

Strengthening, Leading, Delivering Value to Canada

In 2014-2015, the Standards Council of Canada focused on strengthening the value that Canada's standardization network delivers to government and industry stakeholders by leading the development of new and innovative standardization solutions.

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 the well-being of all Canadians.

OUR CORE VALUES

Respect • Integrity • Professionalism

OUR VISION

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

HOW TO REACH US

Standards Council of Canada 600-55 Metcalfe Street, Ottawa, Ontario K1P 6L5 Telephone: +1 613 238 3222 • Fax: +1 613 569 7808 Website: www.scc.ca



Cat. No. Iu81-1E-PDF ISSN 1701-4247 Ottawa, 2015 Printed in Canada on recycled and recyclable paper

TABLE OF CONTENTS

| Message from the Chair and the CEO | 2 |
|---|----------------------|
| Management Discussion and Analysis | 2 |
| SCC's Operating Environment and Context | 5 |
| Year in Highlights | 10 |
| Performance Against Objectives | 24 |
| Year in Numbers | 26 |
| Canada's International and Regional Standardization Networks | 30 |
| Corporate Governance | 32 |
| | |
| Financial Performance | 34 |
| Financial Overview 2010-2011 – 2014-2015 | 37 |
| | 37 |
| Financial Overview 2010-2011 – 2014-2015 | 37 |
| Financial Overview 2010-2011 – 2014-2015 Enterprise Risk Management Assessment Management Responsibility for Financial Statements Auditor's Report | 37 38 40 |
| Financial Overview 2010-2011 – 2014-2015 Enterprise Risk Management Assessment Management Responsibility for Financial Statements | 37 38 40 |
| Financial Overview 2010-2011 – 2014-2015 Enterprise Risk Management Assessment Management Responsibility for Financial Statements Auditor's Report | 37 38 39 40 |



MESSAGE FROM THE CHAIR AND THE CEO



SIMPLY PUT, STANDARDS MATTER.

Standards are the invisible backbone that keeps our society running efficiently and safely. They protect Canadians by ensuring the safety of the foods we eat and the products we use every day. They reduce costs for consumers and give us greater choice by providing access to global products. Standards are also essential to Canada's economic growth. They help businesses compete on a level playing field, in Canada and around the world. Standards support our governments by providing efficient options to help them meet regulatory requirements—as is evidenced by the thousands of standards referenced in legislation. Complying with standards and achieving certification make it easier for businesses to enter new markets by reducing compliance costs, cutting red tape, and speeding up time to market—boosting opportunities for growth and innovation.



STANDARDS MAKE SENSE.

As the leader of Canada's standardization network, the Standards Council of Canada (SCC) encourages members of the standardization network across Canada, and other partners around the world, to support standardization solutions that benefit Canadians. From standards development organizations (SDOs) to other accredited organizations, and from governments to industry to consumers, this standardization network is strongest when we all work together.

Through cooperation and a common vision, we are making a significant contribution to our economy and our citizens. Together, we are eliminating barriers to trade; we are promoting innovative standardization solutions; and we are making a difference each and every day for Canadian consumers and the industries that drive our economy.

We are pleased to present this report to demonstrate the level of cooperation we have achieved with our government and industry partners, and the continued improvements made to standardization in Canada. This past year, through our pilot project with the Canada-United States Regulatory Cooperation Council, we helped to resolve ongoing issues with regulations and standards, and supported the alignment of standards that enhance the effective and efficient work of industry and government.

Through SCC's partnerships around the world, we have continued to strengthen both the global and Canadian standardization networks. We are offering standardization solutions, improving harmonization, and supporting government in the industry sectors that drive Canada's economy, including oil and gas, energy, and information technology. We continue to deliver standardization options that support the priorities of governments and industry, including promoting tangible and long-term improvements for those living in Canada's North through the Northern Infrastructure Standardization Initiative (NISI). Through our strategic participation in the International Organization for

Standardization (ISO), the International Electrotechnical Commission (IEC), and regional standardization activities, we have maximized the benefits of standards and accreditation regionally and internationally, and continued to advance Canada's competitiveness and well-being. We also continue to drive SCC's operational efficiency and productivity through high-performance teams, an effective quality management system (QMS) and infrastructure improvements.

By implementing a new program to facilitate the participation of Canadian experts on international technical committees of ISO and the IEC, we have ensured that Canada plays a key role in international standardization activities, and has an even stronger voice at the international level. Through organizations such as the Pan American Standards Commission and the Pacific Area Standards Congress, we continued our capacity-building projects with emerging economies, ensuring that our strategic planning for regional standardization activities is aligned with Canada's *Global Markets Action Plan*. As Canada's principal advisor on standardization in support of Canada's international trade priorities, SCC played a pivotal role in helping to decrease technical barriers to trade, reduce duplication, promote harmonization, and increase investment opportunities for Canadian business in key world markets, such as the European Union.

We would like to thank all those who make a contribution to standardization, as well as SCC's employees and Council members, for their tremendous efforts again over the past year. Their work benefits all Canadians. It supports business and economic growth, gives Canadians more options, and helps keep us all safe. It has been a privilege for us to work with SCC staff, whose professionalism, dedication and commitment enhance the lives of Canadians every day.



. . .



SCC's Operating Environment and Context

well as social, economic and political factors that impact its operating environment and ability to deliver on 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 costs is also of paramount importance to Canadians. Standards address these needs while supporting the growing legal, technical and regulatory requirements that accompany them.

references to standards in Canadian (including federal, provincial and territorial) regulations, which shows the major impact that standards have on our daily lives.

Supporting a strong Canada through standardization

Standardization has long been a pillar that supports economic prosperity, enhances competitiveness and fosters innovation and growth. As a tool that influences many public policy objectives—including the economy, domestic and international trade, the environment and healthcare—standardization activities directly support the federal government's plan for a strong and competitive Canada.

Federal, provincial and territorial government regulators turn to SCC for standardization solutions that 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; and inspection and certification requirements referenced in regulations. The Assistant Deputy Minister (ADM) Committee on Standardization is helping SCC work with federal regulators to further identify and align the standardization priorities that are of the greatest benefit to Canada.

Although Canadians can travel freely between provinces and territories, not all goods and workers can. The mobility of some products, tradespeople and certified professionals between Canadian jurisdictions can be subject to certain restrictions. As a result, internal barriers to trade have been created between Canadian provinces and territories. Requirements such as

educational qualifications and certifications, paperwork to meet provisions, or product-specific manufacturing and testing may differ between jurisdictions. For Canadian consumers, these trade barriers often translate into higher costs and reduced choice. SCC will continue its work to identify and support the alignment of standards in priority sectors to break down these internal barriers to trade.

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 must continue to work with leaders in industry sectors that are key to Canadian competitiveness to make them fully aware of how standardization supports their priorities, delivers returns on investments and enhances Canada's economic and social well-being.



About 60%

OF CANADA'S GROSS DOMESTIC PRODUCT IS DEPENDENT ON TRADE

Helping Canada compete in a rapidly changing global marketplace

The world of trade is changing: the international trade arena is more competitive and complex than ever before. As Canadian organizations enter new export markets, they face more 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 and expanding markets, standardization plays a key role in promoting global trade and helping Canada to reach its full potential.

global marketplace is becoming increasingly competitive and complex. To gain access to U.S. and overseas markets, Canadian businesses must adhere to an expanding and evolving array of standards and conformity assessment requirements. This complexity has particularly impacted smaller-sized exporters. For these organizations, conforming to standards is critical to their success."

Chantal Guay, Vice-President, Accreditation Services Branch

Having standards and accreditation services in place ensures that products and services meet regulatory requirements, which, in turn, limits risks, improves safety and increases the marketability of Canadian products across the country and around the world. Standards and accreditation also allow organizations to keep abreast of the latest technology trends, improve processes and production and increase consumer confidence by anticipating the need to adhere to new and changing standards.

Providing a strong voice for Canada in the standards world

Countries around the world are strategically positioning themselves at the international level to gain a 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 integrates, SCC is working to 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 a leader at the international level, SCC must 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.

Promoting the adoption of international standards

Canada must adhere to a broadening and evolving spectrum of standards and conformity assessment requirements if it is to continue to access U.S. and global markets. SCC recognizes that a more responsive and effective standardization network is required to provide the flexibility necessary to adjust to the realities of a shifting marketplace. The organization must continue to work to align standardization practices in order to improve economic opportunities for Canadians. The adoption of international standards eases the entry of products and services into foreign and domestic markets, opening the doors of trade and providing a competitive advantage for Canadian businesses.

"The most important thing is to align as much as possible with international standards, because the world is a global market now; it would not be very smart to think on a national level without looking at the global market. You also need to ensure that governments and industry are aware that harmonizing standards increases competitiveness, because you reduce the administrative costs of those that need to place products in the market, without reducing consumer or environmental protection. So your products become more competitive, you have a level playing field and, at the end of the day, the whole economy benefits from the harmonization efforts."

Elena Santiago Cid, Director General, European Committee for Standardization/European Committee for Electrotechnical Standardization

By working closely with its stakeholders, SCC has taken significant steps in improving Canada's policies on adopting international standards and other international deliverables, such as technical reports and technical specifications, making adoptions more timely and cost-effective.

Gaining a competitive edge through accreditation

The increasingly competitive and complex international trade arena has had a significant impact on smaller-sized exporters. 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 these small- and medium-sized enterprises (SMEs) can demonstrate that they have met the relevant nationally and internationally recognized standards and criteria necessary for doing business in a given market. By being certified to these standards, SMEs can become suppliers of choice and gain a competitive edge in markets around the world.

SCC's Accreditation Services Branch offers in-depth technical expertise to its customers and accreditation services in a variety of fields. To do this, SCC relies on a qualified pool of assessors (consisting of staff as well as external experts) to carry out work within Canada's conformity assessment system. Having the right mix of qualified assessors for its programs is essential for SCC to effectively meet the needs of its customers. For this reason, SCC continues to focus on recruiting and retaining the right balance of qualified experts.

The move toward standards alignment across the globe is opening the doors to both regulated and non-regulated markets for a growing number of accreditation service providers. SCC's Accreditation Services Branch must continue to provide value to its customers and differentiate itself from other accreditation providers. During the past fiscal year, the branch underwent a strategic review to ensure that it is delivering the most efficient, reliable and cost-effective service possible to its customers. In the coming year, the Accreditation Services Branch will continue to improve its QMS, prioritize its programs for delivery, and review its pricing model for all programs so that fees continue to remain activity-based, transparent and fair.

Cultivating a skilled and motivated workforce

SCC is a knowledge-based organization. Its success rests on its ability to attract and maintain a skilled and engaged staff that is equipped with efficient and modernized tools and processes that allow them to respond to market trends. To keep pace with the competitive market for highly skilled workers, SCC has put in place an employee-focused strategy to attract and retain the most qualified staff. This strategy will foster team excellence through training and development, improve leadership skills and ensure succession planning.

SCC, we work toward creating a positive and motivating work environment to enable our staff to deliver our priorities and mandate through the core values of Respect, Integrity and Professionalism. Through these values, we enhance our reputation for advancing Canada's standardization network and demonstrating its value to Canada."

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

Figure 1: Key Facts, Figures and Trends

| | 2013-2014 | 2014-2015 |
|---|-----------|-----------|
| Number of active Canadian standards | 2,901 | 2,944 |
| Number of standards maintained by key international standardization organizations (ISO, the IEC, ITU) | 30,334 | 31,958 |
| Number of active technical committees of ISO, the IEC and ITU | 1,019 | 1,012 |
| Number of Canadian volunteer members participating in international standards development committees | 2,849 | 3,049 |
| Number of standards incorporated by reference in federal regulations | 1,118 | 1,354 |



Year in Highlights



In 2014-2015, SCC focused on key initiatives and innovations to reinforce and strengthen its position as Canada's standardization leader.

SCC's strategic priorities were:

- 1. Engaging targeted stakeholders to strengthen Canada's standardization network
- 2. Delivering standardization solutions that are essential to the priorities of governments and industry
- 3. Maximizing the benefits of standards and accreditation regionally and internationally to advance Canada's competitiveness and well-being
- 4. Driving operational efficiency and productivity through high-performance teams

1. STRENGTHENING CANADA'S STANDARDIZATION NETWORK

SCC ensures the integrity of Canada's standardization network while providing standardization solutions that address the needs of both government and industry. By strengthening the network, the organization helps deliver a competitive edge to businesses, drive Canada's economic growth and improve the quality of life for all Canadians.

Generating results for government

By forging a closer relationship with government and providing strong leadership of Canada's standardization network, SCC has significantly increased awareness of the value of standardization in recent years. Governments increasingly understand that effective and current standards respond to technological and commercial advancements, support government regulations and help keep Canadians safe. Standards must therefore be monitored regularly. Collaborating with federal departments and agencies, as well as provincial and territorial governments, SCC continued its efforts to modernize Canada's standardization governance structure and address outdated standards referenced in legislation.

This work supports efforts to harmonize standards within Canada and modernize our standardization network.

is Canada's national standardization leader. Our standardization network drives economic growth through innovation and, at the same time, improves the quality of life for Canadians. Over the past fiscal year, SCC strengthened the value of our network by delivering standardization solutions that helped meet the strategic priorities of government and industry. We have positioned Canada as one of the world's standardization leaders. By embracing standards, business and industry can boost their opportunity for revenue growth and innovation, and can better tackle the growing competitiveness and complexity in international supply chains."

John Walter, CEO

Forging stronger relationships with industry

Standardization is essential to boosting Canada's competitiveness and safeguarding the health and safety of its citizens. This year, SCC brought together subject matter experts from targeted industry sectors to develop standardization roadmaps and establish stronger relationships with industry sectors such as oil and gas, energy, and information technology (IT). Working with senior decision-makers in these sectors to identify standardization solutions that address their challenges and priorities is integral to strengthening Canada's standardization network and to creating opportunities for a more competitive Canada.



strengthen Canada's standardization network, SCC must continue to engage industries that play an important part in Canada's economic health. SCC must align its priorities in a way that recognizes the economic and social benefits of advancing Canada's competitiveness and productivity. Part of this includes fostering greater collaboration amongst all key stakeholders of Canada's standardization network in demonstrating the clear economic benefits of standardization, and in finding innovative ways of using standardization to solve global challenges and create lasting sustainable social change."

> Sylvie C. Lafontaine, Vice-President, Standards Solutions Branch

In 2014-2015, SCC initiated the development of a standardization strategy in support of SMEs in alignment with the Government of Canada's *Global Markets Action Plan*. As SMEs represent nearly 90% of Canadian exporters, their success is integral to Canada's long-term economic growth. SCC has begun consultations with key SMEs to identify short- and long-term strategies that can address their standardization needs.

In support of the Government of Canada's commitment to modernize the Agreement on Internal Trade (AIT), SCC is working to address internal trade barriers, initially focusing on the following areas: industrial sectors using cranes, the heating and plumbing sector and emerging regulatory sectors. SCC is identifying duplicative standards, testing and certification requirements currently referenced in federal, provincial and territorial regulations that are substantially impacting trade in these sectors within Canada. The organization is also beginning to quantify the economic impact of these barriers. This is a necessary first step in furthering the alignment of standards within Canada and in building a stronger, more competitive, economy.

For example, through a partnership between SCC and the Canadian Hoisting & Rigging Safety Council, areas have already been identified where standardization harmonization and alignment efforts are needed in the industry. An SCC research paper entitled Standards Referenced in Canadian Regulations for the Hoisting and Rigging Industry will help the organization work with the industry to find standardization solutions that will benefit it from a safety, mobility and economic perspective.

SCC also finalized and published a report entitled Preliminary Findings—Proposed Standardization Solutions Supporting Canada's Energy, Electrical, Electrical Engineering, and Electronics Sector Key Segments of the Canadian Electrotechnical Sector. This report proposes standardization solutions to address the challenges and priorities facing Canada's electrotechnical sector identified during SCC's outreach activities with leaders of Canada's electrotechnical sector in 2014. Fostering innovation and promoting the adoption of new technologies is key to Canada's competitiveness and long-term economic growth. For this reason, standards must reflect the latest technologies, and the links between standards and research must be developed to foster innovation. In 2014-2015, the first IEC Systems Committee on Smart Energy was approved by the IEC National Committees, an initiative Canada will play a key role in. The committee has already met and established national priorities for the electrotechnical sector. These priorities will provide direction to SCC and Canada's national electrotechnical sector and contribute to IEC's standardization activities, an area where Canada continues to demonstrate leadership.

In the fall of 2014, SCC also hosted the annual World Standards Day (WSD) event, bringing together standardization experts, industry leaders and consumers to highlight standardization issues that are critical to Canada's future economic growth and well-being. This year's event was held under the international event theme, *Standards level the playing field*, and included a keynote speech by Corinne Pohlmann from the Canadian Federation of Independent Business, an organization that represents more than a hundred thousand small- and medium-sized businesses across Canada. It was a chance for SCC to hear the issues that affect SMEs and to open a dialogue about how standardization can help them grow and succeed in the future.

Through the presentation of the 2014 SCC Awards, WSD was also an opportunity to honour those people and organizations whose hard work and dedication makes Canada's standardization network one of the best in the world. This year's award winners were:

- T. Duncan Ellison, Former Executive Director, Canadian Water and Wastewater Association,
 Hugh Krentz Award, which recognizes the exemplary service of an individual to standardization
- Health Canada's Consumer Product Safety Directorate, Corporate Commitment Award

- SCC mirror committee to ISO/TC 198 –
 Sterilization of Health Care Products, Committee
 Achievement Award. The award was accepted by:
 - Committee Chair: Rick Bauer, PhD, Senior Professional Services Advisor, 3M Canada
 - Committee Vice-Chair: Linda Kingsbury,
 Consultant
 - Committee Secretary: Debbie Kolozsvari, Project Manager, CSA Group
 - Former Committee Chair:
 Susan Springthorpe, Director of Research,
 Centre for Research on Environment
 Microbiology, University of Ottawa
- Stephanie McLarty, President of REfficient Inc.,
 Young Leader Award
- Pat Bonnilla, Manager, Canadian Standards, SCC, McMahon Dedicated Service Award, which recognizes notable contributions to standardization made by SCC personnel

During the WSD event, SCC also provided stakeholders with a brief update on the organization's achievements over the year. SCC's CEO, John Walter, outlined the progress the organization has made in achieving its goals and advancing its mandate through its key initiatives. As well, he cited ways in which SCC supports government priorities and continuously delivers value to Canadians through its leadership of Canada's standardization network.

Aligning standards and certification requirements to support business and consumers

Building strong economic ties between Canada and the United States is essential to our long-term economic growth. However, differences between standards that are referenced extensively in the regulations of both countries impact the industries that drive this economic relationship. Duplicative regulatory requirements between our two countries ultimately limit choice for consumers and cost Canadians billions of dollars each year. For this reason, a key priority for SCC in 2014-2015 was to improve the alignment of standards between Canada and the United States to support business, reduce barriers to trade and decrease costs to consumers.

Working with the Canada-United States Regulatory Cooperation Council, SCC continued its work on a pilot project to assess and determine appropriate mechanisms for greater coordination and cooperation between the two countries in the development of an aligned standard for balloon-type ball backwater valves. This has been more effective than past attempts to harmonize standards, which involved the pursuit of separate parallel processes in each country or retroactive standards development to achieve alignment.

The key partner for this pilot project, the Canadian Institute of Plumbing & Heating, has already started work with SCC to develop joint Canadian-U.S. standards, reduce red tape and address price gaps between Canadian and U.S. consumer products. Efforts have also focused on identifying opportunities for new or emerging products where neither standards nor regulations currently exist and where standards development would benefit the greatest number of users, both in Canada and the United States. This work is laying the groundwork for SCC to foster future collaborations between SDOs in order to develop and maintain joint standards in North America that will help build a stronger standardization network in the years to come.

Providing greater choice to Canadians

Through the accreditation of additional SDOs, SCC continues to offer industry and government more standardization options and greater value than ever before. In July 2014, SCC announced that U.S.-based NSF International was accredited to develop National Standards of Canada (NSCs), raising the total number of SCC-accredited SDOs to eight. NSF International is a global public health organization with 70 years of standards development, certification and testing expertise in health, safety, electrical and fire safety, as well as performance. By accrediting new SDOs such as NSF International, SCC is helping to increase the alignment of standards and enhancing trade opportunities between Canada, the United States and other countries around the globe. The organization is also providing an added measure of protection for Canadians by bringing these SDOs into an SCCapproved standards development process.

value that consumers bring to standards development is increasingly understood and recognized. Our role is important at every stage of standards development work, at both the national and international levels—on governance, policy and technical committees. Challenges remain in ensuring that consumers have the opportunity and resources to participate in order to enhance consumer confidence in our standards development system, and in the products and services entering the marketplace."

Norma McCormick, Founder and Principal of Corporate Health Works, Past Chair of SCC's Consumer and Public Interest Panel and Chair of ISO's Committee on Consumer Policy

Reaching out to Canadian consumers from coast to coast to coast

Through the introduction of new and innovative tools, SCC is working to increase participation in Canada's standardization network and developing standardization solutions that meet the needs of both Canadian industry and consumers. By engaging stakeholders through these modern and improved online tools, SCC is fostering greater coordination and collaboration opportunities.

In 2014, SCC launched its new online platform, SCC Connect. This new web-based tool encourages participation in the standardization network by allowing users to browse and apply to more than 450 international technical committees—committees that ensure Canada's voice is heard internationally and that its best interests are served.

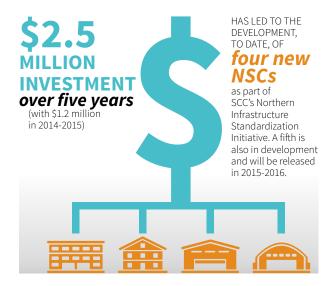
SCC also launched its Get Involved in Standardization online portal. This portal allows SCC to reach out to stakeholders from coast to coast to coast by plugging into the Consulting with Canadians web page at the new Canada.ca website and by connecting with other third-party recruitment sites. SCC has already received

more than 100 committee applications through the portal. This tool will help the organization reach its goal to increase committee membership by 2% by the end of 2015-2016.

In March 2014, SCC was invited by Industry Canada's Office of Consumer Affairs to speak to a consumer network gathering in Ottawa. At the meeting, SCC highlighted organizational changes made to support consumer engagement, and cited ways in which consumers and consumer organizations can become more actively involved in Canada's standardization network.

2. DELIVERING STANDARDIZATION SOLUTIONS

The pace of technology-driven innovation has continued to accelerate, giving rise to new industries and business practices. These practices help ensure better, safer, more efficient methods and products, and stakeholders around the world recognize the importance of incorporating standardization solutions into their programs and services. In 2014-2015, SCC worked



closely with government and industry to set ambitious objectives and provide a wide range of innovative and tangible standardization solutions, as outlined below, to meet stakeholder needs and priorities and deliver value to Canadian governments, industry and consumers.

Breaking down internal barriers to trade

There are thousands of different standards incorporated by reference in federal, provincial, territorial and, in some cases, municipal regulations. Differences in these standards and certification requirements can create technical barriers to trade (TBTs) for Canadian industries even within our own country. This lack of alignment creates unnecessary and redundant costs for Canadian industry and consumers.

"The decentralized development of the emerging Liquefied Natural Gas (LNG) industry will mean regulatory requirements, jurisdiction by jurisdiction, which could translate into higher costs and industry fragmentation without some effort at standardization. It is imperative that we proactively ensure standards and regulations are designed to be consistent across jurisdictions. Only then will the Canadian LNG industry be able to take advantage of economies of scale to drive costs down and increase LNG usage. This will, in turn, lead to more rapid technological progress and a globally competitive Canadian industry."

> Bruce Winchester, Executive Director, Canadian Natural Gas Vehicle Alliance

SCC has collaborated with key industry stakeholders to identify those standards referenced in regulations that impact trade and to analyze the economic impact of trade barriers. This is a necessary first step toward

harmonizing internal regulations and standards. SCC will continue to work with government and industry to explore ways to reduce internal barriers to trade with the goal of aligning standardization requirements more effectively across Canada.

Two prominent industry associations, the Canadian Institute of Plumbing & Heating (CIPH) and Electro-Federation Canada (EFC), have already identified a number of different and/or duplicative standards and certification requirements between Canadian provinces and territories in the plumbing and heating, and electrical sectors. In 2014-2015, SCC began a research initiative to fill in the gaps in existing data and research on unaligned standards, codes, and certification requirements in these sectors in an attempt to quantify and qualify the cost and time related to this "web of rules" and begin work on addressing the issue.

fragmented nature of Canada's standardization network has made it challenging for federal, provincial and territorial governments to address standardization priorities through effective interjurisdictional coordination. At a time when the importance of standardization as a means to access global markets is growing, such coordination is more necessary than ever."

Michel Girard, Vice-President, Strategy Branch

Providing greater value to Canada through harmonization

Breaking down barriers to trade between Canada and the United States is also essential to Canada's economic growth, and SCC has continued its work to harmonize standards between the two countries in key areas. In 2014-2015, SCC helped support the development of a landmark joint Canadian-U.S. standard for balloontype ball backwater valves—the first of its kind in the plumbing and heating sector. The development of this

standard by both nations will reduce impediments to cross-border trade within the sector, benefiting industry and ultimately saving consumers money.

Balloon-type ball backwater valves are used in drainage pipes where flow reversal causes the valve to close off and prevent sewage from potentially causing extensive flood damage. These valves are one way standardization is helping to adapt to a changing climate, as more intensive storms cause storm sewer systems to overflow, leading to increased basement flooding. ULC Standards, an SCC-accredited SDO, will work with U.S.-based Underwriters Laboratories (UL), an SDO accredited by both SCC and the American National Standards Institute (ANSI), to deliver the standard by February 2017. Supporting the development of a harmonized standard—that will benefit industries and citizens on both sides of the borders—is another example of how SCC is working to build a standardization network that delivers real value to Canadians and provides standardization solutions. to issues that impact their everyday lives.

are delighted to work with ULC Standards in our efforts to develop processes that will reduce trade barriers between jurisdictions through the alignment of North American standards, while maintaining the health and safety of homeowners. Our ultimate goal is to improve speed toward harmonization, especially in new technology areas, with the end result being one standard, one mark, one test accepted in both Canada and the USA."

Ralph Suppa, President and General Manager, Canadian Institute of Plumbing & Heating

SCC also continued to break new ground as it began work on developing two joint Canadian-U.S. national standards for life-saving flotation devices. These standards, being developed by UL, will reduce

duplication—and thereby red tape and costs of certification in North America and help protect the safety of citizens on both sides of the border.

Addressing the impact of climate change in Canada's North

Finding solutions to address the impact of climate change in Canada's North is a key priority for the Government of Canada, and SCC has been recognized for its work in this area.

Government of Canada is taking action on climate change to protect our environment and the health of Canadians, while keeping the Canadian economy strong. These new standards will ensure greater structural integrity for Northern buildings, making them safer and more stable for Northern residents."

The Honourable Leona Aglukkaq, Minister of the Environment, Minister of the Canadian Northern Economic Development Agency, and Minister for the Arctic Council, on the publishing of the second

In 2014-2015, SCC announced the release of four new NSCs that will support the adaptation of northern infrastructure to a changing climate by addressing needs like appropriate community drainage systems, changing snow loads on roofs, thermosyphon foundations and the management of the effects of permafrost degradation on existing buildings. Led by SCC, with support from Aboriginal Affairs and Northern Development Canada and funding from the Government of Canada's Clean Air Agenda, the NISI standards will provide tangible and long-term improvements for those living in Canada's North, and is another example of how SCC is providing standardization solutions that improve the lives of Canadians.

"Helping to address the effects of climate change is particularly important in the North, where it can have such a devastating impact. This series of standards is so important because they take into account the unique challenges in these communities. These standards offer best practices to help manage and mitigate the risks associated with climate change, and will contribute to building a solid future for communities in the Far North."

Gianluca Arcari, Executive Director, Canadian Standards Association, and Vice-President, CSA Group

Protecting Canadians by delivering standardization solutions

Effective and current standards respond to technological and commercial advancements, support federal regulation and help keep Canadians safe.



By working closely with SCC during fiscal year 2014-2015, **six federal government departments** now have approaches in place to ensure standardization activities are included in their departmental plans and priorities —*to improve Canadians' quality of life.*

To help the government protect the well-being of Canadians, the ADM Committee on Standardization collaborates with key federal departments, including the Canadian Food Inspection Agency, Environment Canada, Health Canada, Employment and Social Development Canada, Industry Canada, Natural Resources Canada, Public Works and Government Services Canada and Transport Canada. Three other organizations attend the ADM Committee meetings: the Department of Justice Canada, the Canada-United States Regulatory Cooperation Council and the Treasury Board of Canada Secretariat. By working closely with these government departments and agencies, SCC is helping to support key priorities of the federal government and is developing standardization solutions that will have a direct impact on the health and safety of all Canadians. Examples include, among others, facilitating standards development for immersion suits and life jackets to ensure marine safety.

3. MAXIMIZING THE BENEFITS OF STANDARDS AND ACCREDITATION

Canada's prosperity depends on trade—both within its borders and abroad. Unfortunately, its industries are faced with an increasingly complex spectrum of national, regional and international standards-related requirements that create barriers to trade and reduce economic opportunities for Canadian businesses. SCC is focused on ensuring that Canada's best interests are represented internationally and that we have a strong voice in the global marketplace. The organization is also working to harmonize standards and conformity assessment practices to help reduce trade barriers. Harmonization is essential for improving the flow of goods and services, not only between Canada's provinces and territories, but also with other countries, to support the long-term economic growth of our nation.

Advancing Canada's priorities through global collaboration

SCC plays a critical role in supporting Canada's international competitiveness by ensuring that Canada retains a leadership role in the international arena. SCC invests \$1.1 million annually to support Canadian participation in key ISO and IEC standards and conformity assessment committees, ensuring that the most qualified Canadian experts are influencing standards that are of the greatest strategic importance to Canada. By collaborating with SDOs, governments and industry, SCC effectively advances Canada's position internationally and ensures that Canada has a strong voice in the development and implementation of standards in areas that are of vital importance to our economy and our citizens.

In 2014, SCC's CEO, John Walter, assumed the role of ISO Vice-President (Policy) and is leading the development of ISO's strategic plan for 2016-2020. By taking on a leadership role in governance and policy at the international level, he is bringing a Canadian perspective to the table and helping to ensure that the best interests of our country are served at the international level.

SCC also played a key role in supporting Canadian participation at international standardization forums by providing travel assistance to DELEGATES.

In addition, SCC continued to play a leadership role internationally by helping to coordinate the development of strategic plans for regional standardization organizations, such as the Pan American Standards Commission (COPANT) and the Pacific Area Standards Congress (PASC). Both plans will help to align Canadian and regional interests to increase future opportunities for trade and further demonstrate Canada's ability to be a global leader when it comes to standardization activities.

By working to ensure Canada plays a leadership role internationally, SCC is helping to enhance Canada's competitiveness—while improving the global marketplace—and is moving ever closer to the goal of *one standard*, *one test... accepted everywhere*.

Increasing trade opportunities and building capacity for emerging nations

SCC is a key advisor to Canada on standardization issues relating to international trade, and continues to provide input and policy advice to the Department of Foreign Affairs, Trade and Development. In 2014-2015, SCC played a role in supporting trade agreements that are key to Canada's long-term economic growth, including the historic Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the Trans-Pacific Partnership (TPP), and the Canada-India Comprehensive Economic Partnership Agreement (CEPA).

Through its advisory role in the negotiation of these agreements, SCC helped reduce TBTs, align standards and conformity assessment requirements with those of its key trading partners, and ensure that these agreements reflect stakeholder interests. For example, during the CETA negotiations, SCC worked to reduce redundant product testing, lowering costs for exporters and decreasing duplication between Canada and the European Union. By helping to break down these trade barriers with key nations, SCC is doing its part to create jobs for Canadians and increase trade opportunities across our nation and around the world.

As part of its efforts to open the doors of trade for Canadian business, SCC also continued to provide help to emerging economies through standardization-related, capacity-building projects. Under the Canada-Americas Trade-Related Technical Assistance Program (CATRTA), SCC assisted Peru, Colombia, Honduras and the CARICOM countries (Caribbean) in strengthening their standardization infrastructures, not only through capacity-building assistance but also by helping to develop and improve regional accreditation services. These regional partnerships increase Canada's international profile, promote the use of international standards and, ultimately, enhance Canada's opportunities for trade.

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.

In the fall of 2014, the branch successfully completed a peer evaluation by the InterAmerican Accreditation Cooperation (IAAC), a regional association of accreditation bodies that ensures competence of accreditation bodies. SCC's accreditation programs for management systems and product certification bodies were all successfully evaluated, an achievement that remains key to SCC's ability to continue to deliver value to Canadians.

As a world leader in conformity assessment, SCC's Accreditation Services Branch supports the development of standardization solutions in areas that are critical to Canada and the world. For example, SCC and the IAAC have combined forces to help combat climate change through the launch of the Multilateral Recognition Agreement (MLA) for the accreditation of greenhouse gas (GHG) validators and verifiers. SCC played a vital role in developing this MLA, which will recognize participating accreditation bodies' programs for GHG validators and verifiers as being equivalent to their own. The agreement will also reduce trade barriers and simplify cross-border trade for Canadian exporters.

's accreditation program allows GHG validation and verification organizations the opportunity to access the current provincially regulated GHG markets (British Columbia, Alberta, Ontario and Quebec). SCC also enables these organizations to become verifiers for voluntary GHG programs, such as the Climate Registry."

Patrick Hardy, Co-founder and Chief Operating Officer, ClimateCHECK

Shaping the international approach for accredited organizations

In 2014-2015, SCC represented Canada's best interests by participating as a member of the international group tasked with updating ISO/IEC 17025, General requirements for the competence of testing and calibration laboratories. This key international standard has a direct impact on the health and well-being of Canadians by ensuring laboratories have the competence to carry out specific testing methods. By playing a key role in the revision of ISO/IEC 17025, SCC helped to ensure this standard not only responds to technological and commercial advancements, but also continues to protect the safety of Canadians who rely on laboratory analyses. But meeting the requirements of this standard does not just protect Canadians—it reduces the risks for laboratories across the country and helps them validate their services.

SCC also played a leadership role in the updating of two widely used international management systems standards: ISO 14001, *Environmental management systems*, and ISO 9001, *Quality management systems*. These standards benefit organizations by lowering costs, strengthening quality and decreasing environmental impact. This standardization solution demonstrates how SCC contributes Canadian perspectives and represents environmental and economic interests.

Figure 2: Number of Accreditation Services Branch Customers*, by Program Area

| Program Area | 2013-2014 | 2014-2015 |
|---|----------------|----------------|
| Laboratories: • Medical • General • SCC partners | 3 232 99 | 2 230 94 |
| Good Laboratory Practice (GLP - OECD) Recognition | 42 | 44 |
| Product certification bodies (ISO/IEC Guide 65) | 39 | 40 |
| Management systems certification bodies (ISO/IEC 17021) | 23 | 21 |
| Personnel certification bodies (ISO/IEC 17024) | 6 | 7 |
| Inspection bodies (ISO/IEC 17020) | 19 | 20 |
| GHG verification bodies (ISO 14065) | 6 | 6 |
| Standards development organizations | 8 | 8 |
| Total number of accreditations issued | 477 | 472 |

^{*} includes applicants as well as customers who have been accredited or suspended

Connecting with the world to build a stronger standardization network

SCC continues to work with other standardization organizations around the world to find ways to build an even stronger standardization network that delivers greater value to Canadian governments, industry and consumers. In April 2014, SCC held a strategic exchange with several leaders in the international standards community to discuss and share standardization best practices. Held in conjunction with meetings involving federal, provincial and territorial representatives, the strategic session targeted business and government and focused on ways standards can help eliminate trade barriers, spur innovation and advance strategic objectives. SCC's report, Global Perspectives on Standardization: Lessons from the European Union, the United States and Australia, provides highlights from the meeting.

In August 2014, SCC held a highly informative session with Joe Bhatia, President and Chief Executive Officer of ANSI. He offered a unique viewpoint on the U.S. standardization system for both Canadian and U.S.

participants. The discussion also highlighted areas of common interest for both Canada and the United States, and how the two countries can work together in mutually beneficial ways when it comes to standardization. SCC's report on the session, *A Perspective on U.S. Standardization*, describes the importance of Canada-United States cooperation on standardization issues in the coming years, particularly for industry sectors that are of mutual strategic importance.

"Regional

engagement is another ANSI priority. The organization is helping to create global and regional collaborations with SCC in Canada and with other organizations around the globe, to encourage stakeholders from all of ANSI's targeted regions to become involved in standards development."

World Accreditation Day 2014 provided an opportunity for organizations across Canada to share ways that certification to international standards helps them achieve their goals. The June 9, 2014 event was held in Ottawa under the 2014 international theme Accreditation: Delivering confidence in the provision of energy. The key message delivered to participants by the event's keynote speaker, Patrick Hardy of ClimateCHECK, was that for organizations seeking to expand their export markets, gain the upper hand competitively and build team confidence, certification to international standards can play a critical role. A panel discussion entitled Accreditation—Powering the Energy Sector also included the perspectives of several key companies in the energy sector: Enviro-access Inc., one of the three Canadian Environmental Technology Advancement Centres, as well as Industrial Audit Corporation and QUASAR.

4. DRIVING SCC'S OPERATIONAL EFFICIENCY AND PRODUCTIVITY

As a small organization, SCC must remain nimble, responsive and innovative to better serve stakeholders and strengthen Canada's standardization network. In 2014-2015, SCC drove operational efficiency and productivity by supporting and fostering excellence among its high-performance teams.

Creating a culture of excellence

SCC continued to transform its corporate culture over the past 12 months, while retaining and hiring skilled and engaged professionals who are committed to delivering SCC's strategic objectives. A Statement of Values and Ethics and a governing Code of Conduct were developed and implemented. These will foster a strong workplace culture in the years to come that will help SCC provide value to Canadians by clearly focusing on priorities and on delivering results.

With the involvement of staff working groups, SCC also launched the next phase of its human resources strategy to encourage team excellence and support performance management. All staff received mandatory training on setting clear objectives to deliver measurable results.

functional areas to clarify associated roles and more appropriately match skills to SCC's requirements in support of its strategic objectives. SCC continued to focus on employees to ensure that they had the appropriate skills and to encourage engagement to maximize success in their roles. To this end, SCC has put in place an employee career life-cycle strategy to foster excellence through effective training and development, improved leadership skills and succession planning."

Ernie Briard, Vice-President, Corporate Services Branch, and Chief Financial Officer

SCC's Governing Council approved a new suite of requirements and guidance documents for the accreditation of SDOs and for the designation of National Standards and Adoptions of Canada. These new requirements and guidance documents replace the existing procedural document, CAN-P-1:2012—

Program Requirements for the Accreditation of Standards Development Organizations and for the Approval of National Standards of Canada, and are an integral part of SCC's modernized business processes.



Each year, SCC presents Employee Recognition Awards to staff to honour their years of service and to thank them for their ongoing commitment and contributions to the organization's success. SCC's CEO, John Walter (fourth from left in photo), presented this year's awards during the organization's all-staff town hall meeting on February 4, 2015. Receiving the awards were (from left) Lynne Gibbens, Sandra Roberts, Sean Christopher, Michel Girard, Carol Campbell and Maureen Emery.

Engaging staff

To ensure SCC staff is kept up to date on the organization's performance against objectives, SCC held three all-staff town hall meetings over the year. These town halls include question-and-answer sessions on issues of importance to staff and offer opportunities to highlight specific individual and team achievements. The meetings are also a chance to inform staff about standardization initiatives and priorities, and one of the ways SCC provides continuous training and education.

Implementing cost savings initiatives

Through disciplined execution of projects and programs, streamlined procurement and contracting processes, and other efficiencies, SCC achieved \$476K in cost reductions. In 2014, SCC also secured a new, lower-cost office space at 55 Metcalfe Street in downtown Ottawa, with a plan to move into the new location in late June 2015. The new office offers an open space on a single floor, and is consistent with Government of Canada Workplace 2.0 standards.

Putting the spotlight on quality management

SCC remains focused on quality management, improving organizational workplace processes and modernizing its information management and IT (IM/IT) applications and infrastructure. In 2014-2015, Phase 1 of a multifunction business management solution for SCC's IM/IT infrastructure was delivered. In late March 2015, SCC also implemented a risk-based QMS, including service standards, key performance indicators and exception reporting. Development of the QMS is expected to be complete in fiscal year 2015-2016. These changes will ensure that SCC can provide even greater value to its customers and stakeholders in the years to come.

Performance Against Objectives

| STRATEGIC PRIORITY | ОИТСОМЕ | MEASURE | RESULT | STATUS |
|--|--|---|---|-----------|
| Engaging targeted stakeholders to strengthen Canada's standardization network | Canada has a responsive, flexible and well-coordinated standardization system that protects Canadians' health and safety and enhances this nation's economic competitiveness | 8 federal departments and agencies to analyze where standardization activities should be integrated into their regulatory and business plans and priorities | Exceeded analysis: SCC went beyond analysis and engaged all 8 departments and agencies directly or through the ADM Committee on Standardization. The result of this engagement means ongoing work is now being undertaken at the departmental level regarding the management of standardization priorities, with a focus on addressing outdated references to standards in regulations | ** |
| | | 3 industry sectors engaged and have contributed resources to support Canada's standardization network | Exceeded engagement: SCC went beyond engagement and 3 industry sectors are participating in, and contributing to, a research project to identify internal barriers to trade in support of the Agreement on Internal Trade | ** |
| | | Industry/SCC funding participation ratio in international committee participation: 10% / 90% | Exceeded target: 14% of international committee participation is funded by industry, reducing SCC funding contribution to 86% | ** |
| | | Commitment with 6 provinces to complete an inventory of standards referenced in regulations | Exceeded commitments: SCC went beyond achieving commitments from the provinces by having delivered on 5 contracts and begun work on 1 additional contract | ** |
| Delivering standardization solutions that are essential to the priorities of solutions standardization solutions that are essential to the priorities of | | 28 identified standards funded for government and industry use in Canada | 28 standardization solutions in place for government and industry use in Canada | • |
| | SCC is delivering standardization solutions that meet the needs of government and industry stakeholders, while protecting the health and safety of Canadians | 75% of Accreditation Services Branch's customers satisfied | 75% customer satisfaction rate achieved for Accreditation Services Branch satisfied | • |
| | | Effective management of contracts for 5 standards to be developed to support NISI | Effectively managed contracts for 5 standards to be developed in support of NISI | • |
| | or curricularity | Develop proposals identifying standardization gaps and possible solutions for 3 industry sectors | Proposals developed to identify standardization gaps and possible solutions for 3 industry sectors | • |



| STRATEGIC PRIORITY | ОИТСОМЕ | MEASURE | RESULT | STATUS |
|--|--|---|---|-----------|
| Maximizing the benefits of standards and accreditation regionally and internationally to advance Canada's competiveness | Canadian decision-makers are optimally serving and influencing the strategic direction of targeted international and regional standardization forums | 90% of ISO and IEC policy decisions reflecting Canada's position are accepted at ISO and the IEC | Exceeded results: 100% of ISO and IEC policy decisions reflecting Canada's position are accepted at ISO and the IEC | ** |
| | | 80% of Canada's voting submission rate in ISO and IEC standards development | Exceeded results: 99.6% of Canada's voting submission rate in ISO and IEC standards development | ** |
| Driving operational efficiency and productivity through high performance teams SCC's resources are managed effectively to ensure operational efficiency and productivity, and to support SCC's strategic priorities | | 70% employees engaged | Executive decision to postpone employee survey until 2015-2016. Action plan was implemented based on results of previous survey | * |
| | 5% staff attrition rate (voluntary) | Exceeded results: 4.3% staff attrition rate (voluntary) | ** | |
| | are managed effectively to ensure operational efficiency and productivity, and to support SCC's strategic | 75% of quality management system is up to date | 75% of quality management system is up to date | • |
| | | 65% of total IM/IT infrastructure overhaul up to date (year 3 of 4-year plan) | Analysis phase completed. Project on track for completion by 2017 | • |
| | | Achieve \$476,000 in cost reduction and spending efficiencies | \$476,000 in cost reductions and spending efficiencies achieved | • |
| | | Implement SCC values, ethics and code of conduct | SCC organizational Values and Ethics and a Code of Conduct developed and implemented | • |

YEAR IN NUMBERS:







More than \$950,000 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, AND PETROLEUM AND RELATED TECHNOLOGIES

2927
ACTIVE CANADIAN STANDARDS



standards development organizations now accredited by SCC to develop National Standards of Canada, providing more options for government, industry and consumers

active ISO, IEC, ITU technical committees



APPROXIMATELY

5,000 REFERENCES

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



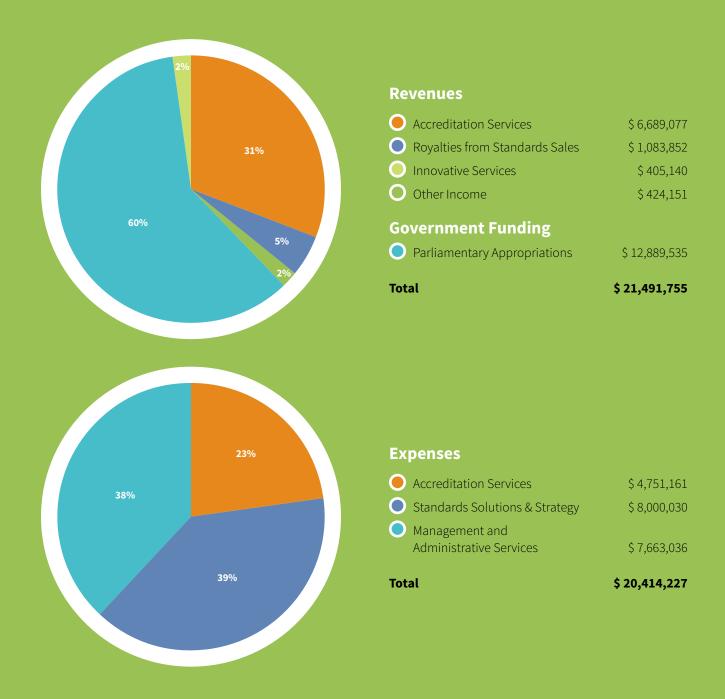
4/2

Accreditation Services Branch customers in areas such as healthcare, the environment and food safety

99.6%

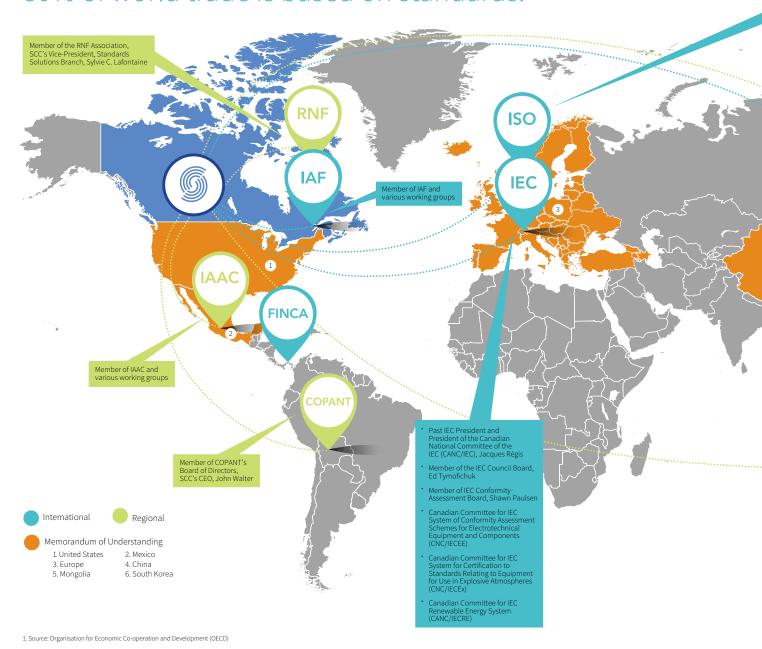
VOTING SUBMISSION RATE MAINTAINED BY CANADIANS IN ISO AND IEC TECHNICAL STANDARDS DEVELOPMENT WORK

Figure 3: Financial Highlights



Canada's International and Regional Standardization Networks

80% of world trade is based on standards.¹





Source: Multiple SCC reports

Canadian industries must adhere to an evolving spectrum of national, regional and international standards-related requirements in order to access—and succeed in—today's global markets.

Various

international organizations

estimate that

SCC plays a critical role in supporting Canadian businesses as they expand and enter new export markets. To assist in this role, the organization maintains close working relationships with its standardization counterparts around the globe.

One way in which SCC enables and promotes collaboration between Canada and other trading nations is through memoranda of understanding (MOU). As the map on these two pages depicts, SCC now has MOUs in place with the United States, Mexico, Europe, China, Mongolia and South Korea. SCC is also an active participant on international conformity assessment bodies such as the IEC, the International Accreditation Forum (IAF) and the International Laboratory Accreditation Cooperation (ILAC).

SCC's CEO, John Walter, serves as Vice-President (Policy) for ISO. 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. In addition, SCC is leading the development of strategic plans for COPANT, as well as for PASC. SCC also played a key role working with the Réseau Normalisation et Francophonie (RNF) Association in the development of a strategic plan to strengthen standardization and promote economic growth in 27 French-speaking countries. As a recognized and active member of the Asia Pacific Laboratory Accreditation Cooperation (APLAC) and the IAAC, SCC is also poised to continue 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 increase their competitive edge, SCC's activities on the international stage are critical to supporting ongoing harmonization efforts and to boosting Canadian competiveness. SCC's input at the international table also helps 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.

Corporate Governance

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. Council and its two standing committees, the Corporate Governance and Audit Committees, oversee SCC's management in delivery against SCC's strategic initiatives.

Promoting effective governance

In 2014-2015, Council conducted a governance review through an external organization aimed at strengthening the Council's overall governance practices. The outcome was extremely positive, resulting in several minor suggestions to move the organization towards further improving what is an already sound regime. The review highlighted and reinforced the Council's understanding of its roles and responsibilities. Some of the recommendations included strengthening the Council's nomination process and continuing with a phased-in Council performance assessment program. An action plan was developed and implemented throughout the year to address all recommendations resulting from the governance review.



SCC Governing Council from left to right: (standing): G. Rae Dulmage, Glenn Feltham, Kathryn Coll, Colin Clark, John Walter (centre), David Wigmore, Sara Jane Snook, Merete Heggelund, Richard Raymond, (seated) Suzanne Gignac, W.A. Sam Shaw, Kathy Milsom, Claude Bédard, (missing) Jim Young

The Council also reviewed and approved a Council Code of Conduct that was developed as part of SCC's Statement of Values and Ethics. The Code outlines standards of duty and care for Council members as public office holders as well as specific obligations for avoiding conflict of interest.

Comings and goings-A full complement

The SCC Council Chair and members were actively engaged throughout the year in ensuring that the organization has the members it needs to accomplish its mission. In October 2014, Council welcomed two new members to the Corporate Governance Committee: Kathryn Coll and Merete Heggelund. In February 2015, Council welcomed Sara Jane Snook and Jim Young (as Provincial-Territorial Advisory Committee [PTAC] Vice-Chair), filling the two remaining Council positions. In December 2014, Council also honoured two departing, long-serving Council members: David Fardy and Steven Reynolds. Suzanne Gignac was elected to the position of Audit Committee Chair.

Setting standardization priorities

During this fiscal year, Council continued to focus its attention on the important role standardization plays in supporting public policy objectives and providing enhanced value to Canadian governments, industry and consumers. Council maintained a key role in setting and monitoring the organization's strategic direction and providing advice to SCC management on various strategic initiatives 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.

The Standards Development Organizations Advisory Committee (SDOAC) and PTAC reported regularly to Council through their Council representative, with respect to their actions. Their reporting supported SCC's strategic priorities and helped the organization develop standardization solutions that reduce duplication in federal, provincial and territorial regulations and standards.

Members of SCC's Governing Council (as at March 31, 2015)

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 Representative

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

Richard Raymond

Former Senior Executive, Steel fabrication and product distribution

W.A. Sam Shaw, PhD

Vice-Chair and Corporate Governance Chair

Vice-President, Training, Manning Centre for Building Democracy

Sara Jane Snook

Independent
Engineering
Consultant, Energy
and Environment

David Wigmore

PTAC Chair

Director, Technical Safety Division, Department of Labour and Advanced Education, Government of Nova Scotia

Jim Young

PTAC Vice-Chair

Director, Environment Division, Department of Communities, Land and Environment, Government of Prince Edward Island

Financial Performance



In 2014-2015, SCC's total revenue (excluding government funding) was \$8.6 million, which was 3% lower than the \$8.9 million recorded during 2013-2014. The decrease from last year was due to decreases in Other Income (\$346,000) and Innovative Services (\$254,000). These were partially offset by smaller increases in Royalties from sales of standards (\$165,000) and revenue from Accreditation Services, which was \$62,000 more than in the prior year.

Revenue from Accreditation Services fees of \$6.7 million increased by \$62,000, or 2%, from the \$6.6 million recorded during 2013-2014. Originating from assessment activity within the Laboratories Division (year-over-year increase of \$258,000), the change was due primarily to catch-up for a number of assessments carried over from 2013-2014. Increased revenue from last year reflects an achievement for the Accreditation Services Branch, as the branch had to manage a challenging year of staff and assessor changes that made it difficult to schedule assessments at full capacity.

Revenue from Innovative Services agreements totalled \$405,000 and was \$254,000, or 39%, less than last year's revenue of \$659,000. A planned decrease in activity within CATRTA program, which has come to an end, explains \$242,000 of the year-over-year change. A revenue change of \$128,000 resulted from reduced activity in standards roadmap contracts, which was consistent with the plan and reflects SCC's decision to rationalize resources toward higher-prioritized strategic objectives. Partially offsetting these year-over-year decreases were \$65,000 of new contracts established with several provinces to monitor standards as well as an additional \$49,000 of incremental revenue from a contractual arrangement with Health Canada to manage standards-related activity.

Royalties from the sales of standards totalled \$1 million, which was an increase of \$165,000, or 19%, from last year's \$867,000. This increase is mainly attributable to higher sales volume, stemming from a number of trends observed over the past fiscal year. Increased membership within national and international standards-related activities stimulated increased demand for standards. Also, increased availability of standards through electronic formats and a diversity of suppliers simplified and increased the purchases of standards. Finally, demand for standards has been stimulated by a trend toward identifying the horizontal applicability of standards and the degree to which one standard can be used across multiple industries.

Revenue from other income sources amounted to \$424,000, which was \$346,000, or 44%, lower than other revenues recognized during 2013-2014. This reflects the transfer of the World Trade Organization/North American Free Trade Agreement (WTO/NAFTA) Enquiry Point back to the Department of Foreign Affairs, Trade and Development (DFATD). Last year, SCC recognized \$390,000 of revenue related to operation of the Enquiry Point on behalf of DFATD; this agreement terminated upon the commencement of the 2014-2015 fiscal year.

Expenses for 2014-2015 were \$20.4 million, which was \$700,000 higher than last year's expenses of \$19.7 million. The year-over-year increase was due to:

- Professional fees, including delegate travel, increased by \$1.2 million over last year due to spending on strategic initiatives such as NISI, the initiative to provide standardization solutions for key Canadian industry sectors, IM/IT modernization, and the continued implementation of the Human Resource Strategic Plan.
- Salary and benefit expenses were \$368,000 lower than in the previous fiscal year, which was primarily the result of vacant positions. Year-over-year vacancies and the capitalization of salaries related to SCC's IM/IT modernization project were partially offset by additional costs for severances as well as inflationary increases within SCC's compensation program.
- All other remaining expenses were \$83,000 lower than in the prior year, due primarily to cost savings on non-recoverable travel and less year-over-year usage on expenses such as supplies, telecommunications and meetings.

Government funding of \$12.9 million was recognized during 2014-2015, and was \$4.8 million higher than the \$8.1 million recognized during 2013-2014. Of this variance, \$4 million was due to SCC's approved request to re-profile appropriations into the fiscal year just ended. As a result of supplier capacity and resourcing issues within the initiative to provide standardization solutions for key Canadian stakeholders, SCC shifted \$2 million of appropriations from 2013-2014 to 2014-2015. Appropriations for the recovery of one-time expenses increased by \$708,000 versus last year. SCC also received \$100,000 of new government funding for its research project to help address barriers to internal trade within Canada.

The overall net annual surplus of \$1 million during 2014-2015 was a \$3.1 million improvement over the \$2.1 million deficit budgeted for the same time period, due to the following:

- A total of \$1.8 million of the favourable variance to budget was from spending related to SCC's strategic investments. Lower strategic spending on updating standards (\$696,000) was due to cancelled contracts and lower cost milestones. Budget variance on NISI (\$323,000) was driven by timing for activities that will now occur in the next fiscal year. There was lower spending for the IM/IT modernization project (\$312,000) due to issues with the vendor software causing delays in spending. SCC's international delegate travel program was lower than budget (\$259,000) due to a reprioritization of activities at the committee level causing a reduction in the number of meetings held versus planned. Finally, capacity building and industry engagement were lower than budget (\$242,000) for reduced CATRTA activities.
- A total of \$360,000 of the variance was from salaries and benefits related to vacancies as well as the capitalization of wages related to SCC's IM/IT modernization project. Offsetting these decreases were additional costs for severances.
- Accreditation Services' net revenue less direct expenses shortfall to budget of \$566,000 was primarily the result of fewer assessments, stemming from reduced availability of qualified staff and contracted assessors.
- All other expenses were \$434,000 lower than budget; the main driver was amortization that was lower than budget due to delayed implementation of SCC's IM/IT modernization project. As well, savings in non-recoverable travel and usage variances for items such as repairs, office supplies, postage and telecommunications accounted for the balance of the variance in other expenses.
- Funding from government appropriations was higher than budget by \$1.2 million: \$1.1 million of this variance was for the recovery of one-time expenses and the other \$100,000 was for funding of the research project to help address barriers to internal trade within Canada.

At March 31, 2015, accumulated surplus was \$6.3 million. Of that, \$2.3 million is required for adherence to SCC's Capital Adequacy Policy and the balance is required for contractual commitments and reinvestment into the organization's strategic investments and infrastructure to advance SCC's key initiatives.

Financial Overview 2010-2011 - 2014-2015

| Financial Overview | 2010-2011 | 2011-2012 | 2012-2013 | 2013-2014 | Budget 2014-2015 | Actual 2014-2015 |
|---|--|--|--|--|--|--|
| Revenue Accreditation Services Royalties from standards sales Innovative Services Other income | \$6,338,030 898,557 320,486 690,807 8,247,880 | \$6,455,019 870,068 615,231 722,867 8,663,185 | \$6,804,962 888,558 761,409 786,151 9,241,080 | \$6,627,001 866,856 659,081 770,607 8,923,545 | \$7,691,000 881,000 528,000 296,000 9,396,000 | \$6,689,077 1,032,148 405,140 424,151 8,550,516 |
| Expenses Accreditation Services Standards Solutions & Strategy Management and Administrative Services | 4,266,864 4,340,459 6,367,101 14,974,424 | 4,228,137 4,505,399 6,176,392 14,909,928 | 4,742,703 5,392,967 7,445,050 17,580,720 | 5,016,755 7,160,327 7,545,819 19,722,901 | 4,865,000 9,937,000 8,395,000 23,197,000 | 4,751,161 8,008,512 7,663,053 20,422,726 |
| Deficit from Operations | (6,726,544) | (6,246,743) | (8,339,640) | (10,799,356) | (13,801,000) | (11,872,210) |
| Government Funding Parliamentary appropriations | 7,132,330 | 8,059,060 | 10,318,993 | 8,081,241 | 11,729,000 | 12,889,535 |
| Annual Surplus / (Deficit) | \$405,786 | \$1,812,317 | \$1,979,353 | \$(2,718,115) | \$(2,072,000) | \$1,017,325 |

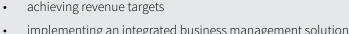
ENTERPRISE RISK MANAGEMENT **ASSESSMENT**

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, ensuring that SCC has the right 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 quarterly for management and twice annually for SCC's Governing Council. As part of SCC's risk management monthly plan, the organization also reviews salient quarterly financial impacts, with a view to assessing these impacts against ongoing corporate risk areas.

During fiscal year 2014-2015, SCC's key areas of focus included:

- disciplined execution of its key strategic initiatives
- updating standards referenced in regulations for government and industry use





The shortfall versus budget in SCC's Accreditation Services revenue did have an impact on year-end results. However, a large portion of the financial impact was offset by reduced costs associated with scheduling delays for assessments and staff vacancies. The branch is monitoring revenue targets closely, and has implemented procedures and mitigation efforts to minimize the impact on year-end financial targets.

SCC continues to develop its integrated business management solution for documents records management, customer relationship management, project portfolio/activity planning and tracking, and workflow and collaboration. SCC is closely monitoring deliverables according to plan, and ensuring that mitigation strategies are being employed, as may be required, as the organization continues to upgrade essential tools needed to effectively deliver on key areas of SCC programming.

While SCC has an accumulated surplus because of spending and contract delays, this amount is being reinvested into the organization's strategic investments and infrastructure as SCC advances its key initiatives.

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 on an annual basis 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 Ernie Briard, CPA, CA Chief Financial Officer

Ottawa, Canada June 10, 2015

AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To the Minister of Industry

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 2015, 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 2015, 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 and the by-laws of the Standards Council of Canada.

Lissa Lamanhe, GPA, CA Principal for the Auditor General of Canada

10 June 2015 Ottawa, Canada

STATEMENT OF FINANCIAL POSITION

| As at March 31, | 2015 | 2014 |
|---|--|--|
| Financial Assets | | |
| Cash and cash equivalents Accounts receivable (Note 4) Federal government departments and agencies receivable (Note 12) Parliamentary appropriations receivable (Note 12) | \$ 4,044,887 3,343,442 362,428 1,160,535 8,911,292 | \$ 4,413,073 2,936,358 457,177 270,309 8,076,917 |
| Liabilities | | |
| Accounts payable and accrued liabilities (Note 6) Contributions received (Note 7) Deferred revenue | 2,610,191 92,502 1,812,707 4,515,400 | 2,291,234 75,705 1,886,273 4,253,212 |
| Net Financial Assets | 4,395,892 | 3,823,705 |
| Non-financial Assets | | |
| Tangible capital assets (net) <i>(Note 5)</i> Prepaid expenses | 1,015,160 851,462 | 570,691 850,793 |
| | 1,866,622 | 1,421,484 |
| Accumulated Surplus | \$ 6,262,514 | \$ 5,245,189 |

Measurement uncertainty (Note 2k) Contractual commitments (Note 11) Contingent liabilities (Note 13)

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

Approved by the Governing Council:

Kathy Milsom SCC Chair John Walter Chief Executive Officer

STATEMENT OF OPERATIONS

| For the year ended March 31, | 2015 Budget (Note 15) | 2015 | 2014 |
|---|--|--|--|
| Revenues from Operations | | | |
| Accreditation Services fees Royalties from sales of standards (Note 8) Innovative Services Other income | \$ 7,691,000 881,000 528,000 296,000 9,396,000 | \$ 6,689,077 1,032,148 405,140 424,151 8,550,516 | \$ 6,627,001 866,856 659,081 770,607 8,923,545 |
| Expenses (Note 10) | | | |
| Accreditation Services Standards Solution and Strategy Management and Administrative Services | 4,865,000 9,937,000 8,395,000 23,197,000 | 4,751,161 8,008,512 7,663,053 20,422,726 | 5,016,755 7,160,327 7,545,819 19,722,901 |
| Deficit from Operations | (13,801,000) | (11,872,210) | (10,799,356) |
| Parliamentary appropriations | 11,729,000 | 12,889,535 | 8,081,241 |
| Surplus / (Deficit) | (2,072,000) | 1,017,325 | (2,718,115) |
| Accumulated surplus, beginning of year | 5,068,000 | 5,245,189 | 7,963,304 |
| Accumulated surplus, end of year | \$ 2,996,000 | \$ 6,262,514 | \$ 5,245,189 |

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

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

| For the year ended March 31, | | 2015 Budget (Note 15) | | 2015 | 2014 |
|--|----|--|----|--|---|
| Total surplus / (deficit) Acquisition of tangible capital assets Write-down of tangible capital assets Amortization of tangible capital assets Acquisition of prepaid expense Use of prepaid expense | \$ | (2,072,000) (884,000) - 594,000 (1,321,000) 1,313,000 | \$ | 1,017,325 (884,875) 108,648 331,758 (1,824,012) 1,823,343 | \$ (2,718,115) (63,508) - 342,001 (1,678,592) 1,584,042 |
| Increase / (Decrease) in Net Financial Assets | | (2,370,000) | | 572,187 | (2,534,172) |
| Net financial assets at beginning of year | - | 3,211,000 | _ | 3,823,705 | 6,357,877 |
| Net Financial Assets at End of Year | \$ | 841,000 | \$ | 4,395,892 | \$ 3,823,705 |

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

STATEMENT OF CASH FLOW

| For the year ended March 31, | 2015 | 2014 |
|--|--|---|
| | | |
| Net Cash from Operations: | | |
| Total surplus / (deficit) | \$ 1,017,325 | \$ (2,718,115) |
| Adjustments for non-cash items: Amortization of tangible capital assets Write-down of tangible capital assets Changes in: prepaid expense deferred revenue parliamentary appropriations receivable other receivables payables and accrued liabilities contributions received | 331,758 108,648 (669) (73,566) (890,226) (312,335) 318,957 16,797 | 342,001 0 (94,550) (18,819) (212,563) (294,407) 613,072 21,455 |
| Net Change in Cash from Operations | 516,689 | (2,361,926) |
| Cash Applied to Capital Transactions | | |
| Additions and disposal of tangible capital assets | (884,875) | (63,508) |
| Net decrease in cash | (368,186) | (2,425,434) |
| Cash and cash equivalents, beginning of the year | 4,413,073 | 6,838,507 |
| Cash and cash equivalents, end of the year | \$ 4,044,887 | \$ 4,413,073 |

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

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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.

The mandate of SCC 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:

- Fostering quality, performance and technological innovation in Canadian goods and services through standards-related activities.
- Developing prioritized standards-related strategies and long-term objectives to advance Canada's economy; supporting sustainable development; benefiting the health, safety and welfare of citizens; and assisting and protecting consumers.
- Accrediting organizations engaged in standards development and conformity assessment.
- Representing Canada's interests internationally and regionally through membership in ISO, the IEC, and other regional standardization organizations.
- · Approving NSCs.
- Providing innovative services, advice and assistance to the Government of Canada in the negotiation of standardization-related aspects of international trade and mutual recognition agreements.
- Working with international standards bodies to develop agreements that facilitate trade.
- Fostering and promoting a better understanding of the benefits and usage of standards and accreditation services.
- Acting as the premiere source to collect and distribute information on standards activities.

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 financial business of SCC 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 it.

e) Revenue Recognition - Deferred Revenue

Accreditation Services revenues are derived from application fees, annual accreditation fees and audit 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 audit and 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) Expenses

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

g) 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.

h) 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 by both the employees and SCC to cover current service cost. 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.

i) 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 salary 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.

j) 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.

k) 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, and 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 maintains a minimum accumulated surplus required for its operations based on a percentage of its current liabilities. As at March 31, 2015, \$2.3 million has been put aside for operations. SCC determined that this minimum level of accumulated surplus is sufficient to ensure financial sustainability and to follow prudent business practices and guidelines existing in other similar organizations. The remaining accumulated surplus is set aside and restricted to fund-designated spending.

SCC is prohibited from issuing its own capital or its own debt to meet any capital 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 and accounts payable as well as accrued liabilities. For the year ended March 31, 2015, SCC's cash and cash equivalents balance of \$4,044,887 consists of \$2,006,658 invested in term deposits that are due upon demand and \$2,038,229 cash (the March 31, 2014 cash and cash equivalents balance of \$4,413,073 consisted of \$2,022,357 term deposits and \$2,390,716 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 with the prior year and no change in the 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 accounts receivable.

In all cases, prudence is observed at the time of the transaction. 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 |
|------|-------------|-------------|------------|------------|-------------|-----------|
| 2015 | \$3,343,442 | \$2,260,266 | \$330,517 | \$133,274 | \$11,150 | \$608,235 |
| 2014 | \$2,936,358 | \$2,437,086 | \$51,186 | \$104,970 | \$25,807 | \$317,309 |

SCC records an allowance for bad debts when considering the age of the outstanding receivable and the likelihood of collection. Provisions are also made for clients where collection of the receivable is doubtful based on information gathered through collection efforts.

An account receivable will be considered to be impaired or written-off when SCC has determined that collection can no longer be made and appropriate approvals have been obtained. Those that are not past due, provided for or impaired are considered to be of good quality.

At March 31, 2015, the allowance for bad debts is estimated at \$54,418 (at March 31, 2014, the figure was \$39,224). The following table provides a reconciliation of the allowance during the year.

| | March 31, 2015 | March 31, 2014 |
|----------------------------|----------------|----------------|
| Balance, beginning of year | \$39,224 | \$30,238 |
| Charges for the year | 28,002 | 39,651 |
| Bad debt (write-offs) | (12,808) | (30,665) |
| Balance, end of year | \$54,418 | \$39,224 |

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. In addition, SCC has set guidelines for working capital of two months' cash requirements. 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 with 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 comprises 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, 2015

| | Furniture | Equipment | Leasehold Improvements | 2015 Total |
|---|-----------|-------------|---------------------------|-------------|
| Cost Opening Balance Additions Write-downs Disposals Closing Balance | \$422,553 | \$1,821,305 | \$1,023,907 | \$3,267,765 |
| | 3,269 | 549,041 | 333,543 | 885,853 |
| | - | (108,648) | - | (108,648) |
| | - | (26,262) | - | (26,262) |
| | 425,822 | 2,235,436 | 1,357,450 | 4,018,708 |
| Accumulated Amortization Opening Balance Amortization Disposals Closing Balance | (336,086) | (1,506,895) | (854,093) | (2,697,074) |
| | (28,482) | (167,425) | (135,851) | (331,758) |
| | - | 25,284 | - | 25,284 |
| | (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

March 31, 2014

| | Furniture | Equipment | Leasehold Improvements | 2014 Total |
|---|-----------|-------------|---------------------------|-------------|
| Cost Opening Balance Additions Disposals Closing Balance | \$408,619 | \$1,838,561 | \$1,023,907 | \$3,271,087 |
| | 13,934 | 49,574 | - | 63,508 |
| | - | (66,830) | - | (66,830) |
| | 422,553 | 1,821,305 | 1,023,907 | 3,267,765 |
| Accumulated Amortization Opening Balance Amortization Disposals Closing Balance | (307,995) | (1,395,667) | (718,241) | (2,421,903) |
| | (28,091) | (178,058) | (135,852) | (342,001) |
| | - | 66,830 | - | 66,830 |
| | (336,086) | (1,506,895) | (854,093) | (2,697,074) |
| Net Book Value | 86,467 | 314,410 | 169,814 | 570,691 |

There were no Tangible Capital Assets under construction at March 31, 2014.

6. Accounts Payable and Accrued Liabilities

| | March 31, 2015 | March 31, 2014 |
|--|--|--|
| Accounts payable and accrued liabilities Salaries and benefits payable Accrued vacation pay Other | \$1,278,780 1,208,386 117,872 5,153 | \$962,508 1,213,490 111,296 3,940 |
| | \$2,610,191 | \$2,291,234 |

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 at the time the related expenses are incurred.

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

| | March 31, 2015 | March 31, 2014 |
|--|---------------------------------------|-------------------------------|
| Balance, beginning of year | \$75,705 | \$54,250 |
| Add: Contributions received Less: Contributions expended | 162,665 <u>(145,868)</u> 16,797 | 106,553 (85,098) 21,455 |
| Balance, End of Year | \$92,502 | \$75,705 |

8. Royalties from Sale of Standards

Royalties related to the sales 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 (NCEAs).

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

9. 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 2% per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are fully indexed to increases 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, 2015 | March 31, 2014 |
|--------------------------|----------------|----------------|
| SCC's contribution | \$1,056,795 | \$1,291,092 |
| Employees' contributions | \$676,165 | \$673,847 |

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

| | | Calendar Year |
|--|--------------------------------------|--------------------------------------|
| | 2015 | 2014 |
| Employees (pre-2013) – Current Service: On earnings up to yearly maximum pensionable earnings (YMPE) On earnings exceeding YMPE: 2015 - \$53,600, 2014 - \$52,500 | 8.15% 10.4% | 7.50% 9.80% |
| Employees (post -2013) – Current Service: On earnings up to YMPE On earnings exceeding YMPE: 2015 - \$53,600 2014 - \$52,500 | 7.05% 8.54% | 6.62% 7.89% |
| Employer – Expressed as a Multiple of Employee Contributions: - For pre-2013 employee contributions on current and elective service on single-rate employee contributions - For pre-2013 employee elective service on double-rate contributions - For post-2013 employee contributions on current and elective service on single-rate employee contributions - For post-2013 employee elective service on double-rate employee contributions - For existing Retirement Compensation Arrangements on earnings that exceed: 2015 - \$157,700 2014 - \$155,000 | 1.28 0.14 1.28 0.14 7.13 | 1.45 0.23 1.43 0.21 7.59 |

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, 2015, SCC paid \$644,758 for these employee benefits (the amount for March 31, 2014, was \$601,479).

10. Expenses

| | March 31, 2015 | March 31, 2014 |
|--|---|---|
| Salaries and employee benefits Professional and special services Travel Memberships in international organizations Office accommodation Amortization of tangible capital assets Meeting expenses Other expenses Telecommunications and postage Insurance Public relations Office supplies Repair and upkeep Rental of office equipment Bad debts expense Publications and printing | \$10,755,535 4,387,853 2,372,831 1,002,824 747,391 331,758 237,857 115,073 107,675 104,479 76,795 59,685 40,453 36,864 28,002 17,651 | \$11,123,793 3,277,893 2,506,770 906,231 759,764 342,001 247,415 84,590 110,168 94,322 38,541 68,856 53,800 37,765 39,651 31,341 |
| | \$20,422,726 | \$19,722,901 |

11. Contractual Commitments

SCC's current lease expires in July 2015 and as such, a new 15-year office lease has been signed, effective July 2015, and SCC will be relocating. For operations purposes, SCC entered into agreements to lease office equipment. The future minimum annual rental payments under these agreements, exclusive of operating expenses and property tax, are included in the table below.

Also, included in the table below, SCC has entered into contracts with several SDOs to assist with standardization initiatives. As of March 31, 2015, \$1.3 million of such future commitments were in place (there were \$4.0 million of such contracts in place at March 31, 2014).

| March 31, 2015 | | | | | | | |
|--|--|------------------------|--|--|--|--|--|
| | Office Space | Office Equipment | Standardization Initiatives | Total | | | |
| 2014-2015 2015-2016 2016-2017 2017-2018 2018-2019 2019-2020 thereafter | 246,525 346,068 346,068 346,068 346,068 4,407,774 | 4,134 419 - - | 946,426 282,781 57,881 - - | \$1,197,085 \$629,268 \$403,949 \$346,068 \$346,068 \$4,407,774 | | | |
| TOTAL | \$6,038,571 | \$4,553 | \$1,287,088 | \$7,330,212 | | | |

12. 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, 2015, SCC has incurred expenses totaling \$671,694 (March 31, 2014, was \$342,082) and has recorded revenues of \$752,111 (March 31, 2014, was \$1,187,764) with related parties. As at March 31, 2015, SCC recorded accounts receivable with related parties of \$1,522,963 (March 31, 2014, was \$727,486) and accounts payable of \$63,288 (March 31, 2014, was \$14,350).

13. Contingent Liabilities

Several years ago, SCC was named as a defendant in a class action lawsuit in Saskatchewan and Alberta. This action has now concluded, and both claims against SCC have now been dismissed by the courts.

Due to the ongoing lack of activity, no provision had ever been made for any liability that may have resulted from the action; thus with the dismissal, no provision has had to be reversed in these financial statements.

14. Comparative Balances

Certain comparative figures have been reclassified in order to conform to the presentation changes adopted in fiscal year 2014-2015.

Effective July 1, 2014, SCC consolidated and renamed two of its operating branches. Formerly known as the Standards and International Relations Branch and the Policy and Stakeholders Relations Branch, they have been consolidated and are now called the Standards Solutions Branch and the Strategy Branch. SCC is in the process of updating its program architecture within the Government of Canada.

15. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the 2014-2015 to 2018-2019 Corporate Plan approved by Governing Council.



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; and,
- 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.

SCC'S COUNCIL STRUCTURE

SCC's Governing Council and Executive Team are supported by standing and advisory committees and panels.



Governing Council

SCC's Governing Council reports to Parliament through the Minister of Industry. The organization's CEO is appointed by the Minister of Industry and reports directly to SCC's Governing Council.



The three other members sit on Governing Council by virtue of the Chair/Vice-Chair position they hold on statutory committees established in the *Standards Council of Canada Act*. The Governing Council is responsible for overseeing the strategic direction of the organization, ensuring fulfillment of SCC's mandate and providing guidance on governance matters.

The Governing Council has two standing committees: the Audit Committee and the Corporate Governance Committee. Both committees play an important role in strategically supporting governance approaches for SCC's 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.

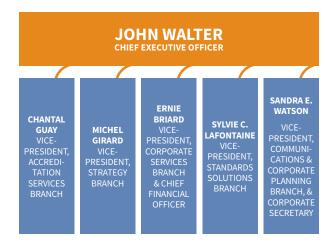
Standards Development Organizations Advisory Committee (SDOAC)

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.

STAFF AND ACTIVITIES

The strategies and policies established by SCC's Governing Council are implemented by a staff of 93.

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



Accreditation Services Branch

SCC's Accreditation Services Branch provides accreditation services to various customers, including SCC-accredited SDOs, product certifiers, management system certifiers, greenhouse gas verifiers and validators, personnel certifiers and testing 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.

Strategy Branch

The Strategy 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 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 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 the PTAC and the National Public Safety Advisory Committee.

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, IM/IT, corporate administration, procurement and contract, as well as travel.

Standards Solutions Branch

Through analysis of standardization-related trends and engagement with key industry and consumer stakeholders, SCC's Standards Solutions Branch:

- provides information to help stakeholders establish standardization priorities and goals;
- formulates recommendations that influence standards- and conformity assessment-related aspects of trade and regulatory policy; and
- identifies and defines where Canada should optimize its use of standardization.

The branch develops policy recommendations to help align standards and certification requirements among jurisdictions, and supports standardization activities that address the impacts of climate change in Canada's North. The Standards Solutions Branch also manages the sale of standards and collaborates on capacity-building activities to strengthen standardization infrastructures for key Canadian international trade partners.

The branch also manages Canadian participation in regional standards development initiatives, as well as initiatives of ISO and the IEC.

Communications and Corporate Planning Branch

The Communications and Corporate Planning Branch 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.

The branch is also responsible for corporate planning, risk management, government reporting (including Access to Information and Privacy requests) and standards inventory monitoring. The Corporate secretariat role, which oversees secretariat and governance policy support to SCC's Governing Council, also falls under the purview of the branch.

SCC is also supported by two advisory panels and one committee:

Accreditation Advisory Panel

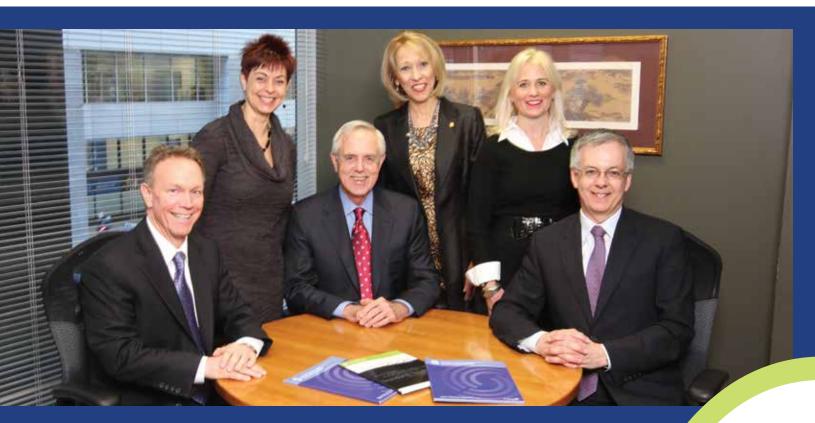
The Accreditation Advisory Panel falls under the purview of SCC's Accreditation Services Branch. The panel provides policy advice with a view to ensuring fairness and impartiality in relevant SCC policies and programming.

Consumer and Public Interest Panel

The Consumer and Public Interest Panel 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). The panel falls under the purview of SCC's Standards Solutions Branch

Canadian National Committee for the International Electrotechnical Commission

The Canadian National Committee of the 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. The committee falls under the purview of SCC's Standards Solutions Branch.



SCC's Executive Team establishes SCC's strategic priorities and carries out the organization's daily operations. From left: Vice-President, Corporate Services Branch and Chief Financial Officer, Ernie Briard; Vice-President, Accreditation Services Branch, Chantal Guay; Chief Executive Officer, John Walter; Vice-President, Standards Solutions Branch, Sylvie C. Lafontaine; Vice-President, Communications and Corporate Planning Branch and Corporate Secretary, Sandra E. Watson; and Vice-President, Strategy Branch, Michel Girard

Glossary of Abbreviations

AAP Accreditation Advisory Panel

ADM Assistant Deputy Minister

ANSI American National Standards Institute

APLAC Asia Pacific Laboratory Accreditation Cooperation

CANC/IEC Canadian National Committee of the International Electrotechnical Commission

CATRTA Canada-Americas Trade-Related Technical Assistance Program

CEO Chief Executive Officer

CEPA Canada-India Comprehensive Economic Partnership Agreement

CETA Canada-European Union Comprehensive Economic and Trade Agreement

CIPH Canadian Institute of Plumbing & Heating

COPANT Pan American Standards Commission

COPOLCO Consumer Policy Committee of ISO

CPC CASCO Chairman's Policy and Coordination Group of ISO/CASCO

CPIP Consumer and Public Interest Panel

DFATD Department of Foreign Affairs, Trade and Development

EFC Electro-Federation Canada

FINCA Forum of the IEC National Committees of the Americas

GHG greenhouse gas

IAAC InterAmerican Accreditation Cooperation

IAF International Accreditation Forum

IEC International Electrotechnical Commission

IECEE IEC System of Conformity Assessment Schemes for Electrotechnical Equipment and Components

IECEx IEC System for Certification to Standards Relating to Equipment for Use in Explosive Atmospheres

IECRE IEC Renewable Energy System

ILAC International Laboratory Accreditation Cooperation

IM Information Management

ISO International Organization for Standardization

ISO/CASCO International Organization for Standardization Committee on Conformity Assessment

ISO/IEC International Organization for Standardization/ International Electrotechnical Commission

IT Information Technology

ITU International Telecommunications Union

LNG liquid natural gas

MOU memorandum of understanding

NISI Northern Infrastructure Standardization Initiative

NSC National Standards of Canada

PASC Pacific Area Standards Congress

PTAC Provincial-Territorial Advisory Committee

QMS quality management system

SCC Standards Council of Canada

SDOAC Standards Development Organizations Advisory Committee

SDO standards development organization

SME small- and medium-sized enterprise

TBT technical barrier to trade

TPP Trans-Pacific Partnership

WSD World Standards Day

WTO World Trade Organization