements.

STANDARDS COUNCIL OF CANADA
STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31,	2016	2015
NET CASH FROM OPERATIONS:		
Total surplus/(deficit)	$(923,610)	$1,017,325
Adjustments for non-cash items:		
Amortization of tangible capital assets	324,269	331,758
Write-down of tangible capital assets	326,392	108,648
Changes in:		
prepaid expense	(285,508)	(669)
deferred revenue	590,264	(73,566)
deferred lease inducement	1,113,995	0
parliamentary appropriations receivable	794,598	(890,226)
other receivables	(570,031)	(312,335)
payables and accrued liabilities	(291,189)	318,957
contributions received	4,783	16,797
Net Change in Cash from Operations	1,083,963	516,689
Cash Applied to Capital Transactions		
Additions and disposal of tangible capital assets	(2,129,001)	(884,875)
Net decrease in cash	(1,045,038)	(368,186)
Cash and cash equivalents, beginning of the year	4,044,887	4,413,073
CASH AND CASH EQUIVALENTS, END OF THE YEAR	$2,999,849	$4,044,887

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

1. AUTHORITY, MANDATE AND ACTIVITIES

SCC was created by Parliament as a corporation under the *Standards Council of Canada Act* in 1970 (revised in 2006) to be the national coordinating body for voluntary standardization. SCC is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act* and, for the purposes of the *Income Tax Act*, is deemed to be a registered charity.

SCC's mandate is to promote voluntary standardization activities in Canada, where standardization is not expressly provided for by law, in order to advance the national economy, support sustainable development, benefit the health, safety and welfare of workers and the public, assist and protect consumers, facilitate domestic and international trade and further international cooperation in relation to standardization.

In carrying out its mandate, SCC is engaged in the following activities:

- Foster quality, performance and technological innovation in Canadian goods and services through standards-related activities.

- Develop prioritized standards-related strategies and long-term objectives to advance Canada's economy; support sustainable development; benefit the health, safety and welfare of citizens; and assist and protect consumers.

- Accredit organizations engaged in standards development and conformity assessment.

- Represent Canada's interests internationally and regionally through membership in ISO, the IEC and other regional standardization organizations.

- Approve NSCs.

- Provide innovative services, advice and assistance to the Government of Canada in the negotiation of standardization-related aspects of international trade and mutual recognition agreements.

- Work with international standards bodies to develop agreements that facilitate trade.

- Foster and promote a better understanding of the benefits and usage of standards and accreditation services.

- Act as the premiere source to collect and distribute information on standards activities.

In July 2015, the Council was issued a directive (P.C. 2015-1109) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in SCC's next corporate plan. SCC has compared its related policies against requirements of the directive and has revised its policies for the purposes of compliance. These revised policies became effective April 4, 2016.

SCC has trained its staff as well as its stakeholders on the new policies and related procedural changes.

2. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies used in these financial statements follows:

A) BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) established by the Canadian Public Sector Accounting Board.

B) CASH AND CASH EQUIVALENTS

Consistent with the *Standards Council of Canada Act* and associated by-laws, SCC maintains a bank account in a chartered bank of Canada in which all receipts are deposited and through which all of SCC's financial business takes place. Funds surplus to immediate operating requirements are invested in bank certificates of less than three months with a chartered bank bearing the current interest rate.

C) TANGIBLE CAPITAL ASSETS

Tangible Capital Assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Amortization is recorded on a straight-line basis over the estimated useful life of the assets:

Furniture:	5 years
Equipment (including software):	4 years
Leasehold improvements:	Lesser of term of the lease or expected useful life

D) PREPAID EXPENSES

Prepaid expenses include membership dues and are charged to expenses over the periods expected to benefit from them.

E) REVENUE RECOGNITION—DEFERRED REVENUE

Accreditation Services revenues are derived from application fees, annual accreditation fees and assessment fees. Application fees are recognized as revenue when received. Funds received or receivable in respect of the annual portion of accreditation fees are recorded as deferred accreditation fees and are amortized to revenue on a straight-line basis over the period to which the fee applies. Funds received or receivable in respect of conformity assessment fees are recognized as revenue at the time the related services are provided.

Royalties from sales of standards are recognized as revenue in the period during which the related sales have occurred.

Contributions received from third parties that are restricted for the hosting of international meetings or conferences are included as part of a liability called "Contributions Received." These contributions are not recognized as revenue until their related expenditures are incurred.

F) DEFERRED LEASE INDUCEMENT

SCC has received funds from its landlord to pay the cost of tenant improvements made to its office space. Additionally, SCC has received the benefit of tenant inducements related to its office space lease. The value of these items, calculated based on provisions in the lease agreement, is recorded as a deferred lease inducement. It is amortized on a straight line basis over the duration of the lease and is recognized on the Statement of Operations as a reduction of rent expense.

G) EXPENSES

Expenses are reported on an accrual basis to ensure that the cost of all goods and services consumed in the year is expensed.

H) PARLIAMENTARY APPROPRIATIONS

The Government of Canada provides funding to SCC. In accordance with Section PS3410, government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.

I) PENSION BENEFITS

SCC employees are covered by the Public Service Pension Plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required from both the employees and SCC to cover current service costs. Pursuant to legislation currently in place, SCC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of SCC.

J) EMPLOYEE BENEFIT PLAN

SCC sponsors an employee benefit plan for health, dental, life and long-term disability insurance through a third-party provider. SCC's contributions to the plan are recorded at cost and charged to salaries and benefit expenses in the year incurred. These contributions represent SCC's total obligation to the employee benefit plan. This plan does not require SCC to make further contributions for any future unfunded liabilities of the employee benefit plan.

K) VACATION PAY

Vacation pay is expensed as the benefit accrues to employees under their respective terms of employment. The liability for unused vacation benefit is calculated at the salary levels in effect at the end of the year.

L) MEASUREMENT UNCERTAINTY

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life expectancy predictions for tangible capital assets, certain employee-related liabilities, as well as contingent liabilities.

Estimates are based on the best information available at the time of financial statement preparation and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. ACCUMULATED SURPLUS

SCC is subject to the *Standards Council of Canada Act* and the *Financial Administration Act* ("the Acts") and any directives issued pursuant to the Acts. These Acts affect how SCC manages its capital; one of its objectives is to effectively manage actual costs to budget on an annual basis and to ensure that it has adequate capital to deliver its mandate and to ensure that it continues as a going concern.

SCC targets to maintain a level of accumulated surplus that helps to minimize the impact of financial risks on the organization. As at March 31, 2016, SCC maintains an accumulated surplus target of $1.0 million. SCC has determined that this target level of accumulated surplus allows the organization to remain financially sustainable.

SCC is prohibited from issuing its own capital or its own debt to meet any financial requirements and is not subject to externally imposed minimum capital requirements. Its capital management is granted annually through the approval of its Corporate Plan and Operating and Capital Budget.

4. FINANCIAL INSTRUMENTS

SCC's financial instruments consist of cash and cash equivalents, accounts receivable, federal government departments and agencies receivable and accounts payable as well as accrued liabilities. For the year ended March 31, 2016, SCC's cash and cash equivalents balance of $2,999,849 consists of $2,023,627 invested in term-deposits that are due upon demand and $976,222 cash (March 31, 2015 cash and cash equivalents balance of $4,044,847 consisted of $2,006,658 term-deposits and $2,038,229 of cash). Accounts receivable and accounts payable are incurred in the normal course of business. All are due on demand. The carrying value of each financial instrument approximates its fair value because of the short maturity of the instruments. All financial assets and financial liabilities are measured at cost or amortized cost.

In the normal course of business, SCC is primarily exposed to credit risk and liquidity risk. There has been no change to the level of risk compared to the prior year and no changes in the risk management practices used to manage risks. SCC's exposure and strategies to mitigate these risks are noted below:

CREDIT RISK

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument leading to a financial loss. The maximum exposure SCC has to credit risk is in relation to its cash and cash equivalents, accounts receivable and federal government departments and agencies receivable. The carrying amount of these financial assets represents the maximum credit risk exposure at the Statement of Financial Position date.

In all cases, prudence is observed at the time of the transaction. Cash and cash equivalents are held at reputable Canadian bank. Credit is granted to customers in accordance with existing accreditation program policies and is automatically granted to employees for travel and also to government departments, agencies, Crown corporations, and government business enterprises. There is minimal potential risk of loss related to these receivables. SCC does not hold any collateral as security. There is no concentration of credit risk with any one customer.

As at March 31, the aging of non-related party accounts receivable (net of allowance) is as follows:

	TOTAL	CURRENT	30–60 DAYS	60–90 DAYS	90–120 DAYS	>120 DAYS
2016	$3,931,766	$3,104,114	$415,378	$121,781	$14,515	$275,978
2015	$3,343,442	$2,260,266	$330,517	$133,274	$11,150	$608,235

SCC assesses the requirement for an allowance for bad debts by considering the age of the outstanding receivable and the likelihood of collection.

An account receivable is considered to be impaired and is either written-off or provided for when SCC determines that collection is unlikely and appropriate approvals for the writedown have been obtained.

At March 31, 2016, the allowance for bad debts is estimated at $41,910 (March 31, 2015 was $54,418). The following table provides a reconciliation of the allowance for the year.

	MARCH 31, 2016	MARCH 31, 2015
Balance, beginning of year	$54,418	$39,224
Charges for the year	2,670	28,002
Bad debt (write-offs)	(15,177)	(12,808)
BALANCE, END OF YEAR	**$41,910**	**$54,418**

LIQUIDITY RISK

Liquidity risk can occur should SCC have difficulty in meeting its obligations associated with financial liabilities. SCC's financial liabilities have contractual maturities of less than 365 days. SCC's objective is to maintain sufficient cash and cash equivalents through drawdown of its voted parliamentary appropriations, collection of accreditation fees and other services, in order to meet its operating requirements. SCC manages liquidity risk through a detailed annual planning and monthly cash flow planning and billing process, which is structured to allow for sufficient liquidity from one billing period to the next. There has been no change to SCC's practices for the management of liquidity risk, nor has there been a change to SCC's level of liquidity risk compared to the prior year. SCC's financial liabilities are not significantly exposed to liquidity risk.

MARKET RISK

Market risk occurs when the fair value of future cash flows of a financial instrument fluctuates due to changes in financial markets. Market risk is comprised of: interest risk, currency risk and other price risks such as equity risk. SCC's financial instruments are not significantly exposed to market risk.

5. TANGIBLE CAPITAL ASSETS

MARCH 31, 2016

	FURNITURE	EQUIPMENT	LEASEHOLD IMPROVEMENTS	2016 TOTAL
COST				
Opening Balance	$425,822	$2,235,436	$1,357,450	$4,018,708
Additions	442,999	1,085,809	600,893	2,129,701
Write-downs	-	(326,392)	-	(326,392)
Disposals	-	(117,333)	(1,023,907)	(1,141,240)
Closing Balance	868,821	2,877,520	934,436	4,680,777
ACCUMULATED AMORTIZATION				
Opening Balance	(364,568)	(1,649,036)	(989,944)	(3,003,548)
Amortization	(85,691)	(159,401)	(79,177)	(324,269)
Disposals	-	116,633	1,023,907	1,140,540
Closing Balance	(450,259)	(1,691,084)	(45,214)	(2,187,277)
NET BOOK VALUE	**$418,562**	**$1,185,716**	**$889,222**	**$2,493,500**

There was $972,005 of Tangible Capital Assets under construction at March 31, 2016:

• Equipment: $972,005

MARCH 31, 2015

	FURNITURE	EQUIPMENT	LEASEHOLD IMPROVEMENTS	2015 TOTAL
COST				
Opening Balance	$422,553	$1,821,305	$1,023,907	$3,267,765
Additions	3,269	549,041	333,543	885,853
Write-downs	-	(108,648)	-	(108,648)
Disposals	-	(26,262)	-	(26,262)
Closing Balance	425,822	2,235,436	1,357,450	4,018,708
ACCUMULATED AMORTIZATION				
Opening Balance	(336,086)	(1,506,895)	(854,093)	(2,697,074)
Amortization	(28,482)	(167,425)	(135,851)	(331,758)
Disposals	-	25,284	-	25,284
Closing Balance	(364,568)	(1,649,036)	(989,944)	(3,003,548)
NET BOOK VALUE	**$61,254**	**$586,400**	**$367,506**	**$1,015,160**

There was $709,935 of Tangible Capital Assets under construction at March 31, 2015:

- Equipment: $376,392
- Leasehold improvements: $333,543

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	MARCH 31, 2016	MARCH 31, 2015
Accounts payable and accrued liabilities	$1,114,248	$1,278,780
Salaries and benefits payable	1,042,595	1,208,386
Accrued vacation pay	156,547	117,872
Other	5,612	5,153
	$2,319,002	$2,610,191

7. CONTRIBUTIONS RECEIVED

SCC receives funds from unrelated parties that are restricted to the hosting of international technical committee meetings and conferences. These funds have been recorded as a liability called "Contributions Received" and are recognized as revenue in the period that the related expenses are incurred.

Changes made to the balance of this account are as follows:

	MARCH 31, 2016	MARCH 31, 2015
Balance, beginning of year	$92,502	$75,705
Add: Contributions received	197,359	162,665
Less: Contributions recognized	(192,576)	(145,868)
	4,783	16,797
BALANCE, END OF YEAR	$97,285	$92,502

8. DEFERRED REVENUE

SCC receives funds for the annual portion of its customers' accreditation fees. The annual portion of accreditation fees are calculated and invoiced based on customer accreditation agreements. These fees are recorded as deferred accreditation fees. The fees are amortized to revenue on SCC's Statement of Operations on a straight-line basis over the period to which the fee applies – usually one year, based on anniversary date of customer accreditation.

Changes made to the balance of this account are as follows:

	MARCH 31, 2016	MARCH 31, 2015
Balance, beginning of year	$1,812,707	$1,886,273
Add: Annual fees due per accreditations	4,715,625	3,840,583
Less: Annual fees recognized into revenue	(4,125,362)	(3,914,149)
	590,263	(73,566)
BALANCE, END OF YEAR	**$2,402,970**	**$1,812,707**

9. ROYALTIES FROM SALE OF STANDARDS

Royalties related to the sale of standards are generated from ISO and the IEC since SCC is a member body. Additionally, SCC earns royalties on the sale of standards from independent distributors through National Copyright Exploitation Agreements.

Since April 1, 1998, SCC has outsourced to an independent agent the fulfillment of sales made over its StandardsStore.ca website. This agreement requires the payment of royalties to SCC based on a revenue-sharing agreement of net sales.

10. PENSION AND EMPLOYEE BENEFITS

SCC and all eligible employees contribute to the Public Service Pension Plan. Pension benefits accrue up to a maximum period of 35 years at a rate of two per cent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are fully indexed to the increase in the Consumer Price Index.

SCC's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada. SCC's and employees' contributions to the Plan for the year were as follows:

	MARCH 31, 2016	MARCH 31, 2015
SCC's contribution	$1,113,763	$1,056,795
Employees' contributions	$716,094	$676,165

The rates of contribution to the Plan are determined on a calendar-year basis and were as follows:

CALENDAR YEAR	2016	2015
EMPLOYEES (PRE-2013) – CURRENT SERVICE:		
On earnings up to yearly maximum pensionable earnings (YMPE)	9.05%	8.15%
On earnings exceeding YMPE: 2016-$54,900 2015-$53,600	11.04%	10.40%
EMPLOYEES (POST 2013) – CURRENT SERVICE:		
On earnings up to YMPE	7.86%	7.05%
On earnings exceeding YMPE: 2016-$54,900 2015-$53,600	9.39%	8.54%
EMPLOYER – EXPRESSED AS A MULTIPLE OF EMPLOYEE CONTRIBUTIONS:		
For pre-2013 employee contributions on current and elective service on single-rate employee contributions	1.15	1.28
For pre-2013 employee elective service on double-rate contributions	0.08	0.14
For post 2013 employee contributions on current and elective service on single-rate employee contributions	1.11	1.28
For post 2013 employee elective service on double-rate employee contributions	0.06	0.14
For existing Retirement Compensation Arrangement on earnings that exceed: 2016-$161,700 2015-$157,700	6.67	7.13

SCC sponsors an employee benefit plan for health, dental, life and long-term disability insurance through a third-party provider. For the year ended March 31, 2016, SCC paid $655,845 for these employee benefits (March 31, 2015, was $644,758).

11. EXPENSES

	MARCH 31, 2016	MARCH 31, 2015
Salaries and employee benefits	$11,262,498	$10,755,535
Professional and special services	3,483,774	4,387,853
Travel	2,525,877	2,372,831
Memberships in international organizations	1,073,558	1,002,824
Office accommodation	865,583	747,391
Other expenses	481,314	115,073
Amortization of premises and equipment	324,269	331,758
Meeting expenses	161,709	237,857
Telecommunications and postage	144,192	107,675
Insurance	97,927	104,479
Office supplies	89,863	59,685
Repair & upkeep	47,629	40,453
Rental of office equipment	31,529	36,864
Publications and printing	24,998	17,651
Public relations	21,302	76,795
Bad debts expense	2,670	28,002
	$20,638,692	$20,422,726

12. CONTRACTUAL COMMITMENTS

SCC's facility lease expired in July 2015. SCC signed a new 15-year office lease, effective July 2015, and relocated.

SCC entered into agreements to lease office equipment. The future minimum annual rental payments under these agreements, exclusive of operating expense and property tax, are included in the table below.

SCC has also entered into contracts with several SDOs to assist with standardization initiatives. As of March 31, 2016, $619,000 of such future commitments were in place (there was $1.3 million of such contracts in place at March 31, 2015).

MARCH 31, 2016

	OFFICE SPACE	OFFICE EQUIPMENT	STANDARDIZATION INITIATIVES	TOTAL
2016–2017	$346,068	$32,933	$587,950	$966,951
2017–2018	346,068	17,530	31,667	395,265
2018–2019	346,068	3,450	-	349,518
2019–2020	346,068	-	-	346,068
2020–2021	373,386	-	-	373,386
thereafter	4,034,388	-	-	4,034,388
TOTAL	**$5,792,046**	**$53,913**	**$619,617**	**$6,465,576**

13. RELATED PARTY TRANSACTIONS

SCC is related, in terms of common ownership, to all Government of Canada departments, agencies and Crown corporations. SCC enters into transactions with these entities, in the normal course of business, that are measured at the exchange amount.

For the year ended March 31, 2016, SCC has incurred expenses totaling $506,614 (March 31, 2015, was $671,694) and has recorded revenues of $945,092 (March 31, 2015, was $752,111) with related parties. As at March 31, 2016, SCC recorded accounts receivable with related parties of $710,072 (March 31, 2015, was $1,522,963) and accounts payable of $2,849 (March 31, 2015, was $63,288).

14. BUDGET FIGURES

Budget figures have been provided for comparison purposes and have been derived from:
- The 2015–2016 internal management budgets approved by Governing Council for revenue, expense and capital items; and
- The 2015–2016 to 2019–2020 Corporate Plan approved by Governing Council for statement of changes in net financial assets figures.
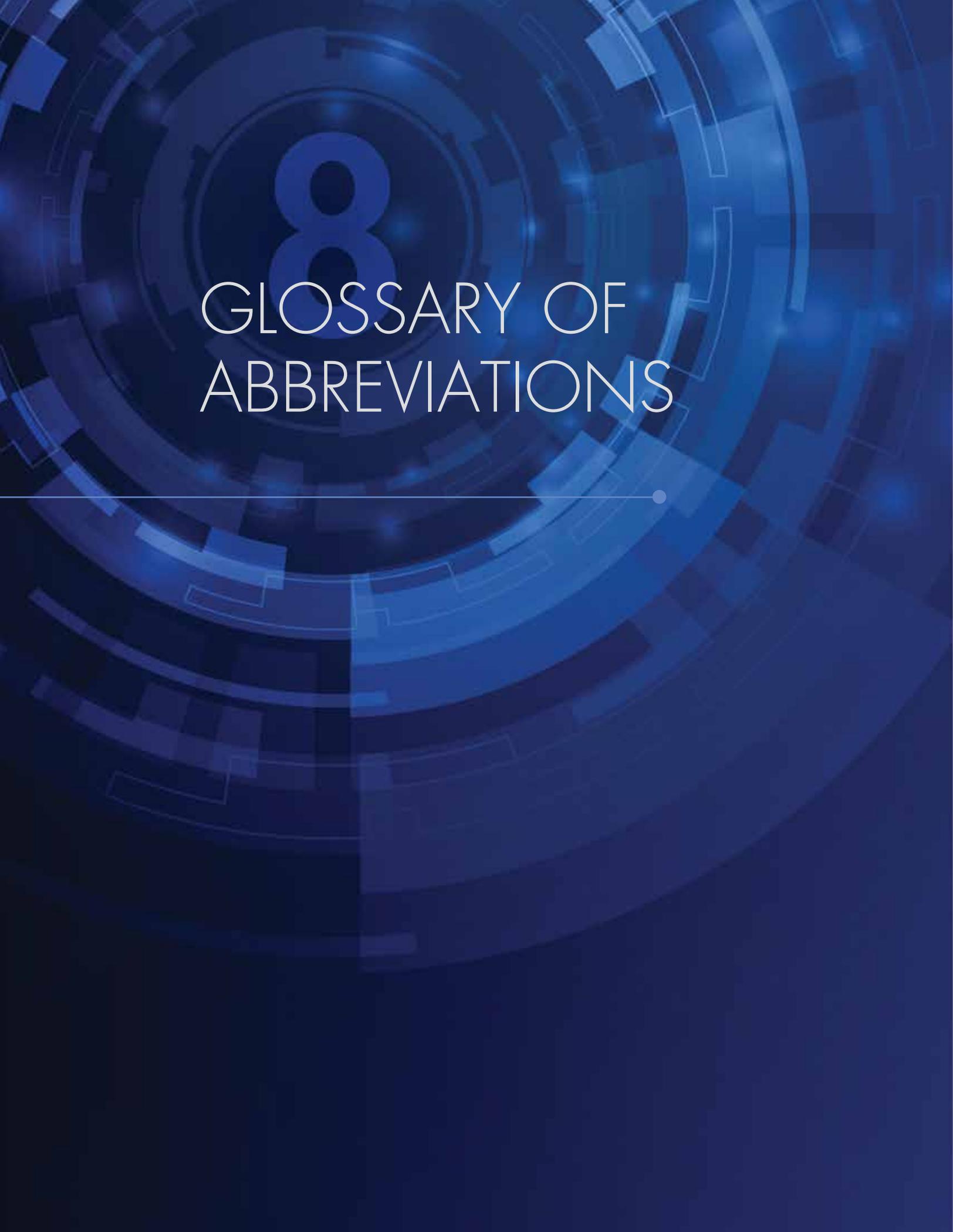
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GLOSSARY OF ABBREVIATIONS

ADM	Assistant Deputy Minister		**IM**	Information Management
AIT	Agreement on Internal Trade		**ISED**	Innovation, Science and Economic Development Canada
ANSI	American National Standards Institute		**ISO**	International Organization for Standardization
APLAC	Asia Pacific Laboratory Accreditation Cooperation		**ISO/CASCO**	ISO Committee on Conformity Assessment
CANC/IEC	Canadian National Committee of the International Electrotechnical Commission		**ISO/IEC**	International Organization for Standardization/International Electrotechnical Commission
CASCO	Committee on Conformity Assessment		**IT**	Information Technology
CEN-CENELEC	European Committee for Standardization and the European Committee for Electrotechnical Standardization		**ITU**	International Telecommunications Union
CEO	Chief Executive Officer		**MOU**	Memorandum of Understanding
CETA	Canada-European Union Comprehensive Economic and Trade Agreement		**NISI**	Northern Infrastructure Standardization Initiative
COPANT	Pan American Standards Commission		**NPSAC**	National Public Safety Advisory Committee
COPOLCO	Consumer Policy Committee of ISO		**NSC**	National Standard of Canada
CPC CASCO	Chairman's Policy and Coordination Group of ISO/CASCO		**OECD**	Organisation for Economic Co-operation and Development
CPIP	Consumer and Public Interest Panel		**PASC**	Pacific Area Standards Congress
CRN	Canadian Registration Number		**PSAS**	Public Sector Accounting Standards
DGN	Direction General for Standards (Mexico)		**PTAC**	Provincial-Territorial Advisory Committee
FINCA	Forum of the IEC National Committees of the Americas		**QMS**	Quality Management System
GHG	Greenhouse Gas		**RNF**	Réseau Normalisation et Francophonie
GLP	Good Laboratory Practice		**SCC**	Standards Council of Canada
IAAC	InterAmerican Accreditation Cooperation		**SDOAC**	Standards Development Organizations Advisory Committee
IAF	International Accreditation Forum		**SDO**	Standards Development Organization
IEC	International Electrotechnical Commission		**SME**	Small and Medium-Sized Enterprise
IECEE	IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components		**TBT**	Technical Barrier to Trade
			TPP	Trans-Pacific Partnership
IECEx	IEC System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres		**UL**	Underwriters Laboratories
			ULC	Underwriters Laboratories of Canada
IECRE	IEC Renewable Energy System		**VCS**	Verified carbon standard
ILAC	International Laboratory Accreditation Cooperation		**VVB**	Validation and verification body

Standards Council of Canada
Conseil canadien des normes

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