

**STEEL STEWARDSHIP COUNCIL LIMITED**  
**ACN 610 479 000**

**Financial Statements**  
**Year Ended December 31, 2018**

# STEEL STEWARDSHIP COUNCIL LIMITED

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## STEEL STEWARDSHIP COUNCIL LIMITED

### DIRECTOR'S REPORT

The committee presents its report on the Accounts and affairs of the Company for the year ended December 31, 2018.

#### Board Members

The following persons held offices at the date of this report:

Director (Co-Chair)	Alan Knight, ArcelorMittal
Director (Co-Chair)	Gerry Tidd, Bluescope Steel
Director (Deputy Chair)	Francis Sullivan, HSBC (Appt 15/11/2018)
Director (Company Secretary)	Craig Heidrich, HBM Group
Executive Director	Matthew Wenban-Smith, One World Standard
Director	Andrew Marjoribanks, Venlaw Park
Director	Ross Davies, Independent
Director	Adam Lee, IndustriALL
Director	Giulia Carbone, IUCN (Appt 17/10/2018)
Director	Thomas Maddox, Fauna & Flora International (Appt 17/10/2018)

#### Principal Activities

The objects of the Company are to promote resource development through:

- (a) developing an independent and credible accreditation scheme used to assess and validate the business compliance, social and environmental sustainability credentials and commitment to ongoing improvement of members of the steel supply chain who are Members, by reference to their compliance with the criteria and other requirements set out in the relevant Standard which are applicable to them;
- (b) providing to users and specifiers of steel and steel related products (whether they are Members or not) an independent, credible validation of the business compliance, social and environmental sustainability credentials and commitment to ongoing improvement of Accredited Members; and
- (c) signalling to non-government organisations, governments, academia and media organisations (whether they are Members or not) that Accredited Members have taken action to demonstrate their adherence to the business compliance, social and environmental sustainability credentials and commitment to ongoing improvement set out in the relevant Standard which are applicable to them.

## STEEL STEWARDSHIP COUNCIL LIMITED

### DIRECTOR'S REPORT (CONT)

#### Fiscal results

During the period the Company pursued its objectives actively. The operations for the year ended December 31, 2018 resulted in total income of \$648,717. The Company recorded a surplus on member's funds of \$194,908. Member's equity/(liabilities) or accumulated funds stand at \$247,324.

#### Review of Operations

The Company's activities for 2018 realised some important milestones. The following objectives were achieved:

1. In 2018 the Company focussed on four key objectives:
  - a. Developing the ResponsibleSteel Standard
  - b. Building the membership
  - c. Strengthening the Company's financial resilience
  - d. Strengthening the Company's governance.
2. In relation to the ResponsibleSteel Standard, a fully revised draft (Draft 2-0) standard was published for a 60-day period of public stakeholder consultation. Over 600 comments were received and processed, and work on revision was initiated. Face-to-face meetings were convened to discuss key issues, including Greenhouse Gas emissions, and the sourcing of raw materials.
3. The ResponsibleSteel membership system was formalised, and the introductory offer of free membership was phased out. Tata Steel and Mahindra Sanyo did not confirm their membership as a result, but BMW and Daimler became members on a fee-paying basis. WWF decided not to become a formal member at this point, but IUCN and the We Mean Business Coalition both officially joined. At the end of the year membership consisted of 7 business Members and 6 civil society Members, together with 13 Associates. In October the Company held its first international stakeholder forum 'Forum I' in Berlin, at the GIZ Building, attended by 80 members and stakeholders. The Company has been consolidating its stakeholder outreach, and by year end had grown its stakeholder database from around 350 entries to 750 entries.
4. During the year grants were awarded from GIZ, Hewlett Foundation, the We Mean Business Coalition and ISEAL, totalling AUD 178,000. Together with the growth of fee-paying business members, and generous contributions from ArcelorMittal and BlueScope Steel this allowed the Company to achieve its objectives for the year and end with a surplus and greatly reduced constraints on cash flow.

## STEEL STEWARDSHIP COUNCIL LIMITED

### DIRECTOR'S REPORT (CONT)

5. The Board has been proactive in increasing its diversity to reflect the multi-stakeholder nature of the ResponsibleSteel programme, and now consists of three business representatives, three civil society representatives and three independent or non-aligned board members. A new governance structure was established, led by two external facing Co-Chairs, and a Deputy Chair to provide internal leadership. The internal committee structure was updated to establish:
  - a. Finance and Business Planning Committee
  - b. Standards and Assurance Committee
  - c. Membership and Governance Committee
  
6. An EGM was held in August to approve revisions to the Company Constitution strengthening the Company's policy for anti-trust compliance. With these changes SSC has established a robust, credible multi-stakeholder governance system, positioning the organisation to address the challenges that lie ahead.

#### **Likely developments for 2019**

During 2019, the Company will continue to work closely with international mining, metals and downstream stakeholders of the steel industry to develop ResponsibleSteel™ into a global assurance programme for responsible sourcing and production of steel.

The overall objective for 2019 will be to establish a fully operational programme, including the finalisation and membership approval of the ResponsibleSteel Standard, the design and operationalisation of its inspection and certification programme, and the licensing of logos and claims to reward and incentivise stakeholder participation to achieve ResponsibleSteel's vision.

Financial and business planning will continue with the establishment of a robust, long term business model.

Membership is expected to grow steadily, and there will be an effort to attract mining companies, members from Asia-Pacific and the Americas, as well as more members in all other categories.

ResponsibleSteel as a concept has found its time, with a significant growing interest in their supply chains from many sectors like construction and automotive, the service our initiative will provide will be invaluable.

**STEEL STEWARDSHIP COUNCIL LIMITED**

**DIRECTOR'S REPORT (CONT)**

**Opinion of the Board of Directors**

In accordance with a resolution of the Board of Directors of the Steel Stewardship Council Limited., in the opinion of the Board of Directors:

The Accounts present fairly the financial position of the Company as at December 31, 2018 its performance and cash flows for the year ended on that date.

At the date of this statement there are reasonable grounds to believe the Company will be able to pay its debts as and when they fall due; and

The accounts have been made out in accordance with applicable accounting standards and other mandatory professional reporting requirements

For and on behalf of the Board of Directors.

  
Signed.....  
Alan Knight  
Co-Chair

  
Signed.....  
Gerry Tidd  
Co-Chair

Date: 4 MARCH 2019

Date: 4 MARCH 2019

## **STEEL STEWARDSHIP COUNCIL LIMITED**

### **INDEPENDENT REVIEW REPORT**

To the members of Steel Stewardship Council Limited

#### **Report on the Financial Report**

We have reviewed the accompanying annual financial report of Steel Stewardship Council Limited, which comprises the Statement of Financial Position as at December 31, 2018, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### **Directors' responsibility for the Financial Report**

The directors of the company are responsible for the preparation of the annual financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### **Assurance Practitioner's Responsibility**

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2415 Review of a Financial Report – Company Limited by Guarantee, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at December 31, 2018 and its performance for the year ended on that date; and complying with the Australian Accounting Standards and Corporations Regulations 2001. ASRE 2415 requires that we comply with the ethical requirements relevant to the review of the financial report. A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### **Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**STEEL STEWARDSHIP COUNCIL LIMITED**  
**INDEPENDENT REVIEW REPORT (CONT)**

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Steel Stewardship Council Limited is not in accordance with the Corporations Act 2001 including:

- a) giving a true and fair view of the company's financial position as at December 31, 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and Corporations Regulations 2001.

.....  
Dennis Banks  
D R Banks Accounting  
IPA (Institute of Public Accountants)

Suite 2, Level 1, 336 Keira Street  
Wollongong NSW 2500

Dated:

**STEEL STEWARDSHIP COUNCIL LIMITED**

**STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2018

	Note	2018 \$	2017 \$
<b>CURRENT ASSETS</b>			
Cash	2	228,223	15,855
Receivables	3	<u>26,250</u>	<u>36,561</u>
<b>TOTAL CURRENT ASSETS</b>		<u>254,473</u>	<u>52,416</u>
<b>TOTAL ASSETS</b>		<u>254,473</u>	<u>52,416</u>
<b>CURRENT LIABILITIES</b>	4	<u>7,149</u>	<u>-</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>7,149</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>7,149</u>	<u>-</u>
<b>NET ASSETS</b>		<u>247,324</u>	<u>52,416</u>
<b>MEMBER'S EQUITY</b>			
Accumulated Funds		<u>247,324</u>	<u>52,416</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**STEEL STEWARDSHIP COUNCIL LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED DECEMBER 31, 2018

	2018	2017
	\$	\$
Income		
Membership Income	172,360	114,268
Grant Income	434,387	190,700
Foreign Currency Gains/(Losses)	25,192	2,998
Other	<u>16,778</u>	<u>3,399</u>
Total Income	<u>648,717</u>	<u>311,365</u>
Expenditure		
Accounting & Legal Fees	13,631	6,813
Advertising, Marketing & Communications	17,033	-
Bank Fees	21	29
Consultancy	34,000	30,000
Internet & Website	10,840	4,349
Insurance	1,701	2,012
Printing, Postage & Stationery	3,631	2,009
Projects	316,576	273,591
Rent (London Office)	-	3,825
Seminars	10,862	1,134
Subscriptions & Fees	3,525	2,043
Telephone	1,526	1,524
Travelling	<u>40,463</u>	<u>1,567</u>
Total Expenditure	<u>453,809</u>	<u>328,896</u>
Net surplus/(deficit)	<u>194,908</u>	<u>(17,531)</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**STEEL STEWARDSHIP COUNCIL LIMITED**

**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 \$	2017 \$
Accumulated funds at the beginning of the financial year		52,416	69,947
Operating surplus/(deficit) before income tax		194,908	(17,531)
Income tax attributable to operating surplus/(deficit)		<u>-</u>	<u>-</u>
Operating surplus/(deficit) after income tax		194,908	(17,531)
Accumulated funds at the end of the financial year		<u>247,324</u>	<u>52,416</u>

The above Statement of Changes In Equity should be read in conjunction with the accompanying notes.

**STEEL STEWARDSHIP COUNCIL LIMITED**

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	2018 \$	2017 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income		657,470	335,418
Payments to Suppliers and Creditors		(445,102)	(332,612)
Bank Interest		-	-
Net cash flows from operating activities	8	<u>212,368</u>	<u>2,806</u>
Net increase/(decrease) in cash held		212,368	2,806
Cash at the beginning of the year		<u>15,855</u>	<u>13,049</u>
Cash at the end of the year	2,8	<u><u>228,223</u></u>	<u><u>15,855</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

## **STEEL STEWARDSHIP COUNCIL LIMITED**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2018

#### **NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES:**

The financial statements are a general purpose financial report prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other mandatory professional reporting requirements. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values.

The accounting policies adopted are consistent with those of the previous year.

Comparative information is reclassified where appropriate to enhance comparability.

The following is a summary of the material accounting policies adopted by the Association in preparation of the financial report.

#### **Revenue Recognition**

Revenues from memberships and grants are non-refundable and are recognised as revenue when invoiced.

#### **Income Tax**

The Australian Taxation Office granted the Company tax-exempt status with effect from the date of incorporation.

Accordingly, there is no tax liability included in the financial statements.

#### **Cash**

For the purposes of the Statement of Cash Flows, cash includes term deposits, which are readily convertible to cash on hand.

#### **Commencement of Operations**

The Company commenced operations on February 1, 2016.

**STEEL STEWARDSHIP COUNCIL LIMITED**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)**

FOR THE YEAR ENDED DECEMBER 31, 2018

<b>NOTE 2. CASH (CURRENT):</b>	2018	2017
	\$	\$
Cheque Account	<u>228,223</u>	<u>15,855</u>
	<u>228,223</u>	<u>15,855</u>

**NOTE 3. RECEIVABLES:**

Trade Debtors	26,250	25,393
GST Refund	<u>-</u>	<u>11,168</u>
	<u>26,250</u>	<u>36,561</u>

**NOTE 4. LIABILITIES (CURRENT):**

GST Liability	<u>7,149</u>	<u>-</u>
	<u>7,149</u>	<u>-</u>

**NOTE 5. MEMBERS:**

**BUSINESS ORGANISATIONS**

ArcelorMittal  
Bluescope Steel  
BMW  
Daimler  
HBM Group  
HSBC  
Venlaw Park

**CIVIL SOCIETY ORGANISATIONS**

CDP  
Fauna and Flora International  
IndustriALL Global Union  
Materials Efficiency Research Group (MERG)  
IUCN  
We Mean Business Coalition

## STEEL STEWARDSHIP COUNCIL LIMITED

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED DECEMBER 31, 2018

#### NOTE 6. RELATED PARTIES:

The Board of Directors of the Company and the Members of the Company are considered to be related parties. Secretariat fees are paid to HBM Group Pty Ltd.

#### NOTE 7. SEGMENT REPORTING:

The Company operates within the steel supply chain to promote resource development through developing an independent and credible accreditation scheme used to assess and validate the business compliance, social and environmental sustainability credentials and commitment to ongoing improvement of members.

#### NOTE 8. CASH FLOW INFORMATION:

	Note	2018 \$	2017 \$
Reconciliation of Cash			
Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:			
Cash at Bank	2	<u>228,223</u>	<u>15,855</u>
Reconciliation of net cash flows from operating activities to operating surplus/(deficit):			
Operating surplus/(deficit)		194,908	(17,531)
Changes in assets and liabilities			
(Increase)/Decrease in Trade Debtors		(857)	30,780
(Increase)/Decrease in GST Refund		11,168	(10,443)
Increase/(Decrease) in Creditors		<u>7,149</u>	<u>-</u>
Net cash flows from operations		<u>212,368</u>	<u>2,806</u>